

## **Co-op's underlying strength allows the Group to navigate external pressures**

- Maintained strong balance sheet with net debt at £43 million, reduced from nearly £1 billion in 2021.
- Solid financial position enabled Co-op to face into rising headwinds and handle a significant cyber attack, maintaining crucial services to its members and local communities across the UK.
- Life Services business area recovered sales ahead of our expectations; slower recovery in challenging grocery retail market.
- Focus on building back stronger, with strategic plans accelerated in H2, including launch of new Group Commercial & Logistics Division and 30 new store openings.

### **First half revenue**

	H1 2025	H1 2024	Var %	Var % excluding cyber impact <sup>1</sup>
<b>Group revenue</b>	<b>£5,484m</b>	<b>£5,603m</b>	<b>-2.1%</b>	<b>1.5%</b>
Food	£3,620m	£3,677m	-1.6%	2.9%
Business-to-business	£1,654m	£1,721m	-3.9%	-1.9%
Life Services	£210m	£205m	2.4%	6.5%

<sup>1</sup> Presented to aid understanding of underlying trajectory. Please see 'financial overview' below for more.

### **First half cyber attack and impact**

	One-off costs <i>Non-underlying</i>	Estimated margin impact ( <i>underlying</i> )	Estimated total impact
Group revenue		-£206m	-£206m
Group operating profit and cash	-£20m	-£60m	-£80m

When Co-op was targeted by a sophisticated cyber attack, we acted quickly and decisively to temporarily shut down a number of systems to contain the threat. This led to operational disruption, with the estimated H1 impact presented above (reflected in our reported figures) and a reduced impact expected in H2. Co-op responded to this challenge as a member-owned business:

- Regularly communicating with members, colleagues, customers, suppliers and partners.
- Keeping essential services running, such as funerals, and prioritising stock to rural 'lifeline' stores.
- Working openly with the National Crime Agency, National Cyber Security Centre and our regulators.
- Sharing our experience publicly with broadcast interviews and through a Parliamentary Committee.
- Partnering with The Hacking Games to address root causes of cyber crime.
- Thanking members for their patience and support with a £10 discount on a £40 shop.
- Supporting independent co-op societies and franchise partners to minimise disruption to them.

## Reported figures

	H1 2025 <sup>2</sup>	H1 2024	Var £ / %
<b>STATUTORY MEASURES</b>			
Total Group revenue	£5,484m	£5,603m	-2.1%
Operating loss/profit	-£56m	£35m	-£91m
Loss/profit before tax (PBT)	-£50m	£58m	-£108m
Net debt	-£1,202m	-£1,229m	£27m
<b>PERFORMANCE MEASURES<sup>3</sup></b>			
Underlying operating loss / profit	-£32m	£47m	-£79m
Underlying loss / profit before tax (PBT) <sup>2</sup>	-£75m	£3m	-£78m
Net debt (excluding leases) <sup>2</sup>	-£43m	-£42m	-£1m

<sup>2</sup> H1 2025 actuals as reported in the condensed financial statements and notes. All underlying measures exclude incremental costs of £20m directly arising as a result of the cyber attack, presented as non-underlying items. The estimated adverse trading impact to revenue of £206m and associated profit impact of £60m reduces our underlying results.

<sup>3</sup> A reconciliation of our Alternative Performance Measures (APMs) is included in our condensed financial statements. A full glossary of APMs and their definitions is included in the 2024 Annual Report and Accounts.

- Profitability impacted by trading disruption and additional costs from the cyber attack.
- Additionally experienced expected and significant cost headwinds, including Real Living Wage and National Insurance increases and new Extended Producer Responsibility charges.
- The most significant effects of these headwinds have been felt in H1; longer-term, offsetting mitigations are underway.
- Strong liquidity of £800m helped us navigate external pressures while maintaining focus on long-term ambitions.
- Net debt excluding leases remains low at £43m; this stood at £920m in 2021 and we continue to improve our position.
- £350m lending agreement agreed with six major banks, further increasing financial stability, with all debt maturities now covered to 2030 with a steadily reducing cost of debt.
- £400 million sustainability-linked revolving credit facility remains undrawn.

### Commenting on the results, Debbie White, Chair of the Co-op, said:

*"The first half of 2025 brought significant challenges, most notably from a malicious cyber attack. Our balance sheet strength and the magnificent response of our 53,000 colleagues enabled us to maintain vital services for our members and their communities. We must now build our Co-op back better and stronger to meet the challenges and opportunities that lie ahead."*

### Chief Executive, Shirine Khoury-Haq, added:

*"Over the past three years, we've built a stronger and more resilient Co-op - one that's better able to navigate the headwinds that all businesses are facing."*

*"When we experienced a significant cyber attack, that financial strength allowed us to respond as a member-owned organisation. I'm very proud of how we reacted: we kept trading, prioritised colleagues and vulnerable communities, and launched a partnership with The Hacking Games to tackle youth disenfranchisement - the root of many cyber threats."*

*"The cyber attack highlighted many of our strengths. But more importantly, it also highlighted areas we need to focus on - particularly in our Food business. We've already started on this journey, refining our member and customer proposition, making structural changes to our business, and setting our Co-op up for long-term success."*

## Outlook

We anticipate continued cost headwinds, global volatility and high competition. In response, we remain committed to a disciplined approach to investment to support our future, while managing a reducing level of cyber impact through the second half.

For Co-op, the attack surfaced both strengths and areas for focus, and future planning is being stepped up across all business areas with:

- 30 planned store openings in H2, including Food stores and franchise formats.
- Operational changes, including leadership moves and a new Group Commercial and Logistics division.
- Continued investment in the future, building on £131m invested in H1.
- Further development of portfolio business model, continuing to grow Life Services division while establishing major new business partnerships.
- Accelerating work to refine our grocery convenience offer in the second half of the year:
  - Launching new ranges, including Served - ready-to-cook meals for two for £8, or £7 for members.
  - Continuing to open 'On The Go' microstores with deli options and hot food.
  - Partnering with Holland & Barrett to introduce a health and wellbeing range to convenience stores.

## Focus areas

### Continuing to innovate

Co-op continues to evolve in line with changing shopping habits, without compromising on convenience, value or values.

- New-concept 'On the Go' stores launching through 2025; spaces under 1,000sq ft with hot food counters - a new concept for the UK convenience market.
- Expanding quick commerce (online convenience shopping) proposition with a three-year extension of UberEats partnership. 86% of the UK population now has access to Co-op groceries online through shop.coop.co.uk, UberEats, Deliveroo and Just Eat.
- Launching nearly 200 new own-brand products, including the Irresistible *Seriously Saucy* sandwich featured on Channel 4, and a multi-award-winning summer product range.
- 2.4% revenue growth for Life Services business, or 6.5% excluding cyber, with new ways to help members at moments that matter:
  - Strong step forward in our funeral plan performance with the value of sales growing 17.4% year-on-year.
  - Expanding travel insurance offer to help people with undiagnosed conditions secure cover, while increasing total policy sales year-on-year with notable increases in car (+49%), home (+43%) and travel (+100%) policies.
  - Investing in AI across our Legal Services business to speed up client cases.

### Creating future growth opportunities through partnerships

Through partnerships, Co-op's long-term plan is to reach new markets while giving members more ways to engage with the business they own.

- Securing a multi-year partnership with Roadchef, transforming eight motorway service stores.
- Rebranding Nisa Retail Limited to Co-op Wholesale, better conveying the breadth of services offered, while retaining the familiar Nisa store look and feel for partners who opt for it.
- Launching "& Co-op" identity, offering business-to-business partners flexible ways to engage with the Co-op brand - through partnerships, franchise models, independent formats or as Nisa stores.
- Announcing new Eurochange partnership, giving members access to 50+ currencies with 0% commission across 240 Eurochange branches, with click and collect and free next working day delivery available.
- A 40% year-on-year increase in franchise stores with a pipeline of greater growth ahead. New franchise stores in H1 include additional partnerships, an expansion of the Group's petrol forecourts presence, and the second-ever NHS Co-op store at Royal Bournemouth Hospital. (Franchise stores H1 2025: 59, H1 2024: 42)
- Increasing the number of Wholesale partners choosing to stock Co-op branded products to 93%; our brand continues to act as a compelling differentiator for independent stores.

- Prioritising and supporting partners through the cyber attack:
  - Prioritising impacted independent co-operatives by providing products through our wholesale distribution network, routing c.350,000 cases of stock to 209 independent society stores.
  - Pivoting to temporary ordering systems - a testament to strong relationships with suppliers and partners.
  - Working with 330 franchise stores to identify and rapidly resolve issues.

## **Saving members money**

"The rising cost of living" remained members' top concern in the period, based on insight from more than 37,600 members who took part in the Group's annual Big Survey. For Co-op, offering the right products at the right price remains a key priority.

- Delivering our biggest-ever value campaign, price-matching over 130 items to Aldi for members.
- Improving value perception with 9.2% point increase in surveyed customers in store who are 'highly satisfied' with value for money
- Making member prices available online through Deliveroo; already available on UberEats.
- Organisational focus on affordability across all business lines and products:
  - Doubled travel insurance discounts in Feb-Mar, making a *Which?* 'Best Buy' accessible to more people.
  - Funeral plan offers helped members to save up to £250 between March and June.
  - Free legal reviews for members in May, including a £50 discount on any will taken out.

## **Empowering members to shape their Co-op**

Over the past year, the Group's strategic focus has been on 'reintroducing' member-ownership across the organisation, sparking a shift in how the business operates.

- A 22% rise in AGM voting, after voting rights were extended to a further 1.5 million member-owners. (2024: 43,061 members voting. 2025: 52,646 members voting)
- A 180% increase in members sharing concerns, ideas and direction through our Big Member Survey (2025: 37,612 responses, 2024: 13,430 responses) and 9,000 more members shaping our businesses and supporting campaigns through our Join In activity. (H1 2025: 285,000 members, H1 2024: 276,000 members)
- Fuelling youth engagement, with average member age decreasing by nearly two years, year-on-year, driven by a strategy co-created with Co-op's Young Members' Group. (Average member age H1 2024: 52.7, H1 2025: 50.8)
- 27% increase year-on-year in the recruitment of members under 25. (H1 2025: 156,700 recruited, H1 2024: 123,000 recruited)
- Acting on members' priorities, including announcing plans to stop trading with 17 countries where there are human rights abuses and violations of international law.
- Hosting international co-operators and senior leaders from the International Co-operative Alliance as part of the Festival of Co-operation - creating a unique forum to shape the future of the co-operative movement worldwide.

## **Sharing value with members and communities**

As the United Nations recognise 2025 as the International Year of Co-operatives, Co-op continues to deliver for members, along with the communities and causes they care about.

- Raising £7 million with Barnardo's by 2026, building on £5 million already raised over two years to support 600,000 young people.
- Announcing a new £820,000 fund to support sustainable farming in the UK.
- Sharing £38.2 million via the Co-op Levy Share Scheme since 2021, supporting over 3,500 apprentices.
- Supporting colleagues with continued commitment to Real Living Wage.
- Serving 20,000+ children across 38 schools through the Co-op Academies Trust.
- Reaffirming commitment to source only 100% British protein in own-brand products - fresh, frozen and as an ingredient.

## **ENDS**

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# Financial overview

## Rachel Izzard, Chief Financial Officer

I am pleased to share our half-year financial results for the period ending 05 July 2025.

During this period our Co-op was impacted by a cyber attack. Proactive action to protect the business led to normal systems and processes being interrupted and replaced by temporary procedures for a time. Considerable work has been undertaken to support the recovery, which impacted both financial and operational areas.

I am incredibly proud that our colleague and supplier payments were operational at all times, and I would like to thank all of our teams for their exceptional work in delivering for our Co-op and getting to these results.

These interim accounts include additional level of estimation arising from the cyber incident. Nothing has come to management's attention following the recovery work undertaken that would suggest that the accounts are not materially complete. Any adjustments to these estimates will be clearly reflected in our year-end accounts. The interim accounts are unaudited, consistent with prior years.

Our results below walk through our financial performance, adjusting for the impact of cyber to help understand actual and underlying performance, as we now look to the second half of the year and beyond.

## Cyber impact

Containing, defending and recovering from the cyber attack has had a financial impact in the first half of 2025 across multiple areas, with a reducing impact in the second half of the year. The full estimated impact on our operating profit in half one is £80m.

This is split in two areas:

1. Incremental, non-recurring costs driven as a direct result of the cyber attack. This includes items such as support from professional services partners and stock wastage. In line with the Group's policy for non-underlying items, £20m of incremental costs have been removed from our underlying results and presented as non-underlying items.
2. The direct impact to revenue and margin where systems were curtailed and manual processing restricted volume, and the tail of recovering customer and member behaviours. This has been estimated with reference to the latest Group forecast in place before the cyber attack, updated for actual external conditions such as weather, which has an important impact on customer behaviour. Our reported underlying operating measures are reduced by the impact of the estimated loss of margin of £60m. To help our member-owners understand the underlying trends, the following table walks through the full impact of the cyber attack and where it has been accounted for.

<b>Cyber impact on H1 2025</b>	<b>Cyber non-recurring costs - adjusted</b>	<b>Cyber estimated trade impact - not adjusted</b>	<b>Total cyber impact</b>
<b>Total Group revenue</b>	-	<b>(£206m)</b>	<b>(£206m)</b>
Revenue excluding FRTS	-	(£165m)	(£165m)
Revenue through FRTS	-	(£41m)	(£41m)
<b>Underlying operating (loss) / profit</b>		<b>(£60m)</b>	<b>(£60m)</b>
<b>Operating (loss) /profit</b>	<b>(£20m)</b>	<b>(£60m)</b>	<b>(£80m)</b>

In the tables through this document, we will talk to:

- Statutory profit measures which have no adjustments.
- Underlying profit measures which exclude the impact of non-recurring, incremental cyber costs, but don't adjust for estimated lost trade (see *note 1: operating segments* in our financial statements).
- Variances excluding the total impact of cyber (including estimated lost trade impact). This is provided to aid understanding and is not an ongoing statutory or alternative performance measure (APM).

## Financial performance

Market conditions continued to be challenging over the period. Consumer confidence remained fragile, with value for money front of mind for consumers and high competition in all our markets.

As anticipated, cost headwinds were also challenging across the period. We continued to align to the Real Living Wage, while Extended Producer Responsibility charges and changes to National Insurance were introduced. These factors impacted both Co-op and our suppliers and have returned us to higher inflation conditions. Food price inflation now stands at over 4%<sup>1</sup> - its highest point in the last 18 months.

<sup>1</sup> Food and non-alcoholic beverage inflation from ONS: 4.5% for 12 months at Jun 25; Feb 24 was 5.0%

When we were then impacted by a cyber attack, our strong financial position and headroom supported our response. We navigated this period with no concerns to our funding levels, with access to our own cashflow and our bank credit facility unused throughout.

Our portfolio business model also supported us. Our Wholesale business wasn't impacted, so could support other co-operatives who receive the majority of their products through a joint buying arrangement with Co-op Group and were therefore also impacted by the cyber attack. Life Services has a higher margin and so continued to generate returns 'with and without' the cyber attack. Both helped to balance the biggest impact, which was to our Food business, where systems were replaced by manual processes, impacting the availability of stock. There was also a knock-on impact in waste due to stock allocation and our reduced promotional activity, and a tail of recovering customer behaviour.

We remain focused on our medium to long-term ambitions. Membership continues to grow, fuelled by investment in price and marketing. We continued our success in previous periods with the launch of our Aldi Price Match campaign in quarter one, a first for the convenience market.

We expect cost pressures and challenging market conditions to continue through the second half and beyond. We feel clear that we know what matters to consumers. With our unique position as a member-owned and led organisation, we are entering the second half confident in our Co-op's ability to navigate these pressures.

## Revenue

Group revenue	H1 2025	H1 2024	Var %	Var % (excl cyber)	Var (FY24) <sup>2</sup>
<b>Total group revenue</b>	<b>£5,484m</b>	<b>£5,603m</b>	<b>(2.1%)</b>	<b>1.5%</b>	<b>1.5%</b>
Food Retail	£3,620m	£3,677m	(1.6%)	2.9%	3.7%
B2B	£1,654m	£1,721m	(3.9%)	(1.9%)	(3.6%)
Life Services	£210m	£205m	2.4%	6.5%	7.5%

<sup>2</sup> Var (FY24) has been presented on 52 week like-for-like basis, as FY23 included 53 weeks of revenue

### Group

The reported total revenue figure above shows a 2.1% contraction versus last year. Excluding the estimated adverse revenue impact of £206m relating to lost trade due to the cyber disruption, Group revenue growth was 1.5%, in line with the prior year's growth trend.

### Food

- Revenue contracted by 1.6% versus last year. Adjusting for the estimated adverse cyber impact on revenue, underlying trend was growth of 2.9%, following on from FY24 growth of 3.7%.
- This was on a broadly flat store footprint, whilst we have focused on refitting and refreshing existing stores. (See below).
- Volumes excluding cyber held flat year-on-year. Sales growth was driven by a price position maintained against the market, responding to the higher inflation conditions.
- According to Circana, convenience market share was gained in Q1 then ceded through Q2 with the impact of cyber. In H1, the total convenience market was broadly flat for sales growth, with share taken by managed convenience and lost by smaller independents<sup>3</sup>.

- The larger-format grocery market grew slightly faster at 3.7%<sup>4</sup>, albeit with footprint expansion, versus our continued careful estate discipline.
- Quick commerce, investment in price, and membership continue to play a significant role in sales growth per store.

Our Food business was the most heavily impacted by the cyber attack with availability reduced as systems were proactively taken offline. Stores continued to trade but were impacted by stock availability, competitor activity to take market share, and the temporary loss of key trading systems and promotional offers. As the recovery has progressed and systems are now back online, longer-term market-wide impacts to customer behaviour in tobacco sales have been exacerbated by the attack, with a quicker than anticipated decline in sales. Our focus now is on accelerating plans to adapt to this behavioural shift and build back customer and member engagement.

<sup>3</sup> Convenience market share from Circana at 26 week ending 5 July 2025

<sup>4</sup> Year-on-year grocery market mults excl. Co-op Food from Circana at 26 week ending 5 July 2025

#### Business-to-business

- Markets remain challenging for smaller independent retailers, with volumes contracting across the sector by 1.9%<sup>5</sup>. Total B2B revenue contracted 3.9%, or 1.9% excluding cyber impact.
- Co-op Wholesale (CWS) revenue contracted 3.9% with tobacco being the most material driver as customer behaviour change accelerates. Non-tobacco sales in Wholesale contracted by 0.6%.
- Results also represent action to rightsize Business-to-business, stepping away from unprofitable revenue streams and commercial arrangements to focus on new and existing relationships into the future, supporting our longer-term growth ambitions.
- At the end of H1, Co-op Wholesale market share was stabilising, moving from losing share in Q1 to regaining share in Q2<sup>6</sup>.
- Sales to other co-ops via the FRTS buying group dropped 5.1% as the impact of the cyber attack on reduced availability was shared with partners in line with our own store stock. Co-op Wholesale was utilised to support sales to the other co-ops, partially reducing the scale of the cyber impact on B2B combined.
- Our franchising operation reported strong growth of 36.1% even with the cyber attack impact, with continued expansion into new markets such as hospitals.

<b>Tobacco sales mix impact</b>	<b>H1 2025</b>	<b>H1 2024</b>	<b>Var %</b>
<b>Co-op Wholesale revenue</b>	<b>£640m</b>	<b>£666m</b>	<b>(3.9%)</b>
Non-tobacco	£497m	£500m	(0.6%)
Tobacco	£143m	£166m	(13.9%)

<sup>5</sup> Year-on-year symbols and independents from Circana at 26 week ending 5 July 2025

<sup>6</sup> Symbols and Independents market share from Circana at 26 week ending 5 July 2025

#### Life Services

- Life Services revenue grew by 2.4% or 6.5% excluding cyber impact, a continuation of last year's strong performance.
- In Funeralcare, sales were up even including the cyber impact as we focused on product and price, offering support to members across meaningful life moments at a fair cost.
- Legal Services showed continued underlying growth excluding cyber, with strong trading in probate and estate planning cases.
- In Insurance, we saw expected revenue decline as older, legacy policies concluded, from the underwriting business we sold in 2020. This was offset by growth in new business lines, with the latter taking time to generate value.

#### Space

<b>Store numbers</b>	<b>As at H1 2025</b>	<b>New stores inc. relocations</b>	<b>Disposals / closures inc. relocations</b>	<b>As at year end 2024</b>	<b>Vs year end %</b>
Food Retail	2,343	5	(10)	2,348	(0.2%)
Franchise	59	3	0	56	5.4%

Space stayed broadly flat through the period, whilst we have stepped up our investment in H1 in refitting and refreshing existing stores. We continue to focus on our new store pipeline, as well as trialling new formats. In early



H2 this included a sustainable refit trial in Soham and a new 'microstore' opening in Solihull; a new format which takes Co-op's trusted brand and proposition into a new market with customers seeking quick service retail.

H2 will see the pipeline ramp up across all formats, with new store openings and relocations reaching around 90 across FY24 and FY25. This is behind the previous expectation of 120, with a level of slippage due to H1 disruption.

### Underlying operating profit

As described above, underlying operating profit is reported after removing the incremental costs arising as a direct result of the cyber attack, but reflects the adverse impact on trading sales and margin. The table below shows the variance as reported and with the total estimated cyber impact removed.

Underlying operating profit/(loss) (UOP)	H1 2025	H1 2024	As reported		Excl all cyber	
			Var (£)	Var (%)	Var (£)	Var (%)
<b>Group UOP</b>	<b>(£32m)</b>	<b>£47m</b>	<b>(£79m)</b>	<b>(168%)</b>	<b>(£19m)</b>	<b>(40%)</b>
Food Retail	£11m	£85m	(£74m)	(87%)	(£21m)	(24%)
B2B	(£10m)	(£8m)	(£2m)	(25%)	(£3m)	(34%)
Life Services	£24m	£24m	£0m	0%	£8m	32%
Central	(£57m)	(£54m)	(£3m)	(6%)	(£3m)	(6%)
<b>Group margin</b>	<b>£1,370m</b>	<b>£1,392m</b>	<b>(£22m)</b>	<b>(2%)</b>	<b>£38m</b>	<b>3%</b>
Food Retail	£1,102m	£1,128m	(£26m)	(2%)	£27m	2%
B2B	£80m	£79m	£1m	1%	£0m	0%
Life Services	£188m	£185m	£3m	2%	£11m	6%

Group underlying operating profit (excluding all cyber impact) was down £19m. This was as anticipated in the first half as the Group managed significant cost headwinds from market-wide inflationary pressures stepping up in April, whilst offsetting initiatives will take a while to mature. Underlying margin excluding cyber improved £38m year-on-year with Group margin rate stable. The step up in direct cost headwinds - including National Insurance, Extended Producer Responsibility (EPR) charges for own-brand and aligning to the Real Living Wage - meant absolute costs increased £57m (excluding cyber).

*Food:* we faced margin cost pressures from the increase in costs of goods sold inflation, as our suppliers faced into cost headwinds including the introduction of new EPR charges and step up in National Insurance. In addition, we faced significant operating cost headwinds in payroll with Real Living Wage and National Insurance changes as well as our own EPR charges on our own branded products. We remain committed to returning value to our members and customers via price. Including the reduction on margin for increasing the scale of member price reductions, gross margin rate is down 0.2% pts. The step up in operating cost headwinds drove the net reduction in underlying operating profit for Food.

*B2B:* here, we see an operating loss driven by sales contraction, but with improved gross margin rate year-on-year as the mix moves away from tobacco and we restructure contracts - stepping away from those which don't support our long-term commercial ambitions - and reshape our organisation for future, profitable growth.

*Life Services:* our Life Services business strength translated to a +32% growth in underlying operating profit excluding cyber. Increased revenue and cost efficiency translated to profit across the half.

### Underlying net finance costs

	H1 2025	H1 2024	Var	Var %
<b>Total underlying finance costs</b>	<b>(£43m)</b>	<b>(£44m)</b>	<b>£1m</b>	<b>2%</b>
Non lease interest costs	(£21m)	(£26m)	£5m	19%
Non lease interest income	£9m	£14m	(£5m)	(36%)
Lease interest costs	(£31m)	(£32m)	£1m	3%

Net underlying interest expense is consistent with last year at £43m. Interest incurred on our borrowings is £5m favourable to last year (2024: £26m) following the repayment of a £200m sustainability bond in May 2024, offset by lower interest income generated on the deposits which were being held to repay the bond.

We expect our underlying finance costs to continue to reduce following paydown with cash of c.£119m of bond debt in December 2025, and the refinancing of our final bond; £350m in 2026 will be replaced with a pre-approved five-year term loan at a lower interest rate.

### Underlying profit / (loss) before tax

This combines our underlying operating profit / (loss) with the interest on our financing, lease debt and cash balances. As described previously, underlying loss before tax excludes the impact of the non-recurring cyber costs accounted for within non-underlying items but includes the cyber attack's impact on trade.

Underlying loss before tax for H1 2025 as reported was a loss of £75m, compared to a profit of £3m for last year. Excluding the non-adjusted cyber trade impact of £60m, Group underlying loss before tax would be down £18m on last year, driven by the cost increases discussed above, including National Insurance, Extended Producer Responsibility and aligning to the Real Living Wage.

### Statutory profit before tax (PBT)

This combines our underlying profit / (loss) before tax with the non-cash assessment of returns from our Funeralcare investment assets, and non-underlying items. Statutory PBT for H1 2025 was reported at a loss of £50m, down £108m on last year.

Funeral plan asset returns reduced to £53m from the prior year £70m. The returns achieved in 2024 were significantly above the longer-term average of c£50m per annum, as is the expected 2025 return. The non underlying items are shown below and were broadly flat year-on-year with additional one-off costs related to cyber, offset by no expected need to impair asset values this year with the focus on store profitability.

### Non-underlying items

	H1 2025	H1 2024	Var (£)
Non-underlying items	(£24m)	(£12m)	(£12m)
Cyber attack (incremental costs)	(£20m)	£0m	(£20m)
Property disposals and closures	£10m	£11m	(£1m)
Impairment credit / (charge)	£3m	(£24m)	£27m
Other	(£17m)	£1m	(£18m)

*Cyber attack:* £20m (HY24: £nil) of incremental, non-recurring costs incurred as a direct result of the cyber attack have been recognised within non-underlying items. These relate to incremental stock losses (£7m) and stock wastage (£6m) in our Food business, incremental third-party costs incurred with our professional service partners as well as incremental payroll costs incurred as part of the cyber recovery process (£5m) and bad debt provisions (£2m) arising as a direct result of the incident.

*Property disposals and closures:* we recorded a gain of £10m on the disposal of a small selection of Food stores and other non-trading properties during the period, as the proceeds received exceeded the net book value we were holding for those properties.

*Impairment of assets:* we recorded an impairment credit of £3m in the period. This relates to the reversal of previously recognised impairment of one of the floors in our support centre, following agreement of a sublet arrangement.

No other impairment charge has been recognised in the period (HY24: net impairment charge of £24m across Food, Wholesale and support functions). Despite the ongoing challenging trading conditions and increased costs of serving our customers, the performance of the Group's cash-generating units remain strong.

Management have also considered the impact of the recent cyber attack on the performance on our trading businesses and although a short-term impact has been experienced, our businesses, processes and systems are recovering.

*Other:* net charge of £17m (HY24: credit of £1m), with the main driver in current period being the £21m cost in relation to the newly-introduced Extended Producer Responsibility fees impacting entities that were a producer as

at 1 April 2025. The £21m disclosed within non-underlying items represents the element of the upfront charge not relating to the reported period. £7m of the total charge has been recognised in our underlying results.

## Cashflow

Cash generation	H1 2025	H1 2024	Var (£)	Var %
Underlying EBITDA	£145m	£224m	(£79m)	(35%)
Working capital and other	£72m	(£17m)	£89m	(524%)
<b>Net cash inflow from operating activities</b>	<b>£217m</b>	<b>£207m</b>	<b>£10m</b>	<b>5%</b>
Capex	(£131m)	(£117m)	(£14m)	12%
Lease payments - principal and interest	(£103m)	(£94m)	(£9m)	10%
Disposal proceeds	£8m	£21m	(£13m)	(62%)
Other	£25m	£23m	£2m	9%
<b>Net cash generation</b>	<b>£16m</b>	<b>£40m</b>	<b>(£24m)</b>	<b>(60%)</b>

EBITDA in the half was down by £79m due to the impact of the cyber attack and cost headwinds as previously discussed.

Cash inflow from operating activities at £217m is a strong result, despite the reduction in EBITDA, due to an improvement in working capital of £72m. The positive working capital rose through the first quarter of the year with phasing of payments and income across FY24 in FY25.

Capital investment continues to be stepped up in a managed way – £131m, up £14m or 12% – but is behind expectations due to disruption.

In H1, we were broadly cash neutral, versus our normal profile of cash generative in the first half. Our expectation in H2 is that cash generation will be negative, as that is our normal H2 profile. Co-op has sufficient headroom to support this.

## Net debt and cash

Group net debt	H1 2025	FY 2024	H1 2024	Var (£)
Group cash* and short-term investments	£428m	£420m	£434m	(£6m)
Interest-bearing loans and borrowings excl accrued interest on amortised debt	£471m	£475m	£476m	£5m
<b>Net debt (excluding lease liabilities and accrued interest on amortised debt)</b>	<b>(£43m)</b>	<b>(£55m)</b>	<b>(£42m)</b>	<b>(£1m)</b>
Lease liabilities	(£1,159m)	(£1,193m)	(£1,187m)	£28m
<b>Net debt (excluding accrued interest on amortised debt)</b>	<b>(£1,202m)</b>	<b>(£1,248m)</b>	<b>(£1,229m)</b>	<b>£27m</b>

Change in core net debt in period	H1 2025	H1 2024	Var (£)
<b>Opening core net debt</b>	<b>(£55m)</b>	<b>(£82m)</b>	<b>£27m</b>
Net cash generation	£16m	£40m	(£24m)
Restricted cash*	(£7m)	£0m	(£7m)
Non-cash movement on borrowings	£3m	£0m	£3m
<b>Closing core net debt</b>	<b>(£43m)</b>	<b>(£42m)</b>	<b>(£1m)</b>

\* Excludes £7m of restricted cash relating to premium receipts to be invested in funeral plan investments.

The careful management of our Co-op's liquidity and our strong financial position have aided our response to the cyber attack. We navigated this challenging period with access to our own cashflows, and with our rolling credit facility of £400m remaining undrawn.

At the interim balance sheet date, we had £496m of borrowings including accrued interest still to repay, with £119m falling due in December 2025, and the remainder by mid-2026. On 18 June 2025, the Group agreed a new five-year £350m term loan facility agreement with six major banking partners, linked to its ambitious sustainability and social impact targets. The facility remains undrawn at the interim balance sheet date. The Group intends to use the term loan to repay its upcoming 2026 £350m bond maturity.

On 7 July 2025, the Group entered into £175m of interest rate swap contracts, which will provide a cashflow hedge against 50% of the new £350m term loan.

Excluding restricted cash, our cash and short-term investments at half year stand at £428m. Combined with the undrawn £400m credit facility, we have available liquidity headroom of £0.8bn to navigate us through these volatile times.

## Balance sheet

Group net assets of £2.1bn remain in line with year-end. The proportion of liabilities that are current has increased as debt maturity dates have advanced. These are fully covered by cash and pre-agreed refinancing as described above; management have no concern with the increase in current net liabilities.

## Financial ratios

Ratios	H1 2025	H1 2024	Var
Leverage covenant ratio*	0.2x	(0.7x)	(1.0x)
Interest cover covenant ratio*	2.2x	2.7x	(0.5x)
Return on capital employed (ROCE)	1.9%	3.7%	(1.8%)

*\*Interest cover covenant - the ratio tests Co-op's ability to cover its financing costs from its earnings, and represents the ratio of adjusted EBITDA over adjusted net underlying finance costs.*

*Leverage covenant - the ratio compares our borrowings to our earnings, and represents the ratio of Group net debt, excluding lease liabilities, over adjusted EBITDA.*

The short term impact on earnings has naturally depressed the key financial ratios. Material headroom still exists to bank covenant triggers. The effects of the cyber attack here will progressively drop out of the rolling 12-month data, and we expect to return to normal levels.

## Summary

As mentioned, the cyber attack impact to H1 operating profit is £80m. Management estimate a further £40m impact on H2 as we face recovery costs and see volume levels return gradually.

It will take time to fully build back all systems and operations, taking the opportunity to build in more resilience to our Co-op. We also must recover customer and member trading behaviour at a time when conditions continue to be challenging.

As cost headwinds continue, so does our work to mitigate them. For the medium term, we are confident that these offsetting initiatives will return our Co-op to profitable growth, while also continuing to maintain a strong balance sheet.

## Key performance indicators (KPIs)

We use the following indicators to manage the performance of our Co-op. Being a profitable business with financial stability is essential in helping our Co-op to meet its strategic objectives and be there for our member-owners for generations to come. These measures help us assess and understand this stability.

These KPIs include both the statutory measures we're required to share under International Financial Reporting Standards (IFRS) and Alternative Performance Measures or APMs, which are consistent with how we measure our Co-op's performance internally and they help our members understand the underlying performance of our business too. The APMs are not meant to replace statutory measures under IFRS.

Our underlying APMs below exclude the incremental costs arising directly as a result of the cyber attack, reported as non-underlying in our half year condensed financial statements.

KEY PERFORMANCE INDICATORS	As reported**			Excl. all cyber impact***
	H1 2025	H1 2024	Var (£ / %)	Var (£ / %)
Total Group revenue	£5.5bn	£5.6bn	(2.1%)	1.5%
Underlying EBITDA*	£145m	£224m	(£79m)	(£19m)
Underlying operating (loss) / profit*	(£32m)	£47m	(£79m)	(£19m)
Underlying (loss) / profit before tax (PBT)*	(£75m)	£3m	(£78m)	(£18m)
Operating (loss) / profit	(£56m)	£35m	(£91m)	-
(Loss) / profit before tax (PBT)	(£50m)	£58m	(£108m)	-
Group net debt	(£1,202m)	(£1,229m)	£27m	-
Group net debt (excluding leases)*	(£43m)	(£42m)	(£1m)	-
Return on capital employed (ROCE)	1.9%	3.7%	(1.8%)	-

Variances excluding the total estimated impact of cyber, including the adverse trading impact to revenue and margin, are provided to aid understanding and is not an ongoing statutory or alternative performance measure (APM). Further divisional information provided below to aid the reader's understanding of the segmental analysis as provided in note 1 of the condensed financial statements.

<b>H1 25 CYBER ATTACK IMPACT</b>	<b>Cyber non-recurring costs - adjusted</b>	<b>Cyber estimated trade impact - not adjusted</b>	<b>Total estimated cyber impact</b>
<b>Total Group revenue</b>	-	<b>(£206m)</b>	<b>(£206m)</b>
Food Retail	-	(£163m)	(£163m)
B2B	-	(£34m)	(£34m)
Life Services	-	(£8m)	(£8m)
<b>Underlying operating (loss) / profit</b>	-	<b>(£60m)</b>	<b>(£80m)</b>
<b>Operating (loss) /profit</b>	<b>(£20m)</b>	<b>(£60m)</b>	<b>{£80m)</b>
Food Retail	(£12m)	(£53m)	(£66m)
B2B	(£1m)	£1m	-
Life Services	(£2m)	(£8m)	(£9m)
Central	(£5m)	-	(£5m)

<b>RECONCILIATION OF NET CASH GENERATION TO CASH AND NET DEBT</b>			
	<b>H1 2025</b>	<b>H1 2024</b>	<b>Var (£)</b>
<b>Net Cash generation</b>	<b>£16m</b>	<b>£40m</b>	<b>(£24m)</b>
Short term investments	£0m	£100m	(£100m)
Repayment of borrowings	(£1m)	(£201m)	£200m
<b>Net increase / (decrease) in cash</b>	<b>£15m</b>	<b>(£61m)</b>	<b>£76m</b>

<b>Opening net debt (excluding lease liabilities and accrued interest on amortised debt)</b>	<b>(£55m)</b>	<b>(£82m)</b>	<b>£27m</b>
Net cash generation	£16m	£40m	(£24m)
Restricted cash	(£7m)	£0m	(£7m)
Non-cash movement on borrowings	£3m	£0m	£3m
<b>Closing net debt (excluding lease liabilities and accrued interest on amortised debt)</b>	<b>(£43m)</b>	<b>(£42m)</b>	<b>(£1m)</b>
Lease liabilities	(£1,159m)	(£1,187m)	£28m
<b>Net debt (excluding accrued interest on amortised debt)</b>	<b>(£1,202m)</b>	<b>(£1,229m)</b>	<b>£27m</b>

\*A reconciliation of our Alternative Performance Measures (APMs) is included in our condensed financial statements. A full glossary of APMs and their definitions is included in the 2024 Annual Report and accounts

\*\*H1 2025 actuals as reported in the condensed financial statements and notes. All underlying measures exclude incremental costs of £20m directly arising as a result of the cyber attack, presented as non-underlying items.

\*\*\*The estimated adverse trading impact to revenue of £206m and associated profit impact of £60m, is reducing our underlying results. Variances excluding the total estimated impact of cyber is provided to aid understanding and is not an ongoing statutory or alternative performance measure (APM).

# Principal risks and uncertainties

Risk helps inform our strategy, and our ability to execute it. By assessing external market risks, and internal operational risk in the context of delivering our objectives, we can prioritise investment in the right controls to protect and grow our Co-op.

Our Board and Risk and Audit Committee evaluate the principal risks to our business and assess our alignment with our risk appetite. They also consider emerging risks and any changes in the internal or external environment likely to impact our business. Through our governance processes, we regularly review our risks along with the relevant mitigating controls and will take action where required. The Board and Risk and Audit Committee have reviewed the following principal risks and uncertainties that could impact our Co-op.

## Cyber incident and response

In April, we experienced a sophisticated, multi-stage cyber attack. We worked closely with the National Cyber Security Centre (NCSC) and the National Crime Agency (NCA), who confirmed the nature of the incident and supported our response. Their involvement was crucial, given the growing threat of organised cyber crime, targeting UK organisations.

Our layered cyber defence strategy, supported by our incident management framework, enabled us to contain the attack, prevent further unauthorised access, and minimise disruption for our members, customers, colleagues and partners. This response was made possible by our continued investment in security capabilities and regular crisis simulation exercises.

As part of our recovery, we accelerated planned cyber defence investments and continue to evolve our approach in line with emerging threats. We remain committed to best practices and national collaboration to ensure Co-op stays resilient and secure.

## Our principal risks

For the first half of 2025 our risks remain broadly the same as we reported in our 2024 Annual Report and Accounts. Should our principal risks materialise, they would have the most impact on our ability to deliver our strategic objectives and meet our commitment to grow and protect value for our member-owners and the communities we serve.

Risk	Description
Change	We will make changes to the way we operate through our board-approved plan. If our plans are not delivered in an effective way, we will not realise the benefits of our change programmes.
Competitiveness and External Environment	The competitive and economic landscape in which we operate means that we need to monitor our growth targets, propositions and competitor behaviour to remain viable and innovative.
Brand and Reputation	We set high standards in the way we operate our business. Our Co-op Difference means we are owned by and run for the benefit of our members. As a co-operative, we reflect our Values and Principles and consider wider social and ethical impacts within our decision making, so that we can be commercially successful and sustainable. If we do not meet these standards there is a risk to our reputation.
Funding and Liquidity	The Group relies on a combination of cash flow generation and external funding (where needed) to run its businesses. A deterioration in economic conditions or unforeseen events, like the recent cyber attack, may impact the Group's liquidity and require our Co-op to take mitigating action to ensure adequate funding and sufficient headroom in our cashflows is maintained. Such mitigation could include reducing or delaying capital expenditure, eliminating discretionary costs and/or disposal of non-core assets.

<b>Risk</b>	<b>Description</b>
Technology and Cyber Threats	We electronically store and process data on our members, colleagues, customers and partners. We are reliant on technology to deliver our business operations, so theft of data or a cyber attack could significantly disrupt our business.
People	Our ability to attract and retain colleagues with relevant skills and experience while fostering a diverse and fairer workplace is important to achieving a strong, competitive Co-op. If we do not continue to recruit talent and invest in our colleagues, then it may impact our operations and our ability to deliver on our strategic plans.
Misuse and / or Loss of Personal Data	We hold personal information of our members, colleagues and customers. We need to make sure we protect and manage this responsibly.
Health & Safety and Security	We have a duty of care to protect our colleagues, customers and third parties. Failure to carry out this duty effectively may result in adverse legal, financial and reputational impacts.
Supply Chain and Operational Resilience	If we are unable to prevent, adapt or respond to a major failure or external event to a key part of our business or supply chain, it could significantly affect the availability and quality of products and services delivered to our members, colleagues, customers and partners.
Regulatory Compliance	Our Co-op is subject to laws and regulations across its businesses. Failure to respond to changes in regulations or to stay compliant could affect profitability, our reputation (through fines and sanctions from our regulators) and our licence to operate.
Pre-need Funeral Plan Obligations	The measurement of our pre-paid funeral plan obligations is sensitive to changes in several factors. Adverse movements could result in lower-than-expected funds being available and the business receiving a lower amount for each funeral or result in individual contracts becoming onerous.
Environment and Sustainability	The way we run our business operations and the products and services we provide is affected by local and global social and environmental events. Running our Co-op sustainably is essential to achieving our Co-op's goals and meeting our ambition of becoming Net Zero for Scope 1 and 2 emissions by 2035 and for Scope 3 emissions by 2040.

You can find further details of our principal risks on pages 26-34 of our [Annual Report](#).



## **Responsibility statement of the Directors in respect of the half-yearly financial report**

We confirm to the best of our knowledge that:

- This condensed set of interim financial statements has been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted with the requirements of the Companies Act 2006; and
- That the interim management report herein includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year.

A list of current directors is maintained on [www.co-operative.coop](http://www.co-operative.coop).

By order of the Board

Dominic Kendal-Ward

Group Secretary & General Counsel

24 September 2025

## Condensed Consolidated Income Statement

for the 26 weeks ended 5 July 2025

		26 weeks ended 5 July 2025 (unaudited)	26 weeks ended 6 July 2024 (unaudited)	52 weeks ended 4 January 2025 (audited)
	Notes	£m	£m	£m
Revenue (excluding funeral plans)		5,435	5,556	11,188
Insurance revenue (funeral plans)	10	49	47	91
<b>Total Revenue</b>	1	<b>5,484</b>	5,603	11,279
Operating expenses (excluding funeral plans)*		(5,511)	(5,540)	(11,108)
Insurance service expenses (funeral plans)	10	(46)	(51)	(81)
Other income*		17	23	61
<b>Operating (loss) / profit</b>	1	<b>(56)</b>	35	151
Finance income	2	75	96	154
Finance costs (excluding funeral plans)	3	(58)	(63)	(126)
Insurance finance expenses (funeral plans)	3, 10	(11)	(10)	(18)
<b>(Loss) / profit before tax</b>		<b>(50)</b>	58	161
Taxation	4	(4)	(19)	(63)
<b>(Loss) / profit for the period</b>		<b>(54)</b>	39	98

\* The comparative period (the 26 weeks ended 6 July 2024) has been represented to show gains on property disposals and revaluations as Other income (previously included within Operating expenses). This is consistent with the presentation adopted for the 52 weeks ended 4 January 2025.

The accompanying notes on pages 23 - 36 form an integral part of these financial statements.

## Reconciliation to Underlying performance measures (APMs\*)

		26 weeks ended 5 July 2025 (unaudited)	26 weeks ended 6 July 2024 (unaudited)	52 weeks ended 4 January 2025 (audited)
	Notes	£m	£m	£m
Operating (loss) / profit (as above)		(56)	35	151
Add back / (deduct):				
- Property disposals and closures	1	(10)	(11)	(19)
- Impairment (credit) / charge on non-current assets	1	(3)	24	18
- Change in value of investment properties	1	(3)	(7)	(14)
- Cyber attack (incremental costs)	1	20	-	-
- Other non-underlying items	1	20	6	(5)
<b>Underlying operating (loss) / profit *</b>		<b>(32)</b>	47	131
Less net underlying interest payable	3	(12)	(12)	(22)
Less net underlying interest expense on leases	2, 3	(31)	(32)	(64)
<b>Underlying (loss) / profit before tax *</b>		<b>(75)</b>	3	45

\* Refer to note 1 for a definition of underlying operating (loss) / profit and underlying (loss) / profit before tax. Further details on the Group's alternative performance measures (APMs) can be found in the Glossary section of the Group's 2024 Annual Report & Accounts.

# Condensed Consolidated Statement of Comprehensive Income

for the 26 weeks ended 5 July 2025

		26 weeks ended 5 July 2025 (unaudited) £m	26 weeks ended 6 July 2024 (unaudited) £m	52 weeks ended 4 January 2025 (audited) £m
	Notes			
<b>(Loss) / profit for the period</b>		<b>(54)</b>	39	98
<b>Items that will never be reclassified to the income statement:</b>				
Remeasurement gains / (losses) on employee pension schemes	5	<b>5</b>	(13)	8
Related tax on items above	4	<b>(2)</b>	3	(2)
		<b>3</b>	(10)	6
<b>Items that are or may be reclassified to the income statement:</b>				
Revaluation gain on properties prior to transfer to Investment properties		-	2	3
Insurance finance (expense) / income on funeral plans	10	<b>(26)</b>	73	94
Tax on funeral plan liabilities (insurance contracts)	4	<b>7</b>	(18)	(24)
		<b>(19)</b>	57	73
<b>Other comprehensive (loss) / income for the period net of tax</b>		<b>(16)</b>	47	79
<b>Total comprehensive (loss) / income for the period</b>		<b>(70)</b>	86	177

The accompanying notes on pages 23 - 36 form an integral part of these financial statements.

# Condensed Consolidated Balance Sheet

as at 5 July 2025

		As at 5 July 2025 (unaudited)	As at 6 July 2024 (unaudited)	As at 4 January 2025 (audited)
	Notes	£m	£m	£m
<b>Non-current assets</b>				
Property, plant and equipment		1,545	1,521	1,556
Right-of-use assets		790	779	805
Goodwill and intangible assets		928	913	924
Investment properties		50	41	51
Investments in associates and joint ventures		5	5	5
Funeral plan investments	9	1,456	1,411	1,414
Pension assets (net pension assets for schemes in surplus)	5	309	334	328
Trade and other receivables		6	6	6
Finance lease receivables		18	22	20
Deferred tax assets	4	-	18	-
<b>Total non-current assets</b>		<b>5,107</b>	<b>5,050</b>	<b>5,109</b>
<b>Current assets</b>				
Inventories		441	447	457
Trade and other receivables		594	562	602
Finance lease receivables		6	6	6
Derivatives		-	1	-
Short-term investments		100	100	100
Cash and cash equivalents		335	334	320
<b>Total current assets</b>		<b>1,476</b>	<b>1,450</b>	<b>1,485</b>
<b>Total assets</b>		<b>6,583</b>	<b>6,500</b>	<b>6,594</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	6	354	470	358
Lease liabilities	6	976	1,022	1,020
Trade and other payables		2	12	9
Insurance and re-insurance contract liabilities (funeral plans)	10	966	985	932
Derivatives		3	9	6
Provisions		45	59	47
Pension liabilities (net pension liabilities for schemes in deficit)	5	3	3	3
Deferred tax liabilities	4	37	-	38
<b>Total non-current liabilities</b>		<b>2,386</b>	<b>2,560</b>	<b>2,413</b>
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	6	142	32	126
Lease liabilities	6	183	165	173
Trade and other payables		1,622	1,533	1,555
Insurance and re-insurance contract liabilities (funeral plans)	10	78	58	77
Derivatives		2	2	3
Provisions		41	44	49
<b>Total current liabilities</b>		<b>2,068</b>	<b>1,834</b>	<b>1,983</b>
<b>Total liabilities</b>		<b>4,454</b>	<b>4,394</b>	<b>4,396</b>
Members' share capital		78	76	77
Retained earnings		2,039	2,019	2,109
Other reserves		12	11	12
<b>Total equity</b>		<b>2,129</b>	<b>2,106</b>	<b>2,198</b>
<b>Total equity and liabilities</b>		<b>6,583</b>	<b>6,500</b>	<b>6,594</b>

The accompanying notes on pages 23 - 36 form an integral part of these financial statements.

# Condensed Consolidated Statement of Changes in Equity

for the 26 weeks ended 5 July 2025

For the 26 weeks ended 5 July 2025 (unaudited)		Members' share capital	Retained earnings	Other reserves	Total equity
	Notes	£m	£m	£m	£m
<b>Balance at 4 January 2025</b>		<b>77</b>	<b>2,109</b>	<b>12</b>	<b>2,198</b>
(Loss) / profit for the period		-	(54)	-	(54)
<u>Other comprehensive income / (losses):</u>					
Remeasurement gains on employee pension schemes	5	-	5	-	5
Tax on items taken directly to other comprehensive income	4	-	(2)	-	(2)
Insurance finance expense (funeral plans)	10	-	(26)	-	(26)
Tax on funeral plan liabilities (insurance contracts)	4	-	7	-	7
<b>Total other comprehensive loss</b>		<b>-</b>	<b>(16)</b>	<b>-</b>	<b>(16)</b>
Shares issued less shares withdrawn		1	-	-	1
<b>Total of items taken directly to retained earnings</b>		<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Balance at 5 July 2025</b>		<b>78</b>	<b>2,039</b>	<b>12</b>	<b>2,129</b>

For the 26 weeks ended 6 July 2024 (unaudited)		Members' share capital	Retained earnings	Other reserves	Total equity
	Notes	£m	£m	£m	£m
<b>Balance at 6 January 2024</b>		<b>76</b>	<b>1,935</b>	<b>9</b>	<b>2,020</b>
Profit for the period		-	39	-	39
<u>Other comprehensive income / (losses):</u>					
Remeasurement losses on employee pension schemes	5	-	(13)	-	(13)
Tax on items taken directly to other comprehensive income	4	-	3	-	3
Insurance finance income (funeral plans)	10	-	73	-	73
Tax on funeral plan liabilities (insurance contracts)		-	(18)	-	(18)
Revaluation gain on properties prior to transfer to Investment properties		-	-	2	2
<b>Total other comprehensive income</b>		<b>-</b>	<b>45</b>	<b>2</b>	<b>47</b>
<b>Balance at 6 July 2024</b>		<b>76</b>	<b>2,019</b>	<b>11</b>	<b>2,106</b>

For the 52 weeks ended 4 January 2025 (audited)		Members' share capital	Retained earnings	Other reserves	Total equity
	Notes	£m	£m	£m	£m
<b>Balance at 6 January 2024</b>		<b>76</b>	<b>1,935</b>	<b>9</b>	<b>2,020</b>
Profit for the period		-	98	-	98
<u>Other comprehensive income / (losses):</u>					
Remeasurement gains on employee pension schemes	5	-	8	-	8
Tax on items taken directly to other comprehensive income	4	-	(2)	-	(2)
Insurance finance income (funeral plans)	10	-	94	-	94
Tax on funeral plan liabilities (insurance contracts)		-	(24)	-	(24)
Revaluation gain on properties prior to transfer to Investment properties		-	-	3	3
<b>Total other comprehensive income</b>		<b>-</b>	<b>76</b>	<b>3</b>	<b>79</b>
Shares issued less shares withdrawn		1	-	-	1
<b>Total of items taken directly to retained earnings</b>		<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Balance at 4 January 2025</b>		<b>77</b>	<b>2,109</b>	<b>12</b>	<b>2,198</b>

The accompanying notes on pages 23 - 36 form an integral part of these financial statements.

# Condensed Consolidated Statement of Cash Flows

for the 26 weeks ended 5 July 2025

		26 weeks ended 5 July 2025 (unaudited) £m	26 weeks ended 6 July 2024 (unaudited) £m	52 weeks ended 4 January 2025 (audited) £m
	Notes			
<b>Net cash from operating activities</b>	7	<b>217</b>	207	456
Cash flows from investing activities:				
Purchase of property, plant and equipment		(113)	(93)	(248)
Proceeds from sale of property, plant and equipment		8	16	24
Purchase of intangible assets		(18)	(24)	(25)
Disposal of business		-	5	5
Disposal of petrol forecourts		-	-	5
Purchase of investments for pre-paid funeral plans sales	9	(46)	(50)	(90)
Receipts from funds for pre-paid funeral plans performed and cancelled	9	57	56	110
Purchase of short-term investments		-	-	(100)
Proceeds from the sale of short-term investments		-	100	200
Dividends received from investments		-	1	1
Interest received on subleases		1	1	2
Rent received on subleases		4	4	8
Interest received on deposits		13	20	28
<b>Net cash (used in) / generated from investing activities</b>		<b>(94)</b>	36	(80)
Cash flows from financing activities:				
Interest paid on borrowings		(4)	(9)	(53)
Interest paid on lease liabilities		(33)	(33)	(67)
Repayment of borrowings	6	-	(200)	(204)
Decrease in other borrowings	6	(1)	(1)	-
Payment of lease liabilities		(70)	(61)	(126)
Derivative settlements		(1)	-	(2)
Share capital		1	-	1
<b>Net cash used in financing activities</b>		<b>(108)</b>	(304)	(451)
Net increase / (decrease) in cash and cash equivalents		<b>15</b>	(61)	(75)
Cash and cash equivalents at beginning of period		<b>320</b>	395	395
<b>Cash and cash equivalents at end of period</b>		<b>335</b>	334	320

The accompanying notes on pages 23 - 36 form an integral part of these financial statements.

		As at 5 July (unaudited) £m	As at 6 July 2024 (unaudited) £m	As at 4 January (audited) £m
Group net debt	Notes			
Interest-bearing loans and borrowings		(496)	(502)	(484)
Lease liabilities		(1,159)	(1,187)	(1,193)
<b>Total debt</b>		<b>(1,655)</b>	(1,689)	(1,677)
- Group cash*		<b>328</b>	334	320
- Short-term investments		<b>100</b>	100	100
<b>Group net debt</b>	6	<b>(1,227)</b>	(1,255)	(1,257)
Add back: accrued interest on amortised debt		<b>25</b>	26	9
<b>Group net debt (excluding accrued interest on amortised debt)</b>	6	<b>(1,202)</b>	(1,229)	(1,248)
<b>Group net debt (excluding lease liabilities and accrued interest on amortised debt)</b>		<b>(43)</b>	(42)	(55)

\* The Group cash value used in our Net debt APM metric above excludes £7m of restricted cash relating to premium receipts to be invested in funeral plan investments.

# Notes to the interim financial statements

## 1 Operating segments

The Group identifies its operating segments based on its divisions, which are organised according to the different products and services we offer to our customers. The operating segments (and the captions) reported below are based on the periodic results reported into the Chief Operating Decision Maker which is the Board and where the respective division's results meet the minimum reporting thresholds set out in IFRS 8 (Operating Segments). Our other holding and support companies are included within Support functions.

26 weeks ended 5 July 2025 (unaudited)	Food £m	Federal (b) £m	Wholesale (b) £m	Funeral £m	Legal £m	Insurance £m	Support functions £m	Total £m
<b>Revenue from external customers</b>	<b>3,620</b>	<b>971</b>	<b>683</b>	<b>157</b>	<b>40</b>	<b>13</b>	-	<b>5,484</b>
Cost of goods and services	(2,518)	(971)	(603)	(19)	(3)	-	-	(4,114)
Employee benefits expense	(606)	-	(11)	(56)	(18)	(2)	(78)	(771)
Distribution and other costs and income	(485)	-	(79)	(73)	(9)	(6)	21	(631)
<b>Underlying operating (loss) / profit (a)</b>	<b>11</b>	-	<b>(10)</b>	<b>9</b>	<b>10</b>	<b>5</b>	<b>(57)</b>	<b>(32)</b>
Property disposals and closures (a) (i)	(1)	-	-	-	-	-	11	10
Impairment credit on non-current assets (a) (ii)	-	-	-	-	-	-	3	3
Change in value of investment properties	-	-	-	-	-	-	3	3
Cyber attack (incremental costs) (a) (iii)	(13)	-	-	(2)	-	-	(5)	(20)
Other non-underlying items (a) (iv)	(17)	-	(3)	-	-	-	-	(20)
<b>Operating (loss) / profit</b>	<b>(20)</b>	-	<b>(13)</b>	<b>7</b>	<b>10</b>	<b>5</b>	<b>(45)</b>	<b>(56)</b>
Profit before tax (funerals only) (d)				56				56
Depreciation and amortisation	148	-	4	15	-	-	10	177
<b>EBITDA (c)</b>	<b>128</b>	-	<b>(9)</b>	<b>22</b>	<b>10</b>	<b>5</b>	<b>(35)</b>	<b>121</b>
<b>Underlying EBITDA (c)</b>	<b>159</b>	-	<b>(6)</b>	<b>24</b>	<b>10</b>	<b>5</b>	<b>(47)</b>	<b>145</b>

Funeral revenue comprises £49m (HY24: £47m; FY24: £91m) in relation to pre-need funeral plans and £108m (HY24: £101m; FY24: £198m) for at-need funerals.

Food provides a wholesale service to other independent co-operative societies on a cost recovery basis. The cost of this service amounting to £79m (HY24: £76m) is shown in Cost of goods and services in the Federal segment, with the corresponding income in Food presented in Distribution and other costs and income line. In addition, group central cost recharges to other business segments amounting to £105m (HY24: £104m) are included within the Distribution and other costs and income line.

26 weeks ended 6 July 2024 (unaudited)	Food £m	Federal (b) £m	Wholesale (b) £m	Funeral £m	Legal £m	Insurance £m	Support functions £m	Total £m
<b>Revenue from external customers</b>	3,677	1,023	698	148	42	15	-	5,603
Cost of goods and services	(2,549)	(1,023)	(619)	(16)	(4)	-	-	(4,211)
Employee benefits expense	(577)	-	(9)	(56)	(16)	(2)	(69)	(729)
Distribution and other costs and income	(466)	-	(78)	(75)	(8)	(4)	15	(616)
<b>Underlying operating profit / (loss) (a)</b>	<b>85</b>	-	<b>(8)</b>	<b>1</b>	<b>14</b>	<b>9</b>	<b>(54)</b>	<b>47</b>
Property disposals and closures (a) (i)	6	-	1	-	-	-	4	11
Impairment of non-current assets (a) (ii)	(22)	-	(1)	-	-	-	(1)	(24)
Loss on onerous contracts (funeral plans)	-	-	-	(6)	-	-	-	(6)
Change in value of investment properties	-	-	-	-	-	-	7	7
Other non-underlying items (a) (iv)	13	-	-	-	-	-	(13)	-
<b>Operating profit / (loss)</b>	<b>82</b>	-	<b>(8)</b>	<b>(5)</b>	<b>14</b>	<b>9</b>	<b>(57)</b>	<b>35</b>
Profit before tax (funerals only) (d)				63				63
Depreciation and amortisation	148	-	4	14	-	-	11	177
<b>EBITDA (c)</b>	<b>230</b>	-	<b>(4)</b>	<b>9</b>	<b>14</b>	<b>9</b>	<b>(46)</b>	<b>212</b>
<b>Underlying EBITDA (c)</b>	<b>233</b>	-	<b>(4)</b>	<b>15</b>	<b>14</b>	<b>9</b>	<b>(43)</b>	<b>224</b>

## Notes to the interim financial statements continued

### 1 Operating segments continued

52 weeks ended 4 January 2025	Food	Federal (b)	Wholesale (b)	Funeral	Legal	Insurance	Support functions	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Revenue from external customers</b>	7,403	2,076	1,399	289	84	28	-	11,279
Cost of goods and services	(5,056)	(2,076)	(1,220)	(35)	(8)	-	-	(8,395)
Employee benefits expense	(1,181)	-	(18)	(106)	(35)	(5)	(174)	(1,519)
Distribution and other costs and income	(965)	-	(162)	(149)	(14)	(8)	64	(1,234)
<b>Underlying operating profit / (loss) (a)</b>	201	-	(1)	(1)	27	15	(110)	131
Property disposals and closures (a) (i)	7	-	1	-	-	-	11	19
Impairment of non-current assets (a) (ii)	(17)	-	(1)	-	-	-	-	(18)
Change in value of investment properties	-	-	-	-	-	-	14	14
Other non-underlying items (a) (iv)	19	-	(1)	(8)	-	-	(5)	5
<b>Operating profit / (loss) (a)</b>	210	-	(2)	(9)	27	15	(90)	151
Profit before tax (Funerals only) (d)				103				
Depreciation and amortisation	293	-	6	29	1	-	21	350
<b>EBITDA (c)</b>	503	-	4	20	28	15	(69)	501
<b>Underlying EBITDA (c)</b>	494	-	5	28	28	15	(89)	481

a) Underlying operating profit / (loss) is a non-GAAP measure of operating profit / (loss) before the impact of non-underlying items, as detailed in notes (i) - (iv) below. Underlying profit / (loss) before tax includes charges for underlying interest on our borrowings and leases. The Directors believe that these Alternative Performance Measures ("APMs") help our members understand our Group's and business segments underlying performance. Further details on the Group's APMs is given in the Glossary section of the Group's 2024 Annual Report & Accounts (page 226). The difference between underlying operating profit / (loss) and operating profit / (loss) includes:

i) Gains from property and business disposals of £10m (HY24: £11m gain) primarily relate to disposals of non-core property held in Support functions.

ii) Impairment credit of £3m (HY24: £24m charge across Food, Wholesale and Support functions) relates to the reversal of previously recognised impairment of one of the floors in our support centre following agreement of a sublet arrangement.

The Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets and goodwill to determine whether there is any indication that those assets have suffered an impairment loss. This review is performed annually or in the event where indicators of impairment are present. At 5 July 2025, the Group has considered whether general ongoing uncertainty in the wider macro-economic environment has the potential to represent a significant impairment indicator as at 5 July 2025. Despite the challenging trading conditions and increased costs of serving our customers the Group's main business areas have proven resilient and the performance of the Group's cash-generating units remains strong. In addition, management have considered the impact of the recent cyber-attack on the performance on our trading businesses and although a short-term impact has been experienced our businesses, processes and systems are recovering well. Therefore, management have concluded that no indicators of impairment exist as at 5 July 2025 and hence a full impairment assessment across all CGUs was not required. This judgement is unchanged from 4 January 2025.

iii) During the period our Co-op was the victim of a cyber attack (April 2025). Our proactive cyber containment, defensive action and subsequent recovery has impacted our financials in the period across multiple areas, with a reducing impact in the second half of the year. Incremental, non recurring costs relating to additional activities and costs incurred as a direct result of the cyber attack totalling £20m (HY24: £nil) have been recognised within non-underlying items. These mainly relate to incremental stock losses (£7m) and stock wastage (£6m) in our Food business (£13m), incremental third party costs incurred with our professional services partners as well as incremental payroll costs incurred as part of the cyber recovery process (£5m) and bad debt provisions (£2m) arising as a direct result of the incident.

Full analysis of the cyber impact on our Co-op is included in the Financial Review section of the front of the RNS. The direct adverse impacts to sales of £206m and margin of £60m, where systems were curtailed and manual processing restricted volumes as well as the tail of recovering customer and member behaviours, remain in our underlying operating results.

iv) Other non-underlying items charge of £20m (HY24: £nil); this includes a £21m charge that relates to the newly introduced extended producer responsibility (pEPR) fees, under the Producer Responsibility Obligations Regulations 2024 which passed into law on 11 December 2024 and is impacting entities that were a producer in the year beginning 1 April 2025. The £21m disclosed within non-underlying items, represents the element of the upfront charge booked on the 1 April 2025 not relating to the reported period following an apportionment across the application period, split across Food (£18m) and Wholesale (£3m). £7m of the total charge has been recognised in our underlying results.



## Notes to the interim financial statements continued

### 1 Operating segments continued

b) Federal relates to the activities of a joint buying group that is operated by the Group for other independent co-operative societies. This is run on a cost recovery basis and therefore no profit is derived from its activities. Wholesale revenue includes sales from our Franchise business.

c) Details of the Group's APMs (alternative performance measures) including EBITDA can be found in the Glossary section of the Group's 2024 Annual Report & Accounts (page 226).

d) The Funeral segment includes the results of our pre-need funeral plan business recorded under IFRS 17 (Insurance Contracts). Underlying operating profit remains an important performance measure and basis of our segmental reporting, however for the Funeral segment we consider that this should be reviewed alongside other metrics to understand the performance of the Funeralcare business. As such we have included profit before tax as an additional metric in the segmental tables for the Funeral business to aid a reader's understanding of the performance of that business.

Funerals segment (£m)	26 weeks ended 5 July 2025 (unaudited) £m	26 weeks ended 6 July 2024 (unaudited) £m	52 weeks ended 4 January 2025 (audited) £m
<b>Operating profit / (loss)</b>	<b>7</b>	(5)	(9)
Finance income (funeral plans)	<b>53</b>	70	102
Finance cost (funeral plans)	<b>(11)</b>	(10)	(18)
Finance income (other)	<b>8</b>	9	30
Finance costs (other)	<b>(1)</b>	(1)	(2)
<b>Profit before tax</b>	<b>56</b>	63	103
<b>Net cash from operating activities</b>	<b>22</b>	(2)	20

e) A reconciliation between underlying operating (loss) / profit and (loss) / profit before tax is provided below:

Reconciliation between underlying operating (loss) / profit and (loss) / profit before tax	Notes	26 weeks ended 5 July 2025 (unaudited) £m	26 weeks ended 6 July 2024 (unaudited) £m	52 weeks ended 4 January 2025 (audited) £m
<b>Underlying operating (loss) / profit</b>	1	<b>(32)</b>	47	131
Underlying net interest on loans and deposits	2, 3	<b>(12)</b>	(12)	(22)
Underlying net interest expense on leases	2, 3	<b>(31)</b>	(32)	(64)
<b>Underlying (loss) / profit before tax</b>		<b>(75)</b>	3	45
Property disposals and closures	1	<b>10</b>	11	19
Impairment credit / (charge) on non-current assets	1	<b>3</b>	(24)	(18)
Change in value of investment properties	1	<b>3</b>	7	14
Cyber attack (incremental costs)	1	<b>(20)</b>	-	-
Other non-underlying items	1	<b>(20)</b>	-	5
Loss on onerous contracts (funeral plans)	1	-	(6)	-
Finance income (net pension income)	1	<b>9</b>	8	17
Fair value movement on interest rate swaps	2	<b>1</b>	1	3
Fair value movement on quoted Group debt	2	<b>2</b>	(2)	(3)
Finance income (funeral plans)	2	<b>53</b>	70	102
Finance costs (funeral plans)	3	<b>(11)</b>	(10)	(18)
Other non-underlying finance income	2	-	2	5
Other non-underlying finance interest	3	<b>(5)</b>	(2)	(10)
<b>(Loss) / profit before tax</b>		<b>(50)</b>	58	161

## Notes to the interim financial statements continued

### 2 Finance income

	26 weeks ended 5 July 2025 (unaudited) £m	26 weeks ended 6 July 2024 (unaudited) £m	52 weeks ended 4 January 2025 (audited) £m
<i>Underlying finance income:</i>			
Interest income from finance lease receivables	1	1	2
Interest receivable on deposits	9	14	25
<b>Total underlying finance income</b>	<b>10</b>	<b>15</b>	<b>27</b>
<i>Non-underlying finance income:</i>			
Net pension finance income	9	8	17
Fair value movement on interest rate swaps	1	1	3
Fair value movement on quoted Group debt	2	-	-
Unrealised fair value movement on funeral plan investments	53	70	102
Other non-underlying finance income	-	2	5
<b>Total non-underlying finance income</b>	<b>65</b>	<b>81</b>	<b>127</b>
<b>Total finance income</b>	<b>75</b>	<b>96</b>	<b>154</b>

### 3 Finance costs

	26 weeks ended 5 July 2025 (unaudited) £m	26 weeks ended 6 July 2024 (unaudited) £m	52 weeks ended 4 January 2025 (audited) £m
<i>Underlying finance costs:</i>			
Interest on loans (all repayable within five years)	(21)	(26)	(47)
Interest expense on lease liabilities	(32)	(33)	(66)
<b>Total underlying finance cost</b>	<b>(53)</b>	<b>(59)</b>	<b>(113)</b>
<i>Non-underlying finance costs:</i>			
Fair value movement on quoted Group debt	-	(2)	(3)
Other non-underlying finance interest	(5)	(2)	(10)
Insurance finance expenses (funeral plans)	(11)	(10)	(18)
<b>Total non-underlying finance cost</b>	<b>(16)</b>	<b>(14)</b>	<b>(31)</b>
<b>Total finance costs</b>	<b>(69)</b>	<b>(73)</b>	<b>(144)</b>

## Notes to the interim financial statements continued

### 4 Taxation

The Group does not expect to be tax-paying in respect of its half-year results due to the availability of brought forward tax losses and allowances. The tax charge therefore relates to forecast use or movements of deferred tax assets or liabilities.

The tax charge in respect of continuing operations of £4m (26 weeks ended 6 July 2024: charge of £19m; and 52 weeks ended 4 January 2025: charge of £63m) and effective tax rate of (8)% (26 weeks ended 5 July 2024: 33%; and 52 weeks ended 4 January 2025: 39%) relates to:

1. A review of the effective tax rate for the full year has been applied to the underlying trading results (excluding recurring net pension credits taken to the income statement) - this results in a tax credit of £1m.
2. A review of material non-underlying profit transactions reflected in the 26 week period ended 5 July 2025 gave rise to a £5m tax charge. See Note 1 for more detail of non-underlying profit movements.
3. There has been no material change in the status of any HMRC enquiries in the first half of the year, as such the uncertain tax risk provision for existing enquiries remains unchanged from as at 4 January 2025, being £nil.
4. The Finance Act 2021 enacted the Corporation Tax rate rise from 19% to 25% on 1 April 2023. The deferred tax assets and liabilities of the Group were restated to the prevailing 25% tax rate in 2021. Current year movement in deferred tax is therefore aligned to the current 25% Corporation tax rate for 2025.

A debit of £2m has been posted to other comprehensive income in respect of the deferred tax recognised on the actuarial movement arising on the Group's pension schemes. In addition a credit of £7m has been posted to other comprehensive income in respect of deferred tax recognised on movements on funeral plans. No deferred tax has been recognised in respect of the revaluation gain on properties recognised in other comprehensive income as the amount is immaterial.

The net deferred tax liability of the Group at half year is £37m (as at 6 July 2024: £18m asset; and 4 January 2025: £38m liability) and the Corporation tax creditor for continuing operations is £nil.

Deferred taxes in respect of brought forward tax losses and allowances are fully recognised and offset against deferred tax liabilities. A reconciliation of the restated opening deferred tax balance to the closing balance is set out below:

Movements in deferred tax in period to 5 July 2025	26 weeks ended 5 July 2025 (unaudited) £m
At beginning of the year (net liability)	(38)
<u>Charged to the Income Statement:</u>	
- Current period movement	(4)
<u>Credit / (charge) to equity:</u>	
- Employee pension schemes	(2)
- IFRS 17 funeral plans	7
At end of period (net liability)	(37)

## Notes to the interim financial statements continued

### 5 Pensions

Net retirement benefit asset	5 July 2025 (unaudited) £m	6 July 2024 (unaudited) £m	4 January 2025 (audited) £m
Pension schemes in surplus	309	334	328
Pension schemes in deficit	(3)	(3)	(3)
<b>Closing net retirement benefit asset</b>	<b>306</b>	331	325

Net retirement benefit asset	26 weeks ended 5 July 2025 (unaudited) £m	26 weeks ended 6 July 2024 (unaudited) £m	52 weeks ended 4 January 2025 (audited) £m
Pace	208	256	229
Somerfield scheme	72	70	70
United scheme	29	8	28
<b>Total net assets</b>	<b>309</b>	334	327
Unfunded liabilities	(3)	(3)	(3)
<b>Total Liabilities</b>	<b>(3)</b>	(3)	(3)

<b>Net retirement benefit asset</b>	<b>306</b>	331	324
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The majority of pensions benefits are now bought in with an insurance company and for those benefits the value of the assets is equal to the value of the liabilities, resulting in a relatively stable balance sheet. The reduction in the net asset primarily reflects the Pace DC contributions funded from the Pace DB surplus.

The principal assumptions used to determine the liabilities of the Pace pension scheme were:

Assumptions	5 July 2025 (unaudited)	6 July 2024 (unaudited)	4 January 2025 (audited)
Discount rate	5.67%	5.07%	5.54%
RPI Inflation rate	3.18%	3.37%	3.39%
Pension increases in payment (RPI capped at 5.0% p.a.)	3.01%	3.15%	3.17%
Future salary increases	3.43%	3.62%	3.64%

Net Retirement benefit asset	5 July 2025 (unaudited) £m	6 July 2024 (unaudited) £m	4 January 2025 (audited) £m
Opening net retirement benefit attributable to Group	325	356	356
Admin expenses paid from plan assets	(3)	(3)	(6)
Net finance income	9	8	17
Employer contributions	1	1	2
Pace DC contributions*	(31)	(18)	(52)
Remeasurement gains / (losses)	5	(13)	8
<b>Closing net retirement benefit asset</b>	<b>306</b>	331	325

\* From March 2024, following the completion of the final Insurance transaction in 2023, the Trustee of the Pace DB Scheme have agreed to use part of the surplus to partially fund employer contributions to the Pace DC Scheme. This is made possible because the Pace DB and DC Schemes form the same Trust. These payments do not affect the obligations made in respect of defined benefit payments.

## Notes to the interim financial statements continued

### 6 Interest-bearing loans and borrowings

Non-current liabilities:	5 July 2025 (unaudited) £m	6 July 2024 (unaudited) £m	4 January 2025 (audited) £m
£20m 11% Instalment repayment Notes (final payment 2025)	-	3	-
£109m 11% Final repayment subordinated Notes due 2025	-	109	-
£105m 7.5% Bond Notes due 2026 (fair value)	106	107	108
£245m 7.5% Bond Notes due 2026 (amortised cost)	248	251	250
<b>Total (excluding lease liabilities)</b>	<b>354</b>	<b>470</b>	<b>358</b>
Lease liabilities	976	1,022	1,020
<b>Total Group non-current interest-bearing loans and borrowings</b>	<b>1,330</b>	<b>1,492</b>	<b>1,378</b>

Current liabilities:	5 July 2025 (unaudited) £m	6 July 2024 (unaudited) £m	4 January 2025 (audited) £m
£20m 11% Instalment repayment Notes (final payment 2025) *	3	2	3
£109m 11% Final repayment subordinated Notes due 2025 *	116	7	109
£245m 7.5% Bond Notes due 2026 (amortised cost) **	19	19	9
Other borrowings	1	1	2
Corporate investor shares	3	3	3
<b>Total (excluding lease liabilities)</b>	<b>142</b>	<b>32</b>	<b>126</b>
Lease liabilities	183	165	173
<b>Total Group current interest-bearing loans and borrowings</b>	<b>325</b>	<b>197</b>	<b>299</b>

\* The £109m 11% Final repayment subordinated notes and the £20m 11% Instalment notes are both due in December 2025 and as such any remaining principal and interest of £6m has been classified within current liabilities for the 26 weeks ended 5 July 2025 and the 52 weeks ended 4 January 2025 (whereas for the 26 weeks ended 5 July 2024 the majority of the liabilities were classified within non-current liabilities with only any interest or capital repayments due <1 year classified within current liabilities).

Interest on the £109m (11% Final repayment subordinated notes 2025) is settled annually in December such that any interest accrual as at the 4 January 2025 balance sheet dates is not material for disclosure in the table above.

The £2m balance noted in the comparative period on the £20m 11% Instalment repayment notes represents the repayment of capital instalment due < 1 year.

\*\* The amortised cost balances in current liabilities for the 26 weeks ended the 5 July 2025 relates to £19m of accrued interest payments on the 2026 bonds. In addition, accrued interest of £6m on the £109m final repayment is also classified within current liabilities. The total accrued interest on debt held at amortised cost of £25m is excluded from our Group net debt metric (see Group net debt table on page 22). There is a further £7m of accrued interest on the £105m element of the 2026 bonds that are held at fair value. This is included within Trade and other payables and again is not included in our Group net debt metric.

Total interest-bearing loans and borrowings excluding interest on debt held at amortised cost:	5 July 2025 (unaudited) £m	6 July 2024 (unaudited) £m	4 January 2025 (audited) £m
Interest-bearing loans and borrowings***	471	476	475

\*\*\* Represents the gross debt figure (excluding lease liabilities and accrued interest) used in the Group's Net debt APM.

On the 18th June 2025 the Group agreed with six major banking partners, a new five-year £350m Term loan facility agreement, linked to its ambitious sustainability and social impact targets. The facility remains undrawn at the Interim balance sheet date. The Group intends to use the Term loan to repay its upcoming 2026 £350m bond maturity.

The Group has a £400m Revolving Credit Facility maturing November 2029. The facility was undrawn as at 5 July 2025.

## Notes to the interim financial statements continued

### 6 Interest-bearing loans and borrowings continued

#### Reconciliation of movement in net debt

Net debt is a measure that shows the amount we owe to banks and other external financial institutions less our cash and short-term investments.

For the 26 weeks ended 5 July 2025 (unaudited)	Start of period £m	Non-cash movements		Cash flow	
		New leases £m	Other £m	End of period £m	£m
<u>Interest-bearing loans and borrowings:</u>					
- current	(126)	-	(17)	1	(142)
- non-current	(358)	-	4	-	(354)
<u>Lease liabilities:</u>					
- current	(173)	(7)	(106)	103	(183)
- non-current	(1,020)	(37)	81	-	(976)
<b>Total Debt</b>	<b>(1,677)</b>	<b>(44)</b>	<b>(38)</b>	<b>104</b>	<b>(1,655)</b>
<u>Group cash:</u>					
- cash & overdrafts*	320	-	-	8	328
- short term investments	100	-	-	-	100
<b>Group Net Debt</b>	<b>(1,257)</b>	<b>(44)</b>	<b>(38)</b>	<b>112</b>	<b>(1,227)</b>
Less: interest accrued on amortised debt	9	-	16	-	25
<b>Group Net Debt (excluding accrued interest)</b>	<b>(1,248)</b>	<b>(44)</b>	<b>(22)</b>	<b>112</b>	<b>(1,202)</b>

\* Group Cash used in our Net debt APM metric excludes £7m of restricted cash relating to premium receipts to be invested in funeral plan investments.

### 7 Reconciliation of operating (loss) / profit to net cash flow from operating activities

	26 weeks ended 5 July 2025 (unaudited) £m	26 weeks ended 6 July 2024 (unaudited) £m	52 weeks ended 4 January 2025 (audited) £m
<b>Operating (loss) / profit</b>	<b>(56)</b>	35	151
Depreciation and amortisation charges	177	177	350
Non-current asset impairments	-	24	25
Non-current asset impairment (reversals)	(3)	-	(7)
Profit on closure or disposal of businesses and non-current assets	(10)	(11)	(19)
Change in value of investment properties	(3)	(7)	(14)
Other non-underlying items	-	-	(17)
Retirement benefit obligations	33	20	56
Decrease / (increase) in inventories	16	(7)	(17)
Decrease / (increase) in receivables	2	29	(12)
Increase / (decrease) in expected credit losses on trade receivables	2	-	(3)
Increase in insurance contract liabilities (funeral plans)	(5)	(5)	(2)
Increase / (decrease) in payables and provisions	64	(48)	(35)
<b>Net cash flow from operating activities</b>	<b>217</b>	207	456

## Notes to the interim financial statements continued

### 8 Commitments and contingent liabilities

There are no significant changes to our contingent liabilities to those disclosed in the 2024 Annual Report and Accounts. Capital expenditure that the Group is committed to but which has not been accrued for at the period end includes £28m in relation to logistic fleet vehicles.

### 9 Funeral plan investments and fair values of financial assets and financial liabilities

Funeral plan investments as per the balance sheet:	5 July 2025 (unaudited) £m	6 July 2024 (unaudited) £m	4 January 2025 (audited) £m
Current	-	-	-
Non-current	1,456	1,411	1,414
<b>Funeral plan investments</b>	<b>1,456</b>	<b>1,411</b>	<b>1,414</b>

#### Fair values recognised in the balance sheet

5 July 2025 (unaudited)	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>Assets</b>				
Financial assets at fair value through income or expense				
- Funeral plan investments	-	-	1,456	1,456
<b>Total financial assets held at fair value</b>	<b>-</b>	<b>-</b>	<b>1,456</b>	<b>1,456</b>
<b>Liabilities</b>				
Financial liabilities at fair value through income or expense				
- Fixed-rate sterling bond	-	106	-	106
- Derivative financial instruments	-	5	-	5
<b>Total financial liabilities held at fair value</b>	<b>-</b>	<b>111</b>	<b>-</b>	<b>111</b>

There were no transfers between Levels 1 and 2 during the period and no transfers into and out of Level 3 fair value measurements. For other financial assets and liabilities of the Group including cash, trade and other receivables / payables then the notional amount is deemed to reflect the fair value. The basis of the valuation of financial assets and liabilities remains the same as disclosed in the 2024 Annual Report and Accounts.

Funeral plan investments	5 July 2025 (unaudited) £m	6 July 2024 (unaudited) £m	4 January 2025 (unaudited) £m
<b>At start of period</b>	<b>1,414</b>	1,346	1,346
New plan investments (including on-going instalments)	46	50	90
Plans redeemed	(51)	(47)	(96)
Plans cancelled	(6)	(8)	(14)
De-recognition of fixed monthly payment plans	-	-	(14)
Unrealised fair value movement on funeral plan investments (see Note 2)	53	70	102
<b>At end of period</b>	<b>1,456</b>	<b>1,411</b>	<b>1,414</b>

The funeral plan investments are financial assets which are recorded at fair value each period using valuations provided to Co-op by the policy provider. The plan values reflect the amount the policy provider would pay out on redemption of the policy at the valuation date with the main driver being underlying investment performance. The investment strategy is targeted to deliver appropriate returns on the plan investments over the medium term to match expected inflationary increases in the cost to deliver a funeral. Assets include UK and overseas equities, gilts, corporate bonds, property and cash. The majority of these investments are held in whole of life insurance policies issued by The Royal London Mutual Insurance Society Limited. Whilst the main driver of their value is underlying investment performance, some policies also feature security of initial investment value at death and reduced investment volatility.

## Notes to the interim financial statements continued

### 10 Insurance contracts (funeral plan liabilities)

Insurance contract liabilities - by nature (H1 2025)	Liabilities for remaining coverage		Liabilities for claims incurred	Total
	Excluding loss component	Loss component		
	£m	£m		
	£m		£m	£m
Insurance contract liability as at 4 January 2025	1,001	3	4	1,008
Insurance revenue	(49)	-	-	(49)
Insurance service expenses:				
- Incurred claims and other expenses	-	-	45	45
- Amortisation of insurance acquisition cashflows	2	-	-	2
- Loss on onerous contracts and reversals of those losses	-	(1)	-	(1)
Insurance service result	(47)	(1)	45	(3)
Insurance finance expenses - Income statement	11	-	-	11
Insurance finance expense - Other comprehensive income	26	-	-	26
Total changes in Statement of Comprehensive income	(10)	(1)	45	34
Cashflows:				
- Premiums received less premiums refunded	52	-	-	52
- Claims and other expenses paid (including investment components)	-	-	(46)	(46)
- Insurance acquisition flows	(5)	-	-	(5)
Total cashflows	47	-	(46)	1
Insurance contract liability as at 5 July 2025	1,038	2	3	1,043

Re-insurance contract liabilities are not material for disclosure in separate movement tables; £1m (HY25), £7m (HY24) and £1m (FY24). The methodology used to value our funeral plan liabilities remains the same as described in the 2024 Annual Report and Accounts. Key financial assumptions have been updated using latest actuarial advice.

Insurance contract liabilities - by component (H1 2025)	Estimates of present value of future cashflows £m	Risk adjustment £m	Contractual service margin £m	Total £m
<b>Insurance contract liability as at 4 January 2025</b>	<b>912</b>	<b>45</b>	<b>51</b>	<b>1,008</b>
<i>Changes that relate to current services:</i>				
- Contractual service margin recognised for service provided			(3)	(3)
- Risk adjustment for the risk expired		(3)		(3)
- Experience adjustments	4			4
<i>Changes that relate to future services:</i>				
- Contracts initially recognised in the period	(7)	-	7	-
- Changes in estimates that adjust the contractual service margin	(40)	(2)	42	-
- Changes in estimates that do not adjust the contractual service margin	(1)	-	-	(1)
<b>Insurance service result</b>	<b>(44)</b>	<b>(5)</b>	<b>46</b>	<b>(3)</b>
Insurance finance expenses - Income statement	9	1	1	11
Insurance finance expenses - Other comprehensive income	24	2	-	26
<b>Total changes in Statement of Comprehensive income</b>	<b>(11)</b>	<b>(2)</b>	<b>47</b>	<b>34</b>
<i>Cashflows:</i>				
- Premiums received less premiums refunded	52	-	-	52
- Claims and other expenses paid (including investment components)	(46)	-	-	(46)
- Insurance acquisition flows	(5)	-	-	(5)
<b>Total cashflows</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Insurance contract liability as at 5 July 2025</b>	<b>902</b>	<b>43</b>	<b>98</b>	<b>1,043</b>



## Notes to the interim financial statements continued

### 11 Events after the reporting date

**Interest rate swaps** - on the 7th July 2025 the Group entered into interest rate swap contracts totalling £175m. In-line with the Group's Treasury policy these will provide a cashflow hedge for the new £350m Term Loan taken out on 18th June 2025 as detailed in Note 6.

# Accounting policies and basis of preparation

## General information

These condensed consolidated interim financial statements of Co-operative Group Limited ('the Society') for the period ended 5 July 2025 ('the interim financial statements') include the Society and its subsidiaries (together referred to as 'the Group'). The audited consolidated financial statements ('the 2024 annual report') of the Group for the 52 week period ended 4 January 2025 are available upon request from the Society's registered office at 1 Angel Square, Manchester, M60 0AG.

The interim financial statements as at and for the 26 weeks ended 5 July 2025 are unaudited and do not constitute statutory accounts.

## Statement of compliance

These interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules (DTR) of the UK's Financial Conduct Authority. They do not include all the statements required for full annual financial statements and should be read in conjunction with the 2024 annual report.

The comparative figures for the 52 week period ended 4 January 2025 presented within these financial statements are not the Society's statutory financial statements for that financial year. Those financial statements have been reported on by the Society's auditors and filed with the Mutuals Public Register. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters in which the auditors drew attention by way of emphasis without qualifying their report, and (iii) contained no statement that the Society did not keep appropriate accounting records.

These interim financial statements were approved by the Board of Directors on 24 September 2025.

## Accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these interim financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied in the 2024 annual report except for any estimates relating to the cyber attack as described below and where stated within the notes to these accounts.

**Cyber attack:** As disclosed earlier in this document, our Co-op was the victim of a cyber attack in April 2025. Proactive actions to protect the business has meant that systems and processes were interrupted and replaced by manual processes over a period of time. Significant recovery work has been undertaken following containment of the threat, where nothing has come to management's attention that would suggest the interim accounts are not materially complete. Management have made estimates in quantifying the full cyber impact, and in particular where this relates to adverse revenue and margin impacts, as described in the Financial Overview section of this report. Any adjustments to these estimates will be clearly reflected in our year-end accounts.

## New standards and accounting policies adopted by the Group

Except as described below, the accounting policies applied in preparing these interim financial statements are consistent with those described in the 2024 annual report.

### (A) New standards:

The Group has considered the following standards and amendments that are effective for the Group for the period commencing 5 January 2025 and concluded that they are either not relevant to the Group or do not have a significant impact on the financial statements:

- *Amendments to IAS 21 - Lack of Exchangeability*

### (B) Standards, amendments and interpretations issued but not yet effective:

Certain new accounting standards and interpretations have been published that are not mandatory for 5 January 2025 reporting periods and the Group has not early adopted the following standards and statements. Unless noted the adoption of these standards is not expected to have a material impact on the Group's accounts:

- *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\**
- *Annual Improvements to IFRS Accounting Standards - Volume 11\**
- *IFRS 18 - Presentation and Disclosure in Financial Statements\*\**
- *IFRS 19 - Subsidiaries without Public Accountability: Disclosures\*\**

*\*Applicable for reporting periods on or after 1st January 2026. \*\*Applicable for reporting periods on or after 1st January 2027. The Group is currently reviewing the likely impact of IFRS 18 on its statutory reporting.*

## Accounting policies and basis of preparation continued

### External continuing volatility in macro-economic conditions

Management has considered the general ongoing uncertainty in the wider macro-economic environment on the Group's accounting policies, judgements and estimates.

### Impact of Climate Change on our Interim financial statements

In preparing the Groups' Consolidated Financial statements management has considered the impact of climate change covering both the financial statements and the disclosures included in the Strategic report. This included an assessment of the potential impact of, and associated responses to, climate change, and how that could impact the non-current assets that we hold as well as our expectations of future trading conditions. This assessment did not identify any requirement to shorten asset lives of the Group's asset base and neither did it identify any material risks arising from climate change, accordingly, there has been no material impact on the valuation of the Group's assets or liabilities. Where material the Group has included the impact of climate change within its forecasts, impairment reviews and assessments of going concern and viability. Further detail is given on page 203 of the Group's 2024 Annual Report and Accounts in section 'Material accounting judgements, estimates and assumptions in relation to climate change.' The Group will keep this assessment under review and continue to monitor developments in the future.

### Going concern

The Interim financial statements are prepared on a going concern basis as the directors are satisfied that the Group has sufficient resources to continue in operation for a period of at least 12 months from the date of approval.

The assessment period used for our going concern assessment is the 18 months from the 5th July 2025 to 31 December 2026.

In making their assessment the Directors have considered a wide range of information relating to present and future conditions, including the Group's most recent forecasts of profitability, cash flow and covenant compliance, and available capital resources. Our Co-op operates with net current liabilities as our working capital cycle means cash receipts from revenues arise in advance of the payments to suppliers for the cost of goods sold. We also borrow money from banks and others, and as part of this process, we have ensured that our forecasts demonstrate compliance with the terms of those agreements, for example, banking covenants and facility levels.

Liquidity and new facilities available to the Group are more than sufficient to meet upcoming maturities for the period under assessment. Although the cyber-attack has had a material impact on our H1 results, our recovery is well progressed and our expectation for the full year the group continues to have sufficient liquidity throughout the going concern period and there is therefore no change to the going concern assumption.

In arriving at the conclusion of the appropriateness of the going concern assumption, the directors have considered the following:

#### **a. Review and challenge management's base case forecast:**

The directors have considered the Group's latest cashflow forecasts and profitability projections for the period to December 2026, updated for the estimated impact of the cyber attack, as well as for the new term loan of £350m secured in June 2025. At the interim balance sheet date, we had £496m of borrowings including accrued interest still to repay, with £119m falling due in December 2025, with the remainder in July 2026. The group intends to draw down the new term loan for the purpose of repaying the 2026 bond debt maturity of the same value.

#### **b. Ensure compliance with the terms of our bank facility agreement and covenant compliance:**

The Group successfully extended its revolving credit facility ("RCF") in November 2024 at £400m for 5 years to the end of November 2029. In addition and as noted above, in June 2025 the group agreed to a new five year £350m term loan facility, which will be drawn down in July 2026 for the repayment of the 2026 bond maturities.

In making their assessment, the directors have considered a wide range of information relating to present and future conditions, including future forecasts of profitability; cashflow and covenant compliance; and available capital resources. The potential scenarios which could lead to our Co-op not being a going concern are: a. Not having enough liquidity to meet our debt liabilities as they fall due; and/or b. A breach of the financial covenants implicit in our bank revolving credit facility.

As at 5 July 2025 Group Net Debt (excluding lease liabilities and accrued interest) was £43m (HY 2024: £42m and FY 2024: £55m). Excluding restricted cash, our cash and cash equivalent and short term investments amounted to £428m. The Revolving credit facility of £400m remained undrawn, with available liquidity therefore at £828m.

The Base case has sufficient liquidity and bank covenants headroom over the going concern period to meet the group's upcoming liabilities and debt maturities as these fall due during the period. The tightest point for liquidity and covenant headroom is at period 12 2025. The Group has been in compliance with all covenants applicable to its facilities within the interim period and is forecast to continue to be in compliance for 12 months from the date of signing this interim report. Our banking covenants are defined as follows:

## Accounting policies and basis of preparation continued

### Going concern continued

#### **b. Ensure compliance with the terms of our bank facility agreement and covenant compliance:** - continued

*Interest cover covenant - the ratio tests Co-op's ability to cover its financing costs from its earnings, and represents the ratio of adjusted EBITDA over adjusted net underlying finance costs.*

*Leverage covenant - the ratio compares our borrowings to our earnings, and represents the ratio of Group Net Debt, excluding lease liabilities, over adjusted EBITDA.*

#### **c. Assess the downside scenarios against the base case:**

The directors have also considered the impact on forecasted performance of severe but plausible downside scenarios ("Downside Case"), including (but not limited to) the following: a reduction in trade volumes in our Food and Funeralcare business, increase in energy costs which covers unhedged energy prices, wage and other costs inflation.

The downside sensitivities identified do not risk the validity of our Co-op as a going concern even before applying the mitigating actions available to management. Even in the unlikely scenario of all the sensitivities happening simultaneously we still have liquidity and covenant headroom over the Going concern period.

#### **d. Conduct reverse stress:**

A reverse stress test identifies the point where the going concern model fails. Following our modelling, we consider this scenario to be remote.