> The Board is fully committed to implementing the highest standards of corporate governance.

Dear shareholder

I am delighted to present our Corporate governance report for the year ended 30 April 2023, which sets out how our governance framework has operated and developed during the course of the year.

The Board remains fully committed to implementing the highest standards of corporate governance, and I am pleased to report that it has applied the principles of the 2018 UK Corporate Governance Code in so far as it applies to smaller listed companies (below the FTSE 350).

The Company's performance in FY23 has continued to be impacted by the uncertain economic environment, and in particular concerns around the cost of living, as well as ongoing (but reducing) effects of supply chain disruption due to the Covid-19 pandemic. The lingering effects of the cyber security incident towards the end of FY22 also affected the business' operations.

During the year the Company's leadership team and structure have continued to evolve and we have continued to make operational improvements to ensure that the business is run in the most efficient and cost-effective way, including through proposed changes to the store labour model which were reviewed by the Board during the year.

As a Board, we have also devoted time to monitoring initiatives to support our people and culture. This has included updates on our employee engagement survey, and progress against actions arising from it, as well as receiving a detailed talent review covering various workstreams to support the development of our colleagues.

Our governance framework has also been further strengthened. In particular, in line with our commitment to reduce our impact on the environment and implement the TCFD recommendations, we have increased our focus on environmental and climate-related matters. In setting our emission reduction targets to achieve our net-zero ambitions (which are described in more detail on page 30) the Board has spent a significant amount of time discussing, challenging management on, and ultimately approving the approach adopted.

Our programme of Operations Board member presented 'deep dives' at our scheduled Board meetings continues to work well in both ensuring that the Board is kept well informed of progress against key strategic and operational projects, as well as providing opportunities to engage directly with senior management and their direct reports. During FY23, 'deep-dives' have focused in particular on IT projects and security (with the Board keen to oversee progress to enhance our IT security infrastructure following the cyber attack last year), and ESG and net zero (as noted above). We have also devoted significant time to projects aimed at improving stock management processes, including the review of the Group's operational structure, enhancement of its merchandising functions, and proposals to enhance underlying systems.

I led an internal Board evaluation process during the year which is summarised on page 64. I am delighted to report that the unanimous conclusion was that the Board dynamics are working well, and that the Board, its Committees and individual Directors are operating effectively. We have identified some actions to take forward in FY24 to ensure that we continue to support management and the business in the best way possible. These include allocating additional time for store visits and strategy review, improving the visibility and understanding of the Board across the business, and continuing to review the information included in monthly reporting to the Board.

I have also enjoyed increased levels of direct engagement with our shareholders during the year including participating in a number of face-to-face meetings. These interactions are extremely beneficial; they provide a deeper understanding of what really matters to our shareholders, and this invaluable information better equips the Board when considering the shareholder context in its discussions and debates.

I look forward to meeting shareholders at our forthcoming Annual General Meeting (AGM), which will be held on 4 October 2023.

Carolyn Bradley
Chair
30 August 2023

Drive operational improvements

Site visit to iForce

Managing a cost-effective and efficient fulfilment process is vital to the delivery of the Group's ability to maintain a competitive value offering online. Given the importance of this process, in early October 2022 the Board held its meeting at the iForce distribution centre in Rugby (the site from which the majority of the Group's online channel sales are fulfilled).

The visit included a tour of the iForce operation, and the opportunity to see in action the Company's investment in an automated packing machine and robots to improve the efficiency of the stock picking operation. Board members were also able to engage directly with the Company's key contacts at iForce, enabling them to assess the strength of the supplier relationship and understand the challenges and improvement opportunities to support the efficient delivery of online purchases to customers.

Read more about our strategy on pages 16 and 17

An experienced team

N R

Carolyn Bradley
Chair and Non-Executive Director

Date of appointment
September 2021

Committee membership
Chair of the Nomination Committee and member of the Remuneration Committee.

Relevant skills and experience
- Extensive retail, marketing and commercial experience in executive and non-executive roles including 25 years at Tesco plc where her roles included Group Brand Director, UK Marketing Director and Chief Operating Officer for Tesco.com.
- Significant consumer experience including leading Tesco's Clubcard loyalty scheme, the 'Every Little Helps' service campaign and the grocery home delivery business.

Current external appointments
Senior Independent Director and Chair of the Remuneration Committee of SSP Group plc and Non-Executive Director of Majid Al Futtain Retail LLC and The Mentoring Foundation.

A N R

Harry Morley
Senior Independent Non-Executive Director

Date of appointment
July 2018

Committee membership
Chair of the Audit Committee and member of the Nomination and Remuneration Committees.

Relevant skills and experience
- Extensive retail and consumer experience, including as co-founder of Tragus Holdings Ltd, owner of Café Rouge and Bella Italia restaurant chains and a Non-Executive Director of Bibendum Wine Holdings Ltd.
- Significant financial and commercial expertise as Chief Financial Officer of Tragus Holdings Ltd and CEO of Armajaro Asset Management LLP. He also held senior management roles at P&O.
- Chartered accountant.

Current external appointments
Non-Executive Director and Chair of the Audit Committee at JD Wetherspoon plc, a Trustee of the Ascot Authority and from 1 September 2023, a Non-Executive Director of Schroder UK Mid Cap Fund plc. Director of Cadogan Group Limited and two related subsidiary companies.

A N R

Catherine Glickman
Independent Non-Executive Director

Date of appointment
July 2018

Committee membership
Chair of the Remuneration Committee and member of the Audit and Nomination Committees.

Relevant skills and experience
- Significant retail experience as Group HR Director of Genus plc, having previously held the same role at Tesco plc where she led retail management development and customer service training during a period of significant expansion in the UK and overseas. Prior to this she held positions at Somerfield and Boots.
- Extensive people and reward expertise having developed reward structures that align leadership motivation with strategy at both Genus plc and Tesco plc.

Current external appointments
Non-Executive Director and Chair of the Remuneration Committee at Renishaw plc.

Committee membership

- **A** Audit Committee
- **N** Nomination Committee
- **R** Remuneration Committee
- Chair of Committee

Gavin Peck
Chief Executive Officer

Date of appointment
January 2020

Committee membership
None

Relevant skills and experience
- Significant financial, retail and commercial expertise, including as Chief Financial Officer of The Works, and, prior to that, as Commercial Director at Card Factory plc where he was responsible for the commercial function (buying, space and merchandising) and leadership of the commercial finance team. He played a key role in the successful IPO of Card Factory in 2014 and its subsequent growth and evolution as a listed business.
- Chartered Accountant, having started his career at PwC where he spent eight years working in the audit and corporate finance departments.
- Joined The Works as CFO in April 2018, overseeing the IPO and serving as an Executive Director of TheWorks.co.uk plc since the IPO in July 2018.

Current external appointments
None

Steve Alldridge
Chief Financial Officer

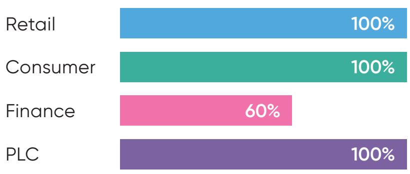
Date of appointment
May 2021

Committee membership
None

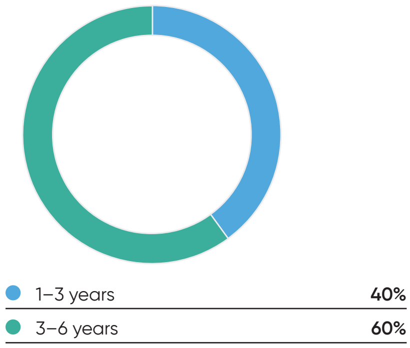
Relevant skills and experience
- Significant financial and retail expertise having initially joined The Works on an interim basis as CFO in June 2020. Prior to that, over 20 years' experience of working in retail, most recently as CFO of Bonmarché Holdings plc, where he led a highly effective finance function, and completed several significant transactions, including a private equity backed management buyout, and two stock market listings. Previously he worked at Peacocks, the discount retailer, and chartered accountants EY.
- Chartered accountant.

Current external appointments
None

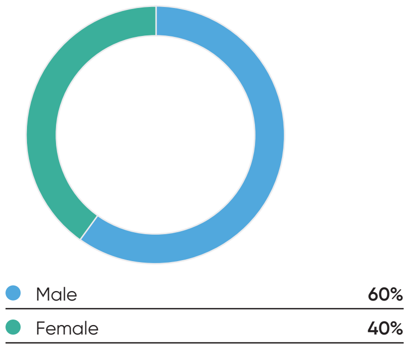
Experience



Tenure



Gender



Corporate governance report

UK Corporate Governance Code – compliance statement

The Company has applied all of the principles of the UK Corporate Governance Code (the Code) as they apply to it as a 'smaller company' (below FTSE 350) and has complied with all relevant provisions of the Code during the year. Full details of the Code are available at www.frc.org.uk. Details explaining how the Company has applied the principles of the Code can be found throughout this Annual Report.

Governance structure

Board

- Overall leadership of the Group.
- Oversees and embeds sound principles of corporate governance.
- Ensures appropriate policies, procedures and controls are in place to support effective risk management and performance against agreed financial and operational metrics.
- Sets strategy, purpose, values and culture.
- Approves major contracts.
- Approves business plan and budget.
- Sets and oversees environment and climate strategy and targets.

Certain matters are reserved to the Board and formally documented in a Schedule of Matters Reserved to the Board. The Board has delegated a number of its responsibilities to the Audit Committee, Nomination Committee and Remuneration Committee. The Schedule of Matters Reserved to the Board and each Committee's terms of reference are available at https://corporate.theworks.co.uk/who-we-are/corporate-governance.

Audit Committee

- Reviews annual and interim financial statements.
- Reviews accounting policies and financial reporting and regulatory compliance.
- Reviews internal control system.
- Monitors processes for internal audit, risk management and external audit.
- Monitors independence of external auditor.
- Oversees relationship with external auditor.

Read more on **pages 66 to 69**

Nomination Committee

- Identifies and nominates appointments to the Board.
- Reviews Non-Executive Directors' time commitments.
- Oversees succession planning.
- Reviews size and composition of the Board.
- Promotes diversity.
- Undertakes annual performance evaluation of the Board, its Committees and individual Directors.

Read more on **pages 70 to 72**

Remuneration Committee

- Sets Remuneration Policy.
- Determines Executive Director and senior management remuneration.
- Approves annual bonus plan and Long-Term Incentive Plan targets.
- Reviews workforce remuneration policies and practices.
- Ensures that provisions regarding disclosure of remuneration are fulfilled.

Read more on **pages 73 to 85**

Operations Board

- Reporting to the CEO, responsible for the day-to-day trading activities of the Group and implementing the strategy agreed by the Board.
- Monitors performance against financial and operational targets and manages risk.

Information about the Operations Board is available at https://corporate.theworks.co.uk/who-we-are/our-leadership.

How the Board operates

The Board meets at least ten times per year, and its activity at each meeting is planned in accordance with a formal schedule of activity which is updated on a rolling basis and is approved by the Board. This ensures that it receives appropriate information at the appropriate time, and that all key operational, financial reporting and governance matters are discussed during the year. In addition to standing items, agendas incorporate sufficient flexibility to allow specific areas of focus to be considered as and when required, and for store or Distribution Centre visits to be incorporated into the annual meeting activity. The schedule includes regular 'deep-dive' presentations from Operations Board members on specific areas of their responsibility, which increase the Non-Executive Directors' understanding of key operational initiatives and challenges and provide the opportunity for senior executives to meet and discuss their areas of responsibility with the Board.

To support consistency of information, a Board pack is circulated in advance of each meeting. It includes summary reports from the CEO, the CFO and each of the other Operations Board members, as well as underlying supporting data and metrics. The Company Secretary also prepares a standard format report for each meeting to ensure the Board is kept up to date on recent and upcoming announcements, share dealing requests and statutory or regulatory filings, and regulatory or legislative developments which may impact the Company. Separate papers are prepared to support any specific matters requiring Board decision or approval, or to provide updates on actions raised at previous meetings.

The Non-Executive Directors provide ongoing feedback to the CEO and CFO on the content of papers to ensure they continue to support effective debate and decision making by the Board.

All Directors have direct access to the Operations Board members and other senior managers should they require additional information on any of the items to be discussed at Board meetings. The Board and the Audit Committee also receive regular and specific reports to enable monitoring of the effectiveness of the Company's systems of internal control.

Minutes of all Board and Committee meetings are taken by the Company Secretary and circulated to Directors for approval as soon as practicable following the meetings. Specific actions arising from meetings are recorded both in the minutes and on separate action logs, thereby facilitating the effective communication of actions to those responsible and allowing the Board to monitor progress.

Composition, independence and attendance

There were no changes to the Board during FY23, and it therefore continues to be comprised of five Directors (including the Chair). The Board (on the recommendation of the Nomination Committee) continues to determine that both of the Non-Executive Directors (Catherine Glickman and Harry Morley) are independent, and therefore, excluding the Chair, half of the Board comprises independent Directors in compliance with provision 11 of the Code.

Individual Director attendance at scheduled Board and Committee meetings (where they are a member) is set out in the table below:

Director	Board meetings held/ attended	Audit Committee meetings held/ attended	Remuneration Committee meetings held/ attended	Nomination Committee meetings held/ attended
Carolyn Bradley	11/11	N/A	4/4	2/2
Gavin Peck	11/11	N/A	N/A	N/A
Steve Alldridge	11/11	N/A	N/A	N/A
Catherine Glickman	11/11	4/4	4/4	2/2
Harry Morley	11/11	4/4	4/4	2/2

All Directors are expected to attend all meetings of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. The Non-Executive Directors' letters of appointment anticipate that each Non-Executive Director will need to commit a minimum of two days per month to the Company but clarify that more time may be required. In addition, the Non-Executive Directors are expected to commit appropriate preparation time ahead of each meeting.

Where Directors are unable to attend a meeting, they are encouraged to submit any comments on papers or matters to be discussed to the Chair in advance to ensure that their views are recorded and taken into account during the meeting.

Roles and division of responsibilities

There have been no changes to the roles and responsibilities of the members of the Board during the year. As previously reported, there is a clear division of responsibilities between the Chair and the CEO (with the Chair's primary role being to lead the Board and ensure its independence and effectiveness, and the CEO's primary role being the day-to-day management and leadership of the Company). Harry Morley is the Senior Independent Director, and his duties in that role include acting as a sounding board for the Chair, being available as an additional point of contact for shareholders, and leading the evaluation of the Chair's performance.

The Company Secretary supports the Board and each of the three Board Committees, and attends all meetings. The Company Secretary is available to all the Directors to advise on company law, governance and best practice, whilst assisting the Board in ensuring that the correct policies, processes and information are tabled for discussion, noting or approval at the correct point in time throughout the year.

Board activities during the year

The Board met formally on 11 scheduled occasions during the year. It also undertook three site visits. In October 2022 the Directors visited the Group's third-party fulfilment partner's (iForce) distribution centre in Rugby (see page 59) and in November 2022 its Watford Atria store. In April 2023 the Board also undertook a tour of the Group's Distribution Centre (co-located within its head office at Boldmere House) to see the new pick matrix that has been introduced to improve the efficiency of the store replenishment process.

In addition to scheduled meetings, the Board also met on two separate occasions by video conference at short notice to review trading performance and to deal with final approval of the FY22 results announcement and Annual Report.

The key matters the Board focused on during the year are detailed in the table below. In addition the standing agenda for each scheduled Board meeting includes discussion of the information contained within the Board pack circulated in advance of each meeting (see previous page).

Topic	Activity
Strategy	• Mid-year progress review against strategic objectives. • Approved investment in stock transformation (including review of operational structure and enhancement of the merchandising function).
Financial and reporting	• Reviewed and approved the FY24 budget. • Reviewed and approved the half-year and full-year financial statements. • Approved the Group tax strategy.
People and culture	• Received an update on Company culture and reviewed a summary of key workforce policies and procedures. • Reviewed employee engagement survey. • Received detailed talent review, and update on workstreams to support colleague development and internal succession. • Reviewed proposed changes to store labour model.
Shareholder engagement	• Received regular updates from CEO and CFO on their engagement with analysts and institutional investors. • Discussed feedback from the Chair's meeting with investors during the year. • Approved appointment of Singer Capital as corporate broker.
ESG	• Reviewed the Group's carbon balance sheet and approved methodology for assessing Scope 3 emissions. • Agreed net-zero strategy and targets. • Reviewed climate-related risks and opportunities facing the business. • Received updates on development of the diversity and inclusion strategy, and approved the updated Board Diversity Policy.
Risk management	• Reviewed the Group's risk register and internal controls structure. • Received regular updates on internal financial control improvements. • Reviewed detailed progress reports on steps being taken to enhance IT security infrastructure following last year's cyber security incident. • Reviewed and proposed amendments to the Group's policy relating to bribery and corruption.
Governance	• Reviewed the results of the Board evaluation, and agreed an action plan for FY24. • Reviewed various governance policies, including the Disclosure Policy, Whistleblowing Policy, Share Dealing Code and Board Diversity Policy. • Reviewed and approved changes to the Board's Schedule of Matters Reserved and its Committees' terms of reference.

Training and development

The efficient and effective operation of the Board depends on the ability of individual Directors (and in particular the Non-Executive Directors) to bring the benefit of their own business knowledge and experience. Ensuring that all Directors have an in-depth understanding of the Company's own operations is an important element in enabling the benefit of that experience, and we seek to support this understanding through the detailed materials circulated in advance of Board meetings, as well as collective and individual Director site visits or days out in stores, which are usually accompanied by different members of the Operations Board.

We also expect our Directors to keep themselves up to date in relation to developments in regulation and corporate governance best practice. As highlighted above the Company Secretary ensures that the Board is briefed on forthcoming legal and regulatory developments, and Directors are encouraged to attend externally facilitated seminars, webinars and workshops to develop their knowledge and experience in particular areas relevant to their role with the business.

Evaluation and effectiveness

In accordance with provision 21 of the Code, the Board considered whether it would be appropriate to conduct an externally facilitated evaluation process during the year. Given the size of the Board, the relative cost of an externally facilitated process, and a desire to allow the Executive Directors to maintain focus on managing the business in a challenging environment without unnecessary distraction, the Board agreed that an internal evaluation process would again be the best approach. However, to gather more qualitative feedback the Board agreed that the process should move away from a questionnaire-based approach to one led by the Chair and involving face-to-face conversations with each member of the Board. Information about the FY23 evaluation process, including its findings and key actions, is summarised in the table below:

Process	Discussions and output
1. PLC Board interviews	Carolyn Bradley met with each member of the Board. Discussions focused on: • Board dynamics. • Meeting content and process. • Governance and activity programme. • Committee performance. • Individual Director performance.
2. Operations Board feedback session	Gavin Peck led a group discussion with the Operations Board seeking feedback on: • Their interactions with Board Directors (through one-to-one meetings or their attendance at PLC Board meetings). • Broader business/colleague perception and understanding of the Board's role. • The culture promoted by the Board.
3. Feedback	Summary feedback compiled by Carolyn Bradley was discussed at the April 2023 Board meeting. Key findings were: • Universal agreement that Board dynamics are good. • Meetings are effective, with appropriate content, papers and governance. • Appropriate time is spent on strategy. • Interactions with Operations Board are positive and well received. • Committees are well chaired and operate effectively. • More time could be spent in stores and monitoring trends and developments in the retail sector. • Challenge from the Non-Executive Directors is appropriate and well received.
4. Next steps	The Board agreed the following actions: • Hold an extended two-day meeting each year to accommodate store visits alongside a strategy review. • Consider the level of detail required in Operations Board reports to the Board, including whether they could be more succinct. • Consider ways to deepen broader business understanding/knowledge of the Board and its role.

Progress made in addressing some of the actions identified in the FY22 evaluation process is summarised below:

Key matter	Actions	Progress in FY23
Purpose, values and strategy	• Develop an overall execution plan encompassing all elements of the Company's strategy. • Create a dashboard to monitor and measure progress against relevant KPIs.	• Regular updates provided by the CEO on progress against strategic pillars.
Stakeholders	• Build on recent good stakeholder engagement with both colleagues and shareholders. • Develop and support the Company's ESG programme, at Board and executive level, recognising that the programme requires more definition and data provision.	• Continued focus on colleague engagement. • Chair has met with a number of shareholders in the year. • Significant focus on ESG (particularly climate and net zero) in the year.
The Board and succession	• Increase Nomination Committee focus on succession planning at Board and executive levels. • Create more opportunities for the Board to meet rising stars and future executive leaders.	• Additional time devoted to succession planning during the year. • Operational 'deep-dive' presentations to the Board expanded to include presentations by Operations Board members' direct reports.

Appointment and election

The Board considers all Directors to be effective and committed to their roles and to have sufficient time to perform their duties. In accordance with the Company's Articles of Association (articles), all members of the Board will be offering themselves for reappointment at the Company's AGM on 4 October 2023.

All of the Directors have service agreements or letters of appointment and the details of their terms are set out below.

Executive Director service contracts

Name	Position	Date of service agreement	Notice period by Company (months)	Notice period by Director (months)
Gavin Peck	CEO	19 July 2018	12	12
Steve Alldridge	CFO	14 May 2021	6	6

The Non-Executive Directors (including the Chair) do not have service contracts, but are instead appointed by letters of appointment. Each of the Non-Executive Directors and the Chair are appointed for a three-year term, subject to their annual reappointment by shareholders at the AGM.

Non-Executive Director appointments

Name	Date of appointment	Appointment letter commencement date	Unexpired term as at 4 October 2023
Carolyn Bradley	30 September 2021	30 September 2021	12 months
Catherine Glickman	19 July 2018	26 July 2022	22 months
Harry Morley	19 July 2018	26 July 2022	22 months

Conflicts of interest and external appointments

In accordance with the Board's approved procedure relating to the disclosure of any conflicts or potential conflicts of interest, all Directors have confirmed that they did not have any conflicts of interest with the Group during the year. None of the Directors took on any new external appointments during FY23.

Whistleblowing

The Company has in place procedures by which colleagues may, in confidence, raise concerns relating to possible improprieties in matters of financial reporting, financial control or any other matter. The Whistleblowing Policy applies to all colleagues across the Group, and the Board is responsible for monitoring the policy and ensuring that the arrangements are effective. A review of the Whistleblowing Policy and arrangements was initiated in the latter part of FY23, and while the Board continues to be of the view that existing arrangements are appropriate it is anticipated that the language of the policy will be updated in FY24 to bring it in line with that of other workforce policies.

Stakeholder engagement

The CEO and Operations Board members are responsible for the day-to-day management of stakeholder relationships and ensuring that stakeholder issues are appropriately reported to the Board. Further information on how we engage with stakeholders is set out on pages 26 and 27. The Directors recognise their duty under Section 172 of the Companies Act to consider the interests of stakeholders, and the nature of our business means that the interests of our colleagues, customers and suppliers are at the front of mind in the Board's decision-making process. The Company's Section 172 statement is included on page 28.

Engagement with the workforce

The Board recognises that the Company's culture underpins its long-term success. Accordingly, assessing and monitoring the culture that is being fostered across the Group forms part of the Board's activity schedule. This assessment is conducted through a combination of reviews of the output of our regular employee engagement surveys, updates from the People Director through our programme of Operations Board members' 'deep-dive' presentations to the Board, formal reporting on people related statistics in the monthly Board pack, and Board members' own interactions with colleagues across the Group (including through Board or individual Director site visits). The Board also regularly reviews workplace policies and practices.

As part of its review of Code compliance during the year, the Board again assessed the various methods by which the Directors engage with the wider workforce. The Board continues to be of the view that the combination of existing engagement mechanisms ensures that the Board is appropriately informed about, and understands, workforce views, and therefore this approach continues to appropriately address the requirement to engage with the workforce under provision 5 of the Code. The Board does not currently intend to adopt one of the three workforce engagement methods suggested in that provision, but will continue to monitor its workforce (and wider stakeholder) engagement mechanisms to ensure they operate effectively.

Relations with shareholders

The Board recognises the importance of explaining financial results and key strategic and operational developments in the business to the Company's shareholders, and of understanding any shareholder concerns.

Ensuring a satisfactory dialogue with shareholders and receiving reports on the views of shareholders are matters reserved for the Board. Day-to-day responsibility for investor relations is delegated to the CEO and the CFO, who are supported by the Company's retained financial PR advisers, and its corporate brokers. As part of its investor relations programme, the Group aims to maintain a dialogue with its shareholders, including institutional investors, to discuss issues relating to the performance of the Group. Information and investor news is also made available via the Company's website (https://corporate.theworks.co.uk/investors).

The Chair has also met with a number of shareholders during FY23.

Investor relations is a standing item on the Board's agenda. The Executive Directors and the Chair provide feedback directly to the Board on key matters arising in their meetings with shareholders, ensuring that all Directors are aware of shareholder views. These matters are discussed and assessed by the Board before deciding on whether any further action or engagement is required.

The Company's AGM provides a further opportunity for shareholders to engage directly with the Board. The Company's 2023 AGM will take place at 9am on 4 October 2023 at Boldmere House, Faraday Avenue, Hams Hall Distribution Park, Coleshill, Birmingham B46 1AL. This Annual Report and financial statements and Notice of the AGM will be made available to shareholders in accordance with the required notice periods.

Audit Committee report

Members
- Harry Morley (Chair)
- Catherine Glickman

Number of meetings held in the year:
4

Committee's role and responsibilities
- Reviews the annual financial statements, including accounting estimates and judgements.
- Assists the Board with the discharge of its responsibilities in relation to the external audit including audit scope, external auditor appointment and the extent of non-audit work undertaken by the external auditor.
- Reviews the effectiveness of the Group's internal control and risk management systems.
- Monitors the Group's internal audit arrangements.

Main activities during FY23
- Assessing the effectiveness of the Group's internal control framework.
- Monitoring stock control improvements. Reviewing and challenging management's assessment of the Company's principal risks.
- Consideration of the viability and going concern assessment and store impairment.

Terms of reference:

Available at https://corporate.theworks.co.uk/who-we-are/corporate-governance

Dear shareholder
I am pleased to present the Audit Committee's report for the 52-week period ended 30 April 2023. The report sets out the Committee's work in relation to financial reporting, internal control and audit, risk management and oversight of the external audit process.

Timing of the FY23 results
The FY23 results have been published later than originally intended. The delay was due to significant additional work being undertaken, principally in relation to asset impairment charges and related impacts on IFRS 16 calculations. As well as affecting the FY23 result, this also entailed the restatement of comparative figures for prior periods. Whilst the delay has been frustrating, we highlight that the issues in question have not affected the Board's assessment of the underlying performance of the business (for example, as represented by the EBITDA) and had no direct cash impact. Information regarding the restatements is included in note 14 of the financial statements.

Composition of Committee, role and main activities in FY23
The Committee's members, its role and main activities are detailed in the adjacent panel. I am a qualified chartered accountant. I also have an executive background in finance roles and am an experienced audit committee chair. The Board is satisfied that I have recent and relevant financial experience as recommended under provision 24 of the Code. Both Catherine Glickman and I have significant knowledge and experience of the retail and leisure sectors; accordingly the Board is also satisfied that the Committee has competence relevant to the sector in which the Company operates.

Meetings and attendees
The Committee met on four occasions during the year, and has met three times since the year end. All meetings were attended by all members of the Committee as shown in the table on page 63.

The external auditor has the right to attend meetings, and the Board Chair, Executive Directors and Head of Finance typically attend each meeting by invitation. Other members of the management team may also attend meetings by invitation from time to time.

Outside of the formal meeting programme, the Audit Committee Chair maintains a dialogue with key individuals involved in the Company's governance, including the Chair, the CEO, the CFO and the external auditor. At least twice per year, the Committee also meets the external auditor without members of the management team present.

Activity during the year

The Committee's activities during the year are set out in the table below. In addition to its ongoing oversight of the Company's external financial reporting, the Committee spent time on:

- Assessing the effectiveness of the Group's internal control framework and ensuring it continues to develop to meet the evolving needs of the business and adapts to align with new systems and processes.
- Monitoring stock control improvements.
- Reviewing and challenging management's assessment of the Company's principal risks given continued economic uncertainty and the need to assess and manage climate-related risks and opportunities.

Audit Committee activity in FY23

Financial statements and reporting	Risk management and internal control systems
• Reviewed significant accounting estimates and judgements in connection with full-year and half-year financial statements. • Reviewed half-year and full-year financial statements and associated narrative reporting, and recommended approval of them by the Board. • Reviewed scenario analysis in support of going concern and long-term viability assessments.	• Received updates on workstreams to improve stock control systems and processes. • Reviewed internal financial controls, and progress against agreed improvement plans. • Received regular updates on actions to strengthen finance team capability. • Reviewed delegated authorities. • Reviewed and challenged risk register, principal risks facing the business, and process for identifying emerging risks.
External audit relationship	**Governance and other matters**
• Received and reviewed FY23 audit plan and strategy. • Received regular reports from KPMG on audit progress and status. • Reviewed effectiveness of FY22 audit process. • Reviewed auditor's independence (including non-audit services). • Agreed audit fees.	• Approved FY23 tax strategy. • Reviewed payment practices reporting and performance against supplier payment terms. • Reviewed and recommended minor changes to Audit Committee terms of reference.

Significant issues considered in relation to the financial statements

Significant issues and accounting judgements are identified by the finance team and through the external audit process and are reviewed by the Audit Committee. The significant issues considered by the Committee in respect of the year ended 30 April 2023 are set out in the table below.

Significant issues and judgements	How the issues were addressed
Going concern	The Committee considered the appropriateness of applying the going concern convention in the preparation of the financial statements. The Committee noted that under a "severe but plausible" downside scenario model prepared to assess the appropriateness of the basis of preparation, the Group could breach its fixed charge bank covenant when the bank facility is being drawn upon. Whilst the Directors do not consider this a likely scenario in practice, it is nevertheless a plausible one, and to comply with the approach required by the relevant accounting standards, a material uncertainty in relation to the basis of preparation has been included in Note 1 (b) of the financial statements.
Carrying value of Parent Company investments	Judgement was required to assess the carrying value of the parent company's investment in its subsidiaries, particularly given the current disparity between the estimated value in use derived by management, and the Group's market capitalisation. The Committee noted that a significant impairment charge has been recognised in FY23 although the carrying value remains significantly higher than the market capitalisation, even after taking this into account. The Committee noted that the market capitalisation appears unusually low compared to the Group's peers, when compared on the basis of, for example, multiples of earnings.
Impairment of property, plant and equipment, right-of-use assets and intangibles	The committee considered the approach taken to calculating the value in use estimate used in assessing the impairment of store fixed assets and the IFRS 16 right of use asset. It was considered appropriate to allocate a greater proportion of the Group's central overhead costs to cash generating units than in previous years. This judgement resulted in a significant impairment charge for the Period, and, the requirement to retrospectively adjust impairment charges reported in respect of prior periods.
Existence, completeness and valuation of inventory	As noted in the 'Risk management and internal control' section of the committee's report, the committee reviewed the Group's arrangements for improved stock taking processes. The implementation of these reduced the level of judgement required in the valuation of inventory compared with FY23. Although a degree of judgement will always be required in relation to the valuation of stock, the process is now more mechanistic than previously.

Financial Reporting Council (FRC) letter

In April 2023, the Company receive a query from the FRC following a review of our Annual Report and Accounts for the 52-week period ended 1 May 2022. The Committee reviewed all correspondence between the Group and the FRC, and also discussed the matters raised with our auditor. The matters raised by the FRC related to the valuation of the Parent Company investment in subsidiaries, and the calculation of income tax on gains recognised in other comprehensive income. As a result of the review, in the FY23 Annual Report and Accounts, the disclosure of the assumptions regarding Parent Company investment have been increased.

The FRC's enquiries, which were limited to a review of the FY22 Annual Report and Accounts, are now complete. The FRC does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into, and accordingly the review provides no assurance that the FY22 Annual Report and Accounts is correct in all material respects.

Risk management and internal control

The Board has overall responsibility for setting the Group's risk appetite and ensuring that there is an effective risk management framework to maintain levels of risk within the risk appetite. The Board has delegated responsibility for review of the risk management methodology and effectiveness of internal control to the Audit Committee.

During the year the Audit Committee and the Board reviewed the Group's risk register, and challenged management on the classification of risks and the mitigations in place. This included a consideration of the principal risks and uncertainties facing the Group and a discussion of emerging risks and how these are identified. This process informed the Committee's year-end review of principal risks and uncertainties and its recommendation to the Board. Further details of the Group's risk management approach, structure and principal risks are set out on pages 49 to 53.

The Group's system of internal control comprises entity-wide high-level controls, controls over business processes and store-level controls. Policies and procedures and defined levels of delegated authority have been approved and communicated across the Group, and include an Internal Control Framework, corporate risk register, business continuity plan and IT system policies. These are supplemented by other policies and procedures which are communicated to colleagues through the employee handbook.

Management has identified the key operational and financial processes which exist and implemented internal controls over these processes in addition to the higher level review and authorisation-based controls. These policies are designed to ensure the accuracy and reliability of financial reporting and govern the preparation of the financial statements. The Board is ultimately responsible for the Group's system of internal controls and risk management and discharges its duties in this area by:

- Holding regular Board meetings to consider the matters reserved for its consideration.
- Receiving regular management reports which provide an assessment of key risks and controls.
- Scheduling periodic Board reviews of strategy including reviews of the material risks and uncertainties facing the business.
- Ensuring there is an organisational structure with defined responsibilities and levels of authority.
- Ensuring there are documented policies and procedures in place.
- Regularly reviewing reports containing detailed information regarding financial performance, forecasts, actual and forecast bank covenant compliance and financial and non-financial KPIs.

In reviewing the effectiveness of the system of internal controls, the Audit Committee:

- Reviews the risk register compiled and maintained by senior managers within the Group and questions and challenges where necessary.
- Regularly reviews the system of financial and accounting controls.

The Committee's review of the effectiveness of internal control and risk management systems is an ongoing process. The key areas of focus during FY23 are detailed below.

- As reported in the Company's 2022 Annual Report, a Profit Protection Manager (PPM) was appointed in January 2022. During FY23, the Committee received and reviewed the PPM's strategy and plan to drive improvements across the Company's operational controls in order to reduce losses. The Committee also received updates on the implementation of the plan, including the introduction of a new rolling stock count process covering the Group's entire store estate, and discussed KPMG's audit of the FY23 stock position. The Committee also considered plans to improve EPOS data analysis to support better detection of in-store stock discrepancies.
- In September 2022 the finance team presented a detailed schedule of internal financial controls and planned improvements, and the Committee has regularly reviewed this schedule in order to monitor progress and assess the effectiveness of the control improvements.
- Delegated authority limits are subject to regular review by the Committee. During the last year, the finance team has implemented a new and more sophisticated accounts payable (AP) system which has improved the control environment for invoice approval and embedded a workflow structure that supports more effective controls. An updated delegated authority matrix, including the documentation of the improvements driven by the new AP system has been developed.

The Committee is satisfied that the internal controls and risk management systems, including processes to identify and improve such systems and controls where necessary, continue to operate effectively.

Internal audit

In accordance with the Code, the Committee continues to keep the need for an internal audit function under review. In making that assessment, the Committee takes into account the risk and controls environment of the Group, and in particular any areas where additional assurance as to the effectiveness of controls and processes (over and above assurance provided through the Committee's own reviews and the external audit process) may be required. As previously reported, the Group has engaged specialist independent advisers to review and make recommendations in relation to certain IT matters, and in FY23 dedicated resource within its finance team to review systems and processes, oversee and/or implement improvements and review internal controls.

The Committee is satisfied that the work of the dedicated function within the finance team has operated effectively to provide appropriate assurance over internal controls during FY23. On this basis, and with the option to use specialist independent advisers to review any priority areas of focus, the Committee remains of the view that there is no current requirement for the establishment of a permanent dedicated internal audit function, but will continue to keep this under review.

External auditor

The Audit Committee is responsible for overseeing the Group's relationship with its external auditor, KPMG LLP. This includes the ongoing assessment of the auditor's independence and the effectiveness of the external audit process, the results of which inform the Committee's recommendation to the Board as to the auditor's appointment (subject to shareholder approval) or otherwise.

Appointment and tenure

KPMG was appointed as the Company's external auditor in 2018. The current lead audit partner, Gordon Docherty, was appointed following the conclusion of the FY22 audit. In line with KPMG's internal policy, and subject to there having been no change in external auditor, it is anticipated that Gordon Docherty will remain as the lead audit partner for five years concluding with the FY27 audit. In accordance with the Code, the Audit Committee intends to put the external audit out to tender at least every ten years.

Non-audit services

The engagement of the external audit firm to provide non-audit services to the Group can impact on the independence assessment. The Company has therefore adopted a policy which requires Audit Committee approval for any permitted non-audit services, except for permitted non-audit services with a fee of less than £5k on an individual basis or £20k on an aggregated basis which the CFO and the Audit Committee have pre-approved.

When reviewing requests for non-audit services the Audit Committee will assess:

- Whether the provision of such services impairs the auditor's independence or objectivity and any safeguards in place to eliminate or reduce such threats.
- The nature of the non-audit services.
- Whether the skills and experience make the auditor the most suitable supplier of the non-audit service.
- The fee to be incurred for non-audit services, both for individual non-audit services and in aggregate, relative to the Group audit fee.
- The criteria which govern the compensation of the individuals performing the audit.

The external auditor may not be engaged to provide non-audit services which have been identified as 'prohibited' in accordance with legislative and regulatory requirements.

During the year, the only non-audit services which KPMG was engaged to carry out related to the issuance of turnover certificates for a small number of stores where the terms of the lease require them to be independently verified. The fees paid to KPMG LLP in respect of these services totalled £1k, representing less than 1% of the total audit fee. Further detail is included in Note 7 to the financial statements on page 110.

External audit effectiveness

During the year, the Committee reviewed the effectiveness of the FY22 year-end audit process. The format of the review included taking into account the views of the internal finance team, members of the Committee and others involved in the audit process which were discussed at the Committee's meeting in January 2023. In general, all parties had concluded that the FY22 audit process had been rigorous, exhaustive and effective, and that KPMG had demonstrated independence, objectivity and an appropriate level of professional scepticism throughout the process.

Performance evaluation

The evaluation of the performance of the Committee was conducted as part of the broader Board evaluation process set out on page 64 of this Annual Report. I am pleased to report that feedback relating to the Committee was positive, indicating that the Committee continues to operate effectively.

Harry Morley
Chair of the Audit Committee
30 August 2023

Nomination Committee report

> Promoting diversity and inclusion will be key factors in our succession planning and NED appointment processes.

Members
- Carolyn Bradley (Chair)
- Catherine Glickman
- Harry Morley

Number of meetings held in the year:
2

Committee's role and responsibilities
- Oversees succession planning.
- Identifies and nominates appointments to the Board.
- Reviews Non-Executive Directors' time commitments.
- Reviews size and composition of the Board.
- Promotes diversity.

Main activities in FY23
- Succession planning at Board and senior management level.
- Diversity.

Terms of reference:
Available at https://corporate.theworks.co.uk/who-we-are/corporate-governance

Dear shareholder

I am pleased to present the Nomination Committee's report for the 52-week period ended 30 April 2023. This report summarises the work of the Nomination Committee during the year.

Composition of Committee, role and main activities in FY23

The Committee's members, its role and main activities are detailed in the adjacent panel. During the year there has been specific focus on succession planning, both at Board and senior management level, and diversity.

Meetings and attendees

The Committee met twice during the year. All meetings were attended by all members of the Committee as shown in the table on page 63.

Only members of the Committee have the right to attend meetings, but the CEO and People Director are typically invited to attend at least part of each meeting, particularly when executive succession planning and other workforce related matters are being discussed. Other Directors, executives or advisers may be invited to attend all or part of any meeting as appropriate.

Succession planning

The Committee discussed Board succession planning and in particular the need to plan appropriately for the rotation of the Non-Executive Directors to support Board stability and avoid a situation where both Catherine Glickman and Harry Morley (who were appointed on the Company's IPO in 2018) step down at the same time. Although no Board changes are imminent, the Committee has agreed in principle that Catherine and Harry will step down in a staggered fashion and, given their respective key roles as Chairs of the Remuneration and Audit Committees, that there may be some overlap between the appointment of their replacements and the date that they step down.

The Committee has also agreed that Board diversity (particularly gender and ethnicity) will be key factors in any search process for new Non-Executive Directors, albeit recognising that appointments will always be made on merit and based on objective criteria.

In March 2023 the Committee received an update on Executive Director and senior management succession led by the CEO and People Director. This included a high-level analysis of potential internal successors for Executive Director and Operations Board roles. It is intended that more formal internal succession plans will be developed, and this topic will continue to be a regular point of discussion for the Committee. The Board will also monitor and review initiatives to support the identification and development of internal talent through its regular updates from the People Director, and the action plans arising from our employee engagement activity.

In line with our Executive Director succession plans, we were delighted to announce that Rosie Fordham will succeed Steve Alldridge as CFO following an orderly handover of responsibilities and by the end of 2023.

Diversity and inclusion (D&I)

The Committee is responsible for monitoring compliance with the objectives of the Board Diversity Policy (the D&I Policy). During the year, the Committee considered and approved an updated D&I Policy to ensure alignment with D&I policies and initiatives across the wider business. The updated D&I Policy reflects the Board's aspiration to achieve the gender and ethnic diversity targets introduced into the Listing Rules in 2022, which reflect the recommendations of the FTSE Women Leaders Review and the Parker Review.

The updated D&I Policy also sets out the Company's commitment to promote equality, diversity and inclusion, and a supportive culture that actively values difference. It also recognises:

- That a key driver in building a workforce that is truly representative of all sections of society and the Group's customers is a Board that has a balance of skills, knowledge, strengths, experience, diversity and independence which enables it to provide a range of perspectives, insight and challenge.
- The expectation that the Board will role model inclusive language, behaviours and practice, and set a clear message about the importance of diversity and inclusion across the Company.

The specific objectives and Nomination Committee responsibilities set out in the D&I Policy, together with current status and progress against those objectives and responsibilities, is set out below.

Aspirational objective or responsibility	Status and progress
Board to comprise at least 40% women.	Met. Current Board comprises 40% female members.
At least one of Chair, CEO, CFO or SID to be a woman.	Met. Chair is female.
At least one Director from a non-white ethnic minority background.	Not met. Aim to address through future Board succession planning.
Regularly review the structure, size and composition of the Board.	Annually recurring item on the Nomination Committee agenda.
Encourage diversity in the recruitment process by: • Only engaging search firms that are signatories to the Executive Search Firm's Voluntary Code of Conduct. • Ensuring the search firm brief includes appropriate emphasis on diversity. • Encouraging long lists to include women, people from ethnic minority backgrounds and other under-represented groups with the skills and experience required. • Considering candidates who may not have previous executive/non-executive directorship roles.	No external search process has been instructed to date, but any future search process will be conducted in line with these points.
Have regard to the D&I Policy when considering Board succession planning.	D&I Policy is taken into account when discussing Board succession.
Review the D&I Policy annually, assessing its effectiveness and recommending any changes to the Board.	The updated D&I Policy was approved in March 2023 and will be reviewed annually as part of the Nomination Committee's programme of work.

Currently it is not anticipated that the size of the Board will be increased. Therefore all Non-Executive Directors in post at any one time will also be members of each of the Audit, Remuneration and Nomination Committee, and the D&I Policy does not contain any specific diversity objectives relating to the composition of the Board's Committees.

Diversity and inclusion (D&I) continued

As required under Listing Rule 9.8.6R, the breakdown of the gender identity and ethnic background of the Company's Directors and executive management (the Operations Board) as at 30 April 2023 is set out in the tables below. To compile this data each Board and Operations Board member was asked to complete a survey. In the future the Company will seek to gather this data on the appointment of any new Board or Operations Board member.

Gender identity	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]	Number in executive management	Percentage of executive management
Men	3	60%	3	7	78%
Women	2	40%	1	2	22%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]	Number in executive management	Percentage of executive management
White British or other White	5	100%	4	8	89%
Mixed/multiple ethnic groups	–	–	–	1	11%
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

1 Includes CEO, CFO, Chair and Senior Independent Director.

As shown in the tables above, as at 30 April 2023, the Company achieved the Listing Rule targets of 40% of its Board of Directors being women, and at least one of the senior Board positions (in our case, the Chair) being held by a woman.

The Company has not achieved the target of at least one member of the Board being from a minority ethnic background. Given the size of our Board, which the Committee continues to believe is appropriate, and the tenure of the existing Non-Executive Directors, it is unlikely that this target will be achieved until at least the first round of Non-Executive Director rotation.

The Committee will continue to keep the D&I Policy, and broader diversity targets, under review and both will continue to be important factors in our succession planning discussions and any search process for new appointments.

Other matters considered

At its meeting in March 2023 the Committee conducted its annual review of the size, structure and composition of the Board, the independence of the Non-Executive Directors, and Non-Executive Director time commitments. The Committee concluded that the size, structure and composition of the Board and its Committees remain appropriate taking into account the size and cost structure of the business, and that the Board's balance of skills and experience is appropriate and supports effective debate and decision making.

None of the factors which could impact the independence of Non-Executive Directors (as set out in provision 10 of the Code) apply to our Non-Executive Directors, and the Committee is satisfied that both Catherine Glickman and Harry Morley remain independent in thought and judgement. Catherine and Harry have both confirmed, as have I, that we continue to be able to devote sufficient time to fulfil our roles as Directors of the Company.

Performance evaluation

The evaluation of the Committee's performance in 2023 was conducted as part of the wider Board evaluation process described on page 64. The Committee was found to be operating effectively.

Carolyn Bradley
Chair of the Nomination Committee
30 August 2023

The Committee has continued to ensure that remuneration reflects performance, incentivises management and aligns with shareholders' interests.

Members
- Catherine Glickman (Chair)
- Carolyn Bradley (member since 2021)
- Harry Morley (member since 2018)

Committee's role
- Sets Remuneration Policy.
- Determines Executive Director and senior management remuneration.
- Approves annual bonus and LTIP targets.
- Reviews workforce remuneration policies and practices.

Main activities during FY23
- Finalised Remuneration Policy and recommended its approval at the 2023 AGM.
- Considered proposed increase to CEO maximum LTIP opportunity, and amended Policy for approval at the 2023 AGM.
- Approved LTIP awards and targets.
- Monitored annual bonus targets and outturn.
- Reviewed Executive Director salaries.
- Reviewed wider workforce pay and benefits.

Dear shareholder
As Chair of the Remuneration Committee, I present our Directors' remuneration report for the 52-week period ended 30 April 2023.

This year's report consists of this letter, a summary of our Directors' Remuneration Policy (the Policy) and how we propose to apply the Policy in FY24, and the annual report on remuneration which sets out payments made to the Directors and demonstrates how Company performance and remuneration were aligned during FY23.

The Policy was approved at the 2022 AGM, with over 99% of votes cast in favour of it, reflecting the strong shareholder support for our responsible approach to Directors' remuneration. During FY23, we have considered the overall remuneration package for Gavin Peck, our CEO. Gavin is an exceptional leader and in order to reward him appropriately, we are proposing an amendment to the Policy reflecting our proposal to increase Gavin's maximum LTIP award opportunity to 150% of salary. I explain our rationale for the proposal below.

At the 2023 AGM, we will be asking shareholders to vote on three resolutions relating to remuneration as follows:

1. To approve an amendment to the Policy.
2. To approve an amendment to the rules of our LTIP to reflect the Policy amendment.
3. The advisory vote on the annual report on remuneration.

FY23 remuneration in the context of our business performance
As detailed in the Strategic report, the Group delivered a resilient performance in FY23 against a challenging backdrop. In particular:

- Total sales growth increased 6.1% (with like-for-like sales growth of 4.2%).
- Further improvements were made to our customer-focused proposition, including through the expansion of our front list book offer.
- Continued optimisation of the store estate by opening 14 new stores and refitting 34 existing stores.
- Ended the year in a strong financial position, with net cash of £10.2m.

The FY23 bonus opportunity for Gavin Peck and Steve Alldridge was up to a maximum of 100% of salary, with 90% of the award based on stretching EBITDA targets and the remaining 10% based on performance against key strategic objectives (details of the measures and targets are set out on page 79). Our Adjusted EBITDA result for FY23 was in line with revised market expectations at £9.0m, but below our original EBITDA budget and the threshold level of post-bonus EBITDA performance for Executive Director bonuses. Therefore, not withstanding the Committee's assessment that Gavin Peck and Steve Alldridge had made good progress against the strategic objectives set (as described on page 79), no bonus was payable to the Executive Directors for FY23.

FY23 remuneration in the context of our business performance continued

The Committee was impressed by progress, but ultimately determined that it would not be appropriate to award any bonus in respect of the strategic element based on the broader financial performance of the Company and the fact that, in general, bonuses were not payable to staff or senior management below Executive Director level.

Gavin Peck was granted a Long-Term Incentive Plan (LTIP) award in February 2021 which was subject to performance conditions based on EPS performance over the three financial years ending with FY23 and a share price target. Details of the targets are set out on page 80. As Adjusted EPS is impacted by the prior year restatements described in note 14 to the financial statements, the Committee's assessment of the outturn of the EPS target is estimated. This estimate excludes the impact of a £0.6m tax credit received during the year. This exclusion results in Adjusted EPS (before the impact of prior period restatements) below the threshold target and accordingly the Committee's estimate is that the LTIP award will lapse in full. The Committee considers that exercise of discretion in this way is appropriate taking into account operational performance. The Committee retains discretion to make adjustments to formulaic vesting outturns (whether up or down) in appropriate circumstances, including to take into account changes in tax rates. The final vesting is being reviewed to ensure that performance is being assessed on a fair and consistent basis and is reflective of wider corporate performance.

The Committee has also considered prior year LTIP outturns for FY22 and FY21 in the context of the impact of the prior period restatements. The Committee has concluded that the outturns of 38.4% and 0% of maximum respectively were reflective of underlying business performance and that it would not be appropriate to make any adjustments that may otherwise increase the level of vesting. In order to ensure that the Adjusted EPS performance measures that apply to in-flight LTIPs can be assessed on a fair and consistent basis (given the impact of prior period restatements), the Committee intends to review those targets during FY24. This review is intended to ensure that the level of stretch in the targets is maintained and the targets are not made materially easier or harder to achieve as a result of the restatement.

Remuneration across the business

The Committee continues to make decisions on remuneration for the Executive Directors in the context of decisions for colleagues across the Group.

For FY24, salaries for colleagues in retail have increased in line with the National Living Wage, with further investment in the management grades to maintain appropriate differentials. This resulted in an average increase of 8.6% for colleagues in retail. Salaries for Distribution Centre and Support Centre roles increased in line with the National Living Wage where relevant with further investment in certain grades to maintain appropriate differentials, and outside of that, an average increase of 5% was applied. Following a benchmarking exercise we also increased our car allowance rates (the first such increase for over six years).

As reported last year, in August 2023, we launched a new communications and engagement platform (MyWorks by Reward Gateway) across the business. This offers colleagues discounts and money saving offers with a number of businesses and services; this has been well received. In response to the cost-of-living crisis we also launched Wagestream, an app that offers all colleagues a range of financial wellbeing tools, including early access to earned wages as well as savings account access and financial wellbeing resources.

Our Operations Board directors continue to be an effective high-performing team. For FY24, the starting point for Operations Board salary increases was 5% (in line with the standard increase for Distribution and Support Centre colleagues outside of National Minimum Wage (NMW) increases), and we adjusted salaries to reflect increased responsibilities for individual roles. Following the departure of the Digital and Marketing Director during the year, the net impact of the Operations Board salary increases is a circa £0.1m saving. As indicated in our FY22 Annual Report, during FY23 we implemented a hybrid incentive arrangement comprising an award of restricted shares (vesting after two years subject to continued employment) plus an award of nil-cost options subject to performance over a three-year period. For area and retail management, we operate a bonus scheme which rewards achievement of objectives aligned with our strategy.

Gavin Peck – incentive remuneration

As I mention above, during the year, we have considered Gavin Peck's remuneration. We want to recognise his exceptional performance and leadership, providing him with a strong incentivisation and retention mechanism, whilst taking into account the interests of shareholders. The Committee concluded that the correct approach to achieve this would be to align any adjustment to reward with the long-term interests of shareholders and propose increasing Gavin's LTIP opportunity to 150% of base salary.

Under the Policy approved at the 2022 AGM, the maximum annual Long-Term Incentive Plan award is 100% of base salary, or 200% of base salary in exceptional circumstances, with these limits reflected in the formal rules of the LTIP. As it is our intention that the 150% of salary level will become Gavin's usual annual grant, we have agreed that in the interests of transparency we will seek shareholder approval to increase the 'normal' limit at the 2023 AGM. No increase will be made to the 'exceptional circumstances' limit, which will remain at 200% of base salary, and the CFO's maximum LTIP opportunity will remain at 100% of base salary (reflecting our view that it is appropriate to recognise Gavin's position in leading the business by differentiating the level of his LTIP award).

In line with our approach to transparent communications with shareholders, I wrote to our largest shareholders following the FY23 year end to set out details of our proposed approach to the LTIP, and offered the opportunity to discuss our approach. I was pleased that a number of shareholders took up the opportunity to speak with me directly, and indicated support for our proposals. Having regard to feedback received during that engagement, we are also proposing an additional minor amendment to the Policy to clarify that a share retention requirement, aligned with the in-service share ownership guideline, applies also to deferred bonus shares in addition to LTIP shares.

Approach to remuneration for FY24

Our approach to Directors' remuneration in respect of FY24 is summarised in the table on page 76, which also reflects the proposed amendment to the Remuneration Policy.

The Committee approved salary increases of 5% for both Gavin and Steve, with such increases being below the average increase applied across the wider workforce, which outside of NMW increases was an average of 7%.

For FY24, we will also apply a minor re-weighting of the EBITDA and strategic measures which apply to the Executive Directors' annual bonus scheme. The maximum bonus opportunity for both Executive Directors will remain at 100% of base salary, but with 80% of the maximum opportunity subject to EBITDA performance, and the remaining 20% subject to strategic measures. This change will strengthen the Committee's ability to reward building the strategic capability of the business, including performance against our sustainability targets.

As noted in the Chair's statement on page 7, during FY24 Rosie Fordham will succeed Steve Alldridge as CFO. I am pleased that we are in a position to make an internal appointment, demonstrating our focus on development and succession planning. Rosie's remuneration from her appointment as CFO will be in line with the Policy, and is summarised in the Policy summary and FY24 intended implementation table on page 76. As Steve will leave the business during FY24, he will not be eligible for a FY24 bonus and will not receive an LTIP award during the year.

As reported last year, Harry Morley and I were awarded a 3% increase in our fees with effect from 1 September 2022. Following the annual review, the Non-Executive Director and Chair fees will be increased by 5% (in line with the increase for the Executive Directors, and below the average increase for the wider workforce) with effect from 1 September 2023.

Stakeholder engagement

Given the challenges of FY23, I would like to thank the Executive Directors, the Operations Board Directors and all our colleagues at The Works for their continued commitment, enthusiasm and hard work.

Our colleagues are a vital part of our customer experience. We continue to be a company in which colleagues can develop their careers, with the majority of colleagues being internally developed and 10% promoted in the last year. We are delighted that we continue to be recognised as one of the 25 Best Big Companies to Work for.

The Board continues to receive regular updates on colleague wellbeing, morale, retention and health and safety and visits stores and engages with colleagues regularly. We review the annual Best Companies engagement survey results, in which colleagues provide feedback on leadership, personal growth and giving something back, as well as pay and benefits, and these inform decisions on remuneration.

On behalf of the Board, I would like to thank shareholders for their support for our Policy at the 2022 AGM. I remain happy to receive any questions or feedback from shareholders at any time, and hope that you will be happy to support the resolutions proposed at our 2023 AGM.

Catherine Glickman
Chair of the Remuneration Committee
30 August 2023

Our Policy – summary and FY24 intended approach

In the interests of transparency, we have included on page 77 the LTIP and "in-service" shareholding guidelines sections of the Policy, incorporating the amendments for which shareholder approval is to be sought at the 2023 AGM. Since we are not seeking approval for a Directors' Remuneration Policy at the 2023 AGM, in line with the applicable regulations, we have not included the Policy in this report. The Policy is set out in our FY22 Annual Report which is available on our website.

The following table summarises the key aspects of our Policy approved at the 2022 AGM, changes proposed in the Policy and, subject to shareholder approval for the amendment to the maximum LTIP opportunity for the CEO as described on page 74, information on how we intend to implement the policy in FY24.

	Policy summary	Implementation in FY24
Base salary	Ordinarily reviewed annually. In line with typical practice, increases are normally within the range of increases awarded to other colleagues. Flexibility is retained to award higher increases in appropriate circumstances.	For FY24, the Executive Directors' salaries have been increased by 5% to: • Gavin Peck: £324,450. • Steve Alldridge: £227,115. • On her appointment to CFO, Rosie Fordham's salary will be £180,000. Subject to her developing in line with expectations, it is intended that her salary will increase to £200,000 for FY25, and to £220,000 for FY26.
Retirement benefits	Defined contribution pension (or cash equivalent). Maximum contribution aligned with the contribution available to other employees.	Executive Director pension contributions continue to be aligned with the wider workforce at 3% of base salary. Rosie Fordham's pension contribution will be reduced to 3% on her appointment as CFO.
Annual bonus	Maximum opportunity of 100% of salary. Full bonus ordinarily paid in cash but with flexibility to defer into shares for up to two years. Up to 20% of maximum will be earned for threshold performance and up to 50% of the maximum will be earned for on-target performance. The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance. At least 50% of the bonus is based on financial measures. The balance of the bonus opportunity will be based on financial measures and/or the delivery of strategic/ individual measures.	For FY24, the maximum bonus opportunity will be 100% of salary for each Executive Director. A minor change to the weightings of the performance measures will be applied. Performance will be based on EBITDA as regards 80% of the award and strategic objectives with clear measurable targets as regards 20% of the award. As targets (both financial and strategic) under the annual bonus are considered commercially sensitive, these will be disclosed retrospectively in the FY24 Annual Report. For Rosie Fordham, any bonus payable under the Policy for FY24 will be pro-rata from the date of her appointment as CFO.
LTIP	Subject to approval by shareholders at the 2023 AGM, maximum award of 150% of salary, or 200% of salary in exceptional circumstances, with up to 25% vesting for threshold performance. For at least 75% of an LTIP award, the performance measures will be based on financial measures.	A minor amendment to the Policy is proposed to increase the maximum LTIP award to 150% of salary (from 100% of salary). For FY24, we propose to grant to our CEO, Gavin Peck, at the level of 150% of salary and to our incoming CFO, Rosie Fordham, will be granted an LTIP at the level of 100% of salary. It is proposed that the awards will be subject to performance conditions based on EPS and share price, with an equal weighting. The awards will not be granted until after the 2023 AGM. Full details of the performance metrics and targets, which will be set with a level of stretch commensurate with the size of the LTIP awards, will be included in the regulatory announcement at the time the awards are granted.
In-service shareholding guidelines	Executive Directors are required to retain half of all shares acquired under the LTIP (after sales to cover tax and any exercise price) until such a time as their holding as a value is equal to 200% of salary.	
Post-employment shareholding guidelines	Following employment, an Executive Director must retain for one year such of their relevant shares (shares acquired pursuant to LTIP or deferred bonus awards granted after 1 May 2022) as have a value equal to 200% of their salary (or, if fewer, all of their relevant shares).	
Non-Executive Directors' remuneration	Fees are set taking into account the responsibilities of the role and expected time commitment.	Chair and Non-Executive Director fees for FY24 (with effect from 1 September 2023) are as follows:

	Base fee £000
Chair's fee	105
Harry Morley	59
Catherine Glickman	54

In the interests of transparency, we have set out below the LTIP and "in-service" shareholding guideline sections of the Policy approved at the 2022 AGM, in each case updated to reflect the amendments for which shareholder approval is to be sought at the 2023 AGM.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long-Term Incentive Plan (LTIP)	The LTIP provides a clear link between the remuneration of the Executive Directors and the creation of value for shareholders by rewarding the Executive Directors for the achievement of longer-term objectives aligned with shareholders' interests.	Under the LTIP, the Committee may grant awards as conditional shares or as nil (or nominal) cost options. Awards will usually vest following the assessment of the applicable performance conditions, typically following the end of a three-year performance period, but will not be released (so that the participant is entitled to acquire shares) until the end of a holding period of two years beginning on the vesting date. Alternatively, awards may be granted on the basis that the participant is entitled to acquire shares following the assessment of the applicable performance conditions but that (other than as regards sales to cover tax liabilities and any exercise price) the award is not released (so that the participant is able to dispose of those shares) until the end of the holding period. The Committee has discretion to amend the pay out should any formulaic output not reflect the Committee's assessment of overall business performance. LTIP awards may incorporate the right to receive additional shares calculated by reference to the value of dividends which would have been paid on the vested shares subject to the award up to the time of release; this amount may be calculated assuming that the dividends have been reinvested in the Company's shares on such basis as the Committee determines. The Committee may at its discretion structure awards as qualifying LTIP awards, consisting of a tax qualifying Company Share Option Plan (CSOP) option with a per share exercise price equal to the market value of a share at the date of grant and an ordinary nil (or nominal) cost LTIP award, with the ordinary award scaled back at exercise to take account of any gain made on exercise of the CSOP option. Recovery provisions apply and are set out in the Policy approved at the 2022 AGM and included on page 67 of our FY22 Annual Report which is available on our website.	The maximum award level is 150% of base salary, or 200% of base salary in exceptional circumstances. The market value of shares subject to an LTIP award will be determined on such basis as the Committee considers appropriate, which will be applied consistently where possible. If a qualifying LTIP is granted, the value of shares subject to the CSOP option will not count towards the limit referred to above, reflecting the provisions for the scale back of the ordinary LTIP award.	For at least 75% of an LTIP award, the performance measures will be based on financial measures (which may include, but are not limited to, earnings per share, relative total shareholder return and share price). Any balance of an LTIP award will be subject to performance measures based on non-financial measures aligned with the Company's strategic priorities. Subject to the Committee's discretion to amend the formulaic output, awards will vest up to 25% for threshold performance, rising to 100% for maximum performance.
Shareholding guidelines	To align the interests of the Executive Directors with those of shareholders, the Committee has adopted formal shareholding guidelines. Executive Directors are required to retain half of all shares acquired under the LTIP and any deferred bonus award (after sales to cover tax and exercise price) until such time as their holding as a value is equal to 200% of salary. Shares subject to LTIP awards which have vested but not been released (that is which are in a holding period), or which have been released but have not been exercised, and shares subject to deferred bonus awards, count towards the guidelines on a net of assumed tax basis.			

Annual report on remuneration

This report has been prepared in accordance with the applicable regulations and the Code.

Composition of the Committee

The members of the Committee are Catherine Glickman (Chair), Carolyn Bradley and Harry Morley.

Duties and responsibilities

The Committee's key responsibilities are detailed in the panel on page 73.

When determining the application of the Directors' Remuneration Policy in FY23, the Committee considered the factors of clarity, simplicity, risk, predictability, proportionality and alignment to culture as referred to in the Code. As with the approach in FY22, these were reflected, in particular, in the Executive Directors' LTIP awards which are subject to simple and transparent performance measures based on our appetite for risk, with specific monetary caps added as a further risk mitigation.

As part of its work, the Committee reviewed the remuneration for the wider workforce and related policies and takes these into account when setting the Policy for Executive Director and senior management remuneration.

Meetings and attendees

The Committee met a total of four times during the year and has met once since the year end. All members attended those meetings as shown in the table on page 63. The Committee receives assistance from the CEO, CFO, People Director and Company Secretary, who attend meetings by invitation, except when issues relating to their own remuneration are being discussed.

Performance evaluation

The evaluation of the performance of the Committee was conducted as part of the broader Board evaluation process set out on page 64. Feedback relating to the Committee indicated that it continues to operate effectively, with all members (and other attendees) contributing appropriately to debate and discussion around remuneration matters.

Advisers

Deloitte LLP (Deloitte) is retained to provide independent advice to the Committee as required. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operated under that group's Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte's fees for providing remuneration advice to the Committee were £3,000 for FY23. The Committee assesses from time to time whether this appointment remains appropriate or should be put out to tender and takes into account the Remuneration Consultants Group Code of Conduct when considering this.

Deloitte was appointed by the Committee and has provided share scheme advice and general remuneration advice to the Company.

Single figure table – audited information

The table below sets out total remuneration in respect of FY23 for each person who served as a Director in that year, along with the corresponding remuneration for FY22:

		Salary and fees[1] £000	Benefits[2] £000	Pension[3] £000	Annual bonus[4] £000	Long-term incentive[5] £000	Total £000	Total fixed remuneration £000	Total variable remuneration £000
Executive Directors									
Gavin Peck	**2023**	**309**	**13**	**9**	**–**	**–**	**331**	**331**	**–**
	2022	300	13	9	234	29	585	322	263
Steve Alldridge (appointed 14 May 2021)	**2023**	**216**	**12**	**6**	**–**	**–**	**234**	**234**	**–**
	2022	203	12	6	163	–	384	221	163
Non-Executive Directors									
Carolyn Bradley (appointed 30 September 2021)	**2023**	**100**	**–**	**–**	**N/A**	**N/A**	**100**	**100**	**N/A**
	2022	59	–	–	N/A	N/A	59	59	N/A
Harry Morley	**2023**	**57**	**–**	**–**	**N/A**	**N/A**	**57**	**57**	**N/A**
	2022	55	–	–	N/A	N/A	55	55	N/A
Catherine Glickman	**2023**	**52**	**–**	**–**	**N/A**	**N/A**	**52**	**52**	**N/A**
	2022	50	–	–	N/A	N/A	50	50	N/A

1 **Salary and fees:** The amount of salary/fees earned in respect of the year.

2 **Benefits:** The taxable value of benefits received in the year: these are principally private medical insurance and car or car allowance. For Gavin Peck the 2023 (and 2022) benefits figures include his SAYE options granted in November 2022 (and August 2021), valued as the aggregate discount of the exercise price from the share price used to determine the exercise price.

3 **Pension:** The pension figure represents the cash value of pension contributions for the Executive Director to the defined contribution pension arrangement and any cash payments in lieu of pension contributions made in the year.

4 **Annual bonus:** The cash value of the bonus earned in respect of the financial year. Further information in relation to the FY23 bonuses is set out below; no bonuses were earned by the Executive Directors in respect of FY23.

5 **Long-term incentives:** Gavin Peck was granted an LTIP award in February 2021 subject to the performance conditions set out below. The estimated outturn is that the award will lapse in full. The final vesting is being reviewed to ensure that performance is being assessed on a fair and consistent basis taking into account the impact of prior period restatements on the EPS target and to ensure that the final vesting is reflective of wider corporate performance. Any change in outturn will be trued up in the FY24 single figure table.

Truing up of FY22 single figure table numbers – audited information

The 2022 LTIP figure was calculated based on the three-month average share price to the end of FY22. The 2022 LTIP figure in the single figure table above has therefore been adjusted to reflect the actual share price of £0.29 (being the closing share price on 22 September 2022, the day before the vesting date of 23 September 2022). The figure also includes the value of dividend equivalents for the period from grant to the vesting date.

Annual incentive plan – audited information

Each Executive Director was eligible to earn a bonus in respect of FY23 of up to 100% of salary. 90% of the award was based on EBITDA targets (required to be achieved after funding of any bonus payments triggered) which were considered to be suitably stretching, and took account of the fact that we would not benefit from £5.6m business rates relief in FY23 as we had done in FY22. The remaining 10% was based on performance against key strategic objectives as set out below, with any payout in respect of the strategic objectives element being subject to the achievement of a threshold level of EBITDA performance.

As shown in the table below, actual adjusted EBITDA outperformance above the threshold target was not sufficient to support a threshold bonus level and, therefore, no bonus was earned by either Executive Director in respect of this element for the year.

EBITDA element

	Performance (£m)	Vesting (% of maximum for EBITDA element)	Actual performance (£m)	Bonus earned for EBITDA element (% of maximum for EBITDA element)	Bonus earned for EBITDA element (% of salary)
Threshold	9	20%	9[1]	0%	0%
Maximum	13	100%			

1 Adjusted EBITDA before funding of any bonus. Outperformance over the threshold target was not sufficient to fund threshold level bonuses, and therefore no bonus was earned for the EBITDA element.

Strategic objectives element

Each Executive Director made good progress in the year against the strategic objectives set (as summarised below). However, since the adjusted EBITDA performance measure was not met, no bonus was earned by reference to those achievements.

Gavin Peck, CEO

Gavin's objectives were to develop the brand externally and internally, develop a quantified ESG approach including environmental targets, drive the implementation of the strategy and continue to develop both leaders and colleagues. The Board considers that, given the challenges during the year, overall Gavin has achieved his objectives (exceeding them in some areas), including:

- Roll out of first phase of the evolved brand.
- Refreshed product offer and loyalty scheme relaunched.
- Realignment of online operational team and deployment of new analytical tools following completion of website usability studies.
- Store estate improved - 17 new stores opened (including 3 relocations), and 34 refits.
- Improved operational efficiency (new store labour model, implementation of improved supply chain systems, automation in online fulfilment).
- Continued investor (including potential investor) engagement, and raised brand awareness.
- Led development of clear ESG strategy, incorporating strong positions on colleagues, community and environmental commitments (base line targets, including Net Zero by 2045, set and agreed by the Board).
- Delivered MyWorks (colleague engagement platform) and Can Do Academy (learning and development platform). Improved ranking from 13th to 12th in 'Best Big Companies to Work For' category and maintained 2* accreditation.

Steve Alldridge CFO

Steve's objectives were to continue the stakeholder engagement with both investors and banks, improve the financial control environment, improve the quality of data and performance reporting to enhance business support and strengthen the Finance Team. The Board consider that Steve has met his objectives for the year:

- Successfully negotiated an extension of banking facilities at reduced cost and maintained strong relationships with our banking partner.
- Continued to engage with investors and other stakeholders, changing broker at the end of the year.
- Tightened financial controls and disciplines, with better visibility and insight on stock holding.
- Improved performance reporting, supported by a strengthened business partnering capability.
- Finance function strengthened with talented individuals, raising the future capability of the team.

Long-term incentives

LTIP award vesting

Gavin Peck was granted an LTIP award in the form of nil-cost options over 847,457 shares in February 2021. The award was subject to performance conditions set out below, general and windfall-gain underpins, and a two-year post-vesting holding period.

Measure	Weighting	Threshold (20% vesting)	Maximum (100% vesting)	Actual performance
Adjusted EPS	50%	3.1 pence	13.1 pence	N/A
Share price[1]	50%	£0.50	£2	33.85p

1 Average share price over the period of four weeks beginning with the announcement by the Company of its Full Year Trading Update for its 2022/23 financial year.

As described in the Remuneration Committee Chair's letter on page 74, adjusted EPS is impacted by the prior year restatements described in note 14 to the financial statements, as such, the Committee's assessment of the outturn of the EPS target is estimated. This estimate excludes the impact of a £0.6m tax credit received during the year. This exclusion results in adjusted EPS (before the impact of prior period restatements) below the threshold target and accordingly the Committee's estimate is that the LTIP award will lapse in full.

Long-term incentives – awards granted during FY23 – audited information

LTIP awards were granted to Gavin Peck and Steve Alldridge on 17 November 2022 equal to 100% of salary on the following basis:

	Type of award	Maximum opportunity	Number of shares	Face value at grant £[1]	% of award vesting at threshold	Performance period[2]
Gavin Peck	LTIP	100% of salary	936,363	308,999	20%	See footnote 2
Steve Alldridge	LTIP	100% of salary	655,454	216,299	20%	See footnote 2

1 For these purposes, the face value of an award is calculated by multiplying the number of shares over which the award was granted by 33 pence, the average closing share price for each of the three business days prior to the date of grant (rounded up to the nearest whole pence).

2 Each award is subject to performance conditions assessed over the Company's FY23, FY24 and FY25 financial years as regards the EPS element of the performance condition, with the share price element of the performance condition assessed following the announcement by the Company of its Full Year Trading Update for its FY25 financial year (as described further below). To the extent an award vests following the end of the performance period, it is subject to a further two-year holding period before the shares are released.

A summary of the performance conditions for these awards (with half of each award based on EPS, and half on share price) is set out on page 77. The Committee believes that the Executive Directors have direct influence over both measures, and that targets are stretching but achievable.

SAYE Scheme options granted during FY23 – audited information

Gavin Peck was granted a SAYE Scheme option on 4 November 2022 as detailed below as part of the SAYE Scheme offer made to all eligible colleagues.

	Type of award	Number of shares	Exercise price[1]	Face value at grant £[2]
Gavin Peck	SAYE option	31,034	£0.29	10,964

1 In line with the SAYE Scheme, this is set at a 20% discount to 35.33 pence, the average closing share price on 5, 6 and 7 October 2022, the three business days prior to the date of invitation.

2 For these purposes, the face value of the option is calculated by multiplying the number of shares over which the option was granted by 35.33 pence, the average closing share price for each of the three business days prior to the date of invitation.

Statement of Directors' shareholding and share interests – audited information

The number of shares of the Company in which the Directors had a beneficial interest, together with details of the Executive Directors' long-term incentive interests, as at 30 April 2023, are set out in the table below.

	Outstanding scheme interests 30 April 2023				Beneficially owned shares		
	Unvested LTIP interests subject to performance conditions	Scheme interests not subject to performance measures[1]	Vested but unexercised scheme interests[2]	Total shares subject to outstanding scheme interests[3]	1 May 2022	30 April 2023	Total of all scheme interests and shareholdings at 30 April 2023
Executive Directors							
Gavin Peck	2,422,117	47,397	96,151	2,565,665	554,636	554,636	3,120,301
Steve Alldridge	1,102,262	–	–	1,102,262	–	–	1,102,262

1 SAYE awards that have not vested.

2 LTIP awards that have vested but remain unexercised.

3 The tax qualifying CSOP awards granted as part of the 2019 awards are not included in these numbers, reflecting that if they were to be exercised the LTIP element of those awards would be reduced to reflect the gain on the CSOP element, as referred to on page 77.

	Outstanding scheme interests 30 April 2023			Beneficially owned shares		
	Unvested LTIP interests subject to performance conditions	Scheme interests not subject to performance measures	Total shares subject to outstanding scheme interests	1 May 2022	1 April 2023	Total of all scheme interests and shareholdings at 30 April 2023
Non-Executive Directors						
Carolyn Bradley	–	–	–	105,866	179,736	179,736
Harry Morley[1]	–	–	–	200,000	275,000	275,000
Catherine Glickman	–	–	–	77,244	181,033	181,033

1 Includes interest of Kate Morley (a person closely associated with Harry Morley).

Executive Directors' interests under share schemes – audited information

The table below sets out the Executive Directors' interests in the LTIP and SAYE Schemes.

The LTIP awards are subject to performance conditions as set out in the table below.

	Award date	Vesting, exercise or release date	As at 1 May 2022	Granted during the year	Exercised during the year	Lapsed during the year	**Number of shares at 30 April 2023**	Exercise price
Gavin Peck								
LTIP	3 September 2019[1,2]	September 2022	250,617	–	–	154,466	**96,151**	N/A
	15 February 2021	June 2023	847,457	–	–	–	**847,457**	N/A
	30 September 2021	June 2024	638,297	–	–	–	**638,297**	N/A
	17 November 2022	June 2025	–	936,363	–	–	**936,363**	N/A
SAYE	31 August 2021	1 October 2024	16,363	–	–	–	**16,363**	55p
	4 November 2022	1 December 2025	–	31,034	–	–	**31,034**	29p
Steve Alldridge								
LTIP	30 September 2021	June 2024	446,808	–	–	–	**446,808**	N/A
	17 November 2022	June 2025	–	655,454	–	–	**655,454**	N/A

1 In addition to his LTIP award, Gavin Peck was also granted a tax qualifying CSOP award over 37,037 shares with an exercise price of £0.81. The CSOP award vested at 38.4% (the same level as the LTIP award – see Note 2 below) and lapsed in respect of the balance of the shares subject to it so that it is not held over 22,815 shares. To the extent a CSOP award is exercised at a gain, the extent to which the associated LTIP award can be exercised shall be reduced by the amount of the gain so that there is no increase in the pre-tax value of the award.

2 38.4% of Gavin Peck's LTIP award granted in 2019 vested by reference to EPS performance over the three financial years ending with FY22. The remaining portion of the award (154,666) lapsed on the vesting date as shown in the table above. The vested portion of the award will not be released to Gavin so that he can exercise it until the end of a further two-year holding period.

Executive Directors' interests under share schemes – audited information continued

The performance condition applying to Gavin Peck's LTIP award granted in February 2021 is summarised on page 81. The estimated outturn is that the award will lapse in full.

Vesting of the LTIP awards made in September 2021 and November 2022 is based on EPS and share price targets as set out in the table below.

Award date	Measure	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
30 September 2021	EPS[1]	50%	5.6 pence	15.6 pence
	Share price[2]	50%	£0.57	£2.00
17 November 2022	EPS[3]	50%	5.6 pence	15.6 pence
	Share price[4]	50%	£0.43	£1.40

1 Basic EPS for the Company's FY24, pre-IFRS 16 and subject to such adjustments as the Remuneration Committee determines to ensure that performance is assessed on a fair and consistent basis.

2 Average share price over the period of four weeks following the announcement by the Company of its Full Year Trading Update for its 2023/24 financial year.

3 Basic EPS for the Company's FY25, pre-IFRS 16 and subject to such adjustments as the Remuneration Committee determines to ensure that performance is assessed on a fair and consistent basis.

4 Average share price over the period of four weeks following the announcement by the Company of its Full Year Trading Update for its 2024/25 financial year.

The awards are subject to a general performance underpin, whereby the Committee shall assess overall financial performance of the Group over the performance period in determining the level of vesting and an assessment of whether any of the value of the awards on assessment of the performance conditions represents a 'windfall gain'. The awards are also subject to a cap such that the value of the vested shares under an award, determined by reference to the price used to assess the share price element of the performance condition, may not exceed £2,500,000 in the case of Gavin Peck's award and £1,750,000 in the case of Steve Alldridge's award.

As noted in the Remuneration Committee Chair's statement on page 74, the EPS targets for in-flight LTIPs will be reviewed in FY24 to consider the impact of prior period restatements and to ensure that performance can be assessed on a fair and consistent basis. This review is intended to ensure that the level of stretch in the targets is maintained and the targets are not made materially easier or harder to achieve as a result of the restatement.

Directors' share ownership guidelines – audited information

The Committee has adopted a shareholding guideline for the Executive Directors, which requires the Executive Directors to retain half of all shares acquired under the LTIP (after sales to cover tax and any exercise price) until such time as their holding has a value equal to 200% of salary. Shares subject to LTIP awards which have vested but not been released (i.e. which remain in a holding period), or which have been released but have not been exercised, and any shares subject to deferred bonus awards, count towards the guidelines on a net of assumed tax basis.

Executive Director	Number of shares counting towards the guideline at 30 April 2023	Value of shares counting towards the guideline[1]	Value of shares as a percentage of base salary	Shareholding guideline met?
Gavin Peck	605,596	£187,734	45.5%	In progress
Steve Alldridge	–	–	–	In progress[2]

1 Based on a share price of 31 pence as at 28 April 2023 (being the last trading day prior to the year end of 30 April 2023).

2 Steve Alldridge has not yet had any LTIP award which has vested. When he does so, he will be required to retain shares in accordance with the Policy which will count towards the shareholding guideline.

Performance graph and historical CEO remuneration outcomes

The graph below shows the total shareholder return (TSR) performance for the Company's shares in comparison to the FTSE SmallCap for the period from Main Market Admission on 19 July 2018 to 30 April 2023. The TSR performance of the FTSE SmallCap index has been selected as it is considered the most appropriate comparator group. For the purposes of the graph, TSR has been calculated as the percentage change in the market price of the shares during the period, assuming that dividends are reinvested. The graph shows the value, as at 30 April 2023, of £100 invested in shares in the Company on 19 July 2018 compared with £100 invested in the FTSE SmallCap.

The table below sets out the CEO's total remuneration over the last five financial years, valued using the methodology applied to the single total figure of remuneration. The Committee does not believe that the remuneration paid in earlier years as a private company bears any comparative value to that paid in its time as a public company and, therefore, the Committee has chosen to disclose remuneration only for the four most recent financial years (with the figures for FY19 being for the period from Admission on 19 July 2018 to 28 April 2019):

Year (CEO)	Total single figure remuneration £000[1]	Annual bonus payout (% of maximum opportunity)	LTIP vesting (% of maximum number of shares)[2]
2023 (Gavin Peck)	331	0%	0%
2022 (Gavin Peck)	585	78%	38.4%
2021 (Gavin Peck)	303	0%	0%
2020 (Gavin Peck – from 16 January 2020)	85	0%	N/A
2020 (Kevin Keaney – until 16 January 2020)	267	0%	N/A
2019 (Kevin Keaney)	288	0%	N/A

1 The 2022 figure reflects the CEO's single total figure of remuneration for FY22 as included in this report updated to reflect the 'truing up' of the FY22 LTIP figure as referred to on page 79.

2 There was no LTIP capable of vesting in respect of performance ending 2019 and 2020.

Change in remuneration of Directors compared to Group employees

The table below sets out the annual change in salary and fees, benefits and bonus paid to each of the Directors from FY20 to FY23. The regulations also require a comparison of the change in the remuneration of the employees of TheWorks.co.uk plc. The Company has no employees other than the Executive Directors and, accordingly, strictly no disclosure is required. Given the added complexities of the impact in FY21 of furlough, the Company has not included the average employee salary changes between FY21 and FY22, but, in the interests of transparency, has provided information on the approach to the change in salary of the Group's UK employees.

Notes to the table provide additional information in relation to the changes. Additional information in relation to the changes in previous years is set out in the relevant previous Directors' remuneration reports.

		Executive Directors		Non-Executive Directors			UK employees' average[4]
		Gavin Peck	Steve Alldridge[1]	Carolyn Bradley[1]	Catherine Glickman	Harry Morley	
Salary/fees	FY22–FY23	3%	3%	0%	3%	3%	3.46%[5]
	FY21–FY22	6%	–	–	6%	6%	See note to corresponding table in FY22 DRR
	FY20–FY21	27%	–	–	(2%)	(2%)	See note to corresponding table in FY22 DRR
Taxable benefits	FY22–FY23	0%	0%	N/A	N/A	N/A	5.5%[6]
	FY21–FY22	18%[2]	–	–	N/A	N/A	(17.8%)
	FY20–FY21	0%	–	–	N/A	N/A	23.49%
Annual bonus	FY22–FY23	N/A[3]	N/A[3]	N/A	N/A	N/A	N/A
	FY21–FY22	N/A	–	–	N/A	N/A	See note to corresponding table in FY22 DRR
	FY20–FY21	N/A	–	–	N/A	N/A	(60.4%)

1 Carolyn Bradley and Steve Alldridge were appointed during FY22, and therefore there is no disclosure for the change in their remuneration between FY21 and FY22. In the case of Steve Alldridge, the 3% change between FY22 and FY23 reflects the 3% increase to his salary for FY23.

2 Increase reflects increase due to SAYE discount included in taxable benefits.

3 No annual bonus was earned by Gavin Peck or Steve Alldridge in respect of FY23. Therefore, the percentage change between FY22 and FY23 is not considered to be a meaningful disclosure.

4 The UK employees' average changes are calculated comparing the remuneration for the tax year ended 5 April 2022 with the remuneration for the tax year ended 5 April 2023 as this data is more readily available than data in respect of financial years. The value of SAYE options granted in November 2022 has been excluded for consistency with the CEO pay ratio calculation on page 85.

5 In FY22 rates for store and Distribution Centre colleagues were increased in line with increases in the National Living and Minimum Wages, with colleagues aged 23 plus receiving an increase of 6.6% in April 2022. We applied an average 3% increase to non-minimum wage colleagues and maintained a wage differential in store teams. In FY23 rates for store and Distribution Centre colleagues were increased in line with increases in the National Living and Minimum Wages, with colleagues aged 23 plus receiving an increase of 9.7% in April 2023. Outside of all applicable NMW increases, an average of 7.1% was given across the business (7% average for store management and 5% average for Store Support and Distribution Centre colleagues).

6 The increase in benefits paid in FY23 is due to a rise in the number of managers in our support centre who receive taxable benefits. The percentage change reflects an increase in the average value of benefits provided from c.£119 to c.£126.

Relative importance of spend on pay

The following table sets out the total remuneration for all employees and the total shareholder distributions in FY22 and FY23. All figures provided are taken from the relevant Company accounts.

	FY22 £000	**FY23 £000**	Percentage change
Total remuneration for all employees (including Executive Directors)	60,031	**62,235**	3.7%
Dividends and share buyback	–	**1,492**	N/A

Since there were no dividends or buybacks in FY22, the percentage change between FY22 and FY23 is not considered to be a meaningful disclosure.

CEO pay ratio

The table below shows how the CEO's remuneration (as taken from the single figure remuneration table and, therefore, taking into account the CEO's voluntary reduction in remuneration in relevant years as disclosed in previous Directors' remuneration reports) compares to equivalent remuneration for full-time equivalent UK employees, ranked at the 25th, 50th and 75th percentile.

		Pay ratio			Remuneration values (£)			
Year	Method	25th percentile	Median	75th percentile		25th percentile	Median	75th percentile
FY23	Option C	17:1	16:1	15:1	Salary only	19,760	20,342	21,674
					Total remuneration	19,773	20,473	21,997
FY22	Option C	31:1	30:1	27:1	Salary only	18,533	19,115	20,389
					Total remuneration	18,637	19,487	21,591
FY21	Option C	17:1	16:1	15:1	Salary only	18,138	18,720	19,448
					Total remuneration	18,138	18,720	19,675
FY20	Option C	21:1	19:1	17:1	Salary only	17,077	18,013	19,925
					Total remuneration	17,077	18,094	20,338

The methodology applied to calculate pay ratios was as follows:

- The regulations set out three methodologies for determining the CEO pay ratio. We have chosen 'Option C' consistent with the previous years' calculations.
- As ratios could be unduly impacted by joiners and leavers who may not participate in all remuneration arrangements in the year of joining and leaving, the Committee has modified the statutory basis to exclude any employee not employed throughout the financial year.
- The FY22 ratios in this table have been updated to reflect the CEO's single total figure of remuneration for FY22 as included in this report and updated to reflect the 'truing up' of the FY22 LTIP figure (referred to on page 79).
- Employee pay data is based on full-time equivalent (FTE) base pay for UK employees as at 31 March of the relevant year (based on FTE salary for salaried employees and hourly pay rates for hourly paid employees), to which actual pension contributions, bonus and benefits have been added, except that the value of SAYE options has been excluded (for the purposes of the FY20, FY22 and FY23 calculations) as their value is not considered to have a significant impact on the CEO pay ratios and sourcing the data for each employee is administratively burdensome. The employees have then been ranked by FTE pay and benefits calculated on this basis and the employees at the 25th percentile, 50th percentile (median) and 75th percentile have been identified. The FTE pay and benefits calculated on this basis for those three employees are then compared to the CEO single figure of remuneration to calculate the ratios; the calculations do not, therefore, take into account the impact of the identified employees having been furloughed during any year in which that was relevant.
- For 2020 the CEO single figure of remuneration used comprises the single total figure for FY20 for Kevin Keaney, plus the single total figure for Gavin Peck for the period of the year from his appointment as CEO (16 January 2020) to 26 April 2020.

The CEO pay ratio has the potential to vary considerably year on year due to a significant proportion of the CEO's remuneration package comprising performance related variable pay. Gavin Peck earned a bonus equal to 78% of salary in respect of FY22 and the vesting at 38.4% of maximum of the LTIP award granted to him in September 2019 was similarly included in his FY22 single total figure of remuneration. As reported elsewhere in this Directors' Remuneration Report, Gavin Peck did not earn a bonus in respect of FY23 and the estimated outturn of the LTIP granted to him in February 2021 is that the award will lapse in full. The variance in incentive outcomes between FY22 and FY23 is the primary reason for the decrease in the CEO pay ratio between FY22 and FY23.

The Company considers that the median pay ratio is consistent with pay, reward and progression policies for the Company's employees as a whole.

Payments to past Directors and for loss of office – audited information

No payments for loss of office or to past Directors were made during FY23.

Implementation of the Policy

Information on how the Committee intends to implement the Policy is set out in the Policy summary table on pages 76 and 77.

Shareholder voting at AGM

The following table shows the results of the binding vote on the Policy, and the advisory vote on the Directors' Remuneration Report, at the 2022 AGM.

	Approval of the Remuneration Policy		Approval of the Directors' remuneration report	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	31,925,296	99.91	31,924,870	99.91
Against	27,758	0.09	29,758	0.09
Withheld	11,384	N/A	9,810	N/A

On behalf of the Board.

Catherine Glickman
Chair of the Remuneration Committee
30 August 2023

Directors' report

The Directors present their report for the financial year ended 30 April 2023. Additional information which is incorporated by reference into this Directors' report, including information required in accordance with the Companies Act 2006 (the Act) and Listing Rule 9.8.4R of the UK Financial Conduct Authority's Listing Rules, can be located as follows:

Disclosure	Location
Future business developments	Strategic report – pages 1 to 57.
Environmental policy	ESG review – pages 29 to 35.
Employee engagement	Our stakeholders – pages 26 and 27. ESG review – pages 29 to 35. Corporate governance report – pages 62 to 65.
Diversity policy	Nomination Committee report – pages 70 to 72.
Viability	Viability statement – pages 54 to 56.
Section 172 statement	Page 28.
Stakeholder engagement in key decisions	Our stakeholders – pages 26 and 27. Section 172 statement – page 28. Corporate governance report – pages 62 to 65
Corporate governance compliance statement	Corporate governance report – pages 62 to 65.
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Note 25 to the financial statements – pages 127 to 131.
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Note 25 to the financial statements – pages 127 to 131.
Details of long-term incentive schemes	Directors' remuneration report – pages 73 to 77.
Statement of Directors' responsibilities	Page 89.

Directors

The Directors of the Company who held office throughout the period are set out below:

Carolyn Bradley (Chair)

Gavin Peck (CEO)

Steve Alldridge (CFO)

Harry Morley (Senior Independent Director)

Catherine Glickman (Non-Executive Director)

Summaries of the current Directors' key skills and experience are included on pages 60 and 61.

Results and dividend

The results for the year are set out in the consolidated income statement on page 98. The Directors propose the payment of a final dividend of 1.6 pence per share on 2 November 2023 (with a record date of 6 October 2023), subject to approval on 4 October 2023.

Articles of Association

The rules governing the appointment and replacement of Directors are set out in the Company's Articles. The Articles may be amended by a special resolution of the Company's shareholders. The Articles also set out in full the powers of the Directors in relation to issuing shares and buying back the Company's own shares.

Share capital

Details of the Company's share capital, including changes during the year, are set out in Note 24 to the financial statements. As at 30 April 2023, the Company's issued share capital consisted of 62,500,000 ordinary shares of 1 pence each. There have been no changes to the Company's issued share capital since the financial period end.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands every shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder. The Notice of AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies.

Other than the general provisions of the Articles (and prevailing legislation) there are no specific restrictions of the size of a holding or on the transfer of the ordinary shares.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Authority for the Company to purchase its own shares

Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Act. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

At the Company's AGM held on 27 October 2022, the Company was generally and unconditionally authorised by its shareholders to make market purchases (within the meaning of Section 693 of the Act) of up to a maximum of 6,250,000 of its ordinary shares. The Company has not repurchased any of its ordinary shares under this authority, which is due to expire at the AGM to be held on 4 October 2023, and accordingly has an unexpired authority to purchase up to 6,250,000 ordinary shares with a nominal value of £62,500.00. A resolution to renew the authority for a further year will be proposed at the 2023 AGM.

Directors' interests

The number of ordinary shares of the Company in which the Directors were beneficially interested as at 30 April 2023 is set out in the Directors' remuneration report on pages 73 to 75.

Directors' indemnities

The Company's Articles provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Company and the Group in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers.

Directors' and Officers' liability insurance cover is maintained by the Company and is in place in respect of all the Company's Directors at the date of this report. The Company reviews its level of cover on an annual basis.

Compensation for loss of office

The Company does not have any agreements with any Executive Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's LTIP and other share schemes may cause options and awards outstanding under such schemes to vest on a takeover. Further information is provided in the Directors' remuneration report on pages 76 to 77.

Significant interests

The table below shows the interests in shares notified to the Company in accordance with the Disclosure Guidance and Transparency Rules as at 30 April 2023, and 29 August 2023 (being the latest practicable date prior to publication of this Annual Report).

	As at 30 April 2023		As at 29 August 2023	
Name of shareholder	Number of ordinary shares of 1 pence each held	Percentage of total voting rights held	Number of ordinary shares of 1 pence each held	Percentage of total voting rights held
Schroders plc	12,043,141	19.27%	12,043,141	19.27%
Jupiter Fund Management plc	5,317,667	8.50%	2,442,667	3.90%
Hudson Management Limited	3,911,000	6.25%	5,811,000	9.30%
Graeme Coulthard	3,500,000	5.60%	4,050,000	6.48%
Downing Strategic Micro-Cap Investment Trust	2,750,000	4.40%	2,750,000	4.40%

Branches outside the UK

Other than ten stores located in the Republic of Ireland, the Company has no branches outside the UK.

Employee involvement

Information relating to employees of the Group and how the Company engages with its workforce can be found on pages 32 to 34

Disabled employees

It is the policy of the Group to provide equal recruitment and other opportunities for all colleagues regardless of sex, age, religion, race, disability or sexual orientation. The Group gives full consideration to applications for employment from disabled people, where they adequately fulfil the requirements of the job. Once employed by the Group, we ensure that disabled colleagues have full access to training and career development opportunities. Where colleagues become disabled, it is the Group's policy to provide continuing employment and retraining where practicable.

Political donations

The Company did not make any political donations during the year.

Change of control – significant agreements

There are a number of agreements that may take effect after, or terminate upon, a change of control of the Company, such as commercial contracts, bank loan agreements and property lease arrangements.

The only significant agreement to which the Company is a party that takes effect, alters or terminates upon a change of control of the Company following a takeover bid, and the effect thereof, is the Company's committed bank facility dated 10 June 2022 which contains a provision such that, in the event of a change of control, the facility may be cancelled and all outstanding amounts, together with accrued interest, will become repayable on the date falling 30 days following written notice being given by the lenders that the facility has been cancelled.

Audit information

Each of the Directors at the date of the approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- The Director has taken all the reasonable steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Act.

Auditor

A resolution to reappoint KPMG LLP will be proposed at the forthcoming AGM.

Annual General Meeting

The AGM will be held on 4 October 2023. The Notice of AGM is contained in a separate letter from the Chair accompanying this report.

Post-balance sheet events

Other than as disclosed in the Strategic report, there have been no material post-balance sheet events involving the Company or any of the Company's subsidiaries as at the date of this report.

The Strategic report on pages 1 to 57 and this Directors' report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law and any liability of the Directors in connection with these reports shall be subject to the limitations and restrictions provided by such law.

By order of the Board

Gavin Peck
Chief Executive Officer
30 August 2023