22 July 2025

TheWorks.co.uk plc

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

Preliminary results for the 52 weeks ended 4 May 2025

Finished FY25 in line with recently upgraded market expectations, significant improvement in profitability underpinned by new strategy, well positioned to deliver further profit growth in FY26.

TheWorks.co.uk plc, the retailer of affordable, screen-free activities for the whole family, announces its preliminary results for the 52 weeks ended 4 May 2025 (the "period" or "FY25").

Financial highlights

- Delivered total revenue of £277m, a decrease of 2% from the prior year, which benefitted from an additional trading week.
- Total like for like (LFL) sales were ahead of the wider non-food retail market(1), increasing by 0.8%.
    - Store sales, which represent over 90% of total sales, continued to be the primary driver of growth, increasing 2.3% on a LFL basis, driven by more customer-focussed events, new products across all categories, improved store standards and product availability.
    - Online sales declined by 12.1%, impacted by temporary capacity constraints at our third-party provider during peak and a focus on improving the profitability of this channel.
    - Delivered a strong performance post-Christmas, with Q4 total LFL sales up 6.4%.
- Pre-IFRS 16 Adjusted EBITDA rose 58% to £9.5m (FY24: £6m), which was in line with recently upgraded market expectations. Rising cost headwinds were offset through ongoing cost-saving action and sustained product margin growth (+210bps vs. FY24).
- Profit before tax increased 20.3% to £8.3m (FY24: £6.9m).
- Adjusted profit before tax of £4.6m (FY24: £3.2m) after adjusting for a £3.8m credit (FY24: £3.7m credit)(2).
- The Group ended FY25 with net cash of £4.1m (FY24: £1.6m).
- The Board is not proposing a final dividend for FY25 with focus on investing for future growth. Future shareholder distributions will be kept under consideration as profitability improves further and net cash allows.
- Trading in the first 11 weeks of FY26 has been strong, with LFL sales up 5% and continued margin growth.
- Further profit growth expected in the year ahead - the Group is comfortable with recently upgraded market forecasts of pre-IFRS 16 Adjusted EBITDA of £11.0m in FY26.

	FY25 £m	FY24 £m
Revenue	277.0	282.6
Revenue growth	(2.0%)	0.9%
LFL sales(3)	0.8%	(0.9%)
Pre-IFRS 16 Adjusted EBITDA(2)	9.5	6.0
Pre-IFRS 16 Adjusted EBITDA margin(2)	3.4%	2.1%
Profit before tax(2)	8.3	6.9
Adjusted profit before tax	4.6	3.2
Basic and diluted earnings per share	13.1	10.2
Adjusted basic and diluted earnings per share	7.1	4.2
Net cash at bank(4)	4.1	1.6

Business highlights

- Launched new strategy in January 2025, 'Elevating The Works', which has ensured the business has both a clear plan and ambitious targets to deliver a step-change in performance. The early success of the strategy is evident in the underlying sales growth, strong store performance and profit growth in FY25.
- Notable progress against our three strategic drivers:
  - **Growing brand fame**: Launched a new approach to our customer campaigns, including more customer-focussed events that drove footfall to stores and increased the all-year-round appeal of The Works, including a "Kids Favourites Event" featuring popular kids' characters (including Bluey and Peppa Pig) as well as a "Books are Magic" event, which was timed to coincide with World Book Day.
  - **Improved customer convenience**: Improved store standards and consistency across the estate, which has been a key driver of store LFL growth. Continued optimisation of store estate with 7 openings, 15 closures and 4 relocations, resulting in a higher quality and more profitable portfolio of 503 stores (FY24: 511 stores).
  - **Being a lean and efficient operator**: Drove sustained product margin growth of 210bps by reducing our cost of goods sold through negotiations with suppliers, reduced markdown activity, more targeted promotional activity and control of product mix. Delivered significant cost-savings in FY25 due to the annualised benefit of action taken in FY24. Undertook a cost transformation project in FY25, with over £2.0m of further annualised cost savings identified for FY26.
- Strengthened plc board with the appointment of Steve Bellamy as Chair and Simon Hathway as an Independent Non-Executive Director.
- Placed 10th in the 'Best Big Company to Work For', up from 15th in the previous year, showing the strength of our culture and colleague engagement.

Current trading and outlook

The positive trading momentum since Christmas has continued, with total LFL sales up 5.0% in the first 11 weeks of FY26 and good margin growth. This performance is in line with our expectations, and ahead of the wider non-food retail market[(5)], reflecting the continued momentum from our strategic and operational progress building through FY25 and into FY26.

The Board continues to be mindful of significant cost headwinds in FY26, primarily related to National Living and Minimum Wage inflation, and employers' National Insurance increases. However, with a clear strategy in place, the Group is well positioned to navigate these challenges and deliver further strategic and financial progress in the year ahead.

In light of the strong FY25 performance, positive momentum that has carried into the new financial year and further cost savings identified for FY26, the Board expects to deliver pre-IFRS 16 Adjusted EBITDA in line with recently upgraded external forecasts of £11.0m. We remain on track to deliver sales in excess of £375m and EBITDA margin of at least 6% within five years.

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

"We are delighted to have ended FY25 in line with recently upgraded market expectations in a year defined by ongoing uncertainty and fragile consumer confidence. This encouraging performance is a huge credit to the early success of our new strategy launched in January 2025, 'Elevating the Works', which is already delivering tangible results. It is also thanks to the continued hard work of our dedicated and passionate colleagues, who have worked hard to drive improvements across the business.

"Guided by our new strategy, we are focusing our efforts on becoming the favourite destination for affordable, screen-free activities for the whole family. This has significant relevance, particularly in a digital age when customers are looking for ways to connect and spend their time away from screens. We are pleased that the ongoing evolution of our proposition and newness throughout our ranges, has already resonated so well with customers.

“The strong trading delivered post-Christmas has continued into the start of our new financial year, with customers clearly loving our new Spring and Summer product ranges. This positive momentum, guided by our transformative strategy and energised team, leaves us well placed for further strategic and financial progress in FY26.”

Preliminary results presentation

A copy of the FY25 Preliminary results presentation will shortly 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. Investors can register here:

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

Enquiries: **TheWorks.co.uk plc** Gavin Peck, CEO Rosie Fordham, CFO	via Sanctuary Counsel	
Sanctuary Counsel Rachel Miller Hannah Butler Yasmine Fowler	0207 340 0395	theworks@sanctuarycounsel.com
Singer Capital Markets (Nomad and Broker) Peter Steel	020 7496 3000	

Footnotes:

(1) Data from the British Retail Consortium (BRC) showed non-food retail LFL sales declined 0.1% in the 52-week period.
(2) Adjusted profit figures exclude Adjusting items. See Note 2 (Alternative performance measures) and Note 3 (Adjusting items) of the condensed financial statements included in this RNS.
(3) 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.
(4) Net cash at bank excludes finance leases and is stated on a pre-IFRS 16 basis.
(5) Data from the British Retail Consortium (BRC) showed flat non-food retail LFL sales for May and June 2025.

Notes for editors:

The Works is one of the UK's leading family-friendly value retailers of arts and crafts, stationery, toys, and books, offering customers a differentiated proposition as a value alternative to full price specialist retailers. Our ambition is to become the favourite destination for affordable, screen free activities for the whole family. The Group operates a network of over 500 stores in the UK & Ireland, as well as trading online at TheWorks.co.uk.

Chair report

Introduction

In the 2024 annual report I spoke of the strategy being under review and action being taken at The Works. The last year can be characterised both by significant change and progress across the business. I am very pleased that, under Gavin’s leadership and due to the collective efforts of everyone at The Works, we have a new strategy that is starting to deliver tangible results. This is not only benefitting our customers but is enhancing the fundamentals of the business and delivered a significantly improved financial performance in FY25. Momentum built in the second half of FY25, which has carried forward into the new financial year, providing confidence that the business is on the right track to make further gains in the years to come.

FY25 performance

The retail backdrop was challenging throughout FY25, characterised by geopolitical uncertainty, fragile consumer confidence and rising business costs, particularly following the UK Government's Autumn Budget. Despite this, The Works delivered a much-improved FY25 performance by focusing on factors within our control and driving incremental improvements across the business. The underlying performance was strong, driven particularly by our stores, which tracked consistently ahead of the wider market and saw like for like (LFL) store sales accelerate by 6.9% in Q4.

Although the business faced difficulties fulfilling online orders during peak, these issues were contained and the online performance improved significantly in Q4. Decisive action has already been taken, including the appointment of a new third-party provider, positioning the business well for the remainder of FY26 and beyond.

The sustained efforts throughout the year to reduce costs and grow product margins, together with strong sales growth post-Christmas, means The Works delivered profits in line with recently upgraded market expectations for FY25.

Strategy

Our new strategy, 'Elevating The Works', launched in January 2025, ensures the business now has a clear plan and ambitious targets to deliver a step-change in performance.

Excellent initial progress has been made on our three strategic growth drivers: growing our brand fame, improving customer convenience and being a lean and efficient operator. This transformation will take time, but momentum is building. As such, we remain on track to deliver sales in excess of £375m and EBITDA margin of at least 6% within five years.

Our Board and leadership

There have been a number of changes to the leadership at The Works over the last year. Our more streamlined Operating Board was embedded at the start of FY25 and we have also seen changes at PLC Board level.

I joined The Works in July 2024, succeeding Carolyn Bradley as Chair, and have worked closely with Gavin and the leadership team to develop and ensure delivery of the new strategic plans and targets.

Three other Board members left The Works in FY25. I would like to thank Catherine Glickman for her six-year contribution to The Works and John Goold and Mark Kirkland who joined the Board on a temporary basis to provide additional guidance during a period of change.

We further strengthened the PLC Board, with Simon Hathway joining as an Independent Non-Executive Director in November 2024. His retail experience and counsel has already proved invaluable, including in the development and roll-out of our new strategy.

Since the period end, Harry Morley announced his intention to step down as Senior Independent Non-Executive Director at the upcoming AGM. In line with the Board's succession plans, a recruitment process to identify Harry's successor is well advanced.

We wish Harry, and all our departed Board members, well and are confident that our refreshed Board will continue to deliver for the business and shareholders, in the years ahead.

Capital distributions

We have not declared a final dividend for FY25 as we are focussed on investing in our business and delivering our new strategy. Future shareholder distributions, including share buybacks, will continue to be assessed as profitability further improves, investment priorities develop and funding allows.

Outlook

The Board is mindful of continued cost headwinds in the year ahead, however, we are confident that we will see further LFL sales growth, realise further benefits from action to grow product margins, reduce costs and execute our new strategy effectively. As such, we expect further profit growth and are comfortable with external forecasts of pre-IFRS 16 Adjusted EBITDA of £11.0m in FY26.

Steve Bellamy
Chair
22 July 2025

CEO report

Introduction

We made significant strategic and financial progress in FY25, which was particularly pleasing given the challenging retail backdrop. Our underlying performance was strong, with momentum building steadily throughout the year and our new strategy launched in January 2025, 'Elevating The Works', has already started to deliver tangible results. Our sustained efforts to reduce costs and grow product margins, together with strong sales growth post-Christmas, means we delivered profits in line with recently upgraded market expectations in FY25.

Everyone at The Works is focussed on fulfilling our ambition to become the favourite destination for affordable, screen-free activities for the whole family and this collective drive, coupled with our strong trading momentum, stands us in good stead to deliver further profit growth and shareholder value in FY26 and beyond.

FY25 performance

The backdrop to FY25 was challenging, with consumer confidence remaining fragile throughout, particularly following the government's Autumn Budget, ongoing geopolitical uncertainty and significant cost headwinds. Despite this, we made significant financial progress in FY25, particularly in the second half of the year.

Total revenue was lower by 2.0% at £277m (FY24: £283m) due to the prior year benefitting from an additional trading week and the continued optimisation of the store estate (a net 8 store closures in FY25). Our FY25 underlying performance was strong, with total like for like (LFL) sales up 0.8%, and ahead of the wider non-food retail market, which saw a LFL sales reduction of 0.1% over the period.

Our stores, which comprise over 90% of sales, saw LFL sales up 2.3%. Store performance was driven by the execution of our strategic plans, including more customer-focussed events, new products across all categories, improved store standards and product availability. Online sales declined by 12.1% due to the online fulfilment issues experienced during the festive period and our focus on driving profitable growth through this channel.

Our LFL performance improved throughout the year, with particularly strong growth post-Christmas, reflecting the momentum from our strategic and operational progress building through the year. In Q4, total LFL sales grew by 6.4%, store LFL sales by 6.9% and online improved to flat sales, with the online capacity issues largely resolved post-Christmas.

We faced rising cost headwinds in FY25, which we were able to offset due to ongoing cost-saving action and sustained product margin growth (+210bps vs. FY24) driven by supplier negotiations, reduced markdown activity through better stock management, more targeted promotional activity and control of product mix. Whilst stocks were higher at year end, the overall quality improved significantly year-on-year and there was no need for a Spring sale.

This, combined with the improved sales performance in Q4, resulted in pre-IFRS 16 Adjusted EBITDA up 58% to £9.5m (FY24: £6.0m), which was in line with recently upgraded market expectations of £9.5m.

Strategy

With a new leadership structure in place, including a more streamlined Operating Board and refreshed plc Board, we took the decision to evolve our former 'Better, not just Bigger' strategy. We recognised the need for a clear plan to transform the business with the ambition of driving sales growth, improving profit margins and delivering strong shareholder returns.

In January 2025 we announced our new strategy, 'Elevating The Works', which is focussed on The Works becoming the favourite destination for affordable, screen free activities for the whole family and is underpinned by three strategic drivers: growing our brand fame, improving customer convenience and being a lean and efficient operator.

The successful execution of this strategy will have a transformative impact on the business, enabling us to deliver sales in excess of £375m and an EBITDA margin of at least 6% within five years. There remains much to do to reach these targets, however, with the early progress made following the launch of the new strategy, we have a clear runway to achieve these plans.

Growing brand fame

We know The Works is a favourite destination amongst our loyal customers, but we want even more people to discover us and love what we do. We have made great progress on clarifying what we want to be known for as a brand and to bring this to life with our customers, as outlined below, which has been a key driver of the strong in-store sales and building momentum post-Christmas.

- Completed a brand project to provide greater clarity on who we are, what we want to be famous for and the role we can play for customers, culminating in the creation of our #TimeWellSpent strapline.
- Launched a new approach to our customer campaigns, including more customer-focussed events, which successfully drove footfall to stores. In Spring 2025 we held a "Kids Favourites Event" featuring popular kids' characters (including Bluey and Peppa Pig) as well as a "Books are Magic" event, which was timed to coincide with World Book Day.
- Ongoing evolution of our product proposition, including refreshing all product categories, with newness in Spring ranges capturing customers' imaginations and driving sales. There has been strong sales growth in our Toys & Games and adult fiction books categories, with the latter driven by the success of new releases, popular BookTok titles and exclusive editions.
- Taken action to grow the all-year-round attraction of the brand and reduce the seasonality of the business. This includes improved Back-to-School and Halloween ranges, as well as cementing our reputation as the go-to destination for screen-free activities around the school holidays.

Improving customer convenience

We want to attract and retain loyal customers by making it even easier to shop with us. Progress in FY25 included:

- Improved product availability and better distribution of stock across the estate, with particularly strong performance in our top turnover stores, building on progress made since our investment in a new stock allocation system and our merchandising team.
- Established enhanced space analysis to inform future space planning opportunities, including utilising larger stores to trial new ranges. Further trials are planned for H1 FY26, which will inform opportunities for the years ahead.

- Improved store standards and consistency across the estate, driven by the retail leadership restructure at the start of FY25. This has significantly improved consistency of communication, execution and accountability across the store estate, which has been a key driver of store LFL growth.
- Ongoing optimisation of the store estate, with 7 new openings, 15 closures and 4 relocations. We ended the year with a smaller, higher quality and more profitable portfolio of 503 stores (FY24: 511 stores). Over the last five years, 150 stores (c. 30% of the estate) have either been newly opened, relocated or refitted, helping to improve the consistency and the overall profitability of our store estate.
- Further improvements to the online customer journey, including working to reduce key frictions, such as adding products to basket, and improving product pages and imagery to enhance customer experience and conversion.

Being a lean and efficient operator

To continue offering customers great value and making sustainable profits, we need to keep our costs low and be an increasingly lean and efficient business. Progress includes:

- Significantly reducing our cost of goods sold, through negotiations with suppliers. Together with reduced markdown activity, more targeted promotional activity and control of product mix this supported a 210bps improvement in product margin on FY24.
- Delivered significant cost-savings in FY25 due to the annualised benefit of action taken in FY24, including restructuring the Distribution Centre (DC) management and successfully implementing a new way of working in our DC, ending the Together Rewards loyalty scheme, restructuring the Operating Board and transferring The Works' stock market listing to AIM.
- Delivered further rent reductions on lease renewals in FY25, ensuring we remain competitive and profitable at store level.
- In addition to ongoing cost saving action, we undertook a cost transformation project in FY25, with over £2.0m annualised further cost savings identified for FY26, which will help to offset ongoing cost headwinds. We expect to identify further savings in FY26 and beyond.
- Completed rollout of new EPoS software in stores, a key enabler for exploring new hardware in FY26 and improving efficiency of colleagues on the shop floor.

Board and leadership changes

We embedded our restructured Operating Board at the beginning of the financial year, strengthening the leadership of the business as we developed, and now implement, our new strategy. Doing so has enabled more streamlined decision making and ways of working, supported better cross-functional collaboration and enabled Senior Leaders to step up, grow and take on more responsibility.

There have also been a number of changes in our PLC Board during FY25. I would like to take this opportunity to thank those who have departed and to welcome our new Board members, who bring a wealth of experience.

Colleagues

I am proud that The Works placed 10th in the 'Best Big Companies to Work For', up from 15th the previous year. This is particularly impressive given the significant amount of change the business has undergone over recent years. It is credit to our leadership and to everyone at The Works for the way in which colleagues have rallied together during times of difficulty and delivered such significant financial and strategic progress in FY25. The unique culture we have at The Works is something we must never take for granted. It is our collective responsibility to nurture it and ensure it continues to grow.

ESG

Underpinning our new strategy are our People and Planet commitments – our way of making positive and sustainable changes for our people, our communities and our planet. We pride ourselves on being an ethical and efficient business, and during FY25 expanded our sourcing function to support the continued delivery of our supplier strategy, engagement and performance. We also rolled out the next phase of our Ethical Compliance Programme across our entire active supplier base, which will help to ensure we maintain our commitment to sourcing our products ethically and in a legally compliant way.

Good progress has also been made against our Diversity and Inclusion (D&I) strategy. Our wellbeing-related blogs on MyWorks and enhanced D&I training has been well-received by colleagues, as evidenced by improved results of our FY25 D&I survey.

Outlook

We are mindful of significant cost headwinds in FY26, primarily due to changes to employers' National Insurance contributions and higher National Living and Minimum Wages. However, by maintaining our focus on the factors within our control, and continuing to execute our new strategy, we expect to offset these headwinds in the year ahead.

We have fantastic new products landing throughout the year, which, coupled with the steps we are taking to improve customer experience, will help to drive further sales growth. Alongside ongoing action to grow margins and reduce costs, this positions us well to deliver further strategic and financial progress in the year ahead.

As such, we expect further profit growth and are comfortable with external forecasts of pre-IFRS 16 Adjusted EBITDA of £11.0m in FY26. Our strong FY25 performance and the forward momentum we have carried into FY26, supported by early delivery on our new strategy, also gives us confidence that we can deliver on our five-year targets, transform the business and deliver shareholder returns.

Gavin Peck
Chief Executive Officer
22 July 2025

Financial Report

Overview

This report covers the 52-week period ended 4 May 2025 ("FY25", or "the period") and refers to the comparative "FY24" period of the 53 weeks ended 5 May 2024. Significant financial and strategic progress was made during FY25 against a challenging consumer backdrop.

	FY25 £m	FY24 £m
Revenue	277.0	282.6
Revenue growth	(2.0%)	0.9%
LFL sales growth[(1)]	0.8%	(0.9%)
Pre-IFRS 16 Adjusted EBITDA[(2)]	9.5	6.0
Pre-IFRS 16 Adjusted EBITDA Margin[(2)]	3.4%	2.1%
Profit before tax	8.3	6.9
Adjusted profit before tax[(2)]	4.6	3.2
Net cash at bank[(3)]	4.1	1.6

(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 2 (Alternative performance measures) and 3 (Adjusting items) of the condensed financial statements included in this RNS.
(3) Net cash at bank excludes finance leases and is stated on a pre-IFRS 16 basis.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Revenue

Total revenue was lower by 2.0% to £277m (FY24: £283m), due to:

- The prior year benefitting from an additional trading week (53 weeks in FY24 vs 52 weeks in FY25), which accounted for approximately half of the FY25 reduction.
- Our focus on optimisation of the store estate, with 7 new openings, 15 closures and 4 relocations. We ended the year with a smaller, higher quality and more profitable portfolio of 503 stores (FY24: 511 stores).

Total LFL sales increased by 0.8%, ahead of the wider non-food retail market(1), with store LFLs increasing by 2.3% and online sales decreasing by 12.1%.

LFL sales growth	Stores	Online	Total
Q1	(1.6%)	0.4%	(1.4%)
Q2	2.9%	(21.4%)	(0.3%)
H1	**0.9%**	**(14.7%)**	**(0.8%)**
Q3	1.5%	(13.5%)	(0.3%)
Q4	6.9%	0.0%	6.4%
H2	**3.5%**	**(9.9%)**	**2.1%**
Full year	**2.3%**	**(12.1%)**	**0.8%**

(1) Data from the British Retail Consortium (BRC) showed a non-food retail LFL decline of 0.1% for the 52-week period.

- H1 - reported a 0.8% decline in LFL sales, reflecting the challenging external market, however sales remained ahead of the wider market (BRC reported non-food retail LFL had declined by 1.3% for the same period). Store LFL sales growth was strong in Q2, up 2.9% reflecting much improved Back to School and Halloween ranges and continued strong growth in Adult Fiction books, bringing store LFL sales growth for H1 to 0.9%. A planned reduction in September sale activity adversely impacted sales, particularly online, but delivered a much stronger margin rate. Online sales were also impacted by the operational challenges experienced at our third-party operated online fulfilment centre towards the end of the quarter and subsequent action taken to prioritise improving profitability. As a result, online LFL sales declined 14.7% in H1.

  H2 - reported LFL sales growth of 2.1%, which continued to outperform the non-food retail market (BRC reported non-food retail LFL average growth of 1.2%). This reflected a resilient store performance over the festive period with store LFL sales growth of 1.5% in Q3, which was supported by much-improved Christmas across our stores and in our retail Distribution Centre. Online sales declined by 13.5% in Q3 as a result of constrained performance over the festive period due to the aforementioned online fulfilment issues. We delivered a strong performance post-Christmas, with Q4 store LFL sales growth of 6.9% and online improving to flat LFL sales. This strong performance was supported by the ongoing evolution of our product proposition and a new approach to our customer campaigns, including in-store events which drove increased footfall.

Store numbers

	FY25	FY24
Stores at beginning of period	511	526
Opened in the period	7	9
Closed in the period	(15)	(24)

Relocated (excluded from opened/closed above, NIL net effect on store numbers)	4	5
Stores at End of period	503	511

We traded from 503 stores at the period end (FY24: 511 stores), of which 98% are profitable on an annual basis. Our store estate represents over 90% of sales and recorded a strong LFL performance in the period. We continued to optimise our store estate during FY25, which included closing low-profit and loss-making stores where we were unable to agree suitable terms with landlords, whilst continuing to open new stores that fit our profile. The 11 new stores opened in the period (including relocations) performed well overall and we anticipate that they will see a typical payback of around eighteen months.

Gross profit

	FY25		FY24		Variance	Variance
	£m	% of revenue	£m	% of revenue	£m	%
Revenue	**277.0**		**282.6**		**(5.6)**	(2.0)
Less: Cost of goods sold	(112.5)		(120.5)		8.0	6.6
Product gross margin	**164.5**	**59.4**	**162.1**	**57.3**	**2.4**	**1.5**
Store payroll	(49.9)	(18.0)	(50.2)	(17.8)	0.3	0.5
Store property and establishment costs	(50.3)	(18.2)	(49.3)	(17.4)	(1.0)	(2.0)
Store PoS and transaction fees	(2.5)	(0.9)	(2.7)	(1.0)	0.2	7.4
Online variable costs	(13.8)	(5.0)	(15.8)	(5.6)	2.0	12.7
Store depreciation (excluding IFRS 16)	(2.7)	(1.0)	(1.9)	(0.7)	(0.8)	(42.1)
Adjusting items	4.4	1.6	3.7	1.3	0.7	18.9
IFRS 16 impact (excluding Adjusting items)	4.1	1.5	5.8	2.0	(1.7)	(29.3)
Gross Profit Per Financial Statements	**53.8**	**19.4**	**51.8**	**18.3**	**2.0**	**3.9**

Product gross margin increased to 59.4% in FY25 (FY24: 57.3%), reflecting action taken to prioritise margin growth from the end of FY24, with notable factors as follows:

- Significant growth as a result of negotiations with suppliers, focussed control of product mix, better stock management and reduced promotional activity.
- The hedged FX rate on payments made in US dollars was favourable year-on-year. The FY25 hedged US dollar: GB pound rate was 1.26 versus 1.22 in FY24.
- Adverse FY25 container freight rates versus FY24 rates, which created a headwind during the year due to the disruption in the Red Sea. Average container rates paid in FY25 were \$4.4k versus FY24 of \$1.9k.

Store payroll costs decreased by £0.3m, in part due to 52 weeks of trading in FY25 (53 weeks in FY24). The one-week shorter period reduced costs by £0.9m but was partially offset by the impact of the 9.8% increase in the National Living and Minimum Wage ('NLMW') in April 2024. This created an additional cost of £4.0m, which was mostly offset by a store labour hours efficiency programme.

Store property and establishment costs increased by £1.0m. FY24 was a 53-week period and the underlying increase in costs was £2.1m as a result of:

- Rents increasing by £0.8m. Savings from the renegotiation of leases expiring in FY25 across the LFL store estate were £0.7m partially offsetting a £1.7m headwind due to COVID-19 related rent relief credits released in the prior period.
- An additional £0.8m dilapidation provision recognised with respect to expected costs for planned store closures as part of the store optimisation programme.
- Inflationary rates and service charge costs were partially offset by reducing electricity costs.

Online variable costs decreased by £2.0m. During the first half of the year, efficiencies were delivered as a result of the move to an automated picking process for online fulfilment, however, during the second half of the period our third-party online fulfilment centre faced significant and unexpected operational challenges. This affected capacity and resulted in significantly increased costs per order. Due to these operational challenges, we proactively optimised online sales which resulted in a saving in digital marketing costs, and lower parcel delivery and packaging costs due to significantly reduced outbound volumes year-on-year.

£1.2m of exceptional fulfilment costs were incurred in relation to higher costs per order versus planned levels due to the third-party service disruption and these have been included as an adjusting item in the period. See Notes 3 (Adjusting items) of the attached condensed financial statements.

Operating profit

		FY25		FY24	Variance	Variance
	£m	% of revenue	£m	% of revenue	£m	%
Gross profit per financial statements	**53.8**	**19.4**	**51.8**	**18.3**	**2.0**	**3.9**
Distribution expenses	(11.5)	(4.2)	(12.6)	(4.4)	1.1	8.7
Distribution depreciation	(0.1)	(0.0)	(0.2)	(0.1)	0.1	50.0
Distribution Costs per financial statements	**(11.6)**	**(4.2)**	**(12.7)**	**(4.5)**	**1.1**	**8.7**
Administrative expenses	(26.9)	(9.7)	(25.6)	(9.0)	(1.3)	(5.1)
Administrative depreciation	(2.1)	(0.8)	(2.4)	(0.8)	0.3	12.5
Adjusting Items	(0.6)	(0.2)	0.0	0.0	(0.6)	(100.0)
IFRS 16 impact (excluding Adjusting items)	0.6	0.2	0.3	0.1	0.3	100.0
Administrative Costs per financial statements	**(29.0)**	**(10.5)**	**(27.7)**	**(9.8)**	**(1.3)**	**(4.7)**
Operating profit per financial statements	**13.1**	**4.7**	**11.4**	**4.0**	**1.7**	**14.9**

Distribution costs (before depreciation and IFRS 16), comprising picking stock and delivering it to stores, decreased by £1.1m compared with the prior period. Efficiencies continued to be driven from implementation of improved ways of working in the retail Distribution Centre offsetting the April 2024 NLMW increases, with costs also benefiting from 52 weeks of trading in FY25 (53 weeks in FY24).

Administration costs (before depreciation and IFRS 16) increased by £1.3m, due in part to £0.8m of bonuses payable to colleagues reflecting the improved performance year-on-year (FY24: nil). The prior period costs were also flattered by a release of a VAT provision and lower long term incentive employee share plan charges.

Operating profit reconciliation to pre-IFRS 16 Adjusted EBITDA

		FY25		FY24	Variance	Variance
	£m	% of revenue	£m	% of revenue	£m	%

Operating profit per financial statements	**13.1**	**4.7**	**11.4**	**4.0**	**1.7**	**14.9**
Add back depreciation, amortisation included in Operating profit	4.9	1.8	4.4	1.6	0.5	11.4
Less IFRS 16 included in Operating profit (excl. Adjusting Items)	(4.7)	(1.7)	(6.0)	(2.1)	1.3	21.7
Less Adjusting items[1]	(3.8)	(1.4)	(3.7)	(1.3)	(0.1)	(2.7)
Pre-IFRS 16 Adjusted EBITDA	**9.5**	**3.4**	**6.0**	**2.1**	**3.5**	**58.3**

(1) Adjusted profit figures exclude Adjusting items. See Notes 2 (Alternative performance measures) and 3 (Adjusting items) of the attached condensed financial statements.

Depreciation, amortisation and IFRS 16 adjustments

Depreciation and amortisation increased £0.5m year-on-year as a result of lower impairment charges.

The impact of IFRS 16 adjustments were £1.3m lower year-on-year primarily due to lower rental charges and therefore a lower IFRS16 adjustment. Refer to Note 2 (Alternative performance measures (“APMs”)) of the attached condensed financial statements for a reconciliation of pre-IFRS 16 EBITDA to operating profit.

Adjusting items were a £3.8m credit in FY25 (FY24: £3.7m credit) and include exceptional fulfilment costs of £1.2m (FY24: nil) as noted above. Other exceptional items include £0.7m of central support centre restructuring costs as part of the Group’s cost saving actions. These costs are more than offset by a credit of £6.5m (FY24: credit £1.4m), due to the reversal of impairment charges relating to the notional right-of-use assets created as a result of application of the IFRS 16 accounting standard and a loss of £0.8m (FY24: £3.5m profit) on disposal of right-of-use assets and lease liabilities, with these two items requiring elimination in the calculation of Pre-IFRS 16 Adjusted EBITDA. This is described in note 10 of the condensed financial statements included in this announcement.

A reconciliation of operating profit to EBITDA can be found in note 2 of the condensed financial statements included in this announcement.

Net financing expense

Net financing costs in the period were £4.8m (FY24: £4.5m), mostly relating to IFRS 16 notional interest on the calculated lease liability.

Interest expense relating to bank facilities was £0.7m (FY24: £0.5m) and included facility availability charges and amortisation of the cost of setting up the facility. The higher interest charge reflects usage of the rolling credit facility to manage the timing of stock intake so that trading was not adversely impacted as a result of longer transit times from China due to the disruption in the Red Sea.

Profit before tax

Profit before tax was £8.3m (FY24: £6.9m) which includes the £3.8m credit (FY24: £3.7m credit) for Adjusting items (described above and in Note 3 (Adjusting items)).

Tax

The Group’s total income tax charge in respect of the period was £0.2m (FY24: £0.5m). The effective tax rate on the total profit before tax was 2.0% (FY24: 7.8%) whilst the effective tax rate on the total profit before Adjusting items was 3.6% (FY24: 17.0%). The difference between the total effective tax rate and the Adjusted tax rate relates to fixed asset impairment charges and reversals within Adjusting items being non-deductible for tax purposes.

The current year tax charge recognised is driven by deferred tax movements related to lease balances.

Earnings per share

The basic and diluted earnings per share for the period were 13.1 pence (FY24: 10.2 pence). Adjusted basic and diluted earnings per share for the period were 7.1 pence (FY24: 4.2 pence).

Capital expenditure

Capital expenditure in the period was £5.0 million (FY24: £5.8m).

	FY25	FY24	*Variance*
	£'m	£'m	*£m*
New stores and relocations	(1.5)	(1.6)	0.1
Store refits, lease renewal and maintenance	(1.5)	(2.3)	0.8
IT hardware and software	(1.7)	(1.7)	-
Warehouse	(0.2)	(0.1)	(0.1)
Other	(0.1)	(0.1)	-
Total capital expenditure	(5.0)	(5.8)	0.8

- The net investment in new stores and relocations reduced by £0.1m compared with FY24. 7 new stores were opened and 4 stores relocated to new units (FY24: 9 new stores, 5 relocations), with the higher net investment per store reflecting reduced landlord contributions and cost inflation.
- The net investment in store refits reduced by £0.8m compared with FY24. The quantity of refits was lower in FY25 (6 refits) vs FY24 (20 refits), reflecting the impact of the decision taken at the beginning of FY24 to reduce refits to conserve cash. This saving was offset, in part, by wider cost inflation increasing the relative cost per refit.

Inventory

Stock was valued at £35.0m at the end of the period (FY24: £31.4m), an increase of £3.6m. The increased gross stock level compared to the prior period reflects investment in new stock across strong performing ranges to support higher sales and increased freight rates within average cost prices. The stock value represents a lower stock provision due to the timing of four-wall stock counts in stores occurring closer to the year-end (which reduces the shrinkage provision year-on-year) and less terminal stock than the prior year resulting in a lower obsolescence provision. Increased stock in transit reflects longer transit times from China due to the continued challenges in the Red Sea.

	FY25	FY24
	£m	£m
Gross stock	30.1	28.4
Less: provisions	(1.0)	(1.9)
Stock net of provisions	29.1	26.5
Stock in transit	5.9	4.9
Stock per balance sheet	35.0	31.4

Cash flow

The Group ended the period with net cash at bank of £4.1m (FY24: £1.6m cash), The table below shows a summarised pre IFRS 16 presentation of cash flow. The net cash inflow before exchange rate movements for the period was £2.9m (FY24: outflow of £7.9m).

	FY25	FY24	*Variance*
	£m	**£m**	***£m***
Operating profit	13.1	11.4	1.7
Other operating cashflows[1]	(5.7)	(8.3)	2.6
Net movement in working capital	2.2	(4.3)	6.5
Net Cash from Investing Activities	(5.1)	(5.8)	0.7
Tax paid	(0.5)	(0.1)	(0.4)
Interest and financing costs	(0.6)	(0.5)	(0.1)
Purchase of Shares into the Employee Benefit Trust	(0.5)	(0.3)	(0.2)
Cash Flow before Exchange Rate Movements	**2.9**	**(7.9)**	**10.8**
Exchange rate movements	(0.4)	(0.7)	0.3
Net increase /(decrease) in cash and cash equivalents	**2.5**	**(8.6)**	**11.1**
Opening net cash balance excluding IAS 17 leases	**1.6**	**10.2**	
Closing net cash balance excluding IAS 17 leases	**4.1**	**1.6**	

(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. We will be seeking a similar facility during FY26.

Capital distributions

The Board is not proposing a final dividend. Future shareholder distributions, including share buybacks, continue to be assessed as profitability improves and funding allows.

Employee Benefit Trust funding for the purposes of share schemes

To avoid dilution of existing shareholder interests, the Board's intention is to continue providing funding to the Company's Employee Benefit Trust. 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.

Rosie Fordham
Chief Financial Officer
22 July 2025

Consolidated income statement

For the period ended 4 May 2025

		52 weeks to 4 May 2025			53 weeks to 5 May 2024		
	Note	**Result before Adjusting items £000**	**Adjusting items £000**	**Total £000**	Result before Adjusting items £000	Adjusting items £000	Total £000
Revenue		**277,039**	**—**	**277,039**	282,585	—	282,585
Cost of sales	3	**(227,697)**	**4,408**	**(223,289)**	(234,505)	3,741	(230,764)
Gross profit		**49,342**	**4,408**	**53,750**	48,080	3,741	51,821
Other operating income		**8**	**—**	**8**	8	—	8
Distribution expenses		**(11,628)**	**—**	**(11,628)**	(12,725)	—	(12,725)
Administrative expenses	3	**(28,392)**	**(640)**	**(29,032)**	(27,685)	—	(27,685)
Operating profit	4	**9,330**	**3,768**	**13,098**	7,678	3,741	11,419
Finance income		**35**	**—**	**35**	19	—	19
Finance expenses		**(4,790)**	**—**	**(4,790)**	(4,520)	—	(4,520)
Net financing expense		**(4,755)**	**—**	**(4,755)**	(4,501)	—	(4,501)
Profit before tax		**4,575**	**3,768**	**8,343**	3,177	3,741	6,918
Taxation	6	**(165)**	**—**	**(165)**	(541)	—	(541)
Profit for the period		**4,410**	**3,768**	**8,178**	2,636	3,741	6,377
Basic earnings per share (pence)	8	**7.1**		**13.1**	4.2		10.2
Diluted earnings per share (pence)	8	**7.1**		**13.1**	4.2		10.2

Profit for the period is attributable to equity holders of the Parent.

Consolidated statement of comprehensive income

For the period ended 4 May 2025

	FY25 £000	FY24 £000
Profit for the period	**8,178**	6,377
Items that may be recycled subsequently into profit and loss		
Cash flow hedges – changes in fair value	**(1,851)**	1,664
Cash flow hedges – reclassified to profit and loss	**340**	134
Cost of hedging – changes in fair value	**(273)**	(415)
Cost of hedging – reclassified to profit and loss	**366**	182
Tax relating to components of other comprehensive income	**(409)**	(323)
Other comprehensive (expense)/income for the period, net of income tax	**(1,827)**	1,242
Total comprehensive income for the period attributable to equity shareholders of the Parent	**6,351**	7,619

Consolidated statement of financial position

As at 4 May 2025

	Note	**FY25 £000**	FY24 £000
Non-current assets			
Intangible assets	9	**2,168**	1,866
Property, plant and equipment	10	**12,583**	12,358
Right-of-use assets	11	**61,830**	57,703
Deferred tax assets	12	**3,514**	4,036
		80,095	75,963
Current assets			
Inventories	13	**34,985**	31,354
Trade and other receivables	14	**6,149**	8,384
Derivative financial assets		**—**	306
Current tax asset	6	**1,603**	1,189
Cash and cash equivalents	15	**4,118**	1,619
		46,855	42,852
Total assets		**126,950**	118,815
Current liabilities			
Lease liabilities	11	**18,646**	19,943
Trade and other payables	17	**32,851**	29,886
Provisions	18	**798**	543
Derivative financial liabilities		**1,879**	64
		54,174	50,436
Non-current liabilities			
Lease liabilities	11,16	**56,284**	57,817
Provisions	18	**650**	476
		56,934	58,293
Total liabilities		**111,108**	108,729
Net assets		**15,842**	10,086
Equity attributable to equity holders of the Parent			
Share capital		**625**	625
Share premium		**28,322**	28,322
Merger reserve		**(54)**	(54)
Share-based payment reserve		**2,274**	2,583
Hedging reserve		**(2,122)**	129
Retained earnings		**(13,203)**	(21,519)
Total equity		**15,842**	10,086

These financial statements were approved by the Board of Directors on 22 July 2025 and were signed on its behalf by:

Rosie Fordham
Chief Financial Officer

Company registered number: 11325534

Consolidated statement of changes in equity

	Attributable to equity holders of the Company						
	Share capital £000	Share premium £000	Merger reserve £000	Share-based payment reserve[1] £000	Hedging reserve[2,3] £000	Retained earnings £000	Total equity £000
Balance at 30 April 2023	625	28,322	(54)	2,780	(331)	(27,926)	3,416
Total comprehensive income for the period							
Profit for the period	—	—	—	—	—	6,377	6,377
Other comprehensive income	—	—	—	—	1,242	—	1,242
Total comprehensive income for the period	—	—	—	—	1,242	6,377	7,619
Hedging gains and losses and costs of hedging transferred to the cost of inventory	—	—	—	—	(492)	—	(492)
Transfer to retained earnings	—	—	—	—	(290)	290	—
Transactions with owners of the Company							
Reversal of share-based payment charges	—	—	—	(197)	—	—	(197)
Own shares purchased by Employee Benefit Trust	—	—	—	—	—	(260)	(260)
Total transactions with owners of the Company	—	—	—	(197)	—	(260)	(457)
Balance at 5 May 2024	625	28,322	(54)	2,583	129	(21,519)	10,086
Total comprehensive (expense)/income for the period							
Profit for the period	**—**	**—**	**—**	**—**	**—**	**8,178**	**8,178**
Other comprehensive expense	**—**	**—**	**—**	**—**	**(1,827)**	**—**	**(1,827)**
Total comprehensive (expense)/income for the period	**—**	**—**	**—**	**—**	**(1,827)**	**8,178**	**6,351**
Hedging gains and losses and costs of hedging transferred to the cost of inventory	**—**	**—**	**—**	**—**	**(424)**	**—**	**(424)**
Transfer to retained earnings	**—**	**—**	**—**	**(662)**	**—**	**662**	**—**
Transactions with owners of the Company							
Share-based payment charges	**—**	**—**	**—**	**353**	**—**	**—**	**353**
Own shares purchased by Employee Benefit Trust	**—**	**—**	**—**	**—**	**—**	**(524)**	**(524)**
Total transactions with owners of the Company	**—**	**—**	**—**	**353**	**—**	**(524)**	**(171)**
Balance at 4 May 2025	**625**	**28,322**	**(54)**	**2,274**	**(2,122)**	**(13,203)**	**15,842**

1 Share-based payment reserve includes a transfer of £662k (FY24: £nil) to retained earnings in relation to closed schemes (all shares have been granted, lapsed or forfeited).

2 Hedging reserve includes £330k (FY24: £410k) 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.

3 Hedging reserve contains a £nil (FY24: £290k) transfer from retained earnings in relation to a historical tax charge for financial derivatives that had previously been recognised in the consolidated income statement.

Consolidated cash flow statement

For the period ended 4 May 2025

	Note	**FY25 £000**	FY24 £000
Profit for the period (including Adjusting items)		**8,178**	6,377
Adjustments for:			
Depreciation of property, plant and equipment	10	**3,854**	3,663
Impairment of property, plant and equipment	10	**463**	1,589
Reversal of impairment of property, plant and equipment	10	**(975)**	(1,272)
Depreciation of right-of-use assets	11	**18,385**	18,224
Impairment of right-of-use assets	11	**2,180**	3,394
Reversal of impairment of right-of-use assets	11	**(7,807)**	(4,620)
Amortisation of intangible assets	9	**1,213**	632
Impairment of intangible assets	9	**141**	442
Reversal of impairment of intangible assets	9	**(471)**	(850)
Derivative exchange loss		**424**	494
Financial income		**(35)**	(19)
Financial expense		**689**	536
Interest on lease liabilities	11	**4,101**	3,984
Loss on disposal of property, plant and equipment and intangibles	9, 10	**282**	202
Loss/(profit) on disposal of right-of-use asset and lease liability	11	**845**	(3,537)
Effect of modifications on right-of-use asset		**(193)**	—
Share-based payment charges		**353**	(197)
Taxation	6	**165**	541
Operating cash flows before changes in working capital		**31,792**	29,583
(Increase)/decrease in trade and other receivables		**2,081**	(963)
(Increase)/decrease in inventories		**(3,396)**	1,149
Increase/(decrease) in trade and other payables		**3,037**	(3,672)
Increase/(decrease) in provisions	18	**429**	(844)
Cash flows from operating activities		**33,943**	25,253
Corporation tax paid		**(466)**	(97)
Net cash inflow from operating activities		**33,477**	25,156
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	**(4,691)**	(6,078)
Capital contributions received from landlords	10	**842**	1,460
Acquisition of intangible assets	9	**(1,185)**	(1,208)
Interest received		**35**	19
Net cash outflow from investing activities		**(4,999)**	(5,807)
Cash flows from financing activities			
Payment of lease liabilities (capital)	16	**(20,330)**	(22,471)
Payment of lease liabilities (interest)	16	**(4,101)**	(3,984)
Payment of fees from loans and borrowings		**—**	(60)
Interest paid		**(579)**	(434)
Repayment of bank borrowings	16	**(9,000)**	(6,000)
Proceeds from bank borrowings	16	**9,000**	6,000
Own shares purchased by Employee Benefit Trust		**(524)**	(260)
Net cash outflow from financing activities		**(25,534)**	(27,209)
Net increase/(decrease) in cash and cash equivalents		**2,944**	(7,860)
Exchange rate movements		**(445)**	(717)
Cash and cash equivalents at beginning of period	16	**1,619**	10,196
Cash and cash equivalents at end of period	16	**4,118**	1,619

Notes to the consolidated financial statements
(Forming part of the financial statements)

1. Accounting policies
Where accounting policies are particular to an individual note, narrative regarding the policy is included with the relevant note; for example, the accounting policy in relation to inventory is detailed in Note 13 (Inventories).

(a) General information
TheWorks.co.uk plc is a leading UK multi-channel value retailer of arts and crafts, stationery, toys, games and books, offering customers a differentiated proposition as a value alternative to full price specialist retailers. The Group operates a network of over 500 stores in the UK, Ireland and online.

TheWorks.co.uk plc (the Company) is a UK-based public limited company (11325534) with its registered office at Boldmere House, Faraday Avenue, Hams Hall Distribution Park, Coleshill, Birmingham B46 1AL.

These consolidated financial statements for the 52 weeks ended 4 May 2025 (FY25 or the period) comprise the results of the Company and its subsidiaries (together referred to as the Group) and are presented in pounds sterling. All values are rounded to the nearest thousand (£000), except when otherwise indicated.

(b) Basis of preparation
The Group financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss including derivatives. The financial statements are in accordance with UK-adopted International Accounting Standards.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies, and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, future budgets and forecasts, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Group's significant judgements and estimates relate to going concern, fixed asset impairment and inventory; these are described in Note 1(e).

(i) Going concern

The 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 documented in the Strategic report on pages 1 to 43 of the Annual Report and Accounts. The financial statements have been prepared on a going concern basis, which the Directors consider appropriate having made this assessment.

The Group performed a detailed strategic review during the second half of FY25 and produced a five-year plan to support the new strategy, 'Elevating The Works'. This five-year plan is referred to as the 'Base Case', from which the Group has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period). In addition, a 'severe but plausible' 'Downside Case' sensitivity has been 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 have considered:

- The external environment.
- The Group's financial position including the quantum and expectations regarding availability of bank facilities.
- The potential impact on financial performance of the risks described in the Strategic report.
- The output of the Base Case scenario, which mirrors the Group's five-year plan and therefore represents its estimate of the most likely financial performance over the forecast period.
- 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.

Going concern and basis of preparation conclusion

The retail backdrop was challenging throughout FY25, characterised by geopolitical uncertainty, fragile consumer confidence, continued high inflation and rising business costs. Despite this, the Group delivered a much-improved FY25 performance by focusing on factors within its control and driving incremental improvements across the business. The Board is mindful of continued cost pressures in the year ahead. However, the Group is confident that it will see further LFL sales growth, realise further benefits from action to grow product margins and reduce costs and execute the new strategy effectively. It is expected to offset the significant cost pressures and deliver further profit growth and strategic development in FY26 which will continue into the remainder of the five-year plan. There is sufficient cash 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) New accounting standards

The Group has applied the following new standards and interpretations for the first time for the annual reporting period commencing 6 May 2024:

- Non-Current Liabilities with Covenants – Amendments to IAS 1 and Classifications of Liabilities as Current or Non-Current – Amendments to IAS 1[1].
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16[1].
- Supplier Finance Agreements – Amendments to IAS 7 and IFRS 7[1].

The adoption of the standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

As at the date of approval of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue, but not yet effective:

- Amendments to IAS 21 Lack of Exchangeability[2].
- Amendment to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments[3].
- IFRS 18 Presentation and Disclosure in Financial Statements[4].
- IFRS 19 Subsidiaries without Public Accountability: Disclosures[4].

1 Effective for annual periods commencing after 1 January 2024.
2 Effective for annual periods commencing after 1 January 2025.
3 Effective for annual periods commencing after 1 January 2026.
4 Effective for annual periods commencing after 1 January 2027.

The adoption of the standards and interpretations listed above is not expected to have a material impact on the financial position or performance of the Group.

(c) Accounting convention

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities (including derivative instruments), which are held at fair value.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to direct the activities that affect those returns through its power over the entity. Consolidation of a subsidiary begins from the date control commences and continues until control ceases. The Company reassesses whether or not it controls an investee if circumstances indicate that there are changes to the elements of control detailed above.

An Employee Benefit Trust operated on the Group's behalf (EBT) is acting as an agent of the Company; therefore, the assets and liabilities of the EBT are aggregated into the Company balance sheet and shares held by the EBT in the Company are presented as a deduction from reserves.

(e) 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 financial statements are described in the context of the matters to which they relate, in the following notes:

Description	Note
Going concern	1(b)(i)
Impairment of intangible assets, property, plant and equipment and right-of-use assets	9, 10, 11
Inventory provisions	13

2. Alternative performance measures (APMs)

Accounting policy

In the reporting of financial information, the Group has adopted various alternative performance measures (APMs) of financial performance, position or cash flows other than those defined or specified under International Accounting Standards (IFRS). APMs should be considered in addition to IFRS measurements and are not intended to be a substitute for IFRS measurements. These measures are not defined by IFRS and may not be comparable with similarly titled performance measures and disclosures by other entities.

The Group believes that these APMs provide stakeholders with additional helpful information on the performance of the business. They are consistent with how 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, which are set out below.

The table below sets out the APMs used in this report, with further information regarding the APM, and a reconciliation to the closest IFRS equivalent measure, below.

Sales APM	Like-for-like (LFL) sales
Profitability APM	EBITDA Adjusted EBITDA pre-IFRS 16 Adjusted profit before tax (PBT) Adjusted EPS (see Note 8)
Financial position APMs	Net debt

Sales APM

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.
A reconciliation of IFRS revenue to sales on an LFL basis is set out below:

FY25	Stores £000	Online £000	Total £000
Revenue	252,166	24,873	**277,039**
VAT	33,924	2,541	**36,465**
Loyalty points	(216)	—	**(216)**
Total gross sales	285,874	27,414	**313,288**
Non-LFL store sales	(16,192)	—	**(16,192)**
LFL sales	269,682	27,414	**297,096**

FY24	Stores £000	Online £000	Total £000
Revenue	254,228	28,357	**282,585**
VAT	33,501	3,098	**36,599**
Loyalty points	1,228	86	**1,314**
Total gross sales	288,957	31,541	**320,498**
Non-LFL store sales	(25,209)	(342)	**(26,551)**
LFL sales	263,748	31,199	**293,947**
LFL sales growth	2.3%	(12.1)%	**0.8%**

FY24 was a 53-week period; therefore, the LFL sales APM compares 52 weeks of FY25 to the equivalent 52 weeks of FY24.

Profit APMs

EBITDA and pre-IFRS 16 Adjusted EBITDA

Closest IFRS equivalent: operating profit[1]

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:

	FY25 £000	FY24 £000
Operating profit[1]	**13,098**	11,419
***Add back*:**		
Depreciation of property, plant and equipment	**3,854**	3,663
Depreciation of right-of-use assets	**18,385**	18,224
Amortisation	**1,213**	632
Loss on disposal of fixed assets	**282**	202
Gain on modification of right-of-use assets	**(193)**	—
Adjusting items	**(3,768)**	(3,741)
Adjusted EBITDA	**32,871**	**30,399**
Less:		
Income statement rental charges not recognised under IFRS 16	**(23,328)**	(24,426)
Foreign exchange difference on euro leases	**(36)**	69
Pre-IFRS 16 Adjusted EBITDA	**9,507**	6,042

[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 3**.**

	FY25 £000	FY24 £000
Adjusted profit after tax	**4,410**	2,636
Adjusting items (including impairment charges and reversals)	**3,768**	3,741
Profit after tax	**8,178**	6,377

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.

Calculation of net debt	**FY25 £000**	FY24 £000
Current borrowings	**(18,646)**	(19,943)
Non-current borrowings	**(56,284)**	(57,817)
Gross borrowings	**(74,930)**	(77,760)
Add cash	**4,118**	1,619
Net debt (inc. leases)	**(70,812)**	(76,141)
Lease liabilities	**74,930**	77,760
Net cash (exc. leases)	**4,118**	1,619

3. Adjusting items

Adjusting items are unusual in nature or incidence and sufficiently material in size that in the judgement of the Directors they merit disclosure 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.

The Directors believe that the Adjusted profit and earnings per share measures included in this report provide additional useful information to users of the accounts. These measures are consistent with how business performance is measured internally. The profit before tax and Adjusting items measures are not recognised profit measures under IFRS and may not be directly comparable with Adjusted profit measures used by other companies.

If a transaction or related series of transactions has been treated as Adjusting in one accounting period, the same treatment will be applied consistently year on year.

	FY25 £000	FY24 £000
Cost of sales		
Impairment charges	**(2,784)**	(5,333)
Impairment reversals	**9,253**	6,742
(Loss)/profit on disposal of right-of-use assets and lease liabilities	**(845)**	3,537
Exceptional fulfilment costs	**(1,216)**	—
Other exceptional costs	—	(1,205)
Administration costs		
Other exceptional costs – restructuring	**(640)**	—
Total Adjusting items	**3,768**	3,741

Impairment charges and reversals of prior year impairment charges relate to fixed assets (see Notes 9, 10 and 11).

Profit on disposal of right-of-use assets and lease liabilities relate to leases (see Note 11).

Other exceptional items in FY25 comprise £1.2m (FY24: £nil) in relation to the transition of the online sales Distribution Centre and £0.6m (FY24: £nil) related to the review of the cost base of the Group, which includes £0.4m of redundancy costs. In FY24, other exceptional items comprise £0.5m of professional fees and other costs related to the listing of the Company on AIM and £0.7m of redundancy costs related to the restructure of the Operating Board, which were included within cost of sales in the prior year.

4. Operating profit

Operating profit before Adjusting items is stated after charging the following items:

	FY25 £000	FY24 £000
Loss on disposal of property, plant and equipment	**282**	168
Loss on disposal of intangible assets	**—**	34
Depreciation	**22,239**	21,887
Amortisation	**1,213**	632
Net foreign exchange loss	**276**	170
Cost of inventories recognised as an expense	**111,385**	120,530
Staff costs	**68,590**	67,855

Auditor's remuneration

	FY25 £000	FY24 £000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	**307**	300
Amounts payable in respect of other services to the Company and its subsidiaries		
Audit of the accounts of subsidiaries	**43**	42
Total	**350**	342

5. Staff numbers and costs

The average number of people employed by the Group (including Directors) during the period, analysed by category, were as follows:

	Number of employees	
	FY25	FY24
Store support centre colleagues	**284**	280
Store colleagues	**3,259**	3,590
Warehouse and distribution colleagues	**154**	156
	3,697	4,026

The corresponding aggregate payroll costs were as follows:

	FY25 £000	FY24 £000
Wages and salaries	**62,765**	62,367
Social security costs	**4,700**	4,422
Contributions to defined contribution pension schemes	**1,125**	1,066
Total employee costs	**68,590**	67,855
Agency labour costs	**1,804**	2,977
Total staff costs	**70,394**	70,832

The Directors' remuneration for the period was as follows:

	FY25 £000	FY24 £000
Directors' remuneration	**1,012**	791
Contributions to defined contribution plans	**42**	16
	1,054	807

The following number of Directors were members of:

	FY25	FY24
Company defined contribution scheme	**2**	2
	2	2

The highest paid Director's remuneration and contributions to defined contribution plans during the year were as follows:

	FY25 £000	FY24 £000
Directors' remuneration	**478**	337
Contributions to defined contribution plans	**9**	10
	487	347

6. Taxation

Accounting policy

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Recognised in consolidated income statement

	FY25 £000	FY24 £000
Current tax expense		
Current year	**73**	22
Adjustments for prior years	**(21)**	33
Current tax expense	**52**	55
Deferred tax expense		
Origination and reversal of temporary differences	**(111)**	1,286
Adjustments for prior years	**224**	(800)
Deferred tax expense	**113**	486
Total tax expense	**165**	541

The UK corporation tax rate for FY25 was 25.0% (FY24: 25.0%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

As the deferred tax assets and liabilities should be recognised based on the corporation tax rate applicable when they are anticipated to unwind, the assets and liabilities on UK operations have been recognised at a rate of 25.0% (FY24: 25.0%). Assets and liabilities arising on foreign operations have been recognised at the applicable overseas tax rates.

Reconciliation of effective tax rate

	FY25 £000	FY24 £000
Profit for the year	**8,343**	6,918
Tax using the UK corporation tax rate of 25.0% (FY24: 25.0%)	**2,086**	1,730
Non-deductible (income)/ expenses	**(1,027)**	195
Effect of tax rates in foreign jurisdictions	**(86)**	14
Tax overprovided in prior periods	**202**	(767)
Utilisation of unrecognised tax losses brought forward	**(1,010)**	(751)
Losses carried forwards	—	120
Total tax expense	**165**	541
Effective tax rate	**2.0%**	7.8%

The Group’s total income tax charge in respect of the period was £165k (FY24: £541k charge). The effective tax rate on the total profit before tax was 2.0% (FY24: 7.8%) whilst the effective tax rate on the total profit before Adjusting items was 3.6% (FY24: 17.0%). The difference between the total effective tax rate and the Adjusted tax rate relates to fixed asset impairment charges and reversals within Adjusting items being non-deductible for tax purposes.

The current year tax charge recognised above is predominantly driven by deferred tax movements related to lease balances.

There is also a tax charge of £409k (FY24: £323k) shown in the statement of comprehensive income for fair value movements on derivatives which impacts the deferred tax balance (Note 12).

Consolidated statement of financial position

Included in the consolidated statement of financial position is a current tax debtor of £1,603k (FY24: £1,189k) resulting from the overpayment of taxation in prior periods.

7. Dividends

Accounting policy

At the balance sheet date, dividends are only recognised as a liability if they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

The Board has not recommended the payment of a dividend in respect of FY25 (FY24: nil).

8. 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 is based on the weighted average number of shares in issue for the period, adjusted for the dilutive effect of potential ordinary shares. Potential ordinary shares represent shares that may be issued in connection with employee share incentive awards.

The Group has chosen to present an Adjusted earnings per share measure, with profit adjusted for Adjusting items (see Note 3 for further details) to reflect the Group's underlying profit for the period.

	FY25 Number	FY24 Number
Number of shares in issue	**62,500,000**	62,500,000
Number of dilutive share options	**—**	—
Number of shares for diluted earnings per share	**62,500,000**	62,500,000

	£000	£000
Total profit for the financial period	**8,178**	6,377
Adjusting items	**(3,768)**	(3,741)
Adjusted profit for Adjusted earnings per share	**4,410**	2,636

	Pence	Pence
Basic earnings per share	**13.1**	10.2
Diluted earnings per share	**13.1**	10.2
Adjusted basic earnings per share	**7.1**	4.2
Adjusted diluted earnings per share	**7.1**	4.2

9. Intangible assets

Accounting policy

Goodwill

Goodwill arising on consolidation represents any excess of the consideration paid and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable assets and liabilities (including intangible assets) of the acquired entity at the date of the acquisition. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is recognised as an asset and assessed for impairment annually or as triggering events occur. Any impairment in value is recognised within the income statement. Goodwill was fully impaired in FY20.

Software

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Capitalised software costs include external direct costs of goods and services (such as consultancy), as well as internal payroll related costs for employees who are directly working on the project. Internal payroll related costs are capitalised if the recognition criteria of IAS 38 Intangible Assets are met or are expensed as incurred otherwise.

Capitalised software development costs are amortised on a straight-line basis over their expected economic lives, normally between three and seven years. Computer software under development is held at cost less any recognised impairment loss. Any impairment in value is recognised within the income statement and treated as an Adjusting item.

	Goodwill £000	**Software £000**	**Total £000**
Cost			
At 5 May 2024	**16,180**	**10,299**	**26,479**
Additions	**—**	**1,185**	**1,185**
Disposals	**—**	**(550)**	**(550)**
At 4 May 2025	**16,180**	**10,934**	**27,114**
Amortisation and impairment			
At 5 May 2024	**16,180**	**8,433**	**24,613**
Amortisation charge	**—**	**1,213**	**1,213**
Impairment charge	**—**	**141**	**141**
Impairment reversals	**—**	**(471)**	**(471)**
Disposals[1]	**—**	**(550)**	**(550)**
At 4 May 2025	**16,180**	**8,766**	**24,946**
Net book value			
At 5 May 2024	—	**1,866**	**1,866**
At 4 May 2025	**—**	**2,168**	**2,168**

1 During FY25 the Group reviewed assets on the fixed asset register with a £nil net book value. Following this review intangible assets with a cost and accumulated depreciation of £550k were deemed to no longer be in use by the Group and have therefore been disposed of.

	Goodwill £000	Software £000	Total £000
Cost			
At 30 April 2023	16,180	9,310	25,490
Additions	—	1,208	1,208
Disposals	—	(219)	(219)
At 5 May 2024	16,180	10,299	26,479
Amortisation and impairment			
At 30 April 2023	16,180	8,394	24,574
Amortisation charge	—	632	632
Impairment charge	—	442	442
Impairment reversals	—	(850)	(850)
Disposals[2]	—	(185)	(185)
At 5 May 2024	16,180	8,433	24,613
Net book value			
At 30 April 2023	—	916	916
At 5 May 2024	—	1,866	1,866

2 During FY24 the Group reviewed assets on the fixed asset register with a £nil net book value. Following this review intangible assets with a cost and accumulated depreciation of £207k were deemed to no longer be in use by the Group and have therefore been disposed of.

10. Property, plant and equipment

Accounting policy
Items of property, plant and equipment are stated at their cost of acquisition or production, less accumulated depreciation and accumulated impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful lives as follows:

- Leasehold improvements: over the life of the lease.
- Fixtures and fittings: 15% per annum straight line or depreciated on a straight-line basis over the remaining life of the lease, whichever is shorter.
- Plant and equipment: 25% to 50% per annum straight line.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 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 cash generating unit (CGU) to which the asset belongs. The Directors consider an individual retail store to be a CGU, as well as the Company's trading 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 right-of-use assets, 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.

Measuring recoverable amounts
The Group estimates the recoverable amount of each CGU based on the greater of its fair value less disposal cost and its value in use (VIU), derived from a discounted cash flow model which excludes IFRS 16 lease payments. In assessing the fair value less disposal cost the ability to sublease each store has been considered and it is concluded that this is not applicable for the majority of the store estate. Where it is deemed reasonable to assume the ability to sublet, the potential cash inflows generated are insignificant; therefore, the VIU calculation is used for all stores. A proportion of click & collect sales are included in store cash flows to reflect the contribution stores make to fulfilling such orders. The key assumptions applied by management in the VIU calculations are those regarding the growth rates of sales and gross margins, medium-term growth rates, central overhead allocation and the discount rate used to discount the assumed cash flows to present value.

Projected cash flows for each store are limited to the useful life of each store as determined by its current lease term unless a lease has already expired or is due to expire within 19 months of 4 May 2025 where the intention is to remain in the store and renew the lease. For these leases, the average portfolio lease term is used for cash flow projections.

Projected cash flows for the trading website are limited to 60 months as this is in line with the average useful economic life of the assets assigned to the web CGU.

Impairment triggers

Due to the challenging macroeconomic environment and the existence of a material brought forward impairment charge, all CGUs other than stores which have been open for less than 12 months have been assessed for impairment.
Change in accounting policy: During the period, due to the maturity curve of new stores, the directors made an amendment to the accounting policy so that stores that were open between 12 and 24 months before the period end date, are reviewed for indicators of impairment and an assessment made should such indicators be present.

Key assumptions

The key financial assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of current market conditions and future trends and have been based on historical data from external and internal sources. Management determined the values assigned to these financial assumptions as follows:

The post-tax discount rate is derived from the Group's weighted average cost of capital, which has been estimated using the capital asset pricing model, the inputs of which include a Company risk-free rate, an equity risk premium, a Group size premium, a forecasting risk premium and a risk adjustment (beta). The discount rate is compared to the published discount rates of comparable businesses and relevant industry data prior to being adopted.

	FY25	FY24
Post-tax discount rate	**10.80%**	10.50%
Medium-term growth rate	**2.0%**	2.0%

While the online CGU is in a different stage of establishment to that of the store CGUs, the same pre-tax discount rate has been used in the impairment assessment. Given that the website is not performing in line with expectations, all assets relating to the web CGU are fully impaired; as such an increase in the pre-tax discount rate used for the web assessment would not increase the impairment charge recognised.

Cash flow forecasts are derived from the most recent Board-approved corporate plans that form the Base Case on which the VIU calculations are based. These are described in Note 1(b)(i) (Going concern).

The assumptions used in the estimation of future cash flows are:

- Rates of growth in sales and gross margins, which have been determined on the basis of the factors described in Note 1(b)(i) (Going concern).
- Central costs are reviewed to identify amounts which are necessarily incurred to generate the CGU cash flows. As a result of the analysis performed at the end of FY25, 84% (FY24: 89%) of central costs have been allocated by category using appropriate volumetrics.

Cash flows beyond the corporate plan period (FY28 and beyond) have been determined using the medium-term growth rate; this is based on management's future expectations, reflecting, amongst other things, current market conditions and expected future trends and has been based on historical data from both external and internal sources. Immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments are included within the cash flows. The useful economic lives of store assets are short in the context of climate change scenario models; therefore, no medium to long-term effects have been considered.

Impairment of intangible assets, property, plant and equipment and right-of-use assets

During FY25, an impairment charge of £2,612k was recognised against 87 stores with a recoverable amount of £13,115k, and an impairment charge of £nil was recognised against the website (FY24: an impairment charge of £5,333k was recognised against 184 stores with a recoverable amount of £23,396k, and an impairment charge of £nil was recognised against the trading website). An impairment reversal of £8,582k has been recognised in FY25 relating to 253 stores with a recoverable amount of £72,408k as at 4 May 2025, and an impairment reversal of £497k was recognised against the website (FY24: an impairment reversal of £5,883k was recognised relating to 135 stores with a recoverable amount of £33,537k, and an impairment reversal of £859k was recognised against the website) (see Notes 10, 11 and 12).

A net impairment credit of £6,468k (FY24: £1,409k) has therefore been included within Adjusting items on the face of the consolidated income statement.

Sensitivity analysis

Whilst the Directors believe the assumptions adopted are realistic, reasonably possible changes in key assumptions could still occur, which could cause the recoverable amount of certain stores to be lower or higher than the carrying amount. The impact on the net impairment charge recognised from reasonably possible changes in assumption are detailed below:

- A reduction in sales of 5% from the Base Case plan to reflect a potential downside scenario would result in a decrease in the net impairment credit of £5,780k. An increase in sales of 5% from the Base Case plan would increase the net impairment credit by £3,954k.

- A reduction in gross margin of 2% would result in a decrease in the net impairment credit of £1,566k. An increase in gross margin of 2% would increase the net impairment credit by £1,417k.
- A 200 basis point increase in the pre-tax discount rate would result in a decrease in the net impairment credit of £976k, while a 200 basis point decrease in the pre-tax discount rate would result in an increase in the net impairment credit of £1,013k.
- A 100 basis point decrease in the medium-term growth rate would result in a decrease in the net impairment credit of £390k, while a 100 basis point increase in the medium-term growth rate would result in an increase in the net impairment credit of £388k.
- Increasing the percentage of central costs allocated across CGUs from 84% to 94% would result in a decrease in the net impairment credit of £1,448k. Decreasing the percentage of central costs allocated across CGUs from 84% to 74% would result in an increase in the net impairment credit of £1,322k.

Whilst the Directors consider their assumptions to be realistic, should actual results be different from expectations, then it is possible that the value of property, plant and equipment included in the balance sheet could become materially different to the estimates used.

Property, plant and equipment

	Leasehold improvements £000	**Plant and equipment £000**	**Fixtures and fittings £000**	**Total £000**
Cost				
At 5 May 2024	**5,818**	**3,763**	**19,072**	**28,653**
Additions	**721**	**510**	**2,618**	**3,849**
Disposals[1]	**(2,376)**	**(327)**	**(4,352)**	**(7,055)**
At 4 May 2025	**4,163**	**3,946**	**17,338**	**25,447**
Depreciation and impairment				
At 5 May 2024	**4,149**	**3,138**	**9,008**	**16,295**
Depreciation charge	**746**	**650**	**2,458**	**3,854**
Impairment charge	**193**	**119**	**151**	**463**
Impairment reversals	—	—	**(975)**	**(975)**
Disposals	**(2,270)**	**(323)**	**(4,180)**	**(6,773)**
At 4 May 2025	**2,818**	**3,584**	**6,462**	**12,864**
Net book value				
At 5 May 2024	1,669	625	10,064	12,358
At 4 May 2025	**1,345**	**362**	**10,876**	**12,583**

1 During FY25 the Group reviewed assets on the fixed asset register with a £nil net book value. Following this review, fixed assets with a cost and accumulated depreciation of £6,482k were deemed to no longer be in use by the Group and have therefore been disposed of. The totals disposed of by category were as follows: £2,332k leasehold improvements; £296k plant and equipment; and £3,854k fixtures and fittings.

	Leasehold improvements £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 30 April 2023	7,408	3,656	19,195	30,259
Additions	409	353	3,971	4,733
Disposals[2]	(1,999)	(246)	(4,094)	(6,339)
At 5 May 2024	5,818	3,763	19,072	28,653
Depreciation and impairment				
At 30 April 2023	5,682	3,245	9,559	18,486
Depreciation charge	412	370	2,881	3,663
Impairment charge	209	282	1,098	1,589
Impairment reversals	(174)	(618)	(480)	(1,272)
Disposals	(1,980)	(141)	(4,050)	(6,171)
At 5 May 2024	4,149	3,138	9,008	16,295
Net book value				
At 30 April 2023	1,726	411	9,636	11,773
At 5 May 2024	1,669	625	10,064	12,358

2 During FY24 the Group reviewed assets on the fixed asset register with a £nil net book value. Following this review, fixed assets with a cost and accumulated depreciation of £4,263k were deemed to no longer be in use by the Group and have therefore been disposed of. The totals disposed of by category were as follows: £570k leasehold improvements; £213k plant and equipment; and £3,274k fixtures and fittings.

11. Leases

Accounting policy

The Group leases many assets, including properties, IT equipment and warehouse equipment.

Identification

At the inception of a contract, the Group assesses whether it is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an asset for a period of time, in exchange for consideration. Control is conveyed where the Group has both the right to direct the asset's use and to obtain substantially all the economic benefits from that use. For each lease or lease component, the Group follows the lease accounting model as per IFRS 16, unless the permitted recognition exceptions can be used.

Recognition exceptions

The Group has elected to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following types of leases:

- Leases with a term of 12 months or less.
- Leases where the underlying asset has a low value.
- Concession leases where the landlord has substantial substitution rights.

For leases where the Group has taken the short-term lease recognition exemption and there are any changes to the lease term or the lease is modified, the Group accounts for the lease as a new lease.

For leases where the Group has taken a recognition exemption as detailed above, rentals payable under these leases are charged to the income statement on a straight-line basis over the term of the relevant lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

As lessee

Upon lease commencement, the Group recognises a right-of-use asset and a lease liability.

Initial measurement

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset or the site on which it is located at the end of the lease, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the incremental borrowing rate as the rate implicit in the lease cannot be readily determined.

Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability and are initially measured using the index or rate as at the commencement date. Amounts expected to be payable by the Group under residual value guarantees are also included. Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs unless the costs are included in the carrying amount of another asset under another accounting standard.

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the value of lease liabilities and right-of-use assets recognised.

The payments related to leases are presented under cash flows from financing activities and cash flows from operating activities in the cash flow statement.

Subsequent measurement

After lease commencement, the Group values right-of-use assets using a cost model. Under the cost model, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured to reflect changes in the lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); and future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The re-measurements are matched by adjustments to the right-of-use asset. Lease modifications may also prompt re-measurement of the lease liability unless they are determined to be separate leases.

Depreciation of right-of-use assets

The right-of-use asset is subsequently depreciated using the straight-line method, from the commencement date to the earlier of either the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Determining the lease term

Termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility. At the commencement date of property leases, the Group determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised. Leases will be revalued if it becomes likely that a break clause is to be exercised. In determining the likelihood of the exercise of a break option, management considers all facts and circumstances that create an economic incentive to exercise the termination option. For property leases, the following factors are the most relevant:

- The profitability of the leased store and future plans for the business.
- If there are any significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend.

(i) Amounts recognised in the statement of financial position

Right-of-use assets

	Land and buildings £000	Plant and equipment £000	Total £000
2025			
At 5 May 2024	57,309	394	**57,703**
Depreciation charge for the year	(18,180)	(205)	**(18,385)**
Additions to right-of-use assets	6,217	192	**6,409**
Effect of modifications to right-of-use assets	12,639	—	**12,639**
Derecognition of right-of-use assets	(2,163)	—	**(2,163)**
Impairment charge	(2,180)	—	**(2,180)**
Impairment reversals	7,807	—	**7,807**
At 4 May 2025	**61,449**	**381**	**61,830**

	Land and buildings £000	Plant and equipment £000	Total £000
2024			
At 30 April 2023	64,703	669	65,372
Depreciation charge for the year	(17,949)	(275)	(18,224)
Additions to right-of-use assets	10,931	—	10,931
Effect of modifications to right-of-use assets	(1,059)	—	(1,059)
Derecognition of right-of-use assets	(543)	—	(543)
Impairment charge	(3,394)	—	(3,394)
Impairment reversals	4,620	—	4,620
At 5 May 2024	57,309	394	57,703

The total impairment charge/reversal and profit on disposal of right-of-use assets and liability is in Adjusting items.

Lease liabilities

	Land and buildings £000	Plant and equipment £000	Total £000
2025			
At 5 May 2024	77,336	424	**77,760**
Additions to lease liabilities	17,663	177	**17,840**
Interest expense	4,082	19	**4,101**
Effect of modifications to lease liabilities	1,014	—	**1,014**
Lease payments	(24,196)	(235)	**(24,431)**
Disposals of lease liabilities	(1,318)	—	**(1,318)**
Foreign exchange movements	(36)	—	**(36)**
At 4 May 2025	**74,545**	**385**	**74,930**

	Land and buildings £000	Plant and equipment £000	Total £000
2024			
At 30 April 2023	93,686	706	94,392
Additions to lease liabilities	8,929	—	8,929
Interest expense	3,962	22	3,984
Effect of modifications to lease liabilities	1,059	—	1,059
Lease payments	(26,151)	(304)	(26,455)
Disposals of lease liabilities	(4,080)	—	(4,080)
Foreign exchange movements	(69)	—	(69)
At 5 May 2024	77,336	424	77,760

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

	FY25 £000	FY24 £000
Current	**18,646**	19,943
Non-current	**56,284**	57,817
Total carrying value of leases	**74,930**	77,760

Maturity analysis – contractual undiscounted cash flows

	FY25 £000	FY24 £000
Less than one year	**22,375**	23,446
One to two years	**17,416**	18,787
Two to three years	**13,820**	13,738
Three to four years	**10,352**	9,968
Four to five years	**6,655**	6,574
More than five years	**17,325**	17,632
Total undiscounted lease liabilities	**87,943**	90,145

(ii) Amounts recognised in the consolidated income statement

	FY25 £000	FY24 £000
Depreciation charge on right-of-use assets (RoUA)	**18,385**	18,224
Interest cost on lease liability	**4,101**	3,984
Loss on disposal of RoUA/lease liability	**845**	(3,537)
Foreign exchange difference on euro leases	**36**	69
Additional impairment credit under IAS 36	**(5,627)**	(1,226)
Operating lease rentals – hire of plant, equipment and motor vehicles		
– Low-value leases	**423**	362
Total plant, equipment and motor vehicle operating lease rentals	**423**	362
Operating lease rentals – store leases		
– Stores with variable lease rentals	**1,182**	(434)
– Concession leases (the landlord has substantial substitution rights)	**909**	848
– Low-value leases	**9**	(11)
– Lease is expiring within 12 months or has rolling break clauses	**30**	63
– Lease has expired	**929**	766
Total store operating lease rentals	**3,059**	1,232

Depreciation of right-of-use asset by class:

	FY25 £000	FY24 £000
Land and buildings	**18,180**	17,949
Plant and equipment	**205**	275
Total right-of-use asset depreciation	**18,385**	18,224

12. Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets are attributable to the following:

	Assets		Liabilities	
	FY25 £000	FY24 £000	**FY25 £000**	FY24 £000
Property, plant and equipment	**2,811**	2,785	—	—
Leases	**751**	980	—	—
Temporary timing differences	**422**	332	—	—
Financial liabilities	**—**	—	**(470)**	(61)
Tax assets/(liabilities)	**3,984**	4,097	**(470)**	(61)

Movement in deferred tax during the year

	Fixed assets £000	Leases £000	Temporary timing differences £000	Financial liabilities £000	Total £000
At 5 May 2024	2,785	980	332	(61)	**4,036**
Adjustment in respect of prior years	(436)	213	—	—	**(223)**
Deferred tax charge to profit and loss	462	(442)	90	—	**110**
Deferred tax credit in equity profit and loss	—	—	—	(409)	**(409)**
At 4 May 2025	**2,811**	**751**	**422**	**(470)**	**3,514**

Movement in deferred tax during the prior year

	Fixed assets £000	Leases £000	Temporary timing differences £000	Financial assets/ (liabilities) £000	Total £000
At 30 April 2023	2,866	1,362	354	262	4,844
Adjustment in respect of prior years	785	16	—	—	801
Deferred tax charge to profit and loss	(866)	(398)	(22)	—	(1,286)
Deferred tax credit in equity profit and loss	—	—	—	(323)	(323)
At 5 May 2024	2,785	980	332	(61)	4,036

Tax losses carried forward for which no deferred tax asset has been recognised total £377 k which represents an unrecognised deferred tax asset of £94k (FY24: £nil).

13. Inventories

Accounting policy

Inventories comprise stocks of finished goods for resale and are valued on a weighted average cost basis and carried at the lower of cost and net realisable value. Cost includes all direct expenditure and other attributable costs incurred in bringing inventories to their present location and condition.

The process of purchasing inventories may include the use of cash flow hedges to manage foreign exchange risk. Where hedge accounting applies, an adjustment is applied such that the cost of stock reflects the hedged exchange rate.

	FY25 £000	FY24 £000
Gross stock value	**30,121**	28,401
Less: stock provisions for shrinkage and obsolescence	**(1,061)**	(1,932)
Goods for resale net of provisions	**29,060**	26,469
Stock in transit	**5,925**	4,885
Inventory	**34,985**	31,354

The cost of inventories recognised as an expense during the period was £111.4m (FY24: £120.5m).

Stock was valued at £35.0m at the end of the period (FY24: £31.4m), an increase of £3.6m. The increased gross stock level compared to the prior period reflects investment in new stock across strong performing ranges and increased freight rates within average cost prices.

Stock provisions

The Group makes provisions in relation to stock quantities, due to potential stock losses not yet reflected in the accounting records, commonly referred to as unrecognised shrinkage, and in relation to stock value, where the net realisable value of an item is expected to be lower than its cost, due to obsolescence.

Shrinkage provision

During FY25, full four-wall counts were performed in 499 stores during two waves of counts – 126 stores were counted between July and September with 498 stores counted (including 125 recounted stores) between March and May. Through these counts, the Group established that its accounting records reflected the actual quantities of stock in stores. This process also provides the Group with an indication of the typical percentage of stock loss, which is used to calculate, by extrapolation, unrecognised shrinkage at the balance sheet date. The stock records were updated to reflect the results of the stock counts; however, due to the whole estate being counted during the second wave of counts compared to FY24 where the whole estate was not counted near to the year end, the unrecognised shrinkage provision has decreased to £0.6m (FY24: £1.1m). The provision relates to store stock with a value of £21.8m (FY24: £20.6m).

Obsolescence provision

The Group's inventory does not comprise a large proportion of stock with a 'shelf life'. Stock lines which are slow selling because they have been less successful than planned, or which have sold successfully and become fragmented as they reach the natural end of their planned selling period, are usually discounted and sold during 'sale' events, for example the January sale. This stock is referred to as terminal stock.

During FY25 the Group held slightly less terminal stock than the prior period. Consequently, the obsolescence provision has decreased to £0.5m (FY24: £0.8m).

The Group has also considered the impact of customer preferences and ESG considerations on potential stock obsolescence, and these factors are not deemed to have a material impact on the level of provision required.

14. Trade and other receivables

	FY25 £000	FY24 £000
Current		
Trade receivables	**2,026**	2,626
Other receivables	**135**	506
Prepayments	**3,988**	5,252
Trade and other receivables	**6,149**	8,384

Trade receivables are attributable to sales which have been paid for by credit card pending receipt into the Company's bank account and are classified as finance assets at amortised cost. The trade receivables balance is primarily made up of aforementioned pending credit card receipts of £1.7m (FY24: £2.3m). Credit is provided to a limited number of business-to-business customers. The individual value and nature of trade receivables is such that no material credit losses occur; therefore, no loss allowance has been recorded at the period end (FY24: £nil).

Other receivables relate to stock on water deposits paid and other accounts payable debit balances. Prepayments relate to prepaid property costs and other expenses.

15. Cash and cash equivalents

	FY25 £000	FY24 £000
Cash and cash equivalents	**4,118**	1,619
Total	**4,118**	1,619

The Group's cash and cash equivalents are denominated in the following currencies:

	FY25 £000	FY24 £000
Sterling	**(5,575)**	1,142
Euro	**610**	397
US dollar	**9,083**	80
Cash and cash equivalents	**4,118**	1,619

At 4 May 2025, the Group held net cash (excluding lease liabilities) of £4.1m (FY24: £1.6m). This comprised cash of £4.1m (FY24: £1.6m).

16. Borrowings

Accounting policy

Interest-bearing bank loans and overdrafts, loan notes and other loans are recognised in the balance sheet at amortised cost. Finance charges associated with arranging non-equity funding are recognised in the income statement over the life of the facility. All other borrowing costs are recognised in the income statement in accordance with the effective interest rate method. A summary of the Group's objectives, policies, procedures and strategies with regard to financial instruments and capital management can be found in Note 24 in the Annual Report and Accounts

For the period ended 4 May 2025, the Group's bank facilities comprised a revolving credit facility of £20.0m (FY24: £20.0m) expiring on 30 November 2026. The nature of the covenants associated with the facility remained consistent throughout both periods presented. None of the Group's cash and cash equivalents (FY24: £nil) are held by the trustee of the Group's Employee Benefit Trust in relation to the share schemes for employees.

	FY25 £000	FY24 £000
Non-current liabilities		
Lease liabilities	**56,284**	57,817
Non-current liabilities	**56,284**	57,817
Current liabilities		
Lease liabilities	**18,646**	19,943
Current liabilities	**18,646**	19,943

Reconciliation of borrowings to cash flows arising from financing activities

	FY25 £000	FY24 £000
Borrowings at start of the period	**77,760**	94,392
Changes from financing cash flows		
Payment of lease liabilities (capital)	**(20,330)**	(22,471)
Payment of lease liabilities (interest)	**(4,101)**	(3,984)
Proceeds from loans and borrowings[1]	**9,000**	6,000
Repayment of bank borrowings[1]	**(9,000)**	(6,000)
Total changes from financing cash flows	**(24,431)**	(26,455)
Other changes		
Addition of lease liabilities	**18,854**	9,988
Disposal of lease liabilities	**(1,318)**	(4,080)
The effect of changes in foreign exchange rates	**(36)**	(69)
Interest expense	**4,101**	3,984
Total other changes	**21,601**	9,823
Borrowings at end of the period (excluding overdrafts)	**74,930**	77,760

1 Within the period up to £9.0m was drawn under the Group's RCF and repaid in full by the period end.

Net debt reconciliation

	FY25 £000	FY24 £000
Net debt (excluding unamortised debt costs)		
Cash and cash equivalents	**(4,118)**	(1,619)
Net bank cash	**(4,118)**	(1,619)
Non-IFRS 16 lease liabilities	**—**	89
Non-IFRS 16 net cash	**(4,118)**	(1,530)
IFRS 16 lease liabilities	**74,930**	77,760
Net debt including IFRS 16 lease liabilities	**70,812**	76,230

17. Trade and other payables

	FY25 £000	FY24 £000
Current		
Trade payables	**20,003**	18,081
Other tax and social security	**4,262**	3,525
Accrued expenses	**8,586**	8,280
Trade and other payables	**32,851**	29,886

Trade payables principally comprise amounts outstanding for trade purchases and operating costs.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Accrued expenses comprise various accrued property costs, payroll costs and other expenses.

The Group has net US dollar denominated trade and other payables of £5.6m (FY24: £7.0m).

18. Provisions

Accounting policy

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are the best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

	HMRC VAT £000	Property £000	Total £000
At 5 May 2024	147	872	1,019
Provisions made	20	1,097	1,117
Provisions released	—	(339)	(339)
Provisions utilised	—	(182)	(182)
Reclassified to accruals	(167)	—	(167)
At 4 May 2025	**—**	**1,448**	**1,448**

Maturity analysis of cash flows:

	HMRC VAT £000	Property £000	Total £000
Due in less than one year	—	798	798
Due between one and five years	—	309	309
Due in more than five years	—	341	341
Total	—	**1,448**	**1,448**

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.

HMRC VAT provision

HMRC initiated a VAT review in August 2022 in respect of a four-year period (FY19 to FY22). The review is now complete and was settled immediately following the period end. Therefore, the provision of £167k (FY24: £147k) was reallocated to accruals during the period.

19. Related party transactions

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.

Transactions with key management personnel

The key management personnel of the Group comprise The Works.co.uk plc Board of Directors and the Group's Operating Board. Further details of Directors' remuneration are set out in the Directors' remuneration report included in the Annual Report and Accounts.

The compensation of key management personnel (including the Directors) is as follows:

	FY25 £000	FY24 £000
Key management remuneration – including social security costs	**1,837**	2,982
Pension contributions	**153**	116
LTIP – including social security costs	**256**	(351)
Total	**2,246**	2,747

Further details on the compensation of key management personnel who are Directors are provided in the Group's Directors' remuneration report included in the Annual Report and Accounts.

20. Subsidiary undertakings

The results of all subsidiary undertakings are included in the consolidated financial statements. The principal place of business and the registered office addresses for the subsidiaries are the same as for the Company.

Company	Active/ dormant	Direct/ indirect control	Registered number	Class of shares held	Ownership
The Works Investments Limited	Holding	Direct	09073458	Ordinary	100%
The Works Stores Limited	Active	Indirect	06557400	Ordinary	100%
The Works Online Limited	Active	Indirect	08040244	Ordinary	100%