

MARKS AND SPENCER GROUP PLC

PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 28 MARCH 2026

ISSUED: 20 MAY 2026

“REINVESTING FOR GROWTH”

“That was an extraordinary year. We were laser focused on our customers, worked incredibly hard to recover our business, and we came out stronger.

Throughout we were transparent with customers and they rewarded us with their loyalty. We remain the UK’s most trusted brand, and we never take that for granted. We aim to serve our customers better every day, and we thank them for shopping with us. We continue to invest in the value, quality and innovation that they look for in M&S.

A resilient balance sheet supported by the hard work done on our cash position in recent years allowed us to absorb the cost of disruption without compromising our financial health. With strong net funds we continued our transformation at pace, completing our most ambitious year in a decade of opening new and renewal stores alongside significant advances in supply chain and digital capability.

Progress would not have been possible without our colleagues across every part of M&S. We faced into this challenge together: one team, sleeves rolled up, forging the culture we need to transform. The commitment they have shown through a demanding year has been nothing short of exceptional, and I thank each one of them for playing their part. We have a renewed sense of purpose and you can feel that energy and determination around the business today. We are fast-paced, still positively dissatisfied, and always aiming higher.

Food was our standout performer as more customers than ever chose M&S Food for its quality, innovation, and value. Performance accelerated in the second half, returns were strong, and we continue to outperform the market with the prospect of more growth to come.

In Fashion, Home & Beauty we delivered leading style credentials at the best possible value, and this resonated with customers. Recovery has taken longer, but there is strong growth potential. To support this, we have accelerated our supply chain improvements, acquiring a fully automated fashion distribution site in Lichfield to increase capacity and deliver new styles faster.

Retailers face a triple whammy of headwinds with increased taxation, a greater regulatory burden and ongoing global conflict. At M&S we are unshaken by short-term events. We have a clear plan and there is much within our control as we reinvest in value and quality for our customers.

Our job is to protect the magic of M&S while modernising the rest. We’ve now got the momentum to do that at pace. We have a strong culture, a hard-working focused team, and a growth business. There’s an extraordinary opportunity ahead, and we are on it.”



Stuart Machin
M&S Chief Executive

Resilient performance despite cyber incident; second half profit growth on last year

- M&S Group adjusted profit before tax¹ down 23.8% at £671.4m with H2 up 4.1%
- Statutory profit before tax down 28.8% at £364.6m
- Food sales² up 7.0%; adjusted operating profit of £444.5m, margin of 4.6%
- Fashion, Home & Beauty sales down 7.7%; adjusted operating profit of £213.4m, margin of 5.5%
- International³ sales down 7.2%; adjusted operating profit of £39.1m, margin of 7.2%
- Adjusting items of £292.1m includes £131.3m of incident-related costs
- Insurance proceeds of £100.0m, in respect of incident, recorded centrally in adjusted profit
- Strong balance sheet position, net funds excluding lease liabilities of £338.2m
- Revolving credit facility renewed and £300m bond buyback and reissue completed
- Full year dividend increased by 16.7% to 4.2p

Transformation progress maintained

- Food volume growth underpinned by consistent investment in value, quality, innovation and long-term supplier commitments
- Fashion style perception metrics improved, despite incident disruption
- International franchise terms are being reset. New partnerships delivering growth
- Structural cost reduction of £89m funding reinvestment and resilience
- Expanded store opening programme with 12 new Food and 3 Full Line stores
- Capacity secured for Fashion online and Food supply chains to support long-term growth
- Digital & Technology investment increasing, including in online platform and planning systems
- Sparks relaunched with wallet-based rewards to drive greater personalisation and engagement

Group Results (52 weeks ended)	28 March 2026	29 March 2025	Change (%)
Sales	£17,371.5m	£13,914.3m	24.8%
Sales excluding Ocado Retail	£14,178.1m	£13,914.3m	1.9%
Operating profit before adjusting items	£818.4m	£984.5m	(16.9%)
M&S Group adjusted profit before tax ¹	£671.4m	£881.1m	(23.8%)
Adjusting items	(£292.1m)	(£363.7m)	(19.7%)
Adjusted basic earnings per share	23.8p	31.9p	(25.4%)
Dividend per share	4.2p	3.6p	16.7%
Adjusted return on capital employed	12.7%	16.4%	(3.7% pts)
Free cash flow from operations ⁴	£131.3m	£443.3m	(70.4%)
Net debt ⁵	(£2,411.8m)	(£1,779.8m)	(35.5%)
Net funds ex. lease liabilities ⁵	£338.2m	£447.6m	(24.4%)
Statutory Results (52 weeks ended)	28 March 2026	29 March 2025	Change (%)
Revenue	£17,273.6m	£13,816.8m	25.0%
Operating profit	£536.7m	£624.3m	(14.0%)
Statutory profit before tax	£364.6m	£511.8m	(28.8%)
Statutory profit after tax ⁶	£236.2m	£291.9m	(19.1%)
Basic earnings per share	12.7p	14.6p	(13.0%)

¹ M&S Group adjusted profit before tax excludes the profit or loss attributable to shares we do not own in subsidiary companies and adjusting items. This measure was introduced from 2025/26 following the consolidation of Ocado Retail Limited. 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 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.

⁵ Net debt now includes the M&S Travel Money Revolving Credit Facility agreement with Eurochange (£9.8m).

⁶ Statutory profit after tax includes losses attributable to non-controlling interests of £23.2m (2024/25: £3.8m), driven by consolidation of Ocado Retail Limited.

^{a-h} Worldpanel sourcing throughout this document is listed on page 11.

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.

A year of two halves

Performance in 2025/26 was a year of two halves: significant operational impact from the cyber incident during the first, followed by a return to sales and profit growth in the second. Despite the disruption, M&S made further progress on its transformation, enabled by a strong balance sheet and sustained net funds position.

In 2025/26, M&S Group adjusted profit before tax was £671.4m down from £881.1m. Second half adjusted profit increased 4.1% year-on-year, as growth in Food more than offset the decline in Fashion, Home & Beauty.

Food sales grew 7.0% as customer numbers^a increased and market share grew 17bps to 4.1%^b. Food invested in trusted value, increased quality and made regular new product launches. Adjusted operating profit was £444.5m down from £491.8m in the prior year, reflecting sustained volume growth in H2 following the impact of increased markdown and waste in H1.

Fashion, Home & Beauty sales declined 7.7%, reflecting the temporary pause in online trading and systems access, which disrupted stock flow and restricted availability. Despite these operational challenges, customer perceptions of style saw an encouraging improvement. Adjusted operating profit was £213.4m down from £478.0m in the prior year, reflecting the markdown and clearance of excess seasonal stock related to the incident, principally in H2.

International reported sales declined 7.2% with an improving performance in H2, partly offset by shipment delays to the Middle East in the final month of the financial year. Adjusted operating profit increased to £39.1m from £35.9m in the prior year driven by reduced costs, as International began to reset franchise agreements and built new wholesale and online marketplace partnerships.

During the incident, teams operated with pace and accountability, prioritising customers, recovering the business and maintaining delivery of the transformation.

Reinvesting for growth

M&S enters 2026/27 with increased focus on its three core investment programmes of supply chain modernisation, technology transformation and store rotation. As outlined at last year's Capital Markets Event, the year ahead sees a step-up in investment for growth, and in cost savings ambition.

A pipeline of new, high-volume store openings has been developed. Supply chain capacity is being increased with investment focused on enabling volume growth and reducing cost to serve. Near-term online improvements are focused on search, imagery, check-out and payments.

Digital and technology investment in the fashion planning platform, food warehouse management systems and e-commerce platform improvements restarted in the second half. The next phase prioritises simplification of the technology estate and driving online growth. AI is being used selectively where it reduces cost or improves decisions including pricing, waste reduction and personalised customer offers.

Sparks has been relaunched, focusing on wallet-based customer rewards, laying the groundwork for greater personalisation and engagement.

Structural cost reduction of £600m is targeted between 2022/23 and 2027/28. Initiatives are expected to deliver increased in year savings, helping to offset frontline colleague pay inflation and government tax levies.

The strategy supports medium-term growth in revenue, earnings per share and free cash flow and capital allocation priorities reflect this. This year M&S capital expenditure will increase to c.£650m-£750m, with approximately two-thirds targeting the long-term growth opportunity in Food.

Outlook

M&S enters 2026/27 with a clear plan and a strong balance sheet, focused on delivering further improvements to availability and service levels. Profit growth is expected to resume versus 2024/25.

Food continues to drive volume growth through reinvestment in value, quality and innovation and increased new store openings. Fashion, Home & Beauty's priority is delivering growth on the back of stronger style credentials and new supply chain capabilities.

The outlook for the current year includes higher fuel, freight and input costs and continued government tax levies and regulatory headwinds for the sector. These are being mitigated through improved buying, reinvestment in value to drive volume, and savings from the structural cost reduction programme.

Further progress on the transformation is anticipated in the year ahead, as M&S reinvests for growth.

Doubling Food by driving volume and investing in stores, technology and supply chain capacity

Food sales increased 7.0% to £9.7bn with like-for-like sales growth of 6.7%. Adjusted operating profit declined by 9.6% to £444.5m as additional markdown and waste impacted the first half. This was partly offset in the second half following a strong operational Christmas and sustained growth in the final quarter. M&S UK volume grew 3.3% in a broadly flat market^c, with over 800,000 additional shoppers in the year^d.

Further commercial progress

Product improved further, with upgrades to quality broadening customer appeal. Highlights included growth in core categories including poultry, produce and bakery.

- Value investment included ‘Dropped & Locked’ and ‘Remarksable’ pricing focused on core categories such as protein and produce, with a strong volume response to price reductions.
- Quality was upgraded in more than 1,000 products including Italian and Indian meals and flowers, as suppliers invested in new technology and facilities at M&S dedicated sites under long-term ‘Fortress Factory’ agreements.
- Over 1,400 new lines were launched during the year, driving customer engagement. This included the ‘only...ingredients’ and ‘nutrient dense’ ranges, strengthening M&S’ health credentials.

M&S takes a long-term approach to supplier relationships, with contractual commitments that secure supply and support British farming. This includes new decade-long agreements for British lamb and beef signed during the year.

New larger Food stores driving growth

The long-term ambition is to double Food sales supported by investment in new stores, with a plan for 380 Food stores by 2027/28. 12 new Food stores opened, including three conversions of former Homebase stores, and three new full-line stores. These larger format stores have performed ahead of expectations.

The table below illustrates the sales and estimated cash contribution during the first 12 months of trading relating to five Food stores which opened in 2024/25.

New Store Performance		Investment Metrics	
Sales	Cash contribution	Capex spend	Anticipated payback
£90.0m	£8.9m	£17.6m	3.3 years

In the year ahead 18 new openings and three extensions are planned, bringing the full M&S range to more customers.

Investing in modern supply chain capacity for long-term growth

M&S Food volumes have grown strongly over the past five years reducing spare capacity and creating the need for temporary warehousing and causing deliveries from more distant depots, putting upward pressure on costs.

The acquisition of Gist in 2022 has delivered substantial cost savings and an attractive return on capital, equating to a three-year payback. Investment is increasing capacity and automation to consolidate the network and to support volume growth into the 2030’s. There will be temporary costs in the short term, but as investments are delivered, cost per case will reduce.

In 2026/27, investment focuses on a regional distribution centre in Avonmouth and in the previously announced national distribution centre in Daventry. While construction is completed, additional temporary space will be leased.

Fashion, Home & Beauty: Reshaping the business, supply chain and systems

Sales declined by 7.7% to £3.9bn, with adjusted operating profit down 55.4% to £213.4m and an adjusted operating margin of 5.5%. Sales grew 0.2% in the second half, reflecting the restoration of online trading although performance remained constrained by the long tail impact of the incident on availability and the clearance of excess seasonal stock in the Sale. The effect on availability is now tapering, and new ranges are resonating well with customers.

Recognition of M&S quality, value and style

While the incident resulted in reduced sales and market share^e, further progress was made on product appeal with growing customer numbers in the second half^f and improved perceptions for style in the year.

- Womenswear saw the greatest impact from the incident but continued to make progress creating a more edited range in store with 9% of options removed for Spring/Summer.
- Menswear grew sales of denim and casual tops contributing to strong retail market share^g.
- Lingerie sold 1.8 million £10 bras and new sleepwear ranges performed well.
- Kidswear opening price points were reduced as the business seeks to reposition its ranges.

Robust new store performance despite online constraints

Fashion, Home & Beauty's ambition is to double online sales, improve profitability and increase online participation to 50%. Alongside this, it aims to generate sustainable store sales through a profitable, focused group of 200 full-line stores by 2027/28.

Online returned to modest growth in the second half. Near term focus is on improving shopping experience in areas such as search, imagery, check-out and payments. In parallel, e-commerce platform modernisation will enable faster change. Product-focused marketing has increased, and Sparks has been relaunched, with the aim of improved personalisation and enabling customers to spend their rewards across M&S from a new wallet-based offer.

A new full-line store was opened in Bristol Cabot Circus, Bath was relocated, and Doncaster Wheatley was extended. These stores have traded ahead of expectations.

The table below illustrates the sales and estimated cash contribution during the first 12 months of trading relating to full line stores which opened in 2024/25.

New Store Performance		Investment Metrics	
Sales	Cash contribution	Capex spend	Anticipated payback
£158.5m	£34.0m	£38.6m	2.9 years

Rewiring the end-to-end supply chain and investing in capacity for growth

With improving product appeal, the priority now is to tackle legacy supply chain constraints across commercial planning, logistics, sourcing and online and the pace of change is increasing.

- Supply chain capacity is expanding to reduce split shipments, improve customer service and lower costs. The recently announced investment in a 437,000 sq. ft. automated distribution centre in Lichfield will accelerate the expansion of online capacity earlier and at a lower capital cost than originally planned, while supporting network consolidation. It is expected that the new facility will start fulfilling customer orders in 2027, with a phased ramp-up thereafter. Additional boxed storage at Bradford and automated sortation capacity at Castle Donington will be delivered this year.

- Buying and merchandising teams are introducing shorter lead times for seasonal products and trends, while buying core lines year-round. This is enabled by the roll out of the planning platform and further sourcing consolidation.
- Operational efficiency is improving, with store friendly deliveries and additional returns capacity being implemented which will reduce handling costs and accelerate resale.

International: Capital light growth

With M&S having strong UK brand recognition, there is long-term potential to build a global brand presence through targeted capital light expansion. In 2025/26, International was impacted by a lagging recovery from the incident followed by the effects of the Middle East war.

Sales were down 7.2% (5.7% at constant currency) with an improving performance in the second half. New business in wholesale and marketplaces partly offset declines in owned and franchise, despite shipment delays to the Middle East in the final month of the year.

Operating profit before adjusting items increased to £39.1m from £35.9m, driven by reduced costs in owned markets.

- Franchise terms are being reset to enable investment in trusted value. Where lower prices have been implemented there has been encouraging volume growth.
- Online sales are starting to grow through marketplaces, with expanded ranges on Zalando in Europe. European customer fulfilment is transitioning to Zeos, which offers the prospect of improved service, availability and reduced costs.
- Wholesale is growing selectively from a small base through new agreements with retailers such as Coles in Australia for Food and Nordstrom in the US for Fashion.

In the year ahead the International result may be constrained by the disruption to deliveries to Middle East partners, where annual sales were approximately c.£100m in 2025/26.

Ocado Retail delivers modest operating profit for the year

Ocado Retail combines M&S Food with Ocado Group's automated fulfilment to offer differentiated online choice, service and customer experience. The M&S objective is for it to be a sustainable self-funded business, enabled by improved commercial performance.

Results for the current period relate to the 51-weeks ended 29 March 2026 and reflect revenue of £3.2bn and an adjusted operating profit of £15.2m. The joint venture was accounted for via the equity method in the prior period. M&S products drove sales on Ocado.com and were up 17.7% to more than £1bn during the year. Combined with increased customer fulfilment centre (CFC) efficiency this resulted in an improved performance.

Disciplined capital allocation and investment

M&S has the capacity to deliver attractive compound growth in earnings per share and free cash flow. From a starting point of improved commercial performance and a strong balance sheet, capital allocation reflects this.

In 2026/27, M&S capital expenditure net of disposals will be c.£650-£750m in line with previous forecasts, with approximately £150m on maintenance investment and the balance on growth and cost out spend. Approximately two-thirds of this is allocated to Food, which has been the fastest growing and highest returning business, and the balance will go to Fashion, Home & Beauty.

Anticipated 2026/27 capital expenditure:

2026/27	£m
Total maintenance	£150m
Property	£200m
Supply chain	£200m
Digital & Technology	£140m
Other	£20m
Total growth & cost out	£560m
M&S capital expenditure	£710m
Property disposals	(£40m)
Lichfield investment	£70m
M&S capital expenditure	£740m

- Property investment includes 18 new Food stores, four extensions and two full-line stores alongside additional renewals.
- Supply chain is weighted to Food reflecting the previously announced construction and automation of the Avonmouth regional distribution centre and the fit out of Daventry national distribution centre. Fashion, Home & Beauty capex reflects the integration of the recently acquired Lichfield warehouse.
- Digital & Technology is weighted towards Fashion, Home & Beauty reflecting the planning platform roll out, online experience improvements and retail productivity initiatives.

A strong balance sheet remains a priority. Increased free cash flow from operations is planned in the year ahead, supported by reduced working capital.

Dividends remain conservative, reflecting the current investment phase. The Board is proposing a final dividend of 3.0p per share, taking the full-year dividend to 4.2p per share, an increase of 16.7% on last year.

Worldpanel references:

- a FMCG, 52 week ending 22 March 2026. M&S Yr/Yr buyers
- b FMCG, 52 week ending 22 March 2026. M&S Yr/Yr spend share
- c FMCG, 52 week ending 22 March 2026. Total Market Yr/Yr packs
- d FMCG, 52 week ending 22 March 2026. M&S Yr/Yr buyers
- e Fashion, 52 week ending to 29 March 2026. M&S Yr/Yr spend share
- f Fashion, 24 week ending to 29 March 2026. M&S buyer Yr/Yr numbers
- g Fashion, Offline Menswear, 52 week ending to 29 March 2026. M&S Yr/Yr spend share
- h FMCG, 52 week ending 22 March 2026. M&S Yr/Yr buyers

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Investor & Analyst presentation and Q&A:

A pre-recorded investor and analyst presentation will be available on the Marks and Spencer Group plc website [here](#) from 7:30am on 20 May 2026

Stuart Machin and Alison Dolan will host a Q&A session at 9:30am on 20 May 2026.

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 FY Analyst** when prompted by the operator

Replay: A recording will be available 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 2026 Annual Report (pages 41-47).

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 FULL YEAR FINANCIAL REVIEW

Financial Summary

	28 Mar 26	29 Mar 25	Change vs
	£m	Restated £m ¹	2024/25 %
Group statutory revenue	17,273.6	13,816.8	25.0%
Group sales	17,371.5	13,914.3	24.8%
Group sales (excluding Ocado retail)	14,178.1	13,914.3	1.9%
Food	9,719.3	9,085.7	7.0%
Fashion, Home & Beauty	3,915.5	4,243.4	(7.7%)
International	543.3	585.2	(7.2%)
Ocado Retail ²	3,193.4	-	n/a
Operating profit before adjusting items	818.4	984.5	(16.9%)
Food	444.5	491.8	(9.6%)
Fashion, Home & Beauty	213.4	478.0	(55.4%)
International	39.1	35.9	8.9%
Insurance income	100.0	-	n/a
Ocado Retail ²	15.2	-	n/a
Share of result in associate ²	-	(28.7)	n/a
M&S Financial Services	6.2	7.5	(17.3%)
Net interest payable on lease liabilities	(145.1)	(110.2)	31.7%
Net financial interest	(16.6)	1.2	n/a
Profit before tax and adjusting items	656.7	875.5	(25.0%)
Adjusted non-controlling interests before tax	14.7	5.6	n/a
M&S Group adjusted profit before tax³	671.4	881.1	(23.8%)
Profit before tax and adjusting items	656.7	875.5	(25.0%)
Adjusting items	(292.1)	(363.7)	(19.7%)
Statutory profit before tax	364.6	511.8	(28.8%)
Taxation	(128.4)	(219.9)	(41.6%)
Statutory profit after tax, attributed to:	236.2	291.9	(19.1%)
- Owners of the parent	259.4	295.7	(12.3%)
- Non-controlling interests	(23.2)	(3.8)	n/a
Adjusted basic EPS	23.8p	31.9p	(25.4%)
Basic EPS	12.7p	14.6p	(13.0%)
Dividend per share	4.2p	3.6p	16.7%
Net debt ⁵	(2,411.8)	(1,779.8)	35.5%
Net funds excluding lease liabilities	338.2	447.6	(24.4%)
Capital expenditure in cash flow	(594.0)	(458.6)	29.5%
Free cash flow from operations ⁴	131.3	443.3	(70.4%)
Adjusted return on capital employed (12-month rolling)	12.7%	16.4%	(3.7% pts)

¹ Results of the Channel Islands have been reclassified from the International segment to be reported within Food and Fashion, Home & Beauty.

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 associate.

³ M&S Group adjusted profit before tax excludes the profit or loss 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 Net debt now includes the M&S Travel Money Revolving Credit Facility agreement with Eurochange (£9.8m).

There are a number of non-CAAP 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

Statutory revenue in the period was £17,273.6m, an increase of 25.0% versus 2024/25, driven by the consolidation of Ocado Retail Limited which generated sales of £3,193.4m in the period. Group sales were £17,371.5m, an increase of 24.8% versus 2024/25, excluding Ocado Retail, Group sales grew 1.9% versus 2024/25.

Food sales were up 7.0%, this was offset by a decline in Fashion, Home & Beauty sales of 7.7% and International sales of 7.2%. 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 £671.4m compared with £881.1m 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 £292.1m, compared with £363.7m in the prior year. The net charge in the period includes £131.3m 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 £364.6m, compared with a profit of £511.8m in the prior year.

Adjusted basic EPS was 23.8p, down 25.4% on 2024/25 reflecting lower adjusted profit in the period. Basic EPS was 12.7p, down 13.0% on 2024/25, reflecting reduced profit in the period.

A final dividend of 3.0p per share has been declared, payable on 10 July 2026. This results in a full-year dividend of 4.2p per share, an increase of 16.7%.

Note, 2026/27 will be a 53-week year. M&S anticipates reporting 52-week comparable results alongside the statutory outturn for 53 weeks to 3 April 2027.

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 7.0% with UK volume growth of 3.3%, largely driven by increased shopper numbers^h, supported by investment in value, quality upgrades, innovation and new store openings.

Change vs 24/25 %¹	Q1	Q2	Q3	Q4	FY
Total sales	7.1	8.5	5.5	7.1	7.0
Like-for-like sales	7.2	8.3	4.9	6.8	6.7
<i>Food statutory revenue</i>	2,224.5	2,307.4	2,738.6	2,440.3	9,710.8

¹Sales growth includes direct sales to Ocado Retail of Food of £57.0m in the prior year which were eliminated on consolidation in 2025/26

Sales growth in the first half benefited from Easter timing, although overall growth was impacted by the incident. In the second half, transactions were up 5.0% on last year and baskets over £30 grew by 9.4%.

52 weeks ended	H1	H2	28 Mar 26	29 Mar 25 Restated	Change vs 2024/25
	£m	£m	£m	£m	%
Sales	4,531.9	5,187.4	9,719.3	9,085.7	7.0%
Operating profit before adjusting items	89.1	355.4	444.5	491.8	(9.6%)
<i>Adjusted operating margin</i>	2.0%	6.9%	4.6%	5.4%	(0.8% pts)

Operating profit before adjusting items was £444.5m compared with £491.8m in 2024/25, with an adjusted operating margin of 4.6% versus 5.4% last year. Profitability was impacted by the incident in the first half but showed good progress in the second half.

Gross margin decreased by 1.3% pts, driven by increased markdown and waste and the inclusion of £24.5m Extended Producer Responsibility (EPR) charges for the first time during the first half. This was partly offset by a stronger profit performance year-on-year in the second half.

Operating costs increased 4.9%, which was less than sales growth of 7.0%. Operating costs in the period were driven by:

- Retail costs, from increased colleague pay, National Insurance contributions (NI), volume growth, and new store openings, partly offset by cost savings.
- Logistics, from colleague pay, NI and volume growth, partly offset by cost savings.
- Central costs reduced, reflecting lower incentive accruals and reduced marketing spend.

Operating profit margin before adjusting items	%
FY 2024/25	5.4
Gross margin	(1.3)
Retail costs	(0.2)
Logistics costs	(0.1)
Digital & Technology	0.1
Central costs	0.7
FY 2025/26	4.6

Fashion, Home & Beauty

Fashion, Home & Beauty sales decreased 7.7% driven by the incident impacts in H1, followed by an improving trend in H2. Sales were constrained in both channels owing to reduced availability following the incident.

Change vs 24/25 % ¹	Q1	Q2	Q3	Q4	FY
Total sales	(20.8)	(12.3)	(2.6)	4.3	(7.7)
Like-for-like sales	(20.2)	(12.1)	(2.7)	4.3	(7.5)
Store sales	(3.5)	(3.2)	(4.4)	3.3	(2.3)
Online sales	(58.5)	(29.7)	1.0	6.1	(18.4)
<i>Fashion, Home & Beauty statutory revenue</i>	762.8	904.6	1,239.7	919.0	3,826.1

¹Sales growth includes direct sales to Ocado Retail of £5.2m in Fashion, Home & Beauty in the prior year which were eliminated on consolidation in 2025/26

Store sales decreased by 2.3% to £2,749.8m, returning to growth in the final quarter.

Online sales decreased by 18.4% to £1,165.7m, reflecting the pause in online orders followed by a gradual recovery over the summer. During the second half website traffic and transactions increased versus last year.

52 weeks ended	H1	H2	28 Mar 26	29 Mar 25	Change vs 2024/25 %
	£m	£m	£m	Restated £m	%
Sales	1,697.6	2,217.9	3,915.5	4,243.4	(7.7%)
Operating profit before adjusting items	46.1	167.3	213.4	478.0	(55.4%)
<i>Adjusted operating margin</i>	2.7%	7.5%	5.5%	11.3%	(5.8% pts)

Operating profit before adjusting items was £213.4m compared with £478.0m in 2024/25, with an adjusted operating margin of 5.5% compared with 11.3% last year.

Gross margin decreased by 2.7% pts driven by increased stock management and markdown related costs, which were weighted towards H2.

Operating costs decreased 1.5% compared with a sales decline of 7.7%. This resulted in higher operating costs as a percent of sales. Operating costs were driven by:

- Retail costs, from higher colleague pay, NI and maintenance, which were partly offset by cost savings.
- Logistics costs were down year-on-year, reflecting lower volumes, the exit of bulky furniture and cost savings which more than offset the incident-related warehouse costs.
- Digital & Technology, from systems development including planning platform and re-launch of Sparks.
- Central costs reduced, largely due to lower incentive accruals, partly offset by increased performance marketing spend.

Operating profit margin before adjusting items	%
FY 2024/25	11.3
Gross margin	(2.7)
Retail costs	(2.1)
Logistics costs	(0.7)
Digital & Technology	(0.7)
Central costs	0.4
FY 2025/26	5.5

Within these results, store margin was 10.0% and online margin was (5.2%).

International

International sales decreased by 7.2% (down 5.7% at constant currency), with an improving trend in the second half. Sales declined due to lower franchise shipments, a pause to online trading in H1, and selected store closures. This was partially offset by growth in wholesale, supported by the launch of three new partnerships, and in marketplaces.

Operating profit before adjusting items increased 8.9% year-on-year driven by cost management, including reduced marketing spend and store closures, which more than offset the impact of the decline in franchise and online sales.

52 weeks ended	28 Mar 26	29 Mar 25	Change vs	Change vs
	£m	Restated¹	2024/25	2024/25
		£m	%	CC² %
Sales, split:	543.3	585.2	(7.2%)	(5.7%)
<i>Franchise³</i>	244.4	271.5	(10.0%)	
<i>Owned³</i>	228.8	251.6	(9.1%)	
<i>Online & Marketplaces</i>	44.6	50.0	(10.8%)	
<i>Wholesale</i>	25.5	12.1	110.7%	
Operating profit before adjusting items	39.1	35.9	8.9%	8.5%
<i>Adjusted operating margin</i>	7.2%	6.1%	1.1% pts	0.9% pts

¹Sales and profit in prior year restated to reflect change in reporting of Channel Islands to Food and Fashion, Home & Beauty

²Constant currency

³Online sales for franchise and owned business are included within their respective channels

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 51-weeks ended 29 March 2026, 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 52-weeks and comparable period below.

Sales for the 52-weeks increased 15.0%, driven by 12.0% growth in average orders per week. This was driven by more effective customer acquisition and retention, and increased frequency of shop. Average selling price increased by 2.2% as the business remained focused on value for customers, inflating behind the market.

Key performance indicators

Ocado.com ¹ (52 weeks ended)	29 Mar 26	30 Mar 25	Change vs 2024/25
	£m	£m	%
Active customer base (000s)	1,302	1,177	10.6%
Average orders per week (000s)	521	465	12.0%
Average basket value (£)	124.64	122.35	1.9%
Average selling price (£)	2.83	2.77	2.2%
Average basket size (eaches)	44.01	44.22	(0.5%)

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

£m	52 weeks ended 29 Mar 26	52 weeks ended 30 Mar 25	Change vs 2024/25 £m	51 weeks ended 29 Mar 26
	Sales ²	3,252.2	2,827.0	425.2
Operating profit before adjusting items	14.7	(20.4)	35.1	15.2
<i>Adjusted operating profit margin</i>	0.5%	(0.7%)	1.2% pts	0.5%

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

²Sales represents the Ocado Retail reported Revenue

Operating profit before adjusting items was £14.7m compared with a loss of £20.4m in 2024/25.

Gross margin was broadly flat as Ocado Retail continues to limit the pass through of cost inflation to customers.

Operating costs increased 10.7%, which was less than sales growth of 15.0%. Operating costs in the period were driven by:

- Fulfilment and delivery costs, which benefited from improved CFC efficiency and productivity, partly offset by higher delivery costs.
- Support costs increased driven by platform migration.
- Fees payable to Ocado Group reduced as a percent of sales.

Operating profit before adjusting items	%
FY 2024/25	(0.7)
Gross margin	(0.1)
Fulfilment & Delivery	0.4
Marketing	-
Support	0.4
Fees	0.7
Depreciation	(0.2)
FY 2025/26	0.5

M&S Financial Services

M&S Financial Services generated a profit before adjusting items of £6.2m, compared with £7.5m in the prior year. Profits were down on last year reflecting the impact of the incident on the travel money business, alongside investment to integrate the M&S credit card into the new Sparks loyalty app.

Details of the Financial Services transformation and insurance mis-selling provisions can be found in adjusting items.

Net finance cost

52 weeks ended	28 Mar 26	29 Mar 25	Change vs 2024/25
	£m	£m	£m
Interest payable ¹	(34.5)	(41.3)	6.8
Bank and other interest receivable	39.3	54.9	(15.6)
Net interest receivable	4.8	13.6	(8.8)
Unwind of discount on Scottish Limited Partnership liability	-	(1.4)	1.4
Unwind of discount on provisions	(9.2)	(6.4)	(2.8)
Net financial interest¹	(4.4)	5.8	(10.2)
Net interest payable on lease liabilities²	(145.1)	(110.2)	(34.9)
Other finance costs¹	(12.2)	(4.6)	(7.6)
Net finance cost before adjusting items	(161.7)	(109.0)	(52.7)
Net finance costs in adjusting items	(10.4)	(3.5)	(6.9)
Net finance costs	(172.1)	(112.5)	(59.6)

¹ In the prior period Interest payable included £4.6m 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 £333.8m with the increase to £481.7m at year end primarily being due to a new lease liability in Erith of approximately £140m.

Net finance cost before adjusting items increased from £109.0m to £161.7m. This was driven by the effects of the consolidation of Ocado Retail which resulted in increased interest payable on lease liabilities and increased other finance costs, reflecting 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 movement of the IAS 19 pension surplus to a deficit position at the prior year end.

M&S Group adjusted profit before tax

M&S Group adjusted profit before tax was £671.4m, down 23.8% 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 received in the first half.

Profit before tax

Profit before tax was £364.6m (2024/25: £511.8m) This includes a net charge for adjusting items of £292.1m (2024/25: charge of £363.7m).

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.

52 weeks ended	28 Mar 26	29 Mar 25	Change vs 2024/25
	£m	£m	£m
<u>Costs associated with the cyber incident</u>	(131.3)	-	(131.3)
<u>Strategic Programmes</u>			
Store estate	(84.1)	(84.4)	0.3
Digital and technology transformation	(4.1)	(10.2)	6.1
International reset	10.6	(20.6)	31.2
Furniture simplification	-	11.1	(11.1)
<u>Other</u>			
Store impairments, impairment reversals and other property charges	-	2.3	(2.3)
M&S Bank transformation and insurance mis-selling provisions	(32.4)	(15.5)	(16.9)
Legal settlement	-	20.5	(20.5)
Amortisation and fair value adjustments relating to Ocado Retail Limited	(26.0)	-	(26.0)
Ocado Retail Limited – UK network capacity review	(2.8)	-	(2.8)
Impairment of investment in Ocado Retail Limited	-	(248.5)	248.5
Included in share of results of Ocado Retail Limited prior to consolidation	-	(14.9)	14.9
Included in operating profit	(270.1)	(360.2)	90.1
Net pension finance (costs)/income	(5.0)	4.1	(9.1)
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration	(3.8)	(7.6)	3.8
Net finance costs relating to amortisation and fair value adjustments of Ocado Retail Limited	(0.9)	-	(0.9)
M&S Bank transformation and insurance mis-selling provisions	(0.7)	-	(0.7)
Included in net finance costs	(10.4)	(3.5)	(6.9)
M&S Group Adjusting Items	(280.5)	(363.7)	83.2
Non-Controlling Interest adjusting items ¹	(11.6)	-	(11.6)
Adjustments to profit before tax	(292.1)	(363.7)	71.6

¹Relates to 50% non-controlling interest share of fair value adjustments acquired on consolidation of Ocado Retail Limited (£12.1m) and 49% non-controlling interest share of India store closures £0.5m.

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 £292.1m, down from £363.7m in the prior year. This includes:

A charge of £131.3m in relation to the incident. £109.3m of these costs are related to immediate incident systems response and recovery. Remaining charges incurred relate to third party corporate costs predominantly for specialist legal and professional services support.

A charge of £84.1m in relation to store estate rotation plans. The charge primarily reflects the latest view of store closure plans 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 recent approved exit routes.

A credit of £10.6m 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 £33.1m in relation to M&S Financial Services transformation and insurance mis-selling provisions. The higher charge this period is largely due to the exclusivity buy out of General Insurance from HSBC.

A net charge of £26.9m in relation to amortisation and fair value adjustments relating to the investment in 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 £9.2m, with the portion relating to the non-controlling interest recognised separately.

Net finance costs of £10.4m, largely consisting of £3.8m relating to Gist acquisition discount unwind, and £5.0m of net pension finance charge.

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

Taxation

The effective tax rate on profit before tax and adjusting items was 27.5% (2024/25: 26.7%). This is above the UK statutory rate, primarily due to the impact of non-deductible Ocado losses.

The effective tax rate on statutory profit before tax was 35.2% (2024/25: 43.0%). This is higher than the effective tax rate on profit before adjusting items, primarily due to the non-deductible nature of adjusting items such as impairments.

Total taxation charge for the period was £128.4m.

Prior year deferred tax liabilities have been restated owing to the recalculation of the Group's deferred tax calculation in relation to historical charges for IFRS16 leases. In line with IAS 8, the Group has restated balances as at 29 March 2025 and 30 March 2024, the impact on the financial results as at 29 March 2025 was a £119.5m increase in deferred tax liabilities. There is no impact on the cash flows, reported pre or post tax profits or tax paid in any of the previous years.

Earnings per share

Basic earnings per share was 12.7p (2024/25: 14.6p), due to lower profit in the period. Adjusted basic earnings per share was 23.8p (2024/25: 31.9p) 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 2,041.4m (2024/25: 2,021.9m), with the weighted average number of diluted ordinary shares 2,115.3m (2024/25: 2,110.7m).

Cash flow

	28 Mar 26	29 Mar 25	Change vs
	£m	Restated £m	2024/25 £m
Operating profit	536.7	624.3	(87.6)
Adjusting items within operating profit	281.7	360.2	(78.5)
Operating profit before adjusting items	818.4	984.5	(166.1)
Depreciation, amortisation, impairments and disposals	650.7	542.6	108.1
Cash lease payments ¹	(430.0)	(343.0)	(87.0)
Working capital	(153.7)	(38.6)	(115.1)
Defined benefit scheme pension	(39.8)	5.2	(45.0)
Capex and disposals	(594.0)	(458.6)	(135.4)
Financial interest	(11.8)	(2.6)	(9.2)
Taxation	(7.1)	(208.3)	201.2
Employee-related share transactions	29.7	(13.1)	42.8
Share of result from Associate	-	28.7	(28.7)
Share of results in other joint ventures	(0.4)	(0.5)	0.1
Adjusting items in cash flow	(130.7)	(53.0)	(77.7)
Free cash flow from operations	131.3	443.3	(312.0)
Surrender payments	(23.5)	(19.0)	(4.5)
Transactions with non-controlling interest	(0.2)	(2.6)	2.4
Acquisitions, investments, and divestments	(115.7)	(2.1)	(113.6)
Free cash flow	(8.1)	419.6	(427.7)
Dividends paid	(77.0)	(60.5)	(16.5)
Free cash flow after shareholder returns	(85.1)	359.1	(444.2)
Opening net funds excluding lease liabilities²	447.6	45.7	401.9
Free cash flow after shareholder returns	(85.1)	359.1	(444.2)
Net debt relating to consolidation of Ocado Retail	(21.8)	-	(21.8)
Exchange and other non-cash movements excl. leases	(2.5)	42.8	(45.3)
Closing net funds excluding lease liabilities	338.2	447.6	(109.4)
Opening net debt including lease commitments²	(1,779.8)	(2,165.8)	386.0
Free cash flow after shareholder returns	(85.1)	359.1	(444.2)
Decrease in lease obligations	317.5	258.6	58.9
New lease commitments and remeasurements	(489.3)	(261.0)	(228.3)
Lease commitments and net debt relating to consolidation of Ocado Retail	(355.6)	-	(355.6)
Exchange and other non-cash movements	(19.5)	29.3	(48.8)
Closing net debt including lease commitments	(2,411.8)	(1,779.8)	(632.0)

¹Surrender 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.

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

Free cash from operations was an inflow of £131.3m, which was £312.0m adverse to last year. This was driven primarily by lower operating profit before adjusting items, increased working capital outflow, increased capital expenditure and higher adjusting items in cash flow. This was partially offset by reduced taxation.

The increased working capital outflow reflected higher receivables from growth in Food sales, new wholesale partnerships in International, and incentive accruals in the prior year. Fashion, Home & Beauty core and continuity stock balances were also higher at year end.

Adjusting items in cash outflow increased by £77.7m. This was driven by £121.0m of incident related costs, partially offset by the cash impact of the change in arrangements for financial services in the prior year.

The consolidation of Ocado Retail resulted in a £76.0m increase in depreciation and £78.9m increase in cash lease payments compared with the prior year.

Contributions to the defined benefit pension fund in free cash flow re-commenced in the year.

Acquisitions, investments, and divestments are driven by £110.9m of deferred consideration for the acquisition of Gist.

The Group had closing net funds excluding lease liabilities of £338.2m at the end of the period. The consolidation of Ocado Retail resulted in additional lease commitments and loans from third parties, alongside new lease commitments from increased store activity. Group net debt therefore increased to £2,411.8m.

Capital expenditure

52 weeks ended	28 Mar 26	29 Mar 25	Change vs 2024/25
	£m	£m	£m
Total Maintenance	135.4	157.6	(22.2)
Property	364.4	270.1	94.3
Supply chain	115.0	67.8	47.2
Digital & Technology	40.2	81.2	(41.0)
Other	2.1	1.5	0.6
Total Growth & Cost Out	521.7	420.6	101.1
M&S capital expenditure before disposals	657.1	578.2	78.9
Property disposals	(33.1)	(48.3)	15.2
M&S Capital expenditure	624.0	529.9	94.1
Ocado Retail	12.7	-	12.7
Movement in accruals and other items	(42.7)	(71.3)	28.6
Capex and disposals as per cash flow	594.0	458.6	135.4

M&S capital expenditure before disposals increased from £578.2m to £657.1m reflecting increased investment in new stores and supply chain, offset by reduced spend on digital and technology and property maintenance.

Property capital expenditure focused on Food and includes £209.9m of investment in new stores and extensions, £111.2m in renewals, and £40.3m of other property investments, including energy efficiency and store environment improvements.

Supply chain expenditure, also largely focused on Food, reflects initial costs associated with the Daventry National Distribution Centre, investment in new Food capacity at the Avonmouth Regional Distribution Centre, and Fashion, Home & Beauty online fulfilment capabilities.

Digital and Technology focused on investment in the new Sparks loyalty programme, Fashion, Home & Beauty planning platform and online capabilities, and store technology.

Ocado Retail expenditure focused on investment in a new spoke site in Nottingham as well as maintenance of existing distribution facilities.

Net debt

Group net debt increased £632.0m since last year primarily driven by the increase in lease liabilities due to the consolidation of Ocado Retail.

52 weeks ended	28 Mar 26	29 Mar 25	Change vs 2024/25
	£m	£m	£m
Cash and cash equivalents ¹	997.2	864.5	132.7
Current financial assets and other ¹	10.4	300.2	(289.8)
Medium-term notes	(579.4)	(717.1)	137.7
Ocado Retail borrowings	(90.0)	-	(90.0)
Net funds excluding lease liabilities²	338.2	447.6	(109.4)
Lease liabilities	(2,750.0)	(2,227.4)	(522.6)
Group net debt	(2,411.8)	(1,779.8)	(632.0)

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 funds 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 and May 2026 bond were repaid. In addition, part of the July 2027 bond was repaid. These repayments were partially offset by the issuance of a £300m bond, maturing in August 2032. 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:

Issued bond principle and maturity date	Value £m
July 2027, GBP	56.9
August 2032, GBP	300.0
December 2037, USD	252.9
Total principal value	609.8
Unamortised bond costs and effects of fair value hedges	(38.6)
Interest and FX revaluation	8.2
Total carrying value	579.4

Lease Liabilities	28 Mar 26 £m	29 Mar 25 £m	Change vs 2024/25 £m	Average lease length to break ¹
Full Line stores	(851.9)	(841.7)	(10.2)	c. 14 yrs
Food stores	(736.2)	(701.4)	(34.8)	c. 10 yrs
Offices, warehouses, ROI and other	(542.4)	(518.5)	(23.9)	
International	(137.8)	(165.8)	28.0	
Ocado Retail ²	(481.7)	-	(481.7)	
Total lease liability	(2,750.0)	(2,227.4)	(522.6)	

¹ Liability-weighted average lease length to break, adjusted to exclude nine long leases

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 £333.8m with the increase to £481.7m at FY primarily being due to a new lease liability of approximately £140m.

Full line store lease liabilities include £83m relating to stores identified as part of the store estate strategic programme.

Food store lease liabilities include £34m relating to stores identified as part of the store estate strategic programme.

Pension

At 28 March 2026, the IAS 19 net retirement benefit deficit was £79.2m (2024/25: £122.7m deficit). There has been a decrease in the deficit since the start of the year largely driven by the payment from the Scottish Limited Partnership of £45.0m.

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 position for a number of reasons, including timing and assumptions. The most notable difference is the exclusion of the value of the Scottish Limited Partnership from the reported IAS 19 net retirement deficit, which is included in the actuarial valuation position.

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.

For further information on the Marks and Spencer Scottish Limited Partnership arrangements see note 9 to the financial information.

Liquidity

At 28 March 2026, the Group had liquidity of £1,872.1m (2024/25: £1,739.5m), comprising cash and cash equivalents of £997.2m (2024/25: £864.5m), an undrawn committed syndicated bank revolving credit facility of £850.0m (set to mature in December 2030), and undrawn uncommitted facilities amounting to £25.0m.

Dividend

A final dividend of 3.0p per share has been declared. This will be payable on 10 July 2026 to shareholders on the register of members as at close of business on 5 June 2026. Bringing full year dividend to 4.2p up 16.7% versus last year.

Statement of financial position

Net assets were £3,222.9m at the period end (2024/25 restated: £2,831.9m). The increase in intangibles and property, plant and equipment from the consolidation of Ocado Retail, as well as higher inventories, cash, and increased receivables, resulted in an overall increase in net assets of £391.0m (13.8%) since the start of the year.

Consolidated income statement

	Notes	52 weeks ended	52 weeks ended
		28 March 2026	29 March 2025
		Total	Total
		£m	£m
Revenue	2	17,273.6	13,816.8
Share of result in associate - Ocado Retail Limited ¹		-	(43.6)
Operating profit	3	536.7	624.3
Finance income	3, 4	45.0	64.7
Finance costs	3, 4	(217.1)	(177.2)
Profit before tax	2, 3	364.6	511.8
Income tax expense	5	(128.4)	(219.9)
Profit for the year		236.2	291.9
Attributable to:			
Owners of the parent		259.4	295.7
Non-controlling interests ²		(23.2)	(3.8)
		236.2	291.9
Earnings per share			
Basic earnings per share	6	12.7p	14.6p
Diluted earnings per share	6	12.3p	14.0p
Reconciliation of M&S Group adjusted profit before tax³ - non-GAAP measure			
Profit before tax		364.6	511.8
Adjusting items	3	292.1	363.7
Adjusted non-controlling interests		14.7	5.6
M&S Group adjusted profit before tax		671.4	881.1
Adjusted earnings per share - non-GAAP measure			
Basic	6	23.8p	31.9p
Diluted	6	23.0p	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 interests include the minority share of results in Ocado Retail Limited and other joint ventures in India and the UK.

³ Refer to the Glossary for a complete definition of M&S Group adjusted profit before tax.

Consolidated statement of comprehensive income

		52 weeks ended	52 weeks ended
		28 March 2026	29 March 2025
	Notes	£m	£m
Profit for the year		236.2	291.9
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit schemes	8	9.0	(149.2)
Tax on retirement benefit schemes		(1.9)	49.7
		7.1	(99.5)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences			
- movements recognised in other comprehensive income		(6.6)	(8.3)
Cash flow hedges			
- fair value movements recognised in other comprehensive income		(42.1)	(19.2)
- reclassified and reported in profit or loss		5.8	5.7
Tax credit on cash flow hedges		9.1	2.7
		(33.8)	(19.1)
Other comprehensive expense for the year, net of tax		(26.7)	(118.6)
Total comprehensive income for the year		209.5	173.3
Attributable to:			
Owners of the parent		232.7	177.1
Non-controlling interests		(23.2)	(3.8)
		209.5	173.3

Consolidated statement of financial position

		As at 28 March 2026	As at 29 March 2025	As at 30 March 2024
	Notes	£m	(Restated) £m	(Restated) £m
Assets				
Non-current assets				
Intangible assets	10	754.1	187.4	179.5
Property, plant and equipment	11	6,409.3	5,408.5	5,190.1
Investment property		11.0	11.2	11.6
Investments in joint ventures and associates		10.9	392.5	684.2
Other financial assets		42.2	21.3	12.6
Retirement benefit asset	8	-	-	81.8
Trade and other receivables		279.0	382.8	356.7
Derivative financial instruments		3.5	0.1	0.7
Deferred tax assets		13.3	13.9	11.7
		7,523.3	6,417.7	6,528.9
Current assets				
Inventories		981.4	843.9	776.9
Other financial assets		12.9	289.5	12.3
Trade and other receivables		526.7	327.5	302.0
Derivative financial instruments		14.8	7.2	6.8
Current tax assets		58.5	71.1	32.9
Cash and cash equivalents		997.2	864.5	1,022.4
		2,591.5	2,403.7	2,153.3
Total assets		10,114.8	8,821.4	8,682.2
Liabilities				
Current liabilities				
Trade and other payables		2,636.0	2,370.3	2,107.9
Partnership liability to the Marks & Spencer UK Pension Scheme	9	-	-	88.8
Borrowings and other financial liabilities		298.7	355.8	250.4
Derivative financial instruments		19.1	25.1	20.0
Provisions		42.1	25.1	47.6
Current tax liabilities		1.2	1.2	1.5
		2,997.1	2,777.5	2,516.2
Non-current liabilities				
Retirement benefit deficit	8	79.2	122.7	4.6
Trade and other payables		30.6	18.9	116.7
Borrowings and other financial liabilities		3,120.7	2,588.7	2,882.8
Derivative financial instruments		24.1	16.6	21.9
Provisions		167.7	146.2	104.1
Deferred tax liabilities		472.5	318.9	325.3
		3,894.8	3,212.0	3,455.4
Total liabilities		6,891.9	5,989.5	5,971.6
Net assets		3,222.9	2,831.9	2,710.6
Equity				
Issued share capital		20.7	20.6	20.5
Share premium account		994.6	982.7	967.0
Capital redemption reserve		2,680.4	2,680.4	2,680.4
Hedging reserve		16.0	(7.5)	(8.4)
Cost of hedging reserve		(0.2)	7.0	5.4
Other reserve		(6,542.2)	(6,542.2)	(6,542.2)
Foreign exchange reserve		(96.0)	(89.4)	(81.1)
Retained earnings		5,982.8	5,769.0	5,670.1
Equity attributable to owners of the parent		3,056.1	2,820.6	2,711.7
Non-controlling interests		166.8	11.3	(1.1)
Total equity		3,222.9	2,831.9	2,710.6

Deferred tax and retained earnings have been restated in the comparative information. See note 1 for further details.

Consolidated statement of changes in equity

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Hedging reserve £m	Cost of hedging £m	Other reserve ¹ £m	Foreign exchange reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total £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
Prior year restatement	-	-	-	-	-	-	-	(119.5)	(119.5)	-	(119.5)
As at 31 March 2024 (restated)	20.5	967.0	2,680.4	(8.4)	5.4	(6,542.2)	(81.1)	5,670.1	2,711.7	(1.1)	2,710.6
Profit/(loss) for the year	-	-	-	-	-	-	-	295.7	295.7	(3.8)	291.9
Other comprehensive (expense)/income:											
Foreign currency translation											
- movements recognised in other comprehensive income	-	-	-	-	-	-	(8.3)	-	(8.3)	-	(8.3)
Remeasurements of retirement benefit schemes	-	-	-	-	-	-	-	(149.2)	(149.2)	-	(149.2)
Tax on retirement benefit schemes	-	-	-	-	-	-	-	49.7	49.7	-	49.7
Cash flow hedges											
- fair value movement 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 (expense)/income:	-	-	-	(12.4)	1.6	-	(8.3)	(99.5)	(118.6)	-	(118.6)
Total comprehensive (expense)/income	-	-	-	(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
Deferred 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)	5,769.0	2,820.6	11.3	2,831.9
As at 30 March 2025	20.6	982.7	2,680.4	(7.5)	7.0	(6,542.2)	(89.4)	5,769.0	2,820.6	11.3	2,831.9
Profit/(loss) for the year	-	-	-	-	-	-	-	259.4	259.4	(23.2)	236.2
Other comprehensive (expense)/income:											
Foreign currency translation											
- movements recognised in other comprehensive income	-	-	-	-	-	-	(6.6)	-	(6.6)	-	(6.6)
Remeasurements of retirement benefit schemes	-	-	-	-	-	-	-	9.0	9.0	-	9.0
Tax on retirement benefit schemes	-	-	-	-	-	-	-	(1.9)	(1.9)	-	(1.9)
Cash flow hedges											
- fair value movement in other comprehensive income	-	-	-	(33.0)	(9.1)	-	-	-	(42.1)	-	(42.1)
- reclassified and reported in profit or loss	-	-	-	6.3	(0.5)	-	-	-	5.8	-	5.8
Tax on cash flow hedges	-	-	-	6.7	2.4	-	-	-	9.1	-	9.1
Other comprehensive (expense)/income	-	-	-	(20.0)	(7.2)	-	(6.6)	7.1	(26.7)	-	(26.7)
Total comprehensive (expense)/income	-	-	-	(20.0)	(7.2)	-	(6.6)	266.5	232.7	(23.2)	209.5
Cash flow hedges recognised in inventories	-	-	-	58.0	-	-	-	-	58.0	-	58.0
Tax on cash flow hedges recognised in inventories	-	-	-	(14.5)	-	-	-	-	(14.5)	-	(14.5)
Transactions with owners:											
Dividends	-	-	-	-	-	-	-	(77.0)	(77.0)	-	(77.0)
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	(1.4)	(1.4)	178.7	177.3
Shares issued in respect of employee share options	0.1	11.9	-	-	-	-	-	-	12.0	-	12.0
Purchase of shares held by employee trusts	-	-	-	-	-	-	-	(21.1)	(21.1)	-	(21.1)
Credit for share-based payments	-	-	-	-	-	-	-	37.5	37.5	-	37.5
Tax on share schemes	-	-	-	-	-	-	-	9.3	9.3	-	9.3
As at 28 March 2026	20.7	994.6	2,680.4	16.0	(0.2)	(6,542.2)	(96.0)	5,982.8	3,056.1	166.8	3,222.9

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.

Consolidated statement of cash flows

		52 weeks ended 28 March 2026	52 weeks ended 29 March 2025
	Notes	£m	£m
Cash flows from operating activities			
Cash generated from operations	14	1,183.1	1,521.3
Income tax paid		(7.1)	(208.3)
Net cash inflow from operating activities		1,176.0	1,313.0
Cash flows from investing activities			
Proceeds on property disposals		33.1	48.3
Purchase of property, plant and equipment		(574.8)	(408.4)
Purchase of intangible assets		(52.3)	(98.5)
Sale/(purchase) of current financial assets		276.6	(277.2)
Purchase of non-current financial assets		(21.1)	(12.5)
Proceeds on disposal of non-current financial assets		-	0.6
Payment of deferred consideration for subsidiary		(110.9)	-
Consolidation of subsidiary, net of cash acquired ¹		68.2	-
Interest received		44.5	51.6
Net cash used in investing activities		(336.7)	(696.1)
Cash flows from financing activities			
Interest paid ²		(192.3)	(158.1)
Redemption of Medium-Term Notes ³		(108.0)	(187.8)
Repayment of lease liabilities		(317.5)	(258.6)
Payment of partnership liability to the Marks & Spencer UK Pension Scheme	9	-	(40.5)
Equity dividends paid		(77.0)	(60.5)
Shares issued on exercise of employee share options		12.0	15.8
Transactions with non-controlling interest		(0.2)	(2.6)
Purchase of own shares by employee trust		(21.1)	(81.3)
Net cash used in financing activities		(704.1)	(773.6)
Net cash inflow / (outflow) from activities		135.2	(156.7)
Effects of exchange rate changes		(2.5)	(1.2)
Opening net cash		864.5	1,022.4
Closing net cash	15	997.2	864.5

¹Includes £68.2m (last year: £nil) relating to the consolidation of Ocado Retail Limited.

²Includes interest paid on lease liabilities of £136.0m (last year: £103.4m).

³Includes £105.5m of maturing 2025 notes, £193m of outstanding 2027 notes repurchased in February 2026 and £109m of outstanding 2026 notes repurchased in March 2026, resulting in a gain of £1.1m recognised within 'interest payable on Medium-Term Notes' in net finance costs.

1 ACCOUNTING POLICIES

General information

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 28 March 2026 or 29 March 2025. The financial information for the year ended 29 March 2025 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006. The statutory accounts for the year ended 28 March 2026 will be delivered to the Registrar of Companies following the Company's annual general meeting.

Basis of preparation

While the financial information included in this press release has been prepared in accordance with the recognition and measurement criteria of UK-adopted International Accounting Standards, this announcement does not itself contain sufficient information to comply with these standards. The financial information has been prepared using accounting policies and methods of computation consistent with those applied in the financial statements for the year ended 29 March 2025, with the exception of the change in accounting policy and new accounting standards adopted in the year set out below. The Company's full financial statements will be prepared in compliance with UK adopted International Accounting Standards.

Going concern basis

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Board has considered the business activities, the financial position of the Group, its cash flows, liquidity position and borrowing facilities, the Group's financial risk management objectives and exposures to liquidity and other financial risks as set out in note 12 and the principal risks and uncertainties.

The Group continues to maintain a robust financial position providing it with sufficient access to liquidity, through a combination of cash and committed facilities, to meet its needs in the short and medium-term. At 28 March 2026, the Group had liquidity of £1,872.2m (last year: £1,739.5m), comprising cash and cash equivalents of £997.2m, an undrawn committed syndicated bank revolving credit facility ("RCF") of £850.0m (set to mature in December 2030), and undrawn uncommitted facilities amounting to £25.0m.

The RCF contains a financial covenant, being the ratio of earnings before interest, tax, depreciation and amortisation, to net interest and depreciation on right-of-use assets under IFRS 16. The covenant is measured biannually.

In adopting the going concern basis of preparation, the Board has assessed the Group's cash flow forecasts which incorporate a latest estimate of the ongoing impact of current market conditions on the Group (including the impact of the current Middle East conflict) and include a number of assumptions including sales growth and customer behaviour. While trading continues to be strong, in forming their outlook on the future financial performance, the Board considered a variety of downsides that the Group might experience, such as a sustained economic recession and an inability for the Group to execute the transformation plan.

Under these latest forecasts, the Group is able to operate without the need to draw on its available facilities and without taking any supplementary mitigating actions, such as reducing capital expenditure and other discretionary spend. The forecast cash flows also indicate that the Group will comply with all relevant banking covenants during the forecast period, being at least 12 months from the approval of the financial statements.

The Board has modelled a severe, but plausible, downside scenario. This downside scenario assumes that:

- There will be a period of economic recession in 2026/27, resulting in a reduction in sales growth of 3.0 – 5.0% across all three business units compared to the budget and three-year plan.
- A delay on transformation benefits results in incremental sales expected from the transformation declining by 7.5%, 15% and 30% respectively across the three-year period.
- Ocado Retail Limited experiences limited customer demand, with a 5.0% reduction in volume growth each year across the three-year period compared to the budget and three-year plan.

Even under this severe but plausible downside scenario, the Group would continue to have sufficient liquidity and headroom on its existing facilities and against the RCF financial covenant for the forecast period. In addition, should such a scenario arise, there are a range of mitigating actions that could be taken to reduce the impact. Given current trading and expectations for the business, the Board considers that this downside scenario reflects a plausible, but remote, outcome for the Group.

In addition, reverse stress testing has been applied to the model to determine the decline in sales that the Group could absorb before exhausting the Group's total liquidity. Such a scenario, and the sequence of events which could lead to it, is considered to be extremely remote.

As a result, the Board expects the Group to have adequate resources to continue in operation, meet its liabilities as they fall due, retain sufficient available cash and not breach the covenant under the revolving credit facility for the foreseeable future, being a period of at least 12 months from the approval of the financial statements. The Board therefore considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

New accounting standards adopted by the Group

The Group has applied the following new amendment to the accounting standard for the first time for the annual reporting period commencing 30 March 2025:

- Amendment to IAS 21: Lack of Exchangeability.

The adoption of the new amendment to the accounting standard listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

New accounting standards in issue but not yet effective

New standards and interpretations that are in issue but not yet effective are listed below:

- Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments.
- Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature- Dependent Electricity.
- IFRS 18: Presentation and Disclosure in Financial Statements.
- IFRS 19: Subsidiaries without Public Accountability.

With the exception of IFRS 18, the adoption of the above standards and interpretations is not expected to lead to any changes to the Group's accounting policies nor have any other material impact on the financial position or performance of the Group.

IFRS 18 was issued in April 2024 and is effective for periods beginning on or after 1 January 2027. The Group will apply the standard from its mandatory effective date and does not intend to adopt early. IFRS 18 requires retrospective application. Accordingly, comparative information for the financial year ended 2nd April 2027 will be restated in the Group's 2027/28 financial statements. The standard will replace IAS 1 Presentation of Financial Statements and although it will not change how items are recognised and measured, the standard brings a focus on the income statement and reporting of financial performance. Specifically classifying income and expenses into three new defined categories – 'operating', 'investing' and 'financing' and two new subtotals 'operating profit and loss' and 'profit or loss before financing and income tax', introducing disclosures of management defined performance measures (MPMs) and enhancing general requirements on aggregation and disaggregation. The impact of the standard on the Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements, however there is no impact on presentation for the Group in the current year given the effective date - this will be applicable for the Group's 2027/28 Annual Report.

Prior Year Restatement

An error has been identified within the Group's deferred tax calculations in relation to historical changes for IFRS16 – Leases. In line with IAS8, the Group has restated balances as at 29 March 2025 and 30 March 2024. Specifically, the impact on the financial results as at 29 March 2025 was a £119.5m increase in deferred tax liabilities recognised in relation to IFRS16 – Leases. There is no impact on cash flows (or cash flow statements), reported pre or post tax profits or tax paid in any of the previous years. The financial impact of the errors identified is as follows:

	As at 29 March 2025			As at 30 March 2024		
	Reported	Adjusted	Restated	Reported	Adjusted	Restated
	£m	£m	£m	£m	£m	£m
Deferred tax liability	199.4	119.5	318.9	205.8	119.5	325.3
Retained earnings	5,888.5	(119.5)	5,769.0	5,789.6	(119.5)	5,670.1

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. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Executive Committee. Some of these measures are also used for the purpose of setting remuneration targets.

The key APMs that the Group uses include: sales; like-for-like sales growth; adjusted operating profit; adjusted operating margin; M&S Group adjusted profit before tax; adjusted basic earnings per share; net debt; net debt excluding lease liabilities; free cash flow; free cash flow from operations; capital expenditure; return on capital employed; 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 52-week period ended 28 March 2026:

- Net charges associated with the strategic programme in relation to the review of the store estate.
- Significant restructuring costs and other associated costs arising from strategy or operational changes that are not considered by the Group to be part of the normal operating costs of the business.
- Impairment charges and provisions that are considered to be significant in nature and/or value to the trading performance of the business.
- Charges and reversals of previous impairments arising from the write-off of assets and other property charges that are significant in nature and/or value. Impairment charges are recognised in adjusted operating profit where they relate to stores not previously impaired or do not otherwise meet the Group's adjusting items policy.
- Adjustments to income from M&S Bank due to a provision recognised by M&S Bank for the cost of providing redress to customers in respect of possible mis-selling of M&S Bank financial products.
- Amortisation and fair value adjustments relating to 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 costs/income in relation to 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.
- (New) Significant costs in response to the recent cyber incident.

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

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 & Floral; Meals, Frozen and 'food on the move'; Core Basket; Bakery, Impulse & Events; Beers, Wines & Spirits; and 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:

	52 weeks ended 28 March 2026						52 weeks ended 29 March 2025 (restated ^{4,5})					
	Fashion, Home & Beauty £m	Food £m	International £m	Ocado £m	All other segments £m	Group £m	Fashion, Home & Beauty ⁴ £m	Food ^{4,5} £m	International ^{4,5} £m	Ocado £m	All other segments £m	Group £m
Sales ¹	3,915.5	9,719.3	543.3	3,193.4	-	17,371.5	4,243.4	9,085.7	585.2	-	-	13,914.3
Revenue	3,826.1	9,710.8	543.3	3,193.4	-	17,273.6	4,145.9	9,085.7	585.2	-	-	13,816.8
Insurance income ²						100.0						-
Group adjusted operating profit/(loss)³	213.4	444.5	39.1	15.2	6.2	818.4	478.0	491.8	35.9	(28.7)	7.5	984.5
Finance income before adjusting items						45.0						60.6
Finance costs before adjusting items						(206.7)						(169.6)
Less: Adjusted non-controlling interests						14.7						5.6
M&S Group adjusted profit/(loss) before tax	213.4	444.5	39.1	15.2	6.2	671.4	478.0	491.8	35.9	(28.7)	7.5	881.1
Adjusting items						(292.1)						(363.7)
Adjusted non-controlling interests						(14.7)						(5.6)
Profit/(loss) before tax	213.4	444.5	39.1	15.2	6.2	364.6	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 £89.4m (last year: £97.5m) and Food consignment sales of £8.5m (last year: £nil).

² Insurance income in respect of the cyber incident is recognised within other operating income and 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 revenue related to sales in 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

Other segmental information

	52 weeks ended 28 March 2026						52 weeks ended 29 March 2025					
	Fashion, Home & Beauty £m	Food £m	International £m	Ocado £m	All other segments £m	Group £m	Fashion, Home & Beauty £m	Food £m	International £m	Ocado £m	All other segments £m	Group £m
Additions to property, plant and equipment, and intangible assets (excluding goodwill and right-of-use assets)	229.7	449.1	4.9	12.7	-	696.5	266.7	315.0	7.4	-	-	589.1
Depreciation and amortisation ^{1,2}	(279.2)	(312.2)	(40.5)	(87.8)	-	(719.7)	(200.6)	(240.9)	(30.7)	-	-	(472.2)
Impairment charges, impairment reversals and asset disposals ¹	(5.4)	(16.8)	(2.1)	(5.7)	-	(30.0)	(106.3)	(34.6)	-	-	-	(140.9)

¹ These costs are allocated to a reportable segment where they are directly attributable. Where costs are not directly attributable, a proportional allocation is made to each segment based on an appropriate cost driver.

² Includes £0.2m (last year: £0.4m) depreciation and impairments on investment property.

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.

3 Adjusting items

The total adjusting items reported for the 52-week period ended 28 March 2026 is a net charge of £292.1m (last year: net charge of £363.7m). The adjustments made to reported profit before tax to arrive at adjusted profit are:

	Notes	2026 £m	2025 £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		-	(12.9)
Ocado Retail Limited - UK network capacity review		-	(2.0)
		-	(14.9)
Included in operating profit			
Strategic programmes – Store estate	11	(84.1)	(84.4)
Strategic programmes – International reset		10.6	(20.6)
Strategic programmes – Digital and Technology transformation		(4.1)	(10.2)
Strategic programmes – Furniture simplification		-	11.1
Costs associated with the cyber incident		(131.3)	-
Store impairments, impairment reversals and other property charges	11	-	2.3
Impairment of investment in Ocado Retail Limited		-	(248.5)
Amortisation and fair value adjustments relating to Ocado Retail Limited		(26.0)	-
Ocado Retail Limited - UK network capacity review		(2.8)	-
M&S Bank transformation and insurance mis-selling provisions		(32.4)	(15.5)
Legal settlement		-	20.5
		(270.1)	(345.3)
Included in net finance (costs)/income			
Pension net finance (costs)/income	8	(5.0)	4.1
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration		(3.8)	(7.6)
Net finance costs relating to amortisation and fair value adjustments of Ocado Retail Limited		(0.9)	-
Net finance costs relating to M&S Bank transformation and insurance mis-selling provisions		(0.7)	-
		(10.4)	(3.5)
M&S Group Adjusting items			
Adjusting items attributable to non-controlling interests included in operating profit ¹		(11.6)	-
Adjustments to profit before tax		(292.1)	(363.7)

¹Relates to 50% non-controlling interest share of amortisation and certain fair value adjustments following the acquisition of Ocado Retail Limited (£12.1m) and 49% non-controlling interest share of India store impairment (£0.5m).

Strategic programmes - Store estate (£84.1m)

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 has incurred charges of £1,131.1m in the 10 years up to March 2026 under this programme primarily relating to closure costs associated with stores identified as part of the strategic transformation plans.

The Group has recognised a charge of £84.1m 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 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 recent approved exit routes.

Further charges relating to the closure and rotation of the store estate are anticipated over the next five years as the programme progresses, the quantum of which is subject to change throughout the programme period as the Group gets greater certainty of circumstances that need to be in place to make closure financially viable. Future charges will not include Foodhall closures at a 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 £10.8m, from £11.9m to £22.7m. A 5% reduction in planned sales in years 2 and 3 (where relevant) would result in an increase in the impairment charge of £0.7m. 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 28 March 2026, the total closure programme now consists of 215 stores, 145 of which have already closed. Further charges of c.£112m are estimated within the next five financial years, bringing anticipated total programme costs since 2016 to c.£1.2bn. In addition, where store exit routes in the next five 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 do not include any costs that may arise in relation to a further c.19 stores currently under consideration for closure within the next five years. At this stage these c.19 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 and relate to a strategic initiative focused on reviewing our store estate and to aid comparability from one period to the next. The programme includes all stores within the programme to be closed by 2030/31, but charges in the year, and future charges, did not include Foodhall closures at a lease event where there is opportunity to secure a better location.

Strategic programmes – International reset (£10.6m credit)

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

During the year a credit of £10.6m has been recognised as a result of both one-off charges and gains that are not considered to be day-to-day operations of the business. These are primarily as a result of updated assumptions regarding contractual obligations in relation to the closure of the European distribution centres.

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. No further costs are expected in 2026/27 as the International reset programme has concluded in the current year.

Strategic programmes – Digital and Technology transformation (£4.1m)

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. In 2025/26, we have been refreshing our transformation plans whilst continuing along similar ambitions, including a reset of key partnerships. We have been resetting our operating model under the new leadership team, bringing more capabilities in house and 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 £4.1m has occurred in the year as part of our transformation programme, the majority of which related to third-party transformation costs. Further charges of c.£10m are expected in relation to this programme to 2028/29, taking total programme costs to c.£23m.

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 (£131.3m)

As announced in April 2025, the Group was the subject of a sophisticated cyber incident. During the period the Group incurred £131.3m of material system recovery, risk management and specialist advisory costs as a direct result of the incident. £109.3m 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.

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 (£26.9m)

In April 2025, following the change in accounting control and the consolidation of Ocado Retail Limited, the Group recognised intangible assets of £292.0m representing the Ocado brand and acquired customer relationships (see note 10). 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 £9.2m recognised in the period. The remaining charge of £17.7m relates to the recognition of the loss on settlement of the Group's pre-existing relationship.

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.

Ocado Retail Limited – UK network capacity review (£2.8m)

On 25 April 2023, Ocado Retail Limited announced the plan to cease operation at its Customer Fulfilment Centre (CFC) in Hatfield as part of the wider review of UK network capacity. During H2 2023/24, Ocado Retail Limited also undertook a strategy and capacity review for the Zoom network. As a result, Ocado Retail Limited recorded impairment charges, restructuring costs and other related costs of closure. During the period the Group's share (50%) of a charge of £2.8m has been recognised (last year: £2.0m) reflecting the latest assumptions for estimated closure costs.

The charges relating to Ocado Retail Limited 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 (£33.1m)

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 £33.1m 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 £53.6m with future net charges of c. £78.5m expected over the next five financial years. The charge in the period and total programme costs reflect the latest position of fees payable to M&S Bank under the 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)/income (£5.0m)

In the period a net finance cost of £5.0m was recognised. 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 assesses 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 (last year: £7.6m) has been recognised in the period, representing the discount unwind of the deferred consideration and revaluation of the contingent consideration payable. No further costs are expected in 2026/27 as the final payment in relation to the deferred and contingent consideration has been made in H2 2025/26. See note 12 for further details. 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.

4 Finance income/(costs)

	2026	2025
	£m	£m
Bank and other interest receivable	39.3	54.9
Interest income of subleases	5.7	5.7
Finance income before adjusting items	45.0	60.6
Finance income in adjusting items (see note 3)	-	4.1
Finance income	45.0	64.7
Other finance costs	(12.2)	(4.6)
Interest payable on syndicated bank facility	(3.9)	(4.6)
Interest payable on Medium-Term Notes	(30.6)	(36.7)
Interest payable on lease liabilities	(150.8)	(115.9)
Unwind of discount on provisions	(9.2)	(6.4)
Unwind of discount on Partnership liability to the Marks & Spencer UK Pension Scheme (see note 9)	-	(1.4)
Finance costs before adjusting items	(206.7)	(169.6)
Finance costs in adjusting items (see note 3)	(10.4)	(7.6)
Finance costs	(217.1)	(177.2)
Net finance costs	(172.1)	(112.5)

5 Income tax expense

The effective tax rate was 35.2% (last year: 43.0%). The effective tax rate in respect of M&S Group adjusted profit before tax was 27.5% (last year 26.7%)

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 year.

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 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 year; 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:

	2026 £m	2025 £m
Profit attributable to equity shareholders of the Company	259.4	295.7
Add/(less):		
Adjusting items (see note 3)	280.5	363.7
Tax on adjusting items	(53.2)	(14.0)
Profit before adjusting items attributable to equity shareholders of the Company	486.7	645.4
	Million	Million
Weighted average number of ordinary shares in issue	2,041.4	2,021.9
Potentially dilutive share options under Group's share option schemes	73.9	88.8
Weighted average number of diluted ordinary shares	2,115.3	2,110.7
	Pence	Pence
Basic earnings per share	12.7	14.6
Diluted earnings per share	12.3	14.0
Adjusted basic earnings per share	23.8	31.9
Adjusted diluted earnings per share	23.0	30.6

7 Dividends

	2026 per share	2025 per share	2026 £m	2025 £m
Dividends on equity ordinary shares				
Paid final dividend	2.6p	2.0p	52.4	40.2
Paid interim dividend	1.2p	1.0p	24.6	20.3
	3.8p	3.0p	77.0	60.5

The directors have approved a final dividend of 3.0p per share (last year: 2.6p per share), which, in line with the requirements of IAS 10: Events after the Reporting Period, has not been recognised within these results. This final dividend of c.£62.0m (last year: £52.4m) will be paid on 10 July 2026 to shareholders whose names are on the Register of Members at the close of business on 5 June 2026. The ordinary shares will be quoted ex-dividend on 4 June 2026.

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 19 June 2026.

8 Retirement benefits

	2026 £m	2025 (Restated) £m
Opening net retirement benefit (deficit)/ surplus	(122.7)	77.2
Current service cost	(0.1)	(0.1)
Administration cost	(5.7)	(5.2)
Net interest (income)/expense	(5.1)	4.1
Employer contributions	45.3	(49.3)
Remeasurements	9.0	(149.2)
Exchange movement	0.1	(0.2)
Closing net retirement benefit (deficit)/ surplus	(79.2)	(122.7)
	2026 £m	2025 £m
Total market value of assets	5,142.9	5,327.3
Present value of scheme liabilities	(5,175.3)	(5,409.5)
Scheme Liability	(32.4)	(82.2)
Asset Ceiling Adjustment	(43.4)	(36.7)
Net funded pension plan (liability)	(75.8)	(118.9)
Unfunded retirement benefits	(1.8)	(2.1)
Post-retirement healthcare	(1.6)	(1.7)
Net retirement benefit (deficit)/ surplus	(79.2)	(122.7)
Analysed in the statement of financial position as:		
Retirement benefit asset	-	-
Retirement benefit deficit	(79.2)	(122.7)
Net retirement benefit (deficit)/ surplus	(79.2)	(122.7)

Financial assumptions

The financial assumptions for the UK DB pension 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 6.25% (last year: 5.75%) and 3.25% (last year: 3.10%). The inflation rate of 3.25% (last year: 3.10%) reflects the Retail Price Index (RPI) rate.

The amount of the surplus or deficit varies if the main financial assumptions change, particularly the discount rate. If the discount rate decreased by 0.25% the deficit would increase by c.£25m. If the inflation rate decreased by 0.25%, the deficit would increase by c.£15m.

With the pensioner buy-in policies purchased in September 2020, April 2019 and March 2018, the Scheme has now, in total, insured around 69% 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

9 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 £1.2bn (last 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 Pension Scheme received £45.0m in June 2025 in respect of the third Partnership interest and is entitled to receive a further £45.0m in June 2026, £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.

During the year to 28 March 2026 an interest charge of £nil (last year: £1.4m) was recognised in the income statement representing the unwinding of the discount included in the obligation that was previously recognised in respect of the first Partnership interest, which was included as a financial liability in the Group's financial statements prior to its replacement 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.

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.

10 Intangible assets

	Goodwill £m	Brands £m	Customer relationships £m	Computer software £m	Computer software under development £m	Total £m
At 30 March 2024						
Cost	140.6	118.7	-	1,702.5	78.8	2,040.6
Accumulated amortisation, impairments and disposals	(112.2)	(114.4)	-	(1,602.4)	(32.1)	(1,861.1)
Net book value	28.4	4.3	-	100.1	46.7	179.5
Year ended 29 March 2025						
Opening net book value	28.4	4.3	-	100.1	46.7	179.5
Additions	-	-	-	2.0	96.5	98.5
Transfers and reclassifications	-	-	-	103.4	(125.9)	(22.5)
Disposals	-	-	-	(3.3)	-	(3.3)
Amortisation charge	-	(0.7)	-	(63.8)	-	(64.5)
Exchange difference	-	-	-	(0.3)	-	(0.3)
Closing net book value	28.4	3.6	-	138.1	17.3	187.4
At 29 March 2025						
Cost	140.6	118.7	-	1,807.9	49.4	2,116.6
Accumulated amortisation, impairments and disposals	(112.2)	(115.1)	-	(1,669.8)	(32.1)	(1,929.2)
Net book value	28.4	3.6	-	138.1	17.3	187.4
Year ended 29 March 2025						
Opening net book value	28.4	3.6	-	138.1	17.3	187.4
Additions	-	-	-	1.0	51.3	52.3
Acquired through business combinations ¹	284.5	228.7	50.4	12.5	0.4	576.5
Transfers and reclassifications	-	-	-	27.8	(2.6)	25.2
Disposals	-	-	-	(1.7)	-	(1.7)
Amortisation charge	-	(6.4)	(5.1)	(72.9)	-	(84.4)
Exchange difference	(1.1)	-	-	(0.1)	-	(1.2)
Closing net book value	311.8	225.9	45.3	104.7	66.4	754.1
At 28 March 2026						
Cost	424.0	347.4	50.4	1,849.1	98.5	2,769.4
Accumulated amortisation, impairments and disposals	(112.2)	(121.5)	(5.1)	(1,744.4)	(32.1)	(2,015.3)
Net book value	311.8	225.9	45.3	104.7	66.4	754.1

Goodwill related to the following assets and groups of cash generating units (CGUs):

	per una £m	ORL £m	India £m	Sports Edit £m	Other £m	Total Goodwill £m
Net book value at 29 March 2025	16.5	-	6.4	4.8	0.7	28.4
Acquired through business combinations ¹	-	284.5	-	-	-	284.5
Exchange difference	-	-	(1.1)	-	-	(1.1)
Net book value at 28 March 2026	16.5	284.5	5.3	4.8	0.7	311.8

¹ During the year, the Company obtained control of Ocado Retail Limited and it is now consolidated as a subsidiary of the Group, see note 17.

Goodwill impairment testing

Goodwill is not amortised but is tested annually for impairment with the recoverable amount being determined from value in use calculations.

The goodwill balance relates to the goodwill recognised on consolidation of Ocado Retail Limited £284.5m (last year: £nil), per una £16.5m (last year: £16.5m), India £5.3m (last year: £6.4m), Sports Edit £4.8m (last year: £4.8m) and other £0.7m (last year: £0.7m).

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. 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 by Ocado Group plc and the rights were passed to Marks & Spencer. As a result, the Directors have assessed that the Group has control over Ocado Retail Limited and it is now consolidated as a subsidiary of the Group. Goodwill for Ocado Retail Limited has been recognised for the first time in the current year based on this change in control. Goodwill is monitored by the Group on a total Ocado segment, for which Ocado Retail Limited accounts for one hundred percent of the recognised goodwill balance.

Goodwill for India is monitored by management at a country level, including the combined retail and wholesale businesses, and has been tested for impairment on that basis.

The cash flows used for the goodwill impairment testing are based on Ocado Retail Limited's latest budget and forecasts covering a five-year period, which have regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cash flows. The cash flows include ongoing capital expenditure required to maintain the current operating model but exclude any growth capital initiatives not committed.

The cash flows used for impairment testing are based on the Group's latest budget and forecast cash flows, with the exception of Ocado Retail Limited, cover a three-year period, which have regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cash flows. The cash flows include ongoing capital expenditure required to maintain the store network, but exclude any growth capital initiatives not committed.

Cash flows beyond this three-year period are extrapolated using a long-term growth rate based on the Group's current view of achievable long-term growth. The Group's current view of achievable long-term growth for Ocado Retail Limited and per una is 2.0% (last year: 2.0%), which is the same as the overall Group long-term growth rate of 2.0% (last year: 2.0%). The Group's current view of achievable long-term growth for India is 6.5% (last year: 5.5%). Long-term growth rates are consistent with external sources of information.

Management estimates discount rates that reflect the current market assessment of the time value of money and the risks specific to each asset or CGU. The pre-tax discount rates are derived from the Group's post-tax weighted average cost of capital ("WACC") which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The post-tax WACC is subsequently grossed up to a pre-tax rate and was 12.1% for Ocado Retail Limited, 12.3% for per una (last year: 14.5%) and 17.6% for India (last year: 16.7%).

The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments, are included within the Group's budget and three-year plan, as well as within the Ocado Retail Limited budget, which have been used to support the impairment reviews, with no material impact on cash flows.

Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions, both individually and in combination. Management has considered reasonably possible changes in key assumptions that would cause the carrying amounts of goodwill to exceed the value in use for each asset. For per una and India respectively, there are no reasonably possible changes in key assumptions that would lead to an impairment and the assumptions do not give rise to a key source of estimation uncertainty.

For Ocado Retail Limited, no impairment would be recognised based on reasonably possible changes in key assumptions. Sensitivity analysis has been performed over the following key assumptions cash flow, long-term growth rate, and discount rate assumptions. The following changes, applied individually, would not result in an impairment: a reduction in the forecast gross profit margin of 410 basis points over the five-year forecast period; a reduction in the long-term growth rate of 690 basis points; and an increase in the discount rate of 330 basis points.

Brands

The per una brand is a definite life intangible asset amortised on a straight-line basis over a period of 15 years. The brand intangible was acquired for a cost of £80.0m and has been fully amortised. It is held at a net book value of £nil (last year: £nil).

11 Property, plant and equipment

The Group's property, plant and equipment of £6,409.3m (last year: £5,408.5m) consists of owned assets of £4,389.9m (last year: £3,910.9m) and right-of-use assets of £2,019.4m (last year: £1,497.6m).

Property, plant and equipment - owned

	Land and buildings £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
At 30 March 2024				
Cost	2,852.7	5,709.5	148.8	8,711.0
Accumulated depreciation, impairments and disposals	(843.8)	(4,088.1)	(18.3)	(4,950.2)
Net book value	2,008.9	1,621.4	130.5	3,760.8
Year ended 29 March 2025				
Opening net book value	2,008.9	1,621.4	130.5	3,760.8
Additions	5.1	27.7	457.8	490.6
Transfers and reclassifications	33.9	302.3	(315.1)	21.1
Disposals	(33.8)	(29.8)	-	(63.6)
Impairment reversals	8.5	10.9	-	19.4
Impairment charge	(33.3)	(14.7)	-	(48.0)
Depreciation charge	(7.9)	(257.4)	-	(265.3)
Exchange difference	(2.5)	(1.6)	-	(4.1)
Closing net book value	1,978.9	1,658.8	273.2	3,910.9
At 29 March 2025				
Cost	2,786.4	5,746.8	291.5	8,824.7
Accumulated depreciation, impairments and disposals	(807.5)	(4,088.0)	(18.3)	(4,913.8)
Net book value	1,978.9	1,658.8	273.2	3,910.9
Year ended 28 March 2026				
Opening net book value	1,978.9	1,658.8	273.2	3,910.9
Additions	4.8	36.3	610.1	651.2
Acquired through business combinations	167.0	67.6	0.2	234.8
Transfers and reclassifications	49.7	480.0	(561.9)	(32.2)
Disposals	(27.1)	(15.3)	-	(42.4)
Impairment reversals	16.1	10.3	-	26.4
Impairment charge	(14.7)	(11.4)	-	(26.1)
Depreciation charge	(55.8)	(281.7)	(0.2)	(337.7)
Exchange difference	4.3	0.1	0.6	5.0
Closing net book value	2,123.2	1,944.7	322.0	4,389.9
At 28 March 2026				
Cost	2,984.1	4,933.1	322.0	8,239.2
Accumulated depreciation, impairments and disposals	(860.9)	(2,988.4)	-	(3,849.3)
Net book value	2,123.2	1,944.7	322.0	4,389.9

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-use assets	Land and buildings	Fixtures, fittings and equipment	Total
	£m	£m	£m
At 31 March 2024	1,371.5	57.8	1,429.3
Additions	215.3	44.7	260.0
Transfers and reclassifications	1.5	-	1.5
Disposals	(2.7)	-	(2.7)
Impairment reversals	1.2	3.1	4.3
Impairment charge	(14.9)	(32.1)	(47.0)
Depreciation charge	(141.0)	(1.0)	(142.0)
Exchange difference	(5.8)	-	(5.8)
At 29 March 2025	1,425.1	72.5	1,497.6
Additions	364.7	139.7	504.4
Acquired through business combinations	243.0	89.9	332.9
Transfers and reclassifications	7.0	-	7.0
Disposals	(15.5)	-	(15.5)
Impairment reversals	30.0	-	30.0
Impairment charge	(33.8)	-	(33.8)
Depreciation charge	(230.8)	(66.6)	(297.4)
Exchange difference	(5.8)	-	(5.8)
At 28 March 2026	1,783.9	235.5	2,019.4

Impairment of property, plant and equipment and right-of-use assets

For impairment testing purposes, the Group has determined that each store is a separate cash generating unit (CGU), with the exception of Outlets stores, which are considered together as one CGU, and Ocado Retail Limited which is considered to be its own CGU. Click & Collect sales are included in the cash flows of the relevant CGU.

Each CGU is tested for impairment at the balance sheet date if any indicators of impairment and impairment reversal have been identified. Stores identified within the Group's store estate programme are automatically tested for impairment (see note 3).

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a three-year period, which have regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed initiatives. The cash flows include ongoing capital expenditure required to maintain the store network, but exclude any growth capital initiatives not committed. Cash flows beyond this three-year period are extrapolated using a long-term growth rate based on management's future expectations, with reference to forecast GDP growth. These growth rates do not exceed the long-term growth rate for the Group's retail businesses in the relevant territory. If the CGU relates to a store which the Group has identified as part of the store estate programme, the value in use calculated has been modified by estimation of the future cash flows up to the point where it is estimated that trade will cease and then estimation of the timing and amount of costs associated with closure detailed fully in note 3.

The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments are included within the Group's budget and three-year plan which have been used to support the impairment reviews, with no material impact on cash flows. We also expect any potential store refurbishments to be phased over multiple years and therefore any changes required due to climate change would not have a material impact in any given year and the warehouse and support centres are located in areas which we would not expect to be physically impacted by climate change. As a consequence there has been no material impact in the forecast cash flows used for impairment testing.

The key assumptions in the value in use calculations are the growth rates of sales and gross profit margins, changes in the operating cost base, long-term growth rates and the risk-adjusted pre-tax discount rate. The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The pre-tax discount rates range from 8.6% to 17.1% (last year: 8.0% to 19.3%). If the CGU relates to a store which the Group has identified as part of the UK store estate programme, the additional key assumptions in the value-in-use calculations are costs associated with closure, the disposal proceeds from store exits and the timing of the store exits.

Impairments – UK stores excluding the store estate programme

During the year, the Group has recognised an impairment charge of £1.0m and impairment reversals of £1.9m in property, plant and equipment as a result of UK store impairment testing unrelated to the store estate programme (last year: impairment charge of £4.5m and impairment reversals of £2.5m). £1.0m (last year: £4.3m) of the impairment charge was included in underlying expenses, with a £nil impairment charge and a £nil impairment reversal (last year: £0.2m impairment charge and £2.5m impairment reversal) included in adjusting items.

For UK stores, when considering both impairment charges and reversals, cash flows beyond the three-year period are extrapolated using the Group's current view of achievable long-term growth of 2.0%. The rate used to discount the forecast cash flows for UK stores is 12.1% (last year: 13.6%).

The cash flows used within the impairment model 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 in the impairment model using reasonably possible changes in these key assumptions across the UK store portfolio.

Neither an increase or reduction in sales of 5% from the three-year plan in year 3, a 250 basis point increase in the discount rate, a 25 basis point increase or reduction in gross profit margin from year 3 onwards result in a significant change to the impairment charge or impairment reversal, individually or in combination with the other reasonably possible scenarios considered.

Impairments – store estate programme

During the year, the Group has recognised an impairment charge of £52.0m and impairment reversals of £54.0m relating to the ongoing store estate programme (last year: impairment charge of £90.5m and impairment reversals of £21.1m). These stores were impaired to their value in use recoverable amount of £266.6m, which is their carrying value at year end. The impairment charge relates to the store closure programme and has been recognised within adjusting items (see note 3). Impairment reversals predominantly reflect changes to expected store closure dates and improved trading expectations compared to those assumed at the end of the prior year end.

Where the planned closure date for a store is outside the three-year plan period, no growth rate is applied. The rate used to discount the forecast cash flows for UK stores is 5.85% (last year: 8.0%).

As disclosed in the accounting policies (note 1), 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 in the impairment model using reasonably possible changes in these key assumptions across the store estate programme.

A delay of 12 months in the date of each store exit would result in a decrease in the impairment charge of £22.7m.

Neither an increase or decrease of 5% in planned sales in years 2 and 3 (where relevant), a 250 basis point increase in the discount rate, a 25 basis point reduction in gross profit margin during the period of trading nor a 2% increase in the costs associated with exiting a store would result in a significant increase to the impairment charge, individually or in combination with the other reasonably possible scenarios considered.

Impairments – International stores

During the year the Group recognised an impairment charge of £1.8m (last year: £nil) and impairment reversals of £0.5m (last year: £nil) in International stores as a result of store impairment testing.

Impairments – Ocado Retail Limited

As part of the wider Ocado Retail Limited review of the UK network capacity, an impairment charge of £5.1m (last year: £nil) has been recognised in the year.

12 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 that 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:

	2026				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	-	0.7	-	0.7	-	-	-	-
- other investments ¹	-	39.0	16.1	55.1	274.5	21.7	14.6	310.8
Derivatives used for hedging	-	17.6	-	17.6	-	7.3	-	7.3
Liabilities measured at fair value								
Financial liabilities at fair value through profit or loss								
- derivatives held at FVTPL	-	(0.1)	-	(0.1)	-	(0.5)	-	(0.5)
- Gist contingent consideration ²	-	-	-	-	-	-	(25.6)	(25.6)
Derivatives used for hedging	-	(43.1)	-	(43.1)	-	(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 Within Level 1 other investments is £nil (last year: £274.5m) of money market deposits held by various Group entities. Within Level 2 other investments the Group holds £26.1m of funding provided to Eurochange in respect of foreign exchange services (last year £9.8m), and £12.9m of cash held in escrow and other short-term investments (last year: £12.0m). Within Level 3 other investments, the Group holds £16.1m of venture capital investments, managed by True Capital Limited, measured at FVTPL (last 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 agreed to pay the former owners of Gist Limited additional consideration of up to £25.0m plus interest when freehold properties were disposed of under certain conditions. There was no minimum amount payable. The Group had the ability to retain the properties should it wish to do so, in which case the full amount of £25.0m plus interest would be payable on the third anniversary of completion. The full amount was paid during the year and there is no further balance due.

The Marks & Spencer UK Pension Scheme holds a number of financial instruments which make up the pension asset of £5,142.9m (last year: £5,327.3m). Level 1 and Level 2 financial assets measured at fair value through other comprehensive income amounted to £1,800.3m (last year: £1,789.2m). Additionally, the scheme assets include £3,342.6m (last year: £3,538.1m) of Level 3 financial assets. See note 8 for information on the Group's retirement benefits.

The following table represents the changes in Level 3 instruments held by the Pension Schemes:

	2026 £m	2025 £m
Opening balance	3,538.1	4,034.6
Fair value gain/(loss) recognised in other comprehensive income	183.9	53.8
Other movements recognised in profit or loss	-	(48.5)
Cash withdrawals	(379.4)	(501.8)
Closing balance	3,342.6	3,538.1

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 (note 9), 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 £571.1m (last year: £717.1m); the fair value of this debt was £598.6m (last 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 year: £nil) and the fair value of this liability is £nil (last year: £nil).

13 Contingencies and commitments

A. Capital commitments

	2026	2025
	£m	£m
Commitments in respect of properties in the course of construction	495.7	359.7
Software capital commitments	17.5	9.2
	513.2	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. This period was extended to 2026/27 during the year 2023/24. The fund can drawdown amounts at any time over the five-year period to make specific investments. At 28 March 2026, the Group had invested £17.7m (last year: £12.9m) of this commitment, which is held as a non-current other investment and measured at fair value through profit or loss.

B. Other material contracts

See note 9 for details on the Partnership arrangement with the Marks & Spencer UK Pension Scheme.

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

Cash flows from operating activities

	2026	2025
	£m	£m
Profit on ordinary activities after taxation	236.2	291.9
Income tax expense	128.4	219.9
Finance costs	217.1	177.2
Finance income	(45.0)	(64.7)
Operating profit	536.7	624.3
Share of results of Ocado Retail Limited	-	28.7
Share of results in other joint ventures	(0.4)	(0.5)
Increase in inventories	(79.3)	(73.3)
Decrease / (Increase) in receivables	39.0	(33.7)
(Decrease) / Increase in payables	(113.6)	68.4
Depreciation, amortisation, impairments and disposals	650.7	542.6
Non-cash share based payment expense	38.8	52.4
Non-cash pension expense	5.5	5.6
Defined benefit pension funding	(45.3)	(0.4)
Adjusting items net cash outflows ^{1,2}	(130.7)	(25.6)
Adjusting items M&S Bank ³	-	(27.4)
Adjusting operating profit items	281.7	360.2
Cash generated from operations	1,183.1	1,521.3

¹ Excludes £23.5m (last year: £19.0m) of surrender payments included within repayment of lease liabilities in the consolidated statement of cash flows relating to leases within the store estate programme.

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

³ Last year end 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.

15 Analysis of net debt

A. Reconciliation of movement in net debt

	At 31 March 2024	Cash flows excluding interest	Cash flows relating to interest	Changes in fair values	Acquired through business combination	Lease additions and remeasure- ments	Exchange and other non-cash movements	At 29 March 2025 (Restated) ¹
	£m	£m	£m	£m	£m	£m	£m	£m
Net debt								
Cash and cash equivalents	1,022.4	(50.2)	(106.5)	-	-	-	(1.2)	864.5
Net cash per statement of cash flows	1,022.4	(50.2)	(106.5)	-	-	-	(1.2)	864.5
Other financial assets	12.3	287.0	-	-	-	-	-	299.3
Liabilities from financing activities								
Medium-Term Notes	(921.7)	187.8	45.6	-	-	-	(28.8)	(717.1)
Lease liabilities	(2,211.5)	258.6	103.4	-	-	(261.0)	(116.9)	(2,227.4)
Partnership liability to the Marks & Spencer UK Pension Scheme (see note 9)	(81.9)	40.0	0.5	-	-	-	41.4	-
Derivatives held to hedge Medium-Term Notes	(21.6)	-	-	11.1	-	-	-	(10.5)
Liabilities from financing activities	(3,236.7)	486.4	149.5	11.1	-	(261.0)	(104.3)	(2,955.0)
Less: Cash flows related to interest and derivative instruments	36.2	-	(43.0)	(11.1)	-	-	29.3	11.4
Net debt	(2,165.8)	723.2	-	-	-	(261.0)	(76.2)	(1,779.8)

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

	At 30 March 2025 (Restated)	Cash flows excluding interest	Cash flows relating to interest ¹	Changes in fair values	Acquired through business combination	Lease additions and remeasure- ments	Exchange and other non-cash movements	At 28 March 2026
	£m	£m	£m	£m	£m	£m	£m	£m
Net debt								
Cash and cash equivalents	864.5	214.8	(147.8)	-	68.2	-	(2.5)	997.2
Net cash per statement of cash flows	864.5	214.8	(147.8)	-	68.2	-	(2.5)	997.2
Other financial assets¹	299.3	(260.3)	-	-	-	-	-	39.0
Liabilities from financing activities								
Medium-Term Notes	(717.1)	108.0	45.7	-	-	-	(16.0)	(579.4)
Bank loans and overdrafts	-	-	-	-	(90.0)	-	-	(90.0)
Lease liabilities	(2,227.4)	317.5	136.0	-	(333.8)	(489.3)	(153.0)	(2,750.0)
Derivatives held to hedge Medium-Term Notes	(10.5)	-	-	4.5	-	-	(9.2)	(15.2)
Liabilities from financing activities	(2,955.0)	425.5	181.7	4.5	(423.8)	(489.3)	(178.2)	(3,434.6)
Less: Cash flows related to interest and derivative instruments	11.4	-	(33.9)	(4.5)	-	-	13.6	(13.4)
Net debt	(1,779.8)	380.0	-	-	(355.6)	(489.3)	(167.1)	(2,411.8)

¹ Includes other financial assets that contractually mature within 12 months of £26.1m (last year: £9.8m)

B. Reconciliation of net debt to statement of financial position

	2026	2025
	(Restated) ¹	
	£m	£m
Statement of financial position and related notes		
Cash and cash equivalents	997.2	864.5
Other financial assets	39.0	299.3
Medium-Term Notes – excluding impact of foreign exchange	(616.2)	(738.3)
Lease liabilities	(2,750.0)	(2,227.4)
Bank loans and overdrafts	(90.0)	-
	(2,420.0)	(1,801.9)
Interest payable included within related borrowing and the Partnership liability to the Marks & Spencer UK Pension Scheme	8.2	22.1
Net debt	(2,411.8)	(1,779.8)

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

16 Related party transactions

A. Subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed in the Company's separate financial statements. All transactions are made on an arm's length basis.

B. 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

	2026	2025
	£m	£m
Opening balance	-	-
Loan acquired on consolidation of Ocado Retail Limited	100.9	-
Interest charged	7.6	-
Closing balance	108.5	-

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

Management fees

	2026	2025
	£m	£m
Management fees	203.3	-

Included within trade and other receivables is a balance of £14.0m (last year: £nil) owed by Ocado Group. Included within trade and other payables is a balance of £65.0m (last 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

	2026	2025
	£m	£m
Opening balance	-	92.2
Interest charged	-	8.5
Closing balance	-	100.7

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

Sales and purchases of goods and services

	2026	2025
	£m	£m
Sales of goods and services	-	62.2

Nobody's Child Limited

Nobody's Child Limited became an associate of the Group in November 2021.

During the year, the Group made purchases of goods amounting to £8.9m (last year: £9.7m)

At 28 March 2026, there was a balance of £nil included within other financial assets (last year: £3.0m) owed from Nobody's Child Limited, since the conversion of the convertible loan note in April 2025.

17 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.

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	(46.0)
	366.2
Goodwill	
Fair value of pre-existing interest in Ocado Retail Limited	385.0
Fair value of identifiable net assets	(366.2)
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
	284.5

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.

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).

18 Contingent assets

As at 28 March 2026, the Company has no 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 court judgments in similar claims. Last year, net income of £20.5m was recognised in settlement of the damages action (see note 3).

19 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 as at year-end.

On 22 April, 2025, M&S announced it had been managing a cyber incident. The Group engaged external cyber security experts and the relevant authorities, including reporting to the National Cyber Security Centre and the UK's Information Commissioner's Office. As at date of publication M&S continues to cooperate with the investigations of the ICO and other relevant regulators.

20 Subsequent events

Subsequent to the balance sheet date, the Group has monitored trade performance, internal actions, as well as other relevant external factors (such as changes in any of the Government restrictions). No material changes in key estimates and judgements have been identified as adjusting post balance sheet events. There have been no material non-adjusting events since 28 March 2026.

Principal Risks and Uncertainties

The Board reviews and monitors the principal risks and uncertainties which could have a material effect on the Group's results. The updated principal risks and uncertainties for the FY26 year end are listed below. A fuller disclosure of the risks, including the associated mitigating activities will be set out in the Strategic Report of the 2025/26 Annual Report and Accounts.

An uncertain environment	The business continues to operate in a complex external environment, shaped by a range of factors that could, individually or collectively, negatively impact our performance. These include: Supply chain disruption, the geo-political environment, cost pressures, financial markets uncertainty, the impact of increased regulation and health, wellbeing and consumer behaviour.
Business transformation	Ongoing business transformation is dependent on our ability to prioritise capital spend and resources to accelerate and successfully implement the suite of ongoing strategic projects. Delays or deferrals of transformation activity could impact the delivery of our medium- and longer-term growth ambitions.
Business resilience	A major operational or resilience failure at a key business location, such as one of our distribution centres or sourcing locations, could result in business interruption. More broadly, being unable to effectively respond to large, disruptive external events, such as extreme weather or infrastructure failures could also impact our performance.
Information security	A significant or wide-reaching data breach or cyber incident, as we have experienced, either directly, or at a key investment or third party. This could result in loss of information and/or operational disruption impacting our customers, colleagues or the business, and a loss of confidence in M&S. It could adversely affect our reputation, result in legal exposure, and potentially cause business disruption if rapid remediation and reset is not possible.
Joint ventures, including Ocado Retail, and franchise	The successful long-term performance of any joint venture is inherently complex due to several factors, including the ownership and/or operational structure and the need to align different perspectives. Similarly, the success of our franchise operations is dependent on our ability to work effectively with both domestic and international partners.
Culture, talent and capability	The success of our business is dependent on being able to attract, retain and develop the right talent, skills and capabilities. To do this we maintain a clear focus on: <ul style="list-style-type: none"> • Driving a high-performance culture. • Meeting the financial and wellbeing expectations of our colleagues. • Effectively managing labour cost pressures and regulatory compliance. • Working collaboratively with our Business Involvement Group and unions. Any shortfall in executing against these objectives could impact the delivery of core operational activities and the longer-term strategy, including aspects of our transformation programme.
Health, product safety and integrity	As a responsible business, our priority is to maintain safe environments for customers, colleagues and other third parties, and protect them from potential harm. As well as this, we focus on preventing and/or ensuring that we respond to all major food or product safety incidents effectively, including to maintain the integrity of our products. A failure to do any of these could impact people's health, safety, confidence in our brand and business performance.
Corporate compliance & responsibility	A failure to consistently deliver against an increasingly demanding set of legal and regulatory obligations or broader corporate responsibility commitments could undermine our reputation as a responsible retailer. The consequences of failing to meet these obligations may include a loss of trust by customers, colleagues, investors and other stakeholders and/or legal exposure, regulatory sanctions, operational constraints, financial losses, and potential harm to people or the environment.
Climate change and the environment	There is increasing focus and pressure from carbon-conscious stakeholders for the business to operate in a more environmentally sound and sustainable manner. Failure to take appropriate actions to reduce the environmental impact of our business over time and progress towards our net zero targets – those linked to our directly controlled operations and externally within our supply chain – as well as effectively manage the consequences of climate-related risks (such as regulations or extreme weather events) could impact our brand, future trading performance and other business costs, including financing.

Glossary and Alternative Performance Measures

The Group tracks a number of alternative performance measures in managing its business, which are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group believes that these alternative performance measures, 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. These alternative performance measures are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these alternative performance measures are also used for the purpose of setting remuneration targets.

These alternative performance measures should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial information relating to the Group, which are prepared in accordance with IFRS. The Group believes that these alternative performance measures are useful indicators of its performance. However, they may not be comparable with similarly titled measures reported by other companies due to differences in the way they are calculated.

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																																												
Income statement measures																																															
Sales ¹	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	<p>The growth in revenues on a year-on-year basis is a good indicator of the performance of the stores and online channels.</p> <table border="1"> <thead> <tr> <th></th> <th>2025/26 £m</th> <th>2024/25¹ £m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td colspan="4">Fashion, Home & Beauty</td> </tr> <tr> <td>Store sales²</td> <td>2,749.8</td> <td>2,813.9</td> <td>(2.3)</td> </tr> <tr> <td>Consignment sales</td> <td>(18.1)</td> <td>(16.9)</td> <td></td> </tr> <tr> <td><i>Store revenue</i></td> <td>2,731.7</td> <td>2,797.0</td> <td>(2.3)</td> </tr> <tr> <td>Online sales²</td> <td>1,165.7</td> <td>1,429.5</td> <td>(18.4)</td> </tr> <tr> <td>Consignment sales</td> <td>(71.3)</td> <td>(80.6)</td> <td></td> </tr> <tr> <td><i>Online revenue</i></td> <td>1,094.4</td> <td>1,348.9</td> <td>(18.9)</td> </tr> <tr> <td>Fashion, Home & Beauty sales</td> <td>3,915.5</td> <td>4,243.4</td> <td>(7.7)</td> </tr> <tr> <td>Consignment sales</td> <td>(89.4)</td> <td>(97.5)</td> <td></td> </tr> <tr> <td>Total Fashion, Home & Beauty revenue</td> <td>3,826.1</td> <td>4,145.9</td> <td>(7.7)</td> </tr> </tbody> </table> <p>¹ 2024/25 sales have been restated to move the Channel Islands from International to Fashion, Home & Beauty and Food.</p> <p>² Fashion, Home & Beauty store sales excludes revenue from 'shop your way' and Click & Collect, which are included in Fashion, Home & Beauty online sales.</p> <p>There is no material difference between sales and revenue for Food and International.</p>		2025/26 £m	2024/25 ¹ £m	%	Fashion, Home & Beauty				Store sales ²	2,749.8	2,813.9	(2.3)	Consignment sales	(18.1)	(16.9)		<i>Store revenue</i>	2,731.7	2,797.0	(2.3)	Online sales ²	1,165.7	1,429.5	(18.4)	Consignment sales	(71.3)	(80.6)		<i>Online revenue</i>	1,094.4	1,348.9	(18.9)	Fashion, Home & Beauty sales	3,915.5	4,243.4	(7.7)	Consignment sales	(89.4)	(97.5)		Total Fashion, Home & Beauty revenue	3,826.1	4,145.9	(7.7)
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Food Sales ¹	None	Not applicable	<p>The growth in revenues on a year-on-year basis is a good indicator of the performance of the segment. From FY26, Food sales are adjusted for consignment sales to calculate Food revenue.</p> <table border="1"> <thead> <tr> <th></th> <th>2025/26 £m</th> <th>2024/25¹ £m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Food</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sales</td> <td>9,719.3</td> <td>9,085.7</td> <td>7.0</td> </tr> <tr> <td>Consignment sales</td> <td>(8.5)</td> <td>-</td> <td></td> </tr> <tr> <td>Total Food revenue</td> <td>9,710.8</td> <td>9,085.7</td> <td>6.9</td> </tr> </tbody> </table> <p>¹ 2024/25 sales have been restated to move the Channel Islands from International to Fashion, Home & Beauty and Food and Target sales from Food to International.</p>		2025/26 £m	2024/25 ¹ £m	%	Food				Sales	9,719.3	9,085.7	7.0	Consignment sales	(8.5)	-		Total Food revenue	9,710.8	9,085.7	6.9																
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Like-for-like sales growth ¹	<p>Movement in revenue per the income statement</p> <p>Revenue from non-retail businesses</p>	<p>Revenue from non-like-for-like stores</p> <p>Consignment sales</p>	<p>The period-on-period change in sales (excluding VAT) from stores which have been trading and where there has been no significant change (greater than 10%) in footage for at least 52 weeks and online sales. The measure is used widely in the retail industry as an indicator of sales performance. It excludes the impact of new stores, closed stores, stores with significant footage change and non-retail businesses such as supply chain services.</p> <table border="1"> <thead> <tr> <th></th> <th>2025/26 £m</th> <th>2024/25¹ £m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td><i>Food</i></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Like-for-like</td> <td>9,260.8</td> <td>8,682.9</td> <td>6.7</td> </tr> <tr> <td>Net new space²</td> <td>458.5</td> <td>402.8</td> <td></td> </tr> <tr> <td>Total Food sales</td> <td>9,719.3</td> <td>9,085.7</td> <td>7.0</td> </tr> <tr> <td><i>Fashion, Home & Beauty</i></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Like-for-like</td> <td>3,813.3</td> <td>4,123.4</td> <td>(7.5)</td> </tr> <tr> <td>Net new space</td> <td>102.2</td> <td>120.0</td> <td></td> </tr> <tr> <td>Total Fashion, Home & Beauty sales</td> <td>3,915.5</td> <td>4,243.4</td> <td>(7.7)</td> </tr> </tbody> </table> <p>¹ 2024/25 sales have been restated to move the Channel Islands from International to Fashion, Home & Beauty and Food and Target sales from Food to International.</p> <p>² Food net new space includes Gist third party revenue.</p>		2025/26 £m	2024/25 ¹ £m	%	<i>Food</i>				Like-for-like	9,260.8	8,682.9	6.7	Net new space ²	458.5	402.8		Total Food sales	9,719.3	9,085.7	7.0	<i>Fashion, Home & Beauty</i>				Like-for-like	3,813.3	4,123.4	(7.5)	Net new space	102.2	120.0		Total Fashion, Home & Beauty sales	3,915.5	4,243.4	(7.7)
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M&S.com sales / online sales ¹	None	Not applicable	<p>Total sales through the Group's online platforms. These sales are reported within the relevant Fashion, Home & Beauty, 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.</p>																																				
Fashion, Home & Beauty online sales excluding furniture ¹	None	Not applicable	<p>Total online sales for Fashion, Home & Beauty excluding the furniture categories' sales. This measure has been introduced to enable a comparable indicator of the performance of the online channel as it excludes the impact of furniture sales following the Group's withdrawal from its two-person furniture delivery operation (see note 3).</p>																																				
Sales growth at constant currency ¹	None	Not applicable	<p>The period-on-period change in sales retranslating the previous year sales at the average actual periodic exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.</p> <table border="1"> <thead> <tr> <th></th> <th>2025/26 £m</th> <th>2024/25¹ £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>543.3</td> <td>576.3</td> <td>(5.7)</td> </tr> <tr> <td>Impact of FX retranslation</td> <td>-</td> <td>8.9</td> <td></td> </tr> <tr> <td>At reported currency</td> <td>543.3</td> <td>585.2</td> <td>(7.2)</td> </tr> </tbody> </table> <p>¹ 2024/25 sales have been restated to move Channel Islands from International to Fashion, Home & Beauty and Food and Target sales from Food to International</p>		2025/26 £m	2024/25 ¹ £m	%	International sales				At constant currency	543.3	576.3	(5.7)	Impact of FX retranslation	-	8.9		At reported currency	543.3	585.2	(7.2)																
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Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose															
Sales excluding Ocado Retail	Revenue	Ocado sales (see note 2) Consignment sales	Sales excluding Ocado Retail excludes any sales attributable to Ocado in the year. This measure has been introduced following the consolidation of Ocado Retail Limited and provides alternative relevant information to allow greater comparability in the first year of consolidating Ocado Retail Limited.															
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	<p>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 of 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.</p> <p>Numbers presented for FY 25/26 and FY 24/25 represent the new APM measure 'M&S Group adjusted profit before tax', where FY 23/24 or FY 22/23 numbers are shown these are on the old Profit before tax and adjusting items performance measure relevant to those years.</p>															
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.															
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Adjusted operating profit Operating profit before adjusting items	Operating profit	Adjusting items (See note 3)	Operating profit before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.															
Adjusted operating margin Operating margin before adjusting items	None	Not applicable	Adjusted operating profit as a percentage of sales.															
Finance income before adjusting items	Finance income	Adjusting items (See note 3)	Finance income before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.															
Finance costs before adjusting items	Finance costs	Adjusting items (See note 3)	Finance costs before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.															

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Net interest payable on leases	Finance income/costs	Finance income/costs (See note 4)	The net of interest income on subleases and interest payable on lease liabilities. This measure has been introduced as it allows the Board and Executive Committee to assess the impact of IFRS 16 Leases.
Net financial interest	Finance income/costs	Finance income/costs (See note 4)	Calculated as net finance costs, excluding interest on leases and adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.
EBIT before adjusting items	EBIT ¹	Adjusting items (See note 3)	Calculated as profit before the impact of adjusting items, net finance costs and tax as disclosed on the face of the consolidated income statement. This measure is used in calculating the return on capital employed for the Group.
Ocado Retail Limited Adjusted EBITDA	EBIT ¹	Not applicable	Calculated as Ocado Retail Limited earnings before interest, taxation, depreciation, amortisation, impairment and adjusting items.
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 15)	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>This measure is a good indication of the strength of the Group's balance sheet position and is widely used by credit rating agencies.</p>
Net funds/(debt) excluding lease liabilities	None	Reconciliation of net debt (see note 15) Lease liabilities	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 cash flow 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.

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																																																																		
Adjusted return on capital employed (ROCE)	None	Not applicable	<p>Calculated as being adjusted operating profit divided by the average of opening and closing capital employed. The measures used in this calculation are set out below:</p> <table border="1"> <thead> <tr> <th></th> <th>2025/26 £m</th> <th>2024/25 £m</th> </tr> </thead> <tbody> <tr> <td>Operating profit</td> <td>536.7</td> <td>624.3</td> </tr> <tr> <td>Adjusting items included in operating profit (see note 3)</td> <td>281.7</td> <td>360.2</td> </tr> <tr> <td>Adjusted operating profit</td> <td>818.4</td> <td>984.5</td> </tr> <tr> <td>Net assets</td> <td>3,222.9</td> <td>2,831.9</td> </tr> <tr> <td>Add back:</td> <td></td> <td></td> </tr> <tr> <td>Partnership liability to the Marks & Spencer UK Pension Scheme</td> <td>-</td> <td>-</td> </tr> <tr> <td>Deferred tax liabilities</td> <td>472.5</td> <td>318.9</td> </tr> <tr> <td>Non-current borrowings and other financial liabilities</td> <td>3,120.7</td> <td>2,588.7</td> </tr> <tr> <td>Retirement benefit deficit</td> <td>79.2</td> <td>122.7</td> </tr> <tr> <td>Current tax liabilities</td> <td>1.2</td> <td>1.2</td> </tr> <tr> <td>Derivative financial instruments</td> <td>24.9</td> <td>34.4</td> </tr> <tr> <td>Less:</td> <td></td> <td></td> </tr> <tr> <td>Investment property</td> <td>(11.0)</td> <td>(11.2)</td> </tr> <tr> <td>Retirement benefit assets</td> <td>-</td> <td>-</td> </tr> <tr> <td>Current tax assets</td> <td>(58.5)</td> <td>(71.1)</td> </tr> <tr> <td>Deferred tax assets</td> <td>(13.3)</td> <td>(13.9)</td> </tr> <tr> <td>Net operating assets</td> <td>6,838.6</td> <td>5,801.6</td> </tr> <tr> <td>Add back: Provisions related to adjusting items</td> <td>147.9</td> <td>141.6</td> </tr> <tr> <td>Capital employed</td> <td>6,986.5</td> <td>5,943.2</td> </tr> <tr> <td>Average capital employed</td> <td>6,464.8</td> <td>5,991.9</td> </tr> <tr> <td>ROCE %</td> <td>12.7%</td> <td>16.4%</td> </tr> </tbody> </table> <p>This measure is used within the Group's incentive plans. Refer to the Remuneration Report for an explanation of why this measure is used within incentive plans.</p>		2025/26 £m	2024/25 £m	Operating profit	536.7	624.3	Adjusting items included in operating profit (see note 3)	281.7	360.2	Adjusted operating profit	818.4	984.5	Net assets	3,222.9	2,831.9	Add back:			Partnership liability to the Marks & Spencer UK Pension Scheme	-	-	Deferred tax liabilities	472.5	318.9	Non-current borrowings and other financial liabilities	3,120.7	2,588.7	Retirement benefit deficit	79.2	122.7	Current tax liabilities	1.2	1.2	Derivative financial instruments	24.9	34.4	Less:			Investment property	(11.0)	(11.2)	Retirement benefit assets	-	-	Current tax assets	(58.5)	(71.1)	Deferred tax assets	(13.3)	(13.9)	Net operating assets	6,838.6	5,801.6	Add back: Provisions related to adjusting items	147.9	141.6	Capital employed	6,986.5	5,943.2	Average capital employed	6,464.8	5,991.9	ROCE %	12.7%	16.4%
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1 EBIT is not defined within IFRS but is a widely accepted profit measure being earnings before interest and tax.

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

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