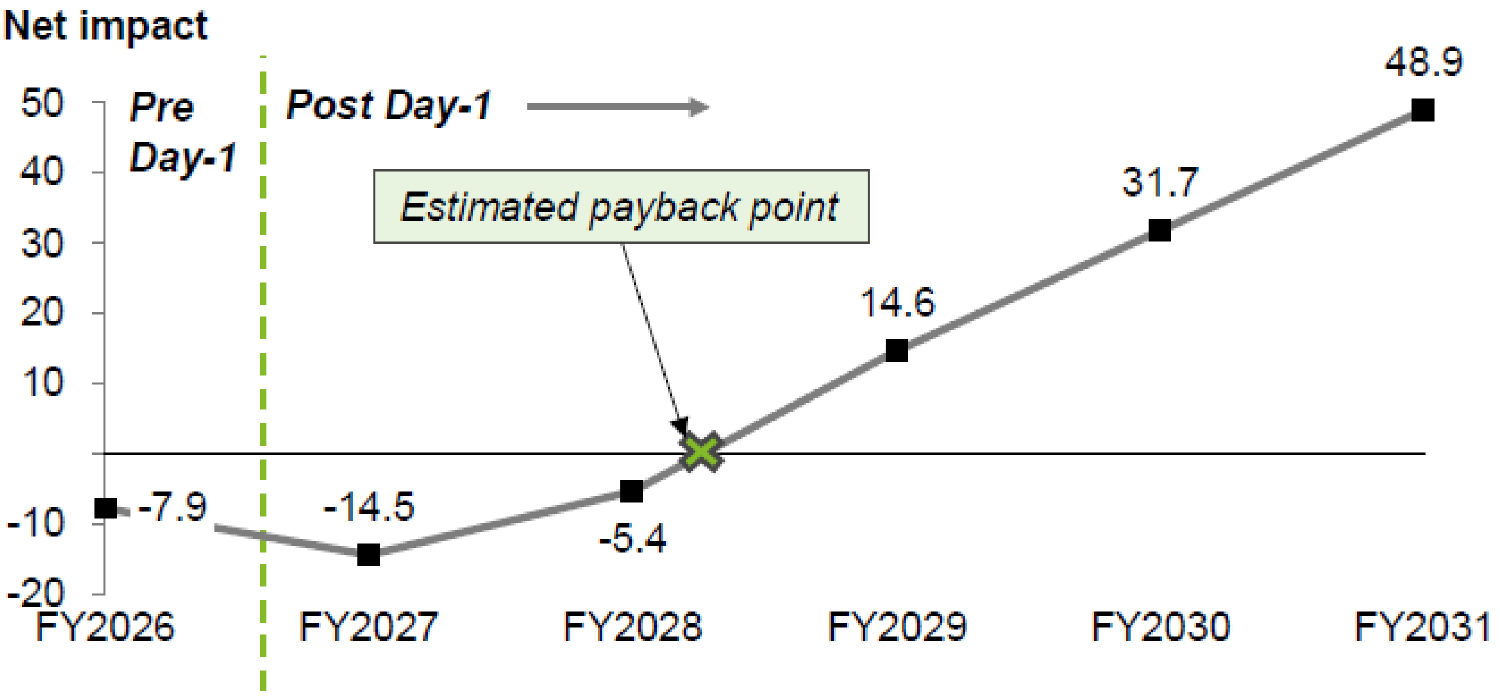
# Appendix

Detailed business case

# Total one-off investment of c.£23m is needed to deliver the merger and generate synergy benefits; full payback is expected 2-3 years post-merger

**Cumulative Net Impact of Synergies, One-Off Costs, and Cash Release**
*Units: £m*




- The impact is cash negative in the initial years due to upfront one-off costs outweighing the early savings, which begin being delivering in financial year 2027. Positive contribution is expected from the 2028 financial year onwards.
- Cumulative payback is achieved during the 2029 financial year, marking the breakeven point, with the merger generating strong positive returns from then.
- Overall, the one-off investment delivers significant member value over the medium and longer term.

Combined profit is forecast to increase significantly over five years.

| In £'m | 25/26 | 30/31 |
|---|---|---|
| Sales | 1,559.4 | 1,990.1 |
| Trading Profit | 10.5 | 42.1 |
| Profit Before Tax | -14.3 | 30.0 |
| **Profit Margins** | | |
| Operating Profit | 0.7% | 2.1% |
| Profit before tax | -0.9% | 1.5% |

The combined Society's net assets increase from £391m to £485m and the Society is expected to generate strong cash returns over five years that can be used to invest and reduce borrowings.

| In £'m | 25/26 | 30/31 |
|---|---|---|
| **Net Assets** | 390.8 | 485.0 |
| **Cash Flow** | | |
| Cashflow from - Operating activities | | 93.9 |
| Cashflow from - Investing activities | | -51.9 |
| Cashflow from - Financing activities | | -32.2 |
| **Cash position** | | |
| Opening Cash | | 44.8 |
| Net cash movement | | 9.8 |
| Closing Cash | | 54.6 |

# Extensive due-diligence has been undertaken throughout this process

- Professional services firms PWC, Gowlings WLG and Shoosmiths have undertaken financial and legal due diligence on the proposed merger.
- They have prepared independent reports for each of Midcounties and Central.
- No issues of significant concern have been identified that call the proposed merger into question.