

**TESCO PLC**

REGISTERED NUMBER: 00445790

INTERIM PARENT COMPANY FINANCIAL STATEMENTS  
FOR THE 44 WEEKS ENDED 2 JANUARY 2021

PREPARED FOR THE PURPOSE OF S838 COMPANIES ACT 2006

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| <b>Income statement</b>                  | <i>44 weeks ended<br/>2 January 2021</i> |              |
|--|--|--------------|
|  | Note                                     | £m           |
| Income from shares in Group undertakings | 2  | 4,300        |
| Administrative expenses                  |  | (221)        |
| Interest receivable and similar income   |  | 17           |
| Interest payable and similar charges     |  | (204)        |
| <b>Profit before tax</b>                 |  | <b>3,892</b> |
| Income tax expense                       |  | -            |
| <b>Profit for the period</b>             |  | <b>3,892</b> |

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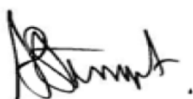
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**Balance sheet statement**

2 January 2021

|                                  | Note | £m                   |
|----------------------------------|------|----------------------|
| <b>Non-current assets</b>        |      |                      |
| Investments                      |      | 17,895               |
| Receivables                      |      | 278                  |
| Derivative financial instruments |      | 1,666                |
|                                  |      | <u>19,839</u>        |
| <b>Current assets</b>            |      |                      |
| Receivables                      |      | 5,536                |
| Cash and cash equivalents        |      | 285                  |
|                                  |      | <u>5,821</u>         |
| <b>Current liabilities</b>       |      |                      |
| Borrowings                       |      | (144)                |
| Payables                         |      | (905)                |
|                                  |      | <u>(1,049)</u>       |
| <b>Net current assets</b>        |      | <u>4,772</u>         |
| <b>Non-current liabilities</b>   |      |                      |
| Borrowings                       |      | (2,278)              |
| Payables                         |      | (1,232)              |
| Derivative financial instruments |      | (688)                |
|                                  |      | <u>(4,198)</u>       |
| <b>Net Assets</b>                |      | <u><u>20,413</u></u> |
| <b>Equity</b>                    |      |                      |
| Share capital                    |      | 490                  |
| Share premium                    |      | 5,165                |
| Other reserves                   |      | 2,992                |
| Retained earnings                | 2    | 11,766               |
|                                  |      | <u>20,413</u>        |

Approved by the Board



ALAN STEWART

DIRECTOR

22 JANUARY 2021

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**Statement of changes in equity**

|  | Other reserves         |                        |                                    |                                     |                          |                          |                         |                            |                       |
|--|------------------------|------------------------|------------------------------------|-------------------------------------|--------------------------|--------------------------|-------------------------|----------------------------|-----------------------|
|  | Share<br>capital<br>£m | Share<br>premium<br>£m | Currency<br>basis<br>reserve<br>£m | Capital redemption<br>reserve<br>£m | Hedging<br>reserve<br>£m | Own<br>shares held<br>£m | Merger<br>Reserve<br>£m | Retained<br>earnings<br>£m | Total<br>equity<br>£m |
| <b>At 29 February 2020</b>                                   | <b>490</b>             | <b>5,165</b>           | <b>(19)</b>                        | <b>16</b>                           | <b>153</b>               | <b>(250)</b>             | <b>3,050</b>            | <b>8,847</b>               | <b>17,452</b>         |
| Profit/(loss) for the period                                 | -                      | -                      | -                                  | -                                   | -                        | -                        | -                       | 3,892                      | 3,892                 |
| <b>Other comprehensive income/(loss)</b>                     |                        |                        |                                    |                                     |                          |                          |                         |                            |                       |
| Gains/(losses) on cash flow hedges                           | -                      | -                      | (3)                                | -                                   | 34                       | -                        | -                       | -                          | 31                    |
| Reclassified and reported in the Company<br>income statement | -                      | -                      | -                                  | -                                   | (22)                     | -                        | -                       | -                          | (22)                  |
| Tax relating to components of other<br>comprehensive income  | -                      | -                      | 3                                  | -                                   | (8)                      | -                        | -                       | -                          | (5)                   |
| <b>Total other comprehensive income/(loss)</b>               | <b>-</b>               | <b>-</b>               | <b>-</b>                           | <b>-</b>                            | <b>4</b>                 | <b>-</b>                 | <b>-</b>                | <b>-</b>                   | <b>4</b>              |
| <b>Total comprehensive income/(loss)</b>                     | <b>-</b>               | <b>-</b>               | <b>-</b>                           | <b>-</b>                            | <b>4</b>                 | <b>-</b>                 | <b>-</b>                | <b>3,892</b>               | <b>3,896</b>          |
| <b>Transactions with owners</b>                              |                        |                        |                                    |                                     |                          |                          |                         |                            |                       |
| Purchase of own shares                                       | -                      | -                      | -                                  | -                                   | -                        | (228)                    | -                       | -                          | (228)                 |
| Share-based payments   | -                      | -                      | -                                  | -                                   | -                        | 266                      | -                       | (29)                       | 237                   |
| Dividends  | -                      | -                      | -                                  | -                                   | -                        | -                        | -                       | (944)                      | (944)                 |
| <b>Total transactions with owners</b>                        | <b>-</b>               | <b>-</b>               | <b>-</b>                           | <b>-</b>                            | <b>-</b>                 | <b>38</b>                | <b>-</b>                | <b>(973)</b>               | <b>(935)</b>          |
| <b>At 2 January 2021</b>                                     | <b>490</b>             | <b>5,165</b>           | <b>(19)</b>                        | <b>16</b>                           | <b>157</b>               | <b>(212)</b>             | <b>3,050</b>            | <b>11,766</b>              | <b>20,413</b>         |

## Notes to the financial statements

### 1. Basis of preparation

Tesco PLC (the Company) is a public limited company incorporated and domiciled in the United Kingdom (UK) under the Companies Act 2006 (Registration number 00445790). The address of the registered office is Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA, UK.

The Company is proposing to pay a special dividend of c.£5bn, subject to shareholder approval at the General Meeting to be held on 11 February 2021. These interim accounts have been prepared, under sections 836 and 838 of the Companies Act 2006 (the Act), for the purposes of confirming that the Company now has sufficient distributable reserves to support the proposed dividend.

These financial statements contain information about Tesco PLC solely as an individual company. The statements have been prepared on the basis of the same recognition and measurement basis as adopted by the Company in preparing the Company's financial statements included within the Tesco PLC annual report for the year ended 29 February 2020. The interim accounts have been properly prepared in accordance with s838 of the Act, subject only to those departures, under s838(3), which the directors have considered are not material for determining whether the proposed distribution is permitted by s830 and s831 of the Act. The directors have chosen not to present comparative figures for the period and the note disclosures that would normally form part of a set of complete financial statements.

### 2. Retained earnings

The company's profits being used for this distribution arose from receipt, since 29 February 2020, of £4.3bn of cash-settled dividends, and £0.7bn in cash settlement of dividends previously considered unrealised, from various Group subsidiaries arising from the proceeds of the sale of the Group's businesses in Thailand and Malaysia. The Company lent the cash received above to another member of the Group to deposit in Money Market Funds, with this loan being repayable upon demand ahead of payment of the proposed dividend.

The Company has considered the profits available for distribution to shareholders. At 2 January 2021, the Company had retained earnings of £11.8bn, of which the unrealised profit elements are £2.3bn of share-based payment reserves and £0.8bn of dividends received from subsidiary undertakings not yet settled by qualifying consideration. After deducting the cost of its own shares held in trust of £0.2bn, the Company had profits available for distribution of £8.5bn.