



2024/25 Half Year Report



The Midcounties
Co-operative

Who we are, what we do

The Midcounties Co-operative is a co-operative business owned and controlled by its members. We operate businesses in Food, Travel, Childcare, Energy, Telecoms, Post Offices and Flexible Benefits. The profits we make allow us to support the communities we serve.

Our heartlands are in Oxfordshire, Gloucestershire, Buckinghamshire, Shropshire, Staffordshire, the West Midlands, Wiltshire and Worcestershire. However, we also trade in the surrounding counties and our Energy, Childcare, Travel, Telecoms and Flexible Benefits businesses trade across the UK.

We have four core values, derived from the values and principles of the co-operative movement, that guide the way we work – Democracy, Openness, Equality and Social Responsibility; and our TRUST pillars help ensure we live our Purpose every day – Thriving Co-operative, Remarkable Colleagues, Uniquely Engaged Members, Sustainable Impact and Thought-Leading Pioneers.

Our Purpose

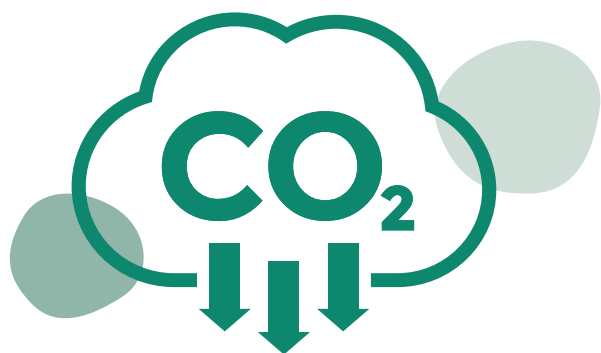
Through the power of co-operation, we're building a fairer, more sustainable, and ethical future.



Front cover image: Solar panels installed at our head office in partnership with Big Solar Co-op.
This image: Our Fairer Futures programme continues to thrive.

Society highlights

**Member trade
has grown to
38.0%**
up from 30.1% last year



**Greenhouse gas
emissions down
33%**
compared with 2019

£53,280
distributed in grants
to 113 community groups



AWARDED
Energy Project of the Year
at the Energy Awards 2024

FAIRER FUTURES PROGRAMME

supported 37 young people
(helping 23 into employment)



President's introduction



"Despite the challenging times, we've achieved a lot together over these six months and I'm excited to see what we can accomplish in the rest of the year."

Heather Richardson

As we share our accounts for the six months ending 27 July 2024, I'm pleased to reflect on what has been a busy and productive period for The Midcounties Co-operative. While the economic environment has been challenging, our co-operative spirit and member engagement have helped us navigate these times with resilience and optimism.

One of the achievements I'm particularly proud of is how Your Co-op Little Pioneers has become the first nursery provider to allow parents and carers to spread the cost of childcare. This is an important step to make early years education more accessible, with the aim of reducing monthly bills and easing the burden on families. We're proud to be leading the way in providing more children with access to education during their formative years.

It was also great to see so many members supporting our AGM and Fairer Living Festival in Walsall in May. Events like this really showcase the strength of our co-operative community, and we're looking forward to building on the valuable feedback we received from members as we plan for next year. Additionally, I'm pleased to see our membership continuing to grow – a testament to the value and trust that people place in our Society.

I want to extend a big thank you to our colleagues, members and Board for their ongoing commitment and hard work. Despite the challenging times, we've achieved a lot together over these six months and I'm excited to see what we can accomplish in the rest of the year.

Thank you for your continued support of our Society and I hope to see you at our Half Year Meeting on 9 October.

A handwritten signature in black ink, reading 'H Richardson', followed by a long, sweeping horizontal line.

Heather Richardson
President

Chief Executive's report



"We have invested significant capital into new sites, new systems and carbon reduction technologies... These investments are already showing positive results, both in terms of improved financial performance and a reduction in energy use."

Phil Ponsonby

It is my pleasure to update members on the Society's position at the half-year point. It was pleasing to see inflation ease during the first half of the year, although high interest rates continued to provide a challenging trading backdrop and higher finance charges.

The Society delivered gross sales of £782.0m in the first half of 2024, an increase of 1.1% over the same period last year. Pleasingly, gross profit increased to £118.5m representing a 7.2% improvement, and operating profit (before significant items) was at £5.6m, an increase of £1.9m (52.0%) when compared to the first half of last year.

We have invested significant capital into new sites, new systems and carbon reduction technologies. As such, we have increased net debt to £53.5m versus £37.0m last year. These investments are already showing positive results, both in terms of improved financial performance and a reduction in energy use.

While it is pleasing that we have grown revenues and operating profits and are continuing to invest, the Society has made an overall loss of £5.1m for the first half of the year (2023/24: £4.7m loss). This reflects our increased borrowing levels and interest costs, and also includes accounting losses recorded against the sale of non-strategic properties, amounting to £1.5m. These sales generated net cash proceeds of £6.6m which have been reinvested and, together with other investments and efficiency measures, will deliver improved profitability.

In Food Retail, the climate remains challenging, and the high cost of living continues to impact sales. Despite the poor weather through the key spring and summer months, we increased like-for-like sales through various initiatives such as in-store bakery installations, improved

member offers, new services and partnerships. Investment continues to protect our colleagues, stores and stock. We have extended our investment in areas such as secure kiosks, body worn cameras, security tagging and smoke cloaks, focusing on our most high-risk stores. We have also completed our first two high-risk refits where we have re-designed the stores significantly to make it easier for colleagues to be on the shop floor, introducing enhanced stock protection solutions and hardware such as security gates and monitors to deter offenders.

We opened a new store at Apley, Telford and have two more openings planned for later this year.

Over 13,000 members supported the campaign calling on MPs to back the amendment to the Criminal Justice Bill, ultimately making it a specific offence to assault a shopworker. We also continued to look at ways of working collaboratively with police forces and other retailers and have supported Police and Crime Commissioner campaigns such as the Offender to Rehab in the West Midlands.

Electronic shelf edge labels have now been rolled out to all our food stores. This multi-million pound investment will help drive significant efficiencies and time savings for our store teams, reduce the costs of printing and paper usage, and drive an improved customer experience.

A key focus continues to be driving membership participation through our Doing Good Together campaign underpinned with member pricing, promotions and colleague engagement and training. This supported a further growth of our member trade to 38.0% participation.

Our Travel business has continued to develop well with revenue and passenger levels ahead of pre-pandemic 2019 on a like-for-like basis. However, cancellations have remained volatile, driven by tour operator operational activity, global events and consumer cost of living challenges.

The focus on our own tour operator, Co-op Holidays, continues and we have now launched a sustainable holiday partnership with Byway, the pioneering flight-free travel platform. With Byway, we can offer a variety of rail package holidays, from short breaks to UK destinations and France, to epic journeys to Africa or across Europe. We have increased the number of destinations available through Co-op Holidays to 299 and gross sales are up by 44.2% on the previous year. We have been investing in new technologies and have completed the first phase of the project to replace the core travel system and introduce the new bookable tour operator platform.

We relocated branches at Lydney and Stourport, increasing the number of new Co-op Travel format sites as part of these moves.

Our travel teams picked up two awards at the 2024 Travel Weekly Agent Achievement Awards, celebrating the best travel agents and agencies. Our overall business won

Chief Executive's report

Large Regional Agency of the Year – Central England, with Personal Travel Agent Laura Bennett winning Leisure Agent of the Year.

Our Childcare nursery business has continued to see a fall in the average session times per booking, as families seek to economise given cost of living increases. This has, however, been partly mitigated by additional demand, which is being driven by funding reforms as more families are now able to access childcare funding.

Labour shortages continue to be a significant issue with 93% of childcare operators ranking this as one of the key challenges facing the sector. This coupled with the demand generated by funding reforms has resulted in growing operational and financial pressures on nursery settings as wage costs increase in an effort to attract and retain staff to accommodate the additional children.

We have increased our investment in existing nurseries this year with a focus on improving safeguarding, quality and the state of repair across our estate. A programme of nine refurbishments has commenced and will be completed early in the second half of the year. This investment will see three quarters of our settings branded as Little Pioneers.

We launched a new nursery at our head office in Warwick, which is performing well, and we opened a new purpose-built nursery in Apley, Telford early in the second half of the year.

We have completed a strategic review of our Telecoms business and will be investing money to sharpen pricing across our broadband and mobile offering during the second half of the year. It is pleasing to see our relationship with Octopus Energy continue to develop and, in addition to maintaining our core Co-op Energy customers, we are now seeing growth in new customers. We have also increased the number of community energy power purchase agreements we have to over 255 community energy groups.

We have continued to engage members in a range of co-operative activities working with our Member Engagement Committee, including foodbank awareness days and our Fairer Living Festival and AGM in Walsall, which attracted over 800 people. Later this year we will launch an updated version of the member app which will include improved functionality and sections on community and sustainability. We now have over 139,000 members using the app. We hope to grow this number through these improvements and the launch of our Doing Good Together Fund in September following approval by members at our AGM last May.

Throughout Co-op Fortnight we focused on showcasing co-operation amongst co-operatives and our broader activity to help grow the co-op economy. During Co-op Fortnight we launched our 50 New Co-ops report, providing an update on progress against our pledge to support the creation of 50 new co-operatives, including case studies on new co-ops we have supported and the partner organisations we are working with to achieve this,

such as Co-op Futures and the Plunkett Foundation. Since launching our pledge in 2022, we have helped create 13 new co-ops and community businesses.

I am delighted to see the development of our partnership with Big Solar Co-op as they begin work on installing solar panels at a selection of our sites. The partnership will allow us to further reduce our annual carbon emissions by around 290 tonnes, building on the reduction in our greenhouse gas emissions of 33% compared to 2019. This progress helped us win 'Energy Project of the Year' at the Energy Awards 2024.

In April, we celebrated the first anniversary of our Fairer Futures Programme. The programme provides work experience and training opportunities at our Walsall Town Centre food store for those facing barriers to employment, in partnership with our local supplier Miss Macaroon. In its first year, the programme has supported 37 young people, with 23 gaining employment as a result. The programme has also been nominated for Community Engagement Programme of the Year at the People in Retail Awards and was featured as a case study by the Association of Convenience Stores as part of their Employment Opportunities for Everyone report.

I would like to express my sincere thanks to our remarkable colleagues for their hard work and commitment during the first half of this year. I have been delighted with the investments we continue to make in developing and training colleagues right across the organisation. This has included adding a further 43 colleagues to our apprenticeship programme, bringing the total to 124. This commitment to training and development has contributed to an increase in our colleague satisfaction rating with 87% of colleagues agreeing or strongly agreeing that they have opportunities to develop with the Society according to our most recent Pulse survey.

It has also been pleasing to see the progress made by our colleague-run Inclusion Allies Network across a range of activities and supporting many Pride events across our trading areas.

As we look toward the second half of the year, while it is encouraging to see inflation levels beginning to stabilise, the overall outlook and potential impact on consumers remains uncertain. Further increases in energy costs coupled with the potentially difficult fiscal policies trailed by the new government ahead of the October budget, are likely to mean that trading conditions will remain volatile.

We will continue to work with your Board to ensure the right decisions are made in the best interests of our members and communities for the longer term and I look forward to reporting to members again with our full year results at next year's AGM.



Phil Ponsonby
Chief Executive

Financial highlights

Gross sales

£782.0m

2023/24: £773.2m



Revenue

£438.9m

2023/24: £426.1m



Operating profit
Before significant items

£5.6m

2023/24: £3.7m



EBITDA*

(Earnings before interest, taxes,
depreciation and amortisation
excluding significant items)

£16.7m

2023/24: £14.5m



Loss for the period

£5.1m

2023/24: £4.7m



Net debt

£53.5m

2023/24: £37.0m



Food

Gross Sales

£337.2m

2023/24: £341.7m

Revenue

£305.6m

2023/24: £305.3m



Post Office

Gross Sales

£1.5m

2023/24: £1.5m

Revenue

£1.5m

2023/24: £1.5m



Travel

Gross Sales

£412.7m

2023/24: £399.9m

Revenue

£103.4m

2023/24: £91.7m



Childcare

Gross Sales

£23.0m

2023/24: £22.5m

Revenue

£22.6m

2023/24: £22.3m



Utilities

Gross Sales

£6.2m

2023/24: £6.9m

Revenue

£4.4m

2023/24: £4.5m



*EBITDA is determined by adding back £11.1m (2023/24: £10.8m) of depreciation and amortisation costs to the £5.6m (2023/24: £3.7m) operating profit.

Our key measures

We track our key measures using our Steering Wheel

As a co-operative, we believe there is more to being a successful business than just profits.

So, as well as measuring our financial performance we use our Steering Wheel to measure our performance in the key areas of co-operation, people, customers and delivery. Each section of the wheel has a number of objectives which we monitor on a monthly basis.

The Steering Wheel below shows how we have performed against these objectives during the first half of the 2024/25 financial year.

All our sites have their own Steering Wheel targets. This ensures we are addressing our co-operative aims as a business on a continuous basis right down to site level.



KEY
Red - below target
Amber - within 5% of target
Green - above target

**Apley food
store in Telford
was opened in
February**



Consolidated Statement of Comprehensive Income

For the period ended 27 July 2024

	Note	26 weeks to 27 July 2024 (Unaudited)	26 weeks to 29 July 2023 (Unaudited)	52 weeks to 27 January 2024 (Audited)
		£'000	£'000	£'000
Revenue	2	438,919	426,104	837,025
Cost of sales		(320,389)	(315,500)	(612,665)
Gross profit		118,530	110,604	224,360
Operating income		32	155	197
Operating expenses		(112,976)	(107,085)	(215,082)
Operating profit before significant items		5,586	3,674	9,475
Significant items	3	(2,695)	(1,837)	(9,244)
Operating profit		2,891	1,837	231
Finance costs		(6,382)	(5,229)	(12,214)
(Loss) / Profit before payments to and on behalf of members		(3,491)	(3,392)	(11,983)
Payments to and on behalf of members		(2,689)	(1,921)	(2,361)
(Loss) / Profit before tax		(6,180)	(5,313)	(14,344)
Income tax		1,040	638	2,480
(Loss) / Profit for the period		(5,140)	(4,675)	(11,864)

Consolidated Statement of Financial Position

As at 27 July 2024

	26 weeks to 27 July 2024 (Unaudited)	26 weeks to 29 July 2023 (Unaudited)	52 weeks to 27 January 2024 (Audited)
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	162,558	158,141	162,320
Intangible assets	71,871	72,947	72,346
Investment property	12,215	12,643	11,343
Right of use assets	94,574	100,399	96,488
Other investments	4,111	4,359	4,147
Other debtors	708	1,243	708
Deferred tax assets	11,901	9,931	10,664
Total non-current assets	357,938	359,663	358,016
Current assets			
Stocks	27,428	27,906	28,124
Trade and other receivables	77,739	69,108	69,967
Cash and cash equivalents	-	14,005	3,977
Assets held for sale	3,823	11,737	7,342
Total current assets	108,990	122,756	109,410
TOTAL ASSETS	466,928	482,419	467,426
LIABILITIES			
Current liabilities			
Loans and borrowings	53,456	5,972	-
Trade and other payables	195,292	190,808	170,717
Lease liabilities	8,265	8,341	10,434
Liabilities held for sale	14	14	711
Total current liabilities	257,027	205,135	181,862
Non-current liabilities			
Loans and borrowings	-	44,989	69,728
Other payables	734	885	126
Lease liabilities	98,152	100,278	96,707
Provisions	3,209	3,871	3,379
Pension obligations	5,754	14,970	9,237
Total non current liabilities	107,849	164,993	179,177
TOTAL LIABILITIES	364,876	370,128	361,039
NET ASSETS	102,052	112,291	106,387
EQUITY			
Share capital	83,316	80,574	80,084
Other reserves	46,438	45,899	47,126
Retained earnings	(27,702)	(14,182)	(20,823)
TOTAL EQUITY	102,052	112,291	106,387

Notes to the Financial Statements

1. Accounting Policies

The Midcounties Co-operative Limited is a Co-operative Society domiciled in the United Kingdom. The Group interim financial statements for the 26 week period ended 27 July 2024 have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Co-operative and Community Benefit Societies Act 2014.

This financial information should be read in conjunction with the Society's Annual Report and Accounts for 2023-24, which were prepared in accordance with International Accounting Standards in conformity with the requirements of the Co-operative and Community Benefit Societies Act 2014, and has been prepared using the accounting policies set out in that report.

The Society's Financial Statements for 2024-25 will be prepared in accordance with International Accounting Standards.

2. Revenue

	26 weeks to 27 July 2024 (Unaudited)	26 weeks to 27 July 2024 (Unaudited)	26 weeks to 29 July 2023 (Unaudited)	26 weeks to 29 July 2023 (Unaudited)
	Gross sales £'000	Revenue £'000	Gross sales £'000	Revenue £'000
Food	337,230	305,607	341,673	305,346
Travel	412,711	103,436	399,867	91,700
Childcare	23,029	22,590	22,477	22,310
Post Offices	1,508	1,508	1,478	1,467
Utilities	6,173	4,431	6,941	4,548
Other	13	13	16	16
Property rentals	1,711	1,711	1,580	1,568
	782,375	439,296	774,032	426,955
Members share of profits	(377)	(377)	(851)	(851)
Revenue from continuing operations	781,998	438,919	773,181	426,104

3. Significant Items

Significant items are non-underlying items of income and expenditure that are one-off in nature, of significant magnitude and/or their volatility would otherwise distort the underlying financial performance of the Society.

Analysis of significant items:

Items included within operating expenses:

Net gain/(loss) on disposal of property, plant, equipment and other investments

Change in fair value of trading properties

Expense of business acquisitions and disposals

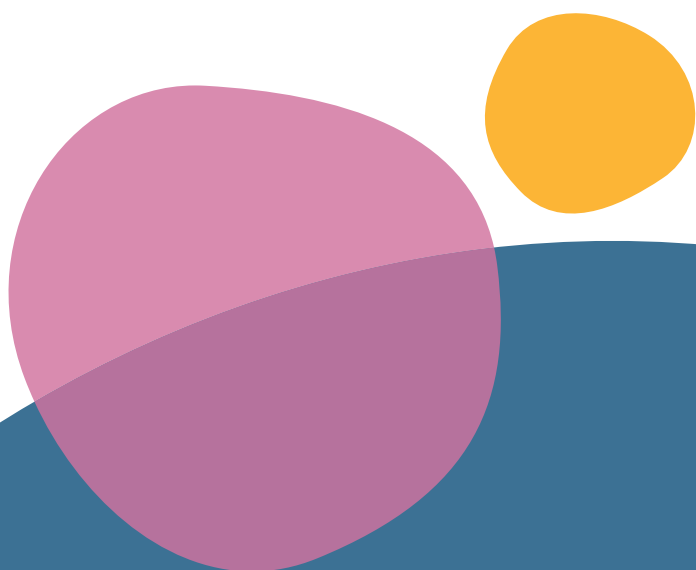
Reorganisation costs

Right of use asset impairment

Refinancing

Significant items

	26 weeks to 27 July 2024 (Unaudited)	26 weeks to 29 July 2023 (Unaudited)	52 weeks to 27 January 2024 (Audited)
	£000	£000	£000
Net gain/(loss) on disposal of property, plant, equipment and other investments	(1,510)	(1,038)	(1,876)
Change in fair value of trading properties	-	-	(5,602)
Expense of business acquisitions and disposals	(695)	(496)	(606)
Reorganisation costs	(479)	-	(435)
Right of use asset impairment	-	-	(400)
Refinancing	(11)	(303)	(325)
Significant items	(2,695)	(1,837)	(9,244)



The Midcounties Co-operative Limited

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Registered under the Co-operative and Community Benefit Societies Act 2014
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