Inspiring reading, learning, creativity and play through screen-free activities

Annual Report and Accounts 2026

THE WORKS

Time well spent

Affordable, screen-free activities for the whole family

Strategic report

Corporate governance

Visit our customer website
theworks.co.uk

Visit our corporate website
corporate.theworks.co.uk

Financial statements

Our unique brand positioning

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

Mission
To be the favourite destination for affordable, screen-free activities for the whole family

Positioning
Connecting people with feel-good ways to spend their time

Famous for

- **Screen-free activities**
- **Great value**
- **Fantastic ranges**

Read more about our purpose on **pages 12 and 13**

Financial highlights – continuing operations[1]

Revenue
£260.0m

FY26	£260.0m
FY25	£252.2m

Like-for-like (LFL) sales variance
+3.3%

FY26	+3.3%
FY25	+2.3%

Non-IFRS 16 Adjusted EBITDA
£14.0m

FY26	£14.0m
FY25	£9.5m

Pre-IFRS 16 Adjusted EBITDA margin
5.4%

FY26	5.4%
FY25	3.7%

Adjusted profit before tax
£7.2m

FY26	£7.2m
FY25	£5.0m

Profit before tax
£6.8m

FY26	£6.8m
FY25	£9.5m

Net cash
£3.6m

FY26	£3.6m
FY25	£4.1m

Basic earnings per share
8.3p

FY26	8.3p
FY25	14.7p

Adjusted basic earnings per share
9.1p

FY26	9.1p
FY25	7.3p

1 Financial highlights are presented on a continuing operations basis following the announcement on 20 March 2026 to cease the trading of the Group's online channel and transition to a non-transactional website. The Group's continuing operations therefore represent results from its store estate.

Operational highlights

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

Growing brand fame:
- Sharper brand campaigns and more targeted customer communications to increase awareness of affordable, screen-free proposition.
- Evolved product proposition, increasing product newness and driving year-round relevance.
- Launched a new Customer Experience Programme.

Improving customer convenience:
- Opened a net five new store openings, which included 14 new stores, three relocations and nine closures, resulting in 508 stores at the period-end (FY25: 503 stores).
- Improved stock distribution and product availability across store estate, particularly in higher turnover "platinum" stores.
- Made better use of space in stores by using demographic data to inform store ranging and a 'trial and rollout' approach to new, extended, product ranges.

Lean and efficient operator:
- Made the strategic decision to close the transactional website and sharpen focus on trading from the Group's highly successful store estate.
- Enhanced product margin by 240 basis point through ongoing focus on supplier negotiations, tighter control of stock and promotional markdowns and, product mix improvements.
- Successful delivery of planned £2m cost reduction programme, through action across central and operational costs, including the benefits from investment in a new mezzanine level at the Retail Distribution Centre.

Strengthened the Board through the appointments of Nick Wharton and Angela Rushforth.

Included in The Sunday Times Best Places to Work For 2026 and the Financial Times UK's Best Employers 2026.

A year of strong strategic, operational and financial progress

Steve Bellamy
Chair

Introduction

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

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

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

FY26 overview

During the year, the Board undertook a thorough review of the Group's online transactional business and took the decision to close and discontinue this operation on 20 March 2026. Its performance and profitability had been impeded by operational issues with two different third-party fulfilment providers in recent years. Whilst we are disappointed by the impact that these issues had on our short-term financial performance and on some customers, the decision to close this channel was the right one – enabling the Group to increase focus on and investment in its highly accessible, profitable store estate which has always been the lifeblood of the business. Reflecting this change to the Group's operating model, details of our financial performance are focused on continuing operations with a reconciliation to our statutory results provided in Note 4 to the financial statements.

Total revenue grew by 3.1% to £260.0m and like-for-like sales by 3.3%. This positive performance was achieved despite fragile consumer confidence and represented a significant outperformance of the wider non-food retail sector, which declined 0.1% on a like-for-like basis during the period as reported by the British Retail Consortium.

Store sales growth, combined with further improvements to the product margin and the successful delivery of the £2.0m cost reduction programme we outlined last year, resulted in a material improvement in profitability to pre-IFRS 16 Adjusted EBITDA from continuing operations of £14.0m (FY25: £9.5m). Total pre-IFRS 16 Adjusted EBITDA (which includes the online channel) was £11.5m, ahead of the £11.0m that we guided to in last year's Annual Report. This, together with net cash of £3.6m and £20 million funding available through a revolving credit facility, means that the Group's financial position remains robust and positions us well for future growth.

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

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

Proposed change of Company name

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

Board and leadership

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

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

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

Capital distributions

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

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

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

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

Outlook

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

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

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

Steve Bellamy
Chair
23 July 2026

Continued execution against our Elevating The Works growth strategy

Gavin Peck
Chief Executive Officer

Introduction

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

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

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

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

We also delivered a further 240bps improvement in product margin, on top of the 210bps improvement in FY25, and achieved our planned £2.0m of cost savings through taking disciplined action across the business.

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

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

A highly relevant proposition focused on screen-free activities

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

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

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

Our store-focused trading model

The strength of our store estate is the foundation of the Group's performance and future growth opportunity.

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

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

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

Closure of the online transactional business

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

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

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

Strategic progress

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

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

Growing our brand fame

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

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

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

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

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

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

Improving customer convenience

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

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

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

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

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

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

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

Being a lean and efficient operator

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

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

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

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

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

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

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

Q

With The Works now focused on its bricks and mortar model, how are you maximising sales across the store estate?

Our high-performing store portfolio is central to our growth strategy and remains a key area of focus. During the year, we made good progress in improving product availability, refining our ranges, optimising the use of space across the estate and improving customer experience. A core enabler of this has been our 'trial and rollout' approach – testing new ranges in selected stores and using performance insights to inform targeted rollout. This allows us to respond quickly to customer preferences while driving improved sales densities across the estate. We are already seeing encouraging results from this approach, with strong LFLs in Q4 and into early FY27 demonstrating strong customer engagement and commercial performance.

Q

The Works has put 'screen-free activities' at the heart of its business. Why?

While technology plays an important role in modern life – and we are not anti-screen – there is growing awareness of the impact excessive screen time can have particularly on children. This is increasingly front of mind for parents: our research shows that 40% are actively looking to limit screen time, yet many are seeking practical and affordable alternatives, with 71% feeling pressure to keep children entertained, particularly during the summer holidays.

We are well positioned to meet this need. Our focus on accessible, screen-free activities provides families with simple, engaging ways to connect, support creativity and spend quality time together. By offering great value and a wide range of inspiring products, we help parents turn intent into action, reinforcing our role as a trusted destination for Time Well Spent.

Q

What gives you confidence that The Works can deliver its FY30 growth ambitions?

FY26 was an encouraging first full year of delivery under our Elevating The Works strategy. We grew sales, improved product margin, delivered planned cost savings and made good operational progress across the business. The decision to focus on our profitable store estate by closing our transactional website has simplified the Group and allows us to concentrate investment where we see the strongest returns to deliver value to all stakeholders. This was only the first year of our five year strategy and there is much more to do. The progress made made this year gives us confidence that the strategy is working, and excitement for the significant opportunity ahead.

Colleagues and culture

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

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

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

ESG

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

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

We also continued to progress our Scope 1 and Scope 2 and 3 action plans under the Greenhouse Gas Protocol. During FY26, we completed a review of our Scope 3 emissions target and took the decision to retire the target and prioritise strengthening our underlying supplier-level data to support future target setting (Task Force on Climate-related Financial Disclosures statement on pages 30 to 34).

Outlook

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

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

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

Gavin Peck
Chief Executive Officer
23 July 2026

Growing our estate

Examples demonstrating our continued investment in optimising our store estate through new stores and relocations.

Glasgow Fort Retail Park, Glasgow

We strengthened our presence in Scotland with the opening of one of two new Scottish stores at Glasgow Fort, one of the UK's leading retail and leisure destinations. Located within a prominent out-of-town retail environment, the store complements our high street and shopping centre stores in the region, providing customers with convenient access to The Works' extensive range of books, toys and games, arts and crafts, and stationery. The bright, modern format enhances the customer experience and supports our strategy of increasing brand visibility in high-footfall retail locations.

Parkway Shopping Centre, Newbury (relocation)

In Newbury, we successfully relocated our existing store from the Kennet Centre to the Parkway Shopping Centre. The new store occupies a contemporary town centre location, providing a larger and more welcoming retail environment for customers. The relocation ensures the continued presence of The Works in Newbury while benefiting from Parkway's strong retail mix and sustained footfall, supporting long-term trading performance in the town.

Arnold, Nottingham

The Group expanded its reach into well-established suburban neighbourhoods with the opening of a new store in Arnold. Positioned prominently on Front Street, the store benefits from strong community footfall and convenient access for local families and shoppers. The opening enhances The Works' reach across the wider Nottingham area while providing customers with easy access to its broad range of books, toys and games, arts and crafts, and stationery, supporting the strategy of growing in well-located, convenience-led retail locations. stationery at great value.

Built on purpose, focused on growth

Our three strategic drivers, supported by our people and planet commitments help us focus on the right actions to achieve our purpose.

Grow our brand fame

Progress in the year

- Continued to build brand awareness as the home of affordable, screen-free activities for the whole family.
- Increased focus on sharper brand-led campaigns, more targeted customer communication, including the Find Your Story Book Bus and Boredom Board, and a clear focus on our Time Well Spent proposition.
- Continued development of our product proposition by focusing on newness, year-round relevance and key customer moments across the calendar.
- Improved in-store customer experience, introducing a new Customer Experience Programme to recognise and reward colleagues who go above and beyond for customers.

Priorities for FY27

- Focused brand marketing strategy to amplify Time Well Spent and 'screen-free' messaging through targeted campaigns and increasing our marketing investment following a successful test and trial approach in FY26.
- Continue to drive all-year-round appeal in product proposition through trend-led newness and innovation, delivering compelling value for money.
- Enhance in-store experience through colleague training, mystery shopping and increased customer events and activations, ensuring our colleagues bring our brand to life for customers.

Link to KPIs A B C D E F

Link to risks 1 2 5 6 10

Improve customer convenience

Progress in the year

- Improved product availability and stock distribution across the estate, particularly in our high turnover platinum stores.
- Trialled initiatives to make better use of space in our stores, providing customers with the products most relevant to them in their local store.
- Started to utilise demographic data to inform store ranging decisions, initially focused on providing an extended range of art and stationery products in locations with a higher student demographic.
- Continued optimisation of store estate with a net five new store openings, which included 14 new store openings, three relocations and nine closures in line with our strategic plans.
- Launched "What Good Looks Like" guide for stores teams to improve operational execution and the consistency of standards in our stores.

Priorities for FY27

- Further optimise store estate, including net ten new store openings and targeted investment in the portfolio.
- Expand space optimisation and ranging initiatives, embedding learnings from trials across the estate alongside developing the software solution to accelerate progress in this area in FY28.
- Improve operational execution in stores through embedding and evolving the 'What Good Looks Like' guide.
- Focus on stock optimisation to further improve customer product availability, maximise space return and increase our stock turn.

Link to KPIs A B C D E F

Link to risks 1 2 3 5 6 7 10

KPIs

- A Like-for-like (LFL) sales growth
- B Revenue growth
- C Pre-IFRS 16 Adjusted EBITDA
- D Adjusted profit before tax
- E Adjusted diluted earnings per share
- F Pre-IFRS 16 Adjusted EBITDA margin

Principal risks

- 1 Economy and market
- 2 Design and execution of strategy
- 3 Supply chain
- 4 IT systems and cyber security
- 5 Brand and reputation
- 6 Seasonality of sales
- 7 People
- 8 Environment
- 9 Regulation and compliance
- 10 Liquidity
- 11 Business continuity

Be a lean & efficient operator

Progress in the year

- Continued to grow our product margin with an improvement of 240 basis points reflecting a continued focus on supplier negotiations, tighter control of stock and promotional markdowns, and product mix improvements.
- Successfully delivered a £2.0m cost reduction programme across central and operational costs.
- Invested in operational infrastructure, including a new mezzanine level at our Retail Distribution Centre to improve capacity and operational efficiency.
- Developed a roadmap for our medium-term plans to modernise and transform our systems.

Priorities for FY27

- Deliver further product margin improvements and targeted cost-savings initiatives.
- Undertake a review of our store labour model to identify opportunities to improve in store customer and colleague experience and drive more effective use of labour in our stores.
- Start to transform the way we work through a c.£5m, four-year systems transformation programme, delivering a new Enterprise Resource Planning ("ERP") platform and best-in-class solutions. In FY27, this will include a new financial and commercial planning tool to strengthen stock, intake and margin planning, and select our preferred vendor for our new ERP system.
- Upgrade store connectivity and deployment of new point-of-sale tills to support future growth.

Link to KPIs A B C D E F

Link to risks 1 2 3 4 10 11

People & Planet

Progress in the year

- Delivered strong colleague engagement survey results with a 76% average happiness score, which resulted in a three-star 'Excellent' accreditation.
- Placed in The Sunday Times Best Places to Work 2026 and recognised by the Financial Times as one of the UK's Best Employers 2026.
- Upskilled key talent by investing in leadership development, High Potential Programme and apprenticeships.
- Supported the National Literacy Trust and the National Year of Reading 2026, which continues to be brought to life through the Find Your Story Book Bus tour (read more on page 13).
- Conducted a strategic review of our climate targets, resulting in a revision to our Scope 3 strategy, and a continuation of our existing Scope 1 and 2 targets.

Priorities for FY27

- Further embed purpose, mission and the 'It All Starts With You' campaign throughout colleague and candidate experience.
- Launch a structured supplier engagement programme to strengthen the credibility of Scope 3 emissions data and inform the development of a revised Scope 3 emissions target.
- Drive further packaging optimisation and data quality improvements to reduce environmental impact and support the effective management of compliance costs.

Link to risks 7 8 9

Inspiring screen-free moments for every family:

Affordable ways to switch off and connect

At The Works, our mission is to become the favourite destination for affordable, screen-free activities for the whole family, helping customers enjoy Time Well Spent through reading, learning, creativity and play across our four core categories of Books, Toys & Games, Arts & Crafts and Stationery. As we progress into year two of our Elevating The Works strategy, we continue to bring this to life through campaigns that engage customers in meaningful and relevant ways.

From 'Find Your Story', inspiring a love of reading, to 'Make May Mindful', promoting wellbeing through creative, screen-free activities, and 'Big Little Christmas', celebrating the value of shared moments, each campaign reflects a different element of our product offer. Through authentic content, photography, and storytelling, we showcase real moments of families reading, creating and playing together, bringing our Time Well Spent proposition to life. Complementing this, our online inspiration hub offers a range of reading recommendations, seasonal activities and budget-friendly family ideas, helping customers to switch off and discover simple ways to spend meaningful time together.

Time Well Spent

Helping families enjoy more Time Well Spent together.

Bringing our purpose to life on the road:

Inspiring a new generation of readers, one city at a time

In 2026, we launched our 'Find Your Story' campaign in support of the National Year of Reading, responding to declining levels of reading for pleasure among children, with fewer than one in three now enjoying reading in their free time. Designed to position reading as an act of self-discovery, the campaign encourages children to follow their interests and build a lifelong engagement with books.

Central to the initiative is a nationwide book bus tour, bringing books into disadvantaged communities, where every child receives a free book, to support the development of essential literacy skills and improve access to affordable books. The bus delivers a range of experiences, including author-led workshops, read-alongs and craft activities, and character meet-and-greets from well-known children's stories. Together, these experiences help children discover the enjoyment of reading and create memorable connections with books. This reflects our purpose to inspire reading, learning, creativity and play, while helping families spend meaningful time together away from screens.

Our READ Pledge

As part of the campaign, we have pledged to raise £150,000 for the National Literacy Trust and donate 250,000 books to children in partnership with our publishers.

Building on our core strengths

Our core strengths and competitive advantage create a compelling proposition capable of delivering long-term value for all stakeholders.

Key inputs

Colleagues

- Approximately 3,600 colleagues who are all key to the success of our business.
- Loyal and dedicated.
- Highly engaged.
- Ranked as one of the Best Very Big Places to Work for by The Sunday Times reflecting excellent levels of colleague engagement.
- Recognised by The Financial Times as one of the 'UK's Best Employers'.

Brand value

- Time Well Spent supports our mission to become the favourite destination for affordable, screen-free activities for the whole family.
- Exclusive own brands developed in house.
- Clear purpose, focused on inspiring reading, learning, creativity and play.

Suppliers

- Located in the UK, Europe and Asia.
- Strategic partnerships with key suppliers.
- Annual supplier conference.

Infrastructure

- Store network.
- Centrally located Support and Distribution Centre.
- IT infrastructure and systems – investing to ensure scale, efficiency and security.

Read more about our colleagues on **page 28**

Our proposition and how we create value

Our competitive advantage

Highly relevant brand purpose

Screen-free activities

Great value

Customer focused

Family friendly

Extensive store network

Fantastic ranges

Design and innovate

- Identify and bring desirable and on-trend products to the UK and ROI markets.
- Unique own-brand products developed by in-house design studio and buying teams in conjunction with suppliers.
- New product lines launched regularly throughout the year.
- Four specialist categories: Books, Toys and Games, Arts and Crafts and Stationery, complemented by seasonal offerings.

13
own brands

5,030
new product lines introduced in FY26

Transformational strategy: Elevating The Works

Read more about our strategy on **pages 10 and 11**

Strategic report
Corporate governance
Financial statements

Source and distribute

- Experienced buying team sources and curates product ranges, including popular brands to complement own-brand offer.
- Strong relationships with approximately 200 suppliers.
- Work closely with suppliers to ensure product safety and quality control.
- Targeted investment in new supply chain systems to enhance stock flow, improve availability, and drive operational efficiency.
- Warehousing and store distribution undertaken from 157,000 sq ft facility in Coleshill, Birmingham.

200
stock suppliers

157,000
sq ft retail warehousing and distribution facility

Focused high street retail model

- Diverse store estate including high streets, shopping centres, retail parks, factory outlets and garden centres.
- Significant opportunities for further store estate expansion.

508
stores in the UK and Ireland

Supported by our people and planet commitments

Read more about our ESG commitments on **pages 27 to 29**

The value we create

Our customers

We offer affordable, accessible, good quality products to inspire reading, learning, creativity and play.

Our community

£72k

funds raised in FY26 for Mind, SAMH, Inspire and the National Literacy Trust. Many other local charities supported at store level.

Our shareholders

We are focused on realising significant growth potential through generating medium-term profit growth and enhanced shareholder value, having delivered significantly improved financial performance outcomes in FY26.

Our people

The Sunday Times Best Places to Work 2026

A clear customer offering

With our transformational strategy, and the momentum we are building, we are well positioned to tap into the significant growth potential in our market.

Growing demand for screen-free alternatives

Market drivers

Consumers are increasingly concerned about screen time, particularly on children, and seeking screen-free alternatives, supported by Government guidance on limiting exposure for under 5s, proposed social media restrictions for under 16s, and our own research showing parents want to reduce screen time but need accessible alternatives.

Our response

Our point of difference is our mission to be the favourite destination for affordable, screen-free activities for the whole family.

We continue to actively support Time Well Spent through a broad and accessible range of screen-free products, with thousands of craft, hobby, toy and book lines designed to encourage creativity and play, supported by curated blog content offering inspiration and practical ideas, and targeted campaigns promoting affordable alternatives to help families reduce screen time and spend quality time together.

Shopping habits

Market drivers

Amid the overall sentiment of economic uncertainty, consumers are evolving and demanding more from retailers. While price remains critical, value-conscious customers are increasingly seeking convenience, ease of shopping and an enjoyable in-store experience, alongside digital touchpoints that support their journey.

Our response

Our strategy remains focused on improving customer convenience while strengthening the role of our stores at the heart of local communities. We are focused on delivering more consistent execution of our proposition across the estate, enhancing the in-store experience and tailoring ranges to better meet local customer needs through improved use of space. In parallel, we continue to develop our non-transactional website to provide helpful product information and inspiration, supporting customers before and beyond their in-store visit.

Spending trends

Market drivers

Consumer confidence in the UK remains subdued, with ongoing pressure on household finances reflected in declining retail footfall and declining LFL sales in the wider non-food market sector. While sentiment has stabilised, many customers continue to prioritise essential spending, with discretionary income constrained by the ongoing higher cost of living.

Our response

We continue to differentiate through a strong, accessible and affordable offer, ensuring our products are not only great value but genuinely low priced to enable customers to enjoy screen-free activities and everyday moments. Our wide range, convenient store locations and compelling entry price points, alongside our 'Famous For' multi-buy offers in books, jigsaws and gifting, drive customer engagement. This positions the Group to attract both value-focused shoppers and increasingly cautious higher-income customers seeking affordable ways to spend.

Evolving competitive landscape

Market drivers

The retail landscape continues to evolve, with a number of traditional competitors facing challenges, alongside a growing presence of online pure play retailers. Customer expectations are also shifting, with increased focus on value, convenience and differentiated propositions.

Our response

We remain focused on our core strengths: delivering a compelling in-store customer experience, offering great value and a distinctive range of screen-free products that support creativity and Time Well Spent. We continue to invest in our product proposition and store experience to differentiate from online-only competitors. The closure of our transactional website has further enabled us to sharpen this focus, simplifying our model and allowing greater emphasis on what we do best – providing affordable, engaging products in a convenient and enjoyable in-store environment.

Carefully curated ranges

We inspire customers to read, learn, create and play through a differentiated, great-value product offering that brings screen-free moments to life for the whole family.

Our carefully curated range combines trusted brands, exclusive own-label products and seasonal innovation to deliver engaging experiences across every stage of life. From early learning to adult hobbies, our proposition is designed to make creativity, discovery and play accessible to all.

Read

We offer a compelling and accessible book range that encourages customers of all ages to read for pleasure. From children discovering stories for the first time to adults reconnecting with reading, our curated selection supports both learning and enjoyment.

Learn

Our product range supports learning through play, helping children to build confidence and develop skills from an early age. Through engaging formats and great value, we make educational experiences widely accessible to families.

Create

We inspire creativity across all ages with an extensive range of art, craft and hobby products. From children exploring creativity for the first time to adults developing new passions, our offer enables customers to create, personalise and make something their own.

Play

Our toys, games and seasonal ranges bring families together through fun, accessible and screen-free play. With a balance of everyday essentials and trend-led innovation, we provide products that engage, entertain and create shared moments.

Our unique proposition

Great value, every day
Accessible price points that open up creativity, learning and play to more customers.

Curated for real life
A focused range designed around how customers actually spend their time.

Own-brand strength
Exclusive ranges that balance quality, innovation and affordability.

Seasonal relevance
A dynamic offer that responds to key moments and customer needs throughout the year.

We use six KPIs to monitor performance and strategic progress[1]

These KPIs, together with our performance against them, are detailed below. All of the non-GAAP financial measures detailed can be calculated from the GAAP measures included in the financial statements, as outlined in the notes to the financial statements. Commentary on these KPIs is included in the Financial review.

A Like-for-like (LFL) sales growth

+3.3%

Definition
LFL sales are defined by the Group as the year-on-year growth in gross sales from stores, which have been trading for a full financial year prior to the current year and have been trading throughout the current financial period being reported on, calculated on a calendar week basis.

Link to strategy

B Revenue growth

+3.1%

Definition
The percentage year-on-year change in Group total sales, which excludes VAT. A reconciliation between total sales and statutory revenue is included on page 81.

Link to strategy

C Pre-IFRS 16 Adjusted EBITDA

£14.0m

Definition
Represents profit for the period before IFRS 16, net finance costs, taxation, depreciation and amortisation, loss on disposals of property, plant and equipment and Adjusting items.

Link to strategy

D Adjusted profit before tax

£7.2m

Definition
Represents profit for the period before taxation and Adjusting items. Adjusting items are gains or losses incurred in a period which are not expected to be recurring.

Link to strategy

E Adjusted diluted earnings per share

9.1p

Definition
Calculated by dividing the Adjusted profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period (including dilutive share options). Adjusted profit is before the impact of Adjusting items.

Link to strategy

F Pre-IFRS 16 Adjusted EBITDA margin

5.4%

Definition
Represents profit for the period before IFRS 16, net finance costs, taxation, depreciation and amortisation, loss on disposal of property, plant and equipment and Adjusting items as a percentage of revenue as reported in the income statement.

Link to strategy

1 KPIs are presented on a continuing operations basis following the announcement on 20 March 2026 to cease the trading of the Group's online channel and transition to a non-transactional website. The Group's continuing operations therefore represent results from its store estate.

Links to strategy:

Grow our brand fame
Improve customer convenience
Be a lean and efficient operator

Strategic progress delivers step change in profitability

Rosie Fordham
Chief Financial Officer

Sales growth, combined with further improvements to the product margin and the £2.0m cost reduction programme, resulted in a material improvement in profitability."

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

1 LFL sales growth is the growth in gross sales from stores which have been trading for the full financial period (current and previous year).

2 Adjusted profit figures exclude Adjusting items. See Notes 4 (Alternative performance measures) and 5 (Adjusting items) of the financial statements.

3 Profit after tax in FY25 included £4.5m credit with respect to Adjusting items. See Note 5 (Adjusting items) of the financial statements.

4 Net cash at bank excludes finance leases and is stated on a pre-IFRS 16 basis.

Overview

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

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

Overview continued

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Discontinued operations

Further details are shown in Note 10 (Discontinued operations) of the financial statements.

Revenue (continuing operations)

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

1-year LFL sales growth	Stores
Q1	8.3%
Q2	0.7%
H1	**4.0%**
Q3	1.0%
Q4	5.3%
H2	**2.7%**
Full year	**3.3%**

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

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

1 Data from the British Retail Consortium showed non-food retail LFL decline of 0.1% for the 52-week period.

2 Data from the British Retail Consortium showed Q1 non-food retail LFL sales growth of 0.3% and a decline of 1.1% in Q4.

Adjusted gross profit (continuing operations)

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

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

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

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

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

Adjusted operating profit (continuing operations)

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

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

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

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

- Support centre payroll reduced by £0.4m, primarily reflecting savings realised from the support centre restructure implemented in April 2025 (as part of the £2.0m strategic cost saving initiative in FY26), partially offset by annual pay rises and increased employer National Insurance rates from April 2025.
- Central administration costs increased by £0.9m, reflecting higher environmental packaging and waste levy charges, following the publication of updated fees from the Environment Agency, alongside increased software and licence costs linked to our systems transformation programme.

Adjusted pre-IFRS 16 Adjusted EBITDA reconciliation (continuing operations)

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

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

IFRS 16 adjustments (excluding Adjusting items and net financing expenses) generated a credit of £2.9m (FY25: £4.7m). The year-on-year reduction reflects higher depreciation charges on IFRS 16 assets, driven by an increased number of new store openings and lease renewals compared to prior periods. Refer to Note 4 (Alternative performance measures (APMs) of the financial statements for a reconciliation of pre-IFRS 16 Adjusted EBITDA to profit after tax.

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

- £0.2m of systems transformation costs, reflecting the commencement of an approximately £6.0m multi-year strategic investment programme to fully replace the Group's legacy systems.
- £0.2m credit relating to IFRS 16 profit on disposal of right-of-use assets and lease liabilities (FY25: £0.8m cost).
- £0.4m of costs relating to impairment related charges and reversals (FY25: £6.0m credit). Refer to Notes 13, 14 and 15 of the financial statements.

A reconciliation of statutory profit to EBITDA can be found in Note 4 of the financial statements.

Net financing expense

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

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

Profit before tax

Profit before tax ('PBT') from continuing operations was £6.8m (FY25: £9.5m). FY26 PBT includes £0.5m of Adjusting items in the prior year, compared with a £4.5m credit in FY25. For more detail refer to Note 5. Excluding Adjusting items, Adjusted profit before tax increased to £7.2m from £5.0m in the prior period.

Tax

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

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

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

Earnings per share

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

On a total basis, including discontinued operations, adjusted diluted EPS was 6.0 pence (FY25: 7.3 pence), and diluted EPS for the period was 2.4 pence (FY25: 13.5 pence), as noted above, the reduction in statutory EPS year-on-year reflects the year-on-year variance in adjusting items. Refer to Note 12.

Capital expenditure

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

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

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

Inventory

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

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

Cash flow (including discontinued operations)

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

1 Other operating cash flows relate to pre-working capital movements, excluding tax and interest. See Consolidated cash flow statement in the financial statements.

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

The table shows a summarised pre-IFRS 16 presentation of the cash flow, including, discontinued operations. The net cash outflow before exchange rate movements for the period was £0.7m (FY25: inflow of £2.9m). The Group ended the period with net cash at bank of £3.6m (FY25: £4.1m cash). The reduction in net cash reflects the in-year unwind of prior period working capital movements, and the majority of the costs associated with the closure of the transactional website in March 2026, with a small number of costs falling into the early part of FY27. The net cash flows in respect of continued and discontinued operations are shown below:

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

Bank facilities and financial position

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

Capital allocation and shareholder returns

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

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

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

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

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

Employee Benefit Trust funding for the purposes of share schemes

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

Rosie Fordham
Chief Financial Officer
23 July 2026

To succeed it is essential we engage with our stakeholders

Our stakeholders and how we engage with them is detailed on this and the adjacent page. To succeed it is essential that we understand what matters to them and consider this as part of our decision-making process. Our Section 172 Companies Act statement is set out on page 26.

Our customers

Buy our products.

What matters to them

- Wide variety of great products.
- Inspirational idea and solutions for screen-free alternatives.
- Good value and quality.
- Customer experience.
- Reliable and convenient service.

Group-wide engagement

- Active social media engagement.
- Customer surveys and polls.
- Review market share data and brand metrics.
- Hold focus groups.
- Day-to-day interactions between customers and store colleagues.

Board-level engagement

- Regular Director store visits including direct engagement with customers.
- Chief Commercial Officer, Chief Retail and People Officer and Head of Brand regularly provide customer feedback to the Board.

Outcomes

- Monitor emerging trends and create products that customers want and need.
- Listen to product feedback and develop ranges accordingly.
- Evolve our channel communications.

Read more on **pages 10, 16 and 17**

Our colleagues

Enable us to fulfil our purpose and deliver our strategy.

What matters to them

- Safe, healthy and good working environment that cares about the wellbeing of colleagues.
- Fair rewards.
- Engaging and inspiring place to work.
- Focus on diversity and inclusion.
- Being part of a company that has a clear purpose and values that resonate.
- Development opportunities.

Group-wide engagement

- Annual engagement survey providing independent colleague feedback.
- Survey results shared transparently, supported by local action plans.
- Regular two-way communication through MyWorks, team briefings and colleague events.
- Direct leader engagement through store visits, listening sessions and feedback channels.
- Learning and development programmes supporting colleague growth and progression.

Board-level engagement

- Directors regularly engage with colleagues across stores, the Support Centre and Distribution Centre.
- The Board reviews colleague feedback, engagement survey results and key themes.
- Regular updates on people strategy, culture, engagement, wellbeing, talent and succession.
- The Nomination & Remuneration Committee oversees reward, talent and leadership development.

Outcomes

- Ranked as one of the 28 Best Very Big Places to Work for by The Sunday Times, reflecting excellent levels of colleague engagement.

Read more on **page 28**

Our communities

We care about giving something back.

What matters to them

- Employment opportunities.
- Positive social impact.
- Sustainable operations.

Group-wide engagement

- Launched The Works' READ Pledge (see page 28).
- Local community initiatives (see page 28).

Board-level engagement

- Board oversees development of ESG strategy and monitors progress.
- Internal ESG working groups and external advisers regularly update the Board on relevant ESG matters.

Outcomes

- Strengthening ESG strategy gives growing importance to stakeholders (see pages 27 to 29).
- Strengthened corporate and charity fundraising partnership with the National Literacy Trust (NLT), raising £36k in FY26.
- £35k raised in partnership with Mind, SAMH and Inspire during FY26.
- In partnership with Barnardo's, our 'Play It Forward' product take back scheme is in 468 stores, enables customers to donate used items for reuse or recycling.

Read more on **page 28**

Our suppliers

Support our sourcing and distribution activities.

What matters to them

- Long-term, collaborative partnerships.
- Fair and transparent treatment.
- Timely payment in line with agreed terms.
- Responsible and ethical business practices.

Group-wide engagement

- Regular commercial dialogue.
- Annual supplier conference.
- In-person engagement through supplier meetings, factory visits and trade fairs.
- Close collaboration with our quality assurance team to uphold product safety, quality and compliance standards.
- Cross-functional communication and governance to reinforce supplier expectations and performance.
- Ongoing engagement to support suppliers in meeting environmental and ethical commitments.

Board-level engagement

- Chief Commercial Officer provides regular updates to the Board on supplier matters and relationships.
- The Board and Audit & Risk Committee review the Group's payment practices.

Outcomes

- Ensures suppliers are treated fairly.
- Promotes fair and ethical business practices through supply chain management.
- Active management of Social and Ethical Compliance Programme in conjunction with Verisio.
- Long-term supplier partnerships.

Read more on **page 29**

Our shareholders

Seek returns on their investment.

What matters to them

- Clear and ambitious strategy.
- Competent execution of strategy.
- Good governance.
- Sustainable and growing returns.
- Regular, clear and transparent communication.
- ESG performance.

Group-wide engagement

- Extensive investor information, including announcements, results and presentations, available on the Company's website.
- Attendance at Mello Investor event and Investor Meet Company for retail investors.

Board-level engagement

- Annual General Meeting.
- Chair and Committee Chairs available to shareholders to discuss specific matters as they arise.
- Maintain close relationships with the Group's NOMAD.
- Invited to investor presentations for interim and full-year results on Investor Meet Company platform.
- CEO and CFO have regular meetings and calls with investors and analysts, and provide Board updates following such engagement.
- Independent Chair maintains regular contact with the Group's significant investors.

Outcomes

- Positive feedback on investor and analyst roadshow presentations.
- All resolutions passed with >99% of votes in favour at 2025 AGM.
- Approval of the appointment and reappointment of Board members.

Read more on **page 1**

Promoting the Company's long-term success

This disclosure forms the Directors' statement under Section 414CZA of the Companies Act 2006.

The Directors have had regard to the matters set out in Section 172(1) of the Companies Act 2006 throughout their decision-making during the 52-week period ended 3 May 2026 (FY26). Both individually and collectively, the Directors believe they have acted in good faith and in the manner most likely to promote the long-term success of the Company for the benefit of its members as a whole, while taking account of the interests of its wider stakeholders.

In carrying out their duties, the Directors have considered:

- The likely consequence of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the Company.

Investment in a new mezzanine level in the Distribution Centre

The Group successfully delivered a mezzanine level within its Retail Distribution Centre during the year, as part of its ongoing investment in supply chain capacity and efficiency. The project was approved by the Board and formed a key component of the Group's transformation and growth strategy, supporting increased storage and picking capability.

The build was completed in July 2025, successfully increasing capacity and supporting greater operational efficiency. The project was delivered in line with agreed timescales, benefiting from strong cross-functional collaboration across distribution, finance, technology and property teams, enabling the facility to operate at high capacity ahead of peak trading.

The investment paid back within the year, delivering improvements in picking productivity and throughput. The mezzanine is now fully embedded within daily operations, contributing to improved efficiency and supporting future growth.

Environmental, social and governance (ESG) statement

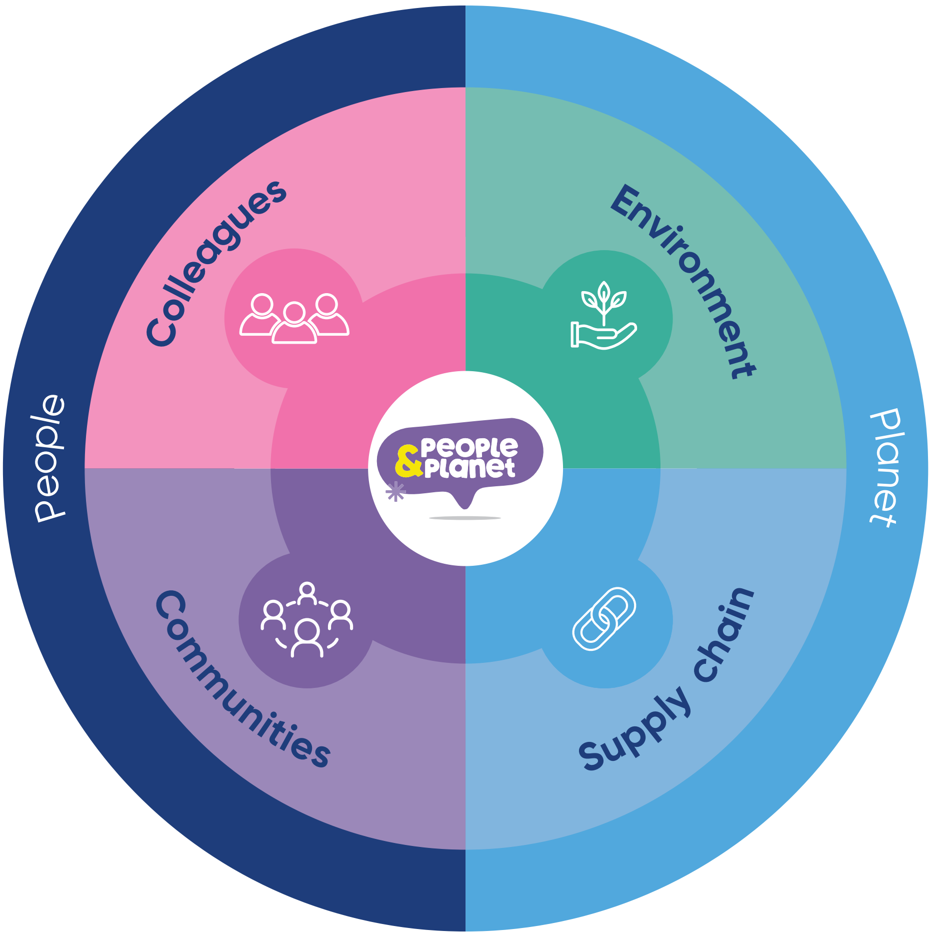
Our mission

Here at The Works, we're continuing to serve our communities by doing business better – making positive, sustainable changes to our business so we can keep inspiring reading, learning, creativity and play for future generations.

Our Elevating The Works strategy is underpinned by our people and planet commitments, which you can read about below.

Our ESG governance

The Board holds overall accountability for approval of the Group's ESG strategy and delivery of the Group's ESG commitments. A member of the Operating Board has been assigned responsibility for each of the pillars of our ESG strategy and is supported by working groups across the Group. Further details are shown in the TCFD statement on pages 30 to 34.



Doing business the right way

Our people

Colleagues

We care about creating a workplace where our people can thrive.

FY26 achievements
- Launched refreshed values and behaviours, embedding a consistent, inclusive culture aligned to our purpose and strengthening how colleagues represent our brand.
- Achieved 77% participation and a 76% happiness score in our colleague engagement survey ('It All Starts With You'), earning The Works' three-star 'Excellent' accreditation and outperforming UK retail and global benchmarks.
- Introduced a new Performance and Career Review process, enabling meaningful development conversations.
- Enhanced wellbeing support through the MyWorks Wellbeing Hub, Retail Trust Employee Assistance Programme and Wagestream, alongside targeted wellbeing training for senior leaders.
- Continued progress on diversity and inclusion, enhanced Family Friendly Policy and achieving no disparity between majority and minority colleague survey responses.

FY27 plans
- Further evolve our learning and development strategy, using colleague insights to target capability gaps and support career progression.
- Build on engagement survey insights to strengthen colleague experience.
- Enhance wellbeing provision and leadership capability to support colleague health, safety and performance.
- Maintain focus on diversity and inclusion, including improving insights, strengthening training and removing barriers to inclusion.

For further details, including our metrics and gender pay gap reporting, visit our corporate website **corporate.theworks.co.uk/who-we-are/corporate-governance/our-policies/**

76%

happiness score on our colleague engagement survey

Communities

We care about supporting the communities we serve.

FY26 achievements
- Continued partnerships with Mind, SAMH and Inspire, raising over £400k across the lifetime of these partnerships through charity product ranges and in-store fundraising activity.
- Delivered our 'Make May Mindful' campaign, promoting mental wellbeing and encouraging customers to engage in Time Well Spent' through our products.
- Strengthened our partnership with the National Literacy Trust. We were proud to launch our 'Find Your Story' campaign and bring it to life through our Story Bus – demonstrating how our purpose connects to meaningful social impact.
- Supported World Book Day by processing over 200,000 vouchers, helping improve access to books and bringing the event to life in stores through colleague engagement activities.
- Launched The Works' READ Pledge to support our purpose of inspiring reading, learning, creativity and play by improving access to books, encouraging reading for pleasure and supporting communities through book donations and literacy partnerships.
- Continued to embed our Barnardo's 'Play It Forward' scheme, supporting children and families while aligning with our wider community and sustainability ambitions.

FY27 plans
- Build on our charity partnership with the National Literacy Trust to increase fundraising impact and deepen engagement with colleagues and customers.
- Expand literacy and community initiatives with the National Literacy Trust, supporting access to books, creativity and learning.
- Continue to develop campaigns that promote wellbeing and Time Well Spent for our customers and communities.
- Further embed community and sustainability initiatives, including 'Play It Forward', to maximise social impact.

For further details on our community initiatives and partnerships, visit our corporate website **corporate.theworks.co.uk/sustainability/our-people/communities/**

78%

of colleagues are proud of our charitable partnerships and the impact that we have

Our planet

Environment

We care about our impact on the planet.

FY26 achievements

- Launched a colleague energy-saving course to reduce energy consumption across our store estate, as set out in our Energy Savings Opportunity Scheme (ESOS) action plan.
- Delivered design and buying workshops to drive the adoption of recyclable, lightweight, cost-efficient packaging, contributing to a packaging redesign on the Make & Create kids range projected to save 12 tonnes of plastic annually.
- Refined our Scope 3 strategy with support from climate consultancy Positive Planet, ensuring alignment with AIM-listed and retail sector peers, relevant regulatory frameworks, and our commercial strategy. See our TCFD statement for full details (pages 30 to 34).
- Rehomed 11,628 pre-loved items (e.g. books, games, toys) through our 'Play It Forward' product takeback scheme in partnership with Barnardo's.

FY27 plans

- Launch a structured supplier engagement programme to improve Scope 3 data credibility and support the development of an updated Scope 3 emissions target.
- Strengthen compliance processes, including data collection and supplier communication, to manage evolving environmental regulations and risks.
- Maintain momentum and enhance colleague and customer engagement with our 'Play It Forward' product takeback scheme, with a refreshed focus on circular economy benefits.

For further details, including our metrics, targets, and SECR reporting, please see our Task Force on Climate-related Disclosures (TCFD) statement on **pages 30 to 34**

73%*

of our total GHG footprint originates from upstream Scope 3 activities, with supplier engagement underway to improve data and support future target setting

* Based on consolidated Scope 3 emissions from FY24/25.

Supply chain

We care about ethical, responsible and efficient business practices.

FY26 achievements

- Strengthened our Ethical Compliance Programme, further increasing supply chain transparency and enhancing modern slavery due diligence across all supplier types.
- Reduced ethical risk across supplier sites and driven measurable improvements in ethical performance across our supply base, reflecting a more consistent, structured approach to risk management, supporting greater transparency and continuous improvement across our sourcing operations.
- Established a robust baseline through full completion of supplier questionnaires, delivering measurable progress against ethical risk reduction targets.
- Enhanced strategic supplier partnerships enabling greater engagement and cross-functional alignment on commercial priorities.
- Delivered a cleansed supplier database with integrated spend reporting to improve visibility, drive efficiencies, supplier performance improvements and cost savings, and enable updated rebate contracts.

FY27 plans

- Introduce a set of standardised supplier performance criteria, enabling consistent and objective evaluation across the supplier base, driving efficiencies, strategic focuses and rationalisation opportunities.
- Continue to strengthen supplier partnerships to position us as the retailer of choice, driving competitive advantage through clearer expectations and enhanced engagement.
- Launch updated supplier terms and conditions and a supplier manual to ensure consistency and mitigate risk.
- Advance our Ethical Compliance Programme, enhancing awareness and delivering measurable risk reduction against set targets, while exploring how to evolve our commitments in line with modern slavery legislation developments, alongside managing commodity pricing fluctuations and geopolitical pressures.

Step-change

in engagement with suppliers in our Ethical Compliance Programme, reflecting sustained improvements in supplier risk profiles across our supply base

Task Force on Climate-related Financial Disclosures (TCFD) statement

In line with common market practice, the Group continues to present its disclosures using the TCFD framework. The FY25/26 disclosures comply with all eight mandatory requirements set out under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Governance

In FY26, the Group continued to actively work to reduce its carbon footprint through the adoption of sustainable practices and utilisation of energy efficient solutions. Our governance policies promote transparency and accountability by incorporating climate change considerations into our strategy, increasing the resilience of the business. Our committees are responsible for identifying, assessing and mitigating the impacts of climate change (see structure below).

The Board has overall responsibility for climate change. Biannually, the Board and Audit & Risk Committee review the Group's risk register and the principal risks facing the Group. Environmental risk (including climate change) has been incorporated as a principal risk in the Group's risk register since FY22.

Risk management

Identifying and assessing climate-related risks

To support management in identifying and assessing climate-related risks and opportunities, we maintain a specific climate risk register. It considers both transition and physical risks, drawing on established processes and existing mitigation strategies to assess potential financial impacts on the Group.

Risks and opportunities are assessed in the context of two climate scenarios: a 1.5°C aligned transition scenario and a higher-emissions scenario with increased physical risk. Each item is qualitatively evaluated based on its potential commercial impact with 'high'-scoring items prioritised for mitigation. The most material risks and opportunities are summarised in the tables on pages 31 and 32.

Managing climate-related risks

The Operating Board is responsible for managing the Group's climate-related risks and opportunities and is supported by the sustainability team. The sustainability team works closely with the wider business and heads of department to ensure sustainability and climate change considerations are integrated into decision making across the business.

Integrating climate-related risks into overall risk management

Climate-related risks are embedded in our broader risk governance framework. Each year, the CFO leads a comprehensive operational risk review, including of the climate risk register. Material risks are then escalated into the Group's central risk register and form part of our overall risk profile.

The Board and Audit & Risk Committee review the Group's principal risks, including climate-related risks, biannually.

Strategy

Our climate risk register (pages 31 and 32) identifies climate-related risks and opportunities across the short, medium and long term, along with their potential impact on the Group's business and financial planning. It also presents our assessment of the resilience of the Group's strategy under two alternate climate scenarios.

Risks and opportunities are assigned to time horizons based on when they are expected to have the greatest impact:

- **Short term:** 0–4 years (2026–2030). Material to immediate planning.
- **Medium term:** 5–14 years (2031–2040). Foreseeable with high confidence.
- **Long term:** 15–29 years (2041–2055). Foreseeable with low confidence or diverging potential impacts.

Their potential commercial impact has been qualitatively rated by the sustainability team:

- **Low:** limited disruption to operations, financial impact or reputational damage.
- **Medium:** moderate disruption to operations, financial impact or reputational damage.
- **High:** significant disruption to operations, financial impact or reputational damage.

Risks and opportunities are considered against two specific climate scenarios:

- **1.5°C scenario** *('Net Zero Emissions', International Energy Agency).* This scenario assumes strong regulatory intervention to achieve net zero emissions by 2050 and limit global warming to 1.5°C. Businesses face significant short- to medium-term impacts due to rapid decarbonisation and associated transition risks.
- **>4°C scenario** *('Representative Concentration Pathway 8.5', Intergovernmental Panel on Climate Change).* This scenario assumes no regulatory intervention, continued emissions growth, and global warming exceeding 4°C by 2100. Businesses face significant long-term impacts from the physical risks of climate change.

Risks are categorised as:

- **Transition:** risks arising from the shift to a net zero economy (subcategories include policy and legal and technology).
- **Physical:** risks resulting from the direct, tangible impacts of climate change (subcategories include Acute and Chronic).

Register of climate-related risks

Category	Risk	Impact details	Scenario of greatest impact	Impact timeframe	Mitigation
Transition					
Policy and legal	Increased environmental regulation, leading to higher operational costs.	**Impact rating: Medium** Environmental regulations are increasing, resulting in increased costs – both directly, through levies, and indirectly through operational and supply chain disruption. Failure to comply could result in costly litigative action. *Examples: Extended Producer Responsibility (EPR), European Union Deforestation Regulations (EUDR), Carbon Border Adjustment Mechanism (CBAM), and Emissions Trading Schemes (ETS).*	**1.5°C** Strict, far-reaching environmental legislation is adopted globally.	**Short** (EPR, EUDR, CBAM). **Medium** (CBAM, ETS).	Monthly horizon scanning sessions monitor incoming regulatory developments. Material updates are shared with the wider business and the Operating Board. *Example: Improving the recyclability of packaging and reducing associated compliance fees through mandatory educational workshops.*
Technology	Technological dependency of net zero transition risks higher capital expenditure and reputational damage.	**Impact rating: Medium** Achieving net zero in Scope 1 by 2035 and Scope 2 by 2030 will require major technological upgrades. With limited Government subsidies, we will likely incur increased capital expenditure. Achieving net zero in Scope 3 by 2045 depends on suppliers adopting low-emission technology. Uncertainty in this transition creates a risk of falling short of targets, which could lead to reputational harm.	**1.5°C** Rapid net zero transition is mandated, with strict enforcement.	**Medium**	Scope 1 emissions are minimal, as most sites use electric-powered heating. Scope 2 emissions will be reduced through energy-saving measures and the UK's transition to 100% renewable electricity by 2030. Reviewing Scope 3 net zero targets in line with sector trends to ensure they remain credible and achievable to minimise uncertainty and risk.

Strategy continued

Register of climate-related risks continued

Category	Risk	Impact details	Scenario of greatest impact	Impact timeframe	Mitigation
Physical					
Acute	Increased frequency and severity of extreme weather events, leading to disruptions in operations and supply chain.	**Impact rating: High** Increased extreme weather events could reduce footfall, impact the supply chain (primarily stock availability and cost of goods), and damage assets. With trade concentrated in winter, when extreme weather is most likely, there is significant potential for revenue loss.	**>4°C** An increasingly, unpredictable volatile climate results in more frequent and severe weather disruption.	**Long**	Contingency plans are in place to address potential disruptions at the Support and Distribution Centres. Store-level risks are managed individually, with targeted measures such as temporary flood defence barriers for locations near rivers.
Chronic	Rising mean temperatures necessitating operational changes during summer months.	**Impact rating: Low** Rising mean temperatures could increase the proportion of summer days that exceed safe working temperatures. This could necessitate the provision of air conditioning in all stores.	**>4°C** Extreme heat becomes common in summer months, with safe working temperatures frequently exceeded.	**Long**	All newly acquired and refitted stores are retrofitted with HVAC systems. As such, all stores will be adequately equipped to operate in warmer conditions that may arise in the long term.

Register of climate-related opportunities

Category	Opportunity	Impact details	Scenario of greatest impact	Impact timeframe	Facilitation
Energy source	Low/zero-emissions energy sources could reduce operational costs.	**Impact rating: Medium** The transition to renewable and nuclear energy sources will reduce our reliance on fluctuating fossil fuel prices, improve energy security through domestic generation (as highlighted by the Ukraine conflict), and eliminate exposure to carbon pricing. Combined, these factors could materially reduce operational expenditure for energy procurement from the medium term.	**1.5°C** Efficient, low-carbon technology is widely adopted.	**Medium**	Monitor Government policies and progress in the energy transition. Remain committed to delivering our ESOS Phase 3 action plan to improve energy efficiency and are preparing for Phase 4 in 2027 through additional energy audits to identify further savings opportunities.
Products and services	Sustainable products could generate revenue growth.	**Impact rating: Low** Product and packaging sustainability could broaden our customer appeal, generating additional sales revenue, and minimise cost exposure to environmental levies such as EPR.	**1.5°C** Customers adapt their purchasing habits to reduce emissions.	**Short**	Quarterly sustainability workshops for key stakeholders to develop and commercialise sustainability in products and packaging.

As the external environment, regulatory context and climate science evolve, we will continue to refine our approach to climate-related risk and opportunity, ensuring our strategy remains resilient and responsive to change.

Metrics and targets

Metrics and targets (including SECR disclosure)

Overview

We use a range of metrics to assess and manage our climate-related risks and opportunities. This includes greenhouse gas emissions, energy consumption and energy intensity (as per Streamlined Energy and Carbon Reporting (SECR) requirements), as well as various product circularity metrics ('Other metrics' below).

		FY26			FY25		
		UK	Global (exc. UK)	Total	UK	Global (exc. UK)	Total
SECR disclosure							
Energy consumption (kWh)	**Scope 1 total**	**630,585**	**–**	**630,585**	474,179	–	474,179
	Stationary combustion	**114,926**	**–**	**114,926**	182,062	–	182,062
	Transport – Company fleet	**515,659**	**–**	**515,659**	292,117	–	292,117
	Scope 2 total	**8,775,650**	**220,201**	**8,995,851**	12,547,866	270,998	12,818,864
	Purchased electricity	**8,775,650**	**220,201**	**8,995,851**	12,547,866	270,998	12,818,864
	Scope 3 (operational influence) total*	**674,074**	**2,237**	**676,311**	849,659	2,294	851,953
	Transport – grey fleet	**349,937**	**2,237**	**352,174**	184,993	2,294	187,287
	Upstream leased assets	**324,137**	**–**	**324,137**	664,666	–	664,666
	Total	**10,080,309**	**222,438**	**10,302,747**	13,871,704	273,292	14,144,996
Emissions (tCO_2e)	**Scope 1 total**	**147.21**	**–**	**147.21**	100.39	–	100.39
	Stationary combustion	**21.03**	**–**	**21.03**	33.30	–	33.30
	Transport – Company fleet	**126.18**	**–**	**126.18**	67.09	–	67.09
	Scope 2 total	**1,553.30**	**57.90**	**1,611.20**	2,598.29	85.13	2,683.42
	Purchased electricity	**1,553.30**	**57.90**	**1,611.20**	2,598.29	85.13	2,683.42
	Scope 3 (operational influence) total*	**142.69**	**0.54**	**143.23**	182.26	0.55	182.81
	Transport – grey fleet (business travel)	**85.32**	**0.54**	**85.86**	44.64	0.55	45.19
	Upstream leased assets	**57.37**	**–**	**57.37**	137.62	–	137.62
	Total	**1,843.20**	**58.44**	**1,901.64**	2,880.94	85.68	2,966.62
Intensity metric	Gross total tCO_2e per £m revenue			**6.9**			10.7

		FY25
Scope 3 disclosure**		
Emissions (tCO_2e)	Purchased goods and services	23,646
	Upstream transportation and distribution	8,859
	Other upstream categories***	2,526
	Upstream Scope 3 total	**35,031**

	FY26	FY25
Other metrics		
Books with accredited responsibly sourced paper	**76%**	>75%
Landfill diversion through main waste partner****	**79.9%**	81.5%

* Although not mandatory, Scope 3 emissions within our operational influence have been included in our SECR disclosure. 'Transport – grey fleet' refers to business travel in employee-owned vehicles. 'Upstream leased assets' refers to energy consumed in concession stores.

** Voluntary disclosure of our upstream Scope 3 emissions. Scope 3 is reported on a one-year lag to permit time for accurate measurement, with the figures presented above representing. FY26 results will be reported in the FY27 Annual Report and Accounts.

*** 'Other upstream categories' includes: capital goods, fuel related emissions, waste generated in operations, business travel, employee commuting, and upstream leased assets.

**** Landfill diversion rate applies only to waste collected through our main waste partner, Biffa, which operated across 247 sites during FY26.

Metrics and targets continued

Metrics and targets (including SECR disclosure) continued

Methodology

SECR

This report has been produced in line with Environmental Reporting Guidelines including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019). Scope 1, 2 and 3 emissions accounting methodologies align with GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2004) in conjunction with supporting guidance; GHG Protocol – Scope 2 Guidance (World Resources Institute and World Business Council for Sustainable Development, 2015) and GHG Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2011).

Consistent with UK Government environmental reporting guidance, UK Government Emissions Factors (Greenhouse gas reporting: conversion factors 2025) have been used for all UK activities, utilising the relevant published kWh conversion factors and $kgCO_2e$ location-based emissions factors for the reporting year 01/05/25 – 30/04/26. For stores located in the Republic of Ireland the latest (2024) available conversion factors published by the Sustainable Energy Authority of Ireland (Conversion and emission factors for publication V1.6) have been applied to the 01/05/25 – 30/04/26 reporting period. All calculations are based on total emissions considering global warming potential for a 100-year period (GWP100) and expressed in CO_2 equivalent (CO_2e).

Scope 3

Scope 3 emissions for FY25 are reproduced from our FY25 Annual Report and Accounts. They were calculated in line with the GHG Protocol, and a spend-based methodology was primarily used, supplemented by activity-based data (e.g. fuel use, mileage, energy consumption) where available.

Targets

Climate and sustainability targets focus on the metrics considered to present the most material climate-related risks and opportunities to the business.

During FY26, a review of Scope 3 emissions target was completed, considering feasibility and the wider regulatory and market context, with support from climate consultancy Positive Planet. Following this review, the decision was taken to retire the target and prioritise strengthening the underlying supplier-level data to support future target setting.

From FY27, a three-year supplier engagement programme will be undertaken to improve data quality, coverage and traceability. This will establish a more robust foundation from which to set a revised Scope 3 target, once sufficient confidence in the data has been achieved.

Topic	Metric	Target	Performance
Climate	Absolute Scope 1 emissions	Net zero by 2035	Change of 47% year on year. FY26: 147.2 tCO_2e. FY25: 100.4 tCO_2e. Increase in reported emissions can be attributed to improved transport fleet data quality.
	Absolute Scope 2 (location based)	Net zero by 2030	Change of (40%) year on year. FY26: 1,611.20 tCO_2e. FY25: 2,683.40 tCO_2e. Decrease in reported emissions can be attributed to reduction in invoiced consumption (kWh), as well as UK and ROI Grid decarbonisation.
Circularity	Books with FSC accreditation	75% over FY26	76% in FY26 – achieved ✓

Energy efficiency actions

To support progress towards our climate targets, the Group remains committed to continuous improvements in operational energy efficiency. In FY26, an employee training module was launched to minimise easy-to-abate energy losses through education and behavioural change, while 39 stores received large-scale LED replacements. In FY27/28, store energy efficiency audits will be completed in compliance with the Energy Savings Opportunity Scheme (ESOS) Phase 4 to identify further energy efficiency opportunities.

Effective risk management helps us identify, evaluate and manage the risks which could impact the business

Our risk management framework

The Board is responsible for ensuring appropriate risk management processes and controls are in place, with oversight delegated to the Audit & Risk Committee. Day-to-day risk management is the responsibility of the Operating Board. Further details of the governance structure are set out in the Corporate governance report on page 47.

Risks are identified and assessed through a bottom-up review process. The Operating Board assesses the likelihood and impact of each risk, together with the effectiveness of mitigating actions, to inform the Group's risk register and principal risks. The Audit & Risk Committee and the Board review and challenge these assessments and supplement them with a top-down review of strategic and emerging risks.

Risk appetite

The Board is responsible for setting the Group's risk appetite and ensuring it remains aligned to the Group's strategy, objectives and operating environment. During the year, the Operating Board reviewed the application of the risk appetite framework and recommended updates to the definitions and thresholds. Following review and challenge by the Audit & Risk Committee, the refreshed framework was approved by the Board in July 2026.

Risk appetite is the level of risk the Group is prepared to accept, after controls, in executing its strategy. It is reviewed at least annually and balances growth, operational efficiency and a robust control environment.

The Group's risk appetite is 'balanced, supporting the pursuit of strategic objectives while maintaining strong governance, financial resilience and protection of the Group's brand, customers, suppliers and colleagues.

The Group operates within defined risk appetite thresholds. Exposures above these thresholds are escalated to management and the Board, with mitigating actions agreed or, where appropriate, the risk consciously accepted with clear oversight and rationale.

Principal and emerging risks and changes in principal risks

The Board assesses the Group's principal and emerging risks, including those that could threaten its operations, performance or solvency, and formally reviews principal risks at least twice a year.

Operational risk reviews were undertaken by the Chief Financial Officer and Head of Financial Reporting in December 2025 and June 2026, including discussions with the Operating Board on current, principal, emerging and wider corporate risks. Following these reviews, the Group's risk register, principal risks and mitigation plans were updated and reviewed by the Audit & Risk Committee and the Board in January 2026 and July 2026.

Emerging risks are reviewed by the Operating Board twice a year and presented to the Audit & Risk Committee. Risks are added to the risk register, retained for monitoring or discounted. During the year, geopolitical uncertainty was incorporated into the Supply chain principal risk, while generative AI was identified as a new emerging risk.

The Group's principal risks and uncertainties are set out in order of priority on pages 36 to 39, together with current mitigations.

During the period the main changes to the principal risks were as follows:

- The impact of the risk for 'Economy and market' was reduced from 'very high' to 'high' given the strong trading performance in the 52 weeks ended 3 May 2026 and the successful delivery of the first full year of the Group's Elevating The Works strategy. This demonstrates the resilience of the Group's business model and the increasing relevance of its customer proposition.
- The likelihood of the 'Design and execution of strategy' was reduced from 'possible' to 'unlikely' to reflect the successful delivery of the first year of Elevating The Works strategy and the ongoing actions in place to continue to execute against those plans.
- The likelihood of the 'Business continuity' risk has been increased to reflect risk associated with the reliance on a single distribution centre following the closure of the Group's transactional website.

The Group may be exposed to other risks and uncertainties not presently known to management, or currently deemed less material, that may subsequently have an adverse effect on the business.

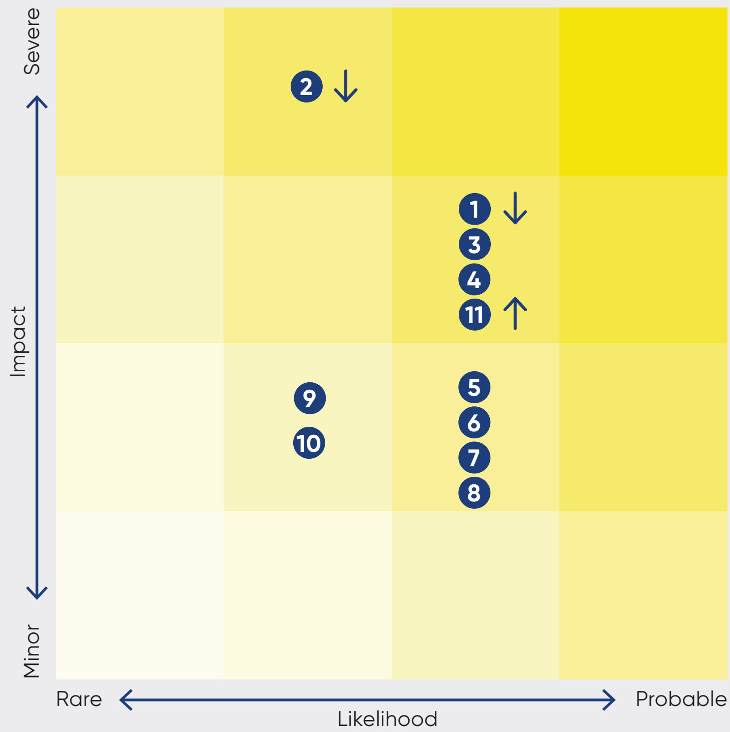
Further, the exposure to each risk will evolve as mitigating actions are taken or as new risks emerge or the nature of risks change.

The principal risks and uncertainties facing the Group as at the date of this Annual Report are set out in order of priority on pages 36 to 39, together with details of how these are currently mitigated.

The adjacent heatmap illustrates the Board's assessment of the likelihood of the principal risks occurring and the resulting impact, after taking into account mitigating actions.

Principal and emerging risks and changes in principal risks continued

Risk heatmap



The heatmap reflects residual risks, being the level of risk remaining after the application of current controls and mitigations.

Principal risks

1. Economy and market
2. Design and execution of strategy
3. Supply chain
4. IT systems and cyber security
5. Brand and reputation
6. Seasonality of sales
7. People
8. Environment
9. Regulation and compliance
10. Liquidity
11. Business continuity

Change from prior year

↑ Increased

↓ Decreased

1 Economy and market

Risk, profile change and link to strategy

Macroeconomic volatility, including inflation, rising energy and freight costs, foreign exchange fluctuations and geopolitical instability or a significant reduction in consumer confidence could impact customer spending and reduce the Group's revenue and profitability.

Change from prior year

↓ Reduced from very high to high given the improved financial stability of the Group

Mitigations

- Consumer market assumptions are reflected in strategic plans, budgets and forecasts. The Group's five-year plan prioritises operational efficiency, margin enhancement and average selling price growth, reducing the cost base and strengthening the Group's financial resilience.
- Deliver a value-focused proposition in the growing screen free market, which provides inherent resilience, supported by a multi-lever strategy, that enhances adaptability and provides flexibility to navigate external pressures.
- Strong liquidity and low leverage, supported by robust cash flow forecasting, provide flexibility to withstand economic and market pressures.
- Maintain a flexible lease portfolio to support rapid adaptation to changing local demand and optimise occupancy costs.
- Maintain contingency plans should trade deteriorate.

Links to strategy:

Grow our brand fame | Improve customer convenience | Be a lean and efficient operator | People and planet

2 Design and execution of strategy

Risk, profile change and link to strategy

The Group generates its revenue from the sale of books, toys and games, arts and crafts and stationery.

The Group operates in a competitive market where customer preferences and shopping habits can change rapidly. Failure to anticipate and respond to these changes could adversely impact sales and profitability.

Successful delivery of the Elevating The Works strategy depends on sufficient capacity, capability, and favourable market conditions. Delays in execution or weaker consumer confidence could limit sales growth and financial performance.

Change from prior year

↓ Reduced to reflect the successful delivery of the first year of the Group's strategy

Mitigations

- Continue to enhance the Group's value proposition and customer engagement to support differentiation and growth.
- Regular monitoring of customer trends, competitor activity and market developments informs trading, purchasing and marketing decisions, while robust governance and a flexible store portfolio support the effective delivery of the Group's strategy.
- Monthly operating board strategic review meetings to review progress and ensure sufficient resource is available for the successful delivery of the strategy, Elevating the Works to ensure effective prioritisation and delivery of key plans.
- Detailed review of longer term goals and strategy to achieve strategic goals by the Board at least annually. Progress against plans reviewed regularly throughout the year.

3 Supply chain

Risk, profile change and link to strategy

The Group relies on a global supply chain and third-party suppliers to source products. Disruption arising from supplier failure, geopolitical events, shipping constraints, climate-related events, inflation, ethical compliance issues or operational challenges could impact product availability, increase costs and adversely affect sales and margins. Reliance on a single distribution centre and rising labour costs may further affect supply chain efficiency.

Change from prior year

↔ Unchanged level of risk

Mitigations

- Strengthen supply chain governance through disciplined supplier management, quality assurance and ethical compliance programmes.
- Maintain a diversified supplier base, robust critical path management and proactive inventory planning, while monitoring freight markets, sourcing alternatives and business continuity arrangements to enhance operational resilience.
- Benefit from a simplified supply chain following the closure of the online channel, enabling greater focus on store operations, stock availability and supplier management.

4 IT systems and cyber security

Risk, profile change and link to strategy

The Group relies on critical IT systems to support its operations. System failures, cyber security incidents or prolonged service disruptions could adversely impact trading, result in regulatory penalties and cause reputational damage.

Change from prior year

↔ Unchanged level of risk

Mitigations

- Invest in modern, secure and resilient technology platforms, supported by robust cyber security controls, continuous system monitoring, proactive lifecycle management, training and skilled in-house capabilities, provided by specialist third parties where required.
- Regular governance reviews, supplier oversight and the systems transformation investment programme will ensure systems remain reliable, secure and fit for future growth.

Principal and emerging risks and changes in principal risks continued

5 Brand and reputation

Risk, profile change and link to strategy
The Group's brand and reputation are important to its success. Failure to maintain high standards of product quality, safety and inclusivity could adversely affect customer trust, sales and future growth.

Change from prior year
↔ Unchanged level of risk

Mitigations
- Protect the Group's brand through strong product quality, safety and ethical sourcing controls, supported by colleague engagement, customer feedback monitoring, responsible business practices and ongoing focus on ESG and diversity and inclusion.

6 Seasonality of sales

Risk, profile change and link to strategy
The Group generates a significant proportion of its profits during the peak Christmas trading period. Supply chain disruption, adverse weather, weaker consumer demand or failure to execute the Group's strategy during this period could adversely impact profitability.

Change from prior year
↔ Unchanged level of risk

Mitigations
- Enhance year-round sales through targeted ranges and seasonal initiatives, supported by proactive trading management and robust planning for peak trading periods.

7 People

Risk, profile change and link to strategy
The Group's success depends on the strength of its people. Failure to attract, retain and develop key talent could adversely affect future performance.

Change from prior year
↔ Unchanged level of risk

Mitigations
- Maintain robust succession planning, leadership development and talent management programmes, supported by effective recruitment, colleague engagement, performance reviews and reward structures aligned to long-term success.

8 Environment

Risk, profile change and link to strategy
Increasing expectations from consumers and regulators regarding sustainability, particularly in relation to products and packaging, could impact the Group's reputation and performance if not effectively addressed. Climate-related events may disrupt the supply chain, while evolving environmental regulations and reporting requirements may increase compliance costs and obligations.

Change from prior year
↔ Unchanged level of risk

Mitigations
- Oversee ESG matters through regular Board review, supported by environmental initiatives, climate risk management, net zero plans, carbon footprint measurement and specialist external advice to support compliance and sustainability objectives.

Links to strategy:
Grow our brand fame
Improve customer convenience
Be a lean and efficient operator
People and planet

9 Regulation and compliance

Risk, profile change and link to strategy
The Group is subject to a wide range of legal, regulatory and reporting requirements. Failure to comply with applicable laws, regulations or evolving environmental reporting obligations could result in financial penalties, legal action and reputational damage.

Change from prior year
Unchanged level of risk

Mitigations
- Maintain strong compliance oversight through established governance, policies and training, supported by specialist advisers where required.
- Regular monitoring of data protection, payment security, whistleblowing, anti-bribery and corruption, and the prevention of the facilitation of tax evasion controls helps ensure compliance with legal and regulatory obligations.
- Maintain an Anti-Bribery and Corruption Policy statement that reinforces that the Group is committed to absolute integrity and fairness across its operation and accordingly will not tolerate any activities involving bribery or corruption. The policy is applicable to all colleagues, contractors, consultants, officers, interims and casual and agency workers and is regularly communicated to ensure adherence.

10 Liquidity

Risk, profile change and link to strategy
Liquidity constraints, reduced banking facility headroom, covenant breaches or lower availability of supplier credit insurance could adversely affect the Group's funding and working capital position.

Change from prior year
Unchanged level of risk

Mitigations
- Maintain financial resilience through regular monitoring of liquidity and covenant headroom, committed banking facilities, strong lender relationships and a focus on profitable growth and efficiency.

11 Business continuity

Risk, profile change and link to strategy
Significant disruption to the Group's operations, systems, distribution network or key third-party partners could adversely affect product availability, trading performance and reputation.

Change from prior year
Increased to reflect increased risk associated with the reliance on a single distribution centre following the closure of the Group's transactional website

Mitigations
- Enhance operational resilience through regular testing of recovery plans, robust backup solutions, distribution centre contingency planning, active supplier management and business interruption insurance.
- Complete a business continuity test in FY27, with the support of an external provider.

An experienced team

Steve Bellamy
Independent Chair and Non-Executive Director

A N R

Date of appointment
July 2024

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

Relevant skills and experience
- Extensive experience as both Chair and Non-Executive Director, having worked in and advised a wide range of public and private companies and as Chairman of, and adviser to, investment committees and capital providers.
- Record of developing challenging but achievable corporate goals and strategic plans to achieve those goals and in supporting leadership teams to execute their operational strategies, thereby creating substantial shareholder value.
- Former Chief Operating Officer, Finance Director of Sherwood International plc.

Current external appointments
Senior Independent Director and Chair of the Audit Committee at Caffyns plc.

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 responsibility for the commercial function (buying, space and merchandising) and leadership of the commercial finance team. 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 Chief Financial Officer 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.

Rosie Fordham
Chief Financial Officer

Date of appointment
January 2024

Committee membership
None.

Relevant skills and experience
- Significant commercial and financial experience in PLCs. Previously worked at Spirit Pub Company and National Grid, holding senior roles with responsibility for defining and directing financial and commercial reporting, business planning and financial control and risk.
- Chartered Accountant, having started her career at PwC where she spent five years working in the audit and tax departments.
- Joined The Works in March 2019. Worked as both Head of Finance and Interim Chief Financial Officer before being promoted to Chief Financial Officer and joining the Board on 1 January 2024.

Current external appointments
None.

Angela Rushforth
Independent Non-Executive Director

A N R

Date of appointment
February 2026

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

Relevant skills and experience
- Experienced business leader in multi-site retail.
- Has held senior roles in publicly listed and privately owned businesses. Since 2015 she has led a number of businesses within the Travis Perkins Group including BSS Group and most recently Toolstation. Toolstation is a multi-channel retailer with more than 550 stores in the UK and over 100 stores in the Benelux region.
- Expertise in strategy, brand proposition and business-wide transformation.

Current external appointments
Non-Executive of Eurocell plc since February 2024.

Nick Wharton
Independent Non-Executive Director

A N R

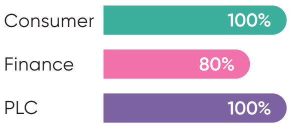
Date of appointment
August 2025

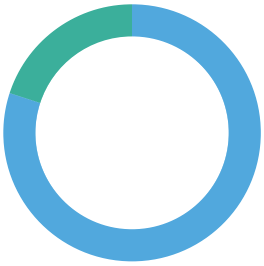
Committee membership
Chair of the Audit & Risk Committee and member of the Remuneration and Nomination Committees.

Relevant skills and experience
- Chartered Accountant with extensive finance and corporate governance experience gained in the UK and internationally.
- Has held executive and non-executive positions in consumer companies under both public and private equity ownership.
- Previously Group CFO at three public companies and Audit Committee Chair at four businesses including three FTSE-listed companies.
- Former CFO of Pepco NV, Superdry plc and Halfords Group plc and CEO at Dunelm plc.

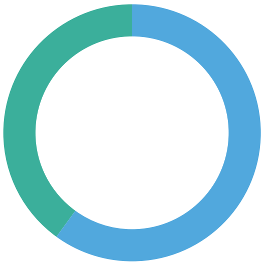
Current external appointments
Non-Executive Director and Audit Committee Chair at AG Barr Plc, Mears Group plc and Samworth Brothers (Holdings) Limited.

Committee membership
- A Audit & Risk Committee
- N Nomination Committee
- R Remuneration Committee
- Chair of Committee

Experience


Tenure


1–5 years	4
6–9 years	1

Gender


Male	60%
Female	40%

The Board is committed to high standards of corporate governance

Steve Bellamy
Chair and Non-Executive Director

Dear shareholder

I am pleased to present our Corporate governance statement for the 52-week period ended 3 May 2026. The following report describes how we have applied the principles of the QCA Code on Corporate Governance (the QCA Code) during the period.

As Chair of the Board, I am responsible for ensuring that the Company has corporate governance arrangements in place which are appropriate for the size and complexity of the Company and that these arrangements are followed in practice. The Board remains committed to high standards of corporate governance and we have established an effective governance framework that supports the Board's ability to act efficiently and effectively in the interests of our shareholders and other stakeholders.

The composition of our Board has again changed during FY26. As indicated last year, and in line with our broader Board succession planning, Harry Morley, who had served as Senior Independent Director and Audit & Risk Committee Chair since the Company's IPO in 2018, stepped down from the Board at our 2025 AGM. After an extensive search process, working with a specialist Non Executive Director Search Firm, we appointed Nick Wharton as an independent Non-Executive Director and Chair of the Audit & Risk Committee in August 2025 which supported a handover period with Harry prior to his departure in September 2025. In November 2025, Simon Hathway informed us that he would be taking on a full time executive role with B&M European Value Retail S.A and that he would therefore step down as a Non-Executive Director and Remuneration Committee Chair. Again, we were delighted to appoint Angela Rushforth as Simon's replacement in February 2026. The search processes leading to the appointments of Nick and Angela were led by me in my role as Nomination Committee Chair and are described in more detail in the following report.

We have met the QCA Code's minimum requirement of at least two independent Non-Executive Directors throughout FY26, with the independent Non-Executive Directors (including me as Chair as I was independent on my appointment) comprising more than half of the Board for the majority of the year other than the period between Simon Hathway stepping down in December 2025 and Angela Rushforth's appointment in February 2026.

We have continued our established programme of regular updates and deep dives into particular areas of the business at Board meetings, typically delivered by the relevant Operating Board Director and supported by other members of their senior management team. Not only does this deepen the Board's understanding of the relevant topic (including key projects, risks and challenges), but also provides a valuable succession planning and development tool by increasing the exposure and accountability of senior managers to the Board.

A significant portion of the Board's time during the year was spent on online fulfilment, including the move to a new third-party fulfilment provider, fulfilment issues including over the peak trading period, and the review process leading to our decision in March 2026 to cease trading the Group's online channel and transition to a non-transactional website. Recognising our statutory duties under the Companies Act 2006, shareholder and stakeholder (including our customers, people and suppliers) interests and the long-term success of the business were key factors in our considerations leading up to that decision.

QCA Code

The Board has applied the principles of the QCA Code during the 52-week period ended 3 May 2026. Further details of how we comply with the QCA Code are set out in the table below.

QCA Code principle	Our application	Further information
Principle 1: Establish a purpose, strategy and business model which promote long-term value for shareholders.	The Board has collective responsibility for setting the Group's purpose, strategic aims and objectives. The Board continually monitors progress against strategy, with regular updates on progress against strategic pillars (and underlying workstreams) provided through the CEO's report to each Board meeting. There is also an annual Board strategy session, and mid-year reviews.	Our purpose, strategy and business model are described in the Strategic report on pages 1, 10 and 11 and 14 and 15.
Principle 2: Promote a corporate culture that is based on ethical values and behaviours.	The Group's culture is fundamental to, and underpins its purpose and long-term success. Accordingly, assessing, setting and monitoring the culture that is fostered across the Group is a key part of the Board's ongoing activity. The Board reviews the output of our regular employee engagement surveys, receives updates from the Chief People Officer through our programme of Operating Board members' 'deep-dive' presentations to the Board, and is provided with formal reporting on people related statistics in the monthly Board pack. Board members also have the opportunity to assess how the Group's culture is evidenced in our operations through their interactions with colleagues across the Group (including through Board or individual Director site visits). The Board regularly reviews workplace policies and practices to ensure these are aligned to the desired culture and are operating effectively.	More information on our culture is set out in the Our stakeholders section of the Annual Report on pages 24 and 25.
Principle 3: Seek to understand and meet shareholder needs and expectations.	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. Regular contact is maintained with major shareholders by both the executives and the Chair, and the Board is committed to communicating openly with shareholders through RNS announcements and presentations to analysts, private investors and institutional investors.	Our approach to engaging with shareholders is set out in the Our stakeholders section on pages 24 and 25, and in the Corporate governance statement on page 44.
Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success.	The Board recognises the importance of regular engagement with all of our stakeholders in order to understand and consider their views. We consider our key stakeholders to be our shareholders, colleagues, customers, suppliers and communities. In line with its duties under S172 of the Companies Act 2006, the Board ensures that the interests of stakeholder groups are front of mind in its decision-making process.	Our approach to wider stakeholder interests is set out in the Our stakeholders section and the S172 statement on pages 24 to 26.
Principle 5: Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.	The Board has ultimate responsibility for the systems of internal control and risk management. Responsibility has been delegated to the Audit & Risk Committee to monitor and review the internal control and risk management systems and their effectiveness. The Board and Audit & Risk Committee regularly review the corporate risk register and through this review establish the overall appetite for risk and the appropriateness and effectiveness of mitigations in place. The Audit & Risk Committee (and Board) have agreed in principle to appoint an outsourced internal audit function to support the implementation of a material controls framework and ultimately to conduct assurance activity in relation to the Group's controls.	The Group's principal risks and uncertainties are set out on pages 35 to 39. Further information on the Group's systems of risk management and internal control are set out in the Audit & Risk Committee report on page 50. Climate-related risks and governance are set out in the TCFD statement on pages 30 to 34.
Principle 6: Establish and maintain the Board as a well-functioning, balanced team led by the Chair.	The Board comprises an appropriate balance of independent Non-Executive Directors, with a good breadth of background, skills and experience which supports its effective operation. Composition and effectiveness of the Board and its Committees are reviewed at least annually.	More information on the structure of the Board, its roles and responsibilities and its activity during the year is set out in the Corporate governance statement on pages 42 to 47.

QCA Code continued

QCA Code principle	Our application	Further information
Principle 7: Maintain appropriate governance structures and ensure that individually and collectively the Directors have the necessary up-to-date experience, skills and capabilities.	The Board is satisfied that the Group's governance framework, delegated authorities and processes and controls are fit for purpose and appropriate in supporting sound decision making and in promoting our long-term success. The current Board has a good breadth of sector, commercial, financial and PLC experience.	The Group's governance structure is set out on page 47. Details of Directors' skills and experience are set out in their biographies on pages 40 and 41, and our approach to training and development is described in the Corporate governance statement on page 46.
Principle 8: Evaluate Board performance based on clear and relevant objectives seeking continuous improvement.	Board and Committee performance is evaluated annually, with an internally facilitated, questionnaire-based evaluation conducted in FY26. Actions arising from the evaluation processes are discussed and agreed by the Board, and progress against those actions is monitored.	Details of the FY26 Board evaluation process and outcomes are set out in the Corporate governance statement on page 47.
Principle 9: Establish a Remuneration Policy which is supportive of long-term value creation and the Group's purpose, strategy and culture.	The Group's Remuneration Policy is designed to incentivise executive performance and align their interests with shareholders. Our Directors' Remuneration Policy was submitted to shareholders for an advisory vote at the 2025 AGM (99% of votes cast were in favour). Our annual Remuneration report will be submitted to shareholders for an advisory vote at the 2026 AGM.	More details on how our Remuneration Policy has been applied in FY26 are set out in the Directors' remuneration report on pages 53 to 59.
Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.	The Board's approach to engaging with shareholders and other stakeholders is described throughout this Annual Report, and in particular in the Our stakeholders and Section 172 statements.	Details on how we communicate the governance and performance of the Company with shareholders and other stakeholders are shown in the Our stakeholders section on pages 24 and 25 and the Section 172 statement – page 26.

Further information on the Group's compliance with the QCA Code can be found on the Company's website, www.corporate.theworks.co.uk, on the AIM Rule 26 page.

Shareholder and stakeholder engagement

Ensuring an appropriate dialogue with shareholders and reviewing 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 Singer Capital Markets (the Company's Nominated Adviser (Nomad) and corporate broker). As part of its investor relations programme, the Group aims to maintain a dialogue with its shareholders, including institutional investors, to discuss matters relating to the performance of the Group, and its strategic plans. Information and investor news is also made available via the Company's website (https://corporate.theworks.co.uk/investors).

I also continue to engage directly with our largest shareholders (and to be available to all shareholders) in order to maintain relationships with them and to provide an opportunity for their key areas of concern to be raised. Investor relations is a regular item on the Board's agenda and the Executive Directors and I provide feedback directly to the Board on key matters arising in our 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. Singer Capital Markets also presents monthly updates to the Board, including any feedback received from shareholders and potential investors following our full-year and interim results roadshows and trading statements, and to discuss our ongoing investor relations activity.

The Company's AGM provides a further opportunity for all shareholders to engage directly with the Board. The Company's 2026 AGM will take place at 2.00pm on 7 September 2026 at the offices of Squire Patton Boggs (UK) LLP at 60 London Wall, London, EC2M 5TQ. This Annual Report and Accounts and the Notice of the AGM will be made available to shareholders in accordance with the required notice periods.

Our commitment to 'doing business better' underpins our strategic drivers including our approach to our people. The Board is acutely aware that the quality of our people is key to the success of the business and of the importance of providing an environment and employee practices which create and support a culture of success. As noted under principle 2 above, we have a strong employee culture and engagement approach as evidenced through our consistently high scores in employee engagement surveys.

The Group has a Whistleblowing Policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. No such concerns were raised under the Whistleblowing Policy since the FY25 Annual Report and Accounts were published.

Strategic report
Corporate governance
Financial statements

The plc Board

Composition and independence

The Board currently comprises a Non-Executive Chair (independent on appointment); two independent Non-Executive Directors and two Executive Directors (as set out in the table below) and, therefore, a majority of Board members are independent. Majority independence was maintained throughout the year apart from between December 2025 and February 2026 (when Simon Hathway had stepped down and prior to the appointment of Angela Rushforth); however, during that period the Board continued to comprise 50% independent Directors in line with the minimum recommended composition of the QCA Code. There are no current plans to increase the size of the Board.

Independent Directors	Non-independent Directors
• Steve Bellamy (Chair) • Angela Rushforth (Non-Executive Director and Remuneration Committee Chair) • Nick Wharton (Non-Executive Director and Audit & Risk Committee Chair)	• Gavin Peck (CEO) • Rosie Fordham (CFO)

In accordance with the Companies Act 2006 and the Company's Articles of Association, each of the Directors has a duty to avoid a situation where they have, or might have, a direct or indirect interest that conflicts, or potentially may conflict, with the Company's interests. The Company has established procedures for the disclosure by Directors of any such conflicts for the Board to consider and, if appropriate, authorise. If such a conflict exists, the relevant Director is excused from consideration of the relevant matter. The additional external appointments of each Director are recorded and reviewed at least annually. The Board is satisfied that the independence of Directors who have additional external responsibilities is not compromised.

Roles and division of responsibilities

Other than in relation to the change of Audit & Risk Committee and Remuneration Committee Chairs following the appointments of Nick Wharton and Angela Rushforth during the year, there have been no changes to the roles and responsibilities of the members of the Board. 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 execution of the Board's agreed strategy and the management and leadership of the Company.

The Company Secretary supports the Board and each of the three Board Committees and attends all meetings. The Company Secretary is available to all 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, review or approval at the correct point in time throughout the year.

How the Board operates

The Board has a formal schedule of activity which is updated on a rolling basis. This ensures that the Board receives appropriate information at the appropriate time and that all key operational, financial reporting and governance matters are regularly 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 Operating 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.

The Board meets formally at least seven times per year. A Board pack is circulated ahead of each Board meeting (and for each month in which there is no formal Board meeting) that includes summary reports from the CEO and CFO and covers progress against strategic and operational KPIs and underlying supporting data and metrics. The Company Secretary also prepares a report for each Board 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 key projects or 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 Operating 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 & Risk Committee also receive regular and specific reports to enable monitoring of the effectiveness of the Company's system of internal controls, including a dashboard derived from the Risk and Controls Matrix which summarises management's quarterly assessment of control effectiveness.

Minutes of all Board and Committee meetings are taken by the Company Secretary and circulated to Directors for review as soon as practicable following the meetings and approved at the subsequent meeting. 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.

Board activity during FY26

During FY26 there were seven scheduled Board meetings, with additional Board calls focused on online fulfilment and the transactional website. Individual Director attendance at the seven scheduled Board meetings and Committee meetings where they are or were a member, during FY26 is set out in the table below:

Director	Board meetings attended/ eligible to attend	Audit & Risk Committee meetings attended/ eligible to attend	Remuneration Committee meetings attended/ eligible to attend	Nomination Committee meetings attended/ eligible to attend
Steve Bellamy	7/7	3/3	4/4	2/2
Gavin Peck	7/7	N/A	N/A	N/A
Rosie Fordham	7/7	N/A	N/A	N/A
Angela Rushforth	2/2	1/1	1/1	N/A
Nick Wharton	5/5	2/2	2/2	1/1
Former Directors				
Simon Hathway	4/4	1/1	2/2	1/1
Harry Morley	2/2	1/1	2/2	1/1

In addition to the formal matters covered at Board meetings, Board meetings have also included product range showcases in our 'Mock Shop' located in the Boldmere House support centre and a third party distribution centre visit.

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 (three days per month in the case of the Chair) to the Company but clarify that more time may be required as necessary. The Non-Executive Directors are expected to commit appropriate preparation time ahead of each meeting and to stay up to date between meetings, as appropriate.

The plc Board continued

Board activity during FY26 continued

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; however, as set out on the previous page, all Directors attended all meetings in FY26.

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, Angela Rushforth will offer herself for appointment by shareholders having been appointed to the Board since the 2025 AGM and all other members of the Board will be offering themselves for reappointment at the Company's AGM on 7 September 2026.

All of the Directors have service agreements or letters of appointment. The main 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
Rosie Fordham	CFO	1 January 2024	6	6

The Non-Executive Directors (including the Chair) do not have service contracts but instead have letters of appointment. Each of the Non-Executive Directors and the Chair are appointed for an initial 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 7 September 2026
Steve Bellamy	15 July 2024	15 July 2024	10 months
Angela Rushforth	25 February 2026	25 February 2026	29 months
Nick Wharton	1 August 2025	1 August 2025	23 months

Training and development

The efficient and effective operation of the Board depends on individual Directors, in particular the Non-Executive Directors, contributing and sharing their broad business knowledge and experience. Ensuring that all Directors have an in-depth understanding of the Company's operations is an important element in the Company benefiting from that experience. 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, which are usually accompanied by different members of the Operating Board.

We also expect Directors to keep themselves up to date on developments in regulation and corporate governance best practice as well as appropriate industry and commercial developments. 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 in areas relevant to their role within the business.

Governance framework

The Group's governance structure is set out in the diagram below and has not changed during the year:

Board

- Overall strategic 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 purpose, strategy, 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 & Risk 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 & Risk 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 in the Audit & Risk Committee report on **pages 48 to 50**

Nomination Committee

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

Read more in the Nomination Committee report on **pages 51 and 52**

Remuneration Committee

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

Read more in the Remuneration Committee report on **pages 53 to 59**

Operating Board

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

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

Board evaluation

The performance of the Board and its Committees was evaluated through an internal process for FY26 which was conducted by way of a detailed questionnaire completed by the Directors. The questionnaire provided the opportunity for free form qualitative comments to be provided to support discussion.

The results of the evaluation were summarised by the Company Secretary and discussed by the Board following the financial period end. Overall, the evaluation exercise found that the Board had operated efficiently and effectively during the year, with the appropriate level of support and constructive challenge provided to management. Areas identified for consideration included:

- Agree consistent non-financial KPIs (including customer, operational and colleague metrics) for regular reporting to and monitoring by the Board.
- Continued focus on succession planning and development in FY27, including development of talent pipeline plans for Operating Board and senior leadership roles.
- Continue to evolve and formalise the Board's approach to colleague engagement.
- Build rotating strategic deep dives into the annual Board activity schedule.

Steve Bellamy
Chair
23 July 2026

Nick Wharton
Chair of the Audit & Risk Committee

Members
- **Nick Wharton (Chair)**
- Steve Bellamy
- Angela Rushforth

Number of meetings held in the year:
3

Committee's role and responsibilities
- Provides independent challenge and oversight of the Group's financial reporting process, internal and external audit functions, and the effectiveness of internal control and risk management systems.
- Monitors the integrity of the annual and interim financial statements and formal announcements relating to the Group's financial performance.
- Reviews the annual financial statements, including significant accounting estimates and judgements, and (if requested by the Board) assesses whether financial statements are fair, balanced and understandable.
- 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 and monitors the effectiveness of the Group's internal control and risk management systems.
- Reviews, monitors and makes recommendations to the Board on the Group's key financial policies (including in relation to tax, foreign currency hedging, anti-fraud, bribery and corruption).
- Monitors the Group's internal audit arrangements.

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

Dear shareholder

I am pleased to present the Audit & Risk Committee's report for the 52-week period ended 3 May 2026, my first since being appointed as a Director and Chair of the Committee. 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.

Composition of Committee, role and main activities in FY26

The Committee's members, role and main activities are detailed in the adjacent panel. The composition of the Committee has changed during the year, with Simon Hathway stepping down when he left the Board in December 2025 and Angela Rushforth joining the Committee on her appointment as a Director in February 2026.

Steve and I have recent and relevant financial experience as qualified accountants with executive backgrounds in finance roles and as Audit & Risk Committee Chair in other businesses, and Angela has significant knowledge and experience in the retail sector. The Board is therefore satisfied that the Committee composition is such that it understands the risks facing the business and is able to apply appropriately robust challenge in its review of the Company's financial position and performance.

Performance evaluation

The evaluation of the performance of the Committee was conducted as part of the broader Board evaluation process set out on page 47 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.

Activity during the year

The Committee met on three occasions during the year, and has met once since the year end. All meetings were attended by all members of the Committee as shown in the table on page 45.

The external auditor has the right to attend meetings, and Executive Directors 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 & Risk 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 continued

The Committee's activities during the year are set out in the table below.

Audit & Risk Committee activity in FY26

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 (including alternative performance measure disclosures) and associated narrative reporting, and recommended their approval by the Board. • Reviewed scenario analysis in support of going concern assessment.	• Received updates on loss prevention, including stock count process. • Reviewed internal financial controls and the Group Risk and Controls Matrix and monitored continued progress against improvement plans. • Reviewed delegated authorities. • Reviewed and challenged risk register, principal risks facing the business, and process for identifying emerging risks. • Agreed to adopt a material controls framework during FY27 and align to the guiding principles of Provision 29 of the UK Corporate Governance Code. • Considered assurance over internal controls (including annual review of internal audit requirement).
External audit relationship	**Governance and other matters**
• Received and reviewed FY26 audit plan and strategy. • Reviewed effectiveness of FY25 audit process. • Agreed audit fees. • Confirmed Kreston Reeves LLP's continued independence. • Recommended reappointment of Kreston Reeves LLP at 2026 AGM.	• Approved FY26 tax strategy. • Reviewed payment practices reporting and performance against supplier payment terms. • Reviewed Anti-bribery and Corruption Policy and prevention of fraud procedures. • Reviewed Audit & Risk 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 & Risk Committee. The significant issues considered by the Committee in respect of the 52-week period ended 3 May 2026 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. Following the decision to cease trading of the Group's online channel and transition to a non-transactional website, the Group produced an updated five-year plan. This plan is referred to as the 'Base Case' and was used to prepare the cash flow forecasts for the going concern assessment period. The Committee spent time during the period reviewing and challenging the assumptions within the five-year plan and concluded that it was comfortable that these were a fair basis upon which to review the going concern position of the Group. Furthermore, a 'severe but plausible' Downside Case sensitivity was prepared to support the conclusion to prepare the financial statements on a going concern basis.
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 right-of-use assets. These utilise detailed cash flow forecasts which also form the basis for the going concern review. Having reviewed the models prepared by management, the Committee is satisfied with the impairment adjustments recognised.
Discontinued operations and Adjusting items	Following the decision by the Board to cease trading its on-line channel in March 2026, the Committee considered and reviewed whether the cessation fulfilled the criteria of a discontinued operation and whether disclosure as such would aid the readers ability to appropriately interpret the performance of the business. The Committee also reviewed and challenged the financial performance of the online channel and reviewed a report from management in relation to the classification and presentation of certain cost items as Adjusting items regarding the closure costs associated with the online operation. The Committee was satisfied with the treatment and presentation and the external auditor concurred with the Committee's assessment.
Carrying value of Parent Company investments	Judgement is required to assess the carrying value of the investment by the Parent Company in its subsidiary undertakings (primarily The Works Stores Limited) for impairment, which is routinely a key source of estimation uncertainty. The methodology and assumptions are used in estimating the value in use are broadly similar to that used for store impairment, and are based on the same detailed cash flow models as utilised for the going concern review. The Committee reviewed the assessment made by management and concluded that the impairment reversal recognised in the financial period was appropriate.
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 controls around its management of inventory. The Committee regularly reviews management's approach to inventory stock counts. In FY26, inventory at stores and the Retail Distribution Centre were counted towards the end of the period providing assurance over the existence and completeness of inventory. The Committee also reviewed management's methodology for inventory provisions and concluded that it is satisfied with the accounting treatment of the valuation of inventory.

Annual Report

As part of its review of the FY26 financial statements, the Committee considered whether the FY26 Annual Report and Accounts as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In forming the view that the FY26 Annual Report and Accounts are fair, balanced and understandable, factors that the Committee took into account included the consistency between narrative sections of the Strategic report with the financial statements and alternative performance measures, the balance between disclosures in relation to positive and negative aspects of performance, and the clarity of the language and key messages in the report.

External auditor

The Audit & Risk Committee oversees the relationship with the external auditor to ensure that independence and objectivity are maintained. This includes monitoring the tenure of the external auditor and audit partner, and the nature and extent of any non-audit services that the external auditor is engaged to provide. Kreston Reeves LLP was appointed as the Company's external auditor in April 2024.

Audit process

At the outset of the audit process, the auditor presents a detailed audit plan to the Committee, identifying its assessment of the key audit matters, intended areas of focus and the audit approach. The audit plan also sets out the scope of the audit, materiality thresholds and the audit timetable.

The Committee is satisfied with Kreston Reeves LLP's performance in relation to the FY26 audit and has recommended to the Board that a resolution to reappoint it as auditor be proposed at the 2026 AGM.

Non-audit services

The Audit & Risk Committee is responsible for keeping the nature and extent of non-audit services provided by the external auditor under review to ensure that any non-audit services are approved in accordance with the agreed policy. In reviewing requests for non-audit services, the Committee assesses:

- 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.

During the period ended 3 May 2026, Kreston Reeves was engaged to provide permitted non-audit services relating to turnover rent certificates for a fee of £5k, representing 1.5 per cent of the total audit fee. This is shown in further detail in Note 6 to the financial statements.

Risk management and internal control

The Board has overall responsibility for maintaining sound internal control and risk management systems and has delegated responsibility to monitor their effectiveness to the Committee. During the year, the Committee has discharged this responsibility through regular reviews of the Group's risk register. As part of these reviews, the Committee has challenged risk scores, including to ensure that the impact of mitigating actions is correctly reflected in net-risk scores, and sought to provide feedback to management to support continuous improvement of the risk register and its application and effectiveness as a live tool within the business. The Committee is satisfied that the internal controls and risk management systems, including processes to identify and improve such systems and controls where necessary, operated effectively during FY26.

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, a corporate risk register, a business continuity plan and IT system policies. These are supplemented by other policies and procedures which are communicated to colleagues through the employee handbook. Key controls are documented in the Group's Risk and Controls Matrix (RACM), which is regularly presented to and challenged by the Committee, and supports monitoring of the effectiveness of controls.

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 key financial controls are reviewed by management on a quarterly basis with an assessment of their effectiveness presented to the Audit & Risk Committee as part of its regular oversight of the RACM. This assessment includes identification of any required improvements and an action plan setting out how those improvements will be implemented.

Material controls

As part of its ongoing review of controls and control effectiveness, during the year the Committee agreed that it would be appropriate to adopt the guiding principles of Provision 29 of the 2024 version of the UK Corporate Governance Code (UKCGC) in relation to the identification and testing of material controls in the business. Although UKCGC does not apply to the Company, the Committee recognised that adopting relevant principles would promote continued best practice in monitoring material controls in a way that would add value to the business.

Internal audit

The Group does not currently have an internal audit function. The Committee has supported management's focus in recent years on improving the control environment (including the development of the RACM and improved controls documentation) and is satisfied that it has been able to gain sufficient assurance over controls effectiveness through regular management reporting. It is intended that a third-party internal audit provider will be appointed during FY27 to support the development and testing of a material controls framework.

Financial Reporting Council (FRC) letter

In March 2026, the Company received a letter from the FRC following a review of our Annual Report and Accounts for the 52-week period ended 4 May 2025 requesting further information regarding to the impairment reversal recognised in the FY25 financial statements, the accounting for lease modifications, and the testing of impairment for the Parent Company's investment in its subsidiaries. The Committee reviewed the correspondence between the Group and the FRC, and also discussed the matters raised with our auditor. As a result of the review, we have provided additional disclosures around our leasing activities and the calculation methodology for our impairment testing in relation to the Parent Company's investment in subsidiaries. See Note 15, Leases and Note 35, Investments in subsidiaries for further details.

The FRC's enquiries, which were limited to a review of the FY25 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 FY25 Annual Report and Accounts is correct in all material respects.

Nick Wharton
Chair of the Audit & Risk Committee
23 July 2026

Steve Bellamy
Chair of the Nomination Committee

Members
- **Steve Bellamy (Chair)**
- Angela Rushforth
- Nick Wharton

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 FY26
- Non-Executive Director recruitment.
- Succession planning at Board and senior management level.
- Diversity.

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

Dear shareholder

I am pleased to present the Nomination Committee's report for the 52-week period ended 3 May 2026. This report summarises the work of the Nomination Committee during the year.

Composition of Committee, role and main activities in FY26
The Committee's members, role and main activities are detailed in the adjacent panel.

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 45.

Only members of the Committee have the right to attend meetings, but the CEO and Chief People Officer are typically invited to attend at least part of some meetings, 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.

Board appointments
We have conducted two Non-Executive Director recruitment processes during the year to replace Harry Morley (who did not seek re-election by shareholders at our 2025 AGM as we noted last year) and Simon Hathway who stepped down from the Board in December 2025 having accepted a full time role with B&M Value Retail, S.A. and was therefore no longer able to devote sufficient time to his role with the Company.

Both search processes were overseen by the Nomination Committee but led by Steve Bellamy, and in both cases Nurole was engaged and provided with candidate briefs in order to generate a longlist of candidates. In developing the candidate briefs, the Committee considered the overall composition of the Board including skills, experience and diversity. Key candidate attributes for Harry Morley's replacement as Audit & Risk Committee Chair focused on financial and accounting expertise and a retail background. For Simon Hathway's replacement we sought high-volume multi-site retail experience as well as experience in delivering enterprise systems changes.

Board appointments continued

Nurole provided long lists of candidates which were reviewed by Steve Bellamy and Gavin Peck who then interviewed shortlisted candidates and identified preferred candidates for interviews with the other members of the Nomination Committee. Further to those interviews, the Committee unanimously recommended to the Board that:

- Nick Wharton be appointed as a Non-Executive Director on 1 August 2025 and that he succeed Harry Morley as Chair of the Audit & Risk Committee with effect from the 2025 AGM.
- Angela Rushforth be appointed as a Non-Executive Director and Chair of the Remuneration Committee with effect from 25 February 2026.

Diversity and inclusion (D&I)

The Committee is responsible for monitoring compliance with the objectives of the Board Diversity Policy (the D&I Policy). The Committee reviewed the D&I Policy during the year and is comfortable that it remains appropriate.

Our D&I Policy sets out that search firms will be encouraged to produce long lists including women, people from ethnic minority backgrounds and other under-represented groups from a diversity of backgrounds, with the skills and experience required for the specific role being recruited. This was reflected in the brief to Nurole in the search for Harry Morley and Simon Hathway's successors, subject to candidates having the appropriate skills and experience.

The current balance of gender on our Board is 40% female, 60% male. The senior management of the business (Board and Operating Board) comprises 50% female and 50% male.

Other matters considered

At its meeting in July 2026 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.

The Board is satisfied that there are no factors impacting the independence of Steve Bellamy, Nick Wharton and Angela Rushforth and that they remain independent in thought and judgement.

All of the Non-Executive Directors have confirmed that they continue to be able to devote sufficient time to fulfil their roles as Directors of the Company.

Performance evaluation

The evaluation of the Committee's performance in 2026 was conducted as part of the wider Board evaluation process described on page 47.

Steve Bellamy
Chair of the Nomination Committee
23 July 2026

Angela Rushforth
Chair of the Remuneration Committee

Members

- **Angela Rushforth (Chair)**
- Steve Bellamy
- Nick Wharton

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 FY26

- Approved LTIP awards and targets.
- Reviewed LTIP targets for in-flight and future awards following cessation of online trading.
- Monitored annual bonus targets and outturn.
- Reviewed Executive Director salaries.
- Reviewed wider workforce pay and benefits.

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

Dear shareholder

I am pleased to present our Directors' remuneration report for the 52-week period ended 3 May 2026. This is my first report since appointment as Chair of the Remuneration Committee on 25 February 2026 and I would like to thank my predecessor Simon Hathway on behalf of the Committee, for his contribution during FY26.

FY26 remuneration in the context of our business performance

As detailed in the Strategic report, the Group delivered positive performance in FY26, with total LFL sales growth of 3.3% and Adjusted EBITDA for continuing operations of £14.0m (£11.5m including the losses from the discontinued online business). During the year, the Board took the strategic decision to close the transactional website following operational challenges faced by two different third-party fulfilment providers in recent years. This move enables the Group to capitalise on its core strength as a highly successful store-focused business.

FY26 annual bonus

The FY26 bonus opportunity for Gavin Peck and Rosie Fordham 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 strategic objectives. The EBITDA target (£10.0m) for the bonus did not anticipate the closure of the online business and therefore performance was assessed based on Group EBITDA including losses from the discontinued business (£9.5m). As a result, the EBITDA target was not met. However, in recognition of the strong underlying performance of management and progress against the new strategy the Committee agreed it would be appropriate to waive the EBITDA underpin to enable consideration of a bonus payment against the strategic objectives element of the potential bonus award. Following a robust assessment of achievements against the strategic objectives, the Committee agreed a bonus outcome for Gavin Peck and Rosie Fordham of 7.5% of salary and 2.5% of salary respectively.

FY26 remuneration in the context of our business performance continued

2023 LTIP

Gavin Peck and Rosie Fordham were granted Long-Term Incentive Plan (LTIP) awards in October 2023 which vested by reference to equally weighted earnings (pre-IFRS 16 Adjusted EBITDA) and share price performance targets over the three financial years ending with FY26. Details of the targets are set out on page 57. The earnings and share price targets were both achieved in part, resulting in the award vesting at 45.3% of maximum. The vested awards remain subject to a further two-year holding period before they can be exercised.

The Committee considered that the level of LTIP vesting was appropriate given overall performance and did not exercise discretion to adjust the outturns.

Bonus and LTIP Company performance measures

Following the decision to cease the Group's online trading operations, the Committee completed a review to identify the most appropriate performance conditions for in-flight and future LTIP awards. It determined that the pre-IFRS 16 EBITDA condition should be replaced with a condition which takes into account more elements of the Group's income statement and would significantly improve objectivity in assessing performance. The Committee has therefore approved an amendment to the performance conditions relating to LTIP awards granted in respect of FY25 and FY26, such that the pre-IFRS 16 EBITDA condition will be replaced with a condition based on the Group's pre-IFRS 16 Profit Before Tax (excluding impairment adjustments) for the final financial year of the performance period. The share price performance target applicable to the awards remains unchanged. The amended targets (referred to as "pre-IFRS 16 Reported PBT" throughout this report) are set out on page 57. The Committee is satisfied that this change does not result in the performance conditions being materially easier or harder to satisfy.

The Committee also agreed to adopt pre-IFRS 16 Reported PBT as the Group performance and earnings measure to apply to future executive bonus schemes and LTIP awards.

Approach to remuneration for FY27

Our approach to Directors' remuneration in respect of FY27 is summarised on page 59. The Committee approved salary increases of 2% for both Gavin and Rosie and a 2% increase to the Chair's fee from 1 May 2026 with such increases being slightly below the standard Company pay review of 2.5% and below the average increase of 3.8% across retail management, all National Minimum and National Living Wage increases and the Support Centre and Distribution Centre teams. The Board separately approved a 2% increase to the base Non-Executive Director fee (with the exception of Angela Rushforth).

The maximum bonus opportunity for both Executive Directors will remain at 100% of base salary, with the weighting between financial and strategic measures remaining as 90% of the maximum opportunity being subject to profit performance, and the remaining 10% subject to strategic measures. Our intended approach to the grant of LTIP awards to Executive Directors in FY27 is set out on page 59.

Remuneration Policy

We submitted our Remuneration Policy to an advisory vote by shareholders at the 2025 AGM which was passed with 99.1% of votes cast in favour. The full Remuneration Policy is set out in our FY25 Annual Report which is available at https://corporate.theworks.co.uk/investors/results-reports-and-presentations/. A summary of the Remuneration Policy is set out on page 55.

The Committee is comfortable that the overall structure of our Remuneration Policy remains appropriate for the business.

Stakeholder engagement

I would like to thank the Executive Directors, the Operating Board Directors and all our colleagues at The Works for their continued commitment, enthusiasm and hard work during FY26.

Our colleagues are a vital part of our customer experience. By actively listening to our colleagues' needs and providing resources to help them succeed, we ensure our teams feel valued and empowered to grow and develop. We are delighted that we continued to be recognised as one of The Sunday Times' Best Places to Work for 2026.

I am happy to receive any questions or feedback from shareholders at any time, and hope that you will be happy to support the advisory resolution to approve the Remuneration report which will be proposed at the 2026 AGM.

Angela Rushforth
Chair of the Remuneration Committee
23 July 2026

Summary of Remuneration Policy for Executive Directors

Since we are not seeking approval for a Directors' Remuneration Policy at the 2026 AGM we have not included the full Policy in this report. The Policy is set out in the FY25 Annual Report which is available on our website.

The following table summarises the key aspects of our Policy approved at the 2025 AGM.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Core element of fixed remuneration reflecting individual's role and experience.	Reviewed annually, taking account of: • A number of factors including (but not limited to) the value of the individual, the scope of their role, their skills and experience and their performance. • Pay and conditions of the workforce generally. • Group profitability and prevailing market conditions.	No maximum salary, but increases normally within range of salary increases awarded (in percentage of salary terms) to other employees of the Group. Higher increases may be awarded in appropriate circumstances. Increases may be implemented over such time period as the Committee deems appropriate.	While no formal performance conditions apply, an individual's performance in role is taken into account in determining any salary increase.
Benefits	Fixed remuneration provided on a market competitive basis.	Benefits include the use of a fully expensed car (or car allowance), medical cover for the Executive Director and their spouse and dependent children, critical illness cover and life assurance scheme. Other benefits may be provided based on individual circumstances, which may include relocation costs, travel and accommodation expenses.	No absolute maximum. Value is set at a level which the Committee considers to be appropriately positioned taking into account the nature and location of the role and individual circumstances.	Not applicable.
Retirement benefits	Provide a competitive means of saving to deliver appropriate income in retirement.	Defined contribution scheme or salary supplement in lieu of some or all of the contributions that would otherwise be made to a pension scheme. Executive Directors may be permitted to sacrifice other elements of remuneration and receive an equivalent contribution to a pension scheme.	Aligned with the contribution available to other employees.	Not applicable.
Annual bonus	The executive bonus scheme rewards Executive Directors for performance in the relevant year against targets and objectives linked to the delivery of the Group's strategy.	Targets and objectives are reviewed annually and any pay-out is determined by the Committee after the year end. The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance. Ordinarily be paid in cash, although the Committee has discretion to defer some or all of the bonus earned into shares, for up to two years. Deferred bonus awards may take the form of conditional shares or nil (or nominal) cost options. The Committee may award dividend equivalents on deferred share awards to the extent they vest. Recovery provisions apply.	The maximum bonus opportunity is 100% of base salary. For financial measures up to 20% of the maximum will be earned for threshold performance and up to 50% of the maximum will be earned for on-target performance. For strategic/individual measures, the bonus will be earned between 0% and 100% based on the Committee's assessment of the extent to which the measure has been achieved.	Targets (which may be based on financial or strategic measures) and individual objectives are determined to reflect the Group's strategy. At least 50% of the bonus opportunity 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.
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.	Awards may be granted 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. A further two-year holding period will apply post-vesting. The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance. Recovery provisions apply.	The maximum award level is 150% of base salary, or 200% of base salary in exceptional circumstances. Up to 25% of maximum may vest for threshold performance, rising to 100% for maximum performance.	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 Group's strategic priorities.

Implementation report

The report below summarises the implementation of our Remuneration Policy in FY26 and intended implementation in FY27 and will be proposed for approval on an advisory basis at the forthcoming AGM.

Single figure table – audited information

The table below sets out total remuneration in respect of FY26 for each person who served as a Director in that year, along with the corresponding remuneration for FY25:

		Salary and fees[1] £000	Benefits[2] £000	Pension[3] £000	Annual bonus[4] £000	Long-term incentive[5] £000	Total £000
Executive Directors							
Gavin Peck	**FY26**	**331**	**11**	**10**	**25**	**219**	**596**
	FY25	324	11	10	133	23	503
Rosie Fordham	**FY26**	**224**	**3**	**7**	**6**	**81**	**321**
	FY25	220	10	6	84	–	320
Non-Executive Directors							
Steve Bellamy (appointed 15 July 2024)	**FY26**	**107**	**–**	**–**	**N/A**	**N/A**	**107**
	FY25	83	–	–	N/A	N/A	83
Angela Rushforth (appointed 25 February 2026)	**FY26**	**9**	**–**	**–**	**N/A**	**N/A**	**9**
	FY25	–	–	–	N/A	N/A	–
Nick Wharton (appointed 1 August 2025)	**FY26**	**38**	**–**	**–**	**N/A**	**N/A**	**38**
	FY25	–	–	–	N/A	N/A	–
Simon Hathway (appointed 1 November 2024, stepped down 12 December 2025)	**FY26**	**29**	**–**	**–**	**N/A**	**N/A**	**29**
	FY25	25	–	–	N/A	N/A	25
Harry Morley (stepped down 8 September 2025)	**FY26**	**22**	**–**	**–**	**N/A**	**N/A**	**22**
	FY25	59	–	–	N/A	N/A	59

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 the Executive Directors the benefits figures include SAYE options granted in the relevant period where applicable, 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. Details in relation to the bonuses earned for FY26 are set out below.

5 **Long-term incentives:** Gavin Peck and Rosie Fordham were granted LTIP awards in October 2023 which vested by reference to pre-IFRS 16 EBITDA and share price performance conditions over the three financial years ending with FY26. Details of the performance target and the vesting outturn are set out below. In the single figure table, the value of the LTIP is calculated by reference to a share price of 39.8 pence, being the three-month average share price to the end of FY26.

Truing up of FY25 single figure table numbers – audited information

The 2025 LTIP figure in the single figure table in the FY25 Annual Report was calculated based on the three-month average share price to the end of FY25. The 2025 LTIP figure in the single figure table above has therefore been adjusted to reflect the actual share price of £0.59 (being the closing share price on 16 July 2025, the day before the vesting date of 17 July 2025).

Annual incentive plan – audited information

Each Executive Director was eligible to earn a bonus in respect of FY26 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. The EBITDA target did not anticipate the closure of the online business and therefore performance was assessed based on EBITDA including both losses and non-underlying costs from the discontinued business. As shown in the table below, this element did not pay out in respect of FY26.

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	10.0	20%			
Maximum	14.0	100%	9.5	0%	0%

Annual incentive plan – audited information continued

Strategic objectives element

The remaining 10% of maximum bonus opportunity was based on performance against key strategic objectives as set out below, with any pay-out in respect of the strategic objectives element being subject to the achievement of the threshold level of EBITDA performance. As noted on page 53, in recognition of the strong underlying performance of management and progress against the new strategy the Committee agreed it would be appropriate to waive the EBITDA underpin to enable consideration of a bonus payment against the strategic objectives element of the bonus opportunity. The Committee assessed Gavin Peck and Rosie Fordham's performance against their strategic objectives following the year end. The outturns agreed, and total bonuses earned, are set out in the table below:

	EBITDA element outturn		Strategic objectives outturn		Total bonus	
	% of salary	Value (£000)	% of salary	Value (£000)	% of salary	Value (£000)
Gavin Peck	–	–	7.5%	25	7.5%	25
Rosie Fordham	–	–	2.5%	6	2.5%	6

Long-term incentives

LTIP award vesting

Gavin Peck and Rosie Fordham were granted LTIP awards in October 2023 which were subject to the 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	Vesting %	Vesting % of Maximum opportunity
Pre-IFRS 16 EBITDA[1]	50%	£10.0m	£15.0m	£11.5m	44.0%	22.0%
Share price[2]	50%	£0.50	£1.00	£0.67	46.6%	23.3%
					Total % vesting	**45.3%**

1 Adjusted EBITDA after taking into account the trading loss from the online business but before online closure costs.

2 Average share price over the period of four weeks beginning with the announcement by the Group of its full-year trading update for FY26 financial year.

No discretion was used by the Remuneration Committee, as the outcome is considered appropriate in the context of overall business performance, further detail of which is set out in the annual statement from the Remuneration Committee Chair.

The table below shows the number of shares vesting based on the outturn shown above.

Director	Position	2023 LTIP award	Overall vesting %	Number of share awards to vest	Value of vested shares £000[1]
Gavin Peck	Chief Executive Officer	1,216,687	45.3%	551,159	219
Rosie Fordham	Chief Financial Officer	450,000	45.3%	203,850	81

1 Calculated based on the three-month average share price to 3 May 2026 (39.8 pence).

Long-term incentives – awards granted during FY26 – audited information

LTIP awards were granted on 11 September 2025 to Gavin Peck and Rosie Fordham with values equal to 150% and 100% of their base salaries respectively:

	Type of award	Number of shares	Face value at grant £[1]	% of award vesting at threshold	Performance period[2]
Gavin Peck	LTIP	992,818	496,409	20%	See footnote 2
Rosie Fordham	LTIP	448,800	224,400	20%	See footnote 2

1 At the determination of the Remuneration Committee, the number of shares subject to these LTIP awards was calculated by reference to a share value of 50 pence per share.

2 Each award is subject to equally weighted performance conditions based on earnings and share price. As noted on page 54, the Committee agreed to amend the earnings measure from pre-IFRS 16 EBITDA to be based on pre-IFRS 16 Reported PBT in FY28, and the share price measure is assessed following the announcement by the Group of its full-year trading update for its FY28 financial year. To the extent that 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. Details are shown in the table on page 58.

Further information in relation to the performance conditions for these awards is set out on page 58. The Committee believes that the Executive Directors have direct influence over both measures, and that the targets are stretching but achievable.

Executive Directors' interests under share schemes – audited information

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

	Award date	Vesting, exercise or release date	As at 4 May 2025	Granted during the year	Exercised during the year	Lapsed during the year	As at 3 May 2026	Exercise price
Gavin Peck								
LTIP	3 September 2019[1]	September 2022	96,151	–	–	–	**96,151**	N/A
	17 November 2022	July 2025	936,363	–	–	(827,282)	**109,081**	N/A
	9 October 2023[2]	July 2026	1,216,687	–	–	–	**1,216,687**	N/A
	19 November 2024	July 2027	1,216,688	–	–	–	**1,216,688**	N/A
	11 September 2025	July 2028	–	992,818	–	–	**992,818**	N/A
SAYE	4 November 2022	1 December 2025	31,034	–	(31,034)	–	**–**	29p
	13 October 2023	1 November 2026	33,125	–	–	–	**33,125**	28p
Rosie Fordham								
LTIP	9 October 2023[2]	July 2026	450,000	–	–	–	**450,000**	N/A
	19 November 2024	July 2027	550,000	–	–	–	**550,000**	N/A
	11 September 2025	July 2028	–	448,800	–	–	**448,800**	N/A
RSA	31 August 2021	31 August 2024	16,949	–	–	–	**16,949**	N/A
	17 November 2022	17 November 2025	30,303	–	–	–	**30,303**	N/A
SAYE	4 November 2022	1 December 2025	31,034	–	(31,034)	–	**–**	29p
	13 October 2023	1 November 2026	33,125	–	–	–	**33,125**	28p

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 81 pence. The CSOP award vested at 38.4% (the same level as the LTIP award) and lapsed in respect of the balance of the shares subject to it so that it is now 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 As noted above, 45.3% of this award has vested.

Vesting of the LTIP awards made in November 2024 and September 2025 is based on based on equally weighted Reported PBT[1] and share price target[1] as set out in the table below.

Award date	Measure	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
19 November 2024	FY27 pre-IFRS 16 Reported PBT	50%	£3.0m	£8.0m
	Share price[2]	50%	£0.50	£1.00
11 September 2025	FY28 pre-IFRS 16 Reported PBT	50%	£6.6m	£11.6m
	Share price[2]	50%	£0.70	£1.40

1 As noted on page 54, the Committee agreed to amend the earnings measure from pre-IFRS 16 EBITDA to pre-IFRS 16 Reported PBT for the FY25, FY26 and future LTIP awards.

2 Average share price over the period of four weeks following the announcement by the Group of its full-year trading update for its FY27 financial year (19 November 2024 award) or FY28 financial year (11 September 2025 award).

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 individual award, determined by reference to the price used to assess the share price element of the performance condition, may not exceed £3,750,000 in the case of Gavin Peck, and £1,750,000 in the case of Rosie Fordham.

Directors' share interests – audited information

The number of shares of the Company in which the Directors had a beneficial interest as at 3 May 2026, are set out in the table below.

	Beneficially owned shares	
	4 May 2025	3 May 2026
Executive Directors		
Gavin Peck[1]	554,636	**585,670**
Rosie Fordham	24,691	**55,725**
Non-Executive Directors		
Steve Bellamy	710,000	**710,000**
Angela Rushforth	N/A	**–**
Nick Wharton	N/A	**–**
Past Directors		
Harry Morley	275,000	**N/A**
Simon Hathway	100,000	**N/A**

1 Includes interest of Emily Peck (a person closely associated with Gavin Peck).

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 3 May 2026	Value of shares counting towards the guideline[1]	Value of shares as a percentage of base salary	Shareholding guideline met?
Gavin Peck	694,442	£307,290	91.03%	In progress
Rosie Fordham	33,673	£35,739	15.61%	In progress

1 Based on a share price of 44.25 pence as at 1 May 2026 (being the last trading day prior to the year end of 3 May 2026).

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

No payments for loss of office or to past Directors were made during FY26.

Implementation of the Policy in FY27

Information on how the Committee intends to implement the Policy in FY27 is set out below:

Executive Directors

The Committee approved a 2% increase to the salaries of the Executive Directors (slightly below the Company standard pay review for Support Centre colleagues for FY27 of 2.5%), which will be as follows:

Director	FY26 Base salary/ annual fee £
Gavin Peck	337,558
Rosie Fordham	228,888

The Executive Directors' maximum bonus for FY27 will be 100% of base salary. 90% will be subject to performance against stretching profits targets. The remaining 10% will be subject to performance against key strategic objectives with measurable targets against each objective. As targets (both financial and strategic) under the annual bonus are considered commercially sensitive, these will be disclosed retrospectively in the FY27 Annual Report.

We currently intend to grant the CEO and CFO an LTIP award in FY27 over shares with values equal to 150% of base salary (for the CEO) and 100% of base salary (for the CFO). The awards will be subject to equally weighted pre-IFRS 16 Reported PBT and share price performance conditions, and a general performance underpin, in line with previous awards and the Policy.

Non-Executive Directors

The Board approved a 2% increase to the base Non-Executive Director fee (slightly below the standard Support Centre increase of 2.5% and in line with the increases approved for the Executive Directors) from 1 May 2026. It was agreed that as Angela Rushforth had joined the business late in the financial year, she would not be eligible to receive the base fee increase for FY27. Therefore, the base fees payable at the date of this report are as follows:

	Amount £
Chair fee	109,240
Nick Wharton base fee	45,900
Angela Rushforth base fee	45,000
Steve Bellamy chair fee	5,000

On behalf of the Board

Angela Rushforth
Chair of the Remuneration Committee
23 July 2026

Directors' report

The Directors present their report for the financial year ended 3 May 2026. Additional information which is incorporated by reference into this Directors' report, including information required in accordance with the Companies Act 2006 (the Act), can be located as follows:

Disclosure	Location
Future business developments	Strategic report – pages 1 to 39
Environmental policy	ESG statement – pages 27 to 29
Employee engagement	Our stakeholders – pages 24 and 25 ESG statement – pages 27 to 29 Corporate governance statement – pages 42 to 47
Section 172 statement	Page 26
Stakeholder engagement in key decisions	Our stakeholders – pages 24 and 25 Section 172 statement – page 26 Corporate governance statement – pages 42 to 47
Corporate governance compliance statement	Corporate governance statement – pages 42 to 47
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Note 25 to the financial statements – pages 100 to 104
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Note 25 to the financial statements – pages 100 to 104
Details of long-term incentive schemes	Directors' remuneration report – pages 53 to 59
Statement of Directors' responsibilities	Page 63

Directors

The Directors of the Company who held office throughout the period (and changes since the financial period end) are set out below:

Steve Bellamy (Chair)

Gavin Peck (CEO)

Rosie Fordham (CFO)

Angela Rushforth (Non-Executive Director) (appointed 25 February 2026)

Nick Wharton (Non-Executive Director) (appointed 1 August 2025)

Harry Morley (Non-Executive Director) (stepped down 8 September 2025)

Simon Hathway (Non-Executive Director) (stepped down 12 December 2025)

Summaries of the current Directors' key skills and experience are included on pages 40 and 41.

Results and dividend

The results for the year are set out in the consolidated income statement on page 72. The Directors are not proposing a final dividend for the period.

Principal activities

The principal activities of the Group are the provision of affordable screen free activities for the whole family, including arts and crafts, stationery, toys, games and books through retail stores. The principal activity of the Company is that of a holding company.

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 38 to the financial statements. As at 3 May 2026, 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 8 September 2025, 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 7 September 2026, 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 2026 AGM.

Directors' interests

The number of ordinary shares of the Company in which the Directors were beneficially interested as at 3 May 2026 is set out in the Directors' remuneration report on page 58.

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 53 and 54.

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 3 May 2026 and 23 July 2026 (being the latest practicable date prior to publication of this Annual Report).

	As at 3 May 2026		As at 23 July 2026	
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	12,477,263	19.96%	12,477,263	19.96%
Hudson Management Limited	10,666,000	17.06%	10,666,000	17.06%
Graeme Coulthard	5,000,000	8.00%	5,000,000	8.00%
Kelso Group Holdings plc	4,375,900	7.00%	5,020,538	8.03%
Mike Burn	3,749,500	5.99%	3,749,500	5.99%
Chris Simms	1,980,000	3.17%	1,980,000	3.17%

Operations outside the UK

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

Employee involvement

Information relating to employees of the Group and how the Company engages with its workforce can be found on pages 24 and 28.

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 and 16 July 2026 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.

Going concern

The Board continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

More information in respect of going concern, including the factors considered in reaching this conclusion, is provided in Note 1(b)(i) to the consolidated financial statements on pages 77 to 79.

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 they ought to have taken as a Director to make themselves 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
The audit registration of Kreston Reeves LLP was transferred to Kreston Reeves Audit LLP on 6 October 2025.

Kreston Reeves Audit LLP has indicated its willingness to continue in office and a resolution seeking to reappoint it will be proposed at the forthcoming AGM.

Annual General Meeting
The AGM will be held on 7 September 2026. The Notice of AGM is contained in a separate document accompanying this report.

Post-balance sheet events
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.

Directors' liability
The Strategic report on pages 1 to 39 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

Rosie Fordham
Chief Financial Officer
23 July 2026

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable, relevant, reliable and prudent.
- For the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards.
- For the Parent Company annual statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements.
- Assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Gavin Peck
Chief Executive Officer
23 July 2026

Independent auditor's report

To the shareholders of TheWorks.co.uk plc
For the 52-week period ended 3 May 2026

Opinion

We have audited the financial statements of TheWorks.co.uk PLC (the Parent Company) and its subsidiaries (the Group) for the 52-week period ended 3 May 2026, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements of TheWorks.co.uk PLC give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 3 May 2026 and of the Group's profit for the period then ended and of the Group's cash flows position as at 3 May 2026;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 reduced disclosure framework (FRS 101); and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

Our scoping considerations for the Group audit were based on both financial information and risk. In total we have identified three distinct components within the Group financial statements, these being:

- The holding company of the Group.
- The intercompany investments holding company of the Group.
- The operational component of the Group.

A full UK audit has been undertaken on each of the three components identified.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion. Based on our professional judgement, we determined materiality and performance materiality for the financial statements of the Group and of the Parent Company as follows:

	Group financial statements	Parent Company financial statements
Materiality	£2,063,000 (FY25: £2,077,700)	£835,300 (FY25: £557,300)
Basis for determining materiality	0.75% of revenue (FY25: 0.75% of revenue)	1.5% of Company gross assets (1.5% of pre-adjusted Company gross assets)
Rationale for benchmark applied	Revenue is one of the primary key performance indicators used by management. It uses this metric to assess the business' overall cash generating performance. We note that this figure is prominent in financial statement reporting and market announcements which further underlines its perceived importance to users of the financial statements.	Gross assets is one of the primary benchmarks users of the Parent Company accounts will consider. This is because the Company has no trade and is a holding company for the Group. The key balance held by the Company is the subsidiary investment in The Works Investments Limited.
Performance materiality	£1,547,000 (FY25: £1,558,300)	£626,500 (FY25: £418,000)
Basis for determining performance materiality	75% of materiality (FY25: 75% of materiality)	75% of Company materiality (FY25: 75% of materiality)
Reporting threshold	Having captured base risk from an increased number of users in the calculation of materiality, we have applied a performance materiality of 75%. This is to account for the higher level of audit risk in place due to factors including: highly material accounting estimates with respect to inventory and lease accounting, increased going concern risk given the industry in which the business operates and increased fraud risk due to significant numbers of cash transactions. As this is no longer a first period audit engagement the audit risk remains reduced in comparison to fiscal years FY24 and earlier.	Having captured base risk from an increased number of users in the calculation of materiality, we have applied a performance materiality of 75%. This is to account for the higher level of audit risk in place due to factors including: highly material accounting estimates with respect to impairment.
Basis for determining reporting threshold	5% of materiality (FY25: 5% of materiality).	5% of materiality (FY25: 5% of materiality).

Our application of materiality continued

We reported all audit differences found in excess of our reporting threshold to the Audit Committee.

For each Group component within the scope of our Group audit, we determined performance materiality that is less than our overall Group performance materiality. The performance materiality determined for each Group company was between £1,315,000 and £626,500.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

These matters, including going concern, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Revenue recognition: £273,952,000 (FY25: £277,039,000)

Significance and nature of the key audit matter	How our audit addressed the key audit matter
Revenue is a key performance indicator for users in assessing the Group's financial statements. Revenue generated has a significant impact on cash inflows and profit before tax for the Group. As such, revenue is a key determinant in profitability and the Group's ability to generate cash. For the majority of the year revenue comprised two key revenue streams: in-store sales and online sales. Revenue is recognised at the point of completing the physical sale in stores, and when the goods have been delivered to the customer in the case of online sales. These are the points when IFRS 15 'performance obligations' are deemed to have been satisfied.	Revenue recognition (in-store sales) For a selected number of days the cashing up process for daily sales was traced through to the Aptos reconciliation module. All identified discrepancies were confirmed as investigated in line with the Company's policies. The cash takings for the day were agreed to banked amounts the following day. Closing day till float amounts were agreed to the approved amount for that till. Credit card takings for the day were agreed to the third-party credit card transaction report and into amounts banked. Other consideration used such as loyalty points and shopping vouchers were also corroborated to appropriate audit evidence. The total day's takings for the store were agreed into the monthly revenue journal posting into the accounting system. As an additional audit procedure, we have undertaken a matching test that focuses on the vouching of cash collected overnight for a store's trading and reconciling this to the store's daily sales figure recorded in Aptos to gain added assurance over the accuracy of this value. For cut-off testing we have selected a sample of stores from the final month of the accounting period and ensure that the monthly revenue journal posted for each store contained only the dates for that final month. We performed a high-level completeness assessment by reconciling total bank receipts during the year to recorded revenue, considering the nature of any differences (including VAT, timing differences, non-revenue receipts and debtor movements) and challenging management's explanations where necessary. Gross profit analysis was performed to identify the strongest and weakest performing store locations with management providing explanations for these which we took into consideration in selecting our sales samples. Revenue recognition (online sales) A substantive test has been undertaken to substantiate the value of the transaction in the WOL report by agreeing this to appropriate audit evidence, including receipt of cash, to gain assurance over the accuracy of this data. This testing has been performed for data up to 20 March when the online transactional website was ceased. A controls operating effectiveness test has then been undertaken over the process of inputting this into the accounting system, this being the monthly WOL report review and reconciliation process, and the accurate input of this into the accounting system. Revenue recognition (general) Walkthrough testing was performed to ensure that key systems and controls in place around the revenue cycle operated as designed. The accuracy of revenue disclosures in the accounts was confirmed to be consistent with the revenue cycle observed and audited. The completeness of these disclosures was confirmed by reference to the full disclosure requirements as detailed in IFRS 15. We also undertake journal testing, with greater fraud indication risk added to manual journal postings, which involves substantiation of specific journals identified by our data analytics software.

Key observations

We have no concerns over the material accuracy of revenue recognised in the financial statements.

Key audit matters continued

Valuation, existence and impairment of property, plant and equipment and right-of-use assets: £82,095,000 (FY25: £74,413,000)	
Significance and nature of the key audit matter	**How our audit addressed the key audit matter**
Given the nature of the business there are substantial assets and liabilities recognised with respect to store leases. As such the associated IFRS 16 and impairment accounting over these has a highly material impact on the financial statements each period. The property, plant and equipment held across the business are also highly material and as such carry increased risk of material misstatement. The Group estimates the recoverable amount of property, plant and equipment and right-of-use assets based on their value in use, derived from a discounted cash flow model prepared by management. The key assumptions applied by management are short-term sales growth, profit margin and discount rates, which all involve a high degree of estimation uncertainty. The increased economic uncertainty and the cost-of-living crisis in the UK have increased the risk in relation to the recoverability of store assets at the cash generating unit (CGU) level, each store being a CGU.	For right-of-use assets we obtained the IFRS 16 calculations and selected a sample of additional, disposed of and modified store leases in the period and agreed the key inputs into the model back to the terms of the signed lease agreements. We also made use of an auditor's expert in assessing the reasonableness of the discount rate applied across the portfolio of stores that was calculated by management's expert. This gave us assurance over the material accuracy of the underlying IFRS 16 accounting applied before the impairment model was included. With respect to the IFRS 16 impairment model we ensured that the variables included reconciled back to the audited IFRS 16 accounting schedules. We then selected a sample of stores that carried a higher risk of impairment and investigated those stores that were not already fully impaired within the model. These investigations included enquires of management and the auditing of the individual discount cash flows for each store. We gained significant assurance with respect to the key assumptions feeding into the discount cash flows from our auditing of the completeness and accuracy of forecasting as part of our going concern review discussed further down in this report. For property, plant and equipment we selected a sample across multiple store locations and confirmed the cost value and date of capitalisation to appropriate audit evidence. For impairment considerations we confirmed the physical existence and good working order of the individual asset when practical to do so. We also performed a sense check to ensure that the item was appropriate to capitalise under IAS 16. The useful economic lives applied to each asset class were considered for reasonableness and these were recalculated over the whole asset balance to ensure no material misstatement in the application of the depreciation charge. We also considered impairment at an asset class level by considering key indicators of impairment as per IAS 16 and IAS 36 and assessing these against the business. We ensured for a sample of assets disposed of in the period that appropriate disposal accounting was applied. Walkthrough testing was performed to ensure that key systems and controls in place operated as designed.
Key observations We have no concerns over the material accuracy of property, plant and equipment and right-of-use assets recognised in the financial statements.	

Key audit matters continued

Valuation, existence and impairment of inventory: £33,053,000 (FY25: £34,985,000)

Significance and nature of the key audit matter	How our audit addressed the key audit matter
Given the nature of the business there are substantial inventory balances recognised, including substantial impairment provisions held against inventory with respect to both the shrinkage provision and the obsolescence provision. As such, inventory accounting and the highly judgemental associated provision accounting have a highly material impact on the financial statements each period. Inventories comprise stocks of finished goods for resale and are valued on a weighted average cost basis and carried at the lower of cost and net realisable value. The Group makes provisions in relation to inventory quantities, due to potential stock losses not yet reflected in the accounting records, commonly referred to as unrecognised shrinkage. Additionally, the Group makes provisions in relation to individual stock values, where the net realisable value of an item is expected to be lower than its cost, due to obsolescence.	To confirm completeness and existence within the inventory records we visited a sample of stores across the portfolio and performed independent checks of stock items from floor to sheet (completeness) and from sheet to floor (existence). During a number of these visits we also observed local and regional store management conduct its own stock counting process which we evaluated the effectiveness of. Finally, we obtained and reviewed roll-back analysis from the date of these site visits to the period-end inventory balance. For valuation testing we selected a sample of stock lines and confirmed the cost value applied to appropriate audit evidence, including the treatment of FX, duties and transport costs. We further ensured that the net realisable value of stock was in excess of stated cost price. For the provisions applied we first gained an understanding of the accounting policy to be applied. We then considered this for reasonableness, including comparison to industry peers. We then ensured the mechanical accuracy of the impairment calculations to ensure that these are in line with the accounting policy. We finally performed completeness testing, reviewing for stock lines not provided for that should be as per the accounting policies established. Specific cut-off testing was undertaken to ensure that inventory was being recorded within the appropriate period based on goods received and delivered notes. Walkthrough testing was performed to ensure that key systems and controls in place around inventory operated as designed.

Key observations

We have no concerns over the material accuracy of inventory recognised in the financial statements.

Key audit matters continued

Valuation of the Parent Company investment in the subsidiary £79,245,000 (FY25: £61,575,000)	
Significance and nature of the key audit matter	**How our audit addressed the key audit matter**
The Company's investment in its subsidiary represents a significant proportion of the Parent Company's total assets and is therefore fundamental to users' understanding of the Parent Company financial statements. The investment is carried at cost less any provision for impairment. We considered this area to be a key audit matter due to the level of management judgement involved in assessing whether indicators of impairment existed and, where relevant, determining the recoverable amount of the investment. This assessment required management to consider the subsidiary's financial performance, future trading prospects, cash flow forecasts and other assumptions which are inherently subjective. Given the materiality of the investment balance to the Parent Company statement of financial position and the judgement involved in assessing impairment, there is a risk that the carrying value of the investment could be misstated if an impairment is required but not recognised, or if any impairment provision is not appropriately measured.	We evaluated management's assessment of the carrying value of the investment in the subsidiary and considered whether there were indicators of impairment. Our procedures included: • Obtaining and assessing management's impairment review and value-in-use calculations prepared using discounted cash flow (DCF) models. • Testing the mechanical accuracy of the DCF models and assessing whether the methodology adopted was appropriate and in line with our expectations for an impairment model. • Comparing key assumptions and forecast cash flows used in the impairment models to the forecasts audited as part of our going concern work and concluding that the models were materially consistent. • Evaluating the reasonableness of key assumptions, including forecast revenue growth, profitability and cash flows, with reference to our testing of management's budgets and forecasts. With support from auditor's valuation specialists, we evaluated the appropriateness of the discount rate applied and performed sensitivity analysis over key assumptions, including growth rates, discount rates and forecast cash flows, to assess the level of headroom before impairment would arise. We also considered relevant external market and industry data to support the valuation conclusions. Based on the procedures performed, we found management's assessment of the current period carrying value of the investment in the subsidiary to be reasonable and concluded that no material misstatement had been identified. During the year, the Company identified an error in the calculation of the impairment of its investment recognised in the financial statements for the 52-week period ended 4 May 2025. As a result of this error, the reversal of a previously recognised impairment charge was understated. The prior year figures have therefore been restated to correct the error, resulting in an increase in the reversal of the impairment charge of £5.6m and a corresponding increase in the Company's net assets as at 4 May 2025. The adjustment has been accounted for as a prior year adjustment in accordance with IAS 8, the applicable financial reporting framework, and comparative amounts have been restated accordingly.
Key observations We have no concerns over the material accuracy of the investment in the subsidiary recognised in the financial statements.	

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We performed the following audit procedures:

- Obtained and critically assessed management's going concern assessment, including evaluating the budgeting, forecasting and cash flow monitoring processes in place to support the assessment.
- Reviewed the Group's financial performance and position for 2026, including analysing profitability, liquidity, net assets, working capital trends and cash generation. We also evaluated post year-end trading performance and considered whether actual trading results were consistent with management's forecasts. Particular attention was given to the strong trading performance delivered in the opening period of 2027.
- Tested the mathematical accuracy of management's forecast models and challenged key assumptions relating to revenue growth, gross margins, operating costs, EBITDA, cash generation and working capital movements. We compared these assumptions to historical performance, current trading results, strategic plans and external market information, and assessed whether they were reasonable and supportable.
- Performed detailed stress testing and sensitivity analysis over management's forecasts, including our own downside scenarios which applied reductions to forecast revenue, gross margins and cash generation. We assessed the impact of these changes on forecast profitability, liquidity and available working capital headroom and considered the mitigating actions available to management should trading weaken.
- Reviewed forecast cash flows throughout the assessment period and considered periods of peak liquidity pressure. We assessed the adequacy of management's monitoring procedures over cash balances and working capital requirements and evaluated the availability of the Group's £20.0 million revolving credit facility, which was replaced in July 2026 with the new facility expiring November 2029, and the resulting liquidity headroom throughout the forecast period.
- Assessed compliance with the Group's banking covenants, including both the leverage ratio and fixed charge cover covenants, under the base case forecast and management's downside scenarios. We confirmed that covenant compliance was maintained throughout the forecast period and that sufficient headroom remained available.
- Considered other factors relevant to the Group's ability to continue as a going concern, including the outlook for the UK retail sector, inflationary and interest rate trends, available financing options, and the existence of any provisions, commitments or contingent liabilities that could adversely affect liquidity.
- Finally, we assessed the adequacy and appropriateness of the going concern disclosures included within the financial statements.

Based on the work performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from the date the financial statements are authorised for issue.

Following the performance of these procedures, we consider that sufficient appropriate audit evidence has been obtained to support management's adoption of the going concern basis of accounting. This conclusion is supported by the Group's continued profitability and positive post year-end trading performance, the availability of a £20.0 million revolving credit facility, forecast compliance with banking covenants and the level of working capital headroom demonstrated under both management's and our independently stress-tested scenarios.

We also considered the disposal of the online business, which is reported as a discontinued operation, and concluded that this does not adversely affect the Group's ability to continue as a going concern. On the contrary, post year-end trading indicates an improvement in the performance of the remaining operations.

Whilst we note that cash management remains a critical area of focus given the seasonal nature of the business and the periods of lower liquidity during the annual trading cycle, our review of management's forecasts, downside scenarios and available facilities demonstrates that our review considers the adequate headroom maintained throughout the going concern assessment period.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Our consideration of climate change-related risks

The financial impacts on the Group of climate change and the transition to a low-carbon economy (climate change) were considered in our audit where they have the potential to directly or indirectly impact key judgements and estimates within the financial statements.

The Group continues to develop its assessment of the potential impacts of climate change. Climate risks have the potential to materially impact the key judgements and estimates within the financial report. Our audit considered those risks that could be material to the key judgements and estimates in the assessment of the carrying value of non-current assets and closure and rehabilitation provisions.

The key judgements and estimates included in the financial statements incorporate actions and strategies, to the extent they have been approved and can be reliably estimated in accordance with the Group's accounting policies. Accordingly, our key audit matters address how we have assessed the Group's climate-related assumptions to the extent they impact each key audit matter.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement (set out on page 63), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors intend either to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, and through discussion with the Directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to: posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the IFRS 16 and inventory provisions. Audit procedures performed by the Group engagement team included the following:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework, the relevant tax compliance regulations and employment law in the jurisdictions in which TheWorks.co.uk PLC operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, mainly relating to health and safety, employee matters, bribery and corruption practices.
- Detailed discussions were held with management to identify any known or suspected instances of non-compliance with laws and regulations; this included review of accident report logs covering the financial period.
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud with respect to key business cycles; this includes revenue, expenses/purchases, inventory and IFRS 16 accounting.
- Challenging assumptions and judgements made by management in its significant accounting estimates, including assessing the capabilities of the management experts appointed to provide discount rate figures for impairment models; these models were calculated and the data and assumptions they have used to calculate these assessed by our own auditor's expert.
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud.
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax and regulatory authorities.

Auditor's responsibilities for the audit of the financial statements continued

Capability of the audit in detecting irregularities, including fraud continued

- Performing integrity testing to verify the legitimacy of banking records obtained from management.
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions, specifically with a focus on cut-off accounting in key areas of the financial statements.
- Identifying and testing journal entries with the use of data analytics in order to focus on journals carrying increased indicators of potential fraud.
- Identifying and testing additional journal entries through manual assessment of specific fraud risk indicators relevant to the Group, including the interaction between the inventory and cost of sales ledgers to ensure that inventory cost is being appropriately transferred into cost of sales at the point of sale.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters which we are required to address

We were appointed by the Audit Committee in the period to audit the financial statements. Our total uninterrupted period of engagement is three periods, covering the financial year ended 5 May 2024 to 3 May 2026.

The non-audit services prohibited by the Financial Reporting Council's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

During the period under review, agreed upon procedures were completed in respect of a number of the Group's service charge accounts.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report or for the opinions we have formed.

Anne Dwyer BSc (Hons) FCA (Senior Statutory Auditor)
For and on behalf of
Kreston Reeves Audit LLP
Statutory Auditor
London
23 July 2026

Consolidated income statement
For the period ended 3 May 2026

	Note	52 weeks to 3 May 2026			52 weeks to 4 May 2025		
		Result before Adjusting items £000	**Adjusting items £000**	**Total £000**	Result before Adjusting items £000	Adjusting items £000	Total £000
Continuing operations							
Revenue	3	**260,049**	**–**	**260,049**	252,166	–	252,166
Cost of sales	5	**(208,544)**	**(232)**	**(208,776)**	(203,681)	5,167	(198,514)
Gross profit		**51,505**	**(232)**	**51,273**	48,485	5,167	53,652
Other operating income		**8**	**–**	**8**	8	–	8
Distribution expenses		**(11,435)**	**–**	**(11,435)**	(11,504)	–	(11,504)
Administrative expenses	5	**(27,466)**	**(219)**	**(27,685)**	(27,259)	(640)	(27,899)
Operating profit/(loss)	6	**12,612**	**(451)**	**12,161**	9,730	4,527	14,257
Finance income		**81**	**–**	**81**	35	–	35
Finance expenses		**(5,487)**	**–**	**(5,487)**	(4,790)	–	(4,790)
Net financing expense	8	**(5,406)**	**–**	**(5,406)**	(4,755)	–	(4,755)
Profit/(loss) before tax		**7,206**	**(451)**	**6,755**	4,975	4,527	9,502
Taxation	9	**(1,797)**	**–**	**(1,797)**	(569)	–	(569)
Profit/(loss) for the period from continuing operations		**5,409**	**(451)**	**4,958**	4,406	4,527	8,933
Discontinued operations							
Profit/(loss) for the period from discontinued operations, net of tax	5, 10	**(1,822)**	**(1,724)**	**(3,546)**	4	(759)	(755)
Total profit/(loss) for the period		**3,587**	**(2,175)**	**1,412**	4,410	3,768	8,178
Earnings per share – continuing operations							
Basic earnings per share (pence)	12	**9.1**		**8.3**	7.3		14.7
Diluted earnings per share (pence)	12	**9.1**		**8.3**	7.3		14.7
Earnings per share – including discontinued operations							
Basic earnings per share (pence)	12	**6.0**		**2.4**	7.3		13.5
Diluted earnings per share (pence)	12	**6.0**		**2.4**	7.3		13.5

Accompanying notes that form part of these financial statements are on pages 77 to 107.

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

Consolidated statement of comprehensive income

For the period ended 3 May 2026

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

Accompanying notes that form part of these financial statements are on pages 77 to 107.

Strategic report

Corporate governance

Financial statements

Consolidated statement of financial position
As at 3 May 2026

	Note	FY26 £000	FY25 (Restated Note 16) £000
Non-current assets			
Intangible assets	13	**1,730**	2,168
Property, plant and equipment	14	**14,412**	12,583
Right-of-use assets	15	**67,683**	61,830
Deferred tax assets	16	**2,321**	2,429
		86,146	79,010
Current assets			
Inventories	17	**33,053**	34,985
Trade and other receivables	18	**5,949**	6,149
Current tax asset	9	**1,944**	1,603
Cash and cash equivalents	19	**3,598**	4,118
		44,544	46,855
Total assets		**130,690**	125,865
Current liabilities			
Lease liabilities	15, 20	**18,210**	18,646
Trade and other payables	21	**28,286**	32,851
Provisions	22	**466**	798
Derivative financial liabilities	25	**1,035**	1,879
		47,997	54,174
Non-current liabilities			
Lease liabilities	15, 20	**63,655**	56,284
Provisions	22	**1,491**	650
Derivative financial liabilities	25	**210**	–
		65,356	56,934
Total liabilities		**113,353**	111,108
Net assets		**17,337**	14,757
Equity attributable to equity holders of the Parent			
Share capital	24	**625**	625
Share premium	24	**28,322**	28,322
Merger reserve		**(54)**	(54)
Share-based payment reserve		**2,714**	2,274
Hedging reserve		**(1,382)**	(2,122)
Retained earnings		**(12,888)**	(14,288)
Total equity		**17,337**	14,757

Accompanying notes that form part of these financial statements are on pages 77 to 107.

These financial statements were approved by the Board of Directors on 23 July 2026 and were signed on its behalf by:

Rosie Fordham
Chief Financial Officer
Company registered number: 11325534

Consolidated statement of changes in equity

	Attributable to equity holders of the Company						
	Share capital £000	Share premium £000	Merger reserve £000	Share-based payment reserve[1] £000	Hedging reserve[2] £000	Retained earnings £000	Total equity £000
Reported balance at 5 May 2024	625	28,322	(54)	2,583	129	(21,519)	10,086
Adjustment to opening balances (Note 16)	–	–	–	–	–	(1,085)	(1,085)
Restated balance at 5 May 2024	625	28,322	(54)	2,583	129	(22,604)	9,001
Total comprehensive (expense)/income for the period							
Profit for the period	–	–	–	–	–	8,178	8,178
Other comprehensive expense	–	–	–	–	(1,827)	–	(1,827)
Total comprehensive (expense)/income for the period	–	–	–	–	(1,827)	8,178	6,351
Hedging gains and losses and costs of hedging transferred to the cost of inventory (Note 25)	–	–	–	–	(424)	–	(424)
Transfer to retained earnings	–	–	–	(662)	–	662	–
Transactions with owners of the Company							
Share-based payment charges	–	–	–	353	–	–	353
Own shares purchased by Employee Benefit Trust	–	–	–	–	–	(524)	(524)
Total transactions with owners of the Company	–	–	–	353	–	(524)	(171)
Balance at 4 May 2025 (as restated)	625	28,322	(54)	2,274	(2,122)	(14,288)	14,757
Total comprehensive income for the period							
Profit for the period	**–**	**–**	**–**	**–**	**–**	**1,412**	**1,412**
Other comprehensive income	**–**	**–**	**–**	**–**	**1,165**	**–**	**1,165**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**1,165**	**1,412**	**2,577**
Hedging gains and losses and costs of hedging transferred to the cost of inventory (Note 25)	**–**	**–**	**–**	**–**	**(425)**	**–**	**(425)**
Transfer to retained earnings	**–**	**–**	**–**	**(54)**	**–**	**54**	**–**
Transactions with owners of the Company							
Share-based payment charges	**–**	**–**	**–**	**494**	**–**	**–**	**494**
Own shares purchased by Employee Benefit Trust	**–**	**–**	**–**	**–**	**–**	**(66)**	**(66)**
Total transactions with owners of the Company	**–**	**–**	**–**	**494**	**–**	**(66)**	**428**
Balance at 3 May 2026	**625**	**28,322**	**(54)**	**2,714**	**(1,382)**	**(12,888)**	**17,337**

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

2 Hedging reserve includes a £38k credit (FY25: £330k charge) in relation to changes in forward points which are recognised in other comprehensive income and accumulated as a cost of hedging within the hedging reserve.

Accompanying notes that form part of these financial statements are on pages 77 to 107.

Consolidated cash flow statement

For the period ended 3 May 2026

	Note	FY26 £000	FY25 £000
Profit for the period (including Adjusting items)		**1,412**	8,178
Adjustments for:			
Depreciation of property, plant and equipment	14	**3,812**	3,854
Impairment of property, plant and equipment	14	**179**	463
Reversal of impairment of property, plant and equipment	14	**(251)**	(975)
Depreciation of right-of-use assets	15	**20,437**	18,385
Impairment of right-of-use assets	15	**537**	2,180
Reversal of impairment of right-of-use assets	15	**(14)**	(7,807)
Amortisation of intangible assets	13	**681**	1,213
Impairment of intangible assets	13	**41**	141
Reversal of impairment of intangible assets	13	**(58)**	(471)
Derivative exchange (gain)/loss		**425**	424
Financial income	8	**(81)**	(35)
Financial expense	8	**818**	689
Interest on lease liabilities	8	**4,669**	4,101
Loss on disposal of property, plant and equipment and intangibles	13, 14	**104**	282
(Profit)/loss on disposal of right-of-use asset and lease liability	15	**(88)**	845
Effect of modifications on right-of-use asset	15	**(164)**	(193)
Share-based payment charges	26	**494**	353
Taxation	9	**542**	165
Operating cash flows before changes in working capital		**33,495**	31,792
Decrease in trade and other receivables	18	**89**	2,081
Decrease/(increase) in inventories	17	**1,773**	(3,396)
(Decrease)/increase in trade and other payables	21	**(4,963)**	3,037
Increase in provisions	22	**509**	429
Cash flows from operating activities		**30,903**	33,943
Corporation tax paid		**(618)**	(466)
Net cash inflow from operating activities		**30,285**	33,477
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	**(6,215)**	(4,691)
Capital contributions received from landlords	14	**588**	842
Acquisition of intangible assets	13	**(272)**	(1,185)
Interest received	8	**81**	35
Net cash outflow from investing activities		**(5,818)**	(4,999)
Cash flows from financing activities			
Payment of lease liabilities (capital)	20	**(19,681)**	(20,330)
Payment of lease liabilities (interest)	20	**(4,669)**	(4,101)
Interest paid	8	**(834)**	(579)
Repayment of bank borrowings	20	**(9,000)**	(9,000)
Proceeds from bank borrowings	20	**9,000**	9,000
Own shares purchased by Employee Benefit Trust	24	**(66)**	(524)
Net cash outflow from financing activities		**(25,250)**	(25,534)
Net (decrease)/increase in cash and cash equivalents		**(783)**	2,944
Exchange rate movements		**263**	(445)
Cash and cash equivalents at beginning of period	19	**4,118**	1,619
Cash and cash equivalents at end of period	19	**3,598**	4,118

The cash flow statement is presented on a total Group basis. Net cash outflows attributable to discontinued operations for the period were £4,806k (FY25: inflow £518k) and relate to the closure of the Group's transactional website. Further details are provided in Note 10.

Accompanying notes that form part of these financial statements are on pages 77 to 107.

Notes to the consolidated financial statements
(Forming part of the financial statements)

1. Accounting policies
Where accounting policies are particular to an individual note, narrative regarding the policy is included with the relevant note; for example, the accounting policy in relation to inventory is detailed in Note 17 (Inventories).

(a) General information
TheWorks.co.uk plc is a leading UK specialist value retailer of arts and crafts, stationery, toys, games and books, offering customers a differentiated proposition as a value alternative to full price specialist retailers. The Group operates a network of over 500 stores in the UK and Ireland.

TheWorks.co.uk plc (the Company) is a UK-based public limited company (11325534) with its registered office at Boldmere House, Faraday Avenue, Hams Hall Distribution Park, Coleshill, Birmingham, B46 1AL.

These consolidated financial statements for the 52 weeks ended 3 May 2026 (FY26 or the period) comprise the results of the Company and its subsidiaries (together referred to as the Group) and are presented in pounds sterling. All values are rounded to the nearest thousand (£000), except when otherwise indicated.

(b) Basis of preparation
The Group financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit and loss including derivatives. The financial statements are in accordance with UK-adopted International Accounting Standards.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies, and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, future budgets and forecasts, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Group's significant judgements and estimates relate to going concern and fixed asset impairment; these are described in Note 1(f).

(i) Going concern
The financial statements have been prepared on a going concern basis, which the Directors consider appropriate for the reasons set out below.

The Directors have assessed the prospects of the Group, taking into account its current position and the potential impact of the principal risks documented in the Strategic report on pages 35 to 39. The financial statements have been prepared on a going concern basis, which the Directors consider appropriate having made this assessment.

The Group performed a detailed strategic review during the second half of FY25 and produced a five-year plan to support the strategy, Elevating The Works. This five-year plan was updated in FY26 to reflect the decision to cease trading of the Group's online channel and transition to a non-transactional website. The revised five-year plan is referred to as the 'Base Case', from which the Group has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period). In addition, a 'severe but plausible' 'Downside Case' sensitivity has been prepared to support the Board's conclusion regarding going concern, by stress testing the Base Case to indicate the financial headroom resulting from applying more pessimistic assumptions.

In assessing the basis of preparation, the Directors have considered:

- The external environment.
- The Group's financial position including the quantum and expectations regarding availability of bank facilities.
- The potential impact on financial performance of the risks described in the Strategic report.
- The output of the Base Case scenario, which mirrors the Group's five-year plan and therefore represents its estimate of the most likely financial performance over the forecast period.
- Measures to maintain or increase liquidity in the event of a significant downturn in trading.
- The resilience of the Group to these risks having a more severe impact, evaluated via the Downside Case which shows the impact on the Group's cash flows, bank facility headroom and covenants.

These factors are described below.

External environment
The risks which are considered the most significant to this evaluation relate to the economy and the market, specifically their effect on the strength of trading conditions, and the Group's ability to successfully execute its strategy. While inflationary pressures have moderated and interest rates have begun to ease, the macroeconomic outlook remains uncertain, with constrained real household income growth and fragile consumer confidence continuing to weigh on discretionary spending. Accordingly, the risk of weaker consumer demand remains the most significant, driven by the lagged impact of elevated borrowing costs, ongoing cost of living pressures, and an uncertain retail environment. These factors, combined with continued structural shifts in consumer behaviour, present a risk to sales volumes, margins and the delivery of the Group's strategic objectives.

The effects of climate change have been considered, but this is not expected to have a material financial impact on the Group during the forecast period.

Financial position and bank facilities
At the end of FY26 the Group held net cash at bank of £3.6m (FY25: £4.1m).

The Group agreed a £20.0m revolving credit facility in July 2026 replacing its current £20.0m facility which was due to expire on 30 November 2026. The revised facility extends the current facility until November 2029 with a one-year extension, and option to extend for a further year. The facility includes two financial covenants which are tested quarterly:

1. The 'Leverage Ratio' or level of net debt to last 12 months' (LTM) EBITDA must not exceed 2.5 times during the life of the facility.
2. The 'Fixed Charge Cover' or ratio of LTM EBITDA, prior to deducting rent and interest, to LTM rent and interest; until 31 October 2027, the ratio must be at least 1.20 times and thereafter at least 1.30 times.

The Group expects to be able to operate and have sufficient headroom within these covenants during the forecast period.

Potential impact of risks on financial scenarios
It is considered unlikely that all the risks described in the Strategic report would manifest themselves to adversely affect the business at the same time. The Group's Base Case has been formed from its strategy Elevating The Works which has three strategic drivers which are underpinned by strategic initiatives and clear delivery plans. In deriving the strategy the risks to the business have been taken into consideration and where deemed to have a financial implication these have been addressed through the strategic initiatives.

1. Accounting policies continued
(b) Basis of preparation continued
(i) Going concern continued

Potential impact of risks on financial scenarios continued
The Downside Case scenario assumes that there are more severe negative effects than in the Base Case. In particular, the Downside Case assumptions are that macroeconomic conditions are significantly worse, resulting in reduced consumer spending and lower sales. It should be noted that the Base Case already takes into account the current subdued consumer market conditions. The Downside Case assumes that the Group's current sales growth is 2% lower than Base Case over Christmas peak in the 52 weeks ended 2 May 2027 (FY27) and assumes reduced sales growth over the remaining three-year financial period.

Base Case scenario
The Base Case scenario assumptions reflect the following factors:

- The Group has an ambition to Elevate The Works to become 'the favourite destination for affordable, screen-free activities for the whole family'. A clear five-year strategy to realise this has been set out under three key strategic drivers: brand fame, improving customer convenience and lean and efficient operator. These are underpinned by people and planet commitments. Delivering the strategy will see the Group deliver an EBITDA of at least £22.5m over the five years.
- The sales growth assumptions included within the five-year plan assume the macroeconomic environment remains challenging with our strategic initiatives delivering sales growth.
- The FY27 product margin reflects the continued focus on delivering margin growth from a combination of better buying (negotiations with suppliers and control of product mix), and reduced markdown from improved stock management.
- The Group faces significant external cost headwinds in FY27 due to the increases in National Living and Minimum Wage. The five-year plan reflects forecast inflationary increases and a general inflationary increase assumption. The Group continues to target rent savings and reductions in operational costs through contract negotiations, continued store labour efficiencies and stock loss.
- Capital expenditure levels in the five-year plan reflect increased investment in information technology across stores and the Support Centre, as well as investment in net 60 new stores. A significant proportion of the Group's capital expenditure is discretionary. As a result, if required, it can therefore be reduced substantially, for example in the event of the Group needing to preserve cash.
- The anticipated costs of the Group's net zero climate change commitments have been incorporated within the Base Case model. As set out in the climate-related disclosures on pages 30 to 34, the impact on the Group's financial performance and position is not expected to be material in the short term.
- The plan makes provision for capital distribution payments in the form of buybacks or dividends.

Under the Base Case scenario, the Group expects to make routine operational use of its bank facility each year as stock levels are increased prior to peak sales occurring.

The output of the Base Case scenario indicates that the Group has sufficient financial resources to continue to operate as a going concern and for the financial statements to be prepared on this basis.

Measures to maintain or increase liquidity
If necessary, mitigating actions can and would be taken in response to a significant downturn in trading such as is described below, which would increase liquidity.

These include, for example, delaying and reducing stock purchases, stock liquidation, reductions in capital expenditure, the review of payment terms and the review of dividend levels.

Some of these potential mitigations have been built into the Downside Case model, and some are additional measures that would be available in the event of that scenario, or worse, actually occurring.

Severe but plausible Downside Case scenario
The Downside Case makes the following assumptions to reflect more adverse macroeconomic conditions compared to the Base Case:

- In FY27 sales are assumed to be lower than the Base Case by 1.5% reflecting the possibility of a more challenging consumer environment over Christmas 2026. Sales growth continues to be lower than the Base Case in FY28 with some year-on-year growth over peak.
- The product gross margin percentage is assumed to be lower than Base Case, reflecting the possibility of higher than planned ocean freight rates. Expected FX requirements are hedged for FY27 and partially hedged for FY28. Other gross margin inputs are relatively controllable, including via the setting of selling prices to reflect any systematic changes in the cost price of goods bought for resale.
- Volume related costs in the Downside Case are lowered where they logically alter in a direct relationship with sales levels. The model also reflects certain steps which could be taken to mitigate the effect of lower sales, depending on management's assessment of the situation at the time. These include adjustments to stock purchases, reducing capital expenditure, reductions in variable labour usage and the suspension of dividend payments.
- The combined financial effect of the modified assumptions in this scenario compared with the Base Case, over the going concern assessment period, including implementing some of the mitigating activities available, would result in:
  - A reduction in net sales of approximately £9.4m.
  - A reduction to EBITDA of approximately £4.4m.

Under this scenario the Group will draw on its bank facility for the usual peak stock build. The bank facility financial covenants are complied with throughout the period, including during the pre-Christmas period when the facility is being used. There is sufficient headroom within both covenants and sufficient cash headroom under this scenario throughout the going concern period.

Going concern and basis of preparation conclusion
The Directors have assessed the Group's going concern position, taking into account the strong trading performance in the 52 weeks ended 3 May 2026 and the successful delivery of the first full year of the Group's Elevating The Works strategy. The Group outperformed the wider UK non-food retail market during the period ended 3 May 2026, despite ongoing macroeconomic uncertainties. This performance, alongside a sustained improvement in product margin, successful execution of the £2m cost reduction programme and a 47% increase in pre-IFRS 16 Adjusted EBITDA, demonstrates the resilience of the Group's business model and the increasing relevance of its customer proposition.

The Group maintained a strong liquidity position, ending the year with net cash of £3.6m. In July 2026, the Group agreed a new revolving credit facility ("RCF") with HSBC, replacing the existing facility from November 2026 for a further three years, with an option to extend for an additional two years, further strengthening the Group's financing position and flexibility.

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

1. Accounting policies continued

(b) Basis of preparation continued

(i) Going concern continued

Going concern and basis of preparation conclusion continued

The Group maintains a strong liquidity position, with significant headroom against both cash and covenant requirements under all considered scenarios. Accordingly, the Directors have a reasonable expectation that the Group will continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore adopted the going concern basis in preparing the financial statements.

(ii) New accounting standards

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

- Amendments to IAS 21 Lack of Exchangeability[1].

The adoption of the standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

As at the date of approval of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue, but not yet effective:

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

1 Effective for annual periods commencing after 1 January 2025.

2 Effective for annual periods commencing after 1 January 2026.

3 Effective for annual periods commencing after 1 January 2027.

The adoption of the standards and interpretations listed above is not expected to have a material impact on the financial position or performance of the Group.

(c) Accounting convention

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities (including derivative instruments), which are held at fair value.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to direct the activities that affect those returns through its power over the entity. Consolidation of a subsidiary begins from the date control commences and continues until control ceases. The Company reassesses whether or not it controls an investee if circumstances indicate that there are changes to the elements of control detailed above.

An Employee Benefit Trust (EBT) operated on the Group's behalf is acting as an agent of the Company; therefore, the assets and liabilities of the EBT are aggregated into the Company balance sheet and shares held by the EBT in the Company are presented as a deduction from reserves.

(e) Discontinued operations

On 20 March 2026, the Board announced its decision to close the Group's transactional website. As a result, the financial statements have been prepared in accordance with IFRS 5 Discontinued Operations. The Consolidated Income Statement is presented to separately disclose results from continuing and discontinued operations, in line with relevant reporting requirements. The Consolidated statement of financial position and the Consolidated cash flow statement are presented on a total Group basis. Unless otherwise indicated, the accompanying notes to the financial statements are also prepared on a total Group basis and therefore include amounts relating to both continuing and discontinued operations. Further details are shown in Note 10.

(f) Key sources of estimation uncertainty

The preparation of consolidated financial statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts.

Critical judgements represent key decisions made by management in the application of the Group's accounting policies. Where a significant risk of materially different outcomes exists, this will represent a key source of estimation uncertainty.

Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Key sources of estimation uncertainty which are material to the financial statements are described in the context of the matters to which they relate, in the following notes:

Description	Note	Page
Going concern	1(b)(i)	77 to 79
Impairment of intangible assets, property, plant and equipment and right-of-use assets	13, 14, 15	89 to 95
Impairment of investment in subsidiary undertaking	35	111 and 112
Inventory provisions	17	96 and 97
Dilapidations provisions	22	99
Fair value of share options issued	26	105 and 106

2. Segmental reporting

IFRS 8 requires segment information to be presented on the same basis as is used by the Chief Operating Decision Maker for assessing performance and allocating resources.

The Board reviews the Group as a single operating segment comprising its retail store estate. This reflects the Group's management and reporting structure as viewed by the Board of Directors, which is considered to be the Group's Chief Operating Decision Maker. The Group's operations have similar economic characteristics, products and customers and are therefore managed and assessed as a single operating segment.

The Group ceased trading through its transactional website in March 2026. Prior to its closure, revenue was generated through both store and online sales channels, which constituted one operating segment.

3. Revenue

Accounting policy

Revenue is generated primarily through the Group's UK and Ireland store estate, with online revenue recognised until the point the transactional website ceased trading in March 2026.

Revenue comprises receipts from the sale of goods, less deductions for actual and expected returns and discounts, and is stated net of value added tax and other sales taxes. Revenue is recognised at the point of completing the physical sale in stores, and when the goods have been delivered to the customer in the case of online sales. This is the point when IFRS 15 'performance obligations' are deemed to have been satisfied. No orders were dispatched to online customers following the point at which the transactional website ceased trading in March 2026.

	FY26 £000	FY25 £000
Sale of goods – continuing operations		
UK	**254,929**	247,249
EU	**5,120**	4,917
Total revenue	**260,049**	252,166

Revenue from discontinued operations, comprising solely UK and Ireland sales of goods, amounted to £13,903k (FY25: £24,873k).

4. Alternative performance measures (APMs)

Accounting policy

In the reporting of financial information, the Group has adopted various alternative performance measures (APMs) of financial performance, position or cash flows other than those defined or specified under International Accounting Standards (IFRS). APMs should be considered in addition to IFRS measurements and are not intended to be a substitute for IFRS measurements. These measures are not defined by IFRS and may not be comparable with similarly titled performance measures and disclosures by other entities.

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

The Group believes that these APMs provide stakeholders with additional helpful information on the performance of the business. They are consistent with how business performance is planned and reported internally and are also consistent with how these measures have been reported historically. Some of the APMs are also used for the purpose of setting remuneration targets, which are set out below.

The table below sets out the APMs used in this report, with further information regarding the APM, and a reconciliation to the closest IFRS equivalent measure, below.

Sales APM	Like-for-like (LFL) sales
Profitability APM	EBITDA
	Adjusted EBITDA pre-IFRS 16
	Adjusted profit before tax (PBT)
	Adjusted EPS (see Note 12)
Financial position APMs	Net debt

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

4. Alternative performance measures (APMs) continued

Sales APM

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

Closest IFRS equivalent: revenue

LFL sales are defined by the Group as the year-on-year growth in gross sales from stores which have been trading for a full financial year prior to the current year and have been trading throughout the current financial period being reported on, calculated on a calendar week basis. The measure is used widely in the retail industry as an indicator of sales performance. LFL sales are calculated on a gross basis to ensure that fluctuations in the VAT rates of products sold are excluded from the LFL sales growth percentage figure.

A reconciliation of IFRS revenue to sales on continuing operations and a LFL basis is set out below:

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

Profit APMs

EBITDA and pre-IFRS 16 Adjusted EBITDA – continuing operations

Closest IFRS equivalent: operating profit[1]

EBITDA is earnings before interest, tax, profit or loss on disposal of fixed assets, depreciation, amortisation and impairment reversals and charges. Pre-IFRS 16 Adjusted EBITDA is defined by the Group as pre-IFRS 16 earnings before interest, tax, depreciation, amortisation and profit/loss on the disposal of fixed assets, before accounting for Adjusting items. Pre-IFRS 16 EBITDA provides management with an accurate view of the Group's underlying performance, and it used for the bank facility financial covenants.

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

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

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

4. Alternative performance measures (APMs) continued

Profit APMs continued

Adjusted profit before tax – continuing operations

Closest IFRS equivalent: profit before tax

Adjusted PBT is profit before tax adjusted to exclude the effect of transactions that, in the opinion of the Directors, are either one off and/or are unreflective of the underlying trading performance of the Group in the period. Adjusted PBT reports a normalised or underlying trading performance of the Group. The transactions that have been adjusted could distort the impression of future performance trends based on the current year results.

The Group uses Adjusted PBT to assess its performance on an underlying basis excluding these items and believes measures adjusted in this manner provide additional information about the impact of unusual or one-off items on the Group's performance in the period.

These adjusted metrics are included within the consolidated income statement and consolidated statement of other comprehensive income, with further details of Adjusting items included in Note 5.

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

Financial position APMs (total Group basis)

Net debt

Closest IFRS equivalent: no equivalent; however, it is calculated by combining IFRS measures for cash and borrowing

Net debt is calculated by subtracting the Group's cash and cash equivalents from its gross borrowing. Net debt is utilised in the calculation of leverage, a covenant in the Group's financing facilities.

The Group presents net debt inclusive and exclusive of lease liabilities, which is consistent with the definition used for its banking covenant calculations.

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

5. Adjusting items

Adjusting items are unusual in nature or incidence and sufficiently material in size that in the judgement of the Directors they merit disclosure separately on the face of the financial statements to ensure that the reader has a proper understanding of the Group's financial performance and that there is comparability of financial performance between periods.

The Directors believe that the Adjusted profit and earnings per share measures included in this report provide additional useful information to users of the accounts. These measures are consistent with how business performance is measured internally. The profit before tax and Adjusting items measures are not recognised profit measures under IFRS and may not be directly comparable with Adjusted profit measures used by other companies.

If a transaction or related series of transactions has been treated as Adjusting in one accounting period, the same treatment will be applied consistently year on year.

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

5. Adjusting items continued

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

Impairment charges and reversals of prior year impairment charges relate to fixed assets (see Notes 13, 14 and 15).

Profit on disposal of right-of-use assets and lease liabilities relate to leases (see Note 15).

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

- Systems transformation costs of £0.2m reflect the commencement of a strategic multi-year programme to fully replace the Group's ERP system. They have been presented within Adjusting items as they relate to one-off, non-recurring expenditure incurred to implement major strategic system changes expected to total approximately £6.0m over the next four years.
- Transition costs of £0.8m related to the move to a new third party fulfilment provider in the period. They represent one-off, non-recurring expenditure incurred to implement a strategic change to the online Distribution centre.
- Costs incurred of £1.5m related to the closure of the Group's transactional website on 20 March 2026 and consist of
  - £0.2m of redundancy costs included in cost of sales.
  - £1.3m of costs related to onerous contracts (£0.9m) and the transfer of inventory back to the retail Distribution centre (£0.4m) included in Administration costs.

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

For the 52 weeks ended 4 May 2025, Adjusting items consist of £1.2m of exceptional fulfilment costs at the third-party fulfilment centre over peak and £0.6m related to the review of the cost base of the Group, which included £0.4m of redundancy costs.

6. Operating profit

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

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

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

7. Staff numbers and costs

The average number of people employed by the Group (including Directors) during the period, analysed by category, were as follows:

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

The corresponding aggregate payroll costs were as follows:

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

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

The Directors' remuneration for the period was as follows:

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

The following number of Directors were members of:

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

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

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

8. Finance income and expense

Accounting policy

Finance expense comprises interest charges and amortised facility fee costs. Finance income comprises interest income and is recognised when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably. Interest is recognised in profit as it accrues, using the effective interest method.

8. Finance income and expense continued

Recognised in consolidated income statement – continuing operations

	FY26 £000	FY25 £000
Finance income		
Bank interest receivable	**81**	35
Total finance income	**81**	35
Finance expense		
Bank interest payable	**(695)**	(535)
Other interest payable	**(123)**	(154)
Interest on lease liabilities	**(4,669)**	(4,101)
Total finance expense	**(5,487)**	(4,790)
Net financing expense	**(5,406)**	(4,755)

Other interest payable includes the amortisation of the arrangement fees of the revolving cash flow facility (Note 20).

9. Taxation

Accounting policy

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

9. Taxation continued

Recognised in consolidated income statement – total

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

Attributable to:

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

The UK corporation tax rate for FY26 was 25.0% (FY25: 25.0%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

As the deferred tax assets and liabilities should be recognised based on the corporation tax rate applicable when they are anticipated to unwind, the assets and liabilities on UK operations have been recognised at a rate of 25.0% (FY25: 25.0%). Assets and liabilities arising on foreign operations have been recognised at the applicable overseas tax rates.

Reconciliation of effective tax rate

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

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

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

There is a tax credit of £158k (FY25: £409k tax charge) shown in the statement of comprehensive income for fair value movements on derivatives which impacts the deferred tax balance (Note 16).

Consolidated statement of financial position

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

10. Discontinued operations – online channel

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

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

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

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

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

The net cash outflows generated by the online channel are included in the Consolidated cash flow statement on page 76 and comprise:

	FY26 £000	FY25 £000
Cash flows from operating activities	(4,806)	518
Net cash (outflow)/inflow	(4,806)	518

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

11. Dividends

Accounting policy
At the balance sheet date, dividends are only recognised as a liability if they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

The Board has not recommended the payment of a dividend in respect of FY26 (FY25: nil).

12. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the period, attributable to ordinary shareholders, by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is based on the weighted average number of shares in issue for the period, adjusted for the dilutive effect of potential ordinary shares. Potential ordinary shares represent shares that may be issued in connection with employee share incentive awards.

The Group has chosen to present an Adjusted earnings per share measure, with profit adjusted for Adjusting items (see Note 5 for further details) to reflect the Group's underlying profit for the period.

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

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

	£000	£000
Profit attributable to shareholders – total Company	**1,412**	8,178
Adjusted profit attributable to shareholders – total Company	**3,587**	4,410
Profit attributable to shareholders – continuing operations	**4,958**	8,933
Adjusted profit attributable to shareholders – continuing operations	**5,409**	4,406
Loss attributable to shareholders – discontinued operations	**(3,546)**	(755)
Adjusted (loss)/profit attributable to shareholders – discontinued operations	**(1,822)**	4

Earnings per share – total Company

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

Earnings per share – continuing operations

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

Earnings per share – discontinued operations

	Pence	Pence
Basic earnings per share	**(6.0)**	(1.2)
Diluted earnings per share	**(6.0)**	(1.2)
Adjusted basic earnings per share	**(3.1)**	(0.0)
Adjusted diluted earnings per share	**(3.1)**	(0.0)

13. Intangible assets

Accounting policy

Goodwill

Goodwill arising on consolidation represents any excess of the consideration paid and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable assets and liabilities (including intangible assets) of the acquired entity at the date of the acquisition. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is recognised as an asset and assessed for impairment annually or as triggering events occur. Any impairment in value is recognised within the income statement. Goodwill was fully impaired in FY20.

Software

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Capitalised software costs include external direct costs of goods and services (such as consultancy), as well as internal payroll related costs for employees who are directly working on the project. Internal payroll related costs are capitalised if the recognition criteria of IAS 38 Intangible Assets are met or are expensed as incurred otherwise.

Capitalised software development costs are amortised on a straight-line basis over their expected economic lives, normally between three and seven years. Computer software under development is held at cost less any recognised impairment loss. Any impairment in value is recognised within the income statement and treated as an Adjusting item.

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

1 During FY26 the Group reviewed assets on the fixed asset register with a £nil net book value. Following this review intangible assets with a cost and accumulated amortisation and impairment of £666k were deemed to no longer be in use by the Group and have therefore been disposed of.

	Goodwill £000	Software £000	Total £000
Cost			
At 5 May 2024	16,180	10,299	26,479
Additions	–	1,185	1,185
Disposals[1]	–	(550)	(550)
At 4 May 2025	16,180	10,934	27,114
Amortisation and impairment			
At 5 May 2024	16,180	8,433	24,613
Amortisation charge	–	1,213	1,213
Impairment charge	–	141	141
Impairment reversals	–	(471)	(471)
Disposals[1]	–	(550)	(550)
At 4 May 2025	16,180	8,766	24,946
Net book value			
At 5 May 2024	–	1,866	1,866
At 4 May 2025	–	2,168	2,168

1 During FY25 the Group reviewed assets on the fixed asset register with a £nil net book value. Following this review intangible assets with a cost and accumulated depreciation of £550k were deemed to no longer be in use by the Group and have therefore been disposed of.

14. Property, plant and equipment

Accounting policy

Items of property, plant and equipment are stated at their cost of acquisition or production, less accumulated depreciation and accumulated impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful lives as follows:

- Leasehold improvements: over the life of the lease.
- Fixtures and fittings: 15% per annum straight line or depreciated on a straight-line basis over the remaining life of the lease, whichever is shorter.
- Plant and equipment: 20% to 50% per annum straight line.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible and intangible assets

The carrying amounts of the Group's tangible and intangible assets with a measurable useful life are reviewed at each balance sheet date to determine whether there is any indication of impairment to their value. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. The Directors consider an individual retail store to be a CGU, as well as the Company's trading website.

The recoverable amount of an asset is the greater of its fair value less disposal cost and its value in use (the present value of the future cash flows that the asset is expected to generate). In determining value in use, the present value of future cash flows is discounted using a discount rate that reflects current market assessments of the time value of money in relation to the period of the investment and the risks specific to the asset concerned.

The carrying value represents each CGU's specific assets, as well as the right-of-use assets, plus an allocation of corporate assets where these assets can be allocated on a reasonable and consistent basis.

Where the carrying value exceeds the recoverable amount an impairment loss is established with a charge being made to the income statement. When the reasons for a write down no longer exist, the write down is reversed in the income statement up to the net book value that the relevant asset would have had if it had not been written down and if it had been depreciated.

Measuring recoverable amounts

The Group estimates the recoverable amount of each CGU based on the greater of its fair value less disposal cost and its value in use (VIU), derived from a discounted cash flow model which excludes IFRS 16 lease payments. In assessing the fair value less disposal cost the ability to sublease each store has been considered and it is concluded that this is not applicable for the majority of the store estate. Where it is deemed reasonable to assume the ability to sublet, the potential cash inflows generated are insignificant; therefore, the VIU calculation is used for all stores. The key assumptions applied by management in the VIU calculations are those regarding the growth rates of sales and gross margins, medium-term growth rates, central overhead allocation and the discount rate used to discount the assumed cash flows to present value.

Projected cash flows for each store are limited to the useful life of each store as determined by its current lease term unless a lease has already expired or is due to expire within 12 months of 3 May 2026 where the intention is to remain in the store and renew the lease. For these leases, the average portfolio lease term is used for cash flow projections.

Impairment triggers

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

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

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

14. Property, plant and equipment continued

Key assumptions

The key financial assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of current market conditions and future trends and have been based on historical data from external and internal sources. Management determined the values assigned to these financial assumptions as follows:

The post-tax discount rate is derived from the Group's weighted average cost of capital, which has been estimated using the capital asset pricing model, the inputs of which include a Company risk-free rate, an equity risk premium, a Group size premium, a forecasting risk premium and a risk adjustment (beta). The discount rate is compared to the published discount rates of comparable businesses and relevant industry data prior to being adopted. The post-tax discount rate is then used to derive an equivalent pre-tax discount rate.

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

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

Cash flow forecasts are derived from the most recent Board-approved corporate plans that form the Base Case on which the VIU calculations are based. These are described in Note 1(b)(i) Going concern.

The assumptions used in the estimation of future cash flows are:

- Rates of growth in sales and gross margins, which have been determined on the basis of the factors described in Note 1(b)(i) (Going concern).
- Central costs are reviewed to identify amounts which are necessarily incurred to generate the CGU cash flows. As a result of the analysis performed at the end of FY26, 86% (FY25: 84%) of central costs have been allocated by category using appropriate volumetrics.

Cash flows beyond the corporate plan period (FY29 and beyond) have been determined using the medium-term growth rate; this is based on management's future expectations, reflecting, amongst other things, current market conditions and expected future trends and has been based on historical data from both external and internal sources. Immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments are included within the cash flows. The useful economic lives of store assets are short in the context of climate change scenario models; therefore, no medium to long-term effects have been considered.

Impairment of intangible assets, property, plant and equipment and right-of-use assets

During FY26, an impairment charge of £648k was recognised against 20 stores with a recoverable amount of £109k (FY25: an impairment charge of £2,612k was recognised against 87 stores with a recoverable amount of £13,115k, and an impairment charge of £nil was recognised against the website). An impairment reversal of £215k has been recognised in FY26 relating to 7 stores with a recoverable amount of £566k as at 3 May 2026, (FY25: an impairment reversal of £8,582k was recognised relating to 253 stores with a recoverable amount of £72,408k) (see Notes 13, 14 and 15).

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

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

Sensitivity analysis

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

14. Property, plant and equipment continued
Sensitivity analysis continued

Property, plant and equipment

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

1 During FY26 the Group reviewed assets on the fixed asset register with a £nil net book value. Following this review, fixed assets with a cost and accumulated depreciation of £3,642k were deemed to no longer be in use by the Group and have therefore been disposed of. The totals disposed of by category were as follows: £359k leasehold improvements; £151k plant and equipment; and £3,132k fixtures and fittings.

	Leasehold improvements £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 5 May 2024	5,818	3,763	19,072	28,653
Additions	721	510	2,618	3,849
Disposals[1]	(2,376)	(327)	(4,352)	(7,055)
At 4 May 2025	4,163	3,946	17,338	25,447
Depreciation and impairment				
At 5 May 2024	4,149	3,138	9,008	16,295
Depreciation charge	746	650	2,458	3,854
Impairment charge	193	119	151	463
Impairment reversals	–	–	(975)	(975)
Disposals	(2,270)	(323)	(4,180)	(6,773)
At 4 May 2025	2,818	3,584	6,462	12,864
Net book value				
At 5 May 2024	1,669	625	10,064	12,358
At 4 May 2025	1,345	362	10,876	12,583

1 During FY25 the Group reviewed assets on the fixed asset register with a £nil net book value. Following this review, fixed assets with a cost and accumulated depreciation of £6,482k were deemed to no longer be in use by the Group and have therefore been disposed of. The totals disposed of by category were as follows: £2,332k leasehold improvements; £296k plant and equipment; and £3,854k fixtures and fittings.

15. Leases

Accounting policy

The Group leases many assets, including properties, IT equipment and warehouse equipment.

Identification

At the inception of a contract, the Group assesses whether it is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an asset for a period of time, in exchange for consideration. Control is conveyed where the Group has both the right to direct the asset's use and to obtain substantially all the economic benefits from that use. For each lease or lease component, the Group follows the lease accounting model as per IFRS 16, unless the permitted recognition exceptions can be used.

Recognition exceptions

The Group has elected to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following types of leases:

- Leases with a term of 12 months or less.
- Leases where the underlying asset has a low value.
- Concession leases where the landlord has substantial substitution rights.

For leases where the Group has taken the short-term lease recognition exemption and there are any changes to the lease term or the lease is modified, the Group accounts for the lease as a new lease.

For leases where the Group has taken a recognition exemption as detailed above, rentals payable under these leases are charged to the income statement on a straight-line basis over the term of the relevant lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

As lessee

Upon lease commencement, the Group recognises a right-of-use asset and a lease liability.

Initial measurement

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset or the site on which it is located at the end of the lease, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the incremental borrowing rate as the rate implicit in the lease cannot be readily determined.

Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability and are initially measured using the index or rate as at the commencement date. Amounts expected to be payable by the Group under residual value guarantees are also included. Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs unless the costs are included in the carrying amount of another asset under another accounting standard.

The Group has exercised judgement in determining the lease term for contracts that include renewal options. The most significant judgements relate to the store estate, where management considers factors including store profitability, contractual renewal and break options, and the Group's strategic plans for each location. The lease portfolio is reviewed at least bi-annually to assess renewal decisions. Right-of-use assets and lease liabilities are remeasured where it is considered probable that a lease renewal will be agreed, even if not finalised at the reporting date. During the period, modifications to right-of-use assets amounted to £0.5m, with a corresponding adjustment of £0.4m to lease liabilities.

The payments related to leases are presented under cash flows from financing activities and cash flows from operating activities in the cash flow statement.

Subsequent measurement

After lease commencement, the Group values right-of-use assets using a cost model. Under the cost model, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured to reflect changes in the lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); and future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The re-measurements are matched by adjustments to the right-of-use asset. Lease modifications may also prompt re-measurement of the lease liability unless they are determined to be separate leases.

Depreciation of right-of-use assets

The right-of-use asset is subsequently depreciated using the straight-line method, from the commencement date to the earlier of either the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

15. Leases continued

As lessee continued

Determining the lease term

Termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility. At the commencement date of property leases, the Group determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised. Leases will be revalued if it becomes likely that a break clause is to be exercised. In determining the likelihood of the exercise of a break option, management considers all facts and circumstances that create an economic incentive to exercise the termination option. For property leases, the following factors are the most relevant:

- The profitability of the leased store and future plans for the business.
- Any significant penalties to exit the lease.

(i) Amounts recognised in the statement of financial position

Right-of-use assets

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

	Land and buildings £000	Plant and equipment £000	Total £000
2025			
At 5 May 2024	57,309	394	57,703
Depreciation charge for the year	(18,180)	(205)	(18,385)
Additions to right-of-use assets[1]	17,589	192	17,781
Effect of modifications to right-of-use assets	1,267	–	1,267
Derecognition of right-of-use assets	(2,163)	–	(2,163)
Impairment charge	(2,180)	–	(2,180)
Impairment reversals	7,807	–	7,807
At 4 May 2025	61,449	381	61,830

The total impairment charge/reversal and profit on disposal of right-of-use assets and liability is in Adjusting items.

Lease liabilities

	Land and buildings £000	Plant and equipment £000	Total £000
2026			
At 4 May 2025	74,545	385	74,930
Additions to lease liabilities[1]	26,502	–	26,502
Interest expense	4,653	16	4,669
Effect of modifications to lease liabilities	400	–	400
Lease payments	(24,203)	(147)	(24,350)
Disposals of lease liabilities	(339)	–	(339)
Foreign exchange movements	53	–	53
At 3 May 2026	**81,611**	**254**	**81,865**

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

15. Leases continued

(i) Amounts recognised in the statement of financial position continued

Lease liabilities continued

	Land and buildings £000	Plant and equipment £000	Total £000
2025			
At 5 May 2024	77,336	424	77,760
Additions to lease liabilities[1]	17,663	177	17,840
Interest expense	4,082	19	4,101
Effect of modifications to lease liabilities	1,014	–	1,014
Lease payments	(24,196)	(235)	(24,431)
Disposals of lease liabilities	(1,318)	–	(1,318)
Foreign exchange movements	(36)	–	(36)
At 4 May 2025	74,545	385	74,930

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

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

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

Maturity analysis – contractual undiscounted cash flows

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

(ii) Amounts recognised in the consolidated income statement

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

Depreciation of right-of-use asset by class:

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

16. Deferred tax

Recognised deferred tax assets/liabilities

Deferred tax assets are attributable to the following:

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

Movement in deferred tax during the year

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

Movement in deferred tax during the prior year

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

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

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

17. Inventories

Accounting policy

Inventories comprise stocks of finished goods for resale and are valued on a weighted average cost basis and carried at the lower of cost and net realisable value. Cost includes all direct expenditure and other attributable costs incurred in bringing inventories to their present location and condition.

The process of purchasing inventories may include the use of cash flow hedges to manage foreign exchange risk. Where hedge accounting applies, an adjustment is applied such that the cost of stock reflects the hedged exchange rate.

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

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

Write downs of inventories to net realisable value amounted to £0.3m (FY25: £0.3m). These were recognised as an expense during the period ended 3 May 2026 and included in cost of goods sold. There were no reversals of previous inventory write downs.

17. Inventories continued

Stock was valued at £33.1m at the end of the period (FY25: £35.0m) a decrease of £1.9m. The higher gross stock holding compared with the prior year primarily reflects lower online sales volumes during the year, reflecting excess website stock following the Group's move to a non-transactional website in March 2026.

Stock provisions

The Group makes provisions in relation to stock quantities, due to potential stock losses not yet reflected in the accounting records, commonly referred to as unrecognised shrinkage, and in relation to stock value, where the net realisable value of an item is expected to be lower than its cost, due to obsolescence.

Shrinkage provision

During FY26, full four-wall counts were performed in 499 stores during a wave of year end counts between February and May. Through these counts, the Group established that its accounting records reflected the actual quantities of stock in stores. This process also provides the Group with an indication of the typical percentage of stock loss, which is used to calculate, by extrapolation, unrecognised shrinkage at the balance sheet date. The stock records were updated to reflect the results of the stock counts and the unrecognised shrinkage provision amounted to £0.6m (FY25: £0.6m). The provision relates to store stock with a value of £23.3m (FY25: £21.8m).

Obsolescence provision

The Group's inventory does not comprise a large proportion of stock with a 'shelf life'. Stock lines which are slow selling because they have been less successful than planned, or which have sold successfully and become fragmented as they reach the natural end of their planned selling period, are usually discounted and sold during 'sale' events, for example the January sale. This stock is referred to as terminal stock. Specific product lines are also reviewed where there is a known history of slow movement of stock.

The increase in the obsolescence provision reflects higher terminal stock levels, including the impact of the online channel closure and specific product categories identified through management's stock review process. Consequently, the obsolescence provision has increased to £1.2m (FY25: £0.5m).

The Group has also considered the impact of customer preferences and ESG considerations on potential stock obsolescence, and these factors are not deemed to have a material impact on the level of provision required.

18. Trade and other receivables

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

Trade receivables primarily comprise amounts due from credit card transactions that have been authorised but not yet settled in the Group's bank account and are classified as financial assets at amortised cost. At the reporting date, this balance amounted to £2.0m (FY25: £1.7m). Prior to the closure of the Group's transactional website, credit was extended to a limited number of business-to-business customers; therefore, these balances have been fully provided for at the end of FY26. Credit risk is considered low, as the majority of receivables relate to short settlement-cycle card transactions, with only minimal exposure to business-to-business customers therefore no loss allowance has been recorded at the period end (FY25: £nil).

Other receivables relate to deposits paid for stock on water and other accounts payable debit balances. Prepayments relate to prepaid property costs and other expenses.

19. Cash and cash equivalents

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

The Group's cash and cash equivalents are denominated in the following currencies:

	FY26 £000	FY25 £000
Sterling	**(1,202)**	(5,575)
Euro	**325**	610
US dollar	**4,475**	9,083
Cash and cash equivalents	**3,598**	4,118

At 3 May 2026, the Group held net cash (excluding lease liabilities) of £3.6m (FY25: £4.1m).

20. Borrowings

Accounting policy

Interest-bearing bank loans and overdrafts, loan notes and other loans are recognised in the balance sheet at amortised cost. Finance charges associated with arranging non-equity funding are recognised in the income statement over the life of the facility. All other borrowing costs are recognised in the income statement in accordance with the effective interest rate method. A summary of the Group's objectives, policies, procedures and strategies with regard to financial instruments and capital management can be found in Note 25. At 3 May 2026 and 4 May 2025 all borrowings were denominated in Sterling.

For the period ended 3 May 2026, the Group's bank facilities comprised a revolving credit facility of £20.0m (FY25: £20.0m) expiring on 30 November 2026, which was renewed following the period end (Note 1(b)(i)). Although the RCF was undrawn at the period end, it remains an important source of liquidity during the annual peak stock build ahead of Christmas trading.

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

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

Reconciliation of borrowings to cash flows arising from financing activities

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

1 Within the period, up to £9.0m was drawn under the Group's RCF and repaid in full by the period end.

Net debt reconciliation

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

21. Trade and other payables

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

Trade payables principally comprise amounts outstanding for stock and operating cost suppliers.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Accrued expenses comprise various accrued property costs, payroll costs and other expenses.

The Group has net US dollar denominated trade and other payables of £3.8m (FY25: £5.6m).

22. Provisions

Accounting policy
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are the best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

	Property & Total £000
At 4 May 2025	1,448
Provisions made	1,343
Provisions released	(534)
Provisions utilised	(300)
At 3 May 2026	**1,957**

Maturity analysis of cash flows:

	Property & Total £000
Due in less than one year	466
Due between one and five years	1,023
Due in more than five years	468
Total	**1,957**

Property provision
The property provision reflects the Group's best estimate of dilapidation obligations arising across its leased store estate. Dilapidation obligations represent the costs expected to be incurred in returning properties to the condition required under the relevant lease agreements at the end of the lease term. The provision is assessed on a store-by-store basis, taking account of the specific obligations contained within each lease, the current condition of the property, management's planned exit strategy, historical settlement experience and, where appropriate, advice from property specialists.

The estimated liability for each property is based on the expected scope of reinstatement, repair and redecoration works required on lease expiry or surrender, together with any associated professional fees. The timing of settlement is determined by the expected lease exit date, taking account of lease expiries, break clauses and management's current property plans.

Significant judgement is required in determining both the amount and timing of expected cash outflows. Key sources of estimation uncertainty include the ultimate scope of works that may be agreed with landlords, future construction and labour costs, the condition of stores at the date of exit, changes in lease strategy and the timing of lease termination or surrender. Actual settlement amounts may therefore differ from those estimated, and such differences could be material to future reporting periods. Management reviews the provision at each reporting date and updates assumptions where new information becomes available.

23. Defined contribution pension plans

Accounting policy

A defined contribution pension plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the period during which services are rendered by employees.

The Group operates a defined contribution pension scheme. The pension cost for the period represents contributions paid and payable by the Group to the scheme for services rendered by employees during the period and amounted to £1,225k (FY25: £1,125k).

At the end of the period contributions of £710k (FY25: £683k) were outstanding.

24. Share capital and reserves

Ordinary shares are classified as equity. The following describes the nature and purpose of each reserve within equity:

- **Share premium account:** Proceeds received in excess of the nominal value of shares issued, net of any transaction costs.
- **Hedging reserve:** Cumulative gains and losses on hedging instruments deemed effective in cash flow hedges.
- **Merger reserve:** Created in 2018 on the formation of TheWorks.co.uk plc, it represents the difference between the cost of the investment in The Works Investment Limited (and its subsidiaries, The Works Stores Limited and The Works Online Limited) of £51,499,891 and the nominal value of the ordinary shares issued in exchange of £109.
- **Share-based payment reserve:** Represents the cumulative charges to income under IFRS 2 share-based payments on all equity-settled share options granted, net of exercises.
- **Retained earnings:** All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

	FY26 Number 000	FY25 Number 000
Share capital		
Allotted, called up and fully paid ordinary shares of 1p:		
At the start of the period	**62,500**	62,500
Issued in the period	**–**	–
At the end of the period	**62,500**	62,500

	FY26 £000	FY25 £000
Share capital		
At 5 May 2024, 4 May 2025 and 3 May 2026	**625**	625
Share premium		
At 5 May 2024, 4 May 2025 and 3 May 2026	**28,322**	28,322

During the period, the Employee Benefit Trust purchased £66k (FY25: £524k) of the Company's shares for the purpose of satisfying future employee share-based payment awards. The EBT holds shares to satisfy future employee share-based payment awards; these shares are treated as own shares and deducted from equity until transferred to employees on vesting or exercise.

Investment in own shares

At 3 May 2026, the Employee Benefit Trust held 2,705,500 (FY25: 3,124,907) of the Company's shares.

The Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 3 May 2026 was £1,197,184 (FY25: £778,102). In the current period, 266,938 (FY25: 2,343,606) were repurchased and transferred into the Trust, with 686,345 (FY25: 301,500) reissued on exercise of share options.

25. Financial instruments

Accounting policy

Non-derivative financial assets

Non-derivative financial assets comprise trade and other receivables and cash and cash equivalents. The Group classifies all its non-derivative financial assets as financial assets at amortised cost. Financial assets at amortised cost are initially measured at fair value plus directly attributable transaction costs, except for trade and other receivables without a significant financing component that are initially measured at transaction price. Subsequent to initial recognition, non-derivative financial assets are carried at amortised cost using the effective interest method, subject to impairment.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group measures loss allowances at an amount equal to lifetime expected credit loss.

Cash and cash equivalents comprise cash in hand, at bank and on short-term deposit for less than three months. Bank overdrafts, within borrowings, that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement.

25. Financial instruments continued

Accounting policy continued

Non-derivative financial liabilities

Non-derivative financial liabilities comprise bank borrowings and trade and other payables. Non-derivative financial liabilities are initially recognised at fair value, less any directly attributable transaction costs, and subsequently stated at amortised cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments are mandatorily categorised as fair value through profit or loss (FVTPL), except to the extent they are part of a designated hedging relationship and classified as cash flow hedging instruments. The Group utilises foreign currency derivative contracts to manage the foreign exchange risk on future US dollar denominated purchases.

Gains and losses in respect of foreign exchange derivative financial instruments that are not part of an effective hedging relationship are recognised within cost of sales and net finance expense.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships and applies a hedge ratio of 1:1. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in the hedging reserve separately as costs of hedging.

When foreign exchange hedged forecast transactions subsequently result in the recognition of inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the inventory.

Hedging gains and losses and costs of hedging transferred to the cost of inventory in the year were £425k (FY25: £424k).

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is included in the cost of inventory on its initial recognition.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Fair value estimation

The techniques applied in determining the fair values of financial assets and liabilities are disclosed below.

Foreign currency

The consolidated financial statements are presented in pounds sterling, which is the functional currency of the Group.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. The majority of currency transactions that are not in the functional currency of the trading entity relate to inventory purchases. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within cost of sales, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign currency gains and losses are reported on a net basis.

The Group is exposed to foreign currency risk, most significantly to the US dollar as a result of sourcing certain products which are paid for predominantly in US dollars. The Group hedges these exposures using forward foreign exchange contracts and hedge accounting is applied when the requirements of IFRS 9 are met, which include that a forecast transaction must be 'highly probable'. The Group has applied judgement in assessing whether the forecast purchases remain 'highly probable'.

The Group's US dollar hedging programme is designed to provide greater certainty over the sterling cost of imported product purchases and to reduce volatility in product margin. The Group's policy is to fully hedge the forecast US dollar purchase requirements nine months in advance, and approximately 50% of the requirement for the period 9 to 12 months in advance (up to 100% may be hedged but there is no requirement to do so). Between 12 and 24 months in advance of purchase requirements up to 50% may be hedged. As a result of this progressive strategy, reducing the supply pipeline of inventory, should this occur, does not immediately lead to over-hedging and the disqualification of 'highly probable'. If the forecast transactions were no longer expected to occur, any accumulated gain or loss on the hedging instruments would be immediately reclassified to profit or loss.

25. Financial instruments continued

Financial risk management

The Board has overall responsibility for managing risks and uncertainties and these are reviewed on an ongoing basis. The principal financial risks faced by the Group include market risk, currency risk, cash flow interest rate risk, credit risk and liquidity risk. In order to manage the Group's exposure to these risks, in particular the Group's exposure to currency risk, the Group enters into forward foreign currency contracts. No transactions in derivatives are undertaken for speculative purposes.

Further details of the Group's approach to managing risk are included in the principal risks and uncertainties section of the Strategic report and in the Corporate governance report.

(a) Market risk

The Group's activities expose it to two types of market risk, being currency risk and cash flow interest rate risk. The Group's policies for managing currency risk and interest rate risk are set out below.

(i) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated. A significant proportion of the Group's retail products are procured from overseas suppliers in transactions denominated in US dollars.

The Group uses foreign currency derivative contracts and US dollar denominated cash balances to manage the foreign exchange risk on US dollar denominated inventory purchases.

As described above, the Group takes a prudent, but flexible, approach to hedging the risk of exchange rate fluctuations. At 3 May 2026, the Group held forward contracts with a nominal value of $69.0m (FY25: $59.8m), $36.8m of which matures within FY27 and $32.2m within FY28. These contracts have an average forward rate of $1.304 (FY25: $1.278).

Exposure to currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	FY26 £000	FY25 £000	**FY26 £000**	FY25 £000
US dollar	**3,841**	5,560	**4,475**	9,083
Euro	**298**	343	**647**	829

Currency sensitivity analysis

The Group is exposed to the US dollar and, to a significantly lesser extent, the euro.

The following table details the Group's sensitivity to a 10% increase or decrease in sterling against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where sterling strengthens 10% against the relevant currency. For a 10% weakening of sterling against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	USD impact		Euro impact	
	FY26 £000	FY25 £000	**FY26 £000**	FY25 £000
(Loss)/profit for the period	**(58)**	(320)	**(32)**	(44)

This is mainly attributable to the exposure outstanding on US dollar and euro cash balances held, trade payables and other accruals at the reporting date.

The sensitivity analysis above represents the inherent foreign exchange risk as at the year end, but is not reflective of the exposure, and therefore the profit impact, to foreign currency exchange movements during the year.

(ii) Interest rate risk

The Group is also exposed to the effects of fluctuations in the interest rate on its banking facility. The sensitivity analysis below has been determined based on an increase in the interest rate of 1.0% on the average cash balances throughout the year.

	FY26 £000	FY25 £000
Variable rate instruments (100 bp increase)	**39**	29
Variable rate instruments (100 bp decrease)	**(39)**	(29)

25. Financial instruments continued

Financial risk management continued

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group does not offer any credit to customers; therefore, the credit risk with respect to exposure to customers is low.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of the financial assets recorded in the financial statements represents the Group's and the Company's exposure to credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(d) Capital management

The Group's objective when managing capital (which is deemed to be share capital and borrowings) is to maximise the return on net invested capital while maintaining its ongoing ability to operate and guarantee adequate returns for shareholders and benefits for other stakeholders, within a sustainable financial structure. The Group monitors its gearing ratio on a regular basis and makes appropriate decisions in light of the current economic conditions and strategic objectives of the Group.

There were no changes in the Group's approach to capital management during the period. The Group does not have any externally imposed capital requirements. The funding requirements of the Group are met by cash generation from trading and the utilisation of external borrowings.

The following tables detail the Group's remaining contractual maturity for its financial assets and liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows, excluding interest, based on the earliest date on which the Group can be required to pay.

Contractual maturity of financial liabilities

	Within 1 year £000	1-5 years £000	5+ years £000	Total £000
At 3 May 2026				
Non-derivative				
Non-interest bearing	**24,736**	**1,022**	**469**	**26,227**
Lease liabilities (undiscounted cash flows)	**22,663**	**56,612**	**18,291**	**97,566**
Derivatives				
Forward currency contracts	**1,035**	**210**	**–**	**1,245**
	48,434	**57,844**	**18,760**	**125,038**
At 4 May 2025				
Non-derivative				
Non-interest bearing	29,387	309	342	30,038
Lease liabilities (undiscounted cash flows)	22,375	48,243	17,325	87,943
Derivatives				
Forward currency contracts	1,879	–	–	1,879
	53,641	48,552	17,667	119,860

Hedge accounting

The Group ensures that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and applies a qualitative and forward-looking approach to assessing hedge effectiveness.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- The effect of counterparties and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates.
- Changes in the timing of the hedged transactions.

25. Financial instruments continued

Fair value measurements

Financial instruments carried at fair value are measured by reference to the following fair value hierarchy, based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments are carried at fair value under a Level 2 valuation method. All other financial instruments carried at fair value are measured using the Level 1 valuation method.

There were no transfers between the levels during the current or prior year.

Derivative financial instruments

The fair value of derivative financial instruments at the balance sheet date is as follows:

	FY26 £000	FY25 £000
Net derivative financial instruments		
Foreign exchange contracts	**(1,245)**	(1,879)

Classification of financial instruments

The table below shows the classification of financial assets and liabilities as at 3 May 2026.

The fair value of financial instruments has been assessed as approximating to their carrying value.

	Mandatorily at FVTPL £000	**Cash flow hedging instruments £000**	**Financial assets at amortised cost £000**	**Other financial liabilities £000**
At 3 May 2026				
Financial assets measured at fair value				
Derivative financial instruments	**–**	**–**	**–**	**–**
Financial assets not measured at fair value				
Trade and other receivables	**–**	**–**	**5,949**	**–**
Cash and cash equivalents	**–**	**–**	**3,598**	**–**
Financial liabilities measured at fair value				
Derivative financial instruments	**–**	**(1,245)**	**–**	**–**
Financial liabilities not measured at fair value				
Lease liabilities	**–**	**–**	**–**	**(81,865)**
Trade and other payables	**–**	**–**	**–**	**(28,286)**
	–	**(1,245)**	**9,547**	**(110,151)**

	Mandatorily at FVTPL £000	Cash flow hedging instruments £000	Financial assets at amortised cost £000	Other financial liabilities £000
At 4 May 2025				
Financial assets measured at fair value				
Derivative financial instruments	–	–	–	–
Financial assets not measured at fair value				
Trade and other receivables	–	–	6,149	–
Cash and cash equivalents	–	–	4,118	–
Financial liabilities measured at fair value				
Derivative financial instruments	–	(1,879)	–	–
Financial liabilities not measured at fair value				
Lease liabilities	–	–	–	(74,930)
Trade and other payables	–	–	–	(32,851)
	–	(1,879)	10,267	(107,781)

26. Equity-settled share-based payment arrangements

The Group operates share-based schemes to support retention and align eligible employees and senior leaders with shareholder value creation over the vesting period.

Accounting policy

The Group operates equity-settled share-based compensation plans, granting awards that contain both service and performance conditions (both market and non-market based).

Equity-settled share-based payments are measured at fair value at the date of grant. The cost of the awards to employees is expensed to the income statement, together with a corresponding adjustment to equity, on a straight-line basis over the vesting period of the award. The total income statement charge is based on the Company's estimate of the number of share awards that will eventually vest in accordance with the vesting conditions. Any revision to estimates is recognised in the income statement, with a corresponding adjustment to equity.

During FY26, the Group had three (FY25: three) share-based payment schemes, which are described below.

TheWorks.co.uk Long-Term Incentive Plan (LTIP)

Further details of the Group's LTIP arrangements are included in the Directors' remuneration report. The LTIP rules provide for the grant of performance related and restricted awards.

The LTIP awards are subject to a three-year vesting period and will usually only vest following the satisfaction of performance conditions. Vested shares will not be released until the end of an additional holding period of two years beginning on the vesting date. Performance measures under the LTIP are based on financial measures. For FY26, the vesting conditions require three years' service from the grant date, the achievement of an EBITDA target and a share price target (FY25 awards: three years' service from the grant date and the achievement of an EBITDA target and a share price target).

Restricted stock awards (RSA)

Restricted stock awards have previously been granted to certain employees, with a three-year vesting period. Restricted share awards are not subject to performance conditions.

Save As You Earn Scheme (SAYE)

A Save As You Earn Scheme is established which is a UK tax-qualified scheme under which eligible employees (including Directors) may save up to a maximum monthly limit of £250 (as determined by the Remuneration Committee) over a period of three years. Participants are granted an option to acquire shares at up to a 20% discount to the price as at the date of grant. The number of shares under option is that which can be acquired at that price using savings made.

	LTIP	RSA	SAYE
Number of share options			
Outstanding at 4 May 2025	5,967,024	1,105,760	1,780,314
Granted	2,241,618	40,000	–
Forfeited	–	(113,183)	(146,010)
Lapsed	(1,190,918)	–	(472,985)
Exercised	–	(295,454)	(386,044)
Outstanding at 3 May 2026	**7,017,724**	**737,123**	**775,275**

	LTIP	RSA	SAYE
Weighted average exercise price (£)			
Outstanding at 4 May 2025	–	–	0.33
Granted	–	–	–
Forfeited	–	–	0.33
Lapsed	–	–	0.33
Exercised	–	–	0.36
Outstanding at 3 May 2026	**–**	**–**	**0.30**
Weighted average remaining contractual life (years)	1.37	0.46	0.25

The exercise prices of outstanding share options as at 3 May 2026 range from £0.01 to £0.36.

Fair value of awards

The fair value of awards granted during the current and prior periods have been measured using the Monte Carlo simulation model for LTIP awards and the Black-Scholes model for SAYE, assuming the inputs below.

26. Equity-settled share-based payment arrangements continued

Save As You Earn Scheme (SAYE) continued

Fair value of awards continued

	FY26		FY25	
	LTIP	SAYE	LTIP	SAYE
Number of awards granted	**2,241,618**	**–**	833,344	–
Fair value at grant date	**£0.19**	**–**	£0.06	–
Share price at grant date[1]	**£0.43**	**–**	£0.23	–
Exercise price[1]	**£0.01**	**–**	£0.01	–
Expected volatility	**59%**	**–**	57%	–
Expected term (years)	**2-3**	**–**	2–3	–
Risk-free interest rate	**4.1%**	**–**	4.0%	–

1 The exercise price for SAYE awards is set at a 20% discount to an average market price determined in accordance with scheme rules. The share price at the grant date is the closing price on the grant date. The outstanding SAYE awards as at 3 May 2026 have an exercise price ranging from £0.28 to £0.36. No SAYE scheme was granted in FY26.

Expense recognised in the income statement

	FY26 £000	FY25 £000
LTIP	**367**	214
RSA	**64**	128
SAYE	**63**	11
Total IFRS 2 charge/(credit)	**494**	353

27. Capital commitments

Capital commitments primarily relate to planned investment in store and technology infrastructure committed before the period end but not yet incurred.

At 3 May 2026 the Group had capital commitments of £8k (FY25: £54k).

28. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

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

Further details of Directors' remuneration are set out in the Directors' remuneration report on pages 53 to 59.

The compensation of key management personnel (including the Directors) is as follows:

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

Further details on the compensation of key management personnel who are Directors are provided in the Group's Directors' remuneration report.

29. Subsidiary undertakings

The results of all subsidiary undertakings are included in the consolidated financial statements. TheWorks.co.uk plc is the listed parent company, with trading activities carried out through The Works Stores Limited.

The principal place of business and the registered office addresses for the subsidiaries are the same as for the Company.

Company	Active/ dormant	Direct/ indirect control	Registered number	Class of shares held	Ownership
The Works Investments Limited	Holding	Direct	09073458	Ordinary	100%
The Works Stores Limited	Active	Indirect	06557400	Ordinary	100%
The Works Online Limited	Active	Indirect	08040244	Ordinary	100%
The Works Retail Limited[1]	Active	Direct	17325663	Ordinary	100%

1 Further information is shown in Note 31.

30. Contingent liabilities

HMRC enquiry regarding corporation tax

In March 2024, the Group submitted overpayment relief claims to HMRC. The adjustments to the previously filed positions arose as a result of prior year adjustments booked in the FY23 and FY24 financial statements of The Works Stores Limited, which increased the amount of trading losses in those years. HMRC has challenged the validity of these claims. The Group, supported by external advisers, believes its position is robust and expects the matter to be resolved in its favour. The liability should HMRC not accept the overpayment relief claims will result in the current tax debtor of £1.9m becoming a liability in the range of £1.6m to £2.8m, with a corresponding adjustment to profit after tax. No provision has been made as the likelihood of an outflow of economic resources is not considered probable.

The Group has no other contingent liabilities.

31. Post balance sheet event

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

Company statement of financial position

As at 3 May 2026

	Note	FY26 £000	FY25 (Restated – Note 40) £000
Fixed assets			
Investment	35	**79,245**	61,575
		79,245	61,575
Current assets			
Trade and other receivables	36	**33**	7
		33	7
Total assets		**79,278**	61,582
Current liabilities			
Trade and other payables	37	**6,512**	5,790
Total liabilities		**6,512**	5,790
Net assets		**72,766**	55,792
Share capital	38	**625**	625
Share premium	38	**28,322**	28,322
Share-based payment reserve		**2,714**	2,274
Retained earnings		**41,105**	24,571
Total equity		**72,766**	55,792

The Company made a profit after tax for the year of £16.5m (FY25: profit after tax of £23.7m).

Accompanying notes that form part of these financial statements are on pages 110 to 113.

These financial statements were approved by the Board of Directors on 23 July 2026 and were signed on its behalf by:

Rosie Fordham
Chief Financial Officer
Company registered number: 11325534

Company statement of changes in equity

	Share capital £000	Share premium £000	Share-based payment reserve £000	Retained earnings £000	Total equity £000
Reported balance at 5 May 2024	625	28,322	2,583	705	32,235
Total comprehensive income for the period					
Profit for the period as restated (Note 40)	–	–	–	23,728	23,728
Total comprehensive income for the period	–	–	–	23,728	23,728
Transfer	–	–	(662)	662	–
Transactions with owners of the Company					
Share-based payment charge	–	–	353	–	353
Dividend	–	–	–	–	–
Own shares purchased by Employee Benefit Trust	–	–	–	(524)	(524)
Transactions with owners of the Company	–	–	353	(524)	(171)
Balance at 4 May 2025 (as restated)	625	28,322	2,274	24,571	55,792
Total comprehensive income for the period					
Profit for the period	**–**	**–**	**–**	**16,546**	**16,546**
Total comprehensive income for the period	**–**	**–**	**–**	**16,546**	**16,546**
Transfer	**–**	**–**	**(54)**	**54**	**–**
Transactions with owners of the Company					
Share-based payment charge	**–**	**–**	**494**	**–**	**494**
Dividend	**–**	**–**	**–**	**–**	**–**
Own shares purchased by Employee Benefit Trust	**–**	**–**	**–**	**(66)**	**(66)**
Transactions with owners of the Company	**–**	**–**	**494**	**(66)**	**428**
Balance at 3 May 2026	**625**	**28,322**	**2,714**	**41,105**	**72,766**

Accompanying notes that form part of these financial statements are on pages 110 to 113.

32. Accounting policies

(a) Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards (Adopted IFRSs) but makes amendments where necessary to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The financial statements have been prepared under the historical cost convention.

An Employee Benefit Trust (EBT) operated on the Company's behalf is acting as an agent of the Company; therefore, the assets and liabilities of the EBT are aggregated into the Company balance sheet and shares held by the EBT in the Company are presented as a deduction from equity.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of issue of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis. Refer to Note 1(b)(i) for further information regarding the basis of preparation.

Principal accounting policies

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(b) Income statement

The Company made a profit after tax of £16.5m (FY25: profit after tax of £23.7m) for the period primarily due to the reversal of impairment of the investment, net of administration expenses. As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of the financial statements.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of IAS 7 Statement of Cash Flows.
- Comparative period reconciliations for share capital.
- Transactions with wholly owned subsidiaries.
- Capital management.
- The effects of new but not yet effective IFRS.
- The compensation of key management personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 share-based payments in respect of Group-settled share-based payments.

(c) Key sources of estimation uncertainty

The preparation of financial statements requires the Company to make estimates and judgements that affect the application of policies and reported amounts.

Critical judgements represent key decisions made by management in the application of the Company accounting policies. Where a significant risk of materially different outcomes exists due to the requirement to make assumptions in arriving at a figure, this will represent a key source of estimation uncertainty.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next 12 months are discussed below.

Key sources of estimation uncertainty which are material to the financial statements are described in the context of the matters to which they relate in the following notes:

Description	Note	Page
Going concern	1(b)(i)	77 to 79
Impairment of investments in subsidiaries	35	111 and 112

33. Employee costs

The Company has no employees other than the Directors, whose remuneration is disclosed in the Directors' remuneration report.

34. Dividends

See Note 11 to the Group financial statements.

35. Investments in subsidiaries

Key source of estimation uncertainty

The carrying value of the investment in subsidiary undertakings is reviewed for impairment on an annual basis. The recoverable amount is determined based on value in use. The value in use method requires the Group to determine appropriate assumptions (which are key sources of estimation uncertainty) in relation to the growth rates of sales and gross margins, operating costs, future capital maintenance expenditure, long-term growth rates and the pre-tax discount rate used to discount the assumed cash flows to present value. Estimation uncertainty arises due to changing economic and market factors.

	£000
At 4 May 2025 as previously reported	55,938
Adjustment (Note 40)	5,637
At 4 May 2025 as restated	61,575
Additions	324
Impairment reversal	17,346
At 3 May 2026	**79,245**

Investments in subsidiaries represent the Company's investment in its subsidiary, The Works Investments Limited.

Prior year restatement

When performing the current year impairment review, management identified an error in the prior year calculation regarding the discount rate applied. As a result of this error, the reversal of a previously recognised impairment charge was understated. The prior year figures have therefore been restated to correct the error, resulting in an increase in the reversal of the impairment charge of £5.6m and a corresponding increase in the Company's net assets as at 4 May 2025.

Impairment of investments in subsidiaries

The Company evaluates its investments in subsidiaries annually for any indicators of impairment. The Company considers the relationship between its market capitalisation and the carrying value of its investments, among other factors, when reviewing for indicators of impairment.

As described above, key assumptions for the value in use calculation include those regarding the pre-tax discount rate, long-term growth rates and expected trading performance (sales, gross margin and operating costs). The value in use calculation is based on management's best estimates of the assumptions used in the discounted cash flow model, making it highly sensitive to changes in those assumptions.

The recoverable amount of the investment in The Works Investments Limited has been re-evaluated based on the Group's latest forecast post-tax cash flows included in its Base Case plan (see Note 1(b)(i)) which have regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cash flows. Management applies the Group's post tax discount rate from which it derives its pre-tax discount rate, which is disclosed below. The cash flows include estimates of ongoing capital expenditure required to maintain the store network but exclude any significant growth capital initiatives. The immediately quantifiable costs of short-term climate change risks and our net zero commitments have been included in the cash flows. Increased capital expenditure has been included in the medium-term cash flows to reflect anticipated technological investment that is likely to be required either due to climate risk or in meeting our net zero commitments.

Management estimates pre-tax discount rates that reflect the current market assessment of the time value of money and the risks specific to the Group. The pre-tax discount rate is derived from the Group's weighted average cost of capital, which has been estimated using the capital asset pricing model, the inputs of which include a Company risk-free rate, equity risk premium, Group size premium, forecasting risk premium and risk adjustment (beta). The FY26 pre-tax discount rate has been calculated on a pre-IFRS 16 basis; therefore, the cash flows used in the value in use calculation include the rental charge on a pre-IFRS 16 basis.

	FY26	FY25
Post-tax discount rate	**11.5%**	13.2%
Pre-tax discount rate	**16.6%**	18.2%
Long-term growth rate	**2%**	2%

As a result of this analysis, an impairment reversal of £17.3m (FY25: £24.4m) has been recognised during FY26. The events and circumstances giving rise to the impairment reversal during the year relate principally to the sustained improvement in the trading performance and profitability of the Group over the last two financial years. As a result of stronger EBITDA generation, improved cash flow performance and enhanced operational execution across the business, the value in use of the underlying operations has increased compared with that reflected in previous impairment assessments.

The Directors have continued to monitor the performance of the business closely and have implemented targeted operational initiatives to support sustainable profitability and long-term growth. Based on the latest trading performance and updated forecasts, management concluded that the recoverable amount of the Company's investment in its subsidiary undertaking had increased, resulting in the reversal of a portion of the impairment previously recognised against the investment.

35. Investments in subsidiaries continued

Sensitivity analysis

Whilst the Directors believe the assumptions adopted are realistic, reasonably possible changes in key assumptions could still occur, which could cause the recoverable amount of the investment to be lower or higher than the carrying amount. The impact on the net impairment charge recognised from reasonably possible changes in assumption are detailed below:

- A 200 basis point increase in the pre-tax discount rate would result in a decrease in the net impairment credit of £13,031k, while a 200 basis point decrease in the pre-tax discount rate would result in an increase in the net impairment credit of £2,295k, with the reversal being capped at historic cost.
- A 100 basis point decrease in the medium-term growth rate would result in a decrease in the net impairment credit of £5,961k, while a 100 basis point increase in the medium-term growth rate would result in an increase in the net impairment credit of £2,295k.
- A 100 basis points reduction in cash flows across the forecast period would result in a decrease in the net impairment credit of £7,565k, while a 100 basis point increase in the cash flows across the forecast period would result in an increase in the net impairment credit of £2,295k.

36. Trade and other receivables

	FY26 £000	FY25 £000
Prepayments and accrued income	**33**	7
Trade and other receivables	**33**	7

37. Trade and other payables

	FY26 £000	FY25 £000
Non-trade payables and accrued expenses	**–**	–
Accruals	**162**	32
Amounts owed to Group undertakings	**6,350**	5,758
Trade and other payables	**6,512**	5,790

Amounts owed to Group undertakings are non-interest bearing and repayable on demand. The increase in the balance relates to payroll costs of the Board being paid by The Works Stores Limited and the share option costs incurred during the period.

38. Share capital and share premium

Accounting policy

The following describes the nature and purpose of each reserve within equity:

- **Share premium account:** Proceeds received in excess of the nominal value of shares issued, net of any transaction costs.
- **Share-based payment reserve:** Represents the cumulative charges to income under IFRS 2 share-based payments on all share options and schemes granted, net of share option exercises.
- **Retained earnings:** All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

	FY26 Number 000	FY25 Number 000
Share capital		
Allotted, called up and fully paid ordinary shares of 1p:		
At the start of the period	**62,500**	62,500
Issued in the period	**–**	–
At the end of the period	**62,500**	62,500

	FY26 £000	FY25 £000
Share capital		
At 5 May 2024, 4 May 2025 and 3 May 2026	**625**	625
Share premium		
At 5 May 2024, 4 May 2025 and 3 May 2026	**28,322**	28,322

During the year, the Employee Benefit Trust purchased £66k (FY25: £524k) of the Company's shares for the purpose of satisfying future employee share-based payment awards.

38. Share capital and share premium continued

Investment in own shares

At 3 May 2026, the Employee Benefit Trust held 2,705,500 (FY25: 3,124,907) of the Company's shares.

The Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 3 May 2026 was £1,197,184 (FY25: £778,102). In the current period, 266,938 (FY25: 2,343,606) were repurchased and transferred into the Trust, with 686,345 (FY25: 301,500) reissued on the exercise of share options.

39. Equity-settled share-based payment arrangements

Accounting policy

The Group operates equity-settled share-based compensation plans, granting awards that contain both service and performance conditions (both market and non-market based).

Equity-settled share-based payments are measured at fair value at the date of grant. The cost of the awards to employees is expensed to the income statement, together with a corresponding adjustment to equity, on a straight-line basis over the vesting period of the award. The total income statement charge is based on the Company's estimate of the number of share awards that will eventually vest in accordance with the vesting conditions. Any revision to estimates is recognised in the income statement, with a corresponding adjustment to equity.

During FY26, the Group had three (FY25: three) share-based payment schemes, which are described below.

TheWorks.co.uk Long-Term Incentive Plan (LTIP)

Further details of the Group's LTIP arrangements are included in the Directors' remuneration report. The LTIP rules provide for the grant of performance related and restricted awards.

The LTIP awards are subject to a three-year vesting period and will usually only vest following the satisfaction of performance conditions. Vested shares will not be released until the end of an additional holding period of two years beginning on the vesting date. Performance measures under the LTIP are based on financial measures. For FY26, the vesting conditions require three years' service from the grant date, the achievement of an EBITDA target and a share price target (FY25 awards: three years' service from the grant date and the achievement of an EBITDA target, and a share price target).

Restricted stock awards (RSA)

Restricted stock awards have previously been granted to certain employees, with a three-year vesting period. Restricted share awards are not subject to performance conditions.

Save As You Earn Scheme (SAYE)

A Save As You Earn Scheme is established which is a UK tax-qualified scheme under which eligible employees (including Directors) may save up to a maximum monthly limit of £250 (as determined by the Remuneration Committee) over a period of three years. Participants are granted an option to acquire shares at up to a 20% discount to the price as at the date of grant. The number of shares under option is that which can be acquired at that price using savings made.

For more information, refer to Note 26.

Expense recognised in the Company income statement

	FY26 £000	FY25 £000
Share-based payment expenses		
Expense/(income) recognised in the Company income statement	**170**	222
Expense/(income) recognised in the subsidiary income statement	**324**	131
Total IFRS 2 charges recognised in the Group income statement	**494**	353

40. Prior period restatement

During the year, the Company identified an error in the calculation of the impairment of its investment recognised in the financial statements for the year ended 4 May 2025. As a result of this error, the reversal of a previously recognised impairment charge was understated. The prior year figures have therefore been restated to correct the error, resulting in an increase in the reversal of the impairment charge of £5.6m and a corresponding increase in the Company's net assets as at 4 May 2025. The adjustment has been accounted for as a prior year adjustment in accordance with IAS 8, and comparative amounts have been restated accordingly.

The impact of the correction on the affected financial statement line items is set out below.

	Note	FY25 £000	Adjustment £000	FY25 Restated £000
Fixed assets				
Investment in subsidiary	35	55,938	5,637	**61,575**
Retained earnings		18,934	5,637	**24,571**

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