



2025/26
Half Year
Report

About us

The Midcounties Co-operative is a thriving co-operative society, proudly owned by more than 735,000 members. The profits we make allow us to do good together within the communities we serve.

We operate the Your Co-op family of businesses which spans Food, Travel, Early Years, Energy, Telecoms, Post Offices and Flexible Benefits. Our heartlands are in Oxfordshire, Gloucestershire, Buckinghamshire, Shropshire, Staffordshire, the West Midlands, Wiltshire and Worcestershire, but we also trade in the surrounding counties and our Energy, Early Years, Travel, Telecoms and Flexible Benefits businesses operate 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.

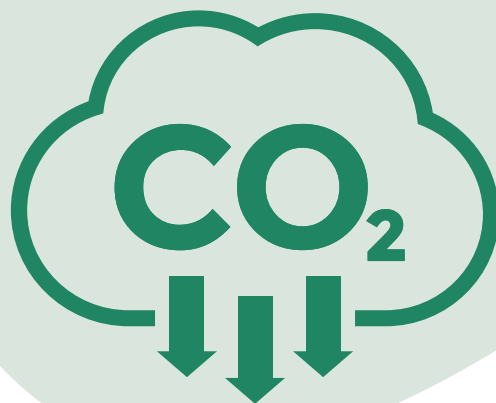


Front cover image: Member Prices in-store campaign, Berkeley Food Store.
This image: Celebrating our amazing colleagues at the Remarkable Colleagues Awards.

Society highlights

We installed
550 solar panels

saving 40 tonnes
of CO₂ per year



We won the
Grocer Gold Award

for Sustainability
Initiative of the Year



FAIRER FUTURES PROGRAMME

supported 60 young people
(helping 39 into employment)



Member trade
has grown to

44%

up from 38% last year

£184,000

distributed to **644 good
causes** through the Doing
Good Together Fund



President's introduction



"As expected, the economic climate for all retail businesses, not just co-operatives, remains very challenging."

Irene Kirkman

Once again I have the pleasure of writing to members about the progress of the Society since our Annual Report. As expected, the economic climate for all retail businesses, not just co-operatives, remains very challenging. Despite two interest rate cuts, people remain worried about the high cost of living and this influences their spending decisions. This caution has been reflected into the Society's revenue performance which has reduced compared to last year.

We have seen the impact of lower consumer demand in basket sizes in our food stores, fewer people booking holidays abroad and opting for holidays in the UK, and a reduction in the number of hours they can afford for their children in our nurseries. On the upside, the availability of up to 30 hours free childcare means more families can take advantage of our Early Years provision.

The government has experienced a difficult summer, so the recent cabinet reshuffle is an attempt to sharpen the focus on key areas such as immigration, crime and international affairs, including wars and an unpredictable US president. On the economic front, the chancellor remains in post with the unenviable task of delivering a budget in November which seeks to both encourage growth in the UK economy and control debt.

On a more optimistic note, I was delighted to represent the Society along with our Secretary, Edward Parker at a reception for co-operatives and mutuals held by Jonathan Reynolds, the Minister for Business, at 10 Downing Street in June. The Minister affirmed his commitment

to enabling growth in co-operatives. I hope this commitment will be shared by his successor Peter Kyle.

I was also privileged to attend the International Co-operative Alliance conference in Manchester in July, which was followed by the Co-operative Congress in Rochdale, the birthplace of co-operation. Representatives from our Member Engagement Committee joined us for the conference. It was a very positive event which enabled networking with fellow co-operators from across the UK, the opportunity to share learnings on co-operative development, and to showcase Midcounties' work with our members.

More locally I was also pleased to support the openings of our new convenience store and Little Pioneers nursery in Kidsgrove, Wantage and to meet some of the members of the community in the new estate. This new dual site offering located close together will enhance the development of a new community in Wantage and is a great example of how we are meeting the needs of members and their families.

I must again convey my thanks to all of our fantastic colleagues in our different businesses and our support centre, who are working on behalf of all members to give you the best possible products and services. Similarly, I am very grateful to the Executive and Board for their continued efforts to steer the Society through a range of challenges for the benefit of you, our members.

A handwritten signature in black ink that reads "Irene Kirkman". The signature is written in a cursive, flowing style.

Irene Kirkman
President

Chief Executive's report



"We have continued to invest significant capital into new sites, including a new food store at Kingsgrove, Wantage, as well as new systems and carbon reduction technologies."

Phil Ponsonby

It is my pleasure to update members on the Society's position at the half-year point. It was pleasing to see interest rates fall in February and May, albeit inflation has remained higher than desired, particularly on food.

As I am sure members are aware, the Co-operative Group which operates the national buying and distribution service for our Food business, supplying our stores with over 95% of our product range, suffered a malicious cyber attack at the end of April. The Co-operative Group took swift and decisive action by switching off access to all their systems while thorough checks were completed and improved access controls implemented. Although this was the correct action to take, it did lead to severe disruption across the national network causing significant stock shortages across our food stores throughout May and June. This resulted in a multi-million pound impact on sales and profits and it is in the context of this significant event that I report these results to members.

The Society delivered gross sales of £767.7m in the first half of 2025 which was a decrease of 1.8% over the same period last year. This was a result of a reduction in food sales caused by the cyber incident and the strategic decision made by the Board to exit from the majority of our petrol filling stations which was reported at the year end.

Gross profit reduced by £4.0m resulting from the reduction in sales. A careful control of operating costs however resulted in a lower decrease in operating profit (before significant items) which stands at £4.2m representing a reduction of £1.4m. Overall, the Society recorded a loss after tax of £5.1m, in line with last year.

We have continued to invest significant capital into new sites, including a new food store at Kingsgrove, Wantage, as well as new systems and carbon reduction technologies. Total capital invested in the first half of the year amounted to £6.2m which contributed to a moderate increase in net debt of £4.0m.

In Food Retail, sales performance for the first quarter was positive, with year-on-year growth ahead of forecast and ahead of Institute of Grocery Distribution (IGD) comparisons. However, after a positive start to the second quarter, a strong Easter performance and early hot weather, the impact of the Co-op Group cyber attack and serious disruption to the national supply chain significantly impacted performance in May and June as noted above.

Our digital transformation continued at pace with the implementation of a new range and space platform and a new workforce management solution. At the same time, we have also started work on a new master data and forecasting and replenishment system. We continued with our self-checkout development with a planned revamp of the customer journey in our Food Markets and new technology in our convenience stores, both to be delivered during the second half of this year.

We remain focused on high-risk sites, prolific offenders and our investment strategy to keep our colleagues, customers and assets safe. We continue to work with local police forces and relevant Police and Crime Commissioners on the protection of retail workers and were delighted to see over 13,000 members register their support for the change in protection of retail workers which is now in the process of becoming law.

We have maintained a key focus on driving our membership participation through our Doing Good Together campaign, underpinned by member pricing, promotions and colleague engagement and training. This supported a further growth of member trade to 44%.

Our Travel business has seen volatile trading conditions across all channels. While high capacity has remained across all major tour operators throughout the summer, with significant price drops and promotions on a weekly basis, consumers have increasingly chosen to holiday in the UK or cut back on holiday costs due to the rise in costs. This has led Mintel to downgrade projections on two separate reports projecting sales growth in the overseas market of 1.7% compared with the expected 3.9% at the start of the year.

Our in-house tour operator, Co-op Holidays, continues to focus on product development. We

Chief Executive's report

now offer 47 touring products, plus five additional products through an exclusive proposition with G Adventures. We have also launched our discount code functionality for the website which will support all our marketing campaigns.

We launched our new Travel Money proposition, powered by Travelex, as planned. We are seeing strong interest in the new digital channels of Click and Collect and Home Delivery, which is allowing us to reach customers outside our geographical store footprint.

In our Early Years business, childcare funding reforms continue to drive demand for nurseries, with working families of children aged nine months to two years becoming entitled to 30 hours' funding from September. This increase in demand alongside marketing activities to enhance brand awareness has led to a significant increase in bookings for September ahead of the new academic year.

Labour shortages remain a challenge across the sector. Combined with the increased demand generated by funding reforms, this has intensified operational and financial pressures on nursery settings. In order to mitigate this, we have a focused people strategy, driving improved colleague retention and attracting high-quality candidates. Our enhanced training offer has contributed to continuous improvement in practice, supporting our achievement of 100% Good or Outstanding Ofsted outcomes across all 45 nurseries.

Safeguarding has remained a key priority over the past 12 months. We have strengthened our central safeguarding resource, enabling improved oversight and deeper analysis of data. This has supported more robust reflection and further refinement of our policies and procedures. We continue to engage with external partners, including the NSPCC, to review our safeguarding compliance and uphold our commitment to the highest standards of care and protection.

We have developed a new nursery at Kingsgrove, Wantage alongside our new food store which opened in early September.

In our Utilities partnerships business, the first half of the year has seen our Telco business continue to maintain its overall customer numbers. New customers have been attracted to our member pricing especially on SIM only and broadband propositions. We implemented an inflation-driven price rise of 5% which was less than the industry average of 6.4% and we are proud to have been awarded Ethical Consumer magazine's Broadband Supplier of Choice, as well as Feefo's Excellent Service Status. We also launched our new

Travel eSIM product in August which has seen positive demand.

We continue to identify efficiencies in how we serve the business and are preparing a refreshed co-op mobile proposition for the second half of the year, which will ensure we are fit to serve the modern mobile consumer. We also are speaking to customers about the Big Switch Off to guide them through the process ahead of the January 2027 deadline.

The fluctuations in the price of energy means the switching market generally has been buoyant, peaking around the time of the price cap announcements. This has continued to result in a higher number of new customers than forecast. We have also introduced a partnership with Central Co-op to promote our tariffs to their members and we plan to market the Octopus low carbon tech products range to our members later in 2025.

Our Member Engagement Committee continues to find new ways for members to take part in activities, from in-person events to webinars, workshops, networking events and podcasts. During the first half of the year, we have focused a number of our in-store member events on raising awareness of our Doing Good Together Fund. Our AGM was a hybrid event which took place for the first time at our Warwick offices, with 232 members joining either in person or online.

To further engage members in our Society, we have relaunched our member app with significantly increased functionality and have also launched our member investment portal, taking a significant step forward in how members can access and manage their investments. Developed in partnership with Mutual Vision, specialists in digital financial management, the platform offers a secure, user-friendly and convenient experience for members to view and manage their investments online for the first time.

I joined members of the Board, Member Engagement Committee and management in attending the festival of co-operation event in Manchester, which included both the International Co-operative Alliance (ICA) General Assembly and Co-op Congress. As part of this, I attended the ICA CM50 meeting alongside other CEOs from the top 50 Global Coops to discuss a range of global co-operative issues, and the role that the Fund for International Co-operative Development, of which we are founder members, can play.

We were delighted that our Society won 'Sustainability Initiative of the Year' at the Grocer Gold Awards 2025. This award recognises our approach to engaging our members and

Chief Executive's report

colleagues in shaping our sustainability strategy, and the positive sustainable impacts we have made working in partnership with others. Our partners include Big Solar Co-op and it's pleasing to note that we have now installed 550 solar panels across selected sites, saving 40 tonnes of CO2 per year.

We expanded the roll out of energy-saving technology across our food stores during the first half of the year working in partnership with LoweConex. We now have this automation technology in place across our heating and cooling systems in all of our food stores, and across our refrigeration in around 150 stores. This technology enables us to reduce our electricity usage and save on energy costs through the automation and remote monitoring of this equipment.

Our work to support those facing barriers into employment continues. In 2020, the Society co-founded Bright Future Co-op with a vision of finding safe employment for modern slavery survivors across the UK. At its fifth anniversary celebration at the House of Commons in June, Bright Future Co-op announced its 107th placement, with 72 survivors now in permanent roles, including with our Society. The anniversary event was attended by over 100 people representing Bright Future Co-op members, partners and supporters, alongside Jess Phillips, Minister for Modern Slavery and Eleanor Lyons, the Independent Anti-Slavery Commissioner.

Our Fairer Futures programme based at our Walsall Town Centre Store continues to thrive, providing meaningful employment opportunities and long-term support for people facing significant barriers into work. Since launching Fairer Futures in May 2023 in partnership with our local supplier Miss Macaroon, we have supported 60 young people through the programme; 39 of whom are now in permanent employment.

We continue to work with our members to support local communities, and our Doing Good Together Fund has been shortlisted for 'Community Engagement Programme of the Year' in The Retail Bulletin People in Retail Awards, recognising the positive impact we are making to support local good causes. Since launching our Doing Good Together Fund in September 2024 we have supported over 600 good causes and distributed over £184,000 to member nominated organisations.

As always I would like to record my heartfelt thanks to our brilliant colleagues working across our operations and support centres. Your Society has continued to invest in developing and training colleagues right across the organisation. This has included adding a further 40 colleagues to our apprenticeship programme bringing the total to 116.

As we look towards the second half of the year, while further interest rate cuts would be welcome, the ongoing levels of inflation may put pressure on the Bank of England to delay such cuts. This, coupled with the overall financial outlook and global uncertainty, is likely to maintain a fair degree of consumer uncertainty and trading volatility over the coming months and into the year ahead.

I will continue to support your Board to meet the challenges ahead and to ensure the right decisions are made in the best interests of our members and communities for the longer term.



Phil Ponsonby
Chief Executive

Financial highlights

Gross sales

£767.7m

2024/25: £782.0m



Revenue

£420.6m

2024/25: £438.9m



Operating profit
Before significant items

£4.2m

2024/25: £5.6m



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

£18.1m

2024/25: £16.7m



Loss for the period

£5.1m

2024/25: £5.1m



Net debt

£57.5m

2024/25: £53.5m



Net assets

£98.0m

2024/25: £102.1m



Food

Gross Sales

£319.5m

2024/25: £337.2m

Revenue

£282.1m

2024/25: £305.6m



Post Office

Gross Sales

£1.4m

2024/25: £1.5m

Revenue

£1.4m

2024/25: £1.5m



Travel

Gross Sales

£412.6m

2024/25: £412.7m

Revenue

£104.7m

2024/25: £103.4m



Early Years

Gross Sales

£27.0m

2024/25: £23.0m

Revenue

£26.6m

2024/25: £22.6m



Utilities

Gross Sales

£5.7m

2024/25: £6.2m

Revenue

£4.1m

2024/25: £4.4m



*EBITDA is determined by adding back £13.9m (2024/25: £11.1m) of depreciation and amortisation costs to the £4.2m (2024/25: £5.6m) operating profit before significant items.





Our key measures





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





To ensure we are living our Purpose every day, this year we began tracking our Member TRUST measures in place of the Steering Wheel measures used in previous years. We monitor three key performance indicators under each of our TRUST pillars on a monthly basis.





All our sites have their own targets to make sure we are delivering our co-operative aims right down to site level.





Below and on the following page you can see how we have performed against our TRUST measure targets during the first half of the 2025/26 financial year. You'll find comments on the financial performance of the Society in the Chief Executive's report and the formal accounts from page 12 onwards.

	Growing sales	£767,744k	
	Delivering profitability (EBITDA)	£18,096k	
	Using our assets efficiently (ROCE)*	17.91%	

	Internal development (number of internal moves)	164	
	Voluntary colleague turnover	23.3%	
	Overall colleague satisfaction	77.3%	


	% Trade with members	44%	
	Number of new members recruited	60,131	
	Number of members involved in co-op activities	34,551	

	Energy saved (kWh)	611,068	
	% Doing Good Together community grants	29.6%	
	Number of community groups supported	644	

	Number of innovations recognised externally	4	
	Influencing policy change (consultation submissions)	3	
	Number of awards shortlisted for or won	11	

2024/25 mid-year results

Prior year financial results are provided below to aid comparison with the 2025/26 results.

	Growing sales	£781,998k
	Delivering profitability (EBITDA)	£16,686k
	Using our assets efficiently (ROCE)*	18.43%

*excluding the impact of IFRS 16

KEY

Red - below target **Amber** - within 5% of target **Green** - above target **Grey** - for tracking only this year

TRUST Measures



Remarkable colleagues

Internal development

We have created opportunities for 164 of our remarkable colleagues to develop their careers within the Society, exceeding our target of 105. Development programmes, including LEAP (Learn, Earn, Achieve, Progression) and the Thrive Community, have supported this.

Voluntary colleague turnover

Increasing engagement and enhancing benefits and support has helped reduce controllable colleague turnover from 27% at this point last year to 23% (target: 25%).

Overall colleague satisfaction

Our pulse surveys show a 77% colleague satisfaction rate. We continue to drive engagement through initiatives such as the Inclusion Allies Network and our Colleague Council Network, which fosters dialogue with senior management.

Uniquely engaged members

% Trade with members

Member engagement and exclusive offers have led to an increase in member trade to 44%, ahead of our half-year target of 42% and up from 38% at this point last year.

Number of new members recruited

We have welcomed 60,131 new members so far this year, 9,000 more than last year and above our half-year target of 49,800. It is pleasing that in the International Year of Co-operatives an ever-increasing number of members are choosing to join Midcounties.

Number of members involved in co-op activities

This year, 34,551 members have participated in co-op activities including surveys, webinars, networking and events – up from 32,893 last year and in line with our mid-year target.

Sustainable Impact

Energy saved

We cut energy use by 3% saving 611,000 kWh through colleague action and the introduction of LoweConex automation technology across all our food store heating and cooling systems and refrigeration in 150 stores.

% Doing Good Together community grants

So far this year, 30% of our community funding has been distributed through our Doing Good Together Fund, which allows members to support local good causes. We are continuing to promote the fund to boost local member applications. While the amount distributed is lower than our target, we are pleased with the difference these funds are making to member-nominated causes.

Number of community groups supported

We have distributed £184,000 to 644 good causes since the launch of the Doing Good Together Fund. We have yet to set targets for this measure given the Fund is not fully established, having only been launched in the autumn last year.

Thought Leading Pioneers

Number of innovations recognised externally

Four innovations have been recognised externally so far this year (against a target of two): our Member Investment Portal, the Doing Good Together Fund, a Your Co-op Travel and Travelex partnership, and energy-saving LoweConex technology.

Influencing policy change

We have influenced three policy changes (target: one): supporting Co-operatives UK on co-operative sector policies, Younity's efforts to streamline local energy market set up, and stronger retail crime measures introduced through the Crime and Policing Bill.

Number of awards shortlisted for or won

We have won four awards and been shortlisted for a further seven so far this year, against a target of four. This includes winning Sustainability Initiative of the Year at the Grocer Gold Awards 2025 for our member-led sustainability strategy.



**Children enjoying the
outside space at our
Warwick Gates Nursery**

Consolidated Statement of Comprehensive Income

For the 26 weeks ended 26 July 2025

	Note	26 weeks to 26 July 2025 (Unaudited)	26 weeks to 26 July 2024 (Unaudited)	52 weeks to 25 January 2025 (Audited)
		£'000	£'000	£'000
Revenue	2	420,590	438,919	840,241
Cost of sales		(306,079)	(320,389)	(609,064)
Gross profit		114,511	118,530	231,177
Operating income		3	32	109
Operating expenses		(111,430)	(115,671)	(220,640)
Operating expenses excluding significant items		(110,324)	(112,976)	(220,303)
Operating profit before significant items		4,190	5,586	10,983
Significant items	3	(1,106)	(2,695)	(337)
Operating profit		3,085	2,891	10,646
Net finance costs		(6,434)	(6,382)	(14,364)
(Loss) / Profit before payments to and on behalf of members		(3,349)	(3,491)	(3,718)
Payments to and on behalf of members		(1,751)	(2,689)	(2,123)
(Loss) / Profit before tax		(5,100)	(6,180)	(5,841)
Income tax		-	1,040	(654)
(Loss) / Profit for the period		(5,100)	(5,140)	(6,495)

Consolidated Statement of Financial Position

As at 26 July 2025

	26 July 2025 (Unaudited)	27 July 2024 (Unaudited)	25 January 2025 (Audited)
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	143,390	162,558	149,448
Intangible assets	71,244	71,871	71,651
Investment property	7,557	12,215	12,046
Right of use assets	85,242	94,574	91,465
Other investments	4,074	4,111	4,079
Other debtors	600	708	600
Deferred tax assets	10,812	11,901	10,812
Pension surplus	1,486	-	-
Total non-current assets	324,405	357,938	340,101
Current assets			
Stocks	24,932	27,428	28,952
Trade and other receivables	70,803	77,739	71,078
Cash and cash equivalents	-	-	5,971
Assets held for sale	4,506	3,823	5,743
Total current assets	100,241	108,990	111,744
TOTAL ASSETS	424,646	466,928	451,845
LIABILITIES			
Current liabilities			
Loans and borrowings	53,082	53,456	68,956
Trade and other payables	167,088	195,292	165,728
Cash overdrafts	3,232	-	-
Lease liabilities	7,690	8,265	8,456
Liabilities held for sale	581	14	610
Total current liabilities	231,673	257,027	243,750
Non-current liabilities			
Loans and borrowings	1,180	-	-
Other payables	74	734	89
Lease liabilities	90,213	98,152	97,868
Provisions	3,473	3,209	3,473
Pension obligations	-	5,754	1,876
Total non current liabilities	94,940	107,849	103,306
TOTAL LIABILITIES	326,613	364,876	347,056
NET ASSETS	98,033	102,052	104,789
EQUITY			
Share capital	87,079	83,316	86,838
Other reserves	41,882	46,438	41,882
Retained earnings	(30,928)	(27,702)	(23,931)
TOTAL EQUITY	98,033	102,052	104,789

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 26 July 2025 have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Co-operative and Community Benefit Societies Act 2014 (the 'Act').

This financial information should be read in conjunction with the Society's Annual Report and Accounts for 2024/25, which were prepared in accordance with International Accounting Standards in conformity with the requirements of the Act, and has been prepared using the accounting policies set out in that report.

The Society's Financial Statements for 2025/26 will be prepared in accordance with International Accounting Standards in conformity with the requirements of the Act.

2. Revenue

	26 July 2025 (Unaudited)	26 July 2025 (Unaudited)	27 July 2024 (Unaudited)	27 July 2024 (Unaudited)
	Gross sales £'000	Revenue £'000	Gross sales £'000	Revenue £'000
Food	319,493	282,149	337,230	305,607
Travel	412,572	104,738	412,711	103,436
Early Years	26,961	26,597	23,029	22,590
Post Offices	1,422	1,422	1,508	1,508
Utilities	5,712	4,100	6,173	4,431
Other	-	-	13	13
Property rentals	1,584	1,584	1,711	1,711
	767,744	420,590	782,375	439,296
Members share of profits	-	-	(377)	(377)
Revenue from continuing operations	767,744	420,590	781,998	438,919

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.

	26 July 2025 (Unaudited)	27 July 2024 (Unaudited)	25 January 2025 (Audited)
	£000	£000	£000
Analysis of significant items:			
Items included within operating expenses:			
Net gain/(loss) on disposal of property, plant, equipment and other investments	1,873	(1,510)	4,118
Change in fair value of trading properties	-	-	186
Expense of business acquisitions and disposals	-	(695)	(965)
Reorganisation costs	(654)	(479)	(786)
Right of use asset impairment	-	-	(2,560)
Refinancing	(2,318)	(11)	(266)
Other significant items	(7)	-	(64)
Significant items	(1,106)	(2,695)	(337)



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Registered under the Co-operative and Community Benefit Societies Act 2014
Registered number: 19025R

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