

Co-op navigates headwinds and looks forward with confidence, clarity and purpose

The Co-operative Group today shares a trading update for 2025 – an atypical year where Co-op experienced:

- A criminal cyber attack, with an estimated £107m impact to profitability as the Group restricted its own systems.
- Changed shopper behaviour following the disruption, with transactions affected throughout the year in food stores.
- Evolving market dynamics, including health-led consumer behaviour shifts.
- Layered cost headwinds of circa £150m, including increases in regulatory and colleague costs.

Co-op's strong balance sheet allowed the Group to withstand these challenges and adjust its strategy for the future:

- Responding to a changing convenience market, growing quick commerce business by 15%.
- Moving ahead as a portfolio of businesses, with Life Services growing 4% despite disruption.
- Resetting the Wholesale proposition as a multi-fascia provider.
- Launching a new Commercial and Logistics division as a major UK buying group.
- Investing £318m to support member and customer experience, including in technology and stores.
- Growing active member numbers by 17% to 7.2m, now setting a new target of 10m by 2030.

Co-op is recovering in 2026 with market share returning to or surpassing pre-attack levels in every business area.

Unaudited full-year performance

Co-op's 2025 results are shaped by its response in the year to a criminal cyber attack, where the Group proactively restricted systems to contain the threat. This protective action had an estimated £285m direct impact on revenue and an estimated £107m impact to profitability, with £86m margin impact and £21m of incremental, non-recurring costs. The table below shows the variance both with and without this estimated impact to aid understanding of the Group's underlying performance.

Performance measures	2025	2024	Var £/%	Var £/% Excluding estimated direct cyber impact
Total group revenue	£11,025m	£11,279m	(2.3%)	0.3%
Underlying operating (loss) /profit	(£35m)	£131m	(£166m)	(£80m)
Underlying (loss) / profit before tax	(£126m)	£45m	(£171m)	(£85m)
Net debt excluding leases	(£317m)	(£55m)	(£262m)	(£155m)

These results are unaudited; final audited results will be made available in Co-op's Annual Report and Accounts for 2025.

- Revenue was down 2.3% year-on-year, reflecting the estimated direct cyber impact, lost trading momentum as the Group focused on recovery, a contracting convenience market and changing consumer behaviour.
- Excluding the estimated cyber impact, revenue was broadly flat year-on-year, with Life Services and Food Retail businesses demonstrating growth, offsetting Wholesale decline as Co-op continues to reset the proposition.
- Underlying operating loss of £35m includes estimated direct cyber impact of £86m, as well as an additional circa £150m in cost headwinds. These headwinds include regulatory costs of £47m, made up of National Insurance increases and new Extended Producer Responsibility charges, as well as investments in colleague pay.
- Co-op has continued to plan for the medium and long term, with capital investments of £318m in the year, including in stores and technology.

- Strong liquidity at the start of 2025 allowed Co-op to manage challenges. Net debt excluding leases has increased to £317m in the year; the Group expects this figure to improve in the first half of 2026 as a working capital impact unwinds.

Debbie White, Chair of Co-op Group, said:

“2025 was a challenging year, but those challenges have helped us reshape Co-op for the future. Despite a cyber attack and tough market conditions, our colleagues have shown incredible resilience, keeping communities served and essential services running.

To get back on track, we have adjusted our commercial strategy and strengthened our partner offer while substantially growing active membership. Now, we’re looking ahead with a strong focus on customers, while continuing to prioritise the people who own our business, targeting ten million active members by 2030.”

Shirine Khoury-Haq, Chief Executive, added:

“Trading conditions remain difficult and the current geopolitical landscape is adding further instability, but we have reasons for optimism. Including our own estate and partners, we supply close to 8,000 stores; our new Commercial and Logistics business is turning this strength as a supplier into a path to growth.

Looking at our portfolio as a whole, our Life Services area - insurance, funerals, legal services - grew in 2025 despite disruption. We fundamentally reset our Wholesale business for partners, launching a fantastic new proposition, establishing significant relationships and building our future pipeline. The retail industry is still under pressure from rising costs and cautious consumers, but we’re adapting: growing our online convenience business, offering more to health-conscious shoppers and investing in stores. We’re confident in the road ahead.”

Outlook

Co-op anticipates external pressures to continue, including volatility and weak consumer confidence. The Group’s immediate priority is on resuming its 2024 trajectory, where results demonstrated a 35% increase in underlying operating profit.

To this end, Co-op has strategic ambitions based on what consumers come to Co-op for:

- **Accessibility:** Co-op will drive customer experience across physical and digital estates, with both a presence in every postal area and online convenience shopping available to 90% of the UK population.
- **Value:** new Commercial and Logistics business centralises the buying functions of Co-op’s 8,000-strong store network, improving prices for end customers by buying at scale.
- **Difference:** Co-op continues to act in the interests of the members who own the business, from supporting local communities and Co-op Academies, to targeting Net Zero across operations by 2035. This Co-op difference continues to set the Group apart, targeting 10m active members by 2030, up from the previous target of 8m.

As well as pursuing growth, Co-op continues to prudently manage operations, with work underway to remove £200m of annual operating costs in 2026.

Priority areas

Focusing on partnerships: Business-to-business

Co-op is a supplier to over 5,600 locations nationwide through partners, franchise stores and regional co-operatives.

In 2025, Co-op repositioned its offer, with Nisa Retail Limited becoming Co-op Wholesale. The Group also established a new and autonomous Commercial and Logistics business to centralise buying, sourcing and logistics, driving both efficiency and value for customers by buying at scale.

Wholesale

- Revenue for 2025 was £1.3bn, contracting 2.2% against 2024, predominantly driven by market-wide challenges, including declining demand for tobacco. Excluding tobacco sales, wholesale revenue grew 1.3%.
- Marked performance improvement towards the end of 2025, demonstrating growth in the final quarter across value and volume, and outperforming the wider market for Christmas trade.
- Underlying operating loss of £14m driven in part by investment in a reset partner proposition.
- Securing and renewing significant agreements in the year with partners such as Roadchef and Costcutter.

Federal Retail Trading Services (FRTS)

- Revenue is £2bn, 5.4% down year-on-year, largely reflecting market contraction and stock availability challenges during the cyber incident.
- Continued partner support highlighted Co-op's strength as a supplier, harnessed in new Commercial and Logistics division.

Franchise

- Strong growth of 23% to £91m.
- Network expanded to 65 stores with 11 new openings in the year, including university campus and NHS sites.

Focusing on consumers: Food Retail

On top of market-wide challenges, Co-op's retail business was particularly affected by the cyber attack – both the immediate impact of restricting systems, and a tail of changed buying behaviour as transitory convenience shopping habits were disrupted. Co-op has remained focused on rebuilding momentum, delivering on consumer needs and adjusting to market changes.

- Revenue of £7.25bn represents 2% contraction against 2024; excluding estimated direct cyber impact, revenue demonstrates 1% growth.
- Underlying operating profit of £34m.
- On top of cyber response, results reflect a contracting convenience market. Co-op has continued to champion the sector by:
 - Growing quick commerce business 15% and launching online services into 279 additional stores.
 - Responding to health-driven behaviour change, bringing Holland & Barrett products to Co-op shoppers.
 - Focusing on quality, with 447 new product lines launched in the year.
 - Making the most of more than 2,300 owned stores:
 - Trialling new formats, including a sustainability store model using 40% less energy than pre-fit.
 - Increasing investment in the second half of 2025, opening 50 stores in three months across new sites, refit stores and refurbishments.
 - Working to improve price perception:
 - Price matching over 100 items to Aldi for members.
 - Driving a strong promotional programme in the second half, including two stonebaked pizzas and a tub of Ben and Jerry's ice cream for £5, worth £13.65.

Moving ahead as portfolio: Life Services

By focusing on choice and personalisation, Co-op's Life Services business grew through challenge, and is anticipating a continued strong performance in 2026 with a focus on partnerships and marketing.

- Overall revenue growth of 4.2% to £418m including estimated direct cyber impact, or 6.9% excluding this impact.
- Underlying operating profit of £41m
- Growing 'pre-need' funeral plan sales volumes by 10% while also launching 'One Brilliant Life' national advertising campaign in the year and investing £12.8m in Funeralcare business, including in electric vehicles.
- Demonstrating growth in probate and estate planning areas of Legal Services, while focusing on partnerships and investing £1.6m in technology, including in AI to more efficiently process client cases.
- Seeing volume growth of 17% in Co-op's insurance business, with particular success in motor and life insurance policies.

Delivering as a democracy

Co-op is owned by its members and has continued to drive their participation in the business.

- Demonstrating active membership growth of 17% to 7.2 million, with 1.7 million members joining in the year.
- Extending Annual General Meeting voting rights to 1.5m additional members, seeing a 22% uplift in voting.
- Changing sourcing policies based on member priorities. In 2025, Co-op pledged to stop sourcing from countries where the international community has identified serious risks of community-wide human rights violations and violations of international law.

Backing Britain

As a business established in 1844 in Rochdale, Co-op believes it is more vital than ever to contribute to the UK's stability and growth ambitions.

- Spending over £700m in 2025 with UK farmers and agriculture suppliers, and directly sharing over £760,000 through a new fund encouraging sustainable agricultural practices.
- Continuing to source 100% of fresh and frozen own brand meat from British farmers, including when used as an ingredient.
- Raising £6.5m since 2023 in partnership with Barnardo's through colleague, member, customer and supplier fundraising - creating positive futures for the UK's young people.
- Supporting the Co-op Academies Trust, which operated 38 schools in 2025 with plans to expand in 2026.
- Matching over 3,000 apprenticeships since 2021 through Co-op Levy Share, which allows employers to transfer unused apprenticeship levy funds to businesses, charities and community organisations.
- Partnering with the Hacking Games to channel young digital talent into positive ethical careers.
- Supporting 135 causes and individuals through the Co-op Foundation, creating opportunities for young people.

ENDS

Co-op will publish its audited full-year results and Annual Report ahead of its Annual General Meeting on 16 May 2026.

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Notes

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