

# What is our route to profitability?

## We need to make changes to make our business economically viable

- To deal with the challenges such as high inflation, the cost of living crisis and continued geopolitical disruption, we need short-term measures to mitigate the impact on our business. At the same time, we need to be focussed on the strategic investments needed to transform our businesses and ensure long-term growth and viability.
- We have developed a **directional multi-year plan** that will allow us as decision-makers to set long-term priorities and work towards goals, rather than making choices based only on the needs and politics of the moment. The plan will help identify capital and major equipment needs, include a maintenance cycle to sustain current assets and help us find the best way to finance capital investments.
- Our actions are supported by a focus on culture, mindset and behaviours to create a Co-op that colleagues, members and customers can be proud of.
- **We are confident that the interventions and investments we have planned will keep us on track, help us overcome the immediate challenges we face, and prove successful in creating long-term value.**

# Our food business is key

## We need to turbo charge our core

- We have a pipeline of new food stores
- Our Food business has an annual activity plan that includes:
  - A trade plan to drive sales and capitalise on seasonal events (Easter, Halloween, Christmas etc.)
  - Developing baseline store efficiency, building a productivity roadmap by identifying opportunities in store to remove unnecessary tasks and streamline process. Improvement in processes will result in a store-wide consistent and efficient best practice that is customer-focused. Stock process improvement plan to mitigate the rising costs of deliveries into food stores. Reducing out-of-hours deliveries and changing frozen schedules.
  - Seasonal opening hours trial.
- A phased plan to grasp the e commerce opportunity is in progress.

Our plans are working we are seeing volume growth and out performing the rest of the co-op movement

# This year's priority is ..

To get our Food business on a solid footing to accelerate future growth



# External funding for capital investment

## Long-term investment needs long-term finance

- To invest in the long-term future of our Society we need to make sure we have access to the right type of funding.
- Over the next 5 years, we plan to open 25 new food stores. Currently, we can't meet capital investment needs on this scale with cash generated by trading.
- We'll need to support this with up to **£50m of external borrowing**.
- Our current investment appraisal and post-investment appraisal processes are robust and will help ensure that we only invest in locations which generate the additional cash contribution necessary to repay the borrowing incurred.
- We want to ensure that we have available facilities to draw on as opportunities arise, but without paying non-utilisation fees for facilities that we don't yet need.