

TheWorks.co.uk plc

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

Trading update for the 52 weeks ended 3 May 2026***A year of significant progress with FY26 Adjusted EBITDA ahead of market expectations***

The Works, the UK's leading specialist retailer of affordable, screen-free activities for the whole family, is pleased to announce a Trading Update for the 52 weeks ended 3 May 2026 (the "Period" or "FY26"). Further to the closure of its transactional website announced on 20 March 2026, the Group is reporting its financial performance based on its continuing operations¹.

Financial highlights

- Total revenue of approximately £260m, a 3.2% increase against the prior year (FY25: £252m), with growth achieved across all four key product categories.
- Like for like ("LFL") sales increased 3.3% in FY26, against the BRC reported decline of 0.1% for the UK non-food retail market, with especially strong LFL growth of 5.3% in Q4 against the BRC reported decline of 1.1%.
- Sustained increase in product margin of +240bps year on year, reflecting ongoing focus on supplier negotiations, tighter control of stock and promotional markdowns, and product mix improvements.
- Successful delivery of previously announced £2m cost reduction programme, helping to partially offset industry-wide inflationary cost pressures.
- Reflecting the revenue growth, improvements in product margin and cost reduction programme, pre-IFRS 16 Adjusted EBITDA is expected to be approximately £14.0m (FY25: £9.5m), a 47% increase year on year and ahead of current market expectations of £13.5m³.
- The Group ended FY26 with a net cash position of £3.6m (FY25: £4.1m), above market expectations of £2.0m.

Strategic highlights

- Strong progress in the first full year of the Group's *Elevating The Works* growth strategy which, together with increasing relevance of The Works' affordable, screen free activities for the whole family, drove outperformance against the wider non-food retail market².
- Successful implementation of a new store focused trading model in March 2026, concentrating the Group's focus on its core strength as a highly successful bricks-and-mortar retailer. As previously announced, approximately £2m of costs incurred in FY26 related to the closure of the online trading channel are to be treated as Adjusting items⁵.
- Continued progress against store optimisation programme with a net five new store openings. As a result, the Group operated 508 stores at the year-end (FY25: 503 stores).

Summary & Outlook

The Group delivered a strong performance in FY26, despite growing macroeconomic uncertainty over recent months. The particularly strong sales growth in Q4 reflects the increasing relevance and strength of The Works brand and proposition, supported by a positive impact on the Group's stores from the closure of the online channel.

The Works has a clear growth strategy and brand purpose aligned to growing demand for affordable screen-free activities. This, together with its plans to open ten net new stores in FY27 and to deliver further product margin growth and cost efficiencies, underpins the Board's confidence in achieving the Group's recently upgraded FY27 guidance⁴ and its medium-term EBITDA goal of at least £22.5m in FY30.

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

"We delivered very strong strategic and financial progress during FY26. This was driven by sales growth across all four of our key product categories reflecting the diverse and increasing year-round appeal of the Group's product proposition.

Our outperformance against the broader high-street supports our strong conviction that The Works' brand and product proposition, which is aligned to families' growing demand for affordable screen-free activities, is increasingly relevant and underpins our plans for further growth.

While we remain mindful of the challenging macroeconomic environment, the Board is confident that The Works is well placed to achieve further strategic progress and profitable growth in FY27."

The Group's FY26 Preliminary results are expected to be announced on Thursday 23rd July 2026.

ENDS

- 1 Note on reconciliation between continuing and discontinuing operations. FY26 total revenue including discontinued operations was £274.0m (FY25: £277.0m). Pre-IFRS16 Adjusted EBITDA including, a £2.5m loss from discontinued operations is expected to be £11.5m (FY25: £9.5m).
- 2 Data from the British Retail Consortium (BRC) showed non-food retail LFL decline of 0.1% for the 52-week period ended 3 May 2026.
- 3 Market expectations for FY26 Pre-IFRS16 Adjusted EBITDA from continuing operations of £13.5m prior to publication of this announcement.
- 4 Guidance for FY27 Pre-IFRS16 Adjusted EBITDA is £15.0m.
- 5 Total Adjusting items of £2.5m includes a further £0.5m recognised in H1, reflecting the one-off cost of transitioning to the new third-party fulfilment provider prior to the decision to close the online trading channel.

Enquiries

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About The Works

The Works is the UK's leading specialist retailer of affordable, screen-free activities for the whole family, providing customers with fantastic value across four product categories: arts and crafts, stationery, toys and games, and books.

The Group operates a network of over 500 stores in the UK & Ireland.