

FY25 Results Presentation

52 weeks ended 4th May 2025

22nd July 2025

Agenda

Overview

Gavin Peck, CEO

Financial Review

Rosie Fordham, CFO

Strategy Update

Gavin Peck, CEO

Summary

Gavin Peck, CEO

Q&A





Overview

Gavin Peck, CEO

#Time well spent

A year of significant progress



New strategy launched

- Clear ambition – to be the favourite destination for affordable screen-free activities for the whole family
- Clear plans – already delivering tangible progress; momentum building
- Clear targets – sales in excess of £375m and EBITDA margin of at least 6% within five years

Strong financial performance

- LFL sales growth, ahead of the wider sector
- Significant improvement in profitability, in line with recently upgraded market expectations

**Expect further profit growth in FY26,
market guidance recently upgraded**





Financial Review

Rosie Fordham, CFO

Time well spent

FY25 Financial highlights



Revenue **£277.0m**

(FY24: £282.6m)

Stores
LFL sales **+2.3%**

(FY24: +0.6%)

LFL Sales **+0.8%**

(FY24: -0.9%)

Pre-IFRS 16
Adjusted
EBITDA **£9.5m**

(FY24: £6.0m)

Profit
before tax **£8.3m**

(FY24: £6.9m)

Net Cash **£4.1m**

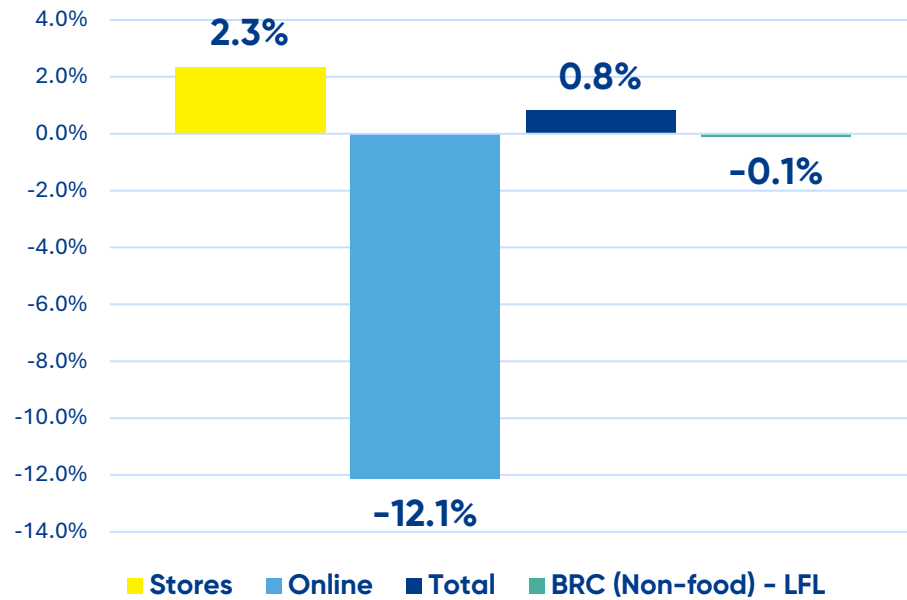
(FY24: £1.6m)

Strong product
margin growth
+210bps

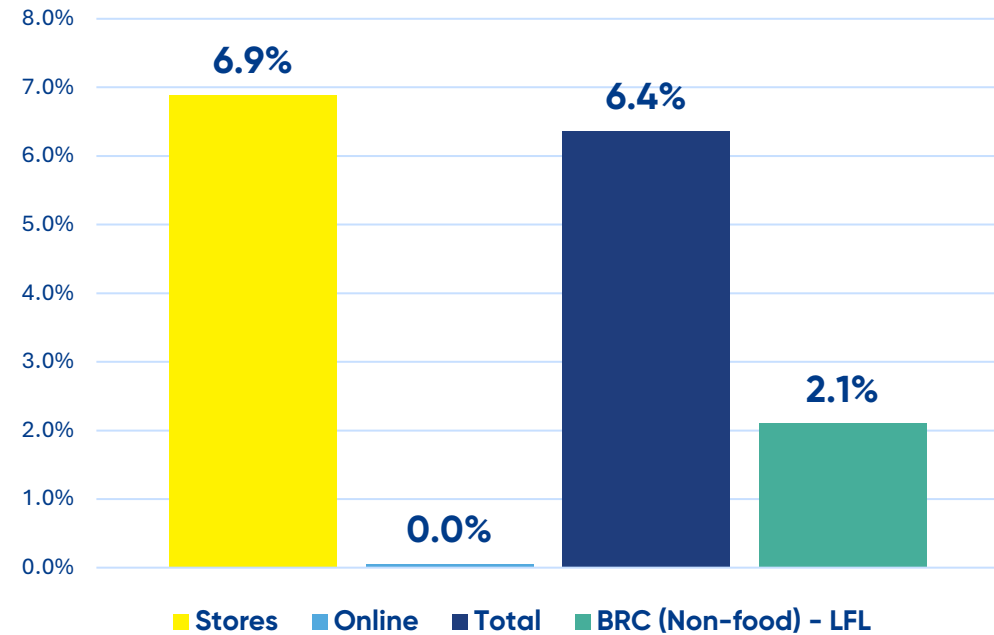
Significant YOY
cost savings

LFL sales ahead of non-food retail sector

FY25 LFL Sales vs BRC



Q4 FY25 LFL Sales vs BRC

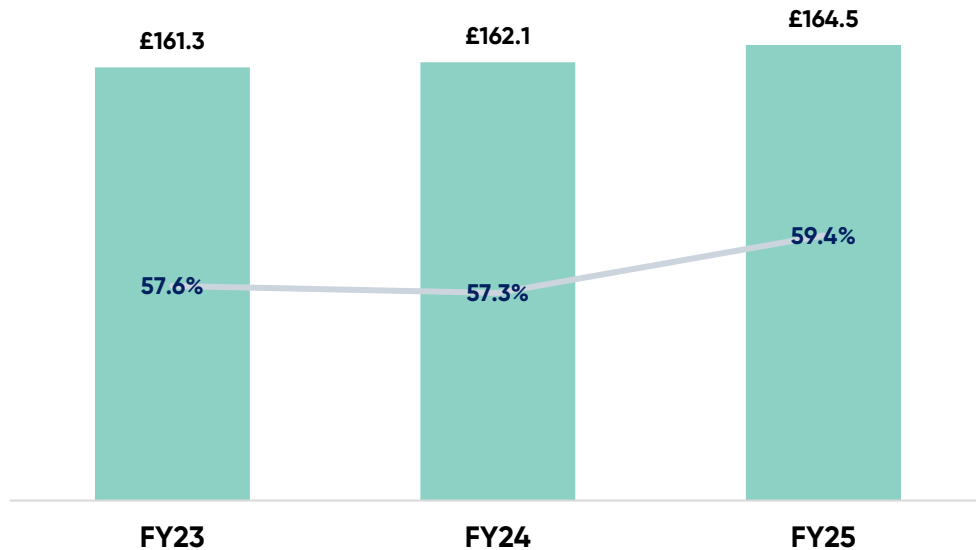


Stores represent over 90% of total sales

Strong product margin growth

FY25 Product gross margin rate growth of 210bps to 59.4% (FY24 : 57.3%)

Product Margin - £m and rate



FY24 Margin rate	57.3%
COGS saving	1.7%
Product mix & reduced clearance	1.5%
FX	0.4%
Freight	-1.0%
FY25 Margin rate	59.4%

Significant cost savings drove improvement in profitability

FY24 EBITDA

Lower margin from year-on-year sales decline

Higher product gross margin percentage

Variable web running costs

Store Payroll

Distribution costs

Increased property costs

Admin expenses

Other

FY25 EBITDA

6.0

(3.2)

5.6

2.0

0.3

1.1

(1.1)

(1.3)

0.1

9.5

- Lower sales YoY – 52 wk period (vs 53 wk in FY24) & store optimisation
- Significantly increased product margin
- Lower variable web costs
- Improved ways of working in stores and our DC
- Negotiated rent savings with landlords
- Increased central admin costs
- £9.5m EBITDA in line with recently upgraded market expectations

Continued optimisation of our store estate

	FY25	FY24
Stores at beginning of period	511	526
Opened	7	9
Closed	(15)	(24)
Relocated*	4	5
Stores at period end	503	511

- **Higher quality more profitable portfolio**
- **98% of the estate is profitable (vs 96% in FY24)**
- **Average payback for new stores around 18 months**

* Relocated stores are excluded from opened/closed above

Improved working capital and cash generation

- **FY25 stock £35.0m**
(FY24: £31.4m)
- **Year-end cash at bank: £4.1m**
(FY24: £1.6m)
- Reduced **capex** following lower FY24 profits

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

Well positioned to offset cost headwinds & deliver profit growth in FY26

Actions being taken

- Strategic initiatives to drive sales growth
- Product margin improvements
- Continued cost reduction
- Ongoing optimisation of store estate

Cost headwinds

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

Expect to deliver

- FY26 EBITDA* £11.0m (FY25: £9.5m)
- Net Cash approximately £5.5m (FY25: £4.1m)
- Capex approximately £8.0m (FY25: £5.0m)

*Note Pre-IFRS 16 adjusted EBITDA

Strategy Update

Gavin Peck, CEO

#Time well spent



Time well spent





Our new strategy underway

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

Improve customer convenience

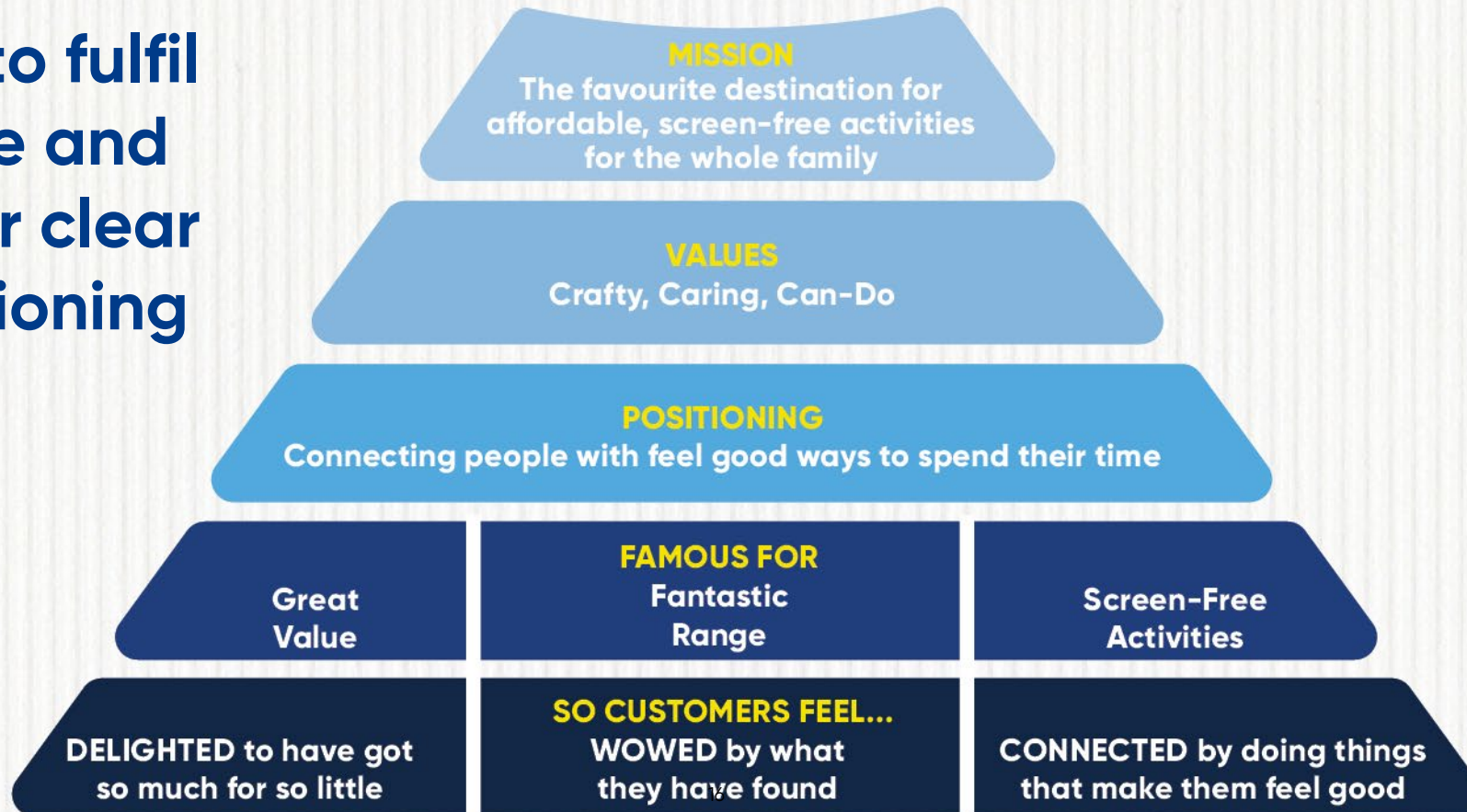
Grow our brand fame

Be a lean & efficient operator

Time Well Spent

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

Continuing to fulfil
our purpose and
establish our clear
brand positioning



Grow our Brand Fame

Grow our brand
fame

Progress made in FY25	Plans underway for FY26
<ul style="list-style-type: none">• Completed brand project and the creation of strapline #TimeWellSpent	<ul style="list-style-type: none">• Embedding Time Well Spent and brand positioning through marketing strategy
<ul style="list-style-type: none">• Launched new customer-focused approach to campaigns	<ul style="list-style-type: none">• Extended ranges in larger stores
<ul style="list-style-type: none">• Ongoing evolution of product proposition	<ul style="list-style-type: none">• Growing all year round appeal of The Works

Strategy in Action: New Customer Campaigns



- More customer-focused events
- Championing screen-free activities
- More lifestyle and emotion vs. product and price
- All-year round reasons to visit



Improve Customer Convenience

Improve customer
convenience

Progress made in FY25	Plans underway for FY26
<ul style="list-style-type: none">Improved product availability and stock allocations	<ul style="list-style-type: none">Undertaking store space trials
<ul style="list-style-type: none">Restructured retail leadership – more consistent store standards	<ul style="list-style-type: none">Further improving store standards through “What Good Looks Like” initiative
<ul style="list-style-type: none">Further optimised store estate	<ul style="list-style-type: none">Open a net 5 new stores

Strategy in Action: New Store Openings



- Up to 60 net new stores in next 5yrs
- Payback of <2yrs
- Opportunities across range of formats and locations in the UK
- Landlords increasingly seeing the benefits of our proposition



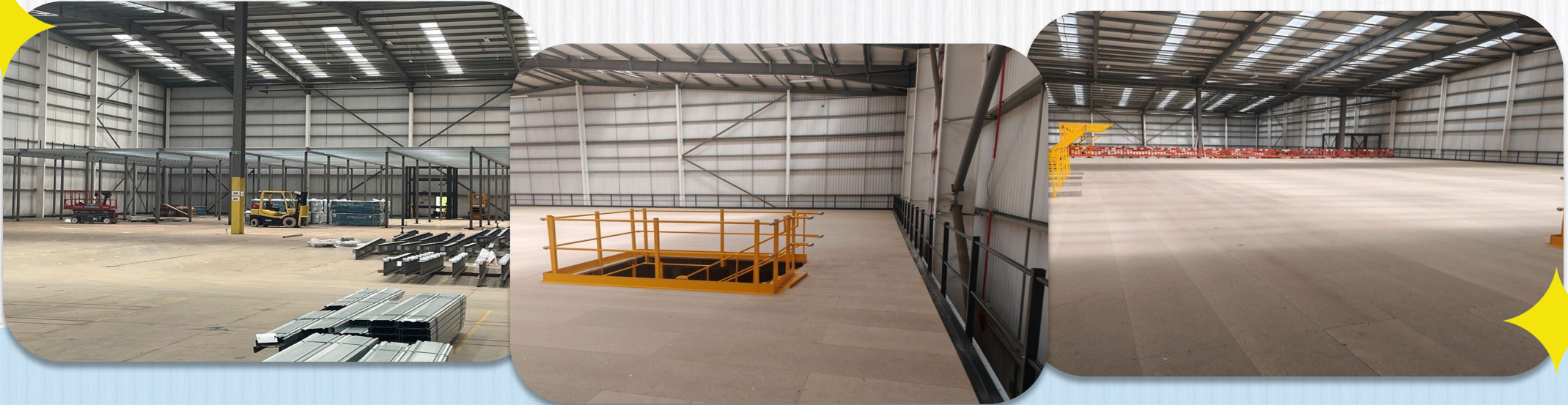
Be a Lean & Efficient Operator



Be a lean
& efficient
operator

Progress made in FY25	Plans for FY26
<ul style="list-style-type: none">• Significant improvement in margin rate	<ul style="list-style-type: none">• Further margin rate improvement
<ul style="list-style-type: none">• Material cost savings delivered, with cost transformation project complete	<ul style="list-style-type: none">• £2m+ annualised cost savings
<ul style="list-style-type: none">• Rolled out new EPoS software	<ul style="list-style-type: none">• Systems refresh project

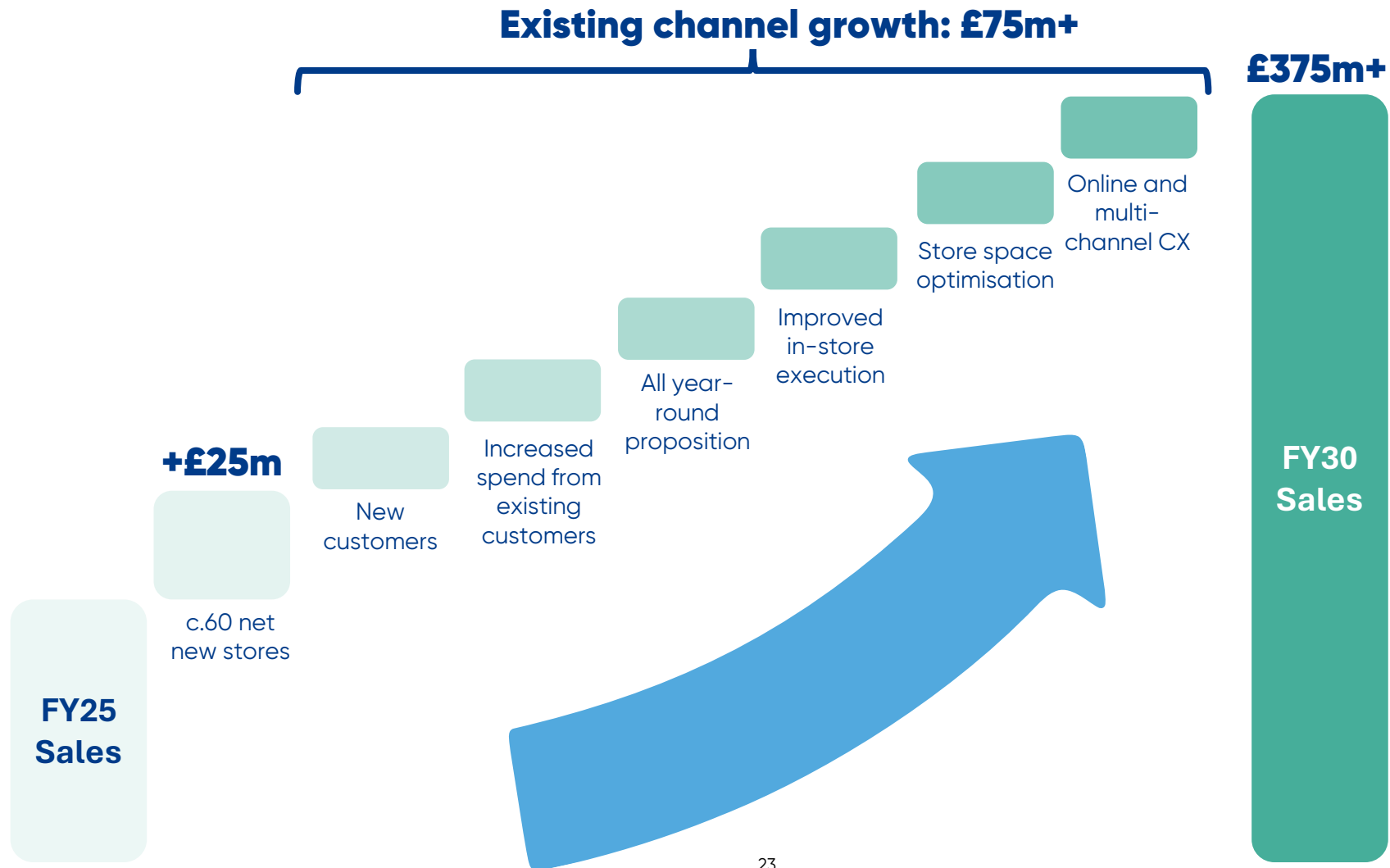
Strategy in Action: New Mezzanine in our DC



- £0.6m capex investment
- Reduces peak capacity challenges faced
- Supports improved efficiencies => payback of around 1yr



Multiple levers in place to drive growth in sales to £375m+



Action to drive EBITDA margin improvement

**Ongoing
optimisation of
store portfolio**

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

**c.200bps
product margin
improvement**

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

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

**£5m+ reduction
in operating cost
base**

Our Investment Case

A clear customer offering, with a refreshed strategy, building momentum and significant untapped growth potential in the value sector



1. Highly relevant purpose and meaningful ambition



2. Clear position in the value retail sector, with all year-round appeal



3. Much loved by customers with significant opportunity to grow brand awareness



4. Accessible and convenient multi-channel proposition



5. Significant market share growth potential across key categories



6. New five-year strategy to transform the business that is already delivering results



7. Strong financial position

Our five-year financial goals

Sales in excess of £375m

EBITDA margins of at least 6%

Summary – a year of significant progress

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- Clear targets – sales in excess of £375m and EBITDA margin of at least 6% within five years

Strong financial performance

- LFL sales growth, ahead of the wider sector
- Significant improvement in profitability, in line with recently upgraded market expectations

Well positioned for further profit growth in FY26

- Market guidance recently upgraded
- Strong start – LFLs +5% in first 11wks

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.

Statutory Income Statement

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

Rec to pre-IFRS16 EBITDA

	FY25		FY24		Variance	Variance
	£m	% of revenue	£m	% of revenue	£m	%
Revenue	277.0		282.6		(5.5)	(2.0)
Less: Cost of goods sold	(112.5)		(120.5)		8.0	6.6
Product gross margin	164.5	59.4	162.1	57.3	2.5	1.5
Store payroll	(49.9)	(18.0)	(50.2)	(17.8)	0.3	0.5
Store property and establishment costs	(50.3)	(18.2)	(49.3)	(17.4)	(1.1)	(2.2)
Store PoS and transaction fees	(2.5)	(0.9)	(2.7)	(1.0)	0.2	6.2
Online variable costs	(13.8)	(5.0)	(15.8)	(5.6)	2.0	12.6
Store depreciation (excluding IFRS 16)	(2.7)	(1.0)	(1.9)	(0.7)	(0.9)	(46.9)
Adjusting items	4.4	1.6	3.7	1.3	0.7	17.8
IFRS16 impact (excluding Adjusting items)	4.1	1.5	5.8	2.0	(1.6)	(28.5)
Gross profit per financial statements	53.7	19.4	51.8	18.3	1.9	3.7
Distribution expenses	(11.5)	(4.2)	(12.6)	(4.4)	1.1	8.5
Distribution depreciation	(0.1)	(0.0)	(0.2)	(0.1)	0.1	29.5
Distribution Costs per financial statements	(11.6)	(4.2)	(12.7)	(4.5)	1.1	8.6
Administrative expenses	(26.9)	(9.7)	(25.6)	(9.0)	(1.4)	(5.3)
Administrative depreciation	(2.1)	(0.7)	(2.4)	(0.8)	0.3	13.3
Adjusting Items	(0.6)	(0.2)	0.0	0.0	(0.6)	(100.0)
IFRS16 impact (excluding Adjusting items)	0.6	0.2	0.3	0.1	0.3	133.6
Administrative Costs per financial statements	(29.0)	(10.5)	(27.7)	(9.8)	(1.3)	(4.9)
Operating profit per financial statements	13.1	4.7	11.4	4.0	1.7	14.7
Less Depreciation, amortisation included in Operating profit	4.9	1.8	4.4	1.6	0.5	11.3
Less IFRS16 incl. in Op profit (Excl Adjusting Items)	(4.7)	(1.7)	(6.0)	(2.1)	1.3	21.8
Removing Adjusting items	(3.8)	(1.4) ³¹	(3.7)	(1.3)	(0.0)	(0.7)
Pre-IFRS 16 Adjusted EBITDA	9.5	3.4	6.0	2.1	3.5	57.3

Statutory Balance Sheet

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

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