Results for six months ended 04 July 2026
23 September 2026

Co-op builds momentum with focused investment and continued transformation

- Navigated challenging markets with growth in sales, convenience market share and membership.
- Made strategic investments to drive trade and future growth, impacting short-term profitability.
- Strong summer trading supports confidence in full-year progress across sales and profitability measures.
- Active membership increased 11% to 7.5m, with member voting up 52% at Co-op's AGM.
- Financial resilience maintained with £1.2bn of liquidity, including new £350m sustainability bond.
- Southern Co-op's 170 stores, 70 funeral homes and 3 crematoria transferred to a wholly owned subsidiary of Co-op in July 2026, operating independently pending CMA approval.

Financial results

Performance measures	*H1 2026*	*H1 2025*	*Var (£/%)*[1]
Total Group revenue	£5.6bn	£5.5bn	2.4%
Food Retail	£3.7bn	£3.6bn	2.6%
Co-op Partners	£989m	£971m	1.9%
Wholesale and Franchise	£683m	£683m	0.0%
Life Services	£227m	£210m	8.1%
Underlying operating profit or loss (UOP/L)	(£45m)	(£32m)	(£13m)

Balance sheet	*H1 2026*	*FY 2025*	*Var (£/%)*[1]
Net debt excluding leases	(£239m)	(£317m)	£78m

- 2.4% sales growth against the comparative period, where the Group handled a criminal cyber attack. This growth was achieved in soft markets with continued weak consumer confidence. Trading improved through the second quarter and into the second half.
- Underlying operating loss broadly flat year-on-year with £11m of the variance reflecting accounting treatment.
- Driving the trading improvements, Co-op made investments in margin, including in promotions and proposition, with an impact on underlying operating profitability for the first half.
- Focus on cost management, with the increase in Co-op's total cost base held to 2%, despite £78m in additional headwinds, including annualised material National Insurance increases.
- Strong balance sheet, including:
    - Improved net debt excluding leases, from £317m at 2025 year-end to £239m, driven by strengthened working capital.
    - A new £350m sustainability bond, linked to Co-op's spend with environmental and social benefits, 3.3x oversubscribed.

Interim Chief Executive, Kate Allum, said:

"2026 is looking like a year of two halves for our Co-op. The first half was characterised by difficult markets and low consumer confidence, especially for Food Retail. Against those conditions, we made decisions to drive trade – investing in promotions and investing in our stores – while also mitigating rising costs. These things have had a short-term impact on profitability.

"Speaking now in the second half, we're seeing bigger baskets and more transactions. Conditions remain challenging, but we see reasons for confidence across our portfolio, having delivered strong growth in areas such as online convenience shopping and funerals. We expect to see a stronger performance in the second half than the first, with sales growth and improvements in profitability.

[1] Variances should be understood in the context of the cyber attack Co-op experienced in 2025, with an estimated £206m impact to revenue and an estimated £80m impact to profitability: £60m in margin and £20m in incremental, non-recurring costs.

"Our immediate goal is to establish the firm foundations we need to realise greater growth in the years ahead – something we're gearing up for as we progress our plans to join forces with Southern Co-op."

Outlook

Against continued economic uncertainty and price pressure, Co-op expects to deliver a stronger second half, with progress across both sales and profitability metrics.

The Group is also advancing plans to create a co-operative society with even greater scale and impact for the people who own it. On 26 July 2026, Co-op welcomed over 300,000 Southern Co-op members as members of Co-op Group, with 97% of Southern Co-op members who voted backing the proposal to join forces. Southern Co-op's businesses, including 170 stores and a significant funeral estate, have now been transferred to a subsidiary of Co-op Group: Siena Co-operative Limited.

Activity to bring together the operations of Southern Co-op and Co-op Group will commence subject to the outcome of the ongoing review by the Competition and Markets Authority (CMA).

Performance by business area

Co-op has eight routes to market across several categories:

Food Retail
Revenue: £3.7bn (+2.6%)
UOL: £18m

- Increased convenience market share to 13.0%, outperforming the wider market.
- 24% sales growth in **quick commerce** online convenience shopping, expanded to 90% of stores.
- Invested c.1% of margin in driving trade and footfall in **food stores** through deals, discounts and 135 essentials price-matched to Aldi for members. As a result, transactions have returned to levels seen before the 2025 cyber attack.
- Continued to innovate in estate and format with 42 store openings in the half – including new sites, refurbishments, franchise stores and 'sustainability showcase' stores with solar panels and recycling services.
- Launched the 'Pop to Co-op' campaign, emphasising Co-op's strength in convenience and top-up missions, with growth ahead of the wider market in core categories such as protein and produce.
- Showcasing the best of Co-op with pop up stores at UK festivals such as Latitude and Download, with a five-year extension now agreed to continue this presence.

Wholesale and Franchise
Revenue: £683m (+0%)
UOL: £13m

- Co-op's **wholesale** operation delivered on its plans as part of a long-term reset, with updated Nisa branding rolled out to 25 stores with 100 planned for the year.
- Opened 164 new stores and secured new business agreements worth an additional £142m of total contract value year-to-date – with a pipeline of £280m to year-end.
- Continued strong growth of 26% in the Group's **franchising** business with 11 openings.

Co-op Partners
Revenue: £1bn (+1.9%)

- Sales to other co-operatives increased by 1.9%.

The Group's three other businesses support customers and members across key life moments, seeing a 17% increase in underlying operating profit (H1 2025: £24m).

Life Services:
Revenue: £227m (+8.1%)
UOP: £28m

- 8% revenue growth for **Funeralcare**, despite a smaller market due to a lower UK death rate. Co-op has seen 6% growth in at-need funerals, 27% growth in funeral plan sales, and the highest at-need market share since 2020, when the Group had more funeral homes.
- 15% revenue growth for **Legal Services**, celebrating its 20th year in business with case openings up 29%.
- 20% growth in underlying operating profit for **Insurance,** seeing notable 20% growth in life insurance sales as Co-op has reset the operating model.

Delivering as a member-owned business

- 7.5m active members, with 11% growth compared to the first half of 2025.
- 52% more members voted at the 2026 AGM than in 2025, with 12 local events and a 65% rise in attendees.
- Supported 38 Co-op Academies, with two additional schools joining the Trust in September.
- Raised £7.5 million for Barnardo's since 2023, supporting one million young people across the UK.
- Co-op has now extended this partnership, with a new target of £2m to support belonging and inclusion initiatives.

ENDS

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Group financial overview

Rachel Izzard, Chief Financial Officer

I am pleased to share our half-year financial results for the six months ending 04 July 2026.

Our interim accounts are unaudited, which is consistent with our approach in previous years. To help readers understand underlying year-on-year performance, our results provide additional context (where appropriate) on the estimated impact of the cyber attack, when we compare our performance in the first half of this year with the first half of 2025.

Financial performance

We entered 2026 focused on rebuilding momentum following last year's cyber attack, against a backdrop of challenging market conditions. Consumer confidence remains subdued and the convenience market continued to experience market contraction with heavy competition. Our Life Services business unit was affected by a lower death rate year-on-year.

Despite these headwinds, our diversified portfolio continued to provide resilience. Investments in value, customer proposition and operational execution in Food Retail strengthened trading momentum through the first half of the year albeit at a temporarily reduced margin rate. Life Services delivered strong growth and Wholesale and Franchise businesses performed well, relative to their markets.

Cost control remains strong, with costs increasing by just 2% versus the prior year. This is significantly below inflation and includes the final quarter of regulatory National Insurance headwinds and annual salary increases.

While revenue was up year-on-year, the lower margin rate in Food Retail as a consequence of investments and challenging market conditions, combined with partial offset of cost pressures, resulted in an underlying operating loss for the period. We saw £13m worsening at this level compared to the first half of 2025. Circa £11m of that was driven by accounting treatment which is covered later in this section, excluding this our result is broadly in line with the prior year, which included the cyber attack.

Net debt excluding leases reduced by £78m from year-end to £239m as cash generation improved. The successful issuance of a new £350m sustainability bond further strengthened the Group's financial resilience. In addition, through the first half of the year, we prepared for the transfer of engagements of Southern Co-op, which took place in July 2026.

The improving trajectory has continued into the third quarter. Looking ahead we are focused on steadily improving financial results and expect both sales and profit improvement in the second half, and medium term a return to profitability.

Revenue

Group revenue	**H1 2026**	**H1 2025**	**Variance (%)**	**Var excl. estimated cyber impact**
Total Group revenue	**£5,613m**	**£5,484m**	**2.4%**	**(1.3%)**
Food Retail	£3,714m	£3,620m	2.6%	(1.8%)
Co-op Partners	£989m	£971m	1.9%	(2.3%)
Wholesale and Franchise	£683m	£683m	0.0%	0.9%
Life Services	£227m	£210m	8.1%	4.3%

Group

- The reported total revenue figure above shows 2.4% growth versus the first half of 2025, with improvements to both year-on-year performance, and performance versus 2024. We saw revenue improve through the first and into the second quarter.

Food Retail

- Revenue grew by 2.6% year-on-year, supported by a strong performance across fresh and chilled categories and continued growth in quick commerce. This growth was achieved despite ongoing structural decline within the tobacco market and against a broadly flat store footprint.

- Market share has improved through the half to 13.0%, against a convenience market that has contracted 1.1% in H1 2026 versus H1 2025. [1]
- Momentum strengthened through the second quarter with strong operational execution enabling the business to capitalise on opportunities such as weather and sporting events with transactions back to pre-cyber levels, albeit at temporarily lower margin rate.

  [1] *Source: Circana Convenience Value Market Share from weeks 1-26 2026*

Wholesale and Franchise

- Combined, Wholesale and Franchise are flat versus last year. Performance reflects new business as well as the restructuring of legacy contracts. Franchise continued its strong trajectory, delivering 26% growth on H1 2025.

Co-op Partners

- Sales to other co-operatives, which we also refer to as Co-op Partners, are up 1.9% versus last year. This reflects the challenging market conditions and partners reducing their store footprint by around 2%.

Life Services

- Life Services revenue grew by 8.1% versus last year, a continued strong performance aligned to strategic plans.
- In Funeralcare, sales grew both in at-need and pre-arranged funeral plans with improving market share despite the UK death rate being around 2% lower, year-on-year. Legal Services experienced double digit growth and Insurance performed well in key business areas including life insurance.

Space

Co-op fascia	**As at year end 2025**	**New stores and relocations**	**Disposals and closures**	**As at end of H1 2026**	**Variance +/(-)**	**Refits and new stores %**
Food Retail	2,338	6	(14)	2,330	(8)	1%
Franchise	65	11	-	76	11	15%
Total	**2,403**	**17**	**(14)**	**2,406**	**3**	**2%**

Space stayed broadly flat as we continued to focus on maintaining and innovating our estate and formats. We undertook 25 refits, alongside 17 store openings. These were offset with closures and disposals.

Underlying operating profit or loss

Underlying operating profit/(loss) UOP/(L)	**H1 2026**	**H1 2025**	**Variance £+/(£-)**	**Variance excl. estimated cyber impact**
Group UOP/(L)	**(£45m)**	**(£32m)**	**(£13m)**	**(£73m)**
Food Retail	(£18m)	£11m	(£29m)	(£82m)
Wholesale and Franchise	(£13m)	(£10m)	(£3m)	(£2m)
Life Services	£28m	£24m	£4m	(£4m)
Central	(£42m)	(£57m)	£15m	£15m

Group underlying operating loss for the first half of 2026 was £45m (H1 2025: loss of £32m). Of the £13m year-on-year movement, £11m reflects accounting treatment rather than underlying performance. This is split between Food Retail and Wholesale (£9m and £2m).

This £11m includes two items: £8m relating to non-comparable accounting treatment of Extended Producer Responsibility (EPR) costs in H1 2025, and a £3m increase in the spot price of diesel arising from the Middle East conflict. The majority of the diesel impact was covered by treasury hedging with the offsetting benefit shown below the line within statutory profit before tax.

Food Retail: shows an underlying operating loss of £18m (H1 2025: profit £11m). This result is down £29m or £22m excluding the price impact of diesel and change in EPR accounting treatment. The result has been driven by c. 1% investment in margin rate to stimulate trade through promotional offers – including deeper and more relevant promotions – and strengthening our availability. Operating costs have been well controlled.

Wholesale and Franchise: shows an underlying operating loss of £13m (H1 2025: £10m loss), broadly flat excluding the price impact of diesel and change in EPR accounting treatment. This result was driven by restructuring of legacy contracts, new business and strong cost control offsetting inflationary headwinds.

Life Services: shows underlying operating profit of £28m (H1 2025: £24m) driven by year-on-year revenue increases and cost efficiencies, offset by investment for future growth, all of which translated into £4m profit improvement.

Central costs: including costs of £42m, which shows a reduction of £15m versus the first half of 2025. Total Group cost control has continued to be strong with just 2% growth in costs versus the first half of 2025. This is lower than inflation and includes National Insurance headwinds and annual salary increases.

Underlying net finance costs

Net underlying finance costs were £47m (H1 2025: £43m). Interest incurred on our borrowings was £4m favourable to last year at £17m (H1 2025: £21m). This was offset by lower interest income generated on the lower level of deposits held in year.

	H1 2026	H1 2025	Variance £+/(£-)	Variance %/(-%)
Net underlying finance costs	**(£47m)**	**(£43m)**	**(£4m)**	**(9.3%)**
Interest on loans	(£17m)	(£21m)	£4m	19.0%
Interest receivable on deposits	£2m	£9m	(£7m)	(77.8%)
Net lease interest costs	(£32m)	(£31m)	(£1m)	(3.2%)

Underlying loss or profit before tax

This combines our underlying operating profit or loss with our underlying finance costs. This measure excludes the impact of the non-recurring costs or income accounted for within non-underlying items.

Group underlying loss before tax as reported for H1 2026 was £92m (H1 2025: loss of £75m). This is an adverse variance of £17m. The change is driven by the reasons outlined previously.

Statutory loss or profit before tax

This combines our underlying profit or loss before tax with the non-cash assessment of returns from our Funeralcare investment assets and non-underlying items. Statutory loss before tax for H1 2026 was £86m (H1 2025: loss of £50m). This is an adverse variance of £36m to prior year.

Funeral plan returns of £72m have been stronger in H1 2026 compared to £53m in H1 2025, ahead of the longer-term average of circa £50m per annum.

Realised and unrealised gains on diesel swap contracts increased to £6m in H1 2026 (H1 2025: £1m loss), reflecting fuel price volatility arising from the ongoing conflict in the Middle East. This was offset by a corresponding increase in operating costs within Food Retail and Wholesale, as noted above.

Non-underlying costs were £64m net costs for H1 2026 (H1 2025: £24m net cost), showing an adverse variance of £40m to prior year, with main drivers detailed as follows.

	H1 2026	H1 2025	Variance £+/(£-)
Non-underlying items	**(£64m)**	**(£24m)**	**(£40m)**
Cyber-attack (incremental costs)	£0m	(£20m)	£20m
Property gains and losses	£3m	£10m	(£7m)
Impairments (charge) / credit	(£26m)	£3m	(£29m)
Restructuring costs	(£13m)	-	(£13m)
Southern debt provision	(£16m)	-	(£16m)
Other	(£12m)	(£17m)	£5m

In H1 2026, non-underlying items benefited from the non-recurrence of one-off cyber costs incurred in the prior year, resulting in a £20m favourable year-on-year variance.

A net impairment charge of £26m was recognised in H1 2026 (H1 2025: £3m credit), primarily relating to certain Food Retail stores where forecasted cash flows do not fully support the carrying value of site assets. This resulted in a £29m adverse variance versus the prior year.

Restructuring activity undertaken during H1 2026 resulted in net costs of £13m (H1 2025: £nil).

A provision for £16m has been recorded in relation to non-recoverable debt from Southern Co-operative Ltd, operating as a Co-op partner prior to the transfer of engagements.

Cashflow

Cashflow	**H1 2026**	**H1 2025**	**Variance £+/(£-)**
Underlying EBITDA	£139m	£145m	(£6m)
Working capital movement	£149m	£84m	£65m
Utilisation of pension surplus	£37m	£33m	£4m
Other	(£37m)	(£45m)	£8m
Net cash inflow from operating activities	**£288m**	**£217m**	**£71m**
Capex	(£134m)	(£131m)	(£3m)
Lease payments - principal and interest	(£103m)	(£98m)	(£5m)
Disposal proceeds	£11m	£8m	£3m
Other	£15m	£20m	(£5m)
Net cash generation pre bank repayments	**£77m**	**£16m**	**£61m**

Net cash inflow from operating activities in H1 2026 was £288m (H1 2025: £217m), a favourable variance of £71m despite the challenges noted above on underlying earnings. This was primarily driven by the successful unwind of the prior year adverse working capital position.

Capital investment of £134m for H1 2026 was broadly flat vs prior year (H1 2025: £131m) with a continued disciplined, customer-led approach to investment, which prioritised estate renewal, operational capability improvements and efficiency initiatives. Investment included:

- £89m in our estate through refits, asset refresh programmes and freehold acquisitions,
- £18m to enhance operational capabilities including completion of our SAP implementation and technology upgrades, and
- £27m on efficiency programmes to improve colleague and customer experience, including hybrid tills.

Net debt and cash

Change in core net debt in period	**H1 2026**	**H1 2025**
Opening core net debt	**(£317m)**	**(£55m)**
Net cash generation	£77m	£16m
Restricted cash[2]	(£7m)	(£7m)
Non-cash movement on borrowings	£8m	£3m
Closing core net debt	**(£239m)**	**(£43m)**

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

The Group's core net debt excluding leases increased to £239m as of H1 2026 (H1 2025: £43m). This is a reduction of £78m against our closing position for 2025 (H2 2025: £317m).

Balance sheet

Group net assets of £2.1bn as of H1 2026 remain broadly in line with the H1 2025. The proportion of liabilities that were current at the balance sheet date increased, as debt maturity dates advanced. At the balance sheet date, we had debt of £350m (excluding accrued interest) due within one month, fully covered by cash resources.

Financial ratios

Bank ratios	H1 2026	H1 2025	Variance +/(-)
Leverage covenant ratio[3]	1.7x	0.2x	(1.5x)
Interest cover covenant ratio[4]	1.8x	2.2x	(0.4x)
Leverage[5]	4.3x	3.0x	(1.3x)
Return on capital employed (ROCE)	(1.7%)	1.9%	(3.7%pt)

[3]*Leverage covenant – the ratio compares our borrowings to our earnings, and represents the ratio of Group net debt, excluding lease liabilities, over adjusted EBITDA.*
[4]*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.*
[5]*Leverage calculated on reported net debt including leases over reported EBITDA.*

Our banking partners agreed to a short-term amendment to the covenant tests for 2025 and the first half of 2026, reflecting the estimated direct impacts of the cyber attack due to its one-off nature. Headroom on both has been maintained. ROCE has declined year-on-year driven by the reduction in earnings.

Financing

The Group's core borrowings including interest, in H1 increased £304m, due to the new £350m bond and £50m of our revolving credit facility (RCF) being repaid. Movement against core borrowings including interest at H1 2025 of £496m, reflects the repayment of £109m loan notes in December 2025 in cash.

On 24 April 2026, the Group amended its existing term loan and RCF, resulting in a transfer of £200m between the facilities. This reduced the term loan facility from £350m to £150m and increased the RCF from £400m to £600m.

On 11 June 2026, the Group issued a £350m sustainability bond, due in December 2031. The bond is listed on The International Stock Exchange (Guernsey). The net proceeds have been used to redeem the Group's existing £350m bond, which matured in July 2026.

As mentioned, the Group also has a £600m revolving credit facility maturing November 2029. The facility was undrawn as of 4 July 2026.

At the balance sheet date, gross liquidity headroom was circa £1,212m through cash, short-term investments and undrawn facilities, providing resilience through market volatility, and giving us the headroom to maximise any investment opportunities as they arise.

Outlook

Our improving trajectory has continued into the third quarter. Looking ahead we are focused on steadily improving financial results and expect both sales and profit improvement in the second half and a return to profitability in the medium term.

Our balance sheet remains robust, liquidity remains strong and we are well-positioned to pursue sustainable long-term growth while to continuing to create value for our member owners.

In July 2026, the engagements of Southern Co-op were transferred to Siena Co-operative Limited, a wholly-owned subsidiary of the Group. Please see the 'post balance sheet events' in our financial statements for further information. Subject to approval from the Competition and Markets Authority, the integration of the Southern Co-op businesses with the Group will further enhance the Group's scale and support our long term strategic and financial ambitions.

Summary

Co-op delivered revenue growth in a difficult consumer environment, supported by targeted investment to rebuild trading momentum following the 2025 cyber attack.

While those investments placed pressure on our profitability in H1, the Group maintained strong cost control, generated significantly improved operating cash flow, strengthened liquidity through a successful bond issuance and entered the second half with improving trading performance.

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. Also, they help our members understand the underlying performance of our business too. The APMs are not meant to replace statutory measures under IFRS.

Performance measures	**As reported**			**Variance (excl. estimated cyber impact)**
	H1 2026	**H1 2025**	**Variance**	
Total Group revenue	£5.6bn	£5.5bn	2.4%	(1.3%)
Underlying operating (loss) / profit	(£45m)	(£32m)	(£13m)	(£73m)
Underlying (loss) / profit before tax	(£92m)	(£75m)	(£17m)	(£77m)
Group net debt (excluding leases and interest)	(£239m)	(£43m)	(£196m)	-
Group net debt (including leases and excluding interest)	(£1,390m)	(£1,202m)	(£188m)	-
Return on capital employed (ROCE)	(1.7%)	1.9%	(3.7%pt)	-

Statutory measures				
Total Group revenue	£5.6bn	£5.5bn	2.4%	(1.3%)
Operating (loss) / profit	(£109m)	(£56m)	(£53m)	(£133m)
(Loss) / profit before tax	(£86m)	(£50m)	(£36m)	(£116m)

Principal risks and uncertainties

Risk informs our strategy and how we deliver it. By identifying and assessing external and internal risks to our objectives, we can target investment in the right controls to grow and protect our Co-op.

Our Board and Risk and Audit Committee review the principal risks facing our businesses and assess whether they remain within our risk appetite. They also consider emerging risks and changes in the internal or external environment that could affect our business. Through our risk governance processes, we review risks and the controls in place to manage them, taking action where needed. The following principal risks and uncertainties have been reviewed by the Board and Risk and Audit Committee as those most likely to materially affect our Co-op.

How our principal risks have developed in the first half of 2026

Competitiveness and External Environment

Cost of living pressures continue to impact the finances of our members and customers, as they seek out value on everyday essentials. This risk is compounded by changes in consumer behaviour, particularly in relation to the purchasing of tobacco and alcohol, a challenging trading environment and other headwinds such as National Insurance increases and an increasing regulatory burden.

Supply Chain and Operational Resilience

Conflict in the Middle East and Ukraine continuing to disrupt global supply chains and trade flows. This is contributing to persistent uncertainty in the availability and cost of key commodities and inputs – fuel, feed, and fertiliser, with secondary impacts on supplier costs and resilience.

Health & Safety and Security

The Crime and Policing Act 2026 has now received Royal Assent, meaning that assaulting a shop worker is now a specific criminal offence in the UK with additional powers for police forces. We hope this means we will see a reduction in our store colleagues being assaulted.

Our principal risks

Risk	**Description**
Change and Execution of Strategy	Our businesses and functions deliver our strategy through a Board-approved plan and annual objectives. If we do not execute our strategy successfully, we may not deliver value to our members and customers.
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 ourselves high standards in the way we operate our business. If we're not perceived to meet these standards, there's a risk to our reputation. Our Co-op Difference means we are owned by and run for the benefit of our members, and we grow value for them. As a co-operative, we reflect our Values and Principles in the way we operate our business. We consider wider social and ethical impacts in our decision-making, so that we can be commercially successful and create sustainable long-term value for our members. If we don't meet these standards, there is a risk to our reputation.
Funding and Liquidity	The Group relies on a combination of cashflow generation and external funding to run its businesses. A deterioration in economic conditions, a fall in trading performance or unforeseen events could impact the Group's liquidity. This would require mitigating action to ensure adequate funding, and that sufficient available liquidity headroom is maintained. Such mitigation could

Risk	Description
	include raising additional funds and/or reducing operational expenditure or capital expenditure.
Technology and Cyber Threats	Technology risks and cyber threats evolve at speed. Our ability to provide systems which are resilient, secure by design and run well is critical to serving our members and customers. We rely on digital, technology and data teams to lead how our Co-op designs, delivers and evolves its capabilities. Disruptions, whether through cyber attacks, system failures or data loss can significantly impact operations and financial performance, damage our reputation and affect regulatory compliance.
People	Our ability to attract and retain colleagues with relevant skills and experience while fostering a diverse and fairer workplace is important to achieve a strong, competitive Co-op. If we do not continue to recruit talent and invest in our colleagues, 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 legal duty of care to provide safe environments for colleagues, members and the public. Failure to uphold this duty (through unsafe practices, inadequate controls or poor responses to threats) could result in serious harm, criminal prosecution, reputational damage and loss of licence to operate.
Supply Chain and Operational Resilience	If we are unable to prevent, adapt to 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	We are subject to laws and regulations. Failure to comply or respond to changes could impact our reputation through regulatory fines and sanctions, our license to operate and our profitability.
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, the business receiving a lower amount for each funeral plan redemption, or in individual contracts becoming onerous.
Sustainability	Social and environmental factors, at a local and global level, affect the way we run our business operations, the products and services we provide and our financial performance. If we fail to anticipate and build resilience across our business and supply chains to respond to the physical and transitional risks of climate change, unethical labour practices and nature loss, amongst other interlinked factors, we could miss our Net Zero goals and/or our financial targets. Running our Co-op in a sustainable manner unlocks new opportunities to protect and create value for our members, customers and the communities we work with.

You can find further details of our principal risks in 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.

A list of current directors is maintained on www.co-operative.coop.

By order of the Board,

Dominic Kendal-Ward

Group Secretary & General Counsel

22 September 2026

Condensed Consolidated Income Statement

for the 26 weeks ended 4 July 2026

	Notes	**26 weeks ended 4 July 2026 (unaudited) £m**	26 weeks ended 5 July 2025 (unaudited) £m	52 weeks ended 3 January 2026 (audited) £m
Revenue (excluding funeral plans)		**5,562**	5,435	10,923
Insurance revenue (funeral plans)	10	**51**	49	102
Total Revenue	1	**5,613**	5,484	11,025
Operating expenses (excluding funeral plans)		**(5,675)**	(5,511)	(11,032)
Insurance service expenses (funeral plans)	10	**(51)**	(46)	(89)
Other income		**4**	17	39
Operating loss	1	**(109)**	(56)	(57)
Finance income	2	**90**	75	148
Finance costs (excluding funeral plans)	3	**(54)**	(58)	(114)
Insurance finance expenses (funeral plans)	3, 10	**(13)**	(11)	(20)
Loss before tax		**(86)**	(50)	(43)
Taxation	4	**14**	(4)	(4)
Loss for the period		**(72)**	(54)	(47)

The accompanying notes on pages 18 - 31 form an integral part of these financial statements.

Reconciliation to Underlying performance measures (APMs*)

	Notes	**26 weeks ended 4 July 2026 (unaudited) £m**	26 weeks ended 5 July 2025 (unaudited) £m	52 weeks ended 3 January 2026 (audited) £m
Operating loss (as above)		**(109)**	(56)	(57)
Add back / (deduct):				
- Property disposals and closures	1	**(3)**	(10)	(11)
- Impairment charge / (credit) on non-current assets	1	**26**	(3)	29
- Change in value of investment properties	1	**2**	(3)	(10)
- Cyber attack (incremental costs)	1	**-**	20	21
- Other non-underlying items	1	**39**	20	(7)
Underlying operating loss *		**(45)**	(32)	(35)
Less net underlying interest payable	2, 3	**(15)**	(12)	(27)
Less net underlying interest expense on leases	2, 3	**(32)**	(31)	(64)
Underlying loss before tax *		**(92)**	(75)	(126)

* Refer to note 1 for a definition of underlying operating loss and underlying loss before tax. Further details on the Group's alternative performance measures (APMs) can be found in the Glossary section of the Group's 2025 Annual Report & Accounts.

Condensed Consolidated Statement of Comprehensive Income

for the 26 weeks ended 4 July 2026

	Notes	**26 weeks ended 4 July 2026 (unaudited) £m**	26 weeks ended 5 July 2025 (unaudited) £m	52 weeks ended 3 January 2026 (audited) £m
Loss for the period		**(72)**	(54)	(47)
Items that will never be reclassified to the income statement:				
Remeasurement (losses) / gains on employee pension schemes	5	**(5)**	5	(3)
Related tax on items above	4	**1**	(2)	1
		(4)	3	(2)
Items that are or may be reclassified to the income statement:				
Fair value movement on cashflow hedges		**2**	-	-
Insurance finance income / (expense) on funeral plan liabilities	10	**35**	(26)	(57)
Tax on funeral plan liabilities (insurance contracts)	4	**(9)**	7	14
		28	(19)	(43)
Other comprehensive income / (loss) for the period net of tax		**24**	(16)	(45)
Total comprehensive loss for the period		**(48)**	(70)	(92)

The accompanying notes on pages 18 - 31 form an integral part of these financial statements.

Condensed Consolidated Balance Sheet
as at 4 July 2026

	Notes	As at 4 July 2026 (unaudited) £m	As at 5 July 2025 (unaudited) £m	As at 3 January 2026 (audited) £m
Non-current assets				
Property, plant and equipment		**1,571**	1,545	1,591
Right-of-use assets		**780**	790	797
Goodwill and intangible assets		**929**	928	950
Investment properties		**48**	50	50
Investments in associates and joint ventures		**4**	5	4
Funeral plan investments	9	**1,573**	1,456	1,513
Pension assets (net pension assets for schemes in surplus)	5	**236**	309	270
Trade and other receivables		**6**	6	6
Derivative assets		**2**	-	-
Finance lease receivables		**26**	18	29
Total non-current assets		**5,175**	5,107	5,210
Current assets				
Inventories		**477**	441	483
Trade and other receivables		**698**	594	719
Finance lease receivables		**7**	6	6
Derivative assets		**3**	-	-
Short-term investments		**-**	100	-
Cash and cash equivalents		**469**	335	98
Total current assets		**1,654**	1,476	1,306
Total assets		**6,829**	6,583	6,516
Non-current liabilities				
Interest-bearing loans and borrowings	6	**347**	354	50
Lease liabilities	6	**955**	976	987
Trade and other payables		**2**	2	2
Insurance and re-insurance contract liabilities (funeral plans)	10	**985**	966	1,001
Derivative liabilities		**-**	3	1
Provisions		**48**	45	51
Pension liabilities (net pension liabilities for schemes in deficit)	5	**3**	3	3
Deferred tax liabilities	4	**21**	37	27
Total non-current liabilities		**2,361**	2,386	2,122
Current liabilities				
Overdraft		**-**	-	2
Interest-bearing loans and borrowings	6	**374**	142	367
Lease liabilities	6	**196**	183	191
Trade and other payables		**1,739**	1,622	1,622
Insurance and re-insurance contract liabilities (funeral plans)	10	**81**	78	81
Derivative liabilities		**1**	2	3
Provisions		**16**	41	20
Total current liabilities		**2,407**	2,068	2,286
Total liabilities		**4,768**	4,454	4,408
Members' share capital		**80**	78	79
Retained earnings		**1,967**	2,039	2,017
Other reserves		**14**	12	12
Total equity		**2,061**	2,129	2,108
Total equity and liabilities		**6,829**	6,583	6,516

The accompanying notes on pages 18 - 31 form an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

for the 26 weeks ended 4 July 2026

For the 26 weeks ended 4 July 2026 (unaudited)	Notes	**Members' share capital £m**	**Retained earnings £m**	**Other reserves £m**	**Total equity £m**
Balance at 3 January 2026		**79**	**2,017**	**12**	**2,108**
Loss for the period		**-**	**(72)**	**-**	**(72)**
Other comprehensive income / (losses):					
Remeasurement losses on employee pension schemes	5	**-**	**(5)**	**-**	**(5)**
Tax on items taken directly to other comprehensive income	4	**-**	**1**	**-**	**1**
Insurance finance income (funeral plan liabilities)	10	**-**	**35**	**-**	**35**
Tax on funeral plan liabilities (insurance contracts)	4	**-**	**(9)**	**-**	**(9)**
Fair value movement on cashflow hedges		**-**	**-**	**2**	**2**
Total other comprehensive income		**-**	**22**	**2**	**24**
Shares issued less shares withdrawn		**1**	**-**	**-**	**1**
Total of items taken directly to retained earnings		**1**	**-**	**-**	**1**
Balance at 4 July 2026		**80**	**1,967**	**14**	**2,061**

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

For the 52 weeks ended 3 January 2026 (audited)	Notes	Members' share capital £m	Retained earnings £m	Other reserves £m	Total equity £m
Balance at 4 January 2025		77	2,109	12	2,198
Loss for the period		-	(47)	-	(47)
Other comprehensive income / (losses):					
Remeasurement losses on employee pension schemes	5	-	(3)	-	(3)
Tax on items taken directly to other comprehensive income	4	-	1	-	1
Insurance finance expense (funeral plan liabilities)	10	-	(57)	-	(57)
Tax on funeral plan liabilities (insurance contracts)		-	14	-	14
Total other comprehensive loss		-	(45)	-	(45)
Shares issued less shares withdrawn		2	-	-	2
Total of items taken directly to retained earnings		2	-	-	2
Balance at 3 January 2026		79	2,017	12	2,108

The accompanying notes on pages 18 - 31 form an integral part of these financial statements.

Condensed Consolidated Statement of Cash Flows

for the 26 weeks ended 4 July 2026

	Notes	**26 weeks ended 4 July 2026 (unaudited) £m**	26 weeks ended 5 July 2025 (unaudited) £m	52 weeks ended 3 January 2026 (audited) £m
Net cash from operating activities	7	**288**	217	243
Cash flows from investing activities:				
Purchase of property, plant and equipment		**(124)**	(113)	(265)
Proceeds from sale of property, plant and equipment		**11**	8	22
Purchase of intangible assets		**(10)**	(18)	(53)
Purchase of investments for pre-paid funeral plans sales	9	**(50)**	(46)	(97)
Receipts from funds for pre-paid funeral plans performed and cancelled	9	**62**	57	108
Proceeds from the sale of short-term investments		**-**	-	100
Interest received on subleases		**1**	1	2
Rent received on subleases		**2**	4	7
Interest received on deposits		**1**	13	18
Net cash (used in) / generated from investing activities		**(107)**	(94)	(158)
Cash flows from financing activities:				
Interest paid on borrowings		**(1)**	(4)	(45)
Interest paid on lease liabilities		**(34)**	(33)	(66)
Repayment of borrowings	6	**-**	-	(112)
Proceeds from new borrowings	6	**347**	-	-
Revolving credit facility (payback) / draw down	6	**(50)**	-	50
Cash outflow from decrease in other borrowings	6	**(1)**	(1)	-
Payment of lease liabilities		**(72)**	(70)	(137)
Derivative settlements		**2**	(1)	(2)
Share capital		**1**	1	2
Net cash used in financing activities		**192**	(108)	(310)
Net foreign exchange differences		**-**	-	1
Net increase / (decrease) in cash and cash equivalents		**373**	15	(224)
Cash and cash equivalents at beginning of period		**96**	320	320
Net cash and cash equivalents at end of period		**469**	335	96
Overdrafts (per balance sheet)		**-**	-	(2)
Cash and cash equivalents (per balance sheet)		**469**	335	98
		469	335	96

The accompanying notes on pages 18 - 31 form an integral part of these financial statements.

Group net debt	Notes	**4 July 2026 (unaudited) £m**	5 July 2025 (unaudited) £m	3 January 2026 (audited) £m
Interest-bearing loans and borrowings		**(721)**	(496)	(417)
Lease liabilities		**(1,151)**	(1,159)	(1,178)
Total debt		**(1,872)**	(1,655)	(1,595)
- Group cash*		**462**	328	93
- Overdrafts		**-**	-	(2)
- Short-term investments		**-**	100	-
Group net debt	6	**(1,410)**	(1,227)	(1,504)
Add back: accrued interest on amortised debt		**20**	25	9
Group net debt (excluding accrued interest on amortised debt)	6	**(1,390)**	(1,202)	(1,495)
Group net debt (excluding lease liabilities and accrued interest on amortised debt)		**(239)**	(43)	(317)

* The Group cash value used in our Net debt APM metric above excludes £7m (HY25: £7m and FY25: £5m) 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 4 July 2026 (unaudited)	Food Retail	Co-op partners (b)	Wholesale & Franchise	Life Services			Support functions	Total
				Funeral	Legal	Insurance		
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	**3,714**	**989**	**683**	**169**	**46**	**12**	**-**	**5,613**
Cost of goods and services	**(2,623)**	**(989)**	**(603)**	**(26)**	**(2)**	**-**	**-**	**(4,243)**
Employee benefits expense	**(628)**	**-**	**(10)**	**(62)**	**(19)**	**(2)**	**(73)**	**(794)**
Distribution and other costs and income	**(481)**	**-**	**(83)**	**(74)**	**(10)**	**(4)**	**31**	**(621)**
Underlying operating (loss) / profit (a)	**(18)**	**-**	**(13)**	**7**	**15**	**6**	**(42)**	**(45)**
Property disposals and closures (a) (i)	**2**	**-**	**-**	**(1)**	**-**	**-**	**2**	**3**
Impairment of non-current assets (a) (ii)	**(25)**	**-**	**-**	**(1)**	**-**	**-**	**-**	**(26)**
Change in value of investment properties	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**(2)**
Other non-underlying items (a) (iv)	**(1)**	**(16)**	**-**	**(5)**	**(2)**	**(1)**	**(14)**	**(39)**
Operating (loss) / profit	**(42)**	**(16)**	**(13)**	**-**	**13**	**5**	**(56)**	**(109)**
Profit before tax (funerals only) (d)				**69**				**69**
Depreciation and amortisation	**154**	**-**	**3**	**13**	**-**	**-**	**14**	**184**
EBITDA (c)	**112**	**(16)**	**(10)**	**13**	**13**	**5**	**(42)**	**75**
Underlying EBITDA (c)	**136**	**-**	**(10)**	**20**	**15**	**6**	**(28)**	**139**

Funeral revenue comprises £51m (HY25: £49m; FY25: £102m) in relation to pre-need funeral plans and £117m (HY25: £108m; FY25: £207m) for at-need funerals. Wholesale revenue includes sales of £54m (HY25: £43m; FY25: £91m) generated by our franchise business.

Food provides a wholesale service to other independent co-operative societies on a cost recovery basis. The cost of this service amounting to £79m (HY25: £79m) is shown in Cost of goods and services in the Co-op Patrners 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 (HY25: £105m) are included within the Distribution and other costs and income line.

26 weeks ended 5 July 2025 (unaudited)	Food Retail	Co-op partners (b)	Wholesale & Franchise	Life Services			Support functions	Total
				Funeral *	Legal	Insurance		
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	3,620	971	683	157	40	13	-	5,484
Cost of goods and services	(2,518)	(971)	(603)	(28)	(3)	-	-	(4,123)
Employee benefits expense	(606)	-	(11)	(56)	(18)	(2)	(78)	(771)
Distribution and other costs and income	(485)	-	(79)	(64)	(9)	(6)	21	(622)
Underlying operating profit / (loss) (a)	11	-	(10)	9	10	5	(57)	(32)
Property disposals and closures (a) (i)	(1)	-	-	-	-	-	11	10
Impairment of 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)
Operating profit / (loss)	(20)	-	(13)	7	10	5	(45)	(56)
Profit before tax (funerals only) (d)				56				56
Depreciation and amortisation	148	-	4	15	-	-	10	177
EBITDA (c)	128	-	(9)	22	10	5	(35)	121
Underlying EBITDA (c)	159	-	(6)	24	10	5	(47)	145

* £9m of expenses in our Funeral business has been represented in the cost of goods and services line (previously shown in the Distribution and other costs and income line) to better reflect the nature of the expenses.

1 Operating segments continued

52 weeks ended 3 January 2026	Food Retail	Co-op partners (b)	Wholesale & Franchise	Life Services			Support functions	Total
				Funeral	Legal	Insurance		
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	7,256	1,964	1,387	309	83	26	-	11,025
Cost of goods and services	(5,016)	(1,964)	(1,211)	(50)	(4)	-	-	(8,245)
Employee benefits expense	(1,221)	-	(19)	(111)	(36)	(5)	(156)	(1,548)
Distribution and other costs and income	(985)	-	(171)	(141)	(21)	(9)	60	(1,267)
Underlying operating (loss) / profit (a)	34	-	(14)	7	22	12	(96)	(35)
Property disposals and closures (a) (i)	-	-	-	-	-	-	11	11
Impairment of non-current assets (a) (ii)	(37)	-	-	-	-	-	8	(29)
Change in value of investment properties	-	-	-	-	-	-	10	10
Cyber attack (incremental costs) (a) (iii)	(10)	-	-	-	-	-	(11)	(21)
Other non-underlying items (a) (iv)	(4)	-	(1)	(1)	-	2	11	7
Operating profit / (loss) (a)	(17)	-	(15)	6	22	14	(67)	(57)
Profit before tax (Funerals only) (d)				116				
Depreciation and amortisation	301	-	6	31	1	-	23	362
EBITDA (c)	284	-	(9)	37	23	14	(44)	305
Underlying EBITDA (c)	335	-	(8)	38	23	12	(73)	327

a) Underlying operating (loss) / profit is a non-GAAP measure of operating (loss) / profit before the impact of non-underlying items, as detailed in notes (i) - (iv) below. Underlying 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 2025 Annual Report & Accounts (page 241). The difference between underlying operating loss and operating loss includes:

i) Gains from property and business disposals of net £3m (HY25: £10m gain) primarily relate to disposals of non-core properties in our Food and Funeral businesses.

ii) Impairment charges of £26m relate to £25m in Food and £1m in Funerals (HY25: £3m credit relating 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 4 July 2026, the Group has considered whether the ongoing challenging trading conditions and increased costs of servicing our customers represent an impairment indicator as at 4 July 2026. A full impairment assessment has been performed over our Food stores. No other indicators have been identified and hence a full impairment assessment across all other group CGUs was not required. The impairment in Funerals relates to a relocation at an individual site.

iii) During the prior period our Co-op was the victim of a cyber attack (commencing in April 2025). Incremental, non recurring costs relating to additional activities and costs that were incurred as a direct result of the cyber attack were recognised within non-underlying items (HY25: £20m and FY25: £21m). The full-year costs mainly related to incremental stock losses (£4m) and stock wastage (£6m) in our Food business and incremental third party costs incurred with our professional services partners as well as incremental payroll costs incurred as part of the cyber recovery process (£11m).

iv) Other non-underlying items charge of £39m (HY25: £20m charge); includes £13m of redundancy costs relating to the Group's multi year restructuring activity, £16m relating to the provision of non-recoverable debt from Southern Co-operative Ltd prior to the completion of the transfer of engagements, as well as £1m of transaction costs in relation to the transaction. Other items include the £3m charge incurred in relation to pensions benefit enhancement to for a small number of Pace DB members (see Note 5), £2m of tech transformation costs in our Legal business and £2m of onerous contract losses on funeral plans. Furthermore, capitalised arrangement fees of £2m relating to the original £350m term loan have been written off following the modification to the loan (see Note 6). The prior period non-underlying charge related to the newly introduced extended producer responsibility (pEPR) fees (under the Producer Responsibility Obligations Regulations 2024. The cost recognised at the half year related to the full year charge, however the Group was only able to recover these costs throughout the remainder of the year and therefore the upfront element was treated within non-underlying items.

b) Co-op Partners (previously reported as Federal) represents independent co-operative societies who are members of a buying group (FRTS) managed by Co-op Group. This is run on a cost recovery basis. By coming together as co-operatives, our joint buying scale helps to strengthen and grow the co-operative movement for the benefit of communities throughout the UK.

c) Details of the Group's APMs (alternative performance measures) including EBITDA can be found in the Glossary section of the Group's 2025 Annual Report & Accounts (page 241).

1 Operating segments continued

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 4 July 2026 (unaudited) £m**	26 weeks ended 5 July 2025 (unaudited) £m	52 weeks ended 3 January 2026 (audited) £m
Operating profit	**-**	7	6
Finance income (funeral plans)	**72**	53	110
Finance cost (funeral plans)	**(13)**	(11)	(20)
Finance income (other)	**11**	8	22
Finance costs (other)	**(1)**	(1)	(2)
Profit before tax	**69**	56	116
Net cash from operating activities	**45**	22	17

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

Reconciliation between underlying operating loss and loss before tax	Notes	**26 weeks ended 4 July 2026 (unaudited) £m**	26 weeks ended 5 July 2025 (unaudited) £m	52 weeks ended 3 January 2026 (audited) £m
Underlying operating loss	1	**(45)**	(32)	(35)
Underlying net interest on loans and deposits	2, 3	**(15)**	(12)	(27)
Underlying net interest expense on leases	2, 3	**(32)**	(31)	(64)
Underlying loss before tax		**(92)**	(75)	(126)
Property disposals and closures	1	**3**	10	11
Impairment (charge) / credit on non-current assets	1	**(26)**	3	(29)
Change in value of investment properties	1	**(2)**	3	10
Cyber attack (incremental costs)	1	**-**	(20)	(21)
Other non-underlying items	1	**(39)**	(20)	7
Finance income (net pension income)	1	**8**	9	18
Fair value movement on foreign exchange and commodity derivatives (net)		**6**	-	1
Fair value movement on interest rate swaps	2	**-**	1	2
Fair value movement on quoted Group debt	2	**1**	2	1
Finance income (funeral plans)	2	**72**	53	110
Finance costs (funeral plans)	3	**(13)**	(11)	(20)
Other non-underlying finance interest	3	**(4)**	(5)	(7)
Loss before tax		**(86)**	(50)	(43)

2 Finance income

	26 weeks ended 4 July 2026 (unaudited) £m	26 weeks ended 5 July 2025 (unaudited) £m	52 weeks ended 3 January 2026 (audited) £m
Underlying finance income:			
Interest income from finance lease receivables	**1**	1	2
Interest receivable on deposits	**2**	9	14
Total underlying finance income	**3**	10	16
Non-underlying finance income:			
Net pension finance income	**8**	9	18
Fair value movement on foreign exchange contracts and commodity derivatives	**6**	-	1
Fair value movement on interest rate swaps	**-**	1	2
Fair value movement on quoted Group debt	**1**	2	1
Unrealised fair value movement on funeral plan investments	**72**	53	110
Total non-underlying finance income	**87**	65	132
Total finance income	**90**	75	148

3 Finance costs

	26 weeks ended 4 July 2026 (unaudited) £m	26 weeks ended 5 July 2025 (unaudited) £m	52 weeks ended 3 January 2026 (audited) £m
Underlying finance costs:			
Interest on loans (all repayable within five years)	**(17)**	(21)	(41)
Interest expense on lease liabilities	**(33)**	(32)	(66)
Total underlying finance cost	**(50)**	(53)	(107)
Non-underlying finance costs:			
Other non-underlying finance interest	**(4)**	(5)	(7)
Insurance finance expenses (funeral plan liabilities)	**(13)**	(11)	(20)
Total non-underlying finance cost	**(17)**	(16)	(27)
Total finance costs	**(67)**	(69)	(134)

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 credit in respect of continuing operations of £14m (26 weeks ended 5 July 2025: charge of £4m; and 52 weeks ended 3 January 2026: charge of £4m) and effective tax rate of 16% (26 weeks ended 5 July 2025: (8)%; and 52 weeks ended 3 January 2026: (9)%) 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 £9m.

2. A review of material non-underlying profit transactions reflected in the 26 week period ended 4 July 2026 gave rise to a £4m tax credit. 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 3 January 2026, 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 2026.

A credit of £1m 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 debit of £9m 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 £21m (as at 5 July 2025: £37m liability; and 3 January 2026: £27m 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 4 July 2026	**26 weeks ended 4 July 2026 (unaudited) £m**
At beginning of the year (net liability)	**(27)**
Credit to the Income Statement:	
- Current period movement	**14**
Credit / (charge) to equity:	
- Employee pension schemes	**1**
- IFRS 17 funeral plans	**(9)**
At end of period (net liability)	**(21)**

Notes to the interim financial statements continued

5 Pensions

Net retirement benefit asset	4 July 2026 (unaudited) £m	5 July 2025 (unaudited) £m	3 January 2026 (audited) £m
Pension schemes in surplus	**236**	309	270
Pension schemes in deficit	**(3)**	(3)	(3)
Closing net retirement benefit asset	**233**	306	267

Net retirement benefit asset	4 July 2026 (unaudited) £m	5 July 2025 (unaudited) £m	3 January 2026 (audited) £m
Pace	**133**	208	170
Somerfield scheme	**68**	72	66
United scheme	**35**	29	34
Total net assets	**236**	309	270
Unfunded liabilities	**(3)**	(3)	(3)
Total Liabilities	**(3)**	(3)	(3)
Net retirement benefit asset	**233**	306	267

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.

In early February 2026; colleagues were given notice of a consultation period in relation to the proposed move to a Master Trust arrangement for DC contributions going forward. Following the consultation; on the 1st June 2026 the Co-op and the Pace Trustee confirmed that it had been agreed to go ahead with the proposal to replace Pace DC with the new L&G Master Trust arrangement with the new scheme being called "The Co-op Retirement Savings Plan".

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

Assumptions	4 July 2026 (unaudited)	5 July 2025 (unaudited)	3 January 2026 (audited)
Discount rate	**6.15%**	5.67%	5.65%
RPI Inflation rate	**3.26%**	3.18%	3.14%
Pension increases in payment (RPI capped at 5.0% p.a.)	**3.07%**	3.01%	2.99%
Future salary increases	**3.51%**	3.43%	3.39%

Net retirement benefit asset	4 July 2026 (unaudited) £m	5 July 2025 (unaudited) £m	3 January 2026 (audited) £m
Opening net retirement benefit attributable to Group	**267**	325	325
Admin expenses paid from plan assets	**(3)**	(3)	(6)
Net finance income	**8**	9	18
Employer contributions	**1**	1	2
Pace DC contributions*	**(32)**	(31)	(68)
Past service cost (including curtailments) **	**(3)**	-	-
Remeasurement (losses) / gains	**(5)**	5	(4)
Closing net retirement benefit asset	**233**	306	267

* 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. ** The charge relates to an enhancement of benefits for a small number of Pace DB members.

Notes to the interim financial statements continued

6 Interest-bearing loans and borrowings

Non-current liabilities:	Footnote	4 July 2026 (unaudited) £m	5 July 2025 (unaudited) £m	3 January 2026 (audited) £m
£105m 7.5% Bond Notes due 2026 (fair value)	(a)	**-**	106	-
£245m 7.5% Bond Notes due 2026 (amortised cost)	(a)	**-**	248	-
£350m 8.25% Sustainability Bond due 2031 (amortised cost)	(c)	**347**	-	-
£600m Revolving credit facility (RCF)	(d)	**-**	-	50
Total (excluding lease liabilities)		**347**	354	50
Lease liabilities		**955**	976	987
Total Group non-current interest-bearing loans and borrowings		**1,302**	1,330	1,037

Current liabilities:		4 July 2026 (unaudited) £m	5 July 2025 (unaudited) £m	3 January 2026 (audited) £m
£20m 11% Instalment repayment Notes (final payment 2025)	(b)	**-**	3	-
£109m 11% Final repayment subordinated Notes due 2025	(b)	**-**	116	-
£105m 7.5% Bond Notes due 2026 (fair value)	(a)	**105**	-	106
£245m 7.5% Bond Notes due 2026 (amortised cost)	(a)	**245**	-	247
£245m 7.5% Bond Notes due 2026 (interest accrual)	(e)	**18**	18	9
£350m 8.25% Sustainability Bond Notes due 2031 (interest accrual)	(e)	**2**	-	-
Other borrowings		**1**	2	2
Corporate investor shares		**3**	3	3
Total (excluding lease liabilities)		**374**	142	367
Lease liabilities		**196**	183	191
Total Group current interest-bearing loans and borrowings		**570**	325	558

(a) the Group repaid the £105m and £245m 7.5% bond notes on 8th July 2026 in full from cash when they fell due.

(b) The £109m 11% Final repayment subordinated notes and the remaining balance of the £20m 11% Instalment notes were both repaid in full from cash in December 2025 when they fell due.

(c) New Sustainability Bond – on the 11 June 2026, the Co-operative Group Limited issued a new £350m sustainability note due in December 2031. The bond is listed on The International Stock Exchange (Guernsey). The net proceeds of the note have been used to redeem the Group's existing £350m bond at maturity in July 2026. Arrangement fees of £2.9m have been capitalised and will be amortised over the 5.5 year term of the bond.

(d) Revolving credit facilities (RCF) & Term loan - on the 24 April 2026, the Co-operative Group amended its existing Term Loan and RCF resulting in a transfer of £200m limit between the facilities. This reduced the Term Loan facility from £350m to £150m and increased the RCF from £400m to £600m. Capitalised arrangement fees of £1.9m relating to the original term loan have been written off following the modification.

(e) The amortised cost balances in current liabilities for the 26 weeks ended the 4 July 2026 relates to £18m and £2m of accrued interest payments on the 2026 and 2031 bonds respectively. The £18m was repaid in full from cash on the 8th July in line with the repayment of the £245m principal as noted above (footnote (a)). The total accrued interest on debt held at amortised cost of £20m is excluded from our Group net debt metric (see Group net debt table on page 17). 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:	4 July 2026 (unaudited) £m	5 July 2025 (unaudited) £m	3 January 2026 (audited) £m
Interest-bearing loans and borrowings*	**701**	471	408

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

The Group has a £600m Revolving Credit Facility maturing November 2029. The facility was undrawn as at 4 July 2026.

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 4 July 2026 (unaudited)	Start of period	Non-cash movements New leases	Non-cash movements Other	Cash flow	End of period
	£m	£m	£m	£m	£m
Interest-bearing loans and borrowings:					
- current	(367)	-	(8)	1	(374)
- non-current	(50)	-	-	(297)	(347)
Lease liabilities:					
- current	(191)	(9)	(102)	106	(196)
- non-current	(987)	(43)	75	-	(955)
Total Debt	(1,595)	(52)	(35)	(190)	(1,872)
Group cash:					
- cash *	93	-	-	369	462
- overdrafts	(2)	-	-	2	-
Group Net Debt	(1,504)	(52)	(35)	181	(1,410)
Less: interest accrued on amortised debt	9	-	11	-	20
Group Net Debt (excluding accrued interest)	(1,495)	(52)	(24)	181	(1,390)

* Group Cash used in our Net debt APM metric excludes £7m (FY25: £5m) of restricted cash relating to premium receipts to be invested in funeral plan investments.

7 Reconciliation of operating loss to net cash flow from operating activities

	26 weeks ended 4 July 2026 (unaudited)	26 weeks ended 5 July 2025 (unaudited & restated*)	52 weeks ended 3 January 2026 (audited)
	£m	£m	£m
Operating loss	**(109)**	(56)	(57)
Depreciation and amortisation charges	**184**	177	362
Non-current asset impairments	**26**	-	40
Non-current asset impairment (reversals)	**-**	(3)	(11)
Profit on closure or disposal of businesses and non-current assets	**(3)**	(10)	(11)
Change in value of investment properties	**2**	(3)	(10)
Retirement benefit obligations	**37**	33	72
Decrease / (increase) in inventories	**6**	16	(26)
Decrease / (increase) in receivables	**21**	2	(133)
Increase in expected credit losses on trade receivables	**2**	2	2
Decrease / (increase) in insurance contract liabilities (funeral plans)	**2**	(5)	(4)
Increase in payables and provisions	**120**	64	19
Net cash flow from operating activities	**288**	217	243

Notes to the interim financial statements continued

8 Commitments and contingent liabilities

Commitments - capital expenditure that the Group is committed to but which has not been accrued for at the period end includes £30m in relation to retail stores.

Contingent liabilities - there are no significant changes to our contingent liabilities to those disclosed in the 2025 Annual Report and Accounts except for the following: In relation to the claims brought by the liquidators of The Food Retailer Operations Limited, judgment was handed down on 21 May 2026 and both of the liquidators' claims against Co-op (and relevant subsidiaries) were dismissed. The judgment has subsequently been appealed by the claimant and is expected to be heard at the Court of Appeal in the first half of 2027. Furthermore, on 27 July 2026 a court order awarded Co-op an interim amount of £11m in relation to legal fees incurred on the original case. This costs award has now been received in full. The reimbursement was not virtually certain at the half-year date and therefore recognised in the second half of the year.

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

Funeral plan investments as per the balance sheet:	**4 July 2026 (unaudited) £m**	5 July 2025 (unaudited) £m	3 January 2026 (audited) £m
Current	**-**	-	-
Non-current	**1,573**	1,456	1,513
Funeral plan investments	**1,573**	1,456	1,513

Fair values recognised in the balance sheet

4 July 2026 (unaudited)	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Assets				
Financial assets at fair value through income or expense				
- Derivative financial instruments	**-**	**5**	**-**	**5**
- Funeral plan investments	**-**	**-**	**1,573**	**1,573**
Total financial assets held at fair value	**-**	**5**	**1,573**	**1,578**
Liabilities				
Financial liabilities at fair value through income or expense				
- Derivative financial instruments	**-**	**1**	**-**	**1**
Total financial liabilities held at fair value	**-**	**1**	**-**	**1**

With reference to the fair value hierachy as defined in IFRS 13 (see Note 26 of the 2025 Annual Report and Accounts for further details); 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 2025 Annual Report and Accounts.

Funeral plan investments	**4 July 2026 (unaudited) £m**	5 July 2025 (unaudited) £m	3 January 2026 (audited) £m
At start of period	**1,513**	1,414	1,414
New plan investments (including on-going instalments)	**50**	46	97
Plans redeemed	**(56)**	(51)	(97)
Plans cancelled	**(6)**	(6)	(11)
Unrealised fair value movement on funeral plan investments (see Note 2)	**72**	53	110
At end of period	**1,573**	1,456	1,513

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.

10 Insurance contracts (funeral plan liabilities)

Insurance contract liabilities - by nature (H1 2026)	Liabilities for remaining coverage		Liabilities for claims incurred	Total
	Excluding loss component	Loss component		
	£m	£m	£m	£m
Insurance contract liability as at 3 January 2026	1,077	-	5	1,082
Insurance revenue	(51)	-	-	(51)
Insurance service expenses:				
- Incurred claims and other expenses	-	-	47	47
- Amortisation of insurance acquisition cashflows	2	-	-	2
- Loss on onerous contracts and reversals of those losses	-	2	-	2
Insurance service result	(49)	2	47	-
Insurance finance expenses - Income statement	13	-	-	13
Insurance finance income - Other comprehensive income	(35)	-	-	(35)
Total changes in Statement of Comprehensive income	(71)	2	47	(22)
Cashflows:				
- Premiums received less premiums refunded	61	-	-	61
- Claims and other expenses paid (including investment components)	-	-	(48)	(48)
- Insurance acquisition flows	(7)	-	-	(7)
Total cashflows	54	-	(48)	6
Insurance contract liability as at 4 July 2026	1,060	2	4	1,066

Re-insurance contract liabilities are not material for disclosure in separate movement tables; £1m (HY26), £1m (HY25) and £nil (FY25). The methodology used to value our funeral plan liabilities remains the same as described in the 2025 Annual Report and Accounts. Key financial assumptions have been updated using latest actuarial advice.

Insurance contract liabilities - by component (H1 2026)	Estimates of present value of future cashflows	Risk adjustment	Contractual service margin	Total
	£m	£m	£m	£m
Insurance contract liability as at 3 January 2026	890	44	148	1,082
Changes that relate to current services:				
- Contractual service margin recognised for service provided	-	-	(3)	(3)
- Risk adjustment for the risk expired	-	(2)	-	(2)
- Experience adjustments	4	-	-	4
Changes that relate to future services:				
- Contracts initially recognised in the period	(13)	2	10	(1)
- Changes in estimates that adjust the contractual service margin	52	3	(55)	-
- Changes in estimates that do not adjust the contractual service margi	2	-	-	2
Insurance service result	45	3	(48)	-
Insurance finance expenses - Income statement	9	1	3	13
Insurance finance income - Other comprehensive income	(33)	(2)	-	(35)
Total changes in Statement of Comprehensive income	21	2	(45)	(22)
Cashflows:				
- Premiums received less premiums refunded	61	-	-	61
- Claims and other expenses paid (including investment components)	(48)	-	-	(48)
- Insurance acquisition flows	(7)	-	-	(7)
Total cashflows	6	-	-	6
Insurance contract liability as at 4 July 2026	917	46	103	1,066

Notes to the interim financial statements continued

11 Events after the reporting date

£350m 7.5% Bond notes - the Group repaid the bond notes on 8th July 2026 in full from cash when they fell due.

Term loan drawdown (£150m) - the Group drew down on the full term loan facility on 31 July 2026.

Southern Co-operative Group - on 8 April 2026 the Group announced the intended transfer of the engagement of Southern Co-operative Limited ("Southern Co-op") to Siena Co-operative Limited, a wholly-owned subsidiary of the Group. The transaction transferred the entire property of Southern Co-op to Siena Co-operative Limited, including assets, liabilities and all other rights and obligations, and required the approval of members of Southern Co-op, which was granted on 21 May 2026. The engagements transferred upon registration of the resolution of Southern Co-op members with the Financial Conduct Authority on 26 July 2026. The Southern Co-op and Co-op Group businesses are operating separately under Co-op Group ownership pending review by the Competition and Markets Authority.

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 4 July 2026 ('the interim financial statements') include the Society and its subsidiaries (together referred to as 'the Group'). The audited consolidated financial statements ('the 2025 annual report') of the Group for the 52 week period ended 3 January 2026 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 4 July 2026 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 2025 annual report.

The comparative figures for the 52 week period ended 3 January 2026 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 2X September 2026.

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 2025 annual report except for any estimates relating to the cyber attack as described below and where stated within the notes to these 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 2025 annual report.

(A) New standards:

The Group has considered the following standards and amendments that are effective for the Group for the period commencing 4 January 2026. Following the clarification to IFRS 9, the Group now applies settlement date accounting to payments that settle financial liabilities (specifically relevant to EFT transactions around half-year and year-end dates). No restatement of the opening position was required. The Group has concluded that the other 2 amendments are either not relevant to the Group or do not have a significant impact on the financial statements:

- *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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 3 January 2026 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:

- *IFRS 18 - Presentation and Disclosure in Financial Statements**
- *IFRS 19 - Subsidiaries without Public Accountability: Disclosures**
- *IFRS 20 - Regulatory Assets and Regulatory Liabilities***

**Applicable for reporting periods on or after 1st January 2027. **Applicable for reporting periods on or after 1st January 2029.*
The Group is currently reviewing the likely impact of IFRS 18 on its statutory reporting which may change the format and presentation of the Consolidated Income statement, the Consolidated Balance sheet and the Consolidated statement of Cashflows as well as certain disclosure notes including the requirement for a dedicated disclosure note for management-defined performance measures (MPMs).

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 219 of the Group's 2025 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.

Accounting policies and basis of preparation continued

Going concern

The Interim financial statements are prepared on a going concern basis as the directors have a reasonable expectation that the Group has sufficient liquidity and adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from date of approval.

The assessment period used for our going concern assessment is the 18 months from the 5th July 2026 to 8th January 2028.

In assessing the Group's ability to continue as a going concern, the directors have considered a wide range of information relating to present and future conditions, including the Group's most recent forecasts of profitability, cashflows, covenant compliance and the Group's liquidity position for the period to 31 December 2027. 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 other funding sources, structuring our borrowings with phased maturities to manage our refinancing risk as well as maintaining sufficient levels of liquidity for our Co-op. As part of the going concern review, we have ensured that our forecasts demonstrate compliance with the terms of these agreements, for example related banking covenants and facility levels.

As part of strategic planning, the Directors make key assumptions about business performance and stress-test financial scenarios to ensure compliance with facility terms, even under principal risk events. Although our Co-op has a robust planning process, which reflects the continuing economic uncertainty and headwinds impacting the group, we have performed additional stress testing of the going concern basis under severe but plausible downside scenarios and reflect our principal risks. The results of our stress testing of severe but plausible downside scenarios provided a reasonable basis to support the Directors' conclusion over going concern.

Before the end of H1 we have successfully raised additional funding of £350m from the bond market, to boost our liquidity position and to keep our Coop protected from known and unknown business risks that may arise in the future.

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

1. Review and challenge management's base case forecast:

- The directors have considered the Group's cash flow forecasts and profitability projections for the period to December 2027 ("Base Case"). Co-op's base case forecast takes into consideration the continued uncertainty in the market. The Board has reviewed and approved these plans.

- The key assumptions in the plan are: a. Growth in volume, price, margin rate and profit. b. This growth is tempered with impact of continued cost headwinds on payroll, and goods not for resale inflation, being offset by operating cost efficiencies and c. Rebuilding the balance sheet

2. Ensure compliance with the terms of our bank facility agreements and covenant compliance:

- 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 4 July 2026, the Group had total liquidity of £1.2bn, being cash of £0.4bn, headroom of £0.6bn on the Group's Revolving credit facility ("RCF") and £0.2bn undrawn term loan. The Base case has sufficient liquidity and bank covenants headroom over the going concern period, with the tightest point for liquidity headroom at period 8 2027, and tightest point for EBITDA at period 8 2026 to breach covenants. The Group has been in compliance with all covenants applicable to its facilities through the period and is forecast to continue to be in compliance for the 12 months from the date of signing these financial statements.

3. Assess 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, margin rate and market share in our Food business, b. market share, product mix and death rate sensitivities in our Funeralcare business, c. reduction in the growth and cost efficiency assumptions in our Wholesale business and d. operating cost out programme non delivery;

- The downside sensitivities identified do not risk the validity of our Co-op as a going concern even before applying the mitigating actions considered below. We have also considered a plausible combination of the sensitivities happening concurrently where the validity remains protected. Even in the unlikely scenario of all the sensitivities happening simultaneously we still have liquidity and covenant headroom over the Going concern period.

- Whilst out of line with our strategic ambition, there are several options and management mitigating actions within the business' control we could exercise, if the above risks materialised. Options include (but not limited to) our Co-op's ability to control the level and timing of its capital expenditure programme and apply cost control measures across both variable and overhead budgets.

4. Conduct reverse stress testing:

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