

22 January 2026

TheWorks.co.uk plc

("The Works", the "Company" or the "Group")

Interim results for the 26 weeks ended 2 November 2025 and Christmas trading update

Significant strategic progress driving strong performance in-store and improved profitability year-on-year. On track to meet full year market expectations.

The Works, the UK's leading specialist retailer of affordable, screen-free activities for the whole family, announces its interim results for the 26 weeks ended 2 November 2025 (the "Period" or "H1 FY26"), and an update on current trading for the 11 weeks ended 18 January 2026.

H1 FY26 financial highlights

- Total like for like (LFL) sales⁽¹⁾ increased by 0.3%:
 - Stores, which represent over 90% of total sales, delivered strong growth, with sales increasing 4% on a LFL basis, substantially outperforming the wider non-food retail market, which saw LFL sales growth of 0.6%⁽²⁾.
 - Online sales declined by 36%, reflecting the impact of operational challenges experienced following the transition to a new third-party fulfilment partner.
- Total sales of £123.8m, 0.3% lower than the prior year, reflecting the LFL sales and the timing of store openings and closures during the Period.
- Pre-IFRS 16 Adjusted EBITDA loss of £1.0m (H1 FY25: £2.8m loss) and adjusted loss before tax of £5.1m (H1 FY25: £6.5m loss), reflecting the seasonality of the business with profit typically generated in H2⁽³⁾.
 - Year-on-year (YoY) improvements driven by store LFL sales growth, sustained product margin growth (+330bps vs H1 FY25) and ongoing cost saving actions, which offset the impact of cost headwinds.
- The Group ended the Period with an improved net debt position of £5.3m (H1 FY25: £8.5m).
- The Board is not declaring an interim dividend (FY25: nil) and will continue to assess shareholder distributions as profitability improves and funding allows.

	HY26	HY25
	£m	£m
Revenue	£123.8m	£124.2m
Revenue growth	(0.3)%	1.3%
LFL sales ⁽¹⁾	0.3%	(0.8)%
Pre-IFRS 16 Adjusted EBITDA ⁽³⁾	(£1.0m)	(£2.8m)
Loss before tax	(£5.6m)	(£6.9m)
Adjusted loss before tax	(£5.1m)	(£6.5m)
Basic and diluted earnings per share	(8.7p)	(9.9p)
Adjusted basic and diluted earnings per share	(7.9p)	(9.4p)
Net debt ⁽⁴⁾	(£5.3m)	(£8.5m)

Current trading and outlook highlights

- Trading in the first 11 weeks of H2 FY26 has been in line with Board expectations:
 - Robust store LFL sales up 1.2%, with disrupted online sales declining 51.8%.
 - Strong product margin growth and cost savings maintained throughout the Period.
- Remain on track to deliver FY26 profit in line with market expectations of pre-IFRS 16 Adjusted EBITDA of £11.0m and sales and profit growth in FY27.

Strategic highlights

Amidst the digital age we all live in, it is becoming increasingly evident that people want to find other ways to connect and spend their time away from screens, with growing evidence of the negative impact of too much screen time, particularly on children. By responding to this growing desire to reduce screen-time, supporting our customers to find affordable feel-good ways to spend their time and to connect through activities such as reading, learning, creativity and play, we believe there is a significant strategic and financial opportunity for The Works. Our mission – to become the favourite destination for affordable, screen-free activities for the whole family – is at the heart of everything we do and is being driven by our ‘Elevating The Works’ strategy.

We delivered a number of significant initiatives in H1 FY26, marking tangible progress against this strategy and towards our mission:

- **Growing brand fame:** Strengthened brand marketing, with a focus on campaigns supporting families to spend quality time together away from screens. Launched new products across all categories to enhance all-year-round appeal, with strong Halloween performance and a robust Back-to-School period.
- **Improved customer convenience:** Improved store standards and consistency across the estate, a key driver of store LFL growth ahead of the wider market. Continued optimisation of the store estate, adding a net two new stores, with seven new openings, five closures and one relocation. Remain on track for adding a net five new stores in FY26.
- **Being a lean and efficient operator:** Drove sustained product margin growth and delivered efficiencies in our store distribution centre, aided by the investment in a new mezzanine level. Remain on track to deliver £2m cost savings in FY26.

Trading update for the 11 weeks ended 18 January 2026

We delivered a robust performance over the 11 weeks to 18 January 2026, against a challenging backdrop with continuing subdued consumer confidence.

Store LFL sales increased 1.2%, which was ahead of the wider non-food retail market, which saw a decline of 0.4%⁽⁵⁾. This was driven by customers seeking our affordable, screen-free activities to enjoy with family members over the festive period and our Black Friday offers that resonated well with value-conscious consumers.

Online capacity continued to be constrained by the operational challenges faced by our third-party fulfilment provider, as reported in our November trading update. As a result, online LFL sales declined 51.8%, in-line with our revised expectations as we went into the festive period, resulting in total LFL sales declining 4.2%. Work is ongoing to address the operational challenges. As the volume demand has normalised post-peak the YoY sales decline has reduced.

We have continued to deliver cost savings and our ongoing focus on increasing product margins resulted in strong growth, up +200bps YoY. This was delivered despite our bigger Black Friday promotions and the need to clear more stock through the post-Christmas sale following the lower online sales.

Outlook

We are pleased with the ongoing progress being delivered and particularly the way in which our offering of affordable, screen-free activities for the whole family is resonating with customers. This has resulted in a positive in-store performance in the second half-to-date, which is set to continue as new ranges land in the Spring and we deliver further strategic progress.

We are disappointed with the fulfilment challenges experienced at our third-party online fulfilment provider since our transition to them in September, have taken sustained action to mitigate the impact and are working closely with our provider who remains committed to delivering a long-term solution.

Our cash position further improved following Christmas, with £15.5m of cash as of 18 January 2026 (£14.7m as at 19 January 2025) and we expect to end the financial year with net cash broadly in-line with the prior year, which was £4.1m.

We expect a return to sustained sales growth, and this, coupled with ongoing product margin growth and cost saving action, will offset external cost headwinds in FY26 and into FY27. We have good visibility over our full year performance, having delivered a peak trading period in line with expectations, and therefore remain on track to deliver FY26 profit in line with market expectations of pre-IFRS 16 Adjusted EBITDA of £11.0m and expect to deliver further profit growth and shareholder value in the years ahead.

Gavin Peck, Chief Executive Officer of The Works, commented:

“At the heart of everything we do is our mission to become the favourite destination for affordable, screen-free activities for the whole family. This has never been more relevant given the digital age we all live in and our action to deliver this in the current financial year has been well-received by customers, existing and new.

“The strategic initiatives delivered in the first half of the financial year have been critical in driving a strong performance in-store and an improvement in profitability year-on-year. Along with the wider sector, we have felt the impact of a challenging consumer backdrop, however we continued to see a positive response to our excellent value and new products over the festive period.

“Guided by our strategy, alongside the hard work of our colleagues and support of our loyal customers, we are well-positioned to deliver sales and profit growth in the remainder of the financial year and beyond.”

Interim results presentation

A copy of the H1 FY26 interim results presentation will be made available on the Company's website (<https://corporate.theworks.co.uk/investors/>).

A presentation and Q&A for all existing and potential shareholders will be held via Investor Meet Company at 12:30pm today (Thursday 22nd January 2026). Investors can register here:

<https://www.investormeetcompany.com/theworkscouk-plc/register-investor>

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Footnotes:

- (1) Total LFL sales is the growth/decline in gross sales from stores which have been trading for the full financial Period (current and previous year), and from the Group's online store.

- (2) Data from the British Retail Consortium (BRC) showed non-food sales increased by 0.6% year on year during the six months to the end of October 2025.
- (3) Adjusted profit figures exclude Adjusting items. See Notes 4 (Alternative performance measures) and 5 (Adjusting items) of the attached condensed unaudited financial statements for details of Adjusting items.
- (4) Net debt at bank excluding finance leases, on a pre-IFRS 16 basis.
- (5) Data from the British Retail Consortium (BRC) showed non-food sales declined 0.4% during the 9 weeks of November and December 2025.

Notes for editors:

The Works is the UK's leading specialist retailer of affordable, screen-free activities for the whole family, providing customers with fantastic value across four product categories: arts and crafts, stationery, toys and games, and books. The Group operates a network of over 500 stores in the UK & Ireland, as well as trading online at TheWorks.co.uk.

CEO Report

Overview

Guided by our mission to become the favourite destination for affordable, screen-free activities for the whole family, everyone at The Works is focused on supporting people to find alternative, feel-good ways to spend their time away from screens. We are pleased with the progress made in the first half of FY26. The continued execution of our 'Elevating The Works' strategy has resulted in sustained operational improvements, driven a strong in-store performance, enabled us to further grow our margins, deliver cost efficiencies and improved profitability year-on-year (YoY). As a result, we are on track to deliver FY26 profit in line with market expectations and are well positioned to deliver higher revenues, profit growth and shareholder value in the years to come.

H1 trading performance

The ongoing delivery of our 'Elevating The Works' strategy enabled us to deliver a robust trading performance in the first half of FY26. This was despite a challenging retail environment, with subdued consumer confidence and soft UK non-food retail sales throughout the Period. Total like-for-like (LFL) sales increased 0.3%, reflecting strong store sales offset by lower online sales stemming from fulfilment challenges at our third-party provider that we are addressing. We delivered total sales of £123.8m (H1 FY25: £124.2m), which was marginally lower YoY, reflecting the LFL sales growth offset by the timing of store openings and closures (closures fell early in the Period whereas openings were weighted towards the end).

Stores, which comprise over 90% of sales, delivered LFL growth of 4%, well ahead of the wider non-food retail market that saw growth of 0.6%. Store performance was supported by more customer-focused campaigns and new products landing across all categories, all focused on connecting people with affordable, screen free things to do. Improved store standards, customer service and the positive impact from our initial space optimisation initiatives also supported store LFL growth.

Online sales, which represent less than 10% of sales, declined by 36%. This reflects the impact of operational challenges experienced following the transition to a new third-party fulfilment partner in September. We took action to reduce demand to help ease capacity constraints and maximise sales and profit from the reduced capacity, however our third-party fulfilment partner experienced persistent operational challenges and was unable to resolve these ahead of peak trading. We are disappointed to have been faced with these challenges but are working with the provider to ensure that together we deliver a solution.

Sustained product margin growth (+330bps vs H1 FY25) and ongoing cost saving action enabled us to more than offset cost headwinds and the aforementioned challenges faced with our online channel. This resulted in pre-IFRS 16 Adjusted EBITDA improving 64% to a loss of £1.0m (H1 FY25: £2.8m loss)

and Adjusted loss before tax of £5.1m (H1 FY25: £6.5m loss). This is as expected given the seasonality of the business, which is typically loss-making in the first half of the financial year, with profit being generated in H2.

H1 strategic progress

We have delivered a number of important strategic initiatives in the first six months of FY26, making clear progress against our 'Elevating The Works' strategy. Our efforts have been focused on helping customers to discover affordable, screen-free ways to spend their time, which in our current digital age is more important than ever as people look to reduce screen-time and find ways to connect in person.

Underpinned by three strategic drivers: growing our brand fame, improving customer convenience and being a lean and efficient operator, the strategy is focused on The Works becoming the favourite destination for affordable, screen-free activities for the whole family.

Growing brand fame

With our clearly defined mission and brand positioning, we are focused on growing our loyal customer base by getting more people familiar with The Works and to love what we do. This has been a key driver of the strong in-store performance delivered in the first half. Initiatives delivered in H1 FY26 include:

- Driven by customer insights that parents want to limit screen time and feel overwhelmed by the challenge of keeping children entertained, we enhanced marketing of our brand. This included the promotion of our *#TimeWellSpent* strapline via a new website blog, and work with influencers and affiliates. We also launched new customer-focused marketing campaigns, to show our customers ways to connect and spend their time away from screens:
 - Our '*Summer Well Spent*' campaign aimed to inspire parents with screen-free ways to keep their children entertained all summer long.
 - We established a '*Boredom Board*', welcoming children to help share ideas to reduce the issue of boredom over the summer holidays while encouraging activities away from screens, which was supported by consumer research.
- Further evolution of our product proposition with greater newness across all categories, resulting in particularly strong performances in our Toys and Games and own brand Art and Craft categories.
- Establishing greater all-year-round appeal of the brand, leveraging moments across the entire calendar for marketing campaigns and new product ranges, to reduce our reliance on Christmas. This included a strong Halloween performance and a robust Back-to-School period, which was ahead of the wider market.
- Increased focus on delivering a high standard and consistent customer service in-store, including the introduction of a new Customer Experience programme to recognise the work of colleagues going above and beyond for our customers. We also delivered more in-store demonstrations to engage customers and bring our product offering to life.

Improving customer experience

We want to provide our customers with the ranges they want, in the locations they want them, making it even easier to shop with us and improving overall experience and satisfaction. We have made strong progress in the first half of FY26, including:

- Improved distribution of stock across the store estate, with a focus on better product availability for high turnover 'platinum' stores and reducing stock-holding in smaller 'compact' stores.
- Continued optimisation of the store estate, with seven new openings, five closures and one relocation. We added a net two stores, growing to a more profitable portfolio of 505 stores at the Period end. We are on track for a net five new store openings in FY26 and are building a strong pipeline of opportunities to support our plans to add a net ten new stores in FY27.

- Improved store standards and consistency across the estate, through the implementation of a 'What Good Looks Like' programme, which was supported by the development of our field management capability.
- Continued store space optimisation including rolling out selected extended ranges from the trials launched in Q4 FY25 to more than 100 stores. We also implemented a university trial, which included extended art ranges, to further optimise use of space. We have plans for further trials in H2 and FY27, led by data-driven insight.

Being a lean and efficient operator

We are developing a business model that is low cost and efficient, to better enable us to continue offering our customers great value products and to support ongoing profit margin growth. Progress in the first half of FY26 includes:

- Implementation of better buying processes, improved stock management and selective price increases. This, combined with freight savings and an improved foreign exchange rate, supported a 330bps improvement in H1 FY26 product margin.
- Notable progress against our £2m cost reduction programme for FY26, with savings in central people costs and efficiencies in our store distribution centre (DC) supported by the successful investment in a new mezzanine level during the Period.
- Continuing to enhance our systems and infrastructure, including launching a pilot for new till hardware that is faster, offers a customer facing screen and uses less power. As part of our systems transformation plans, we have also developed plans for a back-office systems refresh, with work beginning in H2 on new 'Range Planning' software. Other back-office systems will be refreshed in the coming years.

Board and leadership changes

There have been some changes to our PLC Board during the first half, including the appointment of Nick Wharton as an Independent Non-Executive Director, who has brought very relevant sector and plc experience. As part of the Board's succession planning, Nick replaced Harry Morley who did not seek re-election at September's AGM after seven years of valuable contribution to The Works.

Simon Hathway stepped down from his role as Independent Non-Executive Director following the Period end to take on a full-time executive role. The search to identify his successor is well-progressed and we look forward to providing an update in due course.

ESG

Our People and Planet commitments represent our approach to creating a lasting, positive impact for our people, our communities and our planet. Our commitment to 'Doing Business Better' underpins our strategic drivers and is our way of ensuring that our colleagues are motivated and supported, so that they can continue to inspire our customers to read, learn, create and play.

Illustrative of this progress was the positive result in our employee engagement survey with our new provider, WorkL, where we achieved a 3-star 'Excellent' accreditation and 76% average happiness score. With a 77% colleague participation rate, we are delighted with how the results reflect the strong culture and shared purpose we have built together.

We are continuously looking for ways to further improve. We refreshed and relaunched our organisational values and behaviours to further strengthen and embed our positive culture. We also introduced a new performance cycle along with a comprehensive career development framework.

Outlook

We are encouraged by the progress made in FY26 to-date and the positive performance delivered in-store, particularly against a consumer backdrop that remains persistently challenging. We are working

with our third-party fulfilment provider to ensure that together we deliver a solution that will rectify the challenges impacting our online channel and will provide an update in due course.

We are confident in our ability to continue delivering sales and product margin growth and cost efficiencies, offsetting continued external cost headwinds in the remainder of FY26. We therefore remain on track to deliver FY26 profit in line with market expectations of pre-IFRS 16 Adjusted EBITDA of £11.0m, and expect to deliver further strategic progress, a significant improvement in financial and operational performance and shareholder value over the medium term.

Gavin Peck
Chief Executive Officer

Financial Report

Overview

This report covers the 26-week Period ended 2 November 2025 ("HY26", or the "Period") and refers to the comparative "HY25" Period of the 26 weeks ended 3 November 2024. The Company's sales and profitability is historically concentrated in the second half of the year, which includes the peak Christmas trading period.

	HY26	HY25
Revenue	£123.8m	£124.2m
Revenue growth	(0.3%)	1.3%
LFL sales growth ⁽¹⁾	0.3%	(0.8%)
Pre-IFRS 16 Adjusted EBITDA ⁽²⁾	(£1.0m)	(£2.8m)
Loss before tax	(£5.6m)	(£6.9m)
Adjusted loss before tax ⁽²⁾	(£5.1m)	(£6.5m)
Net debt ⁽³⁾	(£5.3m)	(£8.5m)

⁽¹⁾ LFL sales growth is the growth in gross sales from stores which have been trading for the full financial Period (current and previous year), and from the Group's online store.

⁽²⁾ Adjusted profit figures exclude Adjusting items. See notes 4 (Alternative performance measures) and 5 (Adjusting items) of the condensed financial statements included in this RNS.

⁽³⁾ Net debt excludes finance leases and is stated on a pre-IFRS 16 basis.

Revenue

Total revenue was lower by 0.3% to £123.8m (HY25: £124.2m), with total LFL sales increasing 0.3%, due to:

Positive store LFL sales growth of 4.0%, reflecting strong growth in existing stores from delivery of strategic initiatives, amidst a challenging external market (BRC reported non-food retail LFL average increase of 0.6% over the same Period).

Online sales decline of 36.1% primarily reflecting the significant fulfilment challenges experienced from the move to our new third-party fulfilment provider in early September. A number of material interventions were made to the customer offer to dampen customer demand and preserve the experience for those customers who continued to shop in this channel.

We continued to make good progress against one of our strategic priorities, 'Store optimisation'. As a result, we traded from a smaller, more profitable estate during HY26 compared to HY25, resulting in a small decline in revenue year-on-year. We ended the Period with 505 stores, having opened seven stores, closed five stores, and relocated one. The closing store portfolio represented an increase of net two new stores from 503 at the FY25 year end.

Gross profit

	HY26		HY25		Variance	Variance
	£m	% of revenue	£m	% of revenue	£m	%
Revenue	123.8		124.2		(0.4)	(0.3)
Less: Cost of goods sold	(46.3)		(50.5)		4.2	8.3
Product gross margin	77.5	62.6	73.7	59.3	3.8	5.2
Store payroll	(27.1)	(21.9)	(24.7)	(19.9)	(2.4)	(9.7)
Store property and establishment costs	(24.8)	(20.0)	(24.4)	(19.7)	(0.4)	(1.6)
Brand marketing and transaction fees	(2.1)	(1.7)	(1.2)	(1.0)	(0.9)	(75.0)
Online variable costs	(5.4)	(4.4)	(6.6)	(5.3)	1.2	18.2
Store depreciation (excluding IFRS 16)	(1.4)	(1.1)	(1.0)	(0.8)	(0.4)	(40.0)
IFRS 16 impact (excluding Adjusting items)	0.8	0.6	0.0	0.0	0.8	100
Adjusting items	(0.5)	(0.4)	(0.3)	(0.3)	(0.2)	(66.7)
Gross Profit Per Financial Statements	17.0	13.7	15.5	12.5	1.5	9.7

Product gross margin increased by 330bps to 62.6% in HY26 (HY25: 59.3%), primarily reflecting the continued focus on delivering margin growth from a combination of better buying (negotiations with suppliers and control of product mix), reduced markdown from improved stock management, as well as selective price increases. Product margin further benefited from the achieved hedging rate on inventory purchased in US dollars which was favourable year-on-year, (HY26 US dollar: GB pound rate 1.28 versus 1.26 in HY25), along with favourable HY26 container freight rates during the Period, with average container rates in HY26 of \$2.6k versus \$2.9k in HY25.

Store payroll costs increased by £2.4m, driven by the 6.7% increase in the National Living and Minimum Wage ('NLMW') and changes to employer NI contributions which created a combined £2.3m cost headwind.

Store property and establishment costs increased by £0.4m, reflecting savings in store electricity costs more than offset by inflationary cost increases in service charge and increased turnover rent reflecting the LFL store performance.

Online variable costs decreased by £1.2m, reflecting the significant reduction in revenues resulting from the third-party fulfilment challenges. Our priority throughout the Period was to preserve customer experience and loyalty, and to protect profitability. We therefore took action to manage customer demand, for example by reducing online marketing spend, and to increase Average Order Values. The lower outbound volumes led to lower parcel delivery costs, offsetting significantly higher (53%) costs per order due to productivity inefficiencies within the third-party fulfilment centre.

Operating profit

	HY26		HY25		Variance	Variance
	£m	% of revenue	£m	% of revenue	£m	%
Gross profit per financial statements	17.0	13.7	15.5	12.5	1.5	9.7

Distribution expenses	(5.7)	(4.6)	(6.1)	(4.9)	0.4	6.6
Distribution depreciation	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	0
Distribution Costs per financial statements	(5.8)	(4.7)	(6.2)	(5.0)	0.4	6.5
Administrative expenses	(13.3)	(10.7)	(13.6)	(11.0)	0.3	2.2
Administrative depreciation	(0.9)	(0.7)	(1.0)	(0.8)	0.1	10.0
IFRS 16 impact (excluding Adjusting items)	0.3	0.2	0.9	0.7	(0.6)	(66.7)
Administrative Costs per financial statements	(13.9)	(11.2)	(13.8)	(11.1)	(0.1)	(0.7)
Operating loss per financial statements	(2.7)	(2.2)	(4.4)	(3.5)	1.7	38.6

Distribution expenses (before depreciation), decreased by £0.4m compared with the prior Period. This reflected continuing efficiencies driven by improved ways of working in the stores Distribution Centre (“DC”), together with reduced external storage costs over peak (supported by the investment in our new mezzanine level within the DC that provided additional storage capacity and improved productivity). These savings more than offset the combined £0.2m impact of the April 2025 NLMW and National Insurance contribution increases on distribution labour costs.

Administration expenses (before depreciation and IFRS 16) decreased by £0.3m compared with the prior Period, primarily due to the savings realised from the support centre restructure, implemented in April 2025, which was part of the £2m cost saving initiative in FY26.

Operating profit reconciliation to pre-IFRS 16 Adjusted EBITDA

	Operating loss per financial statements	HY26		HY25		Variance £m	Variance %
		£m	% of revenue	£m	% of revenue		
Operating loss per financial statements	(2.7)	(2.2)		(4.4)	(3.5)	1.7	38.6
Add back depreciation, amortisation included in Operating profit	2.4	1.9		2.1	1.7	0.3	14.3
Less IFRS 16 charges included in Operating profit (excluding Adjusting Items)	(1.2)	(1.0)		(0.8)	(0.6)	(0.4)	(50)
Add back Adjusting items ⁽¹⁾	0.5	0.4		0.3	0.2	0.2	66.7
Pre-IFRS 16 Adjusted EBITDA⁽¹⁾	(1.0)	(0.8)		(2.8)	(2.3)	1.8	64.3

⁽¹⁾ Adjusted profit / (loss) excludes Adjusting items. See Notes 4 (Alternative performance measures) and 5 (Adjusting items) of the attached condensed financial statements.

Depreciation, amortisation and IFRS 16 adjustments reflect higher depreciation and amortisation charges (£0.3m) as a result of FY25 year-end impairment reversals increasing asset values, offset with lower IFRS 16 adjustments (£0.4m) primarily due to higher underlying asset values from new leases in the Period.

Adjusting items of £0.5m (HY25: £0.3m charge) reflect the one-off cost of transitioning to the new third-party fulfilment provider.

Net financing expense in the Period was £2.8m (HY25: £2.4m), mostly relating to IFRS 16 notional interest on the calculated lease liability.

Interest expense relating to bank facilities was £0.6m (HY25: £0.4m), reflecting increased usage of the rolling credit facility as a consequence of the earlier pre-peak stock intake as noted below.

Profit before tax

Loss before tax was £5.6m (HY25: £6.9m loss) which includes the £0.5m charge (HY25: £0.3 charge) for Adjusting items (described above and in Note 5 (Adjusting items)).

Tax

The Group's total income tax credit in respect of the Period was £0.2m (HY25: £0.6m credit). The effective tax rate on the total loss before tax was 2.9% (HY25: 9.3%) whilst the effective tax rate on the total loss before Adjusting items was 3.1% (HY25: 9.7%).

Earnings per share

The basic and diluted loss per share for the Period were 8.7 pence (HY25: 9.9 pence loss). Adjusted basic and diluted loss per share for the Period were 7.9 pence (HY25: 9.4 pence).

Capital expenditure

Capital expenditure in the Period was £3.5 million (HY25: £2.2m).

	HY26	HY25	Variance
	£'m	£'m	£m
New stores and relocations	(1.0)	(0.7)	(0.3)
Store refits, lease renewal and maintenance	(0.8)	(0.7)	(0.1)
IT hardware and software	(0.9)	(0.8)	(0.1)
Warehouse	(0.6)	-	(0.6)
Other	(0.2)	-	(0.2)
Total capital expenditure	(3.5)	(2.2)	(1.3)

- The increased investment in new stores and relocations reflects the seven new stores and one relocation opened in the Period, compared to three new stores and two relocations in the comparative Period of FY25.
- The £0.6m increased expenditure in the warehouse reflects the introduction of a mezzanine floor in the retail distribution centre, which has increased storage capacity and enhanced operational efficiency.

Inventory

Inventory was valued at £52.1m at the end of the Period (HY25: £51.7m). The operating cycle of the business causes maximum stock levels to occur prior to the Christmas sales peak and therefore stock levels are typically higher at the half year end compared with the year end.

The increased gross stock level compared to the prior Period reflects lower than anticipated online sales due to the operational challenges following the transition to a new third-party online fulfilment provider and the planned build of pre-peak stock earlier than in the prior year which is reflected in the year-on-year decrease in stock in transit.

Higher inventory provisions than the prior year, reflects a higher shrinkage provision for stock held at the third-party online fulfilment provider, together with a higher obsolescence provision reflecting the lower sell through of certain product lines. Underlying store shrinkage provisions are in line with the prior year.

	HY26	HY25	Variance
	£m	£m	£m
Gross stock	46.9	42.9	4.0

Less: provisions	(3.3)	(2.5)	(0.8)
Stock net of provisions	43.6	40.4	3.2
Stock in transit	8.5	11.3	(2.8)
Stock per balance sheet	52.1	51.7	0.4

Cash flow

The table below shows a summarised pre IFRS 16 presentation of cash flow.

The Group ended the Period with net debt of £5.3m (HY25: £8.5m net debt). The net cash outflow before exchange rate movements for the Period was £9.3m (HY25: outflow of £10.2m), reflecting reduced operating losses in the Period partially offset by increased capital investment together with the adverse impact on working capital of accelerating the build of inventory in advance of the peak Christmas trading period.

	HY26	HY25	Variance
	£m	£m	£m
Operating loss	(2.7)	(4.4)	1.7
Other operating cashflows ⁽¹⁾	1.3	(0.2)	1.5
Net movement in working capital	(3.1)	(2.3)	(0.8)
Net Cash from Investing Activities	(3.5)	(2.2)	(1.3)
Tax paid	(0.5)	(0.5)	(0.0)
Interest and financing costs	(0.8)	(0.3)	(0.5)
Purchase of Shares into the Employee Benefit Trust	(0.0)	(0.3)	0.3
Cash Flow before loan Movements	(9.3)	(10.2)	0.9
Drawdown of RCF	9.0	9.0	0.0
Exchange rate movements	(0.1)	0.1	(0.2)
Net increase /(decrease) in cash and cash equivalents	(0.4)	(1.1)	0.7
 Opening net cash balance excluding IAS 17 leases	 4.1	 1.6	
Closing net debt balance excluding IAS 17 leases	(5.3)	(8.5)	

⁽¹⁾ Other operating cashflows relate to pre-working capital movements, excluding tax and interest. See Condensed consolidated cash flow statement of the attached condensed financial statements.

Bank facilities and financial position

The Group continues to have a Revolving Credit Facility (RCF) of £20.0m, which provides ample liquidity and is utilised to support the build of stock prior to peak trading. The terms of this financing agreement expire on 30 November 2026. The Group is in discussions regarding the renewal of the facility which it expects to conclude before approval of the FY26 Annual Report and Accounts in July 2026.

Capital distributions

The Board is not proposing to declare an interim dividend. The potential for shareholder distributions, including dividends and share buybacks, will continue to be assessed against other opportunities for investment as profitability improves and funding allows.

Employee Benefit Trust funding for the purposes of share schemes

To manage dilution of existing shareholder interests, the Board's intention is to continue providing funding to the Company's Employee Benefit Trust as appropriate. This will enable the EBT to continue purchasing shares in the market that can subsequently be used to satisfy the exercise of options under

employee share schemes, as it has done in each of the last two financial years. SAYE exercises may be satisfied through the issue of new shares in the future.

Rosie Fordham
Chief Financial Officer
22 January 2026

Unaudited Condensed Consolidated Income Statement

For the 26 weeks ended 02 November 2025

		26 weeks to 02 November 2025		26 weeks to 03 November 2024		52 weeks to 04 May 2025				
	Note	Adjusted £000	Adjusting items £000	Total £000	Adjusted £000	Adjusting items £000	Total £000	Adjusted £000	Adjusting items £000	Total £000
Revenue	3	123,843	-	123,843	124,200	-	124,200	277,039	-	277,039
Cost of sales	5	(106,348)	(488)	(106,836)	(108,362)	(316)	(108,678)	(227,697)	4,408	(223,289)
Gross profit		17,495	(488)	17,007	15,838	(316)	15,522	49,342	4,408	53,750
Other operating income		4	-	4	4	-	4	8	-	8
Distribution expenses		(5,824)	-	(5,824)	(6,160)	-	(6,160)	(11,628)	-	(11,628)
Administrative expenses		(13,932)	(1)	(13,933)	(13,788)	-	(13,788)	(28,392)	(640)	(29,032)
Operating (loss)/profit		(2,257)	(489)	(2,746)	(4,106)	(316)	(4,422)	9,330	3,768	13,098
Finance income	6	33	-	33	-	-	-	35	-	35
Finance expense	6	(2,873)	-	(2,873)	(2,431)	-	(2,431)	(4,790)	-	(4,790)
Net financing expense		(2,840)	-	(2,840)	(2,431)	-	(2,431)	(4,755)	-	(4,755)
(Loss) / profit before tax		(5,097)	(489)	(5,586)	(6,537)	(316)	(6,853)	4,575	3,768	8,343
Tax	9	160	-	160	635	-	635	(165)	-	(165)
(Loss) / profit for the Period		(4,937)	(489)	(5,426)	(5,902)	(316)	(6,218)	4,410	3,768	8,178
Basic (loss)/earnings per share (pence)	10	(7.9)		(8.7)	(9.4)		(9.9)	7.1		13.1
Diluted (loss)/earnings per share (pence)	10	(7.9)		(8.7)	(9.4)		(9.9)	7.1		13.1

All results arise from continuing operations. The (loss)/ profit for the Period is attributable to equity holders of the Parent company.

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the 26 weeks ended 02 November 2025

	26 weeks to 02 November 2025 £000	26 weeks to 03 November 2024 £000	52 weeks to 04 May 2025 £000
(Loss) / profit for the Period	(5,426)	(6,218)	8,178
Items that may or may not be recycled subsequently into profit and loss			
Cash flow hedges - changes in fair value	1,416	(1,058)	(1,851)
Cash flow hedges - reclassified to profit and loss	15	404	340
Cost of hedging reserve - changes in fair value	(32)	298	(273)
Cost of hedging reserve - reclassified to profit and loss	154	183	366
Tax relating to components of other comprehensive income	598	190	(409)
Other comprehensive income/ (expense) for the Period, net of income tax	2,151	17	(1,827)
Total comprehensive (expense) / income for the Period attributable to equity shareholders of the Parent	(3,275)	(6,201)	6,351

Unaudited Condensed Consolidated Statement of Financial Position

As at 02 November 2025

		02 November 2025	03 November 2024	04 May 2025
	Note	£000	£000	£000
Non-current assets				
Intangible assets	12	2,254	2,177	2,168
Property, plant and equipment	13	13,550	11,936	12,583
Right of use assets	14	64,139	60,106	61,830
Deferred tax assets		4,279	4,860	3,514
		84,222	79,079	80,095
Current assets				
Inventories	15	52,113	51,721	34,985
Trade and other receivables		7,210	11,980	6,149
Derivative financial assets	19	198	90	-
Current tax asset		2,059	1,645	1,603
Cash and cash equivalents		3,706	522	4,118
		65,286	65,958	46,855
Total assets		149,508	145,037	126,950
Current liabilities				
Interest bearing loans and borrowings	16	9,000	9,000	-
Lease liabilities	14	18,284	20,580	18,646
Trade and other payables		47,977	51,712	32,851
Provisions	17	686	303	798
Derivative financial liabilities	19	701	605	1,879
		76,648	82,200	54,174
Non-current liabilities				
Lease liabilities	14	59,604	58,716	56,284
Provisions	17	733	634	650
		60,337	59,350	56,934
Total liabilities		136,985	141,550	111,108
Net assets		12,523	3,487	15,842
Equity attributable to equity holders of the Parent				
Share capital	18	625	625	625
Share premium	18	28,322	28,322	28,322
Merger reserve		(54)	(54)	(54)
Share based payment reserve		2,491	2,771	2,274
Hedging reserve		(207)	(139)	(2,122)
Retained earnings		(18,654)	(28,038)	(13,203)
Total equity		12,523	3,487	15,842

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders						
	Share capital	Share premium	Share based				
			Merger reserve	Payments reserve	Hedging reserve ¹	Retained earnings	Total equity
For the 26 Weeks Ended 02 November 2025							
At 04 May 2025	£625	28,322	(54)	2,274	(2,122)	(13,203)	15,842
Total comprehensive income / (expense) for the Period							
Loss for the Period	-	-	-	-	-	(5,426)	(5,426)
Other comprehensive income	-	-	-	-	2,151	-	2,151
Total comprehensive income / (expense) for the Period	-	-	-	-	2,151	(5,426)	(3,275)
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	-	-	(236)	-	(236)
Transactions with owners of the Company							
Share-based payment charges	-	-	-	217	-	-	217
Acquisition of treasury shares	-	-	-	-	-	(25)	(25)
Total transactions with owners	-	-	-	217	-	(25)	192
Balance at 02 November 2025	625	28,322	(54)	2,491	(207)	(18,654)	12,523
For the 26 Weeks Ended 03 November 2024							
At 05 May 2024	£625	28,322	(54)	2,583	129	(21,519)	10,086
Total comprehensive income / (expense) for the Period							
Loss for the Period	-	-	-	-	-	(6,218)	(6,218)
Other comprehensive income	-	-	-	-	17	-	17
Total comprehensive income / (expense) for the Period	-	-	-	-	17	(6,218)	(6,201)
Hedging gains and losses and costs of hedging transferred to the cost of inventory	-	-	-	-	(285)	-	(285)
Transactions with owners of the Company							
Share-based payment charges	-	-	-	188	-	-	188
Acquisition of treasury shares	-	-	-	-	-	(301)	(301)
Total transactions with owners	-	-	-	188	-	(301)	(113)
Balance at 03 November 2024	625	28,322	(54)	2,771	(139)	(28,038)	3,487

¹ Hedging reserve includes £211k in relation to changes in forward points which are recognised in other comprehensive income and accumulated as a cost of hedging within the hedging reserve (£61k for the 26 weeks ended 03 November 2024, £330k for the 52 weeks ended 04 May 2025).

Unaudited Condensed Consolidated Cash Flow Statement

For the 26 weeks ended 02 November 2025

	Note	26 weeks to 02 November 2025 £000	26 weeks to 03 November 2024 £000	52 weeks to 04 May 2025 £000
Cash Flows From Operating Activities				
(Loss) / profit for the Period		(5,426)	(6,218)	8,178
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	13	1,910	1,399	3,854
Impairment of property, plant and equipment		-	-	463
Reversal of impairment of property, plant and equipment		-	-	(975)
Depreciation of right-of-use assets	14	10,662	10,203	18,385
Impairment of right-of-use assets		-	-	2,180
Reversal of impairment of right-of-use assets		-	-	(7,807)
Amortisation of intangible assets	12	568	390	1,213
Impairment of intangible assets		-	-	141
Reversal of impairment of intangible assets		-	-	(471)
Derivative exchange loss / (gain)		236	285	424
Financial income	6	(33)	-	(35)
Financial expense	6	639	388	689
Interest on lease liabilities	14	2,234	2,043	4,101
Loss on disposal of property, plant and equipment	13	37	492	282
Profit / loss on disposal of right of use assets and lease liability	14	(10)	(358)	845
Profit relating to lease modifications	14	(62)	(320)	(193)
Share based payment charges		217	188	353
Taxation	9	(160)	(635)	165
Operating cash flows before changes in working capital		10,812	7,857	31,792
(Increase) / decrease in trade and other receivables		(1,070)	(3,512)	2,081
(Increase) in inventories	15	(17,128)	(20,255)	(3,396)
Increase in trade and other payables		15,126	21,527	3,037
(Decrease) / increase in provisions	17	(29)	(82)	429
Cash inflows from operating activities		7,711	5,535	33,943
Corporation tax paid		(465)	(457)	(466)
Net cash from operating activities		7,246	5,078	33,477
Cash flows from investing activities				
Acquisition of property, plant and equipment	13	(3,355)	(1,985)	(4,691)
Capital contributions received from landlords	13	441	516	842
Acquisition of intangible assets	12	(654)	(702)	(1,185)
Interest received	6	33	-	35
Net cash outflows from investing activities		(3,535)	(2,171)	(4,999)
Cash flows from financing activities				
Payment of finance lease liabilities (capital element)	14	(9,992)	(10,402)	(20,330)
Payment of finance lease liabilities (interest)	14	(2,234)	(2,043)	(4,101)
Other interest paid		(773)	(341)	(579)
Proceeds from bank borrowings		9,000	9,000	9,000
Repayment of bank borrowings		-	-	(9,000)
Purchase of treasury shares		-	(301)	(524)
Net cash from financing activities		(3,999)	(4,087)	(25,534)
Net decrease in cash and cash equivalents		(288)	(1,180)	2,944
Exchange rate movements		(124)	83	(445)
Cash and cash equivalents at beginning of Period		4,118	1,619	1,619
Cash and cash equivalents at end of Period		3,706	522	4,118

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the 26 weeks ended 02 November 2025

1 Accounting Policies

(a) General Information

TheWorks.co.uk plc ('the Company') is a public limited company domiciled in the United Kingdom and its registered office is Boldmere House, Faraday Avenue, Hams Hall Distribution Park, Coleshill, Birmingham, B46 1AL. These unaudited condensed consolidated interim financial statements ('interim financial statements') as at and for the 26 weeks ended 02 November 2025 comprise the results of the Company and its subsidiaries (together referred to as 'the Group').

(b) Basis of preparation

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with TheWorks.co.uk plc financial statements for the 52 weeks ended 04 May 2025. The interim financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

(i) Going concern

The unaudited condensed financial statements have been prepared on a going concern basis, which the Directors consider appropriate for the reasons set out below.

The Directors have assessed the prospects of the Group, taking into account its current position and the potential impact of the principal risks which have been identified through the Group's risk evaluation process.

In preparing its FY25 Annual Report and financial statements (which were approved on 22 July 2025), the Group prepared a detailed strategic review and produced a five-year plan to support the new strategy, 'Elevating The Works'. The cash flow forecast prepared covers a period of at least 12 months from the date of approval of these unaudited condensed financial statements (the going concern assessment period), based on the Board's forecast for FY26 and its 5-year strategic plan, referred to as the 'Base Case' scenario. In addition, a 'severe but plausible' 'Downside Case' sensitivity was prepared to support the Board's conclusion regarding going concern, by stress testing the Base Case to indicate the financial headroom resulting from applying more pessimistic assumptions.

In assessing the basis of preparation the Directors considered:

- The external environment.
- The Group's financial position including the quantum and expectations regarding availability of bank facilities.
- The output of the Base Case scenario, which mirrors the Group's five-year strategic plan and therefore represents its estimate of the most likely financial performance over the forecast period.
- The potential impact on financial performance of the principal risks, including if the operational challenges at the Group's third-party online fulfilment provider were to continue.
- Measures to maintain or increase liquidity in the event of a significant downturn in trading.
- The resilience of the Group to these risks having a more severe impact, evaluated via the Downside Case which shows the impact on the Group's cash flows, bank facility headroom and covenants.

Financial position and bank facilities

At the Period end the Group held net debt (excluding lease liabilities) of £5.3m (HY25: £8.5m) (Note 16).

The Group's bank facilities comprise a £20.0m revolving credit facility (RCF) which terminates at the end of November 2026. The Group is in discussions regarding the renewal of the facility which it expects to conclude prior to approval of the FY26 Annual report and accounts in July 2026. The current facility includes two financial covenants which are structured in a way that is typical for a retail business of this size and are tested quarterly:

1. The level of net debt to LTM (last twelve months') EBITDA must not exceed 2.5 times during the life of the facility.
2. The "Fixed Charge Cover" or ratio of LTM EBITDA prior to deducting rent and interest, until October 2025 the ratio was required to be at least 1.05 and thereafter it must be at least 1.20 times.

The Group expects to be able to operate and have sufficient headroom within these covenants during the forecast period.

Potential impact of risks on financial scenarios

The 'Principal risks and uncertainties' section of the Strategic report on pages 36 to 41 of the Group's FY25 Annual Report, sets out the main risks that the Board considers relevant.

It is considered unlikely that all the risks would manifest themselves to adversely affect the business at the same time. The Group's five-year financial plan has been formed from the new strategy, 'Elevating The Works', which has three strategic drivers which are underpinned by the strategic initiatives and clear delivery plans. In delivering the strategy, the risks to the business have been taken into consideration and where deemed to have a financial implication these have been addressed through the strategic initiatives.

The Downside Case scenario assumes that there are more severely negative effects than the Base Case. In particular, the Downside Case assumptions are that macroeconomic conditions are significantly worse, resulting in reduced consumer spending and lower sales. It should be noted that the Base Case already takes into account the current subdued consumer market conditions. The Downside Case assumes that the Group's current sales growth does not continue over the Christmas peak in FY26 financial year and assumes reduced sales growth over the remaining three-year financial period.

Conclusion regarding basis of preparation

The current economic environment remains challenging with the impact being felt by much of the UK particularly low-income households. There is sufficient cash headroom and headroom within both covenants under both scenarios and therefore the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

(ii) Accounting policies

The interim financial statements have been prepared on a basis consistent with the accounting policies published in the Group's financial statements for FY25.

(c) Alternative performance measures and Adjusting items

In the reporting of financial information, the Group tracks a number of APMs in managing its business. APMs should be considered in addition to IFRS measurements. The Group's definitions of APMs may not be comparable with similarly titled performance measures and disclosures by other entities.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. They are consistent with how the business performance is planned and reported internally and are also consistent with how these measures have been reported historically. Some of the APMs are also used for the purpose of setting remuneration targets.

The APMs should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial statements prepared in accordance with IFRS. The Group believes that the APMs are useful indicators of its performance but they may not be comparable with similarly titled measures reported by other companies due to the possibility of differences in the way they are calculated.

The key APMs that the Group uses include: like-for-like sales growth (LFL); EBITDA, Pre-IFRS 16 Adjusted EBITDA, Adjusted profit after tax, Profit after tax, Net debt; and Adjusted earnings per share. The APMs used by the Group and explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant, are set out in Note 4.

"Adjusted" measures are calculated by adding back or deducting Adjusting Items. Adjusting items are material in size and unusual in nature or incidence and, in the judgement of the Directors, should therefore be disclosed separately on the face of the financial statements to ensure that the reader has a proper understanding of the Group's financial performance and that there is comparability of financial performance between periods.

Refer to Note 5 for information regarding items that were treated as Adjusting.

(d) Key sources of estimation uncertainty

The preparation of consolidated financial statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts.

Critical judgements represent key decisions made by management in the application of the Group's accounting policies. Where a significant risk of materially different outcomes exists, this will represent a key source of estimation uncertainty.

Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Key sources of estimation uncertainty which are material to the interim financial statements are described in the context of the matters to which they relate, in the following notes:

Description	Note
Going concern	1
Impairment of intangible assets, property, plant and equipment and right-of-use assets	12, 13, 14

2 Segmental reporting

IFRS 8 requires segment information to be presented on the same basis as is used by the Chief Operating Decision Maker for assessing performance and allocating resources.

The Group has one operating segment with two revenue streams, bricks and mortar stores and online. This reflects the Group's management and reporting structure as viewed by the Board of Directors, which is considered to be the Group's Chief Operating Decision Maker. Aggregation is deemed appropriate due to both operating segments having similar economic characteristics, similar products on offer and a similar customer base.

3 Revenue

The Group's revenue is derived from the sale of finished goods to customers. The following table shows the primary geographical markets from which revenue is derived.

	26 weeks ended 02 November 2025 £000	26 weeks ended 03 November 2024 £000	52 weeks ended 04 May 2025 £000
Sale of goods			
– UK	121,589	122,127	272,122
– EU (Republic of Ireland)	2,254	2,073	4,917
Total revenues	123,843	124,200	277,039

Seasonality of operations

The Group's revenue is subject to seasonal fluctuations as a result of peaking during the approach to Christmas, from October to December. Therefore, the first half of the financial year, from April to October, typically produces lower revenue and profit than the second half.

4 Alternative performance measures ("APMs")

Like-for-like ("LFL") sales

Closest IFRS equivalent: revenue

LFL sales are defined by the Group as the year-on-year growth in gross sales from stores which have been trading for a full financial year prior to the current year and have been trading throughout the current financial Period being reported on, and from the Company's online store, calculated on a calendar week basis. The measure is used widely in the retail industry as an indicator of sales performance. LFL sales are calculated on a gross basis to ensure that fluctuations in the VAT rates of products sold are excluded from the LFL sales growth percentage figure.

EBITDA and pre-IFRS 16 Adjusted EBITDA

Closest IFRS equivalent: operating profit¹

EBITDA is earnings before interest, tax, profit or loss on disposal of fixed assets, depreciation, amortisation and impairment reversals and charges. The Group uses EBITDA as a measure of trading performance, as it usually correlates with the Group's operating cash generation.

Pre-IFRS 16 Adjusted EBITDA is defined by the Group as pre-IFRS 16 earnings before interest, tax, depreciation, amortisation and profit/loss on the disposal of fixed assets, after adding back or deducting Adjusting items. Pre-IFRS 16 EBITDA is used for the bank facility financial covenants.

The table below provides a reconciliation of operating profit to Adjusted EBITDA and pre-IFRS 16 EBITDA:

	26 weeks ended 02 November 2025 £000	26 weeks ended 03 November 2024 £000	52 weeks ended 04 May 2025 £000
Operating profit¹	(2,746)	(4,422)	13,098
Add back:			
Depreciation of property, plant and equipment	1,910	1,399	3,854
Depreciation of right-of-use assets	10,662	10,203	18,385
Amortisation	568	390	1,213
Loss on disposal of fixed assets	37	492	282
Gain on modification of right-of-use assets	(62)	(320)	(193)
Adjusting items	489	316	(3,768)
Adjusted EBITDA	10,858	8,058	32,871
Less:			
Income statement rental charges not recognised under IFRS 16	(11,951)	(10,809)	(23,328)
Foreign exchange difference on Euro leases	51	(10)	(36)
Pre-IFRS 16 Adjusted EBITDA	(1,042)	(2,761)	9,507

¹ Whilst operating profit is not defined formally in IFRS, it is considered a generally accepted accounting measure.

Adjusted profit after tax

Closest IFRS equivalent: profit before tax

Adjusted PBT is profit before tax adjusted to exclude the effect of transactions that, in the opinion of the Directors, are either one off in nature and/or are unreflective of the underlying trading performance of the Group in the Period. Adjusted PBT reports a normalised or underlying trading performance of the Group. The transactions that have been adjusted could distort the impression of future performance trends based on the current year results.

The Group uses Adjusted PBT to assess its performance on an underlying basis excluding these items and believes measures adjusted in this manner provide additional information about the impact of unusual or one-off items on the Group's performance in the Period.

These adjusted metrics are included within the consolidated income statement and consolidated statement of other comprehensive income, with further details of Adjusting items included in Note 5.

	26 weeks ended 02 November 2025 £000	26 weeks ended 03 November 2024 £000	52 weeks ended 04 May 2025 £000
Adjusted (loss)/profit after tax	(4,937)	(5,902)	4,410
Adjusting items (including impairment charges and reversals)	(489)	(316)	3,768
Profit after tax	(5,426)	(6,218)	8,178

Financial position APMs

Net debt

Closest IFRS equivalent: no equivalent; however it is calculated by combining IFRS measures for cash and borrowing.

Net debt is calculated by subtracting the Group's cash and cash equivalents from its gross borrowing. Net debt is utilised in the calculation of leverage, a covenant in the Group's financing facilities.

The Group presents net debt inclusive and exclusive of lease liabilities, which is consistent with the definition used for its banking covenant calculations.

	26 weeks ended 02 November 2025 £000	26 weeks ended 03 November 2024 £000	52 weeks ended 04 May 2025 £000
Calculation of net debt			
Current borrowings	(27,284)	(29,580)	(18,646)
Non-current borrowings	(59,604)	(58,716)	(56,284)
Gross borrowings	(86,888)	(88,296)	(74,930)
Add cash	3,706	522	4,118
Net debt (inc. leases)	(83,182)	(87,774)	(70,812)
Lease liabilities	77,888	79,296	74,930
Net (debt)/ cash (exc. leases)	(5,294)	(8,478)	4,118

5 Adjusting items

During the Period, the items analysed below have been classified as Adjusting:

	26 weeks ended 02 November 2025 £000	26 weeks ended 03 November 2024 £000	52 weeks ended 04 May 2025 £000
Cost of sales			
Impairment charges	-	-	(2,784)
Impairment reversals	-	-	9,253
Profit/ (loss) on disposal of right-of-use assets and lease liabilities	8	358	(845)
Exceptional fulfilment costs	-	(426)	(1,216)
Transition costs related to online sales Distribution Centre	(497)	-	-
Other exceptional items	-	(248)	-
Administration costs			
Other exceptional costs - restructuring	-	-	(640)
Total Adjusting items before tax	(489)	(316)	3,768

Transition costs of £0.5m related to the move to a new third-party provider in the Period.

For the 26 weeks ended 03 November 2024: Exceptional fulfilment costs of £0.4m related to non-recurring operational costs as a result of issues at our online third-party fulfilment centre. Other exceptional costs comprised £0.1m of redundancy costs and £0.1m related to the settlement of a legal case.

For the 52 weeks ended 04 May 2025: £1.2m in relation to exceptional fulfilment costs at the third-party fulfilment centre over peak and £0.6m related to the review of the cost base of the Group, which included £0.4m of redundancy costs.)

Impairment charges and Impairment reversals relate to property, plant and equipment, intangible assets and right-of-use assets (see Notes 12, 13, 14). No impairment has been recognised in the Period.

Profit on disposal of right-of-use assets and lease liabilities relate to leases (see Note 14).

6 Finance income and expense

	26 weeks ended 02 November 2025 £000	26 weeks ended 03 November 2024 £000	52 weeks ended 04 May 2025 £000
Finance income			
Bank interest receivable	33	-	35
Total finance income	33	-	35
Finance expense			
Bank interest payable	(550)	(310)	(535)
Amortisation of capitalised loan costs	(89)	(78)	(154)
Interest payable on lease liabilities	(2,234)	(2,043)	(4,101)
Total finance expense	(2,873)	(2,431)	(4,790)
Net financing expense	(2,840)	(2,431)	(4,755)

7 Share based payments

During the Period, 2,249,020 shares were awarded under "TheWorks.co.uk 2018 Long Term Incentive Plan" and nil awarded under the Save As You Earn Scheme. (26 weeks ended 03 November 2024: nil and nil, 52 weeks ended 04 May 2025: 2,454,187 and nil respectively).

During the Period, 40,000 restricted stock awards were granted to key management and senior employees (26 weeks ended 03 November 2024: nil, 52 weeks ended 04 May 2025: 102,500).

Expense recognised in the income statement

The IFRS 2 charge recognised during the Period was as follows:

	26 weeks ended 02 November 2025 £000	26 weeks ended 03 November 2024 £000	52 weeks ended 04 May 2025 £000
LTIP -- Share based payment expense	189	79	214
RSA - Share based payment expense	27	82	128
SAYE - Share based payment expense	1	27	11

Total IFRS 2 charges	217	188	353
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8 Employee benefits

The Group operates a defined contribution pension scheme. The pension charge for the Period represents contributions payable by the group to the scheme and amounted to £599k (26 weeks ended 03 November 2024: £565k; 52 weeks ended 04 May 2025: £1,125k).

9 Tax

The income tax expense or credit is determined by multiplying the loss before tax for the interim reporting Period by management's best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim Period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's total income tax credit in respect of the Period was £160k (26 weeks ended 03 November 2024 credit: £635k, 52 weeks ended 04 May 2025 tax charge: £165k). The effective tax rate on the total loss before tax was 2.9% (26 weeks ended 03 November 2024: 9.3%; 52 weeks ended 04 May 2025: effective tax rate on total profit before tax was 2.0%), the Adjusted tax rate was 3.1% (26 weeks ended 03 November 2024: 9.7%, 52 weeks ended 04 May 2025: 3.6%). The difference between the total effective tax rate and the Adjusted tax rate relates to certain costs and depreciation charges (including impairment) being non-deductible for tax purposes.

The effective tax rate of 2.9% differs from the UK corporation tax rate of 25% principally due to the impact of adjustments for deferred tax, non-deductible expenditure such as those related to share-based payment and depreciation charges, and the difference in the tax rate applied to other jurisdictions.

10 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the Period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the Period.

Diluted earnings per share uses the weighted average number of shares in issue for the Period, adjusted for the dilutive effect of potential ordinary shares. Potential ordinary shares represent employee share incentive awards. In the event that there are losses per share, diluted EPS is deemed to be the same as Basic EPS.

The Group has chosen to present an Adjusted earnings per share measure, with profit adjusted for Adjusting items (see Note 5 for further details) to reflect the Group's underlying (loss) / profit for the Period.

	02 November 2025	03 November 2024	04 May 2025
	Number	Number	Number
Number of shares in issue	62,500,000	62,500,000	62,500,000
Number of dilutive share options (nil in the event of a loss)	-	-	-
Number of shares for diluted earnings per share	62,500,000	62,500,000	62,500,000
<hr/>			
	£000	£000	£000
(Loss) / profit for the financial Period	(5,426)	(6,218)	8,178
Adjusting items	489	316	(3,768)
Total Adjusted (loss) / profit for Adjusted earnings per share	(4,937)	(5,902)	4,410
<hr/>			
	Pence	Pence	Pence
Basic (loss) / earnings per share	(8.7)	(9.9)	13.1
Diluted (loss) / earnings per share	(8.7)	(9.9)	13.1
Adjusted basic (loss) / earnings per share	(7.9)	(9.4)	7.1
Adjusted diluted (loss) / earnings per share	(7.9)	(9.4)	7.1

11 Dividends

The Board has not declared a dividend in respect of FY26 interim results (FY25: nil).

12 Intangible assets

	Goodwill £000	Software £000	Total £000
Cost			
Balance at 04 May 2025	16,180	10,934	27,114
Additions	-	654	654
Disposals	-	(249)	(249)
Balance at 02 November 2025	16,180	11,339	27,519
Amortisation / Impairment			
Balance at 04 May 2025	16,180	8,766	24,946
Amortisation charge	-	568	568
Disposals	-	(249)	(249)
Balance at 02 November 2025	16,180	9,085	25,265
Net book value			
At 04 May 2025	-	2,168	2,168
At 02 November 2025	-	2,254	2,254

13 Property, plant and equipment

	Leasehold improvements £000	Plant & equipment £000	Fixtures & fittings £000	Total £000
Cost				
Balance at 04 May 2025	4,163	3,946	17,338	25,447
Additions	849	353	1,712	2,914
Disposals	(239)	(119)	(1,099)	(1,457)
Balance at 02 November 2025	4,773	4,180	17,951	26,904
Depreciation and impairment				
Balance at 04 May 2025	2,818	3,584	6,462	12,864
Depreciation charge	254	296	1,360	1,910
Disposals	(214)	(119)	(1,087)	(1,420)
Balance at 02 November 2025	2,858	3,761	6,735	13,354
Net book value				
At 04 May 2025	1,345	362	10,876	12,583
At 02 November 2025	1,915	419	11,216	13,550

Impairment of tangible and intangible assets

The carrying amounts of the Group's tangible and intangible assets with a measurable useful life are reviewed at each balance sheet date if events or circumstances indicate that the full carrying value may not be recoverable to determine whether there is any indication of impairment to their value. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. The Directors consider an individual retail store to be a cash generating unit (CGU), as well as the Company's website.

The recoverable amount of an asset is the greater of its fair value less disposal cost and its value in use (the present value of the future cash flows that the asset is expected to generate). In determining value in use, the present value of future cash flows is discounted using a discount rate that reflects current market assessments of the time value of money in relation to the period of the investment and the risks specific to the asset concerned.

The carrying value represents each CGU's specific assets, as well as the IFRS 16 right-of-use asset, plus an allocation of corporate assets where these assets can be allocated on a reasonable and consistent basis.

Where the carrying value exceeds the recoverable amount an impairment loss is established with a charge being made to the income statement. When the reasons for a write down no longer exist, the write down is reversed in the income statement up to the net book value that the relevant asset would have had if it had not been written down and if it had been depreciated.

An impairment review across all CGU's was conducted for the 52 weeks to 04 May 2025 for the Annual Report and Accounts signed on 22 July 2025. The Directors have reviewed the events and circumstances since 04 May 2025, along with the Group's Base Case plan and do not consider it to have changed materially since the impairment review was completed as at 04 May 2025. Therefore, the Directors have concluded that no impairment trigger has occurred in relation to the store CGU's. In line with the assessment completed in the period to 04 May 2025, the

Group's trading website has been reviewed for impairment, however, as the website CGU is fully impaired, no further impairment charge is recognised for the 26 weeks ended 03 November 2025.

No impairment charge or reversal was recognised for the 26 weeks ended 02 November 2025 or the 26 weeks ended 03 November 2024. An impairment charge of £2,612k was recognised for the 52 weeks ended 04 May 2025 against 87 stores with a recoverable amount of £13,115k, and an impairment charge of £nil was recognised against the trading website. An impairment reversal of £8,582k was recognised for the 52 weeks ended 04 May 2025 relating to 253 stores with a recoverable amount of £72,408k, and an impairment reversal of £498k was recognised against the trading website. In line with the previously adopted treatment, impairment charges and reversals have been shown as Adjusting items.

14 Leases

Amounts recognised in the statement of financial position

Right-of-use assets

	Land and buildings £000	Plant and equipment £000	Total £000
02 November 2025			
At 04 May 2025	61,449	381	61,830
Depreciation charge for the year	(10,594)	(68)	(10,662)
Additions to right-of-use assets	3,059	-	3,059
Effect of modifications to right-of-use assets	10,110	-	10,110
Derecognition of right-of-use assets	(198)	-	(198)
At 02 November 2025	63,826	313	64,139

Lease liabilities

	Land and buildings £000	Plant and equipment £000	Total £000
02 November 2025			
At 04 May 2025	74,545	385	74,930
Additions to lease liabilities	3,143	-	3,143
Interest expense	2,225	9	2,234
Effect of modifications to lease liabilities	9,964	-	9,964
Lease payments	(12,152)	(74)	(12,226)
Disposals of lease liabilities	(208)	-	(208)
Foreign exchange movements	51	-	51
At 02 November 2025	77,568	320	77,888

Carrying value of leases included in the consolidated statement of financial position

	As at 02 November 2025	As at 04 May 2025
Current	18,284	18,646
Non-current	59,604	56,284
At 02 November 2025	77,888	74,930

15 Inventory

	02 November 2025 £000	03 November 2024 £000	04 May 2025 £000
Goods for resale	46,852	42,859	30,121
Less: stock provisions for shrinkage and obsolescence	(3,300)	(2,450)	(1,061)
Goods for resale net of provisions	43,552	40,409	29,060
Stock in transit	8,561	11,312	5,925
Inventory	52,113	51,721	34,985

A provision of £3.3m for stock obsolescence and shrinkage is included in the balance sheet at the Period end (03 November 2024: £2.5m, 04 May 2025: £1.1m). The provision is an estimate, which is based on stock ageing and historical trends and is reviewed by management during the year.

16 Borrowings and cash

	02 November 2025 £000	03 November 2024 £000	04 May 2025 £000
Non-current liabilities			
Lease liabilities	59,604	58,716	56,284
Non-current liabilities	59,604	58,716	56,284
Current liabilities			
Revolving credit facility (RCF)	9,000	9,000	-
Lease liabilities	18,284	20,580	18,646
Current liabilities	27,284	29,580	18,646

The Group's bank facilities comprise an RCF of £20.0m expiring 30 November 2026. The facility includes financial covenants in relation to the level of net debt to LTM EBITDA and 'Fixed Charge Cover' or ratio of LTM EBITDA prior to deducting rent and interest, to LTM rent and interest.

None of the Group's cash and cash equivalents (FY24: £Nil) is held by the trustee of the Group's employee benefit trust in relation to the share schemes for employees.

Net debt reconciliation

	02 November 2025 £000	03 November 2024 £000	04 May 2025 £000
Net debt (excluding unamortised debt costs)			
RCF	9,000	9,000	-
Cash and cash equivalents	(3,706)	(522)	(4,118)
Net debt / (cash) at bank	5,294	8,478	(4,118)
Non IFRS 16 lease liabilities	-	11	-
Non IFRS 16 net debt / (cash)	5,294	8,489	(4,118)
IFRS 16 lease liabilities	77,888	79,296	74,930
Net debt including IFRS 16 lease liabilities	83,182	87,785	70,812

17 Provisions

Property provision

A dilapidation provision is recognised when there is a future obligation relating to the maintenance of leasehold property. The provision is based on management's best estimate of the obligation which forms part of the Group's unavoidable cost of meeting its obligations under the lease contracts. Key uncertainties are estimates of amounts due.

	Total £000
Balance at 04 May 2025	1,448
Provisions made during the Period	212
Provisions used during the Period	(41)
Provisions released during the Period	(200)
Balance as at 02 November 2025	1,419

Maturity analysis of cash flows:

	Total £000
Due in less than one year	686
Due between one and five years	359
Due in more than five years	374
Total	1,419

18 Share Capital

	02 November 2025 £'000s	03 November 2024 £'000s	04 May 2025 £'000s
Share capital			
At 02 November 2025, 03 November 2024 and 04 May 2025	625	625	625
Share premium			
At 02 November 2025, 03 November 2024 and 04 May 2025	28,322	28,322	28,322

19 Financial Instruments

The following table details the Group's expected maturities for its financial liabilities based on the undiscounted contractual maturities of the financial liabilities, including interest that will be payable.

Contractual maturity of financial liabilities	Within 1 year £'000	2-5 years £'000	5+ years £'000	Total £'000
02 November 2025				
Non Derivative				
Interest bearing	(9,000)	-	-	(9,000)
Non-interest bearing	43,547	359	374	44,280
Undiscounted lease liabilities	22,525	53,044	17,027	92,596
Derivative				
Forward currency contracts	701	-	-	701
	57,773	53,403	17,401	128,577
03 November 2024				
Non Derivative				
Interest bearing	9,000	-	-	9,000
Non-interest bearing	46,966	634	-	47,600
Undiscounted lease liabilities	23,753	51,165	16,953	91,871
Derivative				
Forward currency contracts	605	-	-	605
	80,324	51,799	16,953	149,076
04 May 2025				
Non Derivative				
Interest bearing	-	-	-	-
Non-interest bearing	29,387	309	342	30,038
Undiscounted lease liabilities	22,375	48,243	17,325	87,943
Derivative				
Forward currency contracts	1,879	-	-	1,879
	53,641	48,552	17,667	119,860

Fair value measurements

Financial instruments carried at fair value are measured by reference to the following fair value hierarchy, based on the extent to which the fair value is observable;

- Level 1 fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments are carried at fair value under a Level 2 valuation method. All other financial instruments carried at fair value are measured using the Level 1 valuation method.

There were no transfers between the levels during the current or prior Period.

Derivative Financial Instruments

The fair value of derivative financial instruments at the Balance Sheet date is as follows:

	02 November 2025 £000	03 November 2024 £000	04 May 2025 £000
Net Derivative Financial Instruments			
Foreign exchange contracts	(503)	(515)	(1,879)

Classification of financial instruments

The tables below show the classification of financial assets and liabilities as at 02 November 2025. The fair values of financial instruments have been assessed to be approximately equivalent to their carrying values.

	Cash flow hedging instruments £000	Financial assets at amortised cost £000	Other financial liabilities £000
Financial assets measured at fair value			
Derivative financial instruments	198	-	-
Financial assets not measured at fair value			
Trade and other receivables	-	7,210	-
Cash and cash equivalents	-	3,706	-
Financial liabilities measured at fair value			
Derivative financial instruments	(701)	-	-
Financial liabilities not measured at fair value			
Unsecured bank loans	-	-	(9,000)
Lease liabilities	-	-	(77,888)
Trade and other payables	-	-	(47,977)
As at 02 November 2025	(503)	10,916	(134,865)

	Cash flow hedging instruments £000	Financial assets at amortised cost £000	Other financial liabilities £000
Financial assets measured at fair value			
Derivative financial instruments	90	-	-
Financial assets not measured at fair value			
Trade and other receivables	-	11,980	-
Cash and cash equivalents	-	522	-
Financial liabilities not measured at fair value			
Unsecured bank loans	(605)	-	(9,000)
Lease liabilities	-	-	(79,296)
Trade and other payables	-	-	(51,712)
As at 03 November 2024	(515)	12,502	(140,008)

	Cash flow hedging instruments £000	Financial assets at amortised cost £000	Other Financial Liabilities £000
Financial assets measured at fair value			
Derivative financial instruments	-	-	-
Financial assets not measured at fair value			
Trade and other receivables	-	6,149	-
Cash and cash equivalents	-	4,118	-
Financial liabilities measured at fair value			
Derivative financial instruments	(1,879)	-	-
Financial liabilities not measured at fair value			
Lease liabilities	-	-	(74,930)
Trade and other payables	-	-	(32,851)
As at 04 May 2025	(1,879)	10,267	(107,781)

20 Related parties

Identity of related parties with which the Group has transacted

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There were no transactions with related parties who are not members of the Group during the financial Period.

21 Contingent liabilities

HMRC enquiry regarding corporation tax

In March 2024, the Group submitted overpayment relief claims to HMRC. The adjustments to the previously filed positions arose as a result of prior year adjustments booked in the FY23 and FY24 financial statements of The Works Stores Limited, which increased the amount of trading losses in those years. HMRC has challenged the validity of these claims. The Group, supported by external advisers, believes its position is robust and expects the matter to be resolved in its favour. The liability should HMRC not accept the overpayment relief claims will result in the current tax debtor of £1.7m becoming a liability in the range of £1.6m to £2.8m, with a corresponding adjustment to profit after tax. No provision has been made as the likelihood of an outflow of economic resources is not considered probable.

The Group has no other contingent liabilities.

Principal risks and uncertainties

There are a number of risks and uncertainties which could have a material negative impact on the Group's performance over the remainder of the current financial year. These could cause actual results to differ materially from historical or expected results. The Board does not believe that these risks and uncertainties are materially different to those published in the Group's Annual Report for the Period ended 04 May 2025.

These risks are associated with:

1. Economy and market
2. Design and execution of strategy
3. Supply chain
4. IT systems and cyber security
5. Brand and reputation
6. Seasonality of sales
7. People
8. Environmental (including climate change)
9. Regulation and compliance
10. Liquidity
11. Business continuity

Detailed explanations of these risks are set out on pages 36 to 41 of the FY25 Annual Report which is available at <https://corporate.theworks.co.uk/application/files/9017/5749/6485/TheWorks.co.uk-plc-Annual-Report-and-Account-2025.pdf>