

FY25 Interim Results & Christmas Trading Update



Time well spent

24 January 2025

Agenda

Overview

Gavin Peck, CEO

Financial Review

Rosie Fordham, CFO

Strategy Update

Gavin Peck, CEO

Summary

Gavin Peck, CEO



THE WORKS



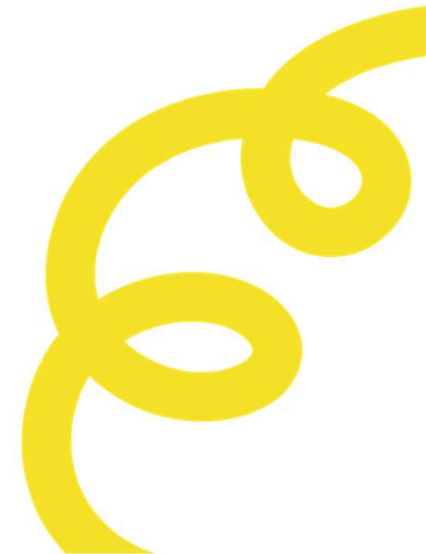
Overview

Gavin Peck, CEO

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Significant operational, financial and strategic progress made

- Brand identity defined, with Time Well Spent strapline and new mission launched
- Resilient store trading in challenging consumer environment in H1; online impacted by challenges at third party online fulfilment centre
- Significant improvement in H1 profitability
- H2 trading in line with expectations, with momentum building
- On track to meet market expectations in FY25 and further profit growth in FY26
- New strategy announced – clear plans to transform business performance over next five years
 - £375m+ sales
 - EBITDA margin of at least 6%



Financial Review

Rosie Fordham, CFO

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HY25 Financial highlights

Revenue **£124.2m**

(HY24: £122.6m)

Revenue growth **+1.3%**

(HY24: +3.1%)

LFL Sales **-0.8%**

(HY24: +1.6%)

Pre-IFRS 16
Adjusted
EBITDA **-£2.8m**

(HY24: -£8.5m)

Loss before
tax **-£6.9m**

(HY24: £-16.5m)

Net Debt **-£8.5m**

(HY24: £-2.5m)

Strong product
margin growth
+220bps

Significant YOY
cost savings

The retail backdrop has remained challenging

Retail environment

Fragile consumer confidence and spend



Non-food retail sector LFL decline⁽¹⁾

-1.3%

Ongoing cost headwinds

- National Living and Minimum Wages
- Freight costs
- Business rates
- Employers' NI contributions

(1) British Retail Consortium data showed non-food retail LFL decline of 1.3% for the period 26 week period ending 3 November 2025.

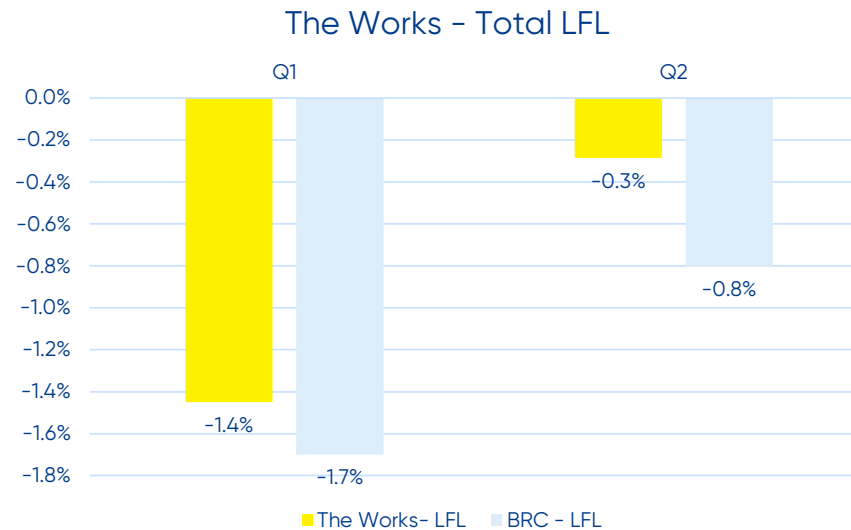


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Sales performance ahead of non-food retail sector

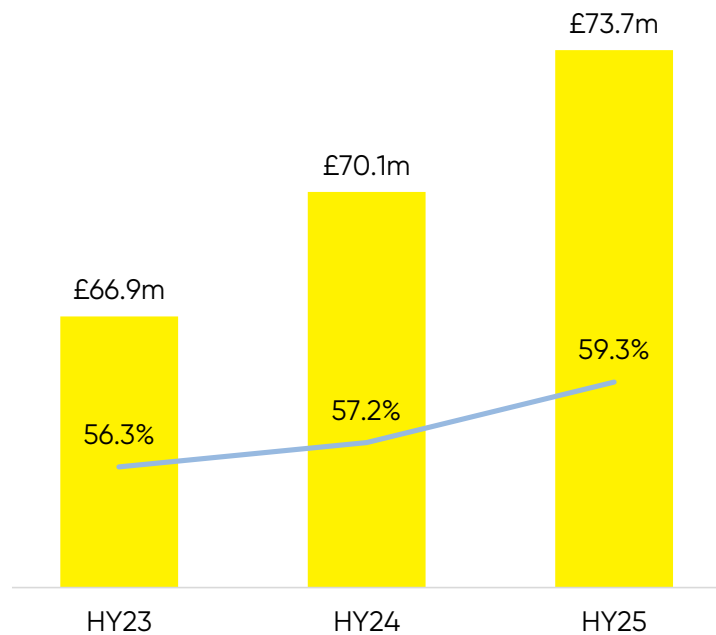
- **HY25 Revenue: +1.3% to £124.2m**
(HY24: £122.6m)
- **HY25 Total LFL Sales: -0.8%**
(HY24: +1.6%)
- **HY25 Store LFL Sales: +0.9%**
Represent c.90% of total sales
- **HY25 Online LFL Sales: -14.7%**
Represent c.10% of total sales

HY25 LFL Sales by Quarter



Strong product margin growth

- **HY25 Product gross margin rate growth of 220bps to 59.3% (HY24 : 57.2%)**



HY24 Margin rate

COGS saving

Reduced clearance

FX - estimate

Freight

HY25 Margin rate

57.2%

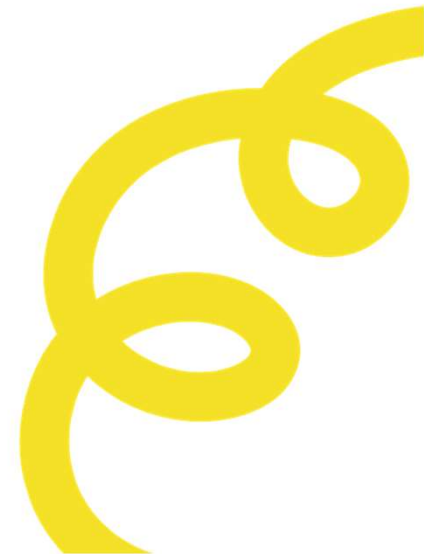
1.1%

0.6%

0.8%

-0.4%

59.3%



Decisive action drove significant improvement in profitability

H1 FY24 EBITDA

Additional margin from year-on-year sales increase

Higher product gross margin percentage

Variable web running costs

Store Payroll

Distribution costs

Electricity

Stores Rent

Other

H1 FY25 EBITDA

(8.5)

0.9

2.7

0.4

0.2

0.7

0.5

0.4

(0.1)

(2.8)

- **Increased Product Margin** - Negotiated with **suppliers** and introduced more targeted **promotional activity**.
- Moved **online fulfilment centre**.
- Implemented **changes to ways of working** in retail Distribution Centre and store labour models.
- Negotiated **rent savings** with landlords.
- **Reduced Admin Costs - Restructured** our Operating Board and Transferred The Works to **AIM**.



Improved stock position and net debt as expected

- **HY25 stock £51.7m**
(HY24: £56.1m)
- **Year-end net debt: £8.5m**
(HY24: £2.5m)
- Post Xmas cash position £14.7m
- **No interim dividend proposed**
(HY24: Nil). Future shareholder distributions will be kept under consideration as profitability improves.

Summary cashflow

Operating profit

Other operating cashflows	(0.2)	5.3	(5.4)
Net movement in working capital	(2.3)	(0.2)	(2.1)
Net Cash from Investing Activities	(2.2)	(3.1)	0.9
Tax paid	(0.5)	0.0	(0.5)
Interest and financing costs	(0.3)	(0.4)	0.1
Purchase of Treasury Shares	(0.3)	(0.1)	(0.2)
Cashflow before loan movements	(10.2)	(12.7)	2.5
Drawdown/(repayment) of RCF	9.0	5.0	4.0
Exchange rate movements	0.1	(0.1)	0.1

Net increase in cash and cash equivalents

RCF drawdown	(9.0)	(5.0)	(4.0)
Opening net cash balance	1.6	10.2	(8.6)
Closing net (debt)	(8.5)	(2.5)	(6.0)

	HY25	HY24	Variance
	£m	£m	£m
Operating profit	(4.4)	(14.1)	9.7
Other operating cashflows	(0.2)	5.3	(5.4)
Net movement in working capital	(2.3)	(0.2)	(2.1)
Net Cash from Investing Activities	(2.2)	(3.1)	0.9
Tax paid	(0.5)	0.0	(0.5)
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Drawdown/(repayment) of RCF	9.0	5.0	4.0
Exchange rate movements	0.1	(0.1)	0.1
Net increase in cash and cash equivalents	(1.1)	(7.7)	6.6
RCF drawdown	(9.0)	(5.0)	(4.0)
Opening net cash balance	1.6	10.2	(8.6)
Closing net (debt)	(8.5)	(2.5)	(6.0)



Good start to H2 trading, with momentum building

(11 weeks ended 19 January 2025)

Total LFL sales
-0.9%

Store LFL sales
+1%

Online sales
-14.9%

Product
margin growth
+190bps YOY

* Compiled market forecasts



Well positioned to meet FY25 market expectations

£8.5m
Forecast FY25 EBITDA

£4m
Forecast FY25 Cash
Approximately

£5m
FY25 Capex
Approximately



Expect to offset cost headwinds & deliver profit growth in FY26

Actions being taken

- Strategic initiatives to drive sales growth
- Product margin improvements
- Significant cost reduction

Cost headwinds

- £4.5m NLMW increases
- £2.0m increase in employer NI contributions

Expect to deliver

- EBITDA growth



Strategy Update

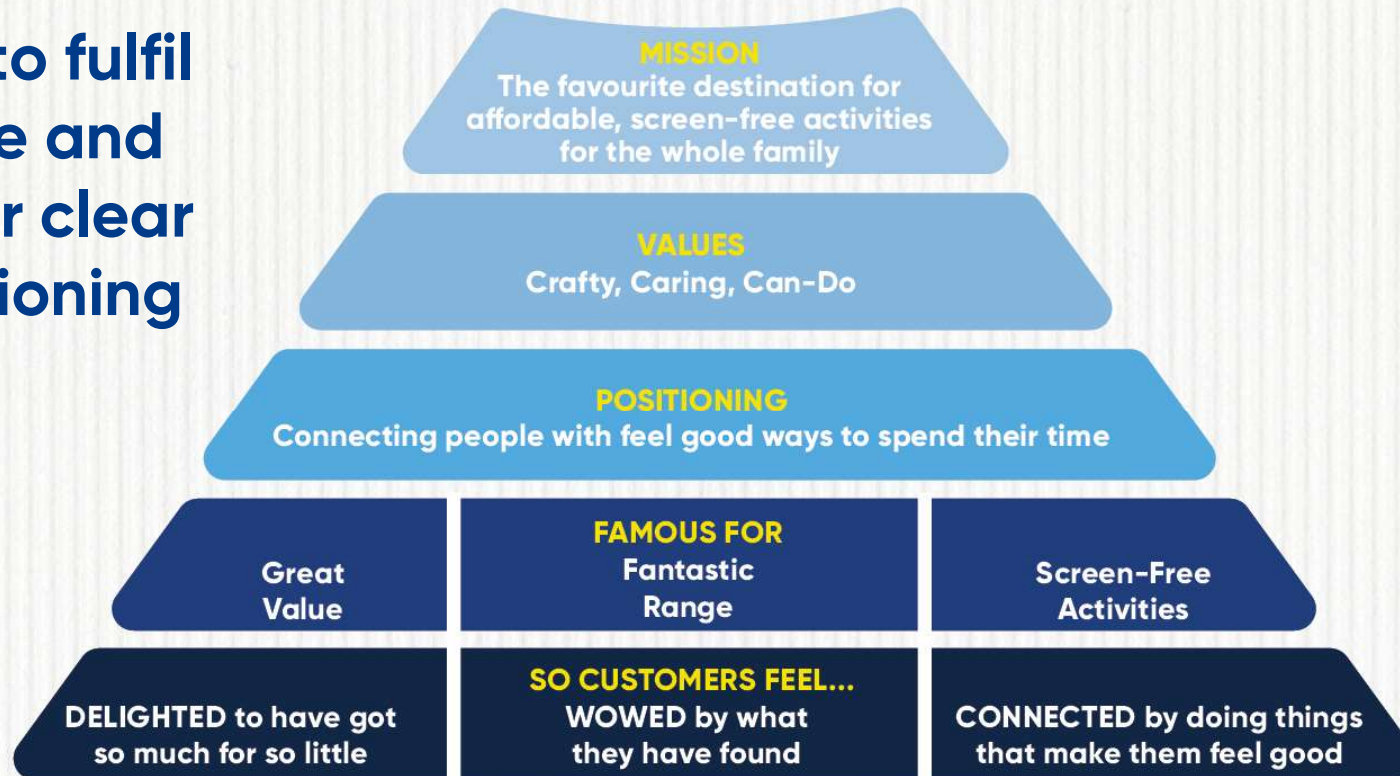
Gavin Peck, CEO

#Time well spent

Time Well Spent

Our purpose is to inspire reading, learning, creativity and play!

Continuing to fulfil
our purpose and
establish our clear
brand positioning



Progress made in 2024

- ✓ Brand project completed
 - ✓ Ongoing evolution of product proposition
 - ✓ Significant product margin growth
 - ✓ Cost reduction action yielding results
- ✓ Ongoing store portfolio optimisation
 - ✓ Completed rollout of new EPoS software
 - ✓ Strengthened leadership team in place
 - ✓ Strategy review undertaken

New Strategy - Elevating The Works

Our Ambition

"The favourite destination for affordable, screen free activities for the whole family"

Our 5 Year Financial Goals

Sales in excess of £375m

EBITDA margins of at least 6%

Our Strategic Drivers



Overview of strategic drivers



Grow our brand fame

The opportunity:

The Works is loved by its core customers, but known and understood by too few.

What we're going to do:

- Bring our evolved brand to life through focused marketing.
- Develop our product proposition to have more all-year-round appeal.
- Provide a fun, family-friendly and inspiring customer experience.
- Work with our chosen charity partners to help fulfill our purpose.



Improve customer convenience

The opportunity:

Customers continue to demand increased convenience – a great opportunity for our multi-channel proposition.

What we're going to do:

- Deliver a more consistent execution of our proposition in stores.
- Tailor store ranges to better meet the needs of local customers.
- Access new customers through c60 new store openings.
- Improve our website experience and the link between stores and online.



Be a lean & efficient operator

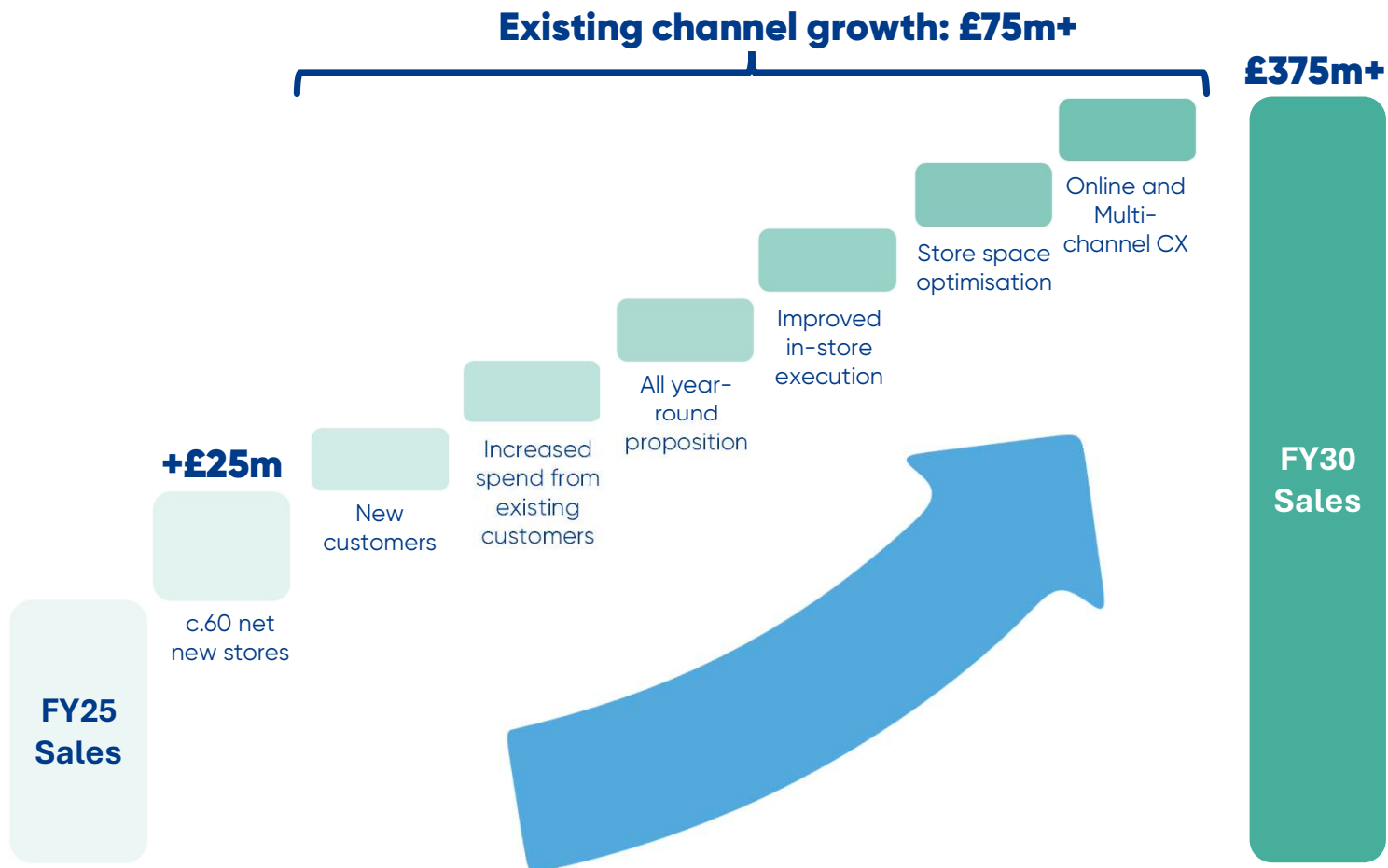
The opportunity:

Continue to offer customers great value and deliver sustainable profit margins by becoming more lean, simple and efficient.

What we're going to do:

- Improve our product margins.
- Review and simplify business processes, supported by upgrading our outdated and inefficient systems
- Drive operating costs lower.
- Grow our average selling price to help reduce cost to serve ratio.
- Optimise our store portfolio.

Multiple levers support growth in sales to £375m+



Action to drive EBITDA margin improvement

£5m+
reduction in
operating cost
base

**LFL store sales growth
on a largely fixed cost
base**

**c.200bps
product margin
improvement**

**EBITDA margin of at
least 6% supported by**

**Ongoing
optimisation of
store portfolio**

**Reduced
cost to serve
ratio through
growth in
Average Selling
Price**



Summary

- Good progress made in H1 FY25
- Resilient store trading in challenging consumer environment
- Significant improvement in H1 profit – on track for market expectations in FY25
- Further profit growth expected in FY26 – proactive action being taken to mitigate significant cost headwinds
- New strategy – clear plans to transform business performance over next 5 years

Questions

#Time well spent

Appendix

Time well spent

Basis of Financial Information

- The prior period comparatives have been restated to reflect adjustments wholly related to IFRS 16 Lease accounting.
- Adjusted profit figures exclude adjusting items which comprise non-recurring costs and adjustments with respect to the IFRS 16 accounting standard.



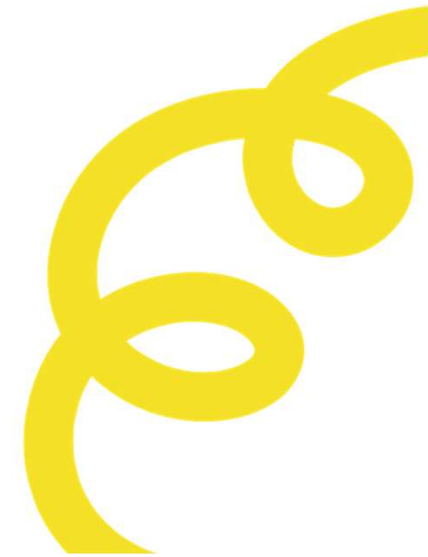
Tight cost control and improved ways of working mitigates significant cost headwinds

	HY25		HY24 Restated			
	£m	% of revenue	£m	% of revenue	Variance £m	Variance %
Store payroll	(24.6)	19.8	(24.8)	20.2	0.2	0.6
Store property and establishment costs	(24.4)	19.7	(25.4)	20.8	1.0	4.0
Store PoS & transaction fees	(1.2)	1.0	(1.2)	1.0	0.0	3.9
Online variable costs	(6.6)	5.3	(7.0)	5.7	0.4	6.1
Total non-product related cost of sales	(56.8)	45.8	(58.5)	47.7	1.6	2.8
Distribution costs	(6.1)	4.9	(6.7)	5.5	0.6	9.5
Admin costs	(13.5)	10.9	(13.3)	10.9	(0.2)	(1.3)



Income Statement

	HY25		HY24 Restated		Variance £m	Variance %
	£m	% of revenue	£m	% of revenue		
Revenue	124.2		122.6		1.6	1.3
Less: Cost of goods sold	(50.5)		(52.5)		2.0	3.8
Product gross margin	73.7	59.3	70.1	57.2	3.6	5.1
Operating costs incl. in statutory cost of sales						
Store payroll	(24.6)	19.8	(24.8)	20.2	0.2	0.6
Store property and establishment costs	(24.4)	19.7	(25.4)	20.8	1.0	4.0
Store PoS & transaction fees	(1.2)	1.0	(1.2)	1.0	0.0	3.9
Online variable costs	(6.6)	5.3	(7.0)	5.7	0.4	6.1
Total non-product related cost of sales	(56.8)	45.8	(58.5)	47.7	1.6	2.8
Distribution costs	(6.1)	4.9	(6.7)	5.5	0.6	9.5
Admin costs	(13.5)	10.9	(13.3)	10.9	(0.2)	(1.3)
Pre IFRS16 Adjusted EBITDA	(2.8)	(2.2)	(8.5)	(6.9)	5.7	(67.2)
Net Finance costs	(0.4)	0.3	(0.3)	0.2	(0.1)	(42.7)
Depreciation	(2.1)	1.7	(2.6)	2.1	0.5	18.5
IFRS16 impact	(1.2)	1.0	0.9	0.7		
Adjusted PBT	(6.5)	(5.2)	(10.5)	(8.6)	4.0	(38.1)
Adjusting items	(0.3)		(6.1)			
PBT	(6.9)	(5.6)	(16.5)	(13.5)	9.6	(58.2)



Capex & Stock

	HY25	HY24	Variance
	£m	£m	£m
New stores and relocations	0.7	0.6	0.1
Store refits and maintenance	0.7	1.6	(0.9)
IT hardware, software, projects	0.8	0.9	(0.1)
Total capital expenditure	2.2	3.1	0.9

	HY25	HY24	Variance
	£m	£m	£m
Gross Stock	42.9	50.5	(7.7)
Less: provisions	(2.5)	(1.7)	(0.8)
Stock net of provisions	40.4	48.8	(8.4)
Stock in transit	11.3	7.3	4.0
Stock per balance sheet	51.7	56.1	(4.4)

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24 January 2025

