**23 July 2026**

**TheWorks.co.uk plc**

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

**Preliminary Results for the 52 weeks ended 3 May 2026**

***Strategic progress in FY26 delivers step change in profitability***

***Continued momentum into FY27 with +8.8% LFL growth during the first 11 weeks of the year***

The Works, the UK's leading specialist retailer of affordable, screen-free activities for the whole family, announces its Preliminary Results for the 52 weeks ended 3 May 2026 (the "period" or "FY26").

## FY26 financial highlights

| | FY26 | FY25 | % change |
|---|---|---|---|
| ***Performance highlights - Continuing operations[1]:*** | | | |
| Total revenue | *£260.0 million* | *£252.2 million* | *3.1%* |
| LFL sales growth | *3.3%* | *2.3%* | *100bps* |
| Pre-IFRS 16 Adjusted EBITDA[(2)] | £14.0 million | *£9.5 million* | 47% |
| Pre-IFRS 16 Adjusted EBITDA margin[(2)] | *5.4%* | *3.7%* | *170bps* |
| Adjusted profit before tax[(2)] | *£7.2million* | *£5.0million* | *44%* |
| Adjusted diluted earnings per share[(2)] | *9.1p* | *7.3p* | *25%* |
| ***Statutory highlights - Continuing operations[1]:*** | | | |
| Profit before tax | *£6.8million* | *£9.5million* | *(28)%* |
| Diluted earnings per share | *8.3p* | *14.7p* | *(44)%* |
| ***Total Group – Inc. discontinued operations[1]:*** | | | |
| Profit for the year (after tax) | *£1.4million* | *£8.2million* | *(83)%* |
| Diluted earnings per share | *2.4p* | *13.5p* | *(82)%* |
| Net cash | £3.6 million | *£4.1 million* | *(12)%* |

- Total revenue increased 3.1% to £260m (FY25: £252m) reflecting delivery of strategic initiatives.
- Like for like ("LFL") sales increased 3.3%, significantly outperforming the British Retail Consortium reported decline of 0.1% for the UK non-food retail market.
- Pre-IFRS 16 Adjusted EBITDA increased 47% to £14.0m (FY25: £9.5m), supported by sales growth, a 240bps increase in product margin and delivery of our £2m per annum cost reduction target, more than offsetting the significant cost headwinds from increased National Living Wage and employer National Insurance rates.
- Adjusted profit before tax (from continuing operations) increased by 44% year-on-year to £7.2m (FY25: £5.0m).
- Statutory profit before tax (from continuing operations) decreased by 28% year-on-year, reflecting the improvements in underlying profitability, offset by higher Adjusting items[2] year-on-year. FY26 Adjusting items charge of £0.5m comprised of £0.2m of system transformation costs and a £0.3m non-cash impairment charge, compared to a net £4.5m credit in FY25, primarily reflecting prior period (non-cash) impairment reversals.
- Strong financial position maintained at the year-end: net cash of £3.6m (FY25: £4.1m). Underlying net cash generation offset by the impact of discontinued operations. New £20m Revolving Credit Facility in place to November 2029 (replacing the existing £20m facility due to expire in November 2026).

**Strategic highlights**

Strong progress across all three pillars of the Group's *Elevating The Works* growth strategy in the first full year of execution:

*Growing brand fame*

- Sharper brand campaigns and more targeted customer communications to increase awareness of The Works as the home of affordable screen-free activities for the whole family.
- Strengthened product proposition, increasing product newness and driving year-round relevance reflected by sales growth across all four product categories.
- Improved customer service in our stores with new Customer Experience Programme launched.

*Improving customer convenience*

- Opened net five new stores in FY26, resulting in 508 stores at the period end (FY25: 503 stores).
- Improved stock distribution and product availability in-store, focusing on our higher turnover 'platinum' stores.
- Better use of space in-store by using demographic data and successful 'trial and rollout' approach to new, extended, product ranges.

*Lean and efficient business model*

- Strategic focus centred on our highly successful store estate following the discontinuation of transactions through our website.
- Enhanced product margin by 240bps through supplier negotiations, tighter stock control, improved promotional markdowns and favourable product mix, supported by year-on-year benefits from FX and container freight rates.
- Successful delivery of planned £2m per annum cost reduction programme. This included cost efficiencies from the benefits of the £0.6m investment in a new mezzanine floor at our Retail Distribution Centre.

**Current trading and outlook**

The Group's positive momentum has continued into the new financial year, generating +8.8% LFL sales growth during the first 11 weeks of FY27 to 19 July 2026 (FY26 first 11 weeks: +7%). This strong performance reflects sales growth across all product categories driven by further delivery of key strategic initiatives.

The Board is encouraged by the Group's strong trading performance in FY27 to date, while remaining mindful of the continuing macroeconomic uncertainty. With the key back-to-school and Christmas trading periods still ahead, the Board is maintaining its recently upgraded FY27 guidance for pre-IFRS 16Adjusted EBITDA of £15.0m[3].

The Group's focused growth strategy and clear brand purpose underpin the Board's confidence in achieving its EBITDA goal of at least £22.5m in FY30.

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

*"FY26 was a pivotal year for The Works with continued execution against our growth strategy and a step change in underlying profitability supported by increasing demand from families for affordable screen-free activities.*

*We have made a strong start to the new financial year, with like-for-like sales up 8.8% in the first 11 weeks underpinning our confidence in delivering further sales and profit growth in the current year. We are excited by the Group's long-term potential and remain confident in achieving our target of pre-IFRS 16 Adjusted EBITDA of at least £22.5m in FY30."*

1 On 20 March 2026, the Board announced its strategic decision to cease the trading of the Group's online channel and transition to a non-transactional website. The performance of the online channel has therefore been presented as a discontinued operation and has been excluded from the main performance headlines unless otherwise stated. See Note 7 (Discontinued Operations) of the condensed financial statements included in this RNS.

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 Updated FY27 guidance provided in the Group's trading update released on 20 March 2026. Group compiled market expectations for FY27 Adjusted EBITDA (pre-IFRS 16) is £15.0m.

**Enquiries**


| | |
|---|---|
| **The Works**<br>Gavin Peck, CEO<br>Rosie Fordham, CFO | Via Hudson Sandler |
| **Hudson Sandler – Financial PR**<br>Alex Brennan/ Lucy Wollam | theworks@hudsonsandler.com<br>020 7796 4133 |
| **Singer Capital Markets**<br>Peter Steel / Sara Hale | 020 7496 3000 |


**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: books, toys and games, arts and crafts, and stationery.

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

## Chair's Statement

***A year of strong strategic, operational and financial progress***

I am delighted to report on a year of strong strategic, operational and financial progress for The Works.

In the 2025 Annual Report, we shared the Group's *Elevating The Works* growth strategy, which launched in January 2025. This plan will see The Works sharpen its proposition, grow its store estate and improve operational execution and efficiency, supported by investment for the future in technology, processes and our people. Early progress is already evident in improved underlying profitability, with continued execution expected to transform the business, step change financial performance and create value for all stakeholders.

During this first full financial year of delivery, progress has continued with pace. The repositioning of the brand, built on providing affordable, screen-free activities for families, is resonating particularly well with both existing and new customers.

**FY26 overview**

During the year, the Board undertook a thorough review of the Group's online transactional business and took the decision to close and discontinue this operation on 20 March 2026. Its performance and profitability had been impeded by operational issues with two different third-party fulfilment providers in recent years. Whilst we are disappointed by the impact that these issues had on our short-term financial performance and on some customers, the decision to close this channel was the right one – enabling the Group to increase focus on and investment in its highly accessible, profitable store estate which has always been the lifeblood of the business. Reflecting this change to the Group's operating model, details of our financial performance are focussed on continuing operations with a reconciliation to our statutory results provided in Note 7 in this announcement.

Total revenue grew by 3.1% to £260m and like-for-like sales by 3.3%. This positive performance was achieved despite fragile consumer confidence and represented a significant outperformance of the wider non-food retail sector, which declined 0.1% on a like-for-like basis during the period as reported by the British Retail Consortium.

Store sales growth, combined with further improvements to the product margin and the successful delivery of the £2m cost reduction programme we outlined last year, resulted in a material improvement in profitability to pre-IFRS 16 Adjusted EBITDA from continuing operations of £14.0m (FY25: £9.5m). Total pre-IFRS 16 Adjusted EBITDA (which includes the online channel) was £11.5m, ahead of the £11.0m that we guided to in last year's Annual Report. This, together with net cash of £3.6m and £20 million funding available through a revolving credit facility, means that the Group's financial position remains robust and positions us well for future growth.

We are pleased with the performance delivered this year and, with much still to go for, the Board is committed to executing our strategy to transform the business for the benefit of all stakeholders in the years ahead.

I would like to thank all colleagues across The Works for their support and commitment during the year, without which the progress delivered in FY26 would not have been possible.

**Proposed change of Company name**
Reflecting the Group's focus on screen free activities and its store based operating model, the Group intends to table a resolution at its forthcoming annual general meeting ("AGM") to change the Company's name from 'TheWorks.co.uk plc' to 'TheWorks plc'. Further information on this resolution will be provided in the Group's AGM circular, to be published in due course.

**Board and leadership**
In last year's Annual Report, I noted that Harry Morley, Senior Independent Non-Executive Director, had informed the Board of his intention to step down at the Company's AGM. In November 2025 Simon Hathway also stepped down from the Board, to take up a full-time executive role at B&M European Value Retail S.A. On behalf of the Board, I would like to thank Harry and Simon for their positive contributions during their tenures.

In August 2025, Nick Wharton joined the Board as an independent Non-Executive Director and Chair of the Audit Committee. Nick has extensive experience in senior finance and leadership roles, and expertise across the consumer sector, both in the UK and internationally.

Additionally, in February this year, Angela Rushforth joined the Board and was appointed Chair of the Remuneration Committee. Angela brings highly relevant commercial leadership expertise, in particular in relation to brand, customer and business transformation.

**Capital distributions**
The Board has approved a Capital Allocation Framework to support the Group's strategy, *Elevating The Works*, and maximise long-term shareholder value. The framework balances disciplined investment in strategic growth with maintaining a strong financial position and the potential for sustainable shareholder returns over time.

The Board remains focused on preserving appropriate liquidity and prudent leverage to support trading and seasonal working capital requirements. Capital will continue to be directed towards high-return opportunities, including new store openings and systems transformation, to build a more scalable, efficient and sustainably profitable business.

As the five-year plan progresses and the Group delivers improved profit and cash generation, the Board will consider the appropriate reintroduction of shareholder distributions, which may include ordinary dividends, special dividends or share buybacks.

The Board will continue to listen to shareholders and consult with major shareholders before any return of capital, ensuring decisions remain disciplined, sustainable and aligned with long-term value creation.

**Outlook**
The positive performance in FY26, and in particular the strong momentum of the final quarter of the year, has continued into FY27 with LFL sales growth of 8.8% during the first 11 weeks.

While the macroeconomic backdrop remains volatile, the Board believes that as a value-led retailer with a clear purpose and unique, increasingly relevant screen-free customer proposition, The Works is well placed to deliver further strategic progress and profitable, cash generative growth in FY27.

As a result, we currently expect to achieve pre-IFRS 16 Adjusted EBITDA of £15.0m in FY27 as we progress towards our EBITDA goal of at least £22.5m by FY30.

Steve Bellamy
Chair
23 July 2026

**<u>CEO's Review</u>**

**Introduction**
FY26 was a year of significant progress for The Works, as we continued to execute against our *Elevating The Works* strategy.

*Elevating The Works* provides a clear framework to achieve our mission to be the favourite destination for affordable, screen-free activities for the whole family and to transform our business and its financial performance. Delivery of this plan will see us:

- Grow our brand fame by sharpening our proposition and brand marketing campaigns around affordable screen-free activities for the whole family;
- Improve customer convenience by opening new stores and improving operational execution; and
- Be a lean and efficient operator, supported by investment in new systems and transforming our ways of working.

Our first full year of executing against this plan delivered a strong financial performance, with our screen-free proposition resonating particularly well with customers. Total sales from continuing operations increased by 3.1% to £260m (FY25: £252m), with like-for-like sales up 3.3%, substantially outperforming the UK non-food retail market which declined by 0.1% over the same period as reported by the British Retail Consortium.

We also delivered a further 240bps improvement in product margin, on top of the 210bps improvement in FY25, and achieved our planned £2m of cost savings through taking disciplined action across the business.

As a result, pre-IFRS 16 Adjusted EBITDA for continuing operations for the period was £14.0m (FY25: £9.5m) and we ended the year with a net cash position of £3.6m (FY25 £4.1m).

During the year, we took the strategic decision to discontinue trading through our online business and move to a store-focused trading model. This move, which is explained in further detail below, simplifies the business, enables us to capitalise on our core strength as a highly successful bricks and mortar retailer and will support long-term profitable, cash generative growth.

**A highly relevant proposition focused on screen-free activities**
Over the past 12 months our mission to be the favourite destination for affordable, screen-free activities for the whole family has become more relevant to more consumers. Our own research conducted during the year reinforced this, revealing that 40% of parents want to reduce their children's screen time but need practical alternatives to do so. Public discourse and media attention on the topic of screen time has also gathered pace, including the UK Government's inaugural publication earlier this year of screen time guidance for parents of children under five years old. More recently, in June 2026, the UK Government announced its intention to ban social media access for those aged under 16.

Within this complex and developing area, The Works is playing an important role in providing alternative ways to connect away from screens by making activities - in particular reading, learning, creativity and play - accessible, affordable and easy to discover. Connecting people through screen-free things to do is captured in our brand strapline of *Time Well Spent*.

This positioning is a clear point of difference for The Works. It brings together our four core product categories – books, toys and games, arts and crafts, and stationery – under a proposition that is relevant to families and distinctive on the high street.

**Our store-focused trading model**
The strength of our store estate is the foundation of the Group's performance and future growth opportunity.

At the period end, The Works operated from 508 stores (FY25: 503 stores) across high streets, retail parks, shopping centres, garden centres and outlets. This large estate, across a broad range of formats, enables us to serve customers in communities across the UK and Ireland.

Over 98% of our stores are profitable and our existing stores continue to deliver sales growth, with LFL sales growth of 3.3% in FY26. Flexibility is also important - our stores have an average lease length to the next break or expiry of approximately 1.5 years - which allows us to review our footprint regularly and take a disciplined and pro-active approach to managing our estate by reducing rents, moving to more attractive nearby locations, or exiting those that are loss-making.

We see an exciting longer-term opportunity to grow our store estate to at least 600 stores across the UK and Ireland, while maintaining our disciplined approach to site selection and returns. As part of our *Elevating The Works* strategy we are planning to grow our store estate to over 560 stores by the end of FY30. We have made a good start, opening a net five stores, as planned, in FY26 and will increase the pace of openings, adding a further net 10 in FY27. New store openings continue to perform well overall, delivering an average payback of less than two years.

**Closure of the online transactional business**
In March 2026, we took the strategic decision to close TheWorks.co.uk as a transactional channel for customers. The decision followed a comprehensive review by the Board, including an assessment of the online channel, its performance and prospects and the range of options for it. In FY25 and for the FY26 period to March 2026, online sales represented less than 10% of total sales and the channel was loss-making. Its performance had also been significantly affected in recent years by fulfilment challenges with two different third-party providers.

The move to a non-transactional website reduces complexity and enables us to focus time, resources and investment on our profitable and growing store estate, which has always been the lifeblood of The Works. Going forward, the website will continue to play an important role as a shop window and brand engagement platform by enabling customers to browse our ranges, find ideas and inspiration, and connect with the brand before visiting one of our stores.

Encouragingly, we have already seen a positive impact from this move in terms of driving customers to stores with this, in part, contributing to the improved like-for-like sales in Q4 FY26 of 5.3% and 8.8% in the first 11 weeks of FY27.

**Strategic progress**
FY26 was the first full year of delivery under the Group's *Elevating The Works* five-year transformation strategy. We made very pleasing progress against each of our three strategic drivers, outlined below.

The successful execution of this strategy will transform our brand, operations and financial performance, delivering our financial targets of at least £22.5m EBITDA by FY30 with significant cash generation, particularly in the latter years of the plan. The progress made to date gives us confidence that the strategy is generating strong results and, with much more to do in the coming years, we look forward to delivering long-term, sustainable profitable growth and value creation.

*Growing our brand fame*

The Works already has a loyal customer base, but we want more people to discover the brand and understand what we stand for and offer.

During the year, we continued to **build awareness of The Works** as the home of affordable, screen-free activities for the whole family. We did this through sharper brand campaigns, more targeted customer communications and a clearer focus on amplifying our *Time Well Spent* message. This approach resonated well with customers, demonstrated by the strong sales growth and The Works' 5th place position for best value for money in the 2026 OC&C Retail Proposition Index, the annual industry benchmark for customer perceptions of retail brands.

An example of this sharper approach to brand campaigns is our Find Your Story campaign, which launched in Spring 2026 and will run through the 2026 National Year of Reading, delivered in partnership with the National Literacy Trust. The campaign encourages children to follow their interests and discover books that excite and engage them. We are bringing this to life through our Find Your Story Book Bus, which is touring the UK offering free books to children, authors reading their books and other activities, helping bring the enjoyment of reading to families across the UK, especially communities where access to books and reading spaces is more limited.

Our brand activity was supported by the **continued development of our product proposition**. We focused on newness, year-round relevance and key customer moments across the calendar. Halloween and back-to-school performed particularly well, helping to grow our seasonal performance outside of Christmas.

We also continued to focus on **improving customer service** in our stores. During the year, we introduced a new Customer Experience Programme to recognise and reward colleagues who go above and beyond for customers.

In FY27, we will continue to build on the success of our brand campaigns and marketing initiatives, increasing our investment following a successful test and trial approach in FY26. We will also continue to deliver significant product newness across all categories and will roll out customer experience training to store colleagues and a mystery shopper programme as part of our Customer Experience Programme.

*Improving customer convenience*

We want shopping at The Works to be enjoyable and convenient.

During FY26, we made further progress in **improving product availability** and stock distribution across the estate, particularly in our high turnover 'platinum' stores which delivered especially strong sales growth in FY26.

We also made **better use of space in our stores**, as we look to give customers more products that are most relevant to them in their local store. We have done this through a 'trial and rollout' approach, landing new ranges as trials in our larger stores and using insights from the trial performance to roll out ranges that work well across the estate. We also started to use demographic data to inform store ranging decisions, for example, providing an extended range of art and stationery products in locations that have a higher proportion of students.

Store space optimisation is a significant opportunity for future growth and will be supported by a software solution to support our ranging and stock buying decisions in FY28.

Our store estate optimisation programme progressed well during the year. We opened 14 new stores, closed nine and relocated a further three, resulting in a net five additional store locations. **New store openings** continue to generate strong returns, with normal payback of less than two years.

In addition, we launched our 'What Good Looks Like' guide for our store teams towards the end of FY26, which helps to **improve operational execution** and the consistency of standards in our stores which will, in turn, improve customer experience.

In FY27, we will continue to trial and rollout further range extensions and store space initiatives informed by demographic insights, whilst progressing with a software solution to accelerate delivery from FY28. We also plan to open a further net ten new stores, which will likely see 25 openings and 15 closures and up to five relocations, as part of our estate optimisation programme. We will also continue to improve operational execution in stores through embedding and evolving the 'What Good Looks Like' standards.

*Being a lean and efficient operator*

Being a lean and efficient operator is essential to maintaining our value proposition and supporting profitable growth.

We continued to **grow our product margin** with an improvement of 240bps in FY26, on top of the 210bps improvement in FY25, reflecting a continued focus on supplier negotiations, tighter control of stock and promotional markdowns, and product mix improvements.

During the year, we successfully delivered our planned £2.0m **cost reduction programme** through actions across central and operational costs, helping to partially mitigate significant industry-wide inflationary cost pressures. This included the cost efficiencies from the benefits of the £0.6m investment in a new mezzanine level at our Retail Distribution Centre in July 2025. Payback on this investment was achieved by the end of December 2025.

A key enabler of our Lean and Efficient ambition is a major **systems transformation programme**. This c.£6.0m investment over the next four years will replace our ageing, highly customised technology landscape with a new Enterprise Resource Planning ("ERP") platform and a suite of best-in-class solutions. This programme will provide the technology foundations needed to support our growth ambitions, drive productivity through transforming our ways of working, improve data quality and decision-making, and unlock new capabilities across the business. It will also future proof The Works for the years ahead, creating a more resilient, scalable and efficient operating platform.

We started this systems transformation programme in FY26, finalising our roadmap and beginning delivery against it, with new software to support our buying and ranging decisions selected ahead of implementation in FY27. We will also select our software vendor and implementation partner for our new ERP system in FY27, which will then be delivered during FY28 and FY29.

In FY27 we will also continue to offset inflationary cost headwinds through our continued focus on product margins and driving cost efficiencies, including undertaking a review of our store labour model supported by a third party, to identify opportunities to drive efficiencies and more effective use of labour in our stores and improve colleague and customer experience.

The strategic progress made in FY26, during what was the first full year of a five-year transformation, is very encouraging and we remain excited by the significant, transformational opportunities that lie ahead.

**Colleagues and culture**

Our colleagues are the heart of our business, and I am very grateful for the energy, care and commitment they bring to supporting and inspiring our customers every day. I would like to thank them for their ongoing support, hard work and commitment.

It is a source of real pride that our colleagues are highly engaged and motivated by our mission. Our most recent colleague engagement survey saw a 77% participation rate, delivered a 76% average happiness score and resulted in a three-star 'Excellent' accreditation. This resulted in The Works placing in **The Sunday Times' Best Places to Work 2026** in addition to being recognised by the Financial Times as one of the **UK's Best Employers 2026**.

As well as reflecting the strength of our culture and the commitment of our teams across the business, this recognition also supports our ambition to be a sought-after UK employer and a destination for high calibre talent.

**ESG**

Our commitment to Doing Business Better underpins how we support our people, our communities and our planet.

During the year, we were pleased to continue supporting the National Literacy Trust and the National Year of Reading 2026. This partnership continues to be brought to life through our Find Your Story Book Bus tour, which is seeking to engage young readers in areas of the UK with more limited access to books and reading spaces.

We also continued to progress our Scope 1 and Scope 2 and 3 action plans under the Greenhouse Gas Protocol. During FY26, we completed a review of our Scope 3 emissions target and took the decision to retire the target and prioritise strengthening our underlying supplier-level data to support future target setting. This is set out in more detail in our FY26 Annual Report and Accounts.

**Outlook**
FY26 was a year of significant progress for The Works. We enter FY27 with strong momentum, a more focused operating model and a strategy that is delivering results.

While we are mindful of the cost pressures and evolving macroeconomic challenges affecting both consumers and the wider retail sector, the relevance of our screen-free proposition, the strength of our store estate and the strategic progress we are making give us confidence in the Group's ability to deliver further strategic and financial progress in FY27.

We remain well positioned for long-term, sustainable, profitable growth and on track to achieve our target of at least £22.5m EBITDA by FY30.

Gavin Peck
Chief Executive Officer
23 July 2026

## Financial Report

### Overview

This report covers the 52-week period ended 3 May 2026 ("FY26", or "the period") and refers to the comparative "FY25" period of the 52 weeks ended 4 May 2025.

On 20 March 2026, the Board announced its strategic decision to cease the trading of the Group's online channel and transition to a non-transactional website. The performance of the online channel has therefore been presented as a discontinued operation and has been excluded from the main performance headlines unless otherwise stated.

| Financial highlights - continuing operations | FY26 £m | FY25 £m |
|---|---|---|
| Revenue | 260.0 | 252.2 |
| LFL sales increase[(1)] | 3.3% | 2.3% |
| Pre-IFRS 16 Adjusted EBITDA[(2)] | 14.0 | 9.5 |
| EBITDA Margin % | 5.4% | 3.7% |
| Adjusted profit before tax[(2)] | 7.2 | 5.0 |
| Statutory profit before tax | 6.8 | 9.5 |
| **Total Company– incl. discontinued operations** | | |
| Pre-IFRS 16 Adjusted EBITDA[(2)] | 11.5 | 9.5 |
| Adjusted profit after tax[(3)] | 3.6 | 4.4 |
| Statutory profit after tax[(3)] | 1.4 | 8.2 |
| Net cash at bank[(4)] | 3.6 | 4.1 |

(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).
(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) Profit after tax in FY25 included £4.5m credit with respect to Adjusting items. See note 3 (Adjusting items) of the condensed financial statements included in this RNS.
(4) 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.

### Discontinued Operations

Further details are shown in Note 7 (Discontinued Operations) of the condensed financial statements included in this RNS.

### Revenue (continuing operations)

Total revenue of £260.0m represents a 3.1% increase against the prior year (FY25: £252.2m). The equivalent full year like for like ("LFL") sales growth was 3.3%, which was considerably ahead of the wider non-food retail market[(1)] and reflected year on year growth in each quarter of the year:

| | Q1 | Q2 | Q3 | Q4 | H1 | H2 | FY |
|---|---|---|---|---|---|---|---|
| **LFL Sales increase-Stores** | 8.3% | 0.7% | 1.0% | 5.3% | 4.0% | 2.7% | 3.3% |

The strong sales performance was driven by continued execution of our *Elevating The Works* strategy:

- Ongoing development of our product proposition focused on screen-free activities, newness, year-round relevance and key customer moments across the calendar. This generated sales growth in all categories, with particularly strong growth in kids' toys, as well as adult art and craft products.
- Increased focus on our year-round appeal resulted in strong LFL sales performance outside of peak Christmas trading, with performance significantly ahead of the wider non-food retail sector across both Q1 and Q4[(2)].
- Improved operational execution, with stronger store stock availability, particularly in our 'platinum' stores, better space utilisation and more consistent store standards.
- Continued focus on optimisation of the store estate saw 14 new openings, nine closures and three relocations. As a result, we grew the store estate by a net five new stores, ending the period with 508 stores (FY25: 503 stores), with over 98% of the estate profitable during the period. Due to the timing of store openings and closures during the period, the net impact was a 0.2% sales decline in FY26. FY27 will see a positive sales impact from the net store portfolio activity.

(1) Data from the British Retail Consortium showed non-food retail LFL decline of 0.1% for the 52-week period.
(2) Data from the British Retail Consortium showed Q1 non-food retail LFL sales growth of 0.3% and a decline of 1.1% in Q4.

**Adjusted Gross profit (continuing operations)**

| | FY26 | | FY25 | | Variance | Variance |
|---|---|---|---|---|---|---|
| | £m | % of revenue | £m | % of revenue | £m | % |
| **Revenue** | **260.0** | | **252.2** | | **7.8** | **3.1** |
| Less: Cost of goods sold | (98.7) | | (101.8) | | 3.1 | 3.0 |
| **Product gross margin** | **161.3** | **62.0** | **150.4** | **59.6** | **10.9** | **7.2** |
| Store payroll | (55.3) | (21.3) | (49.9) | (19.8) | (5.4) | (10.8) |
| Store property and establishment costs | (50.1) | (19.3) | (50.3) | (19.9) | 0.2 | 0.4 |
| Brand marketing and transaction fees | (3.9) | (1.5) | (3.1) | (1.2) | (0.8) | (25.8) |
| Store depreciation (excluding IFRS 16) | (2.7) | (1.0) | (2.7) | (1.1) | — | — |
| IFRS 16 impact (excluding Adjusting items) | 2.2 | 0.8 | 4.1 | 1.6 | (1.9) | (46.3) |
| **Adjusted gross profit per financial statements** | **51.5** | **19.8** | **48.5** | **19.2** | **3.0** | **6.2** |

**Product gross margin improved by 240bps to 62.0%.** This was driven by continued supplier negotiations, strategic price and promotional investments, and product mix improvements, further supported by favourable movements in FX and container freight rates compared to the prior period.

**Store payroll costs increased** by £5.4m, predominantly driven by the 6.7% increase in the National Living and Minimum Wage ('NLMW') and increases to employer National Insurance ("NI") contribution rates in April 2025.

**Store property and establishment costs** reduced by £0.2m year-on-year, with £0.8m of electricity savings more than offsetting inflationary service charge increases, higher property costs from estate growth and increased turnover rents.

**Brand marketing** costs increased reflecting the strategic investment into growing our brand fame.

### Adjusted operating profit (continuing operations)

| | FY26 | | FY25 | | Variance | Variance |
|---|---|---|---|---|---|---|
| | £m | % of revenue | £m | % of revenue | £m | % |
| **Adjusted gross profit per financial statements** | **51.5** | **19.8** | **48.5** | **19.2** | **3.0** | **6.2** |
| Distribution expenses | (11.3) | (4.3) | (11.4) | (4.5) | 0.1 | 0.9 |
| Distribution depreciation | (0.1) | — | (0.1) | — | — | — - |
| **Adjusted distribution costs per financial statements** | **(11.4)** | **(4.4)** | **(11.5)** | **(4.6)** | **0.1** | **0.9** |
| Administrative expenses | (26.7) | (10.3) | (26.2) | (10.4) | (0.5) | (1.9) |
| Administrative depreciation | (1.5) | (0.6) | (1.7) | (0.7) | 0.2 | 11.8 |
| IFRS 16 impact (excluding Adjusting items) | 0.7 | 0.3 | 0.6 | 0.2 | 0.1 | 16.7 |
| **Adjusted administrative costs per financial statements** | **(27.5)** | **(10.6)** | **(27.3)** | **(10.8)** | **(0.2)** | **(0.7)** |
| **Adjusted operating profit per financial statements** | **12.6** | **4.8** | **9.7** | **3.8** | **2.9** | **29.9** |

**Adjusted distribution expenses** (before depreciation), decreased by £0.1m compared with the prior year. Within this, approximately £0.4m of NLMW and employer NI related inflationary increases were mitigated through:

- Continued productivity efficiencies within the Retail Distribution Centre ("DC"); and
- Reduced external storage requirements following the successful completion of the £0.6m investment in our new mezzanine level within the DC, which increased capacity and supported a more efficient operation across the Group's peak trading period.

**Adjusted administrative expenses** (before depreciation and IFRS 16) increased by £0.5m compared with the prior year.

- Support centre payroll reduced by £0.4m, primarily reflecting savings realised from the support centre restructure implemented in April 2025 (as part of the £2m strategic cost saving initiative in FY26), partially offset by annual pay rises and increased employer NI rates from April 2025.
- Central administration costs increased by £0.9m, reflecting higher environmental packaging and waste levy charges, following the publication of updated fees from the Environment Agency, alongside increased software and licence costs linked to our systems transformation programme.

## Pre-IFRS 16 Adjusted EBITDA reconciliation (continuing operations)

| | FY26 | | FY25 | | Variance | Variance |
|---|---|---|---|---|---|---|
| | £m | % of revenue | £m | % of revenue | £m | % |
| **Adjusted operating profit per financial statements** | **12.6** | **4.8** | **9.7** | **3.8** | **2.9** | **29.9** |
| Remove depreciation, amortisation included in Operating profit | 4.3 | 1.7 | 4.5 | 1.8 | (0.2) | (4.4) |
| Remove IFRS 16 included in operating profit (excl. Adjusting items) | (2.9) | (1.1) | (4.7) | (1.9) | 1.8 | 38.3 |
| **Pre-IFRS 16 Adjusted EBITDA** | **14.0** | **5.4** | **9.5** | **3.7** | **4.5** | **47.4** |

**Depreciation and amortisation** were broadly in line with the prior year, reflecting increased capex spend and the impact of lower impairment on depreciation, partially offsetting the increase in fully depreciated assets.

**IFRS 16 adjustments** (excluding Adjusting items and net financing expenses) generated a credit of £2.9m (FY25: £4.7m). The year-on-year reduction reflects higher depreciation charges on IFRS 16 assets, driven by an increased number of new store openings and lease renewals compared to prior periods. Refer to Note 2 (Alternative performance measures) of the condensed financial statements included in this announcement for a reconciliation of pre-IFRS 16 Adjusted EBITDA to profit after tax.

## Adjusting items and net financing expenses (continuing operations)

**Adjusting items** resulted in a £0.5m charge in FY26 compared to a £4.5m credit in the prior period. The prior period credit included a £6.0m impairment reversal. The FY26 Adjusting items of £0.5m included:

- £0.2m of systems transformation costs, reflecting the commencement of an approximately £6m multi-year strategic investment programme to fully replace the Group's legacy systems;
- £0.2m credit relating to IFRS 16 profit on disposal of right-of-use assets and lease liabilities (FY25: £0.8m cost); and
- £0.4m of costs relating to impairment related charges and reversals (FY25: £6.0m credit). Refer to Notes 10, 11 and 12 of the attached condensed financial statements.

A reconciliation of statutory profit to EBITDA can be found in Note 2, and further analysis of Adjusting items can be found in Note 3 of the condensed financial statements included in this announcement.

### Net financing expense

Net financing costs in the period were £5.4m (FY25: £4.8m), mostly relating to IFRS 16 notional interest on the calculated lease liability.

Net interest costs relating to bank facilities were £0.7m (FY25: £0.7m) and comprised facility availability and usage charges, amortisation of the cost of setting up the facility, and £0.1m interest receivable.

### Profit before tax

Profit before tax (PBT) from continuing operations was £6.8m (FY25: £9.5m). FY26 PBT includes £0.5m of Adjusting items in the prior year, compared with a £4.5m credit in FY25. For more detail refer to Note 3 of the attached condensed financial statements. Excluding Adjusting items, Adjusted profit before tax increased to £7.2m from £5.0m in the prior period.

**Tax**

The Group's total income tax charge in respect of the period was £0.5m (FY25: charge £0.2m). The effective tax rate on the total profit before tax was 27.7% (FY25: 2.0%), whilst the effective tax rate on the total profit before Adjusting items was 23.5% (FY25: 3.6%).

On a continuing operations basis, the Group's total income tax charge in respect of the period was £1.8m (FY25: charge £0.6m). The effective tax rate on the total profit before tax was 26.6% (FY25: 6.0%) whilst the effective tax rate on the total profit before Adjusting items was 24.9% (FY25: 11.4%).

The year-on-year increase in effective tax rate is due to there being no tax losses brought forward to utilise in the current year (compared to £1.0m in FY25).

**Earnings per share**

Adjusted diluted EPS for continuing operations for the period was 9.1 pence (FY25: 7.3 pence). Diluted EPS was 8.3 pence (FY25: 14.7 pence). The reduction in diluted EPS year-on-year reflects the year-on-year variance in Adjusting items, with a £0.5m charge in FY26 compared to a £4.5m credit in FY25.

On a total basis, including discontinued operations, adjusted diluted EPS was 6.0 pence (FY25: 7.3 pence), and diluted EPS for the period was 2.4 pence (FY25: 13.5 pence) As noted above, the reduction in statutory EPS year-on-year reflects the year-on-year variance in Adjusting items. Refer to Note 9 of the attached condensed financial statements.

**Capital expenditure (continuing operations)**

Capital expenditure in the period was £5.9 million (FY25: £5.0m).

| | FY26<br>£'m | FY25<br>£'m | Variance<br>£'m |
|---|---|---|---|
| New stores and relocations | (2.3) | (1.5) | (0.8) |
| Store refits, lease renewal and maintenance | (2.0) | (1.5) | (0.5) |
| IT hardware, software, projects | (0.7) | (1.7) | 1.0 |
| Warehouse | (0.7) | (0.2) | (0.5) |
| Other | (0.2) | (0.1) | (0.1) |
| **Total capital expenditure** | **(5.9)** | **(5.0)** | **(0.9)** |

- New stores and relocation capex was £2.3m (FY25: £1.5m): the net investment in new stores and relocations increased by £0.8m compared to FY25. 14 new stores were opened, and three stores were relocated to new units (FY25: seven new stores, four relocations). New store investment continues to payback within two years (measured as store contribution before tax against capital investment of store opening).
- Store refits, maintenance and lease renewals were £2.0m (FY25: £1.5m). The net investment in store refits increased by £0.2m compared with FY25, due to higher refits in FY26 (ten refits) vs FY25 (six refits).
- Warehouse capital expenditure increased, reflective of our £0.6m investment in a new mezzanine floor for our Retail Distribution Centre. This has both reduced reliance on external storage, and improved overall efficiencies, which saw the investment pay back by December 2025.
- IT capital expenditure has reduced year-on-year, reflecting an increase in activities that are not eligible for capitalisation. These include systems transformation costs, which will be treated as Adjusting items (as noted above) and are expected to be c.£6.0m over the next four years.

**Inventory**

| | FY26 | FY25 |
|---|---|---|
| | £m | £m |
| Gross stock | 30.7 | 30.1 |
| Less: provisions | (1.8) | (1.0) |
| **Stock net of provisions** | **28.9** | **29.1** |
| Stock in transit | 4.2 | 5.9 |
| **Stock per balance sheet** | **33.1** | **35.0** |

Stock was valued at £33.1m at the end of the period (FY25: £35.0m). Gross stock increased by £0.6m year-on-year, primarily reflecting residual website stock following the Group's move to a non-transactional website in March 2026, along with a net five new stores. This residual website stock represents a relatively small proportion of overall stock and is expected to be sold through stores. The Group has increased its stock provision to reflect the likely need for additional discounting to clear this stock; however, this is not expected to adversely impact store sales or overall profitability and is expected to provide an incremental contribution as it is sold through.

## Cash flow (including discontinued operations)

| | FY26 | FY25 | *Variance* |
|---|---|---|---|
| | £m | £m | *£m* |
| Operating profit | 7.4 | 13.1 | (5.7) |
| Other operating cashflows (1) | 1.8 | (5.7) | 7.5 |
| Net movement in working capital | (2.6) | 2.2 | (4.8) |
| Capital Investment | (5.9) | (5.0) | (0.9) |
| Tax paid | (0.6) | (0.5) | (0.1) |
| Interest and financing costs | (0.7) | (0.7) | — |
| Purchase of treasury shares for the satisfaction of employee share awards | (0.1) | (0.5) | 0.4 |
| **Cash Flow before Exchange Rate Movements** | **(0.7)** | **2.9** | **(3.6)** |
| Exchange rate movements(2) | 0.2 | (0.4) | 0.6 |
| **Net (decrease)/ increase in cash and cash equivalents** | **(0.5)** | **2.5** | **(3.0)** |
| | | | |
| **Opening net cash balance - excluding IFRS 16 leases** | **4.1** | **1.6** | |
| **Closing net cash balance - excluding IFRS 16 leases** | **3.6** | **4.1** | |

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

(2) Exchange rate movements represent the impact of foreign currency hedging arrangements and the retranslation of foreign currency monetary assets and liabilities at period-end exchange rates. These movements are non-cash in nature and arise from balance sheet revaluations rather than underlying operating cash flows.

The table above shows a summarised pre-IFRS 16 presentation of the cash flow including, discontinued operations. The net cash outflow before exchange rate movements for the period was £0.7m (FY25: inflow of £2.9m). The Group ended the period with net cash at bank of £3.6m (FY25: £4.1m cash). The reduction in net cash reflects the in-year unwind of prior period working capital movements, and the majority of the costs associated with the closure of the transactional website in

March 2026, with a small amount of costs falling into the early part of FY27. The net cash flows in respect of continued and discontinued operations are shown below:

| | FY26<br>£m | FY25<br>£m | Variance<br>£m |
|---|---|---|---|
| Net cash inflow relating to continued operations | 4.3 | 2.0 | 2.3 |
| Net cash (outflow) / inflow relating to discontinued operations | (4.8) | 0.5 | (5.3) |
| **Net (decrease)/ increase in cash and cash equivalents** | **(0.5)** | **2.5** | **(3.0)** |

**Bank facilities and financial position**

The Group has refinanced its revolving credit facility (RCF) of £20.0m with HSBC, which provides ample liquidity and is predominantly utilised to support the build of stock prior to peak trading. The terms of this financing agreement expire on 30 November 2029.

**Capital allocation and Shareholder returns**

Our strategy, *Elevating the Works* is underpinned by our Capital Allocation Framework. The Group operates a disciplined capital allocation framework to maximise long-term shareholder value, balancing investment in strategic growth with sustainable shareholder returns.

The Group remains committed to listening to shareholders views and will consult with major shareholders prior to any return of capital. The Group's core priorities in implementing its capital allocation policy are as follows:

- Maintaining a strong financial position
- Reinvesting in the business for growth
- Considering the re-introduction of distributions to shareholders through the following methods:
    - Ordinary dividends
    - Buybacks and/or special dividends

The Group prioritises a strong balance sheet, with appropriate liquidity and prudent leverage to support trading and seasonal working capital requirements. Our five-year plan prioritises reinvestment in growth, with capital directed towards high-return opportunities, particularly new store openings with attractive paybacks, and systems transformation to support a more scalable, efficient and sustainably profitable business for the long term.

As we progress through our *Elevating The Works* strategy, which aims to deliver significant profit and cash generation over the medium to long term, the Group is committed to delivering sustainable and disciplined cash returns to shareholders which may be in the form of a progressive ordinary dividend, or special dividends, share buybacks or a combination of all three, as considered most appropriate. We will continue to engage with shareholders and seek their views as we progress through the next stage of our five-year plan and beyond.

**Employee Benefit Trust funding for the purposes of share schemes**

To avoid dilution of existing shareholder interests, the Board's intention is to fund the Employee Benefit Trust to purchase shares in the market and re-issue under certain employee share schemes as it has done in prior periods.

Rosie Fordham
Chief Financial Officer
23 July 2026

# Consolidated income statement

**For the period ended 3 May 2026**

| | | **52 weeks to 3 May 2026** | | | 52 weeks to 4 May 2025 | | |
|---|---|---|---|---|---|---|---|
| | Note | **Result before Adjusting items £000** | **Adjusting items £000** | **Total £000** | Result before Adjusting items £000 | Adjusting items £000 | Total £000 |
| ***Continuing operations*** | | | | | | | |
| **Revenue** | | **260,049** | **—** | **260,049** | 252,166 | — | 252,166 |
| Cost of sales | 3 | **(208,544)** | **(232)** | **(208,776)** | (203,681) | 5,167 | (198,514) |
| **Gross profit** | | **51,505** | **(232)** | **51,273** | 48,485 | 5,167 | 53,652 |
| Other operating income | | **8** | **—** | **8** | 8 | — | 8 |
| Distribution expenses | | **(11,435)** | **—** | **(11,435)** | (11,504) | — | (11,504) |
| Administrative expenses | 3 | **(27,466)** | **(219)** | **(27,685)** | (27,259) | (640) | (27,899) |
| **Operating profit/(loss)** | 4 | **12,612** | **(451)** | **12,161** | 9,730 | 4,527 | 14,257 |
| Finance income | | **81** | **—** | **81** | 35 | — | 35 |
| Finance expenses | | **(5,487)** | **—** | **(5,487)** | (4,790) | — | (4,790) |
| **Net financing expense** | | **(5,406)** | **—** | **(5,406)** | (4,755) | — | (4,755) |
| **Profit/(loss) before tax** | | **7,206** | **(451)** | **6,755** | 4,975 | 4,527 | 9,502 |
| Taxation | 6 | **(1,797)** | **—** | **(1,797)** | (569) | — | (569) |
| **Profit/(loss) for the period from continuing operations** | | **5,409** | **(451)** | **4,958** | 4,406 | 4,527 | 8,933 |
| ***Discontinued operations*** | | | | | | | |
| Profit/(loss) for the period from discontinued operations, net of tax | 3,7 | **(1,822)** | **(1,724)** | **(3,546)** | 4 | (759) | (755) |
| **Total profit/(loss) for the period** | | **3,587** | **(2,175)** | **1,412** | 4, 410 | 3,768 | 8,178 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Earnings per share – continuing operations** | | | | | | | |
| Basic earnings per share (pence) | 9 | **9.1** | | **8.3** | 7.3 | | 14.7 |
| Diluted earnings per share (pence) | 9 | **9.1** | | **8.3** | 7.3 | | 14.7 |
| **Earnings per share – including discontinued operations** | | | | | | | |
| Basic earnings per share (pence) | 9 | **6.0** | | **2.4** | 7.3 | | 13.5 |
| Diluted earnings per share (pence) | 9 | **6.0** | | **2.4** | 7.3 | | 13.5 |

Profit from continuing operations for the period and loss from discontinued operations for the period are attributable to equity holders of the Parent.

# Consolidated statement of comprehensive income

**For the period ended 3 May 2026**

| | **FY26**<br>**£000** | FY25<br>£000 |
|---|---|---|
| **Profit for the period** | **1,412** | 8,178 |
| **Items that may be recycled subsequently into profit and loss** | | |
| Cash flow hedges – changes in fair value | **476** | (1,851) |
| Cash flow hedges – reclassified to profit and loss | **130** | 340 |
| Cost of hedging – changes in fair value | **166** | (273) |
| Cost of hedging – reclassified to profit and loss | **235** | 366 |
| Tax relating to components of other comprehensive income | **158** | (409) |
| Other comprehensive income/(expense) for the period, net of income tax | **1,165** | (1,827) |
| **Total comprehensive income for the period attributable to equity shareholders of the Parent** | **2,577** | 6,351 |

# Consolidated statement of financial position

**As at 3 May 2026**

| | Note | FY26<br>£000 | FY25<br>(Restated Note 13)<br>£000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 10 | **1,730** | 2,168 |
| Property, plant and equipment | 11 | **14,412** | 12,583 |
| Right-of-use assets | 12 | **67,683** | 61,830 |
| Deferred tax assets | 13 | **2,321** | 2,429 |
| | | **86,146** | 79,010 |
| **Current assets** | | | |
| Inventories | 14 | **33,053** | 34,985 |
| Trade and other receivables | 15 | **5,949** | 6,149 |
| Current tax asset | 6 | **1,944** | 1,603 |
| Cash and cash equivalents | 16 | **3,598** | 4,118 |
| | | **44,544** | 46,855 |
| **Total assets** | | **130,690** | 125,865 |
| **Current liabilities** | | | |
| Lease liabilities | 12, 17 | **18,210** | 18,646 |
| Trade and other payables | 18 | **28,286** | 32,851 |
| Provisions | | **466** | 798 |
| Derivative financial liabilities | | **1,035** | 1,879 |
| | | **47,997** | 54,174 |
| **Non-current liabilities** | | | |
| Lease liabilities | 12, 17 | **63,655** | 56,284 |
| Provisions | | **1,491** | 650 |
| Derivative financial liabilities | | **210** | — |
| | | **65,356** | 56,934 |
| **Total liabilities** | | **113,353** | 111,108 |
| **Net assets** | | **17,337** | 14,757 |

| | | | |
|---|---|---|---|
| **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 | | **2,714** | 2,274 |
| Hedging reserve | | **(1,382)** | (2,122) |
| Retained earnings | | **(12,888)** | (14,288) |
| **Total equity** | | **17,337** | 14,757 |

These financial statements were approved by the Board of Directors on 23 July 2026 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] £000 | Retained earnings £000 | Total equity £000 |
| **Reported balance at 5 May 2024** | 625 | 28,322 | (54) | 2,583 | 129 | (21,519) | 10,086 |
| **Adjustment to opening balances (Note 13)** | — | — | — | — | — | (1,085) | (1,085) |
| **Restated balance at 5 May 2024** | 625 | 28,322 | (54) | 2,583 | 129 | (22,604) | 9,001 |
| **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 (as restated)** | 625 | 28,322 | (54) | 2,274 | (2,122) | (14,288) | 14,757 |
| **Total comprehensive income for the period** | | | | | | | |
| Profit for the period | — | — | — | — | — | 1,412 | 1,412 |
| Other comprehensive income | — | — | — | — | 1,165 | — | 1,165 |
| **Total comprehensive income for the period** | — | — | — | — | 1,165 | 1,412 | 2,577 |
| Hedging gains and losses and costs of hedging transferred to the cost of inventory | — | — | — | — | (425) | — | (425) |
| Transfer to retained earnings | — | — | — | (54) | — | 54 | — |
| **Transactions with owners of the Company** | | | | | | | |
| Share-based payment charges | — | — | — | 494 | — | — | 494 |
| Own shares purchased by Employee Benefit Trust | — | — | — | — | — | (66) | (66) |
| **Total transactions with owners of the Company** | — | — | — | 494 | — | (66) | 428 |
| **Balance at 3 May 2026** | **625** | **28,322** | **(54)** | **2,714** | **(1,382)** | **(12,888)** | **17,337** |

1 Share-based payment reserve includes a transfer of £54k (FY25: £662k) to retained earnings in relation to closed schemes (all shares have been granted, lapsed or forfeited).

2 Hedging reserve includes a £38k credit (FY25: £330k charge) 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.

# Consolidated cash flow statement

**For the period ended 3 May 2026**

| | Note | **FY26**<br>**£000** | FY25<br>£000 |
|---|---|---|---|
| **Profit for the period (including Adjusting items)** | | **1,412** | 8,178 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 11 | **3,812** | 3,854 |
| Impairment of property, plant and equipment | 11 | **179** | 463 |
| Reversal of impairment of property, plant and equipment | 11 | **(251)** | (975) |
| Depreciation of right-of-use assets | 12 | **20,437** | 18,385 |
| Impairment of right-of-use assets | 12 | **537** | 2,180 |
| Reversal of impairment of right-of-use assets | 12 | **(14)** | (7,807) |
| Amortisation of intangible assets | 10 | **681** | 1,213 |
| Impairment of intangible assets | 10 | **41** | 141 |
| Reversal of impairment of intangible assets | 10 | **(58)** | (471) |
| Derivative exchange (gain)/loss | | **425** | 424 |
| Financial income | | **(81)** | (35) |
| Financial expense | | **818** | 689 |
| Interest on lease liabilities | 12 | **4,669** | 4,101 |
| Loss on disposal of property, plant and equipment and intangibles | 10, 11 | **104** | 282 |
| (Profit)/loss on disposal of right-of-use asset and lease liability | 12 | **(88)** | 845 |
| Effect of modifications on right-of-use asset | 12 | **(164)** | (193) |
| Share-based payment charges | | **494** | 353 |
| Taxation | 6 | **542** | 165 |
| **Operating cash flows before changes in working capital** | | **33,495** | 31,792 |
| Decrease in trade and other receivables | | **89** | 2,081 |
| Decrease/(Increase) in inventories | | **1,773** | (3,396) |
| (Decrease)/increase in trade and other payables | | **(4,963)** | 3,037 |
| Increase in provisions | | **509** | 429 |
| **Cash flows from operating activities** | | **30,903** | 33,943 |
| Corporation tax paid | | **(618)** | (466) |
| **Net cash inflow from operating activities** | | **30,285** | 33,477 |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 11 | **(6,215)** | (4,691) |
| Capital contributions received from landlords | 11 | **588** | 842 |
| Acquisition of intangible assets | 10 | **(272)** | (1,185) |
| Interest received | | **81** | 35 |
| **Net cash outflow from investing activities** | | **(5,818)** | (4,999) |
| **Cash flows from financing activities** | | | |
| Payment of lease liabilities (capital) | 17 | **(19,681)** | (20,330) |
| Payment of lease liabilities (interest) | 17 | **(4,669)** | (4,101) |
| Interest paid | | **(834)** | (579) |
| Repayment of bank borrowings | 17 | **(9,000)** | (9,000) |
| Proceeds from bank borrowings | 17 | **9,000** | 9,000 |
| Own shares purchased by Employee Benefit Trust | | **(66)** | (524) |
| **Net cash outflow from financing activities** | | **(25,250)** | (25,534) |
| Net (decrease)/increase in cash and cash equivalents | | **(783)** | 2,944 |
| Exchange rate movements | | **263** | (445) |
| Cash and cash equivalents at beginning of period | 17 | **4,118** | 1,619 |
| **Cash and cash equivalents at end of period** | 17 | **3,598** | 4,118 |

The cash flow statement is presented on a total Group basis. Net cash outflows attributable to discontinued operations for the period were £4,806k (FY25: inflow £518k) and relate to the closure of the Group’s transactional website. Further details are provided in Note 7.

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 14 (Inventories).

***(a) General information***

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.

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 3 May 2026 (FY26 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 and fixed asset impairment; these are described in Note 1(f).

*(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 35 to 39 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 strategy, Elevating The Works. This five-year plan was updated in FY26 to reflect the decision to cease trading of the Group's online channel and transition to a non-transactional website. The revised 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.

**Going concern and basis of preparation conclusion**

The Directors have assessed the Group's going concern position, taking into account the strong trading performance in the 52 weeks ended 3 May 2026 and the successful delivery of the first full year of the Group's Elevating The Works strategy. The Group outperformed the wider UK non-food retail market during the period ended 3 May 2026, despite ongoing macroeconomic uncertainties. This performance, alongside a sustained improvement in product margin, successful execution of the £2.0m cost reduction programme and a 47% increase in pre-IFRS 16 Adjusted EBITDA, demonstrates the resilience of the Group's business model and the increasing relevance of its customer proposition.

The Group maintained a strong liquidity position, ending the year with net cash of £3.6m. In July 2026, the Group agreed a new revolving credit facility ("RCF") with HSBC, replacing the existing facility which expired in November 2026 until

November 2029, with an option to extend for an additional two years, further strengthening the Group's financing position and flexibility.

Building on this momentum, the Board remains confident in the Group's outlook. With a clear strategy in place, further opportunities to grow like-for-like sales, and continued margin and cost initiatives, the Group is well positioned to offset ongoing cost headwinds and deliver further profit growth in FY27 and beyond, supporting execution of its long-term plan.

The Group maintains a strong liquidity position, with significant headroom against both cash and covenant requirements under all considered scenarios. Accordingly, the Directors have a reasonable expectation that the Group will 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 adopted the going concern basis in preparing the financial statements.

*(ii) New accounting standards*

The Group has applied the following new standards and interpretations for the first time for the annual reporting period commencing 5 May 2025:

- Amendments to IAS 21 Lack of Exchangeability[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:

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

1 Effective for annual periods commencing after 1 January 2025.
2 Effective for annual periods commencing after 1 January 2026.
3 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 (EBT) operated on the Group's behalf 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) Discontinued operations***

On 20 March 2026, the Board announced its decision to close the Group's transactional website. As a result, the financial statements have been prepared in accordance with IFRS 5 Discontinued Operations. The Consolidated Income Statement is presented to separately disclose results from continuing and discontinued operations, in line with relevant reporting requirements. The Consolidated statement of financial position and the Consolidated cash flow statement are presented on a total Group basis. Unless otherwise indicated, the accompanying notes to the financial statements are also prepared on a total Group basis and therefore include amounts relating to both continuing and discontinued operations. Further details are shown in Note 7.

*(f) 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 | 10, 11, 12 |

**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.

Management uses like-for-like (LFL) sales to assess trading performance across comparable stores, while pre-IFRS 16 adjusted EBITDA is used because it provides management with an accurate view of the Group's underlying performance, and aligns with the covenant basis of the Group's financing facilities.

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<br>Adjusted EBITDA pre-IFRS 16<br>Adjusted profit before tax (PBT)<br>Adjusted EPS (see Note 9) |
| Financial position APMs | Net debt |

The APMs set out below are on a continuing operations basis following the decision to cease the trading of the Group's online channel and transition to a non-transactional website on 20 March 2026.

***Sales APM***

*Like-for-like (LFL) sales – continuing operations*

**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, 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 continuing operations and a LFL basis is set out below:

| | **FY26**<br>**£000** | FY25<br>£000 |
|---|---|---|
| **Revenue – continuing operations** | **260,049** | 252,166 |
| VAT | **35,507** | 33,924 |
| Gift card breakages | **(186)** | (216) |
| **Total gross sales** | **295,370** | 285,874 |
| Non-LFL store sales | **(14,316)** | (13,750) |
| **LFL sales** | **281,054** | 272,124 |

***Profit APMs***

*EBITDA and pre-IFRS 16 Adjusted EBITDA – continuing operations*

**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. 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, before accounting for Adjusting items. Pre-IFRS 16 EBITDA provides management with an accurate view of the Group's underlying performance, and it used for the bank facility financial covenants.

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

| | **FY26 £000** | FY25 £000 |
|---|---|---|
| **Operating profit – continuing operations**[1] | **12,161** | 14,257 |
| ***Add back:*** | | |
| Depreciation of property, plant and equipment | **3,812** | 3,400 |
| Depreciation of right-of-use assets | **20,437** | 18,385 |
| Amortisation | **681** | 1,213 |
| Loss on disposal of fixed assets | **104** | 282 |
| Gain on modification of right-of-use assets | **(164)** | (193) |
| Adjusting items | **451** | (4,527) |
| **Adjusted EBITDA** | **37,482** | 32,817 |
| ***Less:*** | | |
| Income statement rental charges not recognised under IFRS 16 | **(23,491)** | (23,328) |
| Foreign exchange movements on lease liabilities | **53** | (36) |
| **Pre-IFRS 16 Adjusted EBITDA – continuing operations** | **14,044** | 9,453 |
| Pre-IFRS 16 Adjusted EBITDA – discontinued operations | **(2,517)** | 54 |
| **Pre-IFRS 16 Adjusted EBITDA** | **11,527** | 9,507 |

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

***Adjusted profit before tax – continuing operations***

*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 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.

| | **FY26 £000** | FY25 £000 |
|---|---|---|
| **Adjusted profit before tax – continuing operations** | **7,206** | 4,975 |
| Adjusting items (including impairment charges and reversals) | **(451)** | 4,527 |
| **Profit before tax -continuing operations** | **6,755** | 9,502 |

***Financial position APMs (total Group basis)***

*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** | **FY26 £000** | FY25 £000 |
|---|---|---|
| Current borrowings | **(18,210)** | (18,646) |
| Non-current borrowings | **(63,655)** | (56,284) |
| Gross borrowings | **(81,865)** | (74,930) |
| Add cash | **3,598** | 4,118 |
| Net debt (including lease liabilities) | **(78,267)** | (70,812) |
| Lease liabilities | **81,865** | 74,930 |
| Net cash (excluding lease liabilities) | **3,598** | 4,118 |

**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.

| **Continuing operations** | **FY26 £000** | FY25 £000 |
|---|---|---|
| **Cost of sales** | | |
| Impairment charges | **(648)** | (2,784) |
| Impairment reversals | **215** | 8,796 |
| Profit/(loss) on disposal of right-of-use assets and lease liabilities | **201** | (845) |
| **Administration costs** | | |
| Systems transformation | **(219)** | — |
| Other exceptional costs – restructuring | **—** | (640) |
| **Total Adjusting items** | **(451)** | 4,527 |

| **Discontinued operations** | **FY26 £000** | FY25 £000 |
|---|---|---|
| **Cost of sales** | | |
| Exceptional fulfilment costs | **—** | (1,216) |
| Transition costs related to the third party fulfilment centre | **(767)** | — |
| Costs incurred in relation to the closure of the Group's website to transactions | **(247)** | — |
| Impairment reversals | **—** | 457 |
| **Administration costs** | | |
| Costs incurred in relation to the closure of the Group's website to transactions | **(1,270)** | — |
| **Tax** | | |
| Tax impact of the above | **560** | — |
| **Total Adjusting items** | **(1,724)** | (759) |

Impairment charges and reversals of prior year impairment charges relate to fixed assets (see Notes 10, 11 and 12).

Profit on disposal of right-of-use assets and lease liabilities relate to leases (see Note 12).

For the 52 weeks ended 3 May 2026, Adjusting items consist of costs that are not reflective of the underlying trading performance of the Group and consist of:

- Systems transformation costs of £0.2m reflect the commencement of a strategic multi-year programme to fully replace the Group's ERP system. They have been presented within Adjusting items as they relate to one-off, non-recurring expenditure incurred to implement major strategic system changes, expected to total approximately £6.0m over the next four years.
- Transition costs of £0.8m related to the move to a new third party fulfilment provider in the period. They represent one-off, non-recurring expenditure incurred to implement a strategic change to the online Distribution centre.
- Costs incurred of £1.5m related to the closure of the Group's transactional website on 20 March 2026 and consist of
    - £0.2m of redundancy costs included in cost of sales
    - £1.3m of costs related to onerous contracts and the transfer of inventory back to the Retail Distribution centre included in Administration costs.

Online closure costs have been presented as Adjusting because they relate to the Board-approved decision to cease transactional online trading and are not reflective of the ongoing store-led operating model.

For the 52 weeks ended 4 May 2025, Adjusting items consisted of £1.2m of exceptional fulfilment costs at the third-party fulfilment centre over peak and £0.6m of restructuring costs.

**4. Operating profit**

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

| **Continuing operations** | **FY26 £000** | FY25 £000 |
|---|---|---|
| Loss on disposal of property, plant and equipment | **58** | 282 |
| Loss on disposal of intangible assets | **46** | — |
| Depreciation | **24,249** | 22,239 |
| Amortisation | **681** | 759 |
| Net foreign exchange (gain)/loss | **(546)** | 276 |
| Cost of inventories recognised as an expense | **97,683** | 100,527 |
| Staff costs | **73,333** | 67,804 |

| **Auditor's remuneration** | **FY26 £000** | FY25 £000 |
|---|---|---|
| **Fees payable to the Group's auditor for the audit of the Group's annual accounts** | **322** | 307 |
| **Amounts payable in respect of other services to the Company and its subsidiaries** | | |
| Audit of the accounts of subsidiaries | **46** | 43 |
| Audit-related assurance services | **5** | — |
| **Total** | **373** | 350 |

**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 | |
|---|---|---|
| | **FY26** | FY25 |
| Store support centre colleagues | **257** | 284 |
| Store colleagues | **3,363** | 3,259 |
| Warehouse and distribution colleagues | **147** | 154 |
| | **3,767** | 3,697 |

The corresponding aggregate payroll costs were as follows:

| **Continuing operations** | **FY26 £000** | FY25 £000 |
|---|---|---|
| Wages and salaries | **65,163** | 62,054 |
| Social security costs | **6,952** | 4,634 |
| Contributions to defined contribution pension schemes | **1,218** | 1,116 |
| **Total employee costs** | **73,333** | 67,804 |
| Agency labour costs | **1,791** | 1,804 |
| **Total staff costs** | **75,124** | 69,608 |

Payroll costs attributable to the discontinued online operation amounted to £0.8m (FY25 £0.8m).

The Directors' remuneration for the period was as follows:

| | **FY26 £000** | FY25 £000 |
|---|---|---|
| Directors' remuneration | **782** | 1,012 |
| Contributions to defined contribution plans | **43** | 42 |
| | **825** | 1,054 |

The following number of Directors were members of:

| | **FY26** | FY25 |
|---|---|---|
| Company defined contribution scheme | **2** | 2 |

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

| | **FY26 £000** | FY25 £000 |
|---|---|---|
| Directors' remuneration | **367** | 478 |
| Contributions to defined contribution plans | **10** | 9 |
| | **377** | 487 |

**6. Taxation**

***Recognised in consolidated income statement – total***

| | FY26 £000 | FY25 £000 |
|---|---|---|
| **Current tax expense** | | |
| Current year | **137** | 73 |
| Adjustments for prior years | **139** | (21) |
| **Current tax expense** | **276** | 52 |
| **Deferred tax expense** | | |
| Decrease in deferred tax asset | **266** | 113 |
| **Deferred tax expense** | **266** | 113 |
| **Total tax expense** | **542** | 165 |

Attributable to:

| | FY26 £000 | FY25 £000 |
|---|---|---|
| Continuing operations | **1,797** | 569 |
| Discontinued operations | **(1,255)** | (404) |
| **Total tax expense** | **542** | 165 |

The UK corporation tax rate for FY26 was 25.0% (FY25: 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% (FY25: 25.0%). Assets and liabilities arising on foreign operations have been recognised at the applicable overseas tax rates.

***Reconciliation of effective tax rate***

| | FY26 £000 | FY25 £000 |
|---|---|---|
| **Profit before tax** | **1,953** | 8,343 |
| Tax using the UK corporation tax rate of 25.0% (FY25: 25.0%) | **488** | 2,086 |
| Non-deductible (income)/ expenses | **151** | (1,027) |
| Effect of tax rates in foreign jurisdictions | **(167)** | (86) |
| Tax (over)/underprovided in prior periods | **(88)** | 202 |
| Utilisation of unrecognised tax losses brought forward | — | (1,010) |
| Losses carried forward | **158** | — |
| **Total tax expense** | **542** | 165 |
| **Effective tax rate** | **27.7%** | 2.0% |

The effective tax rate on the total profit before tax was 27.7% (FY25: 2.0%) whilst the effective tax rate on the total profit before Adjusting items was 23.5% (FY25: 3.6%). The difference between the total effective tax rate and the Adjusted tax rate is due to fixed asset impairment charges and reversals within Adjusting items being non-deductible for tax purposes.

On a continuing operations basis, the Group's total income tax charge in respect of the period was £1.8m (FY25: charge £0.6m). The effective tax rate on the total profit before tax was 26.6% (FY25: 6.0%) whilst the effective tax rate on the total profit before Adjusting items was 24.9% (FY25: 11.4%). The effective tax rate is higher in FY26 primarily due to the Group having fully utilised its brought-forward tax losses in FY25 and therefore had no losses available to offset taxable profits in FY26, resulting in a higher current tax charge.

There is also a tax credit of £158k (FY25: £409k tax charge) shown in the statement of comprehensive income for fair value movements on derivatives which impacts the deferred tax balance (Note 13).

***Consolidated statement of financial position***

Included in the consolidated statement of financial position is a current tax debtor of £1,944k (FY25: £1,603k) resulting from the overpayment of taxation in prior periods.

**7. Discontinued operations – online channel**

On 20 March 2026, the Board approved and publicly announced its decision to cease transactional trading through the online channel and transition the website to a non-transactional platform focused on brand awareness, product information and support for the Group's store estate. This followed a detailed strategic review of the channel and a consideration of a range of alternatives. The decision was taken after operational challenges experienced with two different third-party fulfilment providers significantly impacted the channel's performance over the previous and current financial periods. The Board concluded that the costs and operational complexity associated with maintaining the online transactional operation outweighed the benefits generated by the channel and that the online channel was no longer economically sustainable.

Income and expenses attributable directly to the online channel have been included within discontinued operations. These principally comprise online sales revenue, cost of goods sold, fulfilment and distribution costs, payment processing fees, website operating costs, digital marketing expenditure and directly attributable payroll costs. Corporate overheads have been allocated to discontinued operations only where they are directly attributable to the online channel or will cease as a result of its closure.

Taxation has been allocated to discontinued operations based on the taxable profits or losses arising from the online channel together with any tax effects relating directly to the closure of the business. Cash flows presented within discontinued operations comprise those cash inflows and outflows that are directly attributable to the online channel, including customer receipts, payments to suppliers, fulfilment providers and employees, together with any closure-related cash flows. Where cash flows relate to shared Group activities, allocations have been made using reasonable and consistently applied allocation methodologies that reflect the underlying economic activity of the online channel.

The results of the online channel for the period ended 3 May 2026 are presented below:

| | **FY26**<br>**£000** | FY25<br>£000 |
|---|---|---|
| Revenue | **13,903** | 24,873 |
| Cost of goods sold | **(5,123)** | (10,727) |
| Online variable costs | **(10,415)** | (13,289) |
| **Gross (loss)/profit** | **(1,635)** | 857 |
| Distribution costs | **(144)** | (124) |
| Administration costs | **(738)** | (1,133) |
| **Operating loss** | **(2,517)** | (400) |
| Adjusting items | **(2,284)** | (759) |
| **Loss from discontinued operations before tax** | **(4,801)** | (1,159) |
| Tax credit | **1,255** | 404 |
| **Loss from discontinued operations after tax** | **(3,546)** | (755) |

The net cash outflows generated by the online channel are included in the Consolidated statement of cash flows and comprise:

| | **FY26**<br>**£000** | FY25<br>£000 |
|---|---|---|
| Cash flows from operating activities | **(4,806)** | 518 |
| **Net cash (outflow)/ inflow** | **(4,806)** | 518 |

There were no cash flows from investing or financing activities in respect of the online channel.

**8. 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 FY26 (FY25: nil).

**9. 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 2 for further details) to reflect the Group's underlying profit for the period.

| | **FY26 Number** | FY25 Number |
|---|---|---|
| Number of shares in issue | **62,500,000** | 62,500,000 |
| Weighted average shares held by Employee Benefit Trust | **(2,980,400)** | (1,852,769) |
| **Number of shares for basic earnings per share** | **59,519,600** | 60,647,231 |

| | **FY26 Number** | FY25 Number |
|---|---|---|
| Number of shares in issue | **62,500,000** | 62,500,000 |
| Weighted average shares held by Employee Benefit Trust | **(2,980,400)** | (1,852,769) |
| **Number of shares for diluted earnings per share** | **59,519,600** | 60,647,231 |

| | **£000** | £000 |
|---|---|---|
| Profit attributable to shareholders – total company | **1,412** | 8,178 |
| Adjusted profit attributable to shareholders – total company | **3,587** | 4,410 |
| Profit attributable to shareholders – continuing operations | **4,958** | 8,933 |
| Adjusted profit attributable to shareholders – continuing operations | **5,409** | 4,406 |

**Earnings per share – total company**

| | **Pence** | Pence |
|---|---|---|
| Basic earnings per share | **2.4** | 13.5 |
| Diluted earnings per share | **2.4** | 13.5 |
| Adjusted basic earnings per share | **6.0** | 7.3 |
| Adjusted diluted earnings per share | **6.0** | 7.3 |

**Earnings per share - continuing operations**

| | **Pence** | Pence |
|---|---|---|
| Basic earnings per share | **8.3** | 14.7 |
| Diluted earnings per share | **8.3** | 14.7 |
| Adjusted basic earnings per share | **9.1** | 7.3 |
| Adjusted diluted earnings per share | **9.1** | 7.3 |

## 10. Intangible assets

| | Goodwill £000 | Software £000 | Total £000 |
|---|---|---|---|
| **Cost** | | | |
| At 4 May 2025 | **16,180** | **10,934** | **27,114** |
| Additions | **—** | **272** | **272** |
| Disposals[1] | **—** | **(681)** | **(681)** |
| **At 3 May 2026** | **16,180** | **10,525** | **26,705** |
| **Amortisation and impairment** | | | |
| At 4 May 2025 | **16,180** | **8,766** | **24,946** |
| Amortisation charge | **—** | **681** | **681** |
| Impairment charge | **—** | **41** | **41** |
| Impairment reversals | **—** | **(58)** | **(58)** |
| Disposals[1] | **—** | **(635)** | **(635)** |
| **At 3 May 2026** | **16,180** | **8,795** | **24,975** |
| **Net book value** | | | |
| At 4 May 2025 | **—** | **2,168** | **2,168** |
| **At 3 May 2026** | **—** | **1,730** | **1,730** |

1 During FY26 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 amortisation and impairment of £666k 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 5 May 2024 | 16,180 | 10,299 | 26,479 |
| Additions | — | 1,185 | 1,185 |
| Disposals[1] | — | (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.

## 11. Property, plant and equipment

***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.

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. 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 12 months of 3 May 2026 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.

***Impairment triggers***

In accordance with IAS 36, the Group has assessed whether any indicators of impairment existed at the reporting date, considering both external and internal sources of information. The Group acknowledges the continued challenges within the retail sector and the broader macroeconomic environment; however, these factors have been reflected in the Group's approved five-year business plan, against which current trading remains in line with expectations.

The Group also considered a range of other potential impairment indicators, including trading performance, changes in forecast profitability, market conditions and operational developments. Based on this assessment, the Group concluded that there were no indicators of impairment affecting the portfolio as a whole that would necessitate a full impairment review of all CGUs.

Detailed impairment testing was therefore only undertaken for those CGUs where indicators of impairment were identified. These included loss-making or marginally profitable stores, CGUs with deteriorating forecast performance, and CGUs exhibiting other specific impairment indicators. Consistent with the requirements of IAS 36, profitable CGUs with no identified indicators of impairment were not subject to detailed impairment testing.

***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. The post-tax discount rate is then used to derive an equivalent pre-tax discount rate.

| | **FY26** | FY25 |
|---|---|---|
| Post-tax discount rate | **10.8%** | 10.8% |
| Pre-tax discount rate | **12.5%** | 12.5% |
| Medium-term growth rate | **2.0%** | 2.0% |

All assets relating to the web CGU were fully impaired in FY25.

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 FY26, 86% (FY25: 84%) of central costs have been allocated by category using appropriate volumetrics.

Cash flows beyond the corporate plan period (FY29 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 FY26, an impairment charge of £648k was recognised against 20 stores with a recoverable amount of £109k (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). An impairment reversal of £215k has been recognised in FY26 relating to 7 stores with a recoverable amount of £566k as at 3 May 2026 (FY25: an impairment reversal of £8,582k was recognised relating to 253 stores with a recoverable amount of £72,408k) (see Notes 10, 11 and 12).

A net impairment charge of £433k (FY25: £6,468k credit) has therefore been shown within Adjusting items on the face of the consolidated income statement.

The events and circumstances giving rise to impairment reversals during the period and FY25 relate principally to sustained improvements in the trading performance and EBITDA generation of stores that had previously been impaired. The Group has delivered improved financial performance over the last two years, driven by stronger profitability and a continued focus on operational efficiency. Consequently, forecast cash flows for certain stores have increased compared with those used in prior impairment assessments. This improvement, together with the ongoing monitoring of store performance and implementation of targeted action plans where required, has resulted in an increase in the recoverable amount of certain CGUs and the reversal of previously recognised impairments.

***Sensitivity analysis***

Impairment testing demonstrated that the recoverable amounts exceeded the carrying values of the relevant assets and cash-generating units, resulting in significant headroom. Management concluded that no reasonably possible change in key assumptions would cause the carrying value to exceed recoverable amount and therefore no sensitivity analysis disclosure has been provided.

*Property, plant and equipment*

| | Leasehold improvements £000 | Plant and equipment £000 | Fixtures and fittings £000 | Total £000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 4 May 2025 | **4,163** | **3,946** | **17,338** | **25,447** |
| Additions | **1,366** | **532** | **3,729** | **5,627** |
| Disposals[1] | **(492)** | **(185)** | **(3,311)** | **(3,988)** |
| **At 3 May 2026** | **5,037** | **4,293** | **17,756** | **27,086** |
| **Depreciation and impairment** | | | | |
| At 4 May 2025 | **2,818** | **3,584** | **6,462** | **12,864** |
| Depreciation charge | **535** | **504** | **2,773** | **3,812** |
| Impairment charge | **38** | **43** | **98** | **179** |
| Impairment reversals | **(48)** | **(36)** | **(167)** | **(251)** |
| Disposals | **(437)** | **(191)** | **(3,302)** | **(3,930)** |
| **At 3 May 2026** | **2,906** | **3,904** | **5,864** | **12,674** |
| **Net book value** | | | | |
| At 4 May 2025 | 1,345 | 362 | 10,876 | 12,583 |
| **At 3 May 2026** | **2,131** | **389** | **11,892** | **14,412** |

1 During FY26 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 £3,642k 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: £359k leasehold improvements; £151k plant and equipment; and £3,132k fixtures and fittings.

| | 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.

## 12. Leases

### *(i) Amounts recognised in the statement of financial position*

*Right-of-use assets*

| | Land and buildings £000 | Plant and equipment £000 | Total £000 |
|---|---|---|---|
| **2026** | | | |
| At 4 May 2025 | 61,449 | 381 | 61,830 |
| Depreciation charge for the year | (20,302) | (135) | (20,437) |
| Additions to right-of-use assets[1] | 26,527 | — | 26,527 |
| Effect of modifications to right-of-use assets | 537 | — | 537 |
| Derecognition of right-of-use assets | (251) | — | (251) |
| Impairment charge | (537) | — | (537) |
| Impairment reversals | 14 | — | 14 |
| **At 3 May 2026** | **67,437** | **246** | **67,683** |

| | 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[1] | 17,589 | 192 | 17,781 |
| Effect of modifications to right-of-use assets | 1,267 | — | 1,267 |
| 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 |

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 |
|---|---|---|---|
| **2026** | | | |
| At 4 May 2025 | 74,545 | 385 | 74,930 |
| Additions to lease liabilities[1] | 26,502 | — | 26,502 |
| Interest expense | 4,653 | 16 | 4,669 |
| Effect of modifications to lease liabilities | 400 | — | 400 |
| Lease payments | (24,203) | (147) | (24,350) |
| Disposals of lease liabilities | (339) | — | (339) |
| Foreign exchange movements | 53 | — | 53 |
| **At 3 May 2026** | **81,611** | **254** | **81,865** |

| | Land and buildings £000 | Plant and equipment £000 | Total £000 |
|---|---|---|---|
| **2025** | | | |
| At 5 May 2024 | 77,336 | 424 | 77,760 |
| Additions to lease liabilities[1] | 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 |

[1] Additions to right-of-use assets include initial indirect costs that are not included in lease liabilities.

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

| | **FY26 £000** | FY25 £000 |
|---|---|---|
| Current | **18,210** | 18,646 |
| Non-current | **63,655** | 56,284 |
| **Total carrying value of leases** | **81,865** | 74,930 |

*Maturity analysis – contractual undiscounted cash flows*

| | **FY26 £000** | FY25 £000 |
|---|---|---|
| Less than one year | **22,663** | 22,375 |
| One to two years | **19,283** | 17,416 |
| Two to five years | **37,330** | 30,827 |
| More than five years | **18,291** | 17,325 |
| **Total undiscounted lease liabilities** | **97,567** | 87,943 |

***(ii) Amounts recognised in the consolidated income statement***

| | **FY26 £000** | FY25 £000 |
|---|---|---|
| Depreciation charge on right-of-use assets | **20,437** | 18,385 |
| Interest cost on lease liability | **4,669** | 4,101 |
| (Profit)/loss on disposal of right-of-use asset /lease liability | **(88)** | 845 |
| Foreign exchange difference on euro leases | **(53)** | 36 |
| Additional impairment charge/(credit) under IAS 36 | **523** | (5,627) |
| **Operating lease rentals – hire of plant, equipment and motor vehicles** | | |
| – Low-value leases | **571** | 423 |
| **Total plant, equipment and motor vehicle operating lease rentals** | **571** | 423 |
| **Operating lease rentals – store leases** | | |
| – Stores with variable lease rentals | **1,347** | 1,182 |
| – Concession leases (the landlord has substantial substitution rights) | **819** | 909 |
| – Low-value leases | **(1)** | 9 |
| – Lease is expiring within 12 months or has rolling break clauses | **390** | 30 |
| – Lease has expired | **263** | 929 |
| **Total store operating lease rentals** | **2,818** | 3,059 |

Depreciation of right-of-use asset by class:

| | FY26<br>£000 | FY25<br>£000 |
|---|---|---|
| Land and buildings | **20,302** | 18,180 |
| Plant and equipment | **135** | 205 |
| **Total right-of-use asset depreciation** | **20,437** | 18,385 |

**13. Deferred tax**

***Recognised deferred tax assets/liabilities***

Deferred tax assets are attributable to the following:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **FY26<br>£000** | FY25<br>£000 | **FY26<br>£000** | FY25<br>£000 |
| Property, plant and equipment | **1,401** | 1,726 | **—** | — |
| Leases | **196** | 751 | **—** | — |
| Temporary timing differences | **518** | 422 | **—** | — |
| Losses | **518** | — | **—** | — |
| Financial liabilities | **—** | — | **(312)** | (470) |
| **Tax assets/(liabilities)** | **2,633** | 2,899 | **(312)** | (470) |

*Movement in deferred tax during the year*

| | Fixed assets<br>£000 | Leases<br>£000 | Temporary timing differences<br>£000 | Losses<br>£000 | Financial liabilities<br>£000 | Total<br>£000 |
|---|---|---|---|---|---|---|
| At 4 May 2025 | 1,726 | 751 | 422 | — | (470) | 2,429 |
| Deferred tax charge to profit and loss | (325) | (555) | 96 | 518 | — | (266) |
| Deferred tax credit recognised in other comprehensive income | — | — | — | — | 158 | 158 |
| **At 3 May 2026** | **1,401** | **196** | **518** | **518** | **(312)** | **2,321** |

*Movement in deferred tax during the prior year*

| | Fixed assets<br>£000 | Leases<br>£000 | Temporary timing differences<br>£000 | Losses<br>£000 | Financial liabilities<br>£000 | Total<br>£000 |
|---|---|---|---|---|---|---|
| At 5 May 2024 as reported | 2,785 | 980 | 332 | — | (61) | 4,036 |
| Adjustment in respect of prior years | (1,085) | — | — | — | — | (1,085) |
| At 5 May 2024 - restated | 1,700 | 980 | 332 | — | (61) | 2,951 |
| Deferred tax charge to profit and loss | 26 | (229) | 90 | — | — | (113) |
| Deferred tax credit in equity profit and loss | — | — | — | — | (409) | (409) |
| **At 4 May 2025** | 1,726 | 751 | 422 | — | (470) | 2,429 |

Brought forward deferred tax balances at 5 May 2024 have been restated to correct an error identified in the FY24 tax computations, which affected the opening deferred tax position for the prior year. The prior year amounts have been amended accordingly, with the impact of the correction recognised through opening reserves in accordance with IAS 8.

Tax losses carried forward for which no deferred tax asset has been recognised total £633k (FY25: £377k) which represents an unrecognised deferred tax asset of £158k (FY25: £94k). These relate to current year losses arising in the parent company for which no deferred tax asset is recognised.

### 14. Inventories

| | **FY26** **£000** | FY25 £000 |
|---|---|---|
| Gross stock value | **30,714** | 30,121 |
| Less: stock provisions for shrinkage and obsolescence | **(1,813)** | (1,061) |
| Goods for resale net of provisions | **28,901** | 29,060 |
| Stock in transit | **4,152** | 5,925 |
| **Inventory** | **33,053** | 34,985 |

The cost of inventories recognised as an expense during the period was £102.9m (FY25: £111.4m).

### 15. Trade and other receivables

| | **FY26** **£000** | FY25 £000 |
|---|---|---|
| **Current** | | |
| Trade receivables | **2,064** | 2,026 |
| Other receivables | **103** | 135 |
| Prepayments | **3,782** | 3,988 |
| **Trade and other receivables** | **5,949** | 6,149 |

### 16. Cash and cash equivalents

| | **FY26** **£000** | FY25 £000 |
|---|---|---|
| Cash and cash equivalents | **3,598** | 4,118 |
| **Total** | **3,598** | 4,118 |

### 17. Borrowings

For the period ended 3 May 2026, the Group's bank facilities comprised a Revolving Credit Facility (RCF) of £20.0m (FY25: £20.0m) expiring on 30 November 2026. Following the period end, the Group has agreed a new £20m RCF that expires in November 2029, this replaces the facility that was due to expire in November 2026., Although the RCF was undrawn at the period end, it remains an important source of liquidity during the annual peak stock build ahead of Christmas trading.

The nature of the covenants associated with the facility remained consistent throughout both periods presented. None of the Group's cash and cash equivalents (FY25: £nil) are held by the trustee of the Group's Employee Benefit Trust in relation to the share schemes for employees.

| | **FY26** **£000** | FY25 £000 |
|---|---|---|
| **Non-current liabilities** | | |
| Lease liabilities | **63,655** | 56,284 |
| **Non-current liabilities** | **63,655** | 56,284 |
| **Current liabilities** | | |
| Lease liabilities | **18,210** | 18,646 |
| **Current liabilities** | **18,210** | 18,646 |

*Reconciliation of borrowings to cash flows arising from financing activities*

| | FY26 £000 | FY25 £000 |
|---|---|---|
| **Borrowings at start of the period** | **74,930** | 77,760 |
| **Changes from financing cash flows** | | |
| Payment of lease liabilities (capital) | **(19,681)** | (20,330) |
| Payment of lease liabilities (interest) | **(4,669)** | (4,101) |
| Proceeds from loans and borrowings[1] | **9,000** | 9,000 |
| Repayment of bank borrowings[1] | **(9,000)** | (9,000) |
| **Total changes from financing cash flows** | **(24,350)** | (24,431) |
| **Other changes** | | |
| Addition of lease liabilities including amendments | **26,902** | 18,854 |
| Disposal of lease liabilities | **(339)** | (1,318) |
| The effect of changes in foreign exchange rates | **53** | (36) |
| Interest expense | **4,669** | 4,101 |
| **Total other changes** | **31,285** | 21,601 |
| **Borrowings at end of the period (excluding overdrafts)** | **81,865** | 74,930 |

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*

| | FY26 £000 | FY25 £000 |
|---|---|---|
| **Net debt (excluding unamortised debt costs)** | | |
| Cash and cash equivalents | **(3,598)** | (4,118) |
| **Net bank cash** | **(3,598)** | (4,118) |
| Non-IFRS 16 lease liabilities | **—** | — |
| **Non-IFRS 16 net cash** | **(3,598)** | (4,118) |
| IFRS 16 lease liabilities | **81,865** | 74,930 |
| **Net debt including IFRS 16 lease liabilities** | **78,267** | 70,812 |

**18. Trade and other payables**

| | FY26 £000 | FY25 £000 |
|---|---|---|
| **Current** | | |
| Trade payables | **13,659** | 20,003 |
| Other tax and social security | **4,016** | 4,262 |
| Accrued expenses | **10,611** | 8,586 |
| Trade and other payables | **28,286** | 32,851 |

**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***

Key management personnel comprise the Board and Operating Board, reflecting the individuals responsible for directing and controlling the Group's principal activities.

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:

| | **FY26 £000** | FY25 £000 |
|---|---|---|
| Key management remuneration – including social security costs | **1,446** | 1,837 |
| Pension contributions | **169** | 153 |
| LTIP – including social security costs | **455** | 256 |
| **Total** | **2,070** | 2,246 |

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. TheWorks.co.uk plc is the listed parent company, with trading activities carried out through The Works Stores Limited.

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% |
| The Works Retail Limited | Holding | Direct | 17325663 | Ordinary | 100% |

[1] Note 21

**21. Post balance sheet events**

On 7 July 2026, The Works Retail Limited was incorporated as a wholly owned subsidiary of The Works.co.uk plc. A resolution will be presented to shareholders at the Annual General Meeting to change the name of The Works.co.uk plc to The Works plc. Subject to shareholder approval and completion of the relevant statutory filings, The Works Retail Limited will subsequently be renamed The Works.co.uk Limited. This event did not require adjustment to the amounts recognised in the financial statements.