



Affordable, screen-free activities, for the whole family

Annual Report and Accounts 2025



Time well spent



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

Strategic report

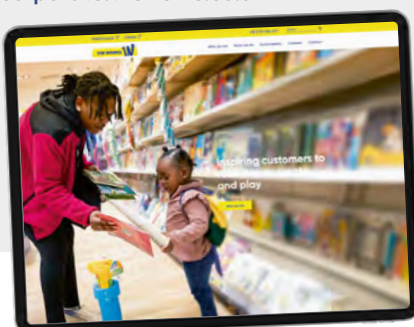
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A clear customer offering, with a refreshed strategy, building momentum and significant untapped growth potential in the value retail sector



1. Highly relevant purpose and meaningful ambition



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



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



4. Accessible and convenient multi-channel proposition



5. Significant market share growth potential across all key categories



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



7. Strong financial position

Our five-year financial goals

Sales in excess of £375m
(+35% from FY25)

EBITDA margins of at least 6%
(+76% from FY25)

➤ Read more about our financial goals on **pages 6 to 8**



➤ Visit our corporate website for more information corporate.theworks.co.uk/investors/investment-case/



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



Time well spent

MISSION

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

VALUES

Crafty, Caring, Can-Do

POSITIONING

Connecting people with feel-good ways to spend their time

Great value

FAMOUS FOR
Fantastic range

Screen-free activities

DELIGHTED to have got so much for so little

SO CUSTOMERS FEEL...
WOWED by what they have found

CONNECTED by doing things that make them feel good

Our new strategy 'Elevating The Works' will help us to achieve our purpose



Supported by our people and planet commitments



Introducing our new strategy

Our strategic drivers help us focus on the right actions to achieve our purpose



Grow our brand fame

The Works is a favourite destination among our loyal customers, but we want even more people to discover and love what we do.

What will we do?

- Promote The Works with creative marketing that highlights our brand and our Time Well Spent message.
- Improve our understanding of and engagement with new and existing customers.
- Continuously excite and delight customers with innovative products at great value all year round.
- Make every visit feel welcoming, family friendly, and full of inspiration.

What will it deliver?

We will attract and retain more loyal fans to our brand and deepen our understanding of our existing customers to better meet their needs.

Improve customer convenience

We want to attract and retain loyal customers by making it even easier for them to shop with us.

What will we do?

- Deliver our product offer and trading plans consistently and to high standards.
- Tailor store space to ensure our product ranges better meet the needs of local customers.
- Introduce The Works to more customers by opening stores in new communities.
- Enhance our multi-channel offer with a seamless in-store and online shopping experience.

What will it deliver?

We will improve customer experience by giving customers our amazing products where and when they want them.

Be a lean & efficient operator

To continue offering customers great value and making sustainable profits, we need to keep our costs low and be an increasingly lean and efficient business.

What will we do?

- Work with suppliers to improve our product margins.
- Transform the way we work, through new and improved systems and simplified processes.
- Reduce our operating costs, ensuring every penny is spent and invested wisely.
- Grow our average customer transaction values to maximise cost efficiency.

What will it deliver?

We will offer fantastic value to our customers while improving profit to support investing in The Works' long-term growth.

Our strategy is supported by our people and planet commitments



Highlights

Financial highlights

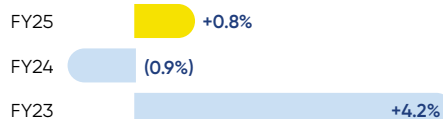
Revenue

£277.0m



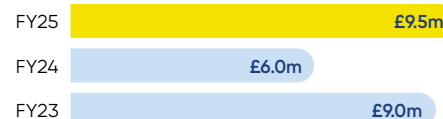
Like-for-like (LFL) sales variance¹

+0.8%



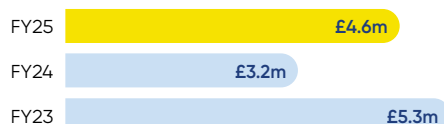
Non-IFRS 16 Adjusted EBITDA

£9.5m



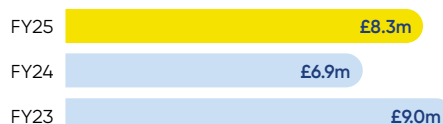
Adjusted PBT

£4.6m



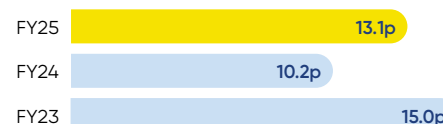
Profit before tax

£8.3m



Basic EPS

13.1p



Adjusted basic EPS

7.1p



¹ FY24 was a 53-week period; therefore, the LFL sales growth compares 52 weeks of FY25 to the equivalent 52 weeks of FY24.

Operational highlights

- Launched new strategy in January 2025, 'Elevating The Works' which has ensured the business has both a clear plan and ambitious targets to deliver a step-change in performance. The early success of the strategy is evident in the underlying sales growth, strong store performance and profit growth in FY25. Notable progress against our three strategic drivers is as follows:
 - Growing brand fame:** Launched a new approach to our customer campaigns, including more customer-focused events that drove footfall to stores and increased the all-year-round appeal of The Works, including a "Kids Favourites Event" featuring popular kids' characters (including Bluey and Peppa Pig) as well as a "Books are Magic" event, which was timed to coincide with World Book Day.
 - Improved customer convenience:** Improved store standards and consistency across the estate, which has been a key

driver of store LFL growth. Continued optimisation of store estate with 7 openings, 15 closures and 4 relocations, resulting in a higher-quality and more profitable portfolio of 503 stores (FY24: 511 stores).

- Being a lean and efficient operator:** Drove sustained product margin of 210bps, by reducing our cost of goods sold, through negotiations with suppliers, reduced markdown activity, more targeted promotional activity and control of product mix. Delivered significant cost savings in FY25 due to the annualised benefit of action taken in FY24. Undertook a cost transformation project in FY25, with over £2.0m of further annualised cost savings identified for FY26.
- Strengthened plc Board with the appointment of Steve Bellamy as Chair and Simon Hathway as an Independent Non-Executive Director.
- Placed 10th Best Big Company to Work For nationally by Best Companies™, up from 15th in the previous year, indicating strength of our culture and colleague engagement.

A year of significant change and strategic progress



Steve Bellamy
Chair

Introduction

In the 2024 Annual Report I spoke of the strategy being under review and action being taken at The Works. The last year can be characterised by both significant change and progress across the business. I am very pleased that, under Gavin's leadership and due to the collective efforts of everyone at The Works, we have a new strategy that is starting to deliver tangible results. This is not only benefiting our customers but is enhancing the fundamentals of the business and delivered a significantly improved financial performance in FY25. Momentum built in the second half of FY25, which has carried forward into the new financial year, providing confidence that the business is on the right track to make further gains in the years to come.

FY25 performance

The retail backdrop was challenging throughout FY25, characterised by geopolitical uncertainty, fragile consumer confidence and rising business costs, particularly following the UK Government's Autumn Budget. Despite this, The Works delivered a much-improved FY25 performance by focusing on factors within our control and driving incremental improvements across the business. The underlying performance was strong, driven particularly by our stores, which tracked consistently ahead of the wider market and saw like-for-like (LFL) store sales accelerate by 6.9% in Q4.

Although the business faced difficulties fulfilling online orders during peak, these issues were contained and the online performance improved significantly in Q4. Decisive action has already been taken, including the appointment of a new third-party provider, positioning the business well for the remainder of FY26 and beyond.

The sustained efforts throughout the year to reduce costs and grow product margins, together with strong sales growth post-Christmas, means The Works delivered profits in line with recently upgraded market expectations for FY25.

Strategy

Our new strategy, 'Elevating The Works', launched in January 2025, ensures the business now has a clear plan and ambitious targets to deliver a step-change in performance.

Excellent initial progress has been made on our three strategic growth drivers: growing our brand fame, improving customer convenience and being a lean and efficient operator. This transformation will take time, but momentum is building. As such, we remain on track to deliver sales in excess of £375m and EBITDA margin of at least 6% within five years.

Our Board and leadership

There have been a number of changes to the leadership at The Works over the last year. Our more streamlined Operating Board was embedded at the start of FY25 and we have also seen changes at plc Board level.

I joined The Works in July 2024, succeeding Carolyn Bradley as Chair, and have worked closely with Gavin and the leadership team to develop and ensure delivery of the new strategic plans and targets.

Three other Board members left The Works in FY25. I would like to thank Catherine Glickman for her six-year contribution to The Works and John Goold and Mark Kirkland, who joined the Board on a temporary basis to provide additional guidance during a period of change.

We further strengthened the plc Board, with Simon Hathway joining as an Independent Non-Executive Director in November 2024. His retail experience and counsel has already proved invaluable, including in the development and rollout of our new strategy.

Since the period end, Harry Morley announced his intention to step down as Senior Independent Non-Executive Director at the upcoming AGM. In line with the Board's succession plans, a recruitment process to identify Harry's successor is well advanced.

We wish Harry, and all our departed Board members, well and are confident that our refreshed Board will continue to deliver for the business and shareholders in the years ahead.

Capital distributions

We have not declared a final dividend for FY25 as we are focused on investing in our business and delivering our new strategy. Future shareholder distributions, including share buybacks, will continue to be assessed as profitability further improves, investment priorities develop and funding allows.

Outlook

The Board is mindful of continued cost headwinds in the year ahead; however, we are confident that we will see further LFL sales growth, realise further benefits from action to grow product margins, reduce costs and execute our new strategy effectively. As such, we expect further profit growth and are comfortable with external forecasts of pre-IFRS 16 Adjusted EBITDA of £11.0m in FY26.

Steve Bellamy
Chair
22 July 2025

Elevating The Works



Gavin Peck
Chief Executive Officer

Introduction

We made significant strategic and financial progress in FY25, which was particularly pleasing given the challenging retail backdrop. Our underlying performance was strong, with momentum building steadily throughout the year and our new strategy launched in January 2025, 'Elevating The Works', has already started to deliver tangible results. Our sustained efforts to reduce costs and grow product margins, together with strong sales growth post-Christmas, means we delivered profits in line with recently upgraded market expectations in FY25.

Everyone at The Works is focused on fulfilling our ambition to become the favourite destination for affordable, screen-free activities for the whole family and this collective drive, coupled with our strong trading momentum, stands us in good stead to deliver further profit growth and shareholder value in FY26 and beyond.

FY25 performance

The backdrop to FY25 was challenging, with consumer confidence remaining fragile throughout, particularly following the government's Autumn Budget, ongoing geopolitical uncertainty and significant cost headwinds. Despite this, we made significant financial progress in FY25, particularly in the second half of the year.

Total revenue was lower by 2.0% at £277m (FY24: £283m) due to the prior year benefiting from an additional trading week and the continued optimisation of the store estate (a net eight store closures in FY25). Our FY25 underlying performance was strong, with total like-for-like (LFL) sales up 0.8% and ahead of the wider non-food retail market, which saw a LFL sales reduction of 0.1% over the period.

Our stores, which comprise over 90% of sales, saw LFL sales up 2.3%. Store performance was driven by the execution of our strategic plans, including more customer-focused events, new products across all categories, improved store standards and product availability. Online sales declined by 12.1% due to the online fulfilment issues experienced during the festive period and our focus on driving profitable growth through this channel.

Our LFL performance improved throughout the year, with particularly strong growth post-Christmas, reflecting the momentum from our strategic and operational progress building through the year. In Q4, total LFL sales grew by 6.4%, store LFL sales by 6.9% and online improved to flat sales, with the online capacity issues largely resolved post-Christmas.

We faced rising cost headwinds in FY25, which we were able to offset due to ongoing cost-saving action and sustained product margin growth (+210bps vs. FY24) driven by supplier negotiations, reduced markdown activity through better stock management, more targeted promotional activity and control of product mix. Whilst stocks were higher at year end, the overall quality improved significantly year on year and there was no need for a spring sale.

This, combined with the improved sales performance in Q4, resulted in pre-IFRS 16 Adjusted EBITDA up 58% to £9.5m (FY24: £6m), which was in line with recently upgraded market expectations of £9.5m.

Strategy

With a new leadership structure in place, including a more streamlined Operating Board and refreshed plc Board, we took the decision to evolve our former 'Better, not just Bigger' strategy. We recognised the need for a clear plan to transform the business with the ambition of driving sales growth, improving profit margins and delivering strong shareholder returns.

In January 2025 we announced our new strategy, 'Elevating The Works', which is focused on The Works becoming the favourite destination for affordable, screen-free activities for the whole family and is underpinned by three strategic drivers: growing our brand fame, improving customer convenience and being a lean and efficient operator.

The successful execution of this strategy will have a transformative impact on the business, enabling us to deliver sales in excess of £375m and an EBITDA margin of at least 6% within five years. There remains much to do to reach these targets; however, with the early progress made following the launch of the new strategy, we have a clear runway to achieve these plans.

Screen-free activities for the whole family

Our strategy will help us in fulfilling our ambition to become the favourite destination for affordable, screen-free activities for the whole family. Our market research¹ shows:

- On average, it takes less than an hour for kids to feel bored without a screen.
- 40% of parents want to limit screen time, but need practical alternatives, while 30% say if they had more inspiration for screen-free activities they'd do them more.
- 60% of parents are looking for inspiration for outdoor games, 50% for DIY crafts and indoor activities, and 48% low-cost ideas.

40% of parents want to limit screen time

60% of parents are looking for inspiration for outdoor games



Growing brand fame

We know The Works is a favourite destination amongst our loyal customers, but we want even more people to discover us and love what we do. We have made great progress on clarifying what we want to be known for as a brand and bringing this to life with our customers, as outlined below, which has been a key driver of the strong in-store sales and building momentum post-Christmas.

- Completed a brand project to provide greater clarity on who we are, what we want to be famous for and the role we can play for customers, culminating in the creation of our #TimeWellSpent strapline.
- Launched a new approach to our customer campaigns, including more customer-focused events, which successfully drove footfall to stores. In spring 2025 we held a 'Kids' Favourites' event¹ featuring popular kids' characters (including Bluey and Peppa Pig) as well as a 'Books are Magic' event, which was timed to coincide with World Book Day.
- Ongoing evolution of our product proposition, including refreshing all product categories, with newness in Spring ranges capturing customers' imaginations and driving sales. There has been strong sales growth in our Toys & Games and Adult Fiction Books categories, with the latter driven by the success of new releases, popular BookTok titles and exclusive editions.
- Took action to grow the all-year-round attraction of the brand and reduce the seasonality of the business. This includes improved Back-to-School and Halloween ranges, as well as cementing our reputation as the go-to destination for screen-free activities around the school holidays.

Improving customer convenience

We want to attract and retain loyal customers by making it even easier to shop with us. Progress in FY25 included:

- Improved product availability and better distribution of stock across the estate, with particularly strong performance in our top turnover stores, building on progress made since our investment in a new stock allocation system and our merchandising team.

- Established enhanced space analysis to inform future space planning opportunities, including utilising larger stores to trial new ranges. Further trials are planned for H1 FY26, which will inform opportunities for the years ahead.
- Improved store standards and consistency across the estate, driven by the retail leadership restructure at the start of FY25. This has significantly improved consistency of communication, execution and accountability across the store estate, which has been a key driver of store LFL growth.
- Ongoing optimisation of the store estate, with 7 new openings, 15 closures and 4 relocations. We ended the year with a smaller, higher-quality and more profitable portfolio of 503 stores (FY24: 511 stores). Over the last five years, 150 stores (c. 30% of the estate) have either been newly opened, relocated or refitted, helping to improve the consistency and the overall profitability of our store estate.
- Further improvements to the online customer journey, including working to reduce key frictions, such as adding products to basket, and improving product pages and imagery to enhance customer experience and conversion.

Being a lean and efficient operator

To continue offering customers great value and making sustainable profits, we need to keep our costs low and be an increasingly lean and efficient business. Progress includes:

- Significantly reducing our cost of goods sold, through negotiations with suppliers. Together with reduced markdown activity, more targeted promotional activity and control of product mix this supported a 210bps improvement in product margin on FY24.
- Delivered significant cost savings in FY25 due to the annualised benefit of action taken in FY24, including restructuring the Distribution Centre (DC) management and successfully implementing a new way of working in our DC, ending the Together Rewards loyalty scheme, restructuring the Operating Board and transferring The Works' stock market listing to AIM.

¹ The research was conducted by Censurwide, among a sample of 2003 UK parents (aged 19+) – of children aged between 4 to 10. The data was collected between 13.06.2025 – 17.06.2025. Censurwide abides by and employs members of the Market Research Society and follows the MRS code of conduct and ESOMAR principles. Censurwide is also a member of the British Polling Council.

Chief Executive's review continued

Being a lean and efficient operator continued

- Delivered further rent reductions on lease renewals in FY25, ensuring we remain competitive and profitable at store level.
- In addition to ongoing cost-saving action, we undertook a cost transformation project in FY25, with over £2.0m annualised further cost savings identified for FY26, which will help to offset ongoing cost headwinds. We expect to identify further savings in FY26 and beyond.
- Completed rollout of new EPoS software in stores, a key enabler for exploring new hardware in FY26 and improving efficiency of colleagues on the shop floor.

Board and leadership changes

We embedded our restructured Operating Board at the beginning of the financial year, strengthening the leadership of the business as we developed, and now implement, our new strategy. Doing so has enabled more streamlined decision making and ways of working, supported better cross-functional collaboration and enabled Senior Leaders to step up, grow and take on more responsibility.

There have also been a number of changes in our plc Board during FY25. I would like to take this opportunity to thank those who have departed and to welcome our new Board members, who bring a wealth of experience.

Colleagues

I am proud that The Works placed 10th in the 'Best Big Companies to Work For' by Best Companies™, up from 15th the previous year. This is particularly impressive given the significant amount of change the business has undergone over recent years. It is credit to our leadership and to everyone at The Works for the way in which colleagues have rallied together during times of difficulty and delivered such significant financial and strategic progress in FY25. The unique culture we have at The Works is something we must never take for granted. It is our collective responsibility to nurture it and ensure it continues to grow.

ESG

Underpinning our new strategy are our people and planet commitments – our way of making positive and sustainable changes for our people, our communities and our planet. We pride ourselves on being an ethical and efficient business, and during FY25 expanded our sourcing function to support the continued delivery of our supplier strategy, engagement and performance. We also rolled out the next phase of our Ethical Compliance Programme across our entire active supplier base, which will help to ensure we maintain our commitment to sourcing our products ethically and in a legally compliant way.

Good progress has also been made against our diversity and inclusion (D&I) strategy. Our wellbeing-related blogs on MyWorks and enhanced D&I training have been well received by colleagues, as evidenced by improved results of our FY25 D&I survey.

Outlook

We are mindful of significant cost headwinds in FY26, primarily due to changes to employers National Insurance contributions and higher National Living and Minimum Wages. However, by maintaining our focus on the factors within our control, and continuing to execute our new strategy, we expect to offset these headwinds in the year ahead.

We have fantastic new products landing throughout the year, which coupled with the steps we are taking to improve customer experience, will help to drive further sales growth. Alongside ongoing action to grow margins and reduce costs, this positions us well to deliver further strategic and financial progress in the year ahead.

As such, we expect further profit growth and are comfortable with external forecasts of pre-IFRS 16 Adjusted EBITDA of £11m in FY26. Our strong FY25 performance and the forward momentum we have carried into FY26, supported by early delivery on our new strategy, also gives us confidence that we can deliver on our five-year targets, transform the business and deliver shareholder returns.

Gavin Peck

Chief Executive Officer
22 July 2025

Grow our brand fame

Our focus is to extend our reach, developing deeper relationships with existing customers who love shopping with us, and attracting new customers, many of whom do not know The Works or what we do, through turbo charging Time Well Spent. We are embedding our mission to be the favourite destination for affordable, screen-free activities for the whole family.

We launched our 'Time Well Spent' campaign at Christmas and started to accelerate this message through our spring campaigns. We have launched our 'Weekends Well Spent' campaign across our socials channels which has had great customer engagement receiving hundreds of user generated content containing our products.

Amplifying the campaign through spend on our advertising channels allowed us to spread the message even further, while driving fantastic results way above industry benchmarks. We will utilise data to continually refine our customer engagement plans to ensure we deliver a compelling reason to shop at The Works resonating with both existing and new audiences.



We are uniquely positioned in the value retail sector

Our purpose, which is inspiring our customers to read, learn, create and play, sets us apart. We offer great value through lower prices than the specialists and more choice and better customer service than the discounters. Our current market share provides significant untapped growth potential in the value retail sector.

Spending trends

Market drivers

Consumer confidence in the UK remains fragile, with views on personal finances both past and future remaining static. Consumer confidence is sharply negative across the wider demographic, with greater pressure on lower income households which have observed low real-wage growth and high essential costs driven by inflation.

Our response

Our strong value proposition, wide range and convenience continue to differentiate us from our competitors. Key value entry price points and our 'Famous For' multi-buy offers in books, jigsaws and gifting drive customer engagement and ultimately our success. We are well positioned to attract both value-focused shoppers as well as higher-income demographics.

Shopping habits

Market drivers

Amid the overall sentiment of economic uncertainty, consumers are evolving and demanding more from retailers. While price was once the primary factor in decision making, today's value-conscious consumers increasingly prioritise convenience, in-store experience, and digital engagement.

Our response

Our strategy is to continue to focus on improving customer convenience with our multi-channel proposition. Priorities are to deliver a more consistent execution of our proposition in stores, invest in customer in-store experience, tailor our ranges to better meet the needs of local customers with better store space analysis and to improve our website experience and shopping journey with better links between stores and online.

A range aligned to our purpose in all our markets

Market drivers

We have good demand in our diverse product pillars, with the highest shopped category being Books and the highest growth in sales in Toys & Games.

Our response

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

We want to be famous for 'great value' so our customers feel absolutely delighted that they have got so much for so little. We want our customers to feel wowed by what they have found. Our 'screen-free activities' help our customer to feel connected by doing things that make them feel good. We genuinely care about delivering our purpose to 'inspire reading, learning, creativity and play' through our product offer and customer communication of 'Time Well Spent'.

Connecting people with screen-free things to do

Market drivers

Money is tight, and the world is changing incredibly fast. In a world full of screens and overload, people want to find other ways to connect and spend their time.

Our response

We believe there's so much to learn from page-turning and colourful doodling, that hands are for crafting as well as for clicking and that the best play is messy and loud. We welcome customers through our doors and help them find inspiration amongst our incredible range of feel-good things to do. Things that won't break the bank and will help people connect; with each other and themselves. We are within reach locally in a store or online, full of friendly advice and crafty ideas. We are here for important things like pocket money spend, party times, puzzles and presents; to help customers find new passions, re-discover old ones and ignite new imaginations. At The Works we enable people to enter a world of reading, learning creativity and play, pause the screen and connect them with screen-free things to do.



Our product proposition

Own brand is 52% of our sales and we are super proud of that.

The creative and buying teams work closely together to continue to strengthen our own brands to ensure that they are successful within the marketplace and offer great quality and incredible value for money. The balance of our proposition is made up of branded licences and published books.

Arts & Crafts

Kids' appeal

Activities to interact, entertain and engage. Kits and party bundles to create and play.



Crawford & Black

- Ages: Adult.
- Comprehensive range of art essentials at great value.
- Easily accessible to all on a budget.



Make & Create

- Ages: Teen–adult.
- Igniting the creative spark in crafty people who like to be unique and personalise.
- Seasonal sub-brands for key customer moments: Christmas and Halloween.



Make & Create for Kids

- Ages: 2–12 years.
- Inspiring learning through creativity and art.

Adults' appeal

Family activities, new adoptees and the entry level hobbyist.

Toys & Games

Kids' appeal

Pocket money spends and hot playground trends. Social development, gift giving and presents.



PlayWorks

- Ages: 0–7 years.
- Inspiring learning and creativity through play.
- Covering pre-school, role-play, educational, summer fun and boys'/girls' toys and puzzles.



Corner Piece Puzzles

- Ages: Kids–adult.
- Improving cognitive skills with exclusive designs.

Adults' appeal

Family fun, play, entertainment and novelty gifting.

Stationery

Kids' appeal

Innovative, fun, co-ordinated collections. Party essentials, gift giving and back to school.



Works Essentials

- Ages: Adult.
- Complete range of stationery essentials at great value.
- Easily accessible to all on a budget.



Paper Place

- Ages: Adult.
- Trade up stationery.
- Offering incredible quality and ergonomic design.



Scribblicious

- Ages: Teen–adult.
- Co-ordinated collections of fashion stationery.



Jotz

- Ages: 2–12 years.
- Co-ordinated collections of kids' stationery.

Adults' appeal

Core essentials for the office and school and collections to inspire and complement.

Seasonal & Events

All seasonal events optimise our purpose and support the one-stop-shop experience. Seasonal fun, games, craft and reading. Activities to keep the kids busy and get families doing.



WinterWorks

- Ages: Kids–adult.
- Seasonally relevant ranges of items to enhance Christmas celebrations.



WickedWorks

- Ages: Kids–adult.
- Seasonally relevant ranges of items to enhance Halloween celebrations.



Make & Create Easter

- Ages: 2–12 years.
- Igniting the creative spark in crafty kids who like to be unique and personalise.



Hip Hip Yay

- Ages: Kids–adult.
- Party celebration essentials.
- Covering balloons, cards, wrap and decorations.

Books

Kids' appeal

Books that they want to read. Fun learning, reading development and activity.

Adults' appeal

Credible offer of front list titles and key authors that we are known for, inspiring reading enjoyment.

Licences



Kids' appeal

Top trending toys, games and activities from the biggest kids' toy brands all at great prices, inspiring reading, creativity and play.

Q&A with Chief Commercial Officer



Lynne Tooms
Chief Commercial Officer



Can you explain the decision behind the focus on screen-free activities for the whole family?

We live in a digital age and know that our customers are increasingly looking for ways to connect with family members and spend their time away from their screens. Our four specialist categories – Books, Toys & Games, Arts & Crafts and Stationery – already provide for customers in this way and we recognised there would be a huge benefit from being clearer about who we are as a brand, what we want to be famous for and the role we can play for customers. This led to the creation of our strapline, 'Time Well Spent', and a mission to become the favourite destination for affordable, screen-free activities for the whole family. This greater clarity surrounding our proposition aligns perfectly with our purpose to inspire reading, learning, creativity and play, and helps us to focus our collective efforts on addressing a known customer need in a way that is unique to the The Works. In time, we hope that this will help even more people to discover us and love what we do.



What are you doing to grow the all-year-round appeal of the brand?

As part of our new 'Elevating The Works' strategy we have made a concerted effort to grow the all-year-round appeal of the brand, reducing the seasonality of the business and ensuring that we entice customers to shop at The Works throughout the year.

We have made excellent progress so far, launching new product ranges across all key categories. For example, in the last year we introduced much-improved Back-to-School and Halloween ranges and we are cementing our reputation as the go-to destination for screen-free activities around the school holidays, supported by our hugely successful Summer Well Spent campaign.



How is The Works maintaining its value commitment to customers in an inflationary environment?

Providing great value to customers always has, and always will be, central to our proposition. Operating in an inflationary environment can be challenging and means we've got to make smart decisions. We are focused on running a business that is lean, simple and efficient, which means keeping costs low and delivering cost-saving action where necessary. For example, last year we ended our Together Rewards loyalty scheme. As is the case across the sector, we have introduced selective price increases to help us offset significant cost headwinds; however, this has not been done in a blanket manner, ensuring we continue to provide our customers with excellent value for money across all our ranges.



Building on our core strengths

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

Key inputs

Colleagues

- Approximately 3,700 colleagues who are key to the success of our business.
- Loyal and dedicated.
- Highly engaged.
- 10th Best Big Company to Work For nationally by Best Companies™

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.
- Close collaboration.

Infrastructure

- Store network.
- Online store.
- Centrally located Support and Distribution Centres.
- IT infrastructure – investing to ensure scale, efficiency and security.

▶ Read more about our colleagues on [page 26](#)

Our proposition and how we create value

Our competitive advantage

Affordable

Great value

Customer focused

Family friendly

Convenient

Multi-channel

Empowering

Design and innovate

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

13
own brands

9
sub-brands

4,400
new product lines introduced in FY25

New strategy – Elevating The Works



▶ Read more about our new strategy on [page 3](#)



Source and distribute

- Experienced buying team sources and curates product ranges, including popular brands to complement own-brand offer.
- Relationships with approximately 220 suppliers.
- Work closely with suppliers to ensure product safety and quality control.
- Warehousing and store distribution undertaken from 157,000 sq ft facility in Coleshill, Birmingham.
- Online orders fulfilled by third party or picked in store.
- Leading customer delivery proposition.

220

stock suppliers

157,000

sq ft retail warehousing and distribution facility

Sell to customers through convenient channels

- Diverse store estate including high streets, shopping centres, retail parks, factory outlets and garden centres.
- Fully transactional online store – 24/7 trading with exclusive and extended ranges.
- Click & collect – linking stores and online.

503

stores in the UK and Ireland

31 million

website visits during FY25

Supported by our people and planet commitments



▶ Read more about our ESG commitments on **pages 25 to 29**

The value we create

Our people

We provide employment and a rewarding career for approximately 3,700 colleagues.

10th

Best Big Company to Work For

Our customers

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

Our community

£55k

funds raised in FY25 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.

Elevating The Works

Our three strategic drivers help us to achieve our ambition to be the favourite destination for affordable, screen-free activities for the whole family.

Grow our brand fame

FY25 strategic progress

- Brand project complete – we gained clarity on our identity, what we want to be famous for and the role we can play for customers with our #TimeWellSpent strapline.
- Adopted a new approach to campaign planning.
- Ongoing evolution of product proposition.
- Destination for fiction books and school holiday activities.
- Strong growth outside of peak trading.
- Further aligned the website to our brand.

FY26 strategic priorities

- Embed #TimeWellSpent through marketing strategy.
- Establish baseline brand metrics and refresh consumer insight.
- Drive an increased all-year-round appeal through proposition refinement and new campaigns.
- Further evolve product proposition, including extended ranges in large stores and 'when it's gone it's gone' proposition.
- Improve customer experience in stores (for example colleague training and exclusive in-store events).

Link to KPIs

A B C D E F

Link to risks

1 2 3 5 6 10

Improve customer convenience

FY25 strategic progress

- Improved consistency of store standards and retail leadership.
- Established space analysis to inform future space planning.
- Improved the quality of our store estate with 7 openings, 15 closures and 4 relocations.
- Continued to improve online customer journeys.

FY26 strategic priorities

- Identify and embed a new critical path framework and new ways of working across buying and merchandising.
- Land in-store guidelines: 'What Good Looks Like'.
- Undertake store space trials based on detailed sales densities analysis.
- Open a net 5 new stores.
- Improve online customer journey through conversion rate optimisation.

Link to KPIs

A B C D E F

Link to risks

1 2 3 4 5 6 7 8 10

Underpinned by our people and planet commitments

Key

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 and IT

Be a lean
& efficient
operator

FY25 strategic progress

- Significant reduction in cost of goods sold (COGS) driving product margin improvement.
- Restructured Distribution Centre management and successfully implemented new ways of working.
- Electronic point of sale (EPOS) rollout completed to stores.
- Central operating cost reduction project completed.
- Significant rent reductions delivered on lease renewals.
- New partner selected for online fulfilment.

FY26 strategic priorities

- Further margin rate improvement through COGS reduction.
- Transition to new online fulfilment partner.
- Increase capacity in our store Distribution Centre with a new mezzanine floor.
- Support Centre structure changes.
- Deliver operational cost savings identified as part of the FY25 cost reduction project.
- Define our technology services systems transformation roadmap and begin delivering new software/capabilities.
- Business process and reporting review.
- Grow average selling price (ASP) (through mix and pricing).

Link to KPIs

A B C D E F

Link to risks

1 2 3 4 6 10

People
& Planet

FY26 strategic priorities

- Embed purpose, mission and 'It All Starts With You' campaign throughout colleague and candidate experience.
- Upskill key talent by investing in leadership development, High Potential Programmes and apprenticeships.
- Streamline and grow our charity partnerships.
- Continue our diversity and inclusion and wellbeing focus with more awareness, training and data insight.
- Continue our mission to meet our net zero targets.
- Launch a 'Perfect Packaging project'.
- Continue to ensure the factories we work with are ethically and legally compliant.
- Management of and engagement with our supplier base focusing on strategic partners.

Read more on our FY25 strategic process and ESG commitments on pages 25 to 29

Link to risks

7 8 9

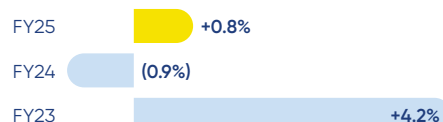


We use five KPIs to monitor performance and strategic progress

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

+0.8%



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, and from the Company's online store, calculated on a calendar week basis.

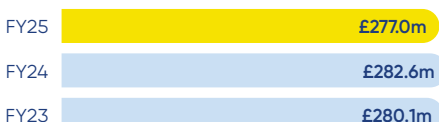
FY24 was a 53-week period, therefore, the LFL sales growth compares 52 weeks of FY25 to the equivalent 52 weeks of FY24. In FY24, 53 weeks has been compared to the equivalent 53-week period in FY23.

Link to strategy



B Revenue growth

(2.0%)



Definition

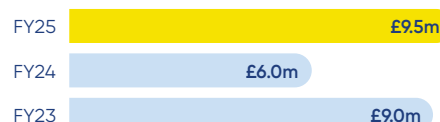
The percentage year-on-year change in Group total sales, which excludes VAT and is stated after deducting the cost of loyalty points. A reconciliation between total sales and statutory revenue is included on page 88.

Link to strategy



C Pre-IFRS 16 Adjusted EBITDA

£9.5m



Definition

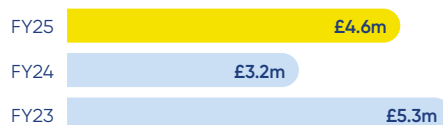
Represents profit for the period before IFRS 16, net finance costs, taxation, depreciation and amortisation, loss on disposals of property, plant and equipment and Adjusting items.

Link to strategy



D Adjusted profit before tax

£4.6m



Definition

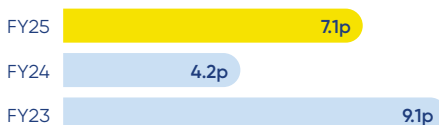
Represents profit for the period before taxation and Adjusting items. Adjusting items are gains or losses incurred in a period which are not expected to be recurring.

Link to strategy



E Adjusted diluted earnings per share

7.1p



Definition

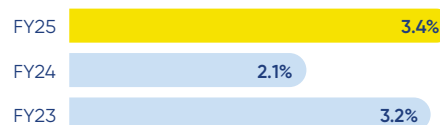
Calculated by dividing the Adjusted profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period (including dilutive share options). Adjusted profit is before the impact of Adjusting items.

Link to strategy



F Pre-IFRS 16 Adjusted EBITDA margin

3.4%



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



Links to strategy:



Grow our brand fame



Improve customer convenience



Be a lean and efficient operator



Delivered strong profit growth in FY25



Rosie Fordham
Chief Financial Officer

“
FY25 results exceeded market expectations, against a challenging consumer backdrop.”

Overview

This report covers the 52-week period ended 4 May 2025 (FY25, or the period) and refers to the comparative FY24 period of the 53 weeks ended 5 May 2024. Significant financial and strategic progress was made during FY25 against a challenging consumer backdrop.

	FY25 £m	FY24 £m
Revenue	277.0	282.6
Revenue growth	(2.0%)	0.9%
LFL sales ¹	0.8%	(0.9%)
Pre-IFRS 16 Adjusted EBITDA ²	9.5	6.0
Pre-IFRS 16 Adjusted EBITDA Margin ²	3.4%	2.1%
Adjusted profit before tax ²	4.6	3.2
Profit before tax	8.3	6.9
Net cash at bank ³	4.1	1.6

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), and from the Group's online store.

2 Adjusted profit figures exclude Adjusting items. (See Note 5 to the financial statements).

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

Financial review continued

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.

Revenue

Total revenue was lower by 2.0% at £277m (FY24: £283m), due to:

- The prior year benefiting from an additional trading week (53 weeks in FY24 vs 52 weeks in FY25), which accounted for approximately half of the FY25 reduction.
- Our focus on optimisation of the store estate, with 7 new openings, 15 closures and 4 relocations. We ended the year with a smaller, higher-quality and more profitable portfolio of 503 stores (FY24: 511 stores).

Total LFL sales increased by 0.8%, ahead of the wider non-food retail market¹, with store LFLs increasing by 2.3% and online sales decreasing by 12.1%.

1-year LFL sales growth	Stores	Online	Total
Q1	(1.6%)	0.4%	(1.4%)
Q2	2.9%	(21.4%)	(0.3%)
H1	0.9%	(14.7%)	(0.8%)
Q3	1.5%	(13.5%)	(0.3%)
Q4	6.9%	0.0%	6.4%
H2	3.5%	(9.9%)	2.1%
Full year	2.3%	(12.1%)	0.8%

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

- **H1:** Reported a 0.8% decline in LFL sales, reflecting the challenging external market, however sales remained ahead of the wider market (BRC reported non-food retail LFL had declined by 1.3% for the same period). Store LFL sales growth was strong in Q2, up 2.9% reflecting much-improved Back-to-School and Halloween ranges and continued strong growth in Adult Fiction books, bringing store LFL sales growth for H1 to 0.9%. A planned reduction in September sale activity adversely impacted sales, particularly online, but delivered a much stronger margin rate. Online sales were also impacted by the operational challenges experienced at our third-party operated online fulfilment centre towards the end of the quarter and subsequent action taken to prioritise improving profitability. As a result, online LFL sales declined 14.7% in H1.
- **H2:** Reported LFL sales growth of 2.1%, which continued to outperform the non-food retail market (BRC reported non-food retail LFL average growth of 1.2%). This reflected a resilient store performance over the festive period with store LFL sales growth of 1.5% in Q3, which was supported by a much-improved Christmas across our stores and in our retail Distribution Centre. Online sales declined by 13.5% in Q3 as a result of constrained performance over the festive period due to the aforementioned online fulfilment issues. We delivered a strong performance post-Christmas, with Q4 store LFL sales growth of 6.9% and online improving to flat LFL sales. This strong performance was supported by the ongoing evolution of our product proposition and a new approach to our customer campaigns, including in-store events which drove increased footfall.

Store numbers

	FY25	FY24
Stores at beginning of period	511	526
Opened in the period	7	9
Closed in the period	(15)	(24)
Relocated (excluded from opened/closed above, NIL net effect on store numbers)	4	5
Stores at end of period	503	511

We traded from 503 stores at the period end (FY24: 511 stores), of which 98% are profitable on an annual basis. Our store estate represents over 90% of sales and recorded a strong LFL performance in the period. We continued to optimise our store estate during FY25, which included closing low-profit and loss-making stores where we were not able to agree a commercial rent with landlords, whilst continuing to open new stores that fit our profile. The 11 new stores opened in the period (including relocations) performed well overall and we anticipate that they will see a typical payback of around eighteen months.

Gross profit

	FY25		FY24			
	£m	% of revenue	£m	% of revenue	Variance £m	Variance %
Revenue	277.0		282.6		(5.6)	(2.0)
Less: cost of goods sold	(112.5)		(120.5)		8.0	6.6
Product gross margin	164.5	59.4	162.1	57.3	2.4	1.5
Store payroll	(49.9)	(18.0)	(50.2)	(17.8)	0.3	0.6
Store property and establishment costs	(50.3)	(18.2)	(49.3)	(17.4)	(1.0)	(2.0)
Store PoS and transaction fees	(2.5)	(0.9)	(2.7)	(1.0)	0.2	7.4
Online variable costs	(13.8)	(5.0)	(15.8)	(5.6)	2.0	12.7
Store depreciation (excluding IFRS 16)	(2.7)	(1.0)	(1.9)	(0.7)	(0.8)	(42.1)
Adjusting items	4.4	1.6	3.7	1.3	0.7	18.9
IFRS 16 impact (excluding Adjusting items)	4.1	1.5	5.8	2.0	(1.7)	(29.3)
Gross profit per financial statements	53.8	19.4	51.8	18.3	2.0	3.9

Product gross margin increased to 59.4% in FY25 (FY24: 57.3%), reflecting action taken to prioritise margin growth from the end of FY24, with notable factors as follows:

- Significant growth as a result of negotiations with suppliers, focused control of product mix, better stock management and reduced promotional activity.
- The hedged FX rate on payments made in US dollars was favourable year on year. The FY25 hedged US dollar GB pound rate was 1.26 versus 1.22 in FY24.
- Adverse FY25 container freight rates versus FY24 rates, which created a headwind during the year due to the disruption in the Red Sea. Average container rates paid in FY25 were \$4.4k versus FY24 of \$1.9k.

Store payroll costs decreased by £0.3m, in part due to 52 weeks of trading in FY25 (53 weeks in FY24). The one-week shorter period reduced costs by £0.9m but was partially offset by the impact of the 9.8% increase in the National Living and Minimum Wage ('NLMW') in April 2024. This created an additional cost of £4.0m, which was mostly offset by a store labour hours efficiency programme.

Store property and establishment costs increased by £1.0m. FY24 was a 53 week period and the underlying increase in costs was £2.1m as a result of:

- Rents increasing by £0.8m. Savings from the renegotiation of leases expiring in FY25 across the LFL store estate were £0.7m partially offsetting a £1.7m headwind due to COVID-19 related rent relief credits released in the prior period.
- An additional £0.8m dilapidation provision recognised with respect to expected costs for planned store closures as part of the store optimisation programme.
- Inflationary rates and service charge costs were partially offset by reducing electricity costs

Online variable costs decreased by £2.0m. During the first half of the year, efficiencies were delivered as a result of the move to an automated picking process for online fulfilment, however, during the second half of the period our third-party online fulfilment centre faced significant and unexpected operational challenges. This affected capacity and resulted in significantly increased costs per order. Due to these operational challenges, we pro-actively optimised online sales which resulted in a saving in digital marketing costs, and lower parcel delivery and packaging costs due to significantly reduced outbound volumes year-on-year.

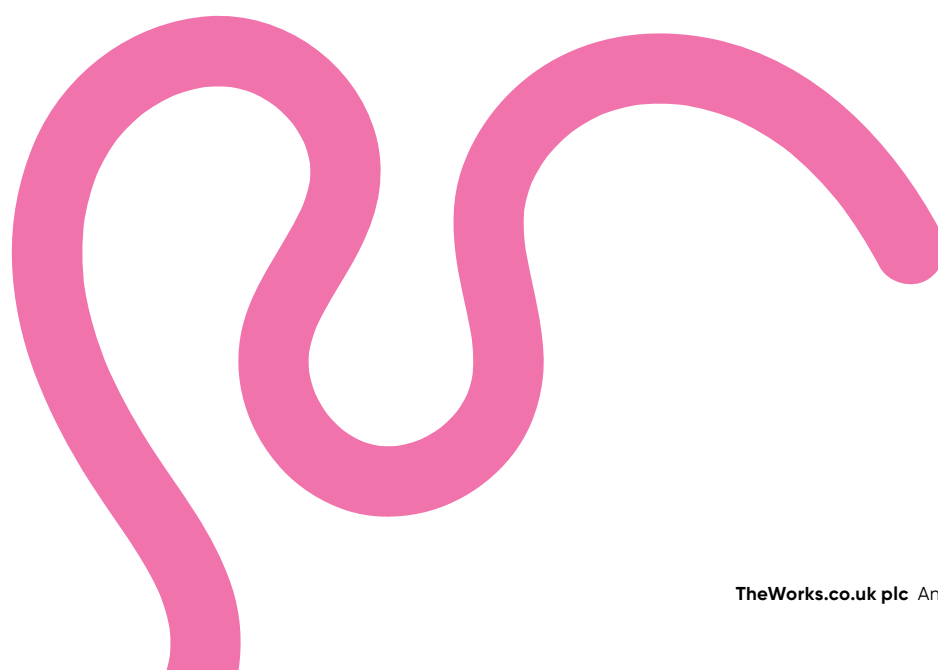
£1.2m of exceptional fulfilment costs were incurred in relation to significantly higher costs per order versus planned levels due to the third-party service disruption and these have been included as Adjusting items in the period. See Notes 5 (Adjusting items) of the financial statements.

Operating profit

	FY25		FY24			
	£m	% of revenue	£m	% of revenue	Variance £m	Variance %
Gross profit per financial statements	53.8	19.4	51.8	18.3	2.0	3.5
Distribution expenses	(11.5)	(4.2)	(12.6)	(4.4)	1.1	8.7
Distribution depreciation	(0.1)	–	(0.2)	(0.1)	0.1	50.0
Distribution costs per financial statements	(11.6)	(4.2)	(12.7)	(4.5)	1.1	8.7
Administrative expenses	(26.9)	(9.7)	(25.6)	(9.0)	(1.3)	(5.1)
Administrative depreciation	(2.1)	(0.8)	(2.4)	(0.8)	0.3	12.5
Adjusting Items	(0.6)	(0.2)	–	–	(0.6)	(100.0)
IFRS 16 impact (excluding Adjusting items)	0.6	0.2	0.3	0.1	0.3	100.0
Administrative costs per financial statements	(29.0)	(10.5)	(27.7)	(9.8)	(1.3)	(4.7)
Operating profit per financial statements	13.1	4.7	11.4	4.0	1.7	14.9

Distribution costs (before depreciation and IFRS 16), comprising picking stock and delivering it to stores, decreased by £1.1m compared with the prior period. Efficiencies continued to be driven from implementation of improved ways of working in the retail Distribution Centre offsetting the April 2024 NLMW increases, with costs also benefiting from 52 weeks of trading in FY25 (53 weeks in FY24).

Administration costs (before depreciation and IFRS 16) increased by £1.3m, due in part to £0.8m of bonuses payable to colleagues reflecting the improved performance year on year (FY24: £nil). The prior period costs were also flattened by a release of a VAT provision and lower long-term incentive employee share plan charges.





Operating profit reconciliation to pre-IFRS 16 Adjusted EBITDA

	FY25		FY24			
	£m	% of revenue	£m	% of revenue	Variance £m	Variance %
Operating profit per financial statements	13.1	4.7	11.4	4.0	1.7	14.9
Add depreciation and amortisation included in operating profit	4.9	1.8	4.4	1.6	0.5	11.4
Less IFRS 16 included in operating profit (excluding Adjusting Items)	(4.7)	(1.7)	(6.0)	(2.1)	1.3	21.7
Less Adjusting items	(3.8)	(1.4)	(3.7)	(1.3)	(0.1)	(2.7)
Pre-IFRS 16 Adjusted EBITDA¹	9.5	3.4	6.0	2.1	3.5	58.3

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

Depreciation, amortisation and IFRS 16 adjustments

Depreciation and amortisation increased £0.5m year-on-year as a result of lower impairment charges.

The impact of IFRS 16 adjustments were £1.3m lower year on year primarily due to lower rental charges and therefore a lower IFRS 16 adjustment. Refer to Note 4 (Alternative performance measures (APMs)) of the financial statements for a reconciliation of pre-IFRS 16 EBITDA to operating profit.

Adjusting items were a £3.8m credit in FY25 (FY24: £3.7m credit), and include exceptional fulfilment costs of £1.2m (FY24: £nil) as noted above. Other exceptional items include £0.7m of central Support Centre restructuring costs as part of the Group's cost-saving actions. These costs are more than offset by a credit of £6.5m (FY24: £1.4m credit), due to the reversal of impairment charges relating to the notional right-of-use assets created as a result of application of the IFRS 16 accounting standard and a loss of £0.8m (FY24: £3.5m profit) loss on disposal of right-of-use assets and lease liabilities, with these two items requiring elimination in the calculation of pre-IFRS 16 Adjusted EBITDA. (See Note 13 to the financial statements).

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

Net financing expense

Net financing costs in the period were £4.8m (FY24: £4.5m), mostly relating to IFRS 16 notional interest on the calculated lease liability.

Interest expense relating to bank facilities was £0.7m (FY24: £0.5m) and included facility availability charges and amortisation of the cost of setting up the facility. The higher interest charge reflects usage of the rolling credit facility to manage the timing of stock intake so that trading was not adversely impacted as a result of longer transit times from China due to the disruption in the Red Sea.

Profit before tax

Profit before tax was £8.3m (FY24: £6.9m) which includes the £3.8m credit (FY24: £3.7m credit) for Adjusting items (Note 5 of the financial statements).

Tax

The Group's total income tax charge in respect of the period was £0.2m (FY24: £0.5m). The effective tax rate on the total profit before tax was 2.0% (FY24: 7.8%) whilst the effective tax rate on the total profit before Adjusting items was 3.6% (FY24: 17.0%). The difference between the total effective tax rate and the Adjusted tax rate relates to fixed asset impairment charges and reversals within Adjusting items being non-deductible for tax purposes.

The current year tax charge recognised is driven by deferred tax movements related to lease balances.

Earnings per share

The basic and diluted earnings per share for the period were 13.1 pence (FY24: 10.2 pence). Adjusted basic and diluted earnings per share for the period were 7.1 pence (FY24: 4.2 pence).

Capital expenditure

Capital expenditure in the period was £5.0m (FY24: £5.8m).

	FY25 £m	FY24 £m	Variance £m
New stores and relocations	(1.5)	(1.6)	0.1
Store refits, lease renewal and maintenance	(1.5)	(2.3)	0.8
IT hardware and software	(1.7)	(1.7)	–
Warehouse	(0.2)	(0.1)	(0.1)
Other	(0.1)	(0.1)	–
Total capital expenditure	(5.0)	(5.8)	0.8

- The net investment in new stores and relocations reduced by £0.1m compared with FY24. seven new stores were opened and four stores relocated to new units (FY24: nine new stores, five relocations), with the higher net investment per store reflecting reduced landlord contributions and cost inflation.
- The net investment in store refits reduced by £0.8m compared with FY24. The quantity of refits was lower in FY25 (6 refits) vs FY24 (20 refits), reflecting the impact of the decision taken at the beginning of FY24 to reduce refits to conserve cash. This saving was offset, in part, by wider cost inflation increasing the relative cost per refit.

Inventory

Stock was valued at £35.0m at the end of the period (FY24: £31.4m), an increase of £3.6m. The increased gross stock level compared to the prior period reflects investment in new stock across strong performing ranges to support higher sales and increased freight rates within average cost prices. The stock value represents a lower stock provision due to the timing of four-wall stock counts in stores occurring closer to the year end (which reduces the shrinkage provision year on year) and less terminal stock than the prior year resulting in a lower obsolescence provision. Increased stock in transit reflects longer transit times from China due to the continued challenges in the Red Sea.

	FY25 £m	FY24 £m
Gross stock	30.1	28.4
Less: provisions	(1.0)	(1.9)
Stock net of provisions	29.1	26.5
Stock in transit	5.9	4.9
Stock per balance sheet	35.0	31.4

Cash flow

The Group ended the period with net cash at bank of £4.1m (FY24: £1.6m cash). The table below shows a summarised pre-IFRS 16 presentation of cash flow. The net cash inflow before exchange rate movements for the period was £2.9m (FY24: outflow of £7.9m).

	FY25 £m	FY24 £m	Variance £m
Operating profit	13.1	11.4	1.7
Operating cash flows ¹	(5.7)	(8.3)	2.6
Net movement in working capital	2.2	(4.3)	6.5
Net cash from investing activities	(5.1)	(5.8)	0.7
Tax paid	(0.5)	(0.1)	(0.4)
Interest and financing costs	(0.6)	(0.5)	(0.1)
Purchase of shares into the Employee Benefit Trust	(0.5)	(0.3)	(0.2)
Cash flow before exchange rate movements	2.9	(7.9)	10.8
Exchange rate movements	(0.4)	(0.7)	0.3
Net increase/(decrease) in cash and cash equivalents	2.5	(8.6)	11.1
Opening net cash balance excluding IAS 17 leases	1.6	10.2	
Closing net cash balance excluding IAS 17 leases	4.1	1.6	

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

Bank facilities and financial position

The Group continues to have a revolving credit facility (RCF) of £20.0m, which provides ample liquidity and is utilised to support the build of stock prior to peak trading. The terms of this financing agreement expire on 30 November 2026. We will be seeking a similar facility during the first half of FY26.

Capital distributions

The Board is not proposing a final dividend. Future shareholder distributions, including share buybacks, continue to be assessed as profitability improves and funding allows.

Employee Benefit Trust funding for the purposes of share schemes

To avoid dilution of existing shareholder interests, the Board's intention is to continue providing funding to the Company's Employee Benefit Trust. This will enable the EBT to continue purchasing shares in the market that can subsequently be used to satisfy the exercise of options under employee share schemes, as it has done in each of the last two financial years.

Rosie Fordham

Chief Financial Officer
22 July 2025



To succeed it is essential we engage with our stakeholders

Our stakeholders and how we engage with them are 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 over the page.

Our customers

Buy our products.

What matters to them

- Wide variety of great products.
- Inspirational ideas.
- Providing solutions.
- Good value and quality.
- Customer experience.
- Reliable and convenient service.

Group-wide engagement

- Active social media engagement.
- Customer surveys and polls.
- Bazaarvoice product reviews.
- 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 9 to 11](#) and [page 14](#)

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, is available on the Company's website.

Board-level engagement

- Annual General Meeting.
- Chair and Committee Chairs are available to shareholders to discuss specific matters as they arise.
- Invited to investor presentations for interim and full-year results on Investor Meets platform.
- CEO and CFO have regular meetings and calls with investors and analysts, and provide Board updates following such engagement.

Outcomes

- Positive feedback on investor and analyst roadshow presentations.
- All resolutions passed with >99% of votes in favour at 2024 AGM.
- Approved the appointment and reappointment of Board members.

➔ Read more on [page 1](#)

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.
- Engagement and support.
- Development opportunities.

Group-wide engagement

- Interaction through various channels including MyWorks communications and engagement platform and regular briefings.
- Annual engagement survey to give us an independent view of what we are doing well and where we can improve.
- Local-level engagement including team meetings, video calls and briefings.
- Learning and development support through online tool 'Can-Do Academy'.

Board-level engagement

- Regular Director store visits and meetings with senior management and store colleagues.
- Presentations to the Board by the Chief People and Retail Officer covering people and talent strategy, development of an Employee Value Proposition and linkage to the Group's purpose, culture and strategy.
- Chief People and Retail Officer regularly provides updates at Board and Nomination and Remuneration Committee meetings.

Outcomes

- Ranked 10th Best Big Company to Work For nationally by Best Companies™ reflecting 'very good' levels of employee engagement.

➔ Read more on [page 26](#)

Our communities

We care about giving something back.

What matters to them

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

Group-wide engagement

- 'Giving Something Back' Programme (see page 27).
- Local community initiatives (see page 27).

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.
- Board in-depth review of the Group's community engagement activities.

Outcomes

- Strengthening ESG strategy given growing importance to stakeholders (see pages 25 to 29).
- Strengthened our corporate and charity fundraising partnership with the National Literacy Trust (NLT), raising £66k in FY25. Our Board took on the Arctic Challenge in January 2025, raising £14k for NLT.
- £57k raised in partnership with Mind, SAMH and Inspire during FY25.
- In partnership with Barnardo's, rolled out 'Play It Forward' product take-back scheme in 468 stores, enabling customers to donate used items for reuse or recycling.

[Read more on page 27](#)

Our suppliers

Support our sourcing and distribution activities.

What matters to them

- Long-term relationships.
- Fair treatment.
- Payment in accordance with contractual terms.
- Responsible business practices.

Group-wide engagement

- Regular commercial dialogue.
- Annual supplier product conference.
- In-person meetings with suppliers, factory visits and attendance at trade fairs.
- Our quality assurance team works closely with suppliers to ensure product safety and quality are integral to the supply of our products.
- Our sourcing team drives key partnerships via robust communication and enforcement of supplier standards.
- Our sustainability team engages with suppliers to investigate and appraise their commitments to the environment in line with our roadmaps.

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

- Board review of payment practices ensures that suppliers are treated fairly.
- Promote fair and ethical business practices through supply chain management.
- Development of social and ethical compliance programme in conjunction with Verisio (see page 29).
- Long-term supplier relationships.
- Increasing collaboration with key publishers.

[Read more on page 29](#)



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) (a) to (f) of the Companies Act 2006 in their decision-making processes.

Both individually and collectively, the Directors believe that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in Section 172(1)(a) to (f) of the Companies Act 2006) in all decisions taken by the Board during the 52-week period ended 4 May 2025 (FY25).

Under Section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- 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.

Strategy review

Following changes to the Board and the new leadership structure of the Group, the Board recognised the need to develop a clear plan to transform the business with the ambition of driving sales growth, improving profit margins and delivering strong returns for our shareholders. The Board therefore took the decision to evolve the 'Better, not just Bigger' strategy.

The strategic review process was led by the Executive Directors and Operating Board but overseen by the plc Board. Regular updates on the development of the revised strategy were provided at scheduled Board meetings. This provided opportunities for input from the Non-Executive Directors ahead of the Board Strategy Day in November 2024, and a follow up session in December 2024 at which the Board approved the revised strategy, "Elevating The Works", and the three key strategic drivers and people and planet underpin.

In discussing and agreeing the revised strategy, the Board had due regard to the factors under S172 of the Companies Act 2006, with particular focus on our customers (through our purpose and the strategic pillars to improve customer experience and to be a lean and efficient operator), our shareholders (with the aim that the successful implementation of the revised strategy will have a transformative impact on the business with long-term shareholder value supported by sales growth and improved EBITDA margin), and our people and environment through our strategic underpin and recognition.



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 new 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 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 35.



Our people



Colleagues

We care about our people.



We will focus on learning and development, health and wellbeing, and diversity and inclusion to help us ensure that The Works is an engaging and inspiring place to work.

Our brilliant colleagues are what set us apart from the rest, giving our customers an outstanding shopping experience in a challenging and competitive retail environment. We are focused on attracting and holding onto great talent by creating a positive and uplifting culture where our colleagues can thrive.

Every year, our colleagues have their say about their experiences at work in our Make a Difference engagement survey (provided by Best Companies™). The third-party survey asks colleagues to report their views on areas covering Leadership, My Manager, Personal Growth, Wellbeing, Fair Deal and Giving Something Back, with the option to add comments which give us in-depth insights about colleagues' experiences.

80% of our colleagues completed the survey and we maintained our one-star rating (with three stars being the highest) for 'very good' workplace engagement. We're proud that this led us to being named 10th Best Big Company to Work For in the Best Big Companies 2024 national list.

Learning and development

Our online learning and development site, Can-Do Academy, offers all colleagues easy access to on-demand learning and development opportunities. Compliance, management and leadership skills training is available alongside modules to support personal growth and wellbeing topics. In FY25, our talent development team introduced multiple new initiatives including The Works Welcome induction event, which gives our new starters a warm introduction to the business, and our High Potential Programme, empowering selected retail and Support Centre colleagues to develop into future leaders.

Health and wellbeing

Health and safety (H&S)

The health and safety of our colleagues is always our priority and we take a proactive approach to make sure we improve H&S performance each year. Our online portal and reporting system allows all stores to instantly record accidents, incidents and near misses and our store managers use streamlined H&S checklists to support their regular daily floor-walks to spot hazards and ensure escape routes are kept clear.

At our Distribution Centre, we've implemented a change to picking processes, which has reduced accident rates by 61% year on year and earned us a Warehouse Transformation of the Year award at the Logistics Matter Warehouse Transformation Awards 2025.

Wellbeing

Our wellbeing strategy ensures we focus on all aspects of our colleagues' wellbeing and outlines the ways colleagues can access support when they need it. All colleagues have access to:

- **MyWorks Wellbeing Hub**, our communications and engagement platform, which provides quick access to physical, mental and financial wellbeing resources.

- Our **Employee Assistance Programme** through our partnership with the Retail Trust, which colleagues can access 24/7.
- **Wellbeing Warriors**, who are specially trained colleagues across the business who can support their peers' mental wellbeing, act as an impartial, confidential, listening ear and provide unbiased support.

Diversity and inclusion (D&I)

Our D&I strategy sets out four key priorities which we are committed to delivering:

- Further improve our understanding of D&I across our business.
- Improve D&I training and enhance awareness.
- Review our internal processes to ensure barriers to inclusion are removed.
- Ensure everyone at The Works is accountable for their role in creating an inclusive workplace.

In FY25, we published 19 D&I and wellbeing-related blogs on MyWorks, covering topics from autism awareness to Pride Month and mental health awareness. We can see the impact our blogs and D&I training has had on our teams with 76% of respondents in our D&I survey feeling positive that there is the appropriate level of training and awareness on D&I at The Works (compared to 54% in 2023). We're proud that 92% of respondents also feel that they understand what diversity and inclusion means at The Works.

Gender Pay Gap Report

Our 2024 Gender Pay Gap Report is available at corporate.theworks.co.uk.

As at 5 April 2024, the median gender pay gap for hourly paid colleagues increased from 0% in 2023 to 2.4% in 2024. This is because we have more women than men in high-level leadership roles. However, when looking at the mean average, we can see that while there is still a difference in pay, it has improved from FY23 to FY24 by 0.3%.

The gender diversity profile across the Group as at 5 May 2024 is detailed below.

	Male	Female
Board ¹	4/80%	1/20%
Operating Board ²	2/40%	3/60%
Direct reports ³	7/32%	15/68%
Senior leadership ⁴	16/55%	13/45%
Other employees ⁵	939/25%	2,765/75%
All colleagues	968/26%	2,797/74%

1 The Board (see pages 42 and 43) includes three Non-Executive Directors and two Executive Directors.

2 Information about the members of the Operating Board, which includes the two Executive Directors, is available at <https://corporate.theworks.co.uk/who-we-are/our-leadership>. As at the date of this Annual Report the gender diversity profile of the Operating Board was 4/80% male and 1/20% female.

3 Direct reports to senior management (the Operating Board).

4 Senior leadership includes heads of department or equivalent.

5 Other employees includes all other colleagues who are permanent employees.



Communities

We care about giving something back.

We will support both local and national charities and organisations which help us achieve our business purpose.

Giving something back

We're proud to make a difference by giving something back to the communities we serve. It is a key part of our business culture – whether it's through in-person fundraising, using our stores as donation points, or taking on huge challenges for our charity partners, giving something back is second nature to us.

We continue partnering with Mind, SAMH and Inspire, bringing commercial charity ranges including Christmas cards to stores to raise awareness and funds for our national partners. Since the period end, we have launched our Make May Mindful campaign in association with Mind, highlighting how our products can give people the chance to unwind with some Time Well Spent to support their mental wellbeing.

In FY24 we announced our partnership with the National Literacy Trust (NLT), an independent charity working with schools and communities to give disadvantaged children the literacy skills to succeed in life. This year, our partnership has strengthened through mutual support at fundraising and awareness events and working closely to forward plan ways to inspire reading, learning, creativity and play in our communities.

Another great example of where our purpose aligns with our charity partnerships is World Book Day. In FY25, our retail colleagues inspired a love of reading by dressing up as children's favourite characters, hosting story sessions and recommending awesome reads to families in our stores. In total, we helped put World Book Day books into the hands of over 225,000 customers (an 18.19% market share), up 35,000 units from FY24. Our communities team

also celebrated the day by supporting an NLT event in London at the Charlotte Sharman School attended by MC Grammar, Bluey and the illustrator Vivian Truong, with a pop-up shop so children could redeem their vouchers.

In January 2025, our Operating Board took on an epic Arctic Challenge and pushed themselves to their physical and mental limits to raise money and awareness for NLT, raising £14,000 through their efforts.

Towards the end of FY25 we also launched our Barnardo's 'Play It Forward' scheme, which you can read about in our environment update.

National partnerships

National Literacy Trust

£66k

Mind, SAMH and Inspire

£57k



Our planet



Environment

We care about our impact on the planet.

We are committed to minimising our climate impact through lowering emissions, conserving resources and reducing waste.

FY25 marked a year of transition on environment for the Group, with a new Sustainability Manager appointed, and the sustainability team re-positioned internally to form part of the wider commercial function. This has fostered closer collaboration with all commercial team members and enabled a commercial-centric approach to activities such as reducing GHG emissions across Scope 1 to 3 and responding to regulations such as Extended Producer Responsibility (EPR).

FY25 achievements

- Created our Energy Savings Opportunities Scheme (ESOS) action plan to cut energy use through LED retrofits, employee training and EV charger installations.
- Joined Products of Change, a not-for-profit organisation fostering sustainability collaboration in the licensing and retail industries.
- Rolled out Barnardo's 'Play It Forward' takeback scheme across 468 stores, enabling customers to donate used items for reuse or recycling.
- Relunched Sustainability Squad – monthly sessions to educate commercial teams on sustainability themes and environmental compliance.

FY26 plans

- Implement an ESOS action plan to unlock GHG reductions and efficiency savings.
- Launch a 'Perfect Packaging' project – workshops, guidance tool and tracker to improve recyclability, cost efficiency and consistency of packaging.
- Review our Scope 3 strategy to ensure alignment with AIM-listed and retail sector peers, relevant regulatory frameworks, and our commercial strategy. This will support credible supply chain engagement and emissions reduction.
- Enhance data capture to aid compliance activities and develop additional performance metrics for sustainability.

▶ For further details, including our metrics, targets and SECR reporting, please see our Task Force on Climate-related Financial Disclosures (TCFD) statement on [pages 30 to 35](#)





Supply chain

We care about being ethical and efficient.

We strive to establish key supplier relationships, mitigate risk and source our products in an ethical and legally compliant way.

In FY25, to support the continued delivery of our supply chain strategy, the sourcing function expanded to include both a sourcing manager and a sourcing and sustainability assistant, establishing a dedicated team to lead supplier strategy, engagement and performance.

We care about good ethical business practices and are truly committed to conducting business fairly, ethically and with respect to fundamental human rights. This includes the prevention of all forms of slavery, forced labour or servitude, child labour and human trafficking, both in our business and supply chains. Our Modern Slavery Statement is available at <https://corporate.theworks.co.uk/who-we-are/corporate-governance/our-policies>.

FY25 achievements

- Rolled out the next phase of our Ethical Compliance Programme across our entire active supplier base, spanning own-brand, supplier-branded, licensed and publisher partners.
- For own-brand suppliers, the approach consists of risk grading our suppliers' factories using a bespoke risk grading matrix devised in conjunction with Verisio, our nominated ethical compliance partner.
- For our branded suppliers, a self-assessment questionnaire has been introduced, and suppliers are risk assessed based on their own internal ethical standards and responsible business practices throughout their supply chains.
- Conducted supplier segmentation exercises on our suppliers and evaluated all active suppliers against high-level supplier performance criteria.

FY26 plans

- Introduce tangible metrics set against the high-level criteria to strengthen overall performance evaluation of our supplier base.
- Develop balanced scorecards to provide a consistent, objective view of supplier performance.
- Complete and reissue our supplier terms and conditions of purchase alongside a renewed Supplier Manual to reinforce our expectations of suppliers and mitigate risk.
- Re-launch a new supplier onboarding process across all supplier types.
- Oversee supplier and factory ethical compliance risk grading progress and develop internal targets for continuous improvement purposes.





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

In line with common market practice, this disclosure follows the TCFD framework, which aligns with the UK's Climate-related Financial Disclosure (CFD) requirements under the Companies (Strategic Report) Regulations 2022. We confirm that all eight mandatory CFD requirements have been met, as below:

Climate-related Financial Disclosure (CFD) requirement	Location within disclosure
1 and 2 – Governance: Board oversight and management's role	Governance section (page 30)
3 – Strategy: Climate-related risks and opportunities	Strategy section (pages 31 to 33)
4 – Strategy: Impact on business, strategy and financial planning	Strategy section (pages 31 to 33)
5 – Strategy: Resilience under different climate scenarios	Strategy section (pages 31 to 33)
6 – Risk management: Identifying, assessing and managing risks	Risk management section (page 31)
7 – Metrics and targets: GHG emissions (Scope 1, 2, and 3)	Metrics and targets section (pages 34 and 35)
8 – Metrics and targets: Other metrics	Metrics and targets section (pages 34 and 35)

Governance

In FY25, 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. We continued to develop our governance structure to ensure there are committees responsible for identifying, assessing and mitigating the impacts of climate change (see structure below). The Group is committed to building capacity internally and equipping our senior management with the appropriate knowledge to deliver on our objectives as a business.

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.

The sustainability team supports the Board and the Audit & Risk Committee in developing and implementing strategy, managing climate-related issues, and assessing climate-related risks and opportunities.



Risk management

We apply the Group's established risk management framework to climate-related risks, ensuring they are identified, assessed and managed consistently with other material business risks. This includes defined processes for making mitigation decisions or accepting residual risk, and for monitoring mitigation actions.

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 across our operations. Updated biannually, 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 (low, medium, or high), with 'high'-scoring items prioritised for mitigation. The most material risks and opportunities are summarised in the tables on pages 32 and 33, including the climate scenario in which each is most acute, and the resilience measures we are implementing in response.

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 members of the Operating Board and heads of department to ensure sustainability and climate change considerations are integrated into decision making across the business. As part of this process, existing mitigation measures are regularly reviewed and developed to better address the impacts of climate change.

Integrating climate-related risks into overall risk management

Climate-related risks are embedded in our broader risk governance framework. Each year, the Chief Financial Officer 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. To ensure climate-related risks and opportunities are easily integrated into existing business functions, our climate risk register adheres to the processes and structure of our central risk register.

The Chief Financial Officer is responsible for maintaining the climate risk register, ensuring that climate-related risks and opportunities are reviewed as part of the Group's risk management cycle and appropriately reflected in our financial reporting. The Board and Audit & Risk Committee review the Group's principal risks, including climate-related risks, biannually.

Strategy

Our climate risk register (pages 32 and 33) 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 (2025–2029). Material to immediate planning.
- **Medium term:** 5–14 years (2030–2039). Foreseeable with high confidence.
- **Long term:** 15–29 years (2040–2054). Foreseeable with low confidence or diverging potential impacts.

Their potential commercial 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).





Strategy continued

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.	<p>Impact rating: Medium</p> <p>The UK and EU are expanding and strengthening environmental regulations, which will result in increased costs – both directly, through levies, and indirectly, through operational and supply chain disruption. Failure to comply could result in costly litigative action.</p> <p><i>Examples: Extended Producer Responsibility (EPR), European Union Deforestation Regulations (EUDR), Carbon Border Adjustment Mechanism (CBAM) and Emissions Trading Schemes (ETS).</i></p>	1.5°C Strict, far-reaching environmental legislation is adopted globally.	<p>Short (EPR, EUDR, CBAM).</p> <p>Medium (CBAM, ETS).</p>	<p>QA, sustainability and sourcing functions hold a monthly horizon scanning session to monitor incoming regulatory developments. Material updates are shared with relevant business units and, where potential budgetary impact is substantive, escalated to the Operating Board.</p> <p><i>Example: EPR cost projection has been escalated to Operating Board and plc Board, and the sustainability team is leading a 'Perfect Packaging' project to enhance packaging data and advise buying teams on cost mitigation.</i></p>
Technology	Transition to low/zero-emissions technology necessitating higher capital expenditure.	<p>Impact rating: Medium</p> <p>Achieving net zero in Scope 1 by 2035 and Scope 2 by 2030 will require a comprehensive retrofit programme to upgrade lighting, replace gas-fired heating and improve insulation. With limited government subsidies, we will likely incur increased capital expenditure in property and facilities.</p>	1.5°C Rapid net zero transition is mandated, with strict enforcement.	Medium	<p>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. All energy-saving measures, informed by our ESOS Phase 3 surveys, are selected to deliver capital expenditure payback within two to three years. After this, operational savings will help offset potential electricity price increases from the initial costs of the UK's transition to renewables.</p>

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.	<p>Impact rating: High</p> <p>Operationally, increased extreme weather events (such as storms and floods) could reduce footfall and damage assets. With trade concentrated in winter, when extreme weather is most likely, there is significant potential for revenue loss.</p> <p>In the supply chain, increased extreme weather events could result in higher cost of goods, limited stock availability and shipping delays.</p>	<p>>4°C</p> <p>An increasingly unpredictable volatile climate results in more frequent and severe weather disruption.</p>	Long	Our disaster recovery plan ensures IT recovery within 48 hours, with remote work provisions for all support departments. Contingency measures are in place for risks at the data and e-commerce centres.
Chronic	Rising mean temperatures necessitating operational changes during summer months.	<p>Impact rating: Low</p> <p>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.</p>	<p>>4°C</p> <p>Extreme heat becomes common in summer months, with safe working temperatures frequently exceeded.</p>	Long	It is standard procedure for newly acquired and refitted stores to be 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	Mitigation
Energy source	Low/zero-emissions energy sources could reduce operational costs.	<p>Impact rating: Medium</p> <p>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.</p>	<p>1.5°C</p> <p>Efficient, low-carbon technology is widely adopted.</p>	Medium	We will monitor government policies and progress in the energy transition, while evaluating the feasibility of on-site photovoltaic self-generation as a potential action of ESOS Phase 4 (from 2027).
Products and services	Sustainable products could generate revenue growth.	<p>Impact rating: Low</p> <p>Product and packaging sustainability could broaden our customer appeal, generating additional sales revenue, and minimise cost exposure to environmental levies such as EPR.</p>	<p>1.5°C</p> <p>Customers adapt their purchasing habits to reduce emissions.</p>	Short	Our sustainability squad is a monthly forum for key stakeholders – including sustainability, buying, design and QA. It develops and commercialises 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.



Non-financial and sustainability information statement continued

Metrics and targets

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).

Metrics and targets (including SECR disclosure)

		FY25			FY23 (baseline)		
		UK	Global (exc. UK)	Total	UK	Global (exc. UK)	Total
SECR							
Energy consumption (kWh)	Scope 1 total	474,179	–	474,179	883,410	–	883,410
	Natural gas (Scope 1)	182,062	–	182,062	155,792	–	155,792
	Transport – company fleet (Scope 1)	292,117	–	292,117	727,618	–	727,618
	Scope 2 total	12,547,866	270,998	12,818,864	12,855,807	184,328	13,040,136
	Grid-supplied electricity (Scope 2)	12,547,866	270,998	12,818,864	12,855,807	184,328	13,040,136
	Scope 3 (operational influence) total*	849,659	2,294	851,953	92,674	–	92,674
	Transport – grey fleet (Scope 3)	184,993	2,294	187,287	92,674	–	92,674
	Upstream leased assets (Scope 3)	664,666	–	664,666	N/A	N/A	N/A
	Gross total	13,871,704	273,292	14,144,996	13,831,891	184,328	14,016,220
	Scope 1 total	100.39	–	100.39	197.67	–	197.67
Emissions (tCO ₂ e)	Natural gas (Scope 1)	33.30	–	33.30	28.44	–	28.44
	Transport – company fleet (Scope 1)	67.09	–	67.09	169.23	–	169.23
	Scope 2 total	2,598.29	85.13	2,683.42	2,536.49	60.90	2,597.39
	Electricity – location based (Scope 2)	2,598.29	85.13	2,683.42	2,536.49	60.90	2,597.39
	Scope 3 (operational influence) total*	182.26	0.55	182.81	21.46	–	21.46
	Transport – grey fleet (Scope 3)	44.64	0.55	45.19	21.46	–	21.46
	Upstream leased assets (Scope 3)	137.62	–	137.62	N/A	N/A	N/A
	Gross total	2,880.94	85.68	2,966.62	2,755.61	60.90	2,816.52
	Scope 1 total	100.39	–	100.39	197.67	–	197.67
	Natural gas (Scope 1)	33.30	–	33.30	28.44	–	28.44
	Transport – company fleet (Scope 1)	67.09	–	67.09	169.23	–	169.23
Emissions (tCO ₂ e)	Scope 2 total	2,598.29	85.13	2,683.42	2,536.49	60.90	2,597.39
	Electricity – location based (Scope 2)	2,598.29	85.13	2,683.42	2,536.49	60.90	2,597.39
	Scope 3 (operational influence) total*	182.26	0.55	182.81	21.46	–	21.46
	Transport – grey fleet (Scope 3)	44.64	0.55	45.19	21.46	–	21.46
	Upstream leased assets (Scope 3)	137.62	–	137.62	N/A	N/A	N/A
	Gross total	2,880.94	85.68	2,966.62	2,755.61	60.90	2,816.52
	Scope 1 total	100.39	–	100.39	197.67	–	197.67
	Natural gas (Scope 1)	33.30	–	33.30	28.44	–	28.44
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	Electricity – location based (Scope 2)	2,598.29	85.13	2,683.42	2,536.49	60.90	2,597.39
	Scope 3 (operational influence) total*	182.26	0.55	182.81	21.46	–	21.46
	Transport – grey fleet (Scope 3)	44.64	0.55	45.19	21.46	–	21.46
	Upstream leased assets (Scope 3)	137.62	–	137.62	N/A	N/A	N/A
	Gross total	2,880.94	85.68	2,966.62	2,755.61	60.90	2,816.52
Intensity metric	Gross total tCO ₂ e per £m revenue			10.7			10.1
Scope 3 disclosure**							
Emissions (tCO ₂ e)	Purchased goods and services			23,646			64,791
	Upstream transportation and distribution			8,859			8,093
	Other upstream categories			2,526			3,397
	Upstream Scope 3 total			35,031			76,281
Other metrics							
Books with FSC accreditation				>75%			>60%
Recycling rate***				81.5%			74.8%

* 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 our concession stores (in previous years, this was reported in Scope 2; it has been moved to reflect that, while in our influence, it is not in our direct control).

** This is a voluntary disclosure of our upstream Scope 3 emissions. Those emissions reported within our SECR disclosure are also included here within 'Other upstream categories'.

*** Recycling rate applies only to waste collected through our main waste partner, Biffa, which operated across 233 sites during FY25. At present, we lack the capability to report data from alternative service providers.

Methodology

SECR

This disclosure follows HM Government's Environmental Reporting Guidelines (2019), including Streamlined Energy and Carbon Reporting (SECR) guidance. Emissions are calculated in line with the GHG Protocol, using methodologies from its Corporate Standard, Scope 2 Guidance and Scope 3 Value Chain Standard.

UK emissions are based on 2024 Government conversion factors, using gross calorific values and location-based emissions factors for the reporting period 01/05/24 to 30/04/25. For Republic of Ireland operations, average 2024 Irish grid factors have been applied. All emissions are reported as CO₂ equivalent (CO₂e), using 100-year Global Warming Potential (GWP100).

Scope 3

Scope 3 emissions have been calculated in line with the GHG Protocol. A spend-based methodology was primarily used, supplemented by activity-based data (e.g. fuel use, mileage, energy consumption) where available. While reported FY25 emissions are significantly lower than FY23, this reflects changes in UK Government emissions factors and a change in calculation methodology, rather than a confirmed reduction in actual emissions. As such, we intend to review our baseline over the coming year.

Targets

Our current climate and sustainability targets, set in FY23, are focused on those metrics deemed to present the greatest climate-related risks and opportunities. In FY26, we will undertake a full review of these targets, ensuring alignment with our climate and central risk registers, as well as with our AIM-listed and retail sector peers. The absolute Scope 1 emissions have fallen 49.2% against the baseline year in FY25 as a result of action taken to reduce the company car fleet, and increase the number of electric vehicles within the fleet

		Target	Performance
Climate*	Absolute Scope 1 emissions	Net zero by 2035	Change of (49.2%) against baseline year
	Absolute Scope 2 (location based)	Net zero by 2030	Change of 3.3% against baseline year
	Absolute Scope 3	Net zero by 2045 (ambition of 2040)	Change of (54.1%) against baseline year**
Circularity	Books with FSC accreditation	75% in FY25	>75% in FY25 – achieved ✓

* Aligned with British Retail Consortium (BRC) Climate Action Roadmap.

** Upstream categories only (downstream is not currently measured). Reduction may be partially attributed to change in emissions factors, reporting boundaries and methodology. Baseline will be reviewed accordingly in FY26.

Energy efficiency actions

To support progress towards our climate targets, the Group remains committed to continuous improvements in operational energy efficiency. In FY25, we completed our Phase 4 Energy Savings Opportunities Scheme (ESOS) action plan. Drawing on 27 energy audits conducted in FY23, we identified several key actions for implementation over the next three years. These are summarised in the table below.

Action	Energy efficiency benefit	Planned implementation timeframe
Employee training module	Minimise easy-to-abate energy losses through education and behavioural change.	FY26
LED retrofit programme	Reduce electricity consumption from store lighting, a primary driver of total energy use.	FY26/27
EV charging points at the Support Centre	Encourage uptake of EVs among company car fleet and for business travel.	FY27

In accordance with Sections 414CA and 414CB of the Companies Act 2006, the information opposite is provided to help our stakeholders understand our position in relation to key non-financial and sustainability matters. Further information highlighted opposite is incorporated by cross-reference, including details of the policies pursued by the Company in relation to these matters, which can also be found online at: www.corporate.theworks.co.uk/who-we-are/corporate-governance/our-policies.

Key matter	Further information
Environment and climate-related financial disclosures	<ul style="list-style-type: none"> ESG review: page 28. TCFD statement: pages 30 to 35. Our stakeholders: pages 22 and 23.
Employees	<ul style="list-style-type: none"> ESG review: pages 25 to 29. Our stakeholders: page 22. Remuneration report: pages 55 to 66. Corporate governance report: pages 42 to 70.
Respect for human rights	<ul style="list-style-type: none"> ESG review: pages 25 to 29. Corporate governance report: pages 42 to 70.
Social	<ul style="list-style-type: none"> ESG review: pages 25 to 29. Our stakeholders: pages 22 and 23.
Anti-corruption and anti-bribery	<ul style="list-style-type: none"> ESG review: pages 25 to 29. Corporate governance report: pages 42 to 70.
Additional disclosures	<ul style="list-style-type: none"> Business model: pages 12 and 13. Key performance indicators: page 16. Principal risks: pages 36 to 41.

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 that appropriate risk management processes and controls are in place. The Board has delegated responsibility for overseeing risk management processes and controls to the Audit & Risk Committee. Day-to-day risk management is the responsibility of the senior management team. Further details of the governance structure are set out in the Corporate governance report on page 49.

Risks are identified and assessed using a bottom-up review process. Senior management determines the potential risks that could affect its areas of responsibility and the likelihood and impact. This information is used to create the Group's primary risk register and capture principal risks which are subsequently considered by the Audit Committee and the Board.

Risk appetite

The Board determines the Group's risk appetite. Where a conflict exists between risk management and strategic ambitions, the Board seeks to achieve a balance which facilitates the long-term success of the Group.

Principal and emerging risks and changes in principal risks

The Board conducts a robust assessment of the principal risks facing the Group and emerging risks, including those that could threaten the operation of its business, future performance or solvency. The Board formally reviews the Group's principal risks at least twice a year.

A detailed operational risk review was undertaken by the Chief Financial Officer and Head of Financial Reporting during December 2024. This review included discussions with members of the Operating Board covering current, principal and emerging risks affecting their respective areas of responsibility and broader corporate risks. Following this review, the Group's primary risk register and its principal risks and mitigation plans were updated, and considered by the Audit & Risk Committee and the Board in January 2025.

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 41, 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.

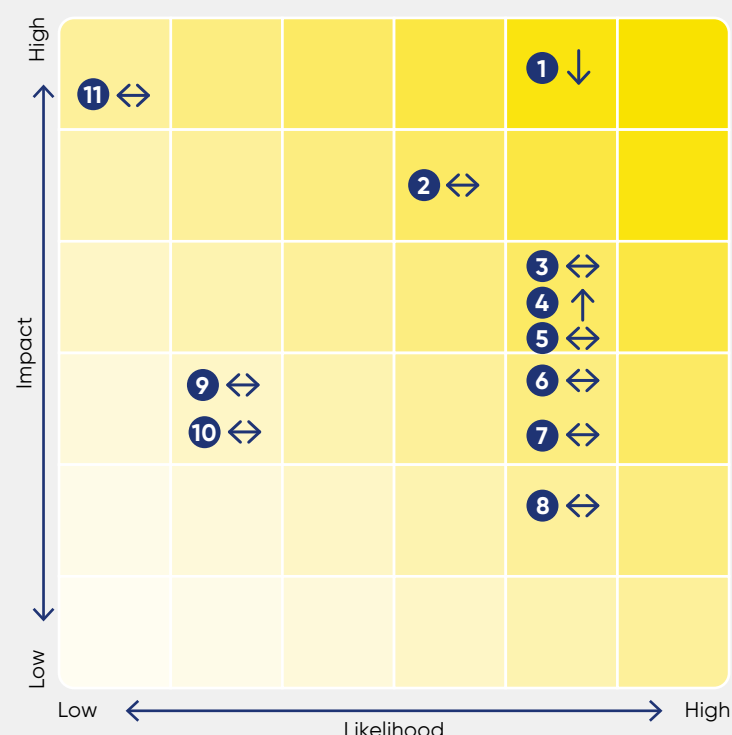
During the period the main changes to the principal risks were as follows:

- The overall level of risk for 'Economy and market' was reduced from 'very high' to 'high' given the improved financial stability of the Group.
- The likelihood of the 'IT systems and cyber security' risk was increased from 'possible' to 'probable' given the recent cyber attacks reported in the press. The overall level of risk remains as 'high' given implementation of mitigation strategies.

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 changes.



Risk heatmap



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
- ↔ Unchanged

1 Economy and market

Risk, profile change and link to strategy

A deterioration in economic conditions or a 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.

Link to strategy



Mitigations

- Take account of expected impact in the strategic planning process, budgets and forecasts. The evolved strategy (five-year plan) is prepared on the assumption of a benign consumer environment, with a key driver being 'Be a lean and efficient operator' which will reduce operational and support costs and increase our product margins, and growing our average selling price. This will reduce the operational cost base of the Company and strengthen the Company's financial resilience.
- Cost reduction is a key focus in our strategy. A cost transformation project supported by external consultants was conducted to reduce operational and central costs.
- Focus on increased direct sourcing, product engineering, reduced markdowns and improved negotiations with suppliers to improve gross margin.
- Operate stores on flexible short-term leases to benefit from reductions in rents through the rolling renegotiation of leases. Ensure that the store estate can be adapted relatively quickly in the event of material local changes in demand.
- Maintain contingency plans should trade deteriorate as part of our reasonable worst case scenario planning.

Links to strategy:



Grow our brand fame



Improve customer convenience



Be a lean and efficient operator



People and planet



Principal and emerging risks and changes in principal risks continued

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.

Although it has a track record of understanding customers' needs for these products, the market is competitive. Customers' tastes and shopping habits can change quickly. Failure to effectively predict or respond to changes could affect the Group's sales and financial performance.

Failure to effectively execute the 'Elevating The Works' strategy (e.g. due to insufficient capacity or inadequate capability) would have an adverse impact on the Group's ability to grow, particularly if the envisaged sales growth drivers fail to increase sales. Furthermore, achieving increased sales growth could be more challenging if consumer confidence is impacted by deteriorating economic conditions.

Change from prior year

↔ Unchanged level of risk.

Link to strategy



Mitigations

- Continue to make progress in clarifying and improving our proposition (including our pricing and commercial proposition) and driving gross margins higher.
- Increase strategic focus on growing brand fame and increasing customer engagement to further differentiate the Group from competitors.
- Monitor emerging trends by a trading team guided by our Chief Commercial Officer.
- Monitor competitors' propositions and discuss key developments at weekly trading meetings and at Board level on a regular basis.
- Undertake regular customer research, at least annually, and monitor and review customer feedback on an ongoing basis.
- Review key market reports on a monthly basis to review key trends.
- Use sales data and online feedback channels to inform purchasing and marketing decisions.
- Ensure flexible lease terms to allow the Group to adapt its store portfolio (which continues to be highly relevant to customers) to suit evolving shopping habits.
- Continue evolution of the Group's online capability ensures complementary digital and store propositions, as customers increasingly engage with both channels.
- Focus on delivery of the new strategy, 'Elevating The Works', developed in FY25, with investment in a business transformation function to help ensure effective prioritisation and delivery of key plans.

3 Supply chain

Risk, profile change and link to strategy

The Group uses third parties, including many in Asia, for the supply of products. Risks include the potential for supplier failures, risks associated with manufacturing and importing goods from overseas, potential disruption at various stages of the supply chain and suppliers failing to act or operate ethically.

Supply chain disruption due to shipping issues such as those currently being experienced in the Red Sea could cause disruption to stock availability and cost inflation.

Failure to execute the restructuring of the supply chain team successfully to implement necessary changes to the stock process could prevent the right stock getting to the right stores at the right time and materially impact sales growth.

Change from prior year

↔ Unchanged level of risk.

Link to strategy



Mitigations

- Buying and supply chain teams continued to strengthen ways of working and accountabilities through FY25.
- Embedding quality assurance team with a Head of Quality Assurance recruited and an experienced team and which will man-mark each pillar with a focus to embed quality management processes to maintain an appropriate level of supplier and product quality, including upfront product assessment at development stage, product testing, pre-shipment inspections and assessment of customer reviews.
- Working with a new ethical compliance partner, Verisio, with on the ground expertise.
- Ensure all active product suppliers are signed up to an updated supplier code of conduct.
- Require product suppliers to adhere to our terms and conditions and policies that reinforce the Group's values and its commitment to conduct business fairly, ethically and with respect to human rights.
- Ensure a supplier base review by pillar through FY26 to manage risk across own brand and branded, and to ensure that we have flexibility across product groups and reduce reliance on individual suppliers.
- Ensure careful management of the critical path so that there is enough time built into the key dates and milestones for product delivery.
- Proactive management of supply chain to ensure stock levels are appropriate.
- Continue to review freight costs (including measures to mitigate them) and monitor alternative sourcing arrangements where practicable, including making necessary adjustments to lead times to mitigate the impact of the instability in the Middle East.

Links to strategy:



Grow our brand fame



Improve customer convenience



Be a lean and efficient operator



People and planet

4 IT systems and cyber security

Risk, profile change and link to strategy

The Group relies on key IT systems. Failure to develop, secure and maintain these, or any prolonged system performance problems or lack of service, could affect the Group's ability to trade and/or could lead to significant fines and reputational damage.

Change from prior year

↔ Unchanged level of risk; however, likelihood of risk has been increased from 'possible' to 'probable' given recent attacks on UK retailers.

Link to strategy



Mitigations

- Maintain reliable systems and data integrity. The evolved strategy includes the key driver 'Be a lean and efficient operator' which includes investing in replacing out of date and inefficient systems.
- Modern two-factor authentication for access, combined with up-to-date end point detection capabilities (to monitor devices and assess unexpected/ risky activity) and network segmentation, lowers the probability of malicious entry and speed of movement of malware across the business.
- 24/7/365 Security Operations Centre monitors and responds to any unusual activities in systems or networks.
- Enhanced working from home and adoption of cloud system capabilities have reduced the level of dependence on a single-site head office.
- Undertake regular Operating Board IT investment strategy reviews including security and infrastructure investment programmes.
- Continue to invest in in-house IT capabilities.
- Ensure maintenance, vulnerability management and lifestyle programmes are in place to address out of support hardware, software and system defects.

5 Brand and reputation

Risk, profile change and link to strategy

The Group's brand is vital to its success. Failure to protect the brand, in particular in relation to product quality and safety, could result in the Group's reputation, sales and future prospects being adversely affected.

Diversity and inclusion issues have become more prominent in customer preferences; failure to stock a diverse range of products and ensure inclusivity could create reputational damage.

Change from prior year

↔ Unchanged level of risk.

Link to strategy



Mitigations

- Communicate to colleagues our clarified purpose and values.
- Utilise a new Brand Book to provide intellectual property guidance and education to design and sourcing teams.
- Ensure returns and customer review reporting to monitor customer product reviews, take appropriate action to remove products from sale and take other actions as appropriate where quality issues are identified.
- In-house product quality assurance team to work with suppliers to ensure product quality, safety and ethical production, embedding quality management processes to maintain an appropriate level of supplier and product quality, including upfront product assessment at development stage, product testing, pre-shipment inspections and assessment of customer reviews.
- Understand our tier one factory base and audit status relating to social and ethical requirements, without new ethical compliance partner.
- Monitor the Group's ESG responsibilities and implement appropriate processes to ensure the Group operates in a responsible way.
- Work with the 'Products of Change' external body to ensure that we are up to date with all the latest legislation and seeking the best advice and knowledge through partnering with other external brands.
- Hold regular Diversity and Inclusion Committees to educate the business.
- Review social listening to monitor customer feedback and monitor potential brand damaging issues.
- Operate in a responsible way, including health and safety compliance in stores.

Principal and emerging risks and changes in principal risks continued

6 Seasonality of sales

Risk, profile change and link to strategy

The Group generally makes substantially all of its profit in the second half of the financial year during the peak Christmas trading period. Interruptions to supply, adverse weather, a significant downturn in consumer confidence or a failure to successfully execute strategy in this period could have a significant impact on the short-term profitability of the Group.

Change from prior year

↔ Unchanged level of risk.

Link to strategy



Mitigations

- Continue to develop the year-round appeal of the proposition, for example by becoming more focused on everyday customer shopping missions/micro-seasons and targeting our marketing campaigns towards these and trialling new ranges to appeal all year round.
- Hold weekly trading meetings to ensure that immediate action is taken to maximise sales based on current and expected trading conditions.
- Plan rigorously for product proposition, supply chain and retail operations to ensure the success of the peak Christmas trading period.

7 People

Risk, profile change and link to strategy

The Group's success is strongly influenced by the quality of the Board, senior management team and colleagues generally. A lack of effective succession planning and development of key colleagues could harm future prospects.

Change from prior year

↔ Unchanged level of risk.

Link to strategy



Mitigations

- Discuss and review succession plans at Nomination Committee meetings.
- Establish development programmes to support future leaders.
- Operate the Can-Do Academy to facilitate training and development.
- Operate an employee communication and engagement platform, MyWorks.
- Ensure a well-managed search and recruitment processes, together with appealing proposition and welcoming culture, enable recruitment of high-calibre executives.
- Maintain a Remuneration Policy designed to ensure management incentives support the Group's long-term success for the benefit of all stakeholders, including a Long-Term Incentive Plan for Executive Directors and Operating Board members.
- 'Employee Value Proposition' project to help attract and retain talent.

8 Environment

Risk, profile change and link to strategy

There is an increased focus on sustainable business from consumers and regulators. In our business this applies to products and packaging in particular. Failure to respond to these demands could affect the Group's reputation, sales and financial performance.

Supply chain disruptions due to more extreme weather events created as a result of global warming could damage operations, in particular the flow of stock which could adversely impact sales.

There are increased reporting and disclosure requirements relating to climate change and environmental impact including new taxes, regulation and compliance risks as noted in the 'Regulation and compliance' risk.

Change from prior year

↔ Unchanged level of risk.

Link to strategy



Mitigations

- Operating Board and plc Board meetings discussions on ESG matters biannually.
- Continually implement initiatives to reduce our impact on the environment.
- Ensure the development and implementation of our environmental strategy.
- Utilise a third-party specialist ESG consultancy, to ensure we get the best advice and service, to assist in the further development of the Group's environmental strategy and ensure compliance with TCFD requirements.
- Work with third-party logistics providers to explore and invest in energy efficient solutions within the supply chain.
- Maintain a climate risk register.
- Maintain and build net zero targets and roadmaps to achieve these.
- Implement an ESOS action plan.
- Measure our carbon footprint using carbon balance sheet approach.

Links to strategy:



9 Regulation and compliance

Risk, profile change and link to strategy

The Group is exposed to an increasing number of legal and regulatory compliance requirements including the Bribery Act, the Modern Slavery Act, the General Data Protection Regulation (GDPR) and the AIM Rules for Companies. Failure to comply with these laws and regulations could lead to financial claims, penalties, awards of damages, fines or reputational damage which could significantly impact the financial performance of the business.

There are extensive and increasingly onerous laws and regulations (including reporting and disclosure requirements) surrounding climate change and environmental reporting. Failure to comply with these could result in financial penalties, legal consequences and/or reputational damage.

Change from prior year

↔ Unchanged level of risk.

Link to strategy



Mitigations

- Ensure oversight of regulatory compliance by Chief Financial Officer, Company Secretary and Nominated Adviser (Singer Capital Markets) with support from other external advisers.
- Maintain policies and procedures in relation to both mandatory requirements and measures the Group has adopted voluntarily (e.g. anti-bribery and corruption and adherence to National Living Wage requirements).
- Operate a whistleblowing policy and procedure which enable colleagues to confidentially report any concerns or inappropriate behaviour.
- Operate a GDPR policy which is overseen by a suitably experienced data supervisor and monitored by members of a GDPR governance monitoring group regularly to reports key issues to the senior management team.
- Maintain PCI compliance – our PCI certification was renewed in September 2024.
- Retain experienced advisers where necessary to cover gaps in expertise in the in-house team.
- The Group maintains 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. It is the Group's policy to prohibit all forms of corruption amongst its colleagues, its suppliers and any associated parties acting on its behalf. The Group maintains written records of all gifts and hospitality received. 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

Insufficient liquidity available and/or insufficient headroom in banking facilities. Potential for breach of banking covenants if financial performance is significantly worse than forecast.

Availability of credit insurance to suppliers may be reduced or removed resulting in an increased cash requirement.

Change from prior year

↔ Unchanged level of risk.

Link to strategy



Mitigations

- Monitor financial forecasts and covenant headroom and report monthly to the Board and the bank.
- Maintain a strategy that focuses on driving like-for-like sales and improving efficiency.
- The Group's bank facility at year end FY25 comprised a committed RCF of £20.0m with an expiry date of 30 November 2026, which was undrawn throughout most of FY25. At 4 May 2025, the facility was undrawn.
- Careful management of the banking relationship increases the likelihood of a supportive response in the event that it should be needed.

11 Business continuity

Risk, profile change and link to strategy

Significant disruption to the operation, in particular internal IT systems, Support Centre or Distribution Centre, could severely impact the Group's ability to supply stores or fulfil online sales, resulting in financial or reputational damage.

Change from prior year

↔ Unchanged level of risk.

Link to strategy



Mitigations

- Regularly full test the IT recovery plans.
- Run cloud backups with recovery services for central servers to a third-party data centre with a 48-hour recovery target.
- Regular test recovery from new cloud backup and maintain a business continuity plan.
- Maintain emergency generators at the Group's Support Centre to insulate the business from the impact of power cuts.
- Develop mitigation plans to minimise disruption risk for the Distribution Centre.
- Review ITDR and BCP in FY26.



An experienced team



Steve Bellamy

Chair and Non-Executive Director



Date of appointment

July 2024

Committee membership

Chair of the Nomination Committee and member of the Remuneration and Audit and 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 been Chairman of, and adviser to, investment committees and capital providers.
- Record of supporting leadership teams to execute their operational strategies and in creating shareholder value.
- Former Chief Operating Officer and Finance Director of Sherwood International plc.

Current external appointments

Senior Independent Director and Chair of the Audit Committee at Caffyns plc and independent Non-Executive Director and Chair of the Audit Committee at Empresaria Group 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 where he was responsible for the commercial function (buying, space and merchandising) and leadership of the commercial finance team. He played a key role in the successful IPO of Card Factory in 2014 and its subsequent growth and evolution as a listed business.
- Chartered Accountant, having started his career at PwC where he spent eight years working in the audit and corporate finance departments.
- Joined The Works as 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 in December 2023.

Current external appointments

None.




Harry Morley

Senior Independent Non-Executive Director



Date of appointment

July 2018

Committee membership

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

Relevant skills and experience

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

Current external appointments

Non-Executive Director and Chair of the Audit Committee at JD Wetherspoon plc, a Trustee of the Ascot Authority and Chairman and a Non-Executive Director of Schroder UK Mid Cap Fund plc. Director of Cadogan Group Limited and related companies.


Simon Hathway

Independent Non-Executive Director



Date of appointment

November 2024

Committee membership

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

Relevant skills and experience

- Over 27 years' experience in international retail across the UK, Europe and Asia.
- A highly experienced value retail executive and adviser, having spent the last 17 years within the discount sector.
- Has held senior positions at prominent value retailers, most recently between 2013 and 2018 as Buying Director and Commercial Director with Action Holding BV, one of Europe's fastest growing non-food discount retailers, and, prior to that, Wilko, where he held several key Operating Board positions.
- Since 2018, has worked as a self-employed Retail Adviser, Consultant and Non-Executive Director, specialising in the value retail sector.

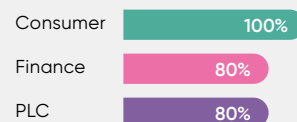
Current external appointments

Retained Senior Adviser to JJA, Europe's leading supplier of homeware products, and Non-Executive Chair of Rove, a SaaS start-up helping consumer brands to expand internationally.

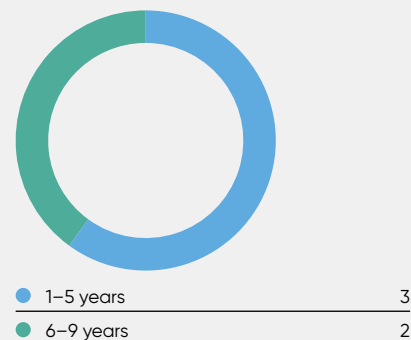
Committee membership

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

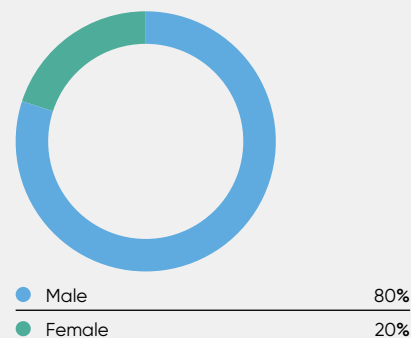
Experience



Tenure



Gender



The Board is committed to high standards of Corporate Governance



Dear shareholder

I am pleased to present our Corporate governance statement for the 52-week period ended 4 May 2025.

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 is committed to high standards of corporate governance and an effective governance framework that continues to enable the Board to act effectively and efficiently in the interests of our shareholders and other stakeholders.

The Company has followed the 2023 version of the QCA Code on Corporate Governance (the QCA Code) and the following report describes how we have applied the principles of the QCA Code during the period.

The composition of our Board has changed significantly during FY25. I succeeded Carolyn Bradley as Non-Executive Chair on 15 July 2024 (as reported in last year's Annual Report). John Goold and Mark Kirkland stepped down as Non-Executive Directors on 1 October 2024 and Catherine Glickman did not seek re-election as a Non-Executive Director at our AGM on 31 October 2024. We were delighted that Simon Hathway joined the Board as an independent Non-Executive Director and Chair of our Remuneration Committee on 1 November 2025 and we are already benefiting from his significant value retail experience. Since the period end, and as part of our broader Board succession planning, Harry Morley has indicated his intention to step down as a Non-Executive Director and Audit & Risk Committee Chair at our 2025 AGM. A search for his successor is underway.

We have met the QCA Code's minimum requirement of at least two independent Non-Executive Directors throughout FY25, with the independent Non-Executive Directors (including me as Chair as I was independent on my appointment) comprising more than half of the Board from 1 October 2024 when John Goold and Mark Kirkland stepped down.

A significant portion of the Board's time during the year was spent on the development and approval of the new strategy announced alongside our interim results in January 2025. Several strategy planning discussions were held prior to an in-depth Board strategy day in November 2024, providing the Non-Executive Directors the opportunity to review and challenge management's proposals in a constructive and iterative process.

The Board was also closely involved in monitoring the impact of online fulfilment issues over our peak trading period leading to the approval of a new third-party provider. The new fulfilment facility is expected to be operational prior to the FY26 peak period. It is expected to deliver cost savings in FY26 and beyond and, most importantly, to provide a higher standard of service to our customers.

We have an 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.

2023 QCA Code

The Board has applied the principles of the 2023 QCA Code during the 52-week period ended 4 May 2025. Further details of how we comply with the 2023 QCA Code are set out in the table below.

2023 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 Company'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 2 and 3, and 12 and 13.
Principle 2: Promote a corporate culture that is based on ethical values and behaviours.	The Board recognises that the Company's culture underpins its long-term success. Accordingly, assessing and monitoring the culture that is fostered across the Group forms part of the Board's activity schedule. This assessment is conducted through a combination of reviews of the output of our regular employee engagement surveys, updates from the Chief People Officer through our programme of Operating Board members' 'deep-dive' presentations to the Board, formal reporting on people related statistics in the monthly Board pack, and Board members' own interactions with colleagues across the Group (including through Board or individual Director site visits). The Board also regularly reviews workplace policies and practices to ensure these are aligned to the desired culture and are operating effectively.	Our values are set out in the Strategic report on page 2. More information on our culture is set out in the Our stakeholders section of the Annual Report on pages 22 and 23.
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, 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 22 and 23, and in the Corporate governance statement on page 46.
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 our stakeholders in order to understand and consider their views. We consider our key stakeholders to be our shareholders, employees, customers, suppliers and community. In line with its duties under S172 of the Companies Act 2006, the Board ensures that the interests of stakeholder groups are at the front of mind in its decision-making process.	Our approach to wider stakeholder interests is set out in the S172 statement and ESG statement on pages 24 to 29.
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 Group's principal risks and uncertainties are set out on pages 36 to 41. Further information on the Group's systems of risk management and internal control are set out in the Audit & Risk Committee report on page 52. Climate-related risks and governance are set out in the TCFD statement on pages 30 to 33.
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 and 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 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 44 to 49.

2023 QCA Code continued

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 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, financial and PLC experience.	The Group's governance structure is set out on page 49. Details of Directors' skills and experience are set out in their biographies on pages 42 and 43, and our approach to training and development is described in the Corporate governance statement on page 48.
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 FY25.	Details of the FY25 Board evaluation process and outcomes are set out in the Corporate governance statement on page 49.
Principle 9: Establish a Remuneration Policy which is supportive of long-term value creation and the Company's purpose, strategy and culture.	The Company's Remuneration Policy is designed to incentivise executive performance and align their interests with shareholders. Both our annual Remuneration report and the Directors' Remuneration Policy are being submitted to shareholders for advisory votes at the 2025 AGM.	More details on our Remuneration Policy and how it has been applied in FY25 are set out in the Directors' remuneration report on pages 55 to 66.
Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholder.	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 how the Company is governed and is performing are shown in Our stakeholders – pages 22 and 23. Section 172 statement – page 24.

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.

An internal Board evaluation process was conducted immediately following the financial period end. The output confirmed that the Board and its Committees are operating effectively and reflect particularly positively on the Board's process in support of the development of the new strategy. No material areas of concern were identified but feedback highlighted the need for continued focus on Board, and particularly executive, succession planning and development, as well as a continued focus on employee engagement and monitoring of culture across the business.

Shareholder and stakeholder engagement

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

I also engaged directly with our largest shareholders following my appointment in July 2024 in order to build relationships with them and to ensure my (and the wider Board's) understanding of the key areas of concern for those shareholders. I continue to maintain contact with the Company's larger shareholders and am available to all shareholders.

Investor relations is a regular item on the Board's agenda. 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 presented updates to the Board on a number of occasions during FY25 including feedback it received from shareholders and potential investors following our full-year and interim results roadshows.

The Company's AGM provides a further opportunity for all shareholders to engage directly with the Board. The Company's 2025 AGM will take place at 2.00pm on 8 September 2025 at the offices of Squire Patton Boggs (UK) LLP at 60 London Wall, London, EC2M 5TQ. This Annual Report and financial statements and 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 during FY25.

The plc Board

Composition and independence

The Board is currently comprised of 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, more than half of the Board is independent. There are no current plans to increase the size of the Board and, therefore, this independence will be maintained with the appointment of a new independent Non-Executive Director to succeed Harry Morley as Audit & Risk Committee Chair.

Independent Directors	Non-independent Directors
<ul style="list-style-type: none"> • Steve Bellamy (Chair) • Simon Hathway (Non-Executive Director and Remuneration Committee Chair) • Harry Morley (Senior Independent Director and Audit & Risk Committee Chair) 	<ul style="list-style-type: none"> • 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 Remuneration Committee Chair, there have been no changes to the roles and responsibilities of the members of the Board during the year. As previously reported, there is a clear division of responsibilities between the Chair and the CEO with the Chair's primary role being to lead the Board and ensure its independence and effectiveness and the CEO's primary role being the day-to-day 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, noting or approval at the correct point in time throughout the year.

How the Board operates

The Board has an adopted 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.

Historically, the Board met formally up to ten times per year. During FY25 the Board agreed to reduce the frequency of its meetings

to seven per year to ensure the Board focuses on key matters at the appropriate time in the Company's calendar and to improve efficiency whilst reducing the reporting requirements of the Executive Directors, thereby allowing them more time to focus on executing the agreed strategy and the day-to-day running of the business.

A Board pack is circulated each month 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 standard format 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 FY25

During FY25 there were seven scheduled Board meetings, with additional Board calls focused on trading performance (including the online fulfilment issues over the peak trading period) and the development of the revised strategy. Individual Director attendance at the seven scheduled Board meetings, and Committee meetings where they are or were a member, during FY25 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	6/6	3/3	2/2	4/4
Gavin Peck	7/7	N/A	N/A	N/A
Rosie Fordham	7/7	N/A	N/A	N/A
Simon Hathway	4/4	2/2	1/1	1/1
Harry Morley	7/7	4/4	2/2	4/4
<i>Former Directors</i>				
Carolyn Bradley	0/1	N/A	N/A	N/A
Catherine Glickman	3/3	1/1	1/1	3/3
John Goold	2/3	N/A	N/A	N/A
Mark Kirkland	2/3	N/A	N/A	N/A

In addition to the formal meetings, Board meetings have also included store set up and range reviews in our 'Mock Shop' located in the Boldmere House head office.



Corporate governance statement continued

The plc Board continued

Board activity during FY25 continued

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

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

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 (the Articles), all members of the Board, other than Harry Morley who will be stepping down from the Board, will be offering themselves for reappointment at the Company's AGM on 9 September 2025.

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

Executive Director service contracts

Name	Position	Date of service agreement	Notice period by Company (months)	Notice period by Director (months)
Gavin Peck	CEO	19 July 2018	12	12
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 8 September 2025
Steve Bellamy	15 July 2024	15 July 2024	23 months
Simon Hathway	1 November 2024	1 November 2024	26 months
Harry Morley	19 July 2018	26 July 2022	0 months

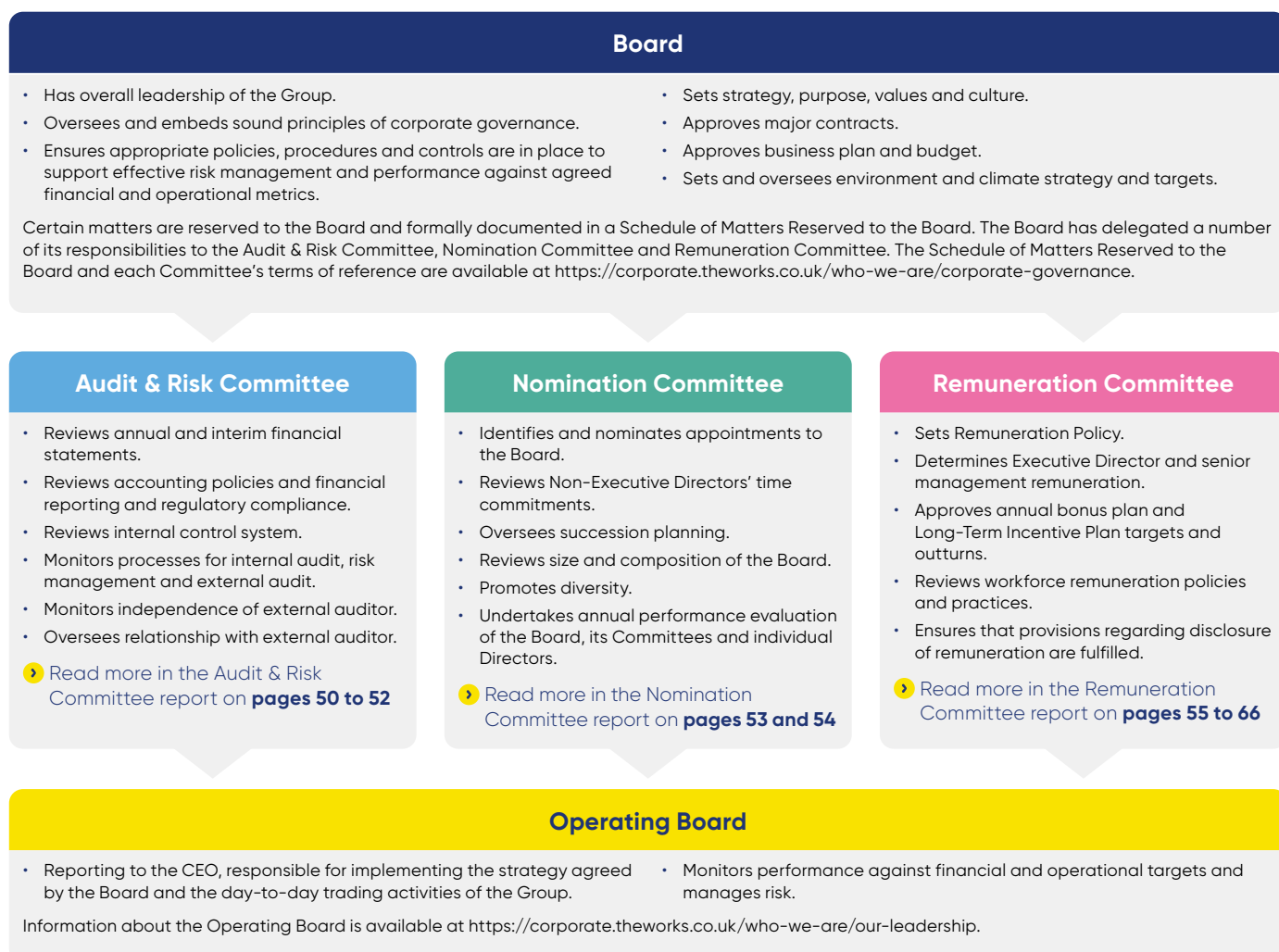
Training and development

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 own 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 or days out in stores, 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 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 evaluation

The performance of the Board and its Committees was evaluated through an internal process in FY25 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 discussion included:

- Focus on executive and senior management succession planning, with work underway and to be presented to the Nomination Committee in FY26.
- Continuing to ensure that appropriate metrics for monitoring culture are reported to the Board (including the output from employee engagement surveys).

Progress made in addressing some of the focus areas identified in the FY24 evaluation process is summarised opposite:

Actions	Progress in FY25
Consider how the Board receives assurance over the effectiveness of internal controls (with further consideration required around a potential internal audit function)	Improved processes in the documentation and testing of controls implemented. Risk and Controls Matrix and outcome of quarterly controls testing reported to the Audit & Risk Committee regularly. Agreed that an internal audit function was not necessary or appropriate at this time but to be kept under review.
Ensure diversity factors and appropriate industry experience are reflected in the succession planning processes for the Board and senior management	Value retail experience was a key factor in the search process leading to the appointment of Simon Hathway as a Non-Executive Director. Diversity factors are considered as part of the Board and senior management succession planning discussions.

Steve Bellamy
Chair
22 July 2025



Members

- **Harry Morley (Chair)**
- Steve Bellamy
- Simon Hathway

Number of meetings held in the year:

4

Committee's role and responsibilities

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

Terms of reference:

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

Dear shareholder

I am pleased to present the Audit & Risk Committee's report for the 52-week period ended 4 May 2025. 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 FY25

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 Steve Bellamy and Simon Hathway becoming members on their appointment to the Board and Catherine Glickman stepping down when she left the Board at the end of October 2024.

Given both Steve and I are qualified accountants with executive backgrounds in finance roles and as Audit & Risk Committee chairs in other businesses, and Simon has significant knowledge and experience in the retail sector, the Board is satisfied that the Committee composition is such that it understands the risks facing the business and is able to be robust and challenging in its review of the Company's financial position and performance.

Activity during the year

The Committee met on four 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 47.

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.

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

Audit & Risk Committee activity in FY25

Financial statements and reporting <ul style="list-style-type: none"> Reviewed significant accounting estimates and judgements in connection with full-year and half-year financial statements. Reviewed half-year and full-year financial statements and associated narrative reporting, and recommended their approval by the Board. Reviewed scenario analysis in support of going concern assessment. 	Risk management and internal control systems <ul style="list-style-type: none"> Received updates on profit protection, 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. Considered assurance over internal controls (including annual review of internal audit requirement).
External audit relationship <ul style="list-style-type: none"> Received and reviewed FY25 audit plan and strategy. Reviewed effectiveness of FY24 audit process. Agreed audit fees. Recommended reappointment of Kreston Reeves LLP at 2025 AGM. 	Governance and other matters <ul style="list-style-type: none"> Approved FY25 tax strategy. Reviewed payment practices reporting and performance against supplier payment terms. 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 4 May 2025 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, particularly in light of the emphasis of matter that was included in the FY24 financial statements. The Group performed a detailed strategic review during the second half of FY25 and produced a five-year plan to support the new strategy. 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 IFRS 16 right-of-use asset. 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.
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 FY25, all stores 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.

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 FY25 audit and has recommended to the Board that a resolution to reappoint them as auditor be proposed at the 2025 AGM.



Audit & Risk Committee report continued

External auditor continued

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.

No non-audit services were carried out by Kreston Reeves during FY25. Note 6 to the consolidated financial statements includes disclosure of the auditor's remuneration for the year, including an analysis of audit services and audit related services.

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 (and challenging management on the classification of risks and effectiveness of mitigations), as well as specific and detailed updates on profit protection and supply chain risks.

The Group's system of internal control comprises entity-wide high-level controls, controls over business processes and store-level controls. Policies and procedures and defined levels of delegated authority have been approved and communicated across the Group, and include an internal control framework, corporate risk register, business continuity plan and IT system policies. These are supplemented by other policies and procedures which are communicated to colleagues through the employee handbook. Key controls are documented in the Group's Risk and Controls Matrix (RACM) which is regularly presented to and challenged by the Committee.

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.

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

Internal audit

The Group does not currently have an internal audit function. The Committee continuously reviews the Group's control framework and the extent to which it received assurance over the effectiveness of those controls. The Committee has supported management's focus in recent years on improving the control environment (including the development of the Risk and Controls Matrix and improved controls documentation) and is satisfied that it has been able to gain sufficient assurance over controls effectiveness through regular management reporting. The Committee (and management) retain the aspiration to establish a value additive internal audit function at the appropriate time.

Performance evaluation

The evaluation of the performance of the Committee was conducted as part of the broader Board evaluation process set out on page 49 of this Annual Report. I am pleased to report that feedback relating to the Committee was positive, indicating that the Committee continues to operate effectively.

Harry Morley

Chair of the Audit & Risk Committee
22 July 2025



Members

- **Steve Bellamy (Chair)**
- Simon Hathway
- Harry Morley

Number of meetings held in the year:
4

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 FY25

- 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>

Dear shareholder

I am pleased to present the Nomination Committee's report for the 52-week period ended 4 May 2025. This report summarises the work of the Nomination Committee during the year.

Composition of Committee, role and main activities in FY25

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

Meetings and attendees

The Committee met four times during the year. All meetings were attended by all members of the Committee as shown in the table on page 47.

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

As reported last year, in line with our agreed Board succession plans, Catherine Glickman did not seek re-election by shareholders at our 2024 AGM. The Committee agreed that value retail experience was a key criterion for Catherine's successor and engaged Nurole to assist with the search for a new Non-Executive Director and Remuneration Committee Chair. A longlist of candidates provided by Nurole was reviewed by Steve Bellamy and Gavin Peck who then interviewed four shortlisted candidates and identified a preferred candidate for interviews with the other members of the Nomination Committee. Further to those interviews, the Committee unanimously recommended to the Board that Simon Hathway be appointed as a Non-Executive Director and Chair of the Remuneration Committee with effect from 1 November 2024.

Harry Morley has indicated that he will step down as a Non-Executive Director and Audit & Risk Committee Chair at our 2025 AGM. A search for his successor, again supported by Nurole, has commenced and further updates will be provided as appropriate.



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.

Although we are no longer required to formally report against the gender diversity targets under the Listing Rules, 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 has been reflected in the brief to Nurole in the search for Harry Morley's successor, and subject to candidates having the appropriate skills and experience.

The current balance of gender on our Board is 20% female, 80% male. The senior management of the business (Board and Operating Board) comprises 37.5% female and 62.5% male.

Other matters considered

At its meeting in April 2025 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 therefore satisfied that there are no factors impacting the independence of Steve Bellamy, Harry Morley and Simon Hathway 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 2025 was conducted as part of the wider Board evaluation process described on page 49.

Steve Bellamy

Chair of the Nomination Committee
22 July 2025





Members

- **Simon Hathway (Chair)**
- Steve Bellamy
- Harry Morley

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 FY25

- Approved LTIP awards and targets.
- Monitored annual bonus targets and outturn.
- Reviewed Executive Director salaries.
- Reviewed wider workforce pay and benefits.

Dear shareholder

I am pleased to present our Directors' remuneration report for the 52-week period ended 4 May 2025. This is my first report since appointment as Chair of the Remuneration Committee on 1 November and I would like to thank my predecessor Catherine Glickman on behalf of the Committee, for her contribution in FY25 and prior periods.

FY25 remuneration in the context of our business performance

As detailed in the Strategic report, the Group delivered performance ahead of market expectations for FY25, with total LFL sales growth of 0.8% and Adjusted EBITDA of £9.5m.

The FY25 bonus opportunity for Gavin Peck and Rosie Fordham was up to a maximum of 100% of salary, with 80% of the award based on stretching EBITDA targets and the remaining 20% based on performance against strategic objectives. EBITDA of £9.5m was achieved resulting in bonuses being earned of 32% of salary in respect of the EBITDA element. Following a robust assessment of the achievements against the strategic objectives, the Committee agreed a bonus outcome for Gavin Peck and Rosie Fordham of 9% of salary and 6% of salary respectively in respect of the strategic element. Gavin and Rosie therefore earned a bonus equal to 41% of salary and 38% of salary respectively.

Gavin Peck was granted a Long-Term Incentive Plan (LTIP) award in November 2022 which vested by reference to equally weighted earnings (pre-IFRS 16 EBITDA) and share price performance targets over the three financial years ending with FY25. Details of the targets are set out on page 58. The threshold level of earnings performance was not met and therefore no element of the award subject to the earnings measure vested. The share price performance target was achieved in part resulting in the award vesting at 11.6% of maximum. The vested award remains subject to a further two-year holding period before it can be exercised.

In line with good practice, these incentive outcomes were reviewed in the context of overall business performance over FY25 (as regards the bonuses) and the three-year performance period (in relation to Gavin Peck's LTIP award). The Committee considered that the level of vesting was appropriate given overall performance and did not exercise discretion to adjust the outturns.

Remuneration across the business

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

For FY26, salaries for colleagues in retail have increased in line with the National Minimum Wage and National Living Wage, with further investment in the management grades to maintain appropriate differentials. Salaries for Distribution Centre and Support Centre roles increased in line with the National Minimum and Living Wage where relevant with further investment in certain grades to maintain appropriate differentials, and outside of that a standard increase of 2% was applied. As a result, the average increase across retail management, all National Minimum and National Living Wage increases and the Support Centre team was 7.3%.



Directors' remuneration report continued

Approach to remuneration for FY26

Our approach to Directors' remuneration in respect of FY26 is summarised on page 60. The Committee approved salary increases of 2% for both Gavin and Rosie and a 2% increase to the Chair's fee from 1 July 2025 with such increases being in line with the standard Company pay review. The Board also agreed a 2% increase to the base Non-Executive Director fee applicable for Harry Morley from 1 May 2025.

The maximum bonus opportunity for both Executive Directors will remain at 100% of base salary, with the weighting between financial and strategic measures slightly amended to 90% of the maximum opportunity being subject to EBITDA (FY25: 80%) performance, and the remaining 10% subject to strategic measures (FY25: 20%). Our intended approach to the grant of LTIP awards to Executive Directors in FY26 is set out on page 63.

Remuneration Policy

Following our move from the London Stock Exchange Main Market to AIM, the Company is no longer subject to the statutory requirement to submit its Directors' Remuneration Policy to shareholders for a binding vote at least every three years. We have however decided, in line with the best practice recommendations of the QCA Code and in recognition that we would have been required to seek shareholder approval for the Remuneration Policy this year, to submit our Remuneration Policy to an advisory vote by shareholders at the 2025 AGM.

The Committee is comfortable that the overall structure of our Remuneration Policy remains appropriate for the business. In recognition of our status as an AIM-quoted company and the fact that we no longer have a requirement to disclose a detailed remuneration policy that applies to companies on the Main Market, it is our intention to conduct a review of the Remuneration Policy during FY26 to identify any areas where we consider it may be appropriate and is the interest of the Company to make changes to the policy.

Dilution limits

The rules of the Company's Long-Term Incentive Plan and Deferred Bonus Plan (DBP) were adopted in connection with the Main Market IPO in 2018 and include dilution limits aligned to the Investment Association (IA) Principles of Remuneration in place at the time. The IA revised its Principles of Remuneration in 2024 to remove the recommendation that shares issued or issuable under a company's discretionary share incentive schemes be limited to 5% of its issued share capital in a rolling ten-year period.

In order to provide more flexibility in settling awards to Executive Directors and senior management, and in line with the updated IA guidance, we are proposing a resolution at the 2025 AGM to amend the LTIP rules to remove the 5% dilution limit. Subject to shareholder approval this will mean that the dilution limits applicable to our share incentive plans are such that the total number of shares issued or issuable in a rolling ten-year period (including under discretionary schemes) is limited to 10% of the Company's issued share capital.

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 FY25.

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 Best Companies, '25 Best Big Companies to Work For' in FY25.

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 resolutions to approve the Remuneration report and Remuneration Policy, and the resolution to approve the amendment to the LTIP and DBP rules described above, which will be proposed at the 2025 AGM.

Simon Hathway

Chair of the Remuneration Committee
22 July 2025



Annual report on remuneration

Implementation report

As an AIM-quoted company following the QCA Code, the Company is not required to have a binding remuneration policy for its Directors. Nonetheless, both the Board and the Remuneration Committee believe that transparency of the policy under which Directors' remuneration is structured is beneficial to shareholders. The report below summarises the implementation of our remuneration policy in FY25 and intended implementation in FY26 and will be proposed for approval on an advisory basis at the forthcoming AGM. This is followed by a table summarising the remuneration policy (the Remuneration Policy) itself which this year will also be proposed for approval on an advisory basis at the AGM. The Remuneration Policy is materially the same as the version approved by shareholders at our 2022 AGM (as amended with shareholder approval in 2023) when the Company was listed on the Main Market of the London Stock Exchange and was required to put its Remuneration Policy to shareholders for a binding vote at least every three years. For reference, 99.9% of the votes cast at the 2022 AGM were in favour of the Remuneration Policy.

Single figure table – audited information

The table below sets out total remuneration in respect of FY25 for each person who served as a Director in that year, along with the corresponding remuneration for FY24:

		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	FY25	324	11	10	133	23	503
	FY24	324	13	10	–	–	347
Rosie Fordham (appointed 31 December 2023)	FY25	220	10	6	84	–	320
	FY24	60	3	2	–	–	65
Non-Executive Directors							
Steve Bellamy (appointed 15 July 2024)	FY25	83	–	–	N/A	N/A	83
	FY24	–	–	–	N/A	N/A	–
Simon Hathway (appointed 1 November 2024)	FY25	25	–	–	N/A	N/A	25
	FY24	–	–	–	N/A	N/A	–
Harry Morley	FY25	59	–	–	N/A	N/A	59
	FY24	58	–	–	N/A	N/A	58
Carolyn Bradley (stepped down 17 July 2025)	FY25	21	–	–	N/A	N/A	21
	FY24	103	–	–	N/A	N/A	103
Catherine Glickman (stepped down 31 October 2024)	FY25	27	–	–	N/A	N/A	27
	FY24	53	–	–	N/A	N/A	53
John Goold ⁶ (stepped down 1 October 2024)	FY25	6	–	–	N/A	N/A	6
	FY24	–	–	–	N/A	N/A	N/A
Mark Kirkland ⁶ (stepped down 1 October 2024)	FY25	6	–	–	N/A	N/A	6
	FY24	–	–	–	N/A	N/A	N/A

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

2 **Benefits:** The taxable value of benefits received in the year; these are principally private medical insurance and car or car allowance. For 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 FY25 are set out below. No bonuses were earned by the Executive Directors in respect of FY24.

5 **Long-term incentives:** Gavin Peck was granted an LTIP award in November 2022 which vested by reference to pre-IFRS 16 EBITDA and share price performance conditions over the three financial years ending with FY25. Details of the performance target and the vesting outcome are set out below. In the single figure table, the value of the LTIP is calculated by reference to a share price of £0.21 being the three-month average share price to the end of FY25.

6 John Goold and Mark Kirkland did not receive any remuneration in respect of their appointment as Non-Executive Directors. Instead, the Company paid Kelso Limited (a subsidiary of Kelso Group Holdings plc) an aggregate fee of £50k per annum up to the date they ceased to be Directors.



Annual report on remuneration continued

Annual incentive plan – audited information

Each Executive Director was eligible to earn a bonus in respect of FY25 of up to 100% of salary. 80% 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. As shown in the table below, this element paid out at 40%.

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	8.5	20%			
Maximum	12.5	100%	9.5	40%	32%

Strategic objectives element

The remaining 20% 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. Strategic objectives for Executive Directors related to development and implementation of the new strategy and continuing to develop both leaders and colleagues. 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	32%	104	9%	29	41%	133
Rosie Fordham	32%	70	6%	14	38%	84

Long-term incentives

LTIP award vesting

Gavin Peck was granted an LTIP award in the form of nil-cost options over 936,363 shares in November 2022. The award was subject to performance conditions set out below, general and windfall-gain underpins, and a two-year post-vesting holding period.

Measure	Weighting	Threshold (20% vesting)	Maximum (100% vesting)	Actual performance	Vesting %
Pre-IFRS 16 EBITDA	50%	£12.0m	£20.0m	£9.5m	0%
Share price ¹	50%	£0.43	£1.40	£0.47	23.3%

1 Average share price over the period of four weeks beginning with the announcement by the Company of its full-year trading update for its FY25 financial year.

As shown above, the threshold target for the pre-IFRS 16 EBITDA element was not met and therefore the portion of the LTIP award subject to that element has lapsed. The Company's average share price for the four-week period beginning on the first trading day after the announcement of the FY25 trading update on 22 May 2025 was 47 pence, above the threshold vesting level for the share price element, and resulted in that element vesting at 23.3%, and a total vesting to Gavin Peck of 11.6% (109,081 shares).

Long-term incentives – awards granted during FY25 – audited information

LTIP awards were granted on 19 November 2024 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	1,216,688	486,675	20%	See footnote 2
Rosie Fordham	LTIP	550,000	220,000	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 40 pence per share.

2 Each award is subject to equally weighted performance conditions based on earnings and share price. The earnings measure is assessed based on pre-IFRS 16 EBITDA performance in FY27 and the share price measure is assessed following the announcement by the Company of its full-year trading update for its FY27 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.

Further information in relation to the performance conditions for these awards is set out on page 59. 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 5 May 2024	Granted during the year	Exercised during the year	Lapsed during the year	As at 4 May 2025	Exercise price
Gavin Peck								
LTIP	3 September 2019 ¹	September 2022	96,151	–	–	–	96,151	N/A
	30 September 2021	N/A	638,297	–	–	(638,297)	–	N/A
	17 November 2022 ²	July 2025	936,363	–	–	–	936,363	N/A
	9 October 2023	July 2026	1,216,687	–	–	–	1,216,687	N/A
	19 November 2024	July 2027	–	1,216,688	–	–	1,216,688	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	July 2026	450,000	–	–	–	450,000	N/A
	19 November 2024	July 2026	–	550,000	–	–	550,000	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 – see Note 2 below) and lapsed in respect of the balance of the shares subject to it so that it is not held over 22,815 shares. To the extent a CSOP award is exercised at a gain, the extent to which the associated LTIP award can be exercised shall be reduced by the amount of the gain so that there is no increase in the pre-tax value of the award.

2 As noted above, the earnings (pre-IFRS 16 EBITDA) performance condition for this award was not met. 25% of the portion of the award subject to the share price performance condition has vested, translating to a total vesting outturn of 12.5%.

Vesting of the LTIP awards made in October 2023 and November 2024 is based on earnings (pre-IFRS 16 EBITDA) and share price targets as set out in the table below.

Award date	Measure	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
9 October 2023	FY26 pre-IFRS 16 EBITDA ¹	50%	£10.0m	£15.0m
	Share price ²	50%	£0.50	£1.00
19 November 2024	FY27 pre-IFRS 16 EBITDA ¹	50%	£10.0m	£15.0m
	Share price ²	50%	£0.50	£1.00

1 Subject to such adjustments as the Remuneration Committee determines to ensure that performance is assessed on a fair and consistent basis.

2 Average share price over the period of four weeks following the announcement by the Company of its full-year trading update for its FY26 financial year (9 October 2023 award) or FY27 financial year (19 November 2024 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 4 May 2025, are set out in the table below.

	Beneficially owned shares	
	5 May 2024	4 May 2025
Executive Directors		
Gavin Peck	554,636	554,636
Rosie Fordham	N/A	24,691
Non-Executive Directors		
Steve Bellamy	N/A	710,000
Simon Hathway	N/A	100,000
Harry Morley ¹	275,000	275,000

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



Annual report on remuneration continued

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 4 May 2025	Value of shares counting towards the guideline ¹	Value of shares as a percentage of base salary	Shareholding guideline met?
Gavin Peck	605,596	£150,793	45.57%	In progress
Rosie Fordham	33,673	£8,385	3.74%	In progress ²

1 Based on a share price of 24.90 pence as at 2 May 2025 (being the last trading day prior to the year end of 4 May 2025).

2 Rosie Fordham has not yet had any LTIP award which have vested. When she does so, retained shares will count towards the shareholding guidance.

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

No payments for loss of office or to past Directors were made during FY25.

Implementation of the Policy in FY26

Information on how the Committee intends to implement the Policy in FY26 is set out below:

Executive Directors

The Committee approved a 2% increase to the salaries of the Executive Directors (in line with the Company standard pay review) for FY26, which will be as follows:

Director	FY26 Base salary/ annual fee £
Gavin Peck	330,940
Rosie Fordham	224,400

The Executive Directors' maximum bonus for FY26 will be 100% of base salary. 90% will be subject to performance against stretching EBITDA 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 FY26 Annual Report.

We currently intend to grant the CEO and CFO an LTIP award in FY26 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 earnings (pre-IFRS 16 EBITDA) 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 (in line with increases applied for the wider workforce) from 1 May 2025, and to the Chair's fee from 1 July 2025. It was agreed that as Simon Hathway had joined the business midway through the financial year, he would not be eligible to receive the base fee increase for FY26. Therefore the base fees payable at the date of this report are as follows:

	Amount £
Chair fee	107,100
Non-Executive Director base fee	45,000
Harry Morley base fee	49,640
Committee Chair fee ¹	5,000

1 Committee Chair and SID fees have previously been increased in line with Non-Executive Director base fee increases. For FY26, Harry Morley will therefore receive additional fees of £5,515 for each of his roles as Audit & Risk Committee Chair (£5,515) and SID (£5,515). The base Committee Chair fees were reset to £5,000 for new appointees from FY25 onwards

On behalf of the Board.

Simon Hathway

Chair of the Remuneration Committee
22 July 2025

Remuneration Policy

The Remuneration Policy approved by shareholders at our 2022 AGM and reflecting amendments approved by shareholders at our 2023 AGM is set out in the table below, with minor operational changes to remove references to the Listing Rules that are no longer applicable. No further changes are currently approved, but the Policy remains subject to variation where the Remuneration Committee considers appropriate. In accordance with the best practice recommendations of the QCA Code, the Remuneration Policy as presented will be subject to an advisory vote at the 2025 AGM.

Policy for Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Core element of fixed remuneration reflecting individual's role and experience.	<p>The Committee ordinarily reviews base salaries annually taking into account 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.</p> <p>The Committee also takes into consideration:</p> <ul style="list-style-type: none"> • Pay and conditions of the workforce generally. • Group profitability and prevailing market conditions. 	<p>Whilst there is no maximum salary, increases will normally be within the range of salary increases awarded (in percentage of salary terms) to other employees of the Group. However, higher increases may be awarded in appropriate circumstances, such as:</p> <ul style="list-style-type: none"> • On promotion or in the event of an increase in scope of the role or individual's responsibilities. • Where an individual has been appointed to the Board at a lower than typical market salary to allow for growth in the role, in which case larger increases may be awarded to move salary positioning to a typical market level as the individual gains experience. • Change in size and/or complexity of the Group. • Significant market movement. <p>Increases may be implemented over such time period as the Committee deems appropriate.</p>	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.	<p>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.</p> <p>Other benefits may be provided based on individual circumstances, which may include relocation costs, travel and accommodation expenses.</p> <p>Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.</p>	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the 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.



Remuneration Policy continued

Policy for Executive Directors continued

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Retirement benefits	Provide a competitive means of saving to deliver appropriate income in retirement.	<p>The Company operates a defined contribution scheme.</p> <p>In appropriate circumstances, an Executive Director may receive a salary supplement in lieu of some or all of the contributions that would otherwise be made to a pension scheme.</p> <p>Executive Directors may be permitted to sacrifice other elements of remuneration and receive an equivalent contribution to a pension scheme. Should any Executive Director elect to do so, any employer social security saving for the Group may also be contributed to a pension arrangement on behalf of the Executive Director.</p>	The maximum contribution will be aligned with the contribution available to other employees, plus the amount of any employer social security saving if an Executive Director sacrifices any other element of remuneration as referred to in the 'Operation' column.	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 Company's strategy.	<p>Targets and objectives are reviewed annually and any pay-out is determined by the Committee after the year end.</p> <p>The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance.</p> <p>The full amount of any bonus earned will 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.</p> <p>Deferred bonus awards may take the form of conditional shares or nil (or nominal) cost options.</p> <p>Deferred bonus awards may incorporate the right to receive additional shares calculated by reference to the value of dividends which would have been paid on the deferred bonus award shares up to the time of vesting; this amount may be calculated assuming that the dividends have been reinvested in the Company's shares on such basis as the Committee determines.</p> <p>Recovery provisions apply, as referred to below.</p>	The maximum annual bonus opportunity is 100% of base salary.	<p>Targets (which may be based on financial or strategic measures) and individual objectives are determined to reflect the Company's strategy.</p> <p>At least 50% of the bonus opportunity is based on financial measures which may include but are not limited to EBITDA or other measure of profit.</p> <p>The balance of the bonus opportunity will be based on financial measures and/or the delivery of strategic/individual measures.</p> <p>Subject to the Committee's discretion to amend the formulaic output, 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.</p> <p>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.</p>

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

Remuneration Policy continued

Policy for Executive Directors continued

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
All employee share plans	Provision of the Save As You Earn (SAYE) Scheme creates staff alignment with the Group and provides a sense of ownership across the Group's employee base. Executive Directors may participate in any other all employee share plan as may be introduced from time to time.	Tax qualifying monthly savings scheme facilitating the purchase of shares at a discount. Any other all employee share plan would be operated for Executive Directors in accordance with its rules and on the same basis as for other qualifying employees.	The limit on participation and the permitted discount under the SAYE Scheme will be those set in accordance with the applicable tax legislation from time to time. The limit on participation and other relevant terms of any other all employee share plan would be determined in accordance with the plan rules (and, where relevant, applicable legislation) and would be the same for the Executive Directors as for other relevant employees.	Not subject to performance conditions in line with typical market practice.

Recovery provisions (malus and clawback)

Malus: The annual bonus opportunity and unvested deferred share awards may be cancelled or reduced before payment and an LTIP award may be cancelled or reduced before vesting in the event of material error in assessing a performance condition, material misstatement of results, material failure of risk management, material misconduct, corporate failure or serious reputational damage.

Clawback: For up to two years following payment of a bonus and until the fifth anniversary of the grant of an LTIP award, the bonus may be recovered or the LTIP award cancelled or reduced (if it has not been exercised) or the Executive Director may be required to make a payment to the Company in respect of some or all of the shares acquired in the event of material error in assessing a performance condition, material misstatement of results, material failure of risk management, material misconduct, corporate failure or serious reputational damage.

Malus and clawback may be applied to any CSOP option granted under the LTIP to the extent permitted by the applicable tax legislation.

Explanation of performance metrics

Performance measures for the LTIP and annual bonus are selected to reflect the Company's strategy. Stretching performance targets are set each year by the Committee taking into account a number of different factors.

Annual bonus: The Committee currently considers that EBITDA is closely aligned with the Group's key performance metrics, and encourages sustainable growth year by year. Where strategic measures are applied, the bonus rewards the achievement of objectives linked to the future execution of strategy.

LTIP: The application of an earnings measure to the LTIP aligns management's objectives with those of shareholders for the longer term, whilst the use of a share price measure is directly aligned with shareholder value.

The Committee may vary or substitute any performance measure if an event occurs which causes it to determine that it is appropriate to do so (including to take account of acquisitions or divestments, a change in strategy or a change in prevailing market conditions), provided that any such variation or substitution is fair and reasonable and (in the opinion of the Committee) the change would not make the measure less demanding than the original measure would have been but for the event in question. If the Committee were to make such a variation, an explanation would be given in the next Directors' remuneration report.

Operation of share plans

The Committee may amend the terms of awards and options under its share plans in accordance with the plan rules in the event of a variation of the Company's share capital or a demerger, special dividend or other similar event or otherwise in accordance with the rules of those plans. The Committee may operate any such plan in accordance with its rules. Share awards granted under any such plan may be settled in cash or granted as a right to receive a cash amount calculated by reference to a number of notional shares, although the Committee would only do so where the particular circumstances made this the appropriate course of action (for example where a regulatory reason prevented the delivery of shares).

Shareholding guidelines

To align the interests of the Executive Directors with those of shareholders, the Committee has adopted formal shareholding guidelines. Executive Directors are required to retain half of all shares acquired under the LTIP and any deferred bonus award (after sales to cover tax and exercise price) until such time as their holding as a value is equal to 200% of salary. Shares subject to LTIP awards which have vested but not been released (that is which are in a holding period), or which have been released but have not been exercised, and shares subject to deferred bonus awards, count towards the guidelines on a net of assumed tax basis.

The Committee has adopted a formal post-employment shareholding guideline, which will apply with effect from the approval of the Policy. Shares are subject to this guideline only if they are acquired pursuant to LTIP or deferred bonus awards granted after 1 May 2022. Following employment, an Executive Director must retain for one year such of their relevant shares as have a value (as determined by the Committee) equal to 200% of their salary (or, if fewer, all of their relevant shares). The Committee has discretion to waive or vary the post-employment shareholding guideline in exceptional circumstances (for example, in compassionate circumstances, or on a change of control or if a conflict of interest arises with an Executive Director's next appointment).

Policy for Non-Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity
Fees and benefits	To provide fees within a market competitive range reflecting the individual, responsibilities or the role and the expected time commitment.	The fees of the Chair are determined by the Committee and the fees of the Non-Executive Directors are determined by the Board.	Fees are set taking into account the responsibilities of the role and expected time commitment.
	To provide benefits where appropriate which are relevant to the requirements of the role.	Non-Executive Directors may be eligible to receive travel and other reasonable expenses.	Non-Executive Directors are paid a basic fee with additional fees paid for chairing of Committees. An additional fee for assuming the role of Senior Independent Director, may be introduced in the future. Where benefits are provided to Non-Executive Directors they will be provided at a level considered to be appropriate taking into account individual circumstances.

Policy for the remuneration of employees more generally

The Group aims to provide a remuneration package that is competitive and which is appropriate to promote the long-term success of the Company. The Company intends to apply this policy fairly and consistently and does not intend to pay more than is necessary to attract and motivate colleagues. In respect of the Executive Directors, a greater proportion of the remuneration package is 'at risk' and determined by reference to the performance conditions.

Base salaries are reviewed annually together with all employees and increases ordinarily become effective from 1 May. The Committee is kept informed of salary increases across the wider workforce and how decisions are made.

The Board believes that Group success should be shared amongst the wider workforce and, therefore, where the business performs strongly, will reward employees taking into account levels of contribution and responsibility.

The Group operates a SAYE Scheme to encourage share ownership across the wider workforce and alignment in longer-term goals.

Recruitment remuneration policy

When hiring a new Executive Director, the Committee will typically align the remuneration package with the Policy.

When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate. However, this discretion is capped and is subject to the limits referred to below.

Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate. Pension will be provided in line with the Policy.

The Committee will not offer non-performance related incentive payments (for example a guaranteed sign-on bonus). Other elements may be included in the following circumstances:

- An interim appointment being made to fill an Executive Director role on a short-term basis.
- If exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis.
- If an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis.
- If the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.

The Committee may also alter the performance measures, performance period, vesting period and holding period of the annual bonus or long-term incentive opportunity if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the next Directors' remuneration report.

The maximum level of variable remuneration which may be granted (excluding buyout awards as referred to below) is 300% of salary.

The Committee may make payments or awards in respect of hiring an Executive Director to 'buy out' remuneration arrangements forfeited in connection with leaving a previous employer. In doing so, the Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure buyout awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above. Buyout awards will ordinarily be granted on the basis that they are subject to forfeiture or clawback in the event of departure within 12 months of joining The Works, although the Committee will retain discretion not to apply forfeiture or clawback in appropriate circumstances.

Any share awards referred to in this section will be granted as far as possible under The Works ordinary share plans. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements will continue in accordance with their terms.

Fees payable to a newly appointed Chair or Non-Executive Director will be in line with the policy in place at the time of the appointment.

Remuneration Policy continued

Policy on service contracts

The Company's policy is for service agreements with Executive Directors to be capable of termination by either the Company or the Executive Director by the giving of not more than 12 months' notice. The Non-Executive Directors (including the Chair) do not have service contracts, but are instead engaged via letters of appointment. Information in relation to the Executive Directors' service agreements and the Non-Executive Directors' letters of appointment is set out on page 48.

Policy on payments for loss of office

The following table summarises the Company's policy on the determination of payments for loss of office by Executive Directors.

Provision	Treatment
Fixed remuneration	Salary/fees, benefits and pension will be paid to the date of termination.
Payment in lieu of notice	Where a payment in lieu of notice is made, this will include salary, benefits and pension (or a cash equivalent) until the end of the notice period that would otherwise have applied. Alternatively, the Company, may continue to provide the relevant benefits. Unless the Committee determines otherwise, amounts will be paid in equal monthly instalments. Mitigation will apply.
Annual bonus	<p>This will be reviewed on an individual basis taking into account the terms of the relevant service agreement. The decision whether or not to award a bonus in full or in part will be dependent on a number of factors including the circumstances of the departure, contribution to the business during the bonus period and the terms of the service agreement. Any bonus would typically be pro-rated to reflect time in service to termination and paid at the usual time (although the Committee retains discretion to pay the bonus earlier in appropriate circumstances).</p> <p>Any outstanding deferred bonus awards would typically continue (other than in the event of dismissal for gross misconduct, where the entitlement would lapse) and vest at the normal vesting date, although the Committee retains discretion to vest any such award at the date of cessation. In either case, the award will vest in full, unless the Committee determines the award should be reduced to take account of the proportion of the deferral period that has elapsed at cessation.</p>
LTIP	<p>If an Executive Director ceases employment with the Group as a result of death, ill health, injury, disability or for any other reason at the Committee's discretion before an award under the LTIP vests, the award will usually be released on the ordinary release date (although the Committee retains discretion to release the award as soon as reasonably practicable after the cessation of employment or at some other time, such as following the end of the performance period in the case of an award that would otherwise be subject to a holding period). In either case, the award will vest to the extent determined by reference to the performance conditions and, unless the Committee determines otherwise, the proportion of the performance period that has elapsed at cessation.</p> <p>If an Executive Director ceases employment with the Group after an award under the LTIP has vested but before it is released (that is the Executive Director ceases employment during a holding period), the award will continue and be released at the normal release date (unless the cessation is due to dismissal for gross misconduct, in which case the awards will lapse). The award will be released to the extent it has vested by reference to performance conditions. The Committee retains discretion to release the award at cessation.</p>
Change of control	<p>In the event of a change of control, unvested awards under the LTIP will vest and be released to the extent determined by the Committee taking into account the relevant performance conditions and, unless the Committee determines otherwise, the extent of vesting so determined shall be reduced to reflect the proportion of the performance period that has not elapsed.</p> <p>Any deferred bonus shares will vest on a change of control or other relevant event.</p> <p>Options under the SAYE Scheme will vest on a change of control.</p>
Other payments	<p>The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. Payments may include, but are not limited to, paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with their cessation of office or employment and payments in respect of accrued but untaken holiday.</p> <p>Where a buyout or other award is made in connection with recruitment, the leaver provisions would be determined at the time of the award.</p> <p>Options under the SAYE Scheme will vest on cessation in accordance with the plan rules, which do not allow discretionary treatment.</p>

Consideration of employment conditions elsewhere in the Group

Whilst the Committee does not formally consult with employees as part of its process when determining Executive Director pay, it does take into account pay practices and policies of employees across the wider Group. This includes the general basic salary increase, remuneration arrangements and employment conditions.

Consideration of shareholders' views

The Committee welcomes dialogue with its shareholders. Shareholder views are considered when evaluating and setting the remuneration strategy and the Committee consulted with key shareholders in relation to the Policy, and will do so in relation to any significant change to it.

Legacy remuneration arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy where the terms of the payments were agreed:

- Either before the Policy comes into effect, provided that if they were agreed on or after 28 August 2019 (the date on which the Company's first shareholder-approved Directors' Remuneration Policy came into effect) they are in line with the Directors' Remuneration Policy in effect at the date they were agreed.
- At a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.



Directors' report

The Directors present their report for the financial year ended 4 May 2025. 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 41
Environmental policy	ESG review – pages 25 to 29
Employee engagement	Our stakeholders – pages 22 and 23 ESG review – pages 25 to 29 Corporate governance report – pages 44 to 49
Section 172 statement	Page 24
Stakeholder engagement in key decisions	Our stakeholders – pages 22 and 23 Section 172 statement – page 24 Corporate governance report – pages 44 to 49
Corporate governance compliance statement	Corporate governance report – pages 44 to 49
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Note 24 to the financial statements – pages 106 to 110
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Note 24 to the financial statements – pages 106 to 110
Details of long-term incentive schemes	Directors' remuneration report – pages 55 to 66
Statement of Directors' responsibilities	Page 70

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) (appointed 15 July 2024)

Gavin Peck (CEO)

Rosie Fordham (CFO)

Harry Morley (Senior Independent Director)

Simon Hathway (appointed 1 November 2024)

Carolyn Bradley (Chair) (stepped down 15 July 2024)

Catherine Glickman (Non-Executive Director) (stepped down 31 October 2024)

John Gould (Non-Executive Director) (appointed 14 February 2024, stepped down 1 October 2024)

Mark Kirkland (Non-Executive Director) (appointed 14 February 2024, stepped down 1 October 2024)

Summaries of the current Directors' key skills and experience are included on pages 42 and 43.

Results and dividend

The results for the year are set out in the consolidated income statement on page 79. The Directors are not proposing a final dividend for the period.

Principal activities

The principal activities of the Group are the provision of arts and crafts, stationery, toys, games and books retailing products through retail stores and online. 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 35 to the financial statements. As at 4 May 2025, 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 31 October 2024, 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 8 September 2025, 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 2025 AGM.



Directors' report continued

Directors' interests

The number of ordinary shares of the Company in which the Directors were beneficially interested as at 4 May 2025 is set out in the Directors' remuneration report on page 59.

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 page 66.

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 4 May 2025 and 22 July 2025 (being the latest practicable date prior to publication of this Annual Report).

Name of shareholder	As at 4 May 2025		As at 22 July 2025	
	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	12,414,853	19.86%	12,414,853	18.86%
Hudson Management Limited	10,666,000	17.06%	10,666,000	17.06%
Graeme Coulthard	4,470,001	7.15%	4,470,001	7.15%
Kelso Group Holdings plc	3,845,000	6.15%	3,845,000	6.15%
Mike Burn	3,600,000	5.76%	3,600,000	5.76%
Joanne Barraclough	1,905,582	3.05%	1,905,582	3.05%

Branches outside the UK

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

Employee involvement

Information relating to employees of the Group and how the Company engages with its workforce can be found on pages 22 and 26.

Disabled employees

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

Political donations

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

Change of control – significant agreements

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

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

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 84 to 86.

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

Kreston Reeves 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 8 September 2025. 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.

The Strategic report on pages 1 to 41 and this Directors' report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law and any liability of the Directors in connection with these reports shall be subject to the limitations and restrictions provided by such law.

By order of the Board

Gavin Peck

Chief Executive Officer
22 July 2025





Statement of Directors' responsibilities

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
22 July 2025

Independent auditor's report

To the shareholders of TheWorks.co.uk plc
For the 52-week period ended 4 May 2025

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 4 May 2025 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, and consolidated cash flow statement and Company statements of financial position and Company statements of changes in equity and notes to the financial statements, including a summary of significant Group accounting policies. The financial reporting framework that has been applied in its preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 4 May 2025 and of the Group's profit for the year then ended and of the Group's cash flow position as at 4 May 2025.
- 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.
- The 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 FRC'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 both on 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. A full statutory audit has been undertaken over this component's results.
- The intercompany investments holding company of the Group. A full statutory audit has been undertaken over this component's results.
- The operational component of the Group. A full statutory audit has been undertaken over this component's results.

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	£2,077,700 (FY24: £2,119,300)	£557,300 (FY24: £554,100)
Basis for determining materiality	0.75% of revenue	1.5% of 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 as 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	£1,558,300 (FY24: £1,483,500)	£418,000 (FY24: £387,900)
Basis for determining performance materiality	75% of materiality (FY24: 70% of materiality)	75% of materiality (FY24: 70% of materiality)
Reporting threshold	Having captured base risk from an increased number of users in the calculation of materiality a performance materiality of 75% has been applied. 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 has reduced slightly which is captured in the small increase in performance materiality vs. FY24.	Having captured base risk from an increased number of users in the calculation of materiality a performance materiality of 75% has been applied. This is to account for the higher level of audit risk in place due to factors including: highly material accounting estimates with respect to subsidiary investment valuation and increased going concern risk given the industry in which the underlying business operates. As this is no longer a first period audit engagement the audit risk has reduced slightly which is captured in the small increase in performance materiality vs. FY24.
Basis for determining reporting threshold	5% of materiality	5% of materiality



Independent auditor's report continued

To the shareholders of TheWorks.co.uk plc

For the 52-week period ended 4 May 2025

Our application of materiality continued

We reported all audit differences found in excess of our reporting threshold to the Audit & Risk 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 £1,342,500 and £418,000.

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) that 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 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: £277,039,000 (FY24: £282,585,000)

Significance and nature of key risk	How our audit addressed the key risk
<p>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.</p> <p>Revenue comprises two key revenue streams: in-store sales and online sales.</p> <p>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.</p>	<p>Revenue recognition (in-store sales)</p> <p>To assess for misappropriation of cash via the revenue cycle controls operating effectiveness was performed over the cash collection cycle. For each day selected 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.</p> <p>As an additional audit procedure we have undertaken a matching test that focuses on the vouching of cash collected overnight for a day's trading across the whole store portfolio and reconciling this to the total daily sales figure recorded into Nimbus to gain added assurance over the accuracy of this value. The controls operating effectiveness test above then audits the transfer of that monthly sales value into the accounting system.</p> <p>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.</p> <p>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.</p> <p>Revenue recognition (online sales)</p> <p>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.</p> <p>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.</p> <p>Revenue recognition (general)</p> <p>Walkthrough testing was performed to ensure that key systems and controls in place around the revenue cycle operated as designed.</p> <p>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.</p> <p>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.</p>

Key observations communicated to the Audit & Risk Committee

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: £74,413,000 (FY24: £70,061,000)

Significance and nature of key risk	How our audit addressed the key risk
<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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 enquiries 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.</p> <p>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.</p> <p>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.</p> <p>We ensured for a sample of assets disposed of in the period that appropriate disposal accounting was applied.</p> <p>Walkthrough testing was performed to ensure that key systems and controls in place operated as designed.</p>

Key observations communicated to the Audit & Risk Committee

We have no concerns over the material accuracy of property, plant and equipment and right-of-use assets recognised in the financial statements.



Independent auditor's report continued

To the shareholders of TheWorks.co.uk plc

For the 52-week period ended 4 May 2025

Key audit matters continued

Valuation, existence and impairment of inventory: £34,985,000 (FY24: £31,354,000)

Significance and nature of key risk	How our audit addressed the key risk
<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Specific cut-off testing was undertaken to ensure that inventory was being recorded within the appropriate period based on goods received and delivered notes.</p> <p>Walkthrough testing was performed to ensure that key systems and controls in place around inventory operated as designed.</p>

Key observations communicated to the Audit & Risk Committee

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

Key audit matters continued

The appropriateness of preparing the financial statements on the going concern basis

Significance and nature of key risk	How our audit addressed the key risk
<p>We draw attention to Note 1(b)(i) in the financial statements, which indicates that the business is operating in a low-margin environment with many potential risks that could adversely impact on working capital availability and therefore going concern. The note also highlights that such risk to going concern is heightened in a period when consumer spending is being dampened by challenging economic conditions for the UK. This has been magnified by cost pressures, including significant increases in the national minimum wage.</p> <p>Despite these challenges the Directors believe that the Group remains a going concern despite these current conditions.</p>	<p>We have obtained and assessed management's formal going concern assessment and focused on the key justifications provided in reaching their conclusions.</p> <p>We have considered the systems and controls environment in place for management to build accurate forecasting models and to appropriately monitor cash on hand and their working capital requirements.</p> <p>We have analysed the financial performance of the business in the period in comparison to recent trading periods as well as analysing the financial position of the business at the period end to assess for trends in key liquidity metrics.</p> <p>We have reviewed the forecasting prepared for the business over the FY26 and FY27 periods to assess this for potential risk to going concern.</p> <p>In order to place reliance on this forecasting as audit evidence we have audited key assumptions that feed into the model to consider these for reasonableness. This has included robust challenge to management where we have reached a differing assessment. Our own assessment is based on a combination of actual performance in FY25 and other recent financial periods, actual trading for the early part of FY26 and our own conclusions reached from analysis performed over each assumption.</p> <p>We have then stress tested the forecasting models in order to assess cash headroom on a monthly basis through to the end of FY27. This has included highlighting and considering any points in this period where working capital, this being forecast net cash and the £20m revolving credit facility available to the business, approaches a negative position.</p> <p>We have considered the month-end like-for-like net cash position over a wider period, from FY24 through to the end of our assessment period of FY27 to carefully consider trends with respect to headroom being retained within the business.</p> <p>For the £20m revolving credit facility agreement we have obtained facility documentation confirming this will be available until at least November 2026. This review included reviewing the covenant compliance analysis prepared by management, in order to consider the headroom in this. We also considered management's downside modelling over covenant compliance to confirm they would remain within covenants even under these downside conditions throughout the forecasting period being assessed.</p> <p>We have considered further factors including assessing the availability of equity and debt funding options, as well as considering many recently produced economic and trade reports over expectations in the retail sector.</p> <p>We have considered the share price in the financial year and since the year end to assess for potential signs of a loss of market confidence.</p> <p>We have cross-checked to audit conclusions in other areas of our file that could adversely impact on going concern including consideration of potential unrecorded liabilities and other litigation.</p>

Key observations communicated to the Audit & Risk Committee

Following the performance of these procedures we consider that there is sufficient evidence to conclude that the going concern basis remains the most appropriate basis for the preparation of the financial statements. We note in particular that trading performance in the year and immediately after the year end has been very positive. We do consider the ongoing monitoring of cash to be critical to the business to ensure that there is sufficient working capital headroom over the full annual business cycle. This includes the use of the £20m revolving credit facility, with an expiry date of 30 November 2026. We are therefore encouraged to see that FY25 saw net improvement in cash in the business of £2.5m.

Independent auditor's report continued

To the shareholders of TheWorks.co.uk plc

For the 52-week period ended 4 May 2025

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 contained within the Annual Report. 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.

Our opinion on the Remuneration report

Kreston Reeves has audited the Remuneration report set out on pages 55 to 66 of the Annual Report for the period ended 4 May 2025. The Directors of the Company are responsible for the preparation and presentation of the Remuneration report in accordance with the Companies Act 2006. Kreston Reeves' responsibility is to express an opinion on the Remuneration report, based on our audit conducted in accordance with International Accounting Standards. In Kreston Reeves' opinion, the Remuneration report of the Group for the period complies with the requirements of the Companies Act 2006.

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.
- 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 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.
- The Parent Company financial statements are not in agreement with the accounting records and returns.
- Certain disclosures of Directors' remuneration specified by law are not made.
- 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 70), 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 either intend 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:

- 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.
- 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.



Independent auditor's report continued

To the shareholders of TheWorks.co.uk plc

For the 52-week period ended 4 May 2025

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

Capability of the audit in detecting irregularities, including fraud continued

- 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.

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 two periods, covering the period ended 5 May 2024 to 4 May 2025.

The non-audit services prohibited by the FRC'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 & Risk 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 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 LLP
Chartered Accountants
Statutory Auditor
London
22 July 2025



Consolidated income statement

For the period ended 4 May 2025

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

Accompanying notes that form part of these financial statements are on pages 84 to 112.

Profit for the period is attributable to equity holders of the Parent.



Consolidated statement of comprehensive income

For the period ended 4 May 2025

	FY25 £000	FY24 £000
Profit for the period	8,178	6,377
Items that may be recycled subsequently into profit and loss		
Cash flow hedges – changes in fair value	(1,851)	1,664
Cash flow hedges – reclassified to profit and loss	340	134
Cost of hedging – changes in fair value	(273)	(415)
Cost of hedging – reclassified to profit and loss	366	182
Tax relating to components of other comprehensive income	(409)	(323)
Other comprehensive (expense)/income for the period, net of income tax	(1,827)	1,242
Total comprehensive income for the period attributable to equity shareholders of the Parent	6,351	7,619

Accompanying notes that form part of these financial statements are on pages 84 to 112.



Consolidated statement of financial position

As at 4 May 2025

	Note	FY25 £000	FY24 £000
Non-current assets			
Intangible assets	12	2,168	1,866
Property, plant and equipment	13	12,583	12,358
Right-of-use assets	14	61,830	57,703
Deferred tax assets	15	3,514	4,036
		80,095	75,963
Current assets			
Inventories	16	34,985	31,354
Trade and other receivables	17	6,149	8,384
Derivative financial assets	24	–	306
Current tax asset	9	1,603	1,189
Cash and cash equivalents	18	4,118	1,619
		46,855	42,852
Total assets		126,950	118,815
Current liabilities			
Lease liabilities	14, 19	18,646	19,943
Trade and other payables	20	32,851	29,886
Provisions	21	798	543
Derivative financial liabilities	24	1,879	64
		54,174	50,436
Non-current liabilities			
Lease liabilities	14, 19	56,284	57,817
Provisions	21	650	476
		56,934	58,293
Total liabilities		111,108	108,729
Net assets		15,842	10,086
Equity attributable to equity holders of the Parent			
Share capital	23	625	625
Share premium	23	28,322	28,322
Merger reserve		(54)	(54)
Share-based payment reserve		2,274	2,583
Hedging reserve		(2,122)	129
Retained earnings		(13,203)	(21,519)
Total equity		15,842	10,086

Accompanying notes that form part of these financial statements are on pages 84 to 112.

These financial statements were approved by the Board of Directors on 22 July 2025 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 ^{2,3} £000	Retained earnings £000	Total equity £000
Balance at 30 April 2023	625	28,322	(54)	2,780	(331)	(27,926)	3,416
Total comprehensive income for the period							
Profit for the period	—	—	—	—	—	6,377	6,377
Other comprehensive income	—	—	—	—	1,242	—	1,242
Total comprehensive income for the period	—	—	—	—	1,242	6,377	7,619
Hedging gains and losses and costs of hedging transferred to the cost of inventory (Note 24)	—	—	—	—	(492)	—	(492)
Transfer to retained earnings	—	—	—	—	(290)	290	—
Transactions with owners of the Company							
Reversal of share-based payment charges	—	—	—	(197)	—	—	(197)
Own shares purchased by Employee Benefit Trust	—	—	—	—	—	(260)	(260)
Total transactions with owners of the Company	—	—	—	(197)	—	(260)	(457)
Balance at 5 May 2024	625	28,322	(54)	2,583	129	(21,519)	10,086
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 24)	—	—	—	—	(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	625	28,322	(54)	2,274	(2,122)	(13,203)	15,842

1 Share-based payment reserve includes a transfer of £662k (FY24: £nil) to retained earnings in relation to closed schemes (all shares have been granted, lapsed or forfeited).

2 Hedging reserve includes £330k (FY24: £410k) 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.

3 Hedging reserve contains a £nil (FY24: £290k) transfer from retained earnings in relation to a historical tax charge for financial derivatives that had previously been recognised in the consolidated income statement.

Accompanying notes that form part of these financial statements are on pages 84 to 112.



Consolidated cash flow statement

For the period ended 4 May 2025

	Note	FY25 £000	FY24 £000
Profit for the period (including Adjusting items)		8,178	6,377
Adjustments for:			
Depreciation of property, plant and equipment	13	3,854	3,663
Impairment of property, plant and equipment	13	463	1,589
Reversal of impairment of property, plant and equipment	13	(975)	(1,272)
Depreciation of right-of-use assets	14	18,385	18,224
Impairment of right-of-use assets	14	2,180	3,394
Reversal of impairment of right-of-use assets	14	(7,807)	(4,620)
Amortisation of intangible assets	12	1,213	632
Impairment of intangible assets	12	141	442
Reversal of impairment of intangible assets	12	(471)	(850)
Derivative exchange loss		424	494
Financial income	8	(35)	(19)
Financial expense	8	689	536
Interest on lease liabilities	8	4,101	3,984
Loss on disposal of property, plant and equipment and intangibles	12, 13	282	202
Loss/(profit) on disposal of right-of-use asset and lease liability	14	845	(3,537)
Effect of modifications on right-of-use asset		(193)	–
Share-based payment charges	25	353	(197)
Taxation	9	165	541
Operating cash flows before changes in working capital		31,792	29,583
(Increase)/decrease in trade and other receivables		2,081	(963)
(Increase)/decrease in inventories		(3,396)	1,149
Increase/(decrease) in trade and other payables		3,037	(3,672)
Increase/(decrease) in provisions	21	429	(844)
Cash flows from operating activities		33,943	25,253
Corporation tax paid		(466)	(97)
Net cash inflow from operating activities		33,477	25,156
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(4,691)	(6,078)
Capital contributions received from landlords	13	842	1,460
Acquisition of intangible assets	12	(1,185)	(1,208)
Interest received	8	35	19
Net cash outflow from investing activities		(4,999)	(5,807)
Cash flows from financing activities			
Payment of lease liabilities (capital)	19	(20,330)	(22,471)
Payment of lease liabilities (interest)	19	(4,101)	(3,984)
Payment of fees from loans and borrowings		–	(60)
Interest paid		(579)	(434)
Repayment of bank borrowings	19	(9,000)	(6,000)
Proceeds from bank borrowings	19	9,000	6,000
Own shares purchased by Employee Benefit Trust	23	(524)	(260)
Net cash outflow from financing activities		(25,534)	(27,209)
Net increase/(decrease) in cash and cash equivalents		2,944	(7,860)
Exchange rate movements		(445)	(717)
Cash and cash equivalents at beginning of period	18	1,619	10,196
Cash and cash equivalents at end of period	18	4,118	1,619

Accompanying notes that form part of these financial statements are on pages 84 to 112.



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 16 (Inventories).

(a) General information

TheWorks.co.uk plc is a leading UK multi-channel 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, Ireland and online.

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 4 May 2025 (FY25 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(e).

(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 36 to 41. 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 new strategy, 'Elevating The Works'. This 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. The risk of weaker consumer demand is considered to be the greater of these risks due to interest remaining high (albeit rates have been dropping since August 2024) and its effect on economic growth and consumer spending.

The effects of climate change, which are set out on pages 30 to 35 in the Strategic report, have been considered, but these are not expected to have a material financial impact on the Group during the forecast period.

1. Accounting policies continued

(b) Basis of preparation continued

(i) Going concern continued

Financial position and bank facilities

At the end of FY25 the Group held net cash at bank of £4.1m (FY24: £1.6m).

The Group's £20.0m revolving credit facility (FY24: £20.0m) expires on 30 November 2026 and 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 2025, the ratio must be at least 1.05 times and thereafter at least 1.20 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 five-year financial plan has been formed from the new 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.

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 does not continue over the Christmas peak in FY26 financial year 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 our people and planet commitments. Delivering the strategy will see the Group grow revenue in excess of £375m and deliver an EBITDA margin of at least 6% 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 FY26 product margin percentage is exceeding the expected performance in the Base Case and has increased significantly compared to the prior year. It reflects the expected full-year effect of continued focus on cost price reductions, a tailwind from ocean container freight costs and a flat hedged FX rate.
- The Group faces significant external cost headwinds in FY26 which increased significantly following the Autumn 2024 Budget due to the increase in NLMW and NI contributions. The five-year plan reflects known inflationary increases and a general inflationary increase assumption. The Group continues to target rent savings and reductions in operational costs through contract negotiations and reviews of services.
- Capital expenditure levels in the five-year plan, 'Elevating The Works,' reflect increased investment in information technology across stores and the Support Centre, as well as investment in net 60 new stores over the five-year plan. 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 35, 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.



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

1. Accounting policies continued

(b) Basis of preparation continued

(i) Going concern continued

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 FY26 store and online sales are assumed to be lower than the Base Case by 2% reflecting the possibility of a more challenging consumer environment over Christmas 2025. Store and online sales continue to be lower than the Base Case in FY27 with some year-on-year growth over the peak. In FY28, store and online sales growth continue to be lower than Base Case.
- The product gross margin percentage is in line with the Base Case because the Base Case already has a prudent assumption for ocean freight rates. Expected FX requirements are hedged for FY26 and partially hedged for FY27. 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, for example forecast online fulfilment and marketing costs. 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 three-year period, including implementing some of the mitigating activities available, would result in:
 - A reduction in net sales of approximately £40m.
 - A reduction to EBITDA of approximately £25m.

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 retail backdrop was challenging throughout FY25, characterised by geopolitical uncertainty, fragile consumer confidence, continued high inflation and rising business costs. Despite this, the Group delivered a much-improved FY25 performance by focusing on factors within its control and driving incremental improvements across the business. The Board is mindful of continued cost headwinds in the year ahead. However, the Group is confident that it will see further LFL sales growth, realise further benefits from action to grow product margins and reduce costs and execute the new strategy effectively. It is expected to offset the significant cost headwinds and deliver further profit growth and strategic development in FY26 which will continue into the remainder of the five-year plan. There is sufficient cash headroom within both covenants under both scenarios and therefore the Directors are confident that the Group will have sufficient funds to 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 prepared the financial statements on a going concern basis.

(ii) New accounting standards

The Group has applied the following new standards and interpretations for the first time for the annual reporting period commencing 6 May 2024:

- Non-Current Liabilities with Covenants – Amendments to IAS 1 and Classifications of Liabilities as Current or Non-Current – Amendments to IAS 1¹.
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16¹.
- Supplier Finance Agreements – Amendments to IAS 7 and IFRS 7¹.

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:

- Amendments to IAS 21 Lack of Exchangeability².
- Amendment to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments³.
- IFRS 18 Presentation and Disclosure in Financial Statements⁴.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures⁴.

1 Effective for annual periods commencing after 1 January 2024.

2 Effective for annual periods commencing after 1 January 2025.

3 Effective for annual periods commencing after 1 January 2026.

4 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.

1. Accounting policies continued

(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 operated on the Group's behalf (EBT) 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) 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)	84 to 86
Impairment of intangible assets, property, plant and equipment and right-of-use assets	12, 13, 14	94 to 102
Impairment of investment in subsidiary undertaking	32	116
Inventory provisions	16	102 and 103
Other provisions	21	105
Fair value of share options issued	25	111 and 112

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 Group has one operating segment with two revenue streams: bricks and mortar stores and online. 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. Aggregation is deemed appropriate due to both operating segments having similar economic characteristics, similar products on offer and a similar customer base.

3. Revenue

Accounting policy

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.

	FY25 £000	FY24 £000
Sale of goods		
UK	272,122	277,828
EU	4,917	4,757
Total revenues	277,039	282,585

Seasonality of operations

The Group's revenue is subject to seasonal fluctuations as a result of a significant sales uplift during the approach to Christmas, from October to December. Therefore, the first half of the financial year, from April to October, typically produces lower revenue and profit than the second half.



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

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.

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 11)
Financial position APMs	Net debt

Sales APM

Like-for-like (LFL) sales

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, and from the Company's online store, 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 an LFL basis is set out below:

	Stores £000	Online £000	Total £000
FY25			
Revenue	252,166	24,873	277,039
VAT	33,924	2,541	36,465
Loyalty points	(216)	–	(216)
Total gross sales	285,874	27,414	313,288
Non-LFL store sales	(16,192)	–	(16,192)
LFL sales	269,682	27,414	297,096

	Stores £000	Online £000	Total £000
FY24			
Revenue	254,228	28,357	282,585
VAT	33,501	3,098	36,599
Loyalty points	1,228	86	1,314
Total gross sales	288,957	31,541	320,498
Non-LFL store sales	(25,209)	(342)	(26,551)
LFL sales	263,748	31,199	293,947
LFL sales growth	2.3%	(12.1)%	0.8%

FY24 was a 53-week period; therefore, the LFL sales APM compares 52 weeks of FY25 to the equivalent 52 weeks of FY24.

4. Alternative performance measures (APMs) continued

Profit APMs

EBITDA and pre-IFRS 16 Adjusted EBITDA

Closest IFRS equivalent: operating profit¹

EBITDA is earnings before interest, tax, profit or loss on disposal of fixed assets, depreciation, amortisation and impairment reversals and charges. The Group uses EBITDA as a measure of trading performance, as it usually correlates with the Group's operating cash generation.

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, after adding back or deducting Adjusting items. Pre-IFRS 16 EBITDA is used for the bank facility financial covenants.

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

	FY25 £000	FY24 £000
Operating profit¹	13,098	11,419
Add back:		
Depreciation of property, plant and equipment	3,854	3,663
Depreciation of right-of-use assets	18,385	18,224
Amortisation	1,213	632
Loss on disposal of fixed assets	282	202
Gain on modification of right-of-use assets	(193)	—
Adjusting items	(3,768)	(3,741)
Adjusted EBITDA	32,871	30,399
Less:		
Income statement rental charges not recognised under IFRS 16	(23,328)	(24,426)
Foreign exchange difference on Euro leases	(36)	69
Pre-IFRS 16 Adjusted EBITDA	9,507	6,042

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

Adjusted profit after tax

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 in nature 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.

	FY25 £000	FY24 £000
Adjusted profit after tax	4,410	2,636
Adjusting items (including impairment charges and reversals)	3,768	3,741
Profit after tax	8,178	6,377

Financial position APMs

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.

	FY25 £000	FY24 £000
Calculation of net debt		
Current borrowings	(18,646)	(19,943)
Non-current borrowings	(56,284)	(57,817)
Gross borrowings	(74,930)	(77,760)
Add cash	4,118	1,619
Net debt (inc. leases)	(70,812)	(76,141)
Lease liabilities	74,930	77,760
Net cash (exc. leases)	4,118	1,619



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

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.

	FY25 £000	FY24 £000
Cost of sales		
Impairment charges	(2,784)	(5,333)
Impairment reversals	9,253	6,742
(Loss)/profit on disposal of right-of-use assets and lease liabilities	(845)	3,537
Exceptional fulfilment costs	(1,216)	–
Other exceptional costs	–	(1,205)
Administration costs		
Other exceptional costs – restructuring	(640)	–
Total Adjusting items	3,768	3,741

Impairment charges and reversals of prior year impairment charges relate to fixed assets (see Notes 12, 13 and 14).

Profit on disposal of right-of-use assets and lease liabilities relate to leases (see Note 14).

Other exceptional items in FY25 comprise £1.2m (FY24: £nil) in relation to the transition of the online sales Distribution Centre and £0.6m (FY24: £nil) related to the review of the cost base of the Group, which includes £0.4m of redundancy costs. In FY24, other exceptional items comprise £0.5m of professional fees and other costs related to the listing of the Company on AIM and £0.7m of redundancy costs related to the restructure of the Operating Board, which were included within cost of sales in the prior year.

6. Operating profit

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

	FY25 £000	FY24 £000
Loss on disposal of property, plant and equipment	282	168
Loss on disposal of intangible assets	–	34
Depreciation	22,239	21,887
Amortisation	1,213	632
Net foreign exchange loss	276	170
Cost of inventories recognised as an expense	111,385	120,530
Staff costs	68,590	67,855
Auditor's remuneration	FY25 £000	FY24 £000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	307	300
Amounts payable in respect of other services to the Company and its subsidiaries		
Audit of the accounts of subsidiaries	43	42
Total	350	342

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	
	FY25	FY24
Store support centre colleagues	284	280
Store colleagues	3,259	3,590
Warehouse and distribution colleagues	154	156
	3,697	4,026

The corresponding aggregate payroll costs were as follows:

	FY25 £000	FY24 £000
Wages and salaries	62,765	62,367
Social security costs	4,700	4,422
Contributions to defined contribution pension schemes	1,125	1,066
Total employee costs	68,590	67,855
Agency labour costs	1,804	2,977
Total staff costs	70,394	70,832

The Directors' remuneration for the period was as follows:

	FY25 £000	FY24 £000
Directors' remuneration	1,012	791
Contributions to defined contribution plans	42	16
	1,054	807

The following number of Directors were members of:

	FY25	FY24
Company defined contribution scheme	2	2
	2	2



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

7. Staff numbers and costs continued

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

	FY25 £000	FY24 £000
Directors' remuneration	478	337
Contributions to defined contribution plans	9	10
	487	347

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.

Recognised in consolidated statement of comprehensive income

	FY25 £000	FY24 £000
Finance income		
Bank interest receivable	35	19
Total finance income	35	19
Finance expense		
Bank interest payable	(535)	(389)
Other interest payable	(154)	(147)
Interest on lease liabilities	(4,101)	(3,984)
Total finance expense	(4,790)	(4,520)
Net financing expense	(4,755)	(4,501)

Other interest payable includes the amortisation of the arrangement fees of the RCF (Note 19).

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

9. Taxation continued

Accounting policy continued

Deferred tax continued

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Recognised in consolidated income statement

	FY25 £000	FY24 £000
Current tax expense		
Current year	73	22
Adjustments for prior years	(21)	33
Current tax expense	52	55
Deferred tax expense		
Origination and reversal of temporary differences	(111)	1,286
Adjustments for prior years	224	(800)
Deferred tax expense	113	486
Total tax expense	165	541

The UK corporation tax rate for FY25 was 25.0% (FY24: 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% (FY24: 25.0%). Assets and liabilities arising on foreign operations have been recognised at the applicable overseas tax rates.

Reconciliation of effective tax rate

	FY25 £000	FY24 £000
Profit for the year	8,343	6,918
Tax using the UK corporation tax rate of 25.0% (FY24: 25.0%)	2,086	1,730
Non-deductible (income)/ expenses	(1,027)	195
Effect of tax rates in foreign jurisdictions	(86)	14
Tax overprovided in prior periods	202	(767)
Utilisation of unrecognised tax losses brought forward	(1,010)	(751)
Losses carried forwards	–	120
Total tax expense	165	541
Effective tax rate	2.0%	7.8%



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

9. Taxation continued

Reconciliation of effective tax rate continued

The Group's total income tax charge in respect of the period was £165k (FY24: £541k charge). The effective tax rate on the total profit before tax was 2.0% (FY24: 7.8%) whilst the effective tax rate on the total profit before Adjusting items was 3.6% (FY24: 17.0%). The difference between the total effective tax rate and the Adjusted tax rate relates to fixed asset impairment charges and reversals within Adjusting items being non-deductible for tax purposes.

The current year tax charge recognised above is predominantly driven by deferred tax movements related to lease balances.

There is also a tax charge of £409k (FY24: £323k) shown in the statement of comprehensive income for fair value movements on derivatives which impacts the deferred tax balance (Note 15).

Consolidated statement of financial position

Included in the consolidated statement of financial position is a current tax debtor of £1,603k (FY24: £1,189k) resulting from the overpayment of taxation in prior periods.

10. 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 FY25 (FY24: nil).

11. 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.

	FY25 Number	FY24 Number
Number of shares in issue	62,500,000	62,500,000
Number of dilutive share options	—	—
Number of shares for diluted earnings per share	62,500,000	62,500,000
	£000	£000
Total profit for the financial period	8,178	6,377
Adjusting items	(3,768)	(3,741)
Adjusted profit for Adjusted earnings per share	4,410	2,636
	Pence	Pence
Basic earnings per share	13.1	10.2
Diluted earnings per share	13.1	10.2
Adjusted basic earnings per share	7.1	4.2
Adjusted diluted earnings per share	7.1	4.2

12. 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.

12. Intangible assets continued

	Goodwill £000	Software £000	Total £000
Cost			
At 5 May 2024	16,180	10,299	26,479
Additions	—	1,185	1,185
Disposals	—	(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.

	Goodwill £000	Software £000	Total £000
Cost			
At 30 April 2023	16,180	9,310	25,490
Additions	—	1,208	1,208
Disposals	—	(219)	(219)
At 5 May 2024	16,180	10,299	26,479
Amortisation and impairment			
At 30 April 2023	16,180	8,394	24,574
Amortisation charge	—	632	632
Impairment charge	—	442	442
Impairment reversals	—	(850)	(850)
Disposals ²	—	(185)	(185)
At 5 May 2024	16,180	8,433	24,613
Net book value			
At 30 April 2023	—	916	916
At 5 May 2024	—	1,866	1,866

2 During FY24 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 £207k were deemed to no longer be in use by the Group and have therefore been disposed of.

Notes to the consolidated financial statements continued

(Forming part of the financial statements)

13. 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: 25% 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 scrapping 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. A proportion of click & collect sales are included in store cash flows to reflect the contribution stores make to fulfilling such orders. 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 19 months of 4 May 2025 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.

Projected cash flows for the trading website are limited to 60 months as this is in line with the average useful economic life of the assets assigned to the web CGU.

Impairment triggers

Due to the challenging macroeconomic environment and the existence of a material brought forward impairment charge, all CGUs other than stores which have been open for less than 12 months have been assessed for impairment.

Change in accounting policy: During the period, due to the maturity curve of new stores, the directors made an amendment to the accounting policy so that stores that were open between 12 and 24 months before the period end date, are reviewed for indicators of impairment and an assessment made should such indicators be present.

13. 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.

	FY25	FY24
Post-tax discount rate	10.80%	10.50%
Medium-term growth rate	2.0%	2.0%

While the online CGU is in a different stage of establishment to that of the store CGUs, the same pre-tax discount rate has been used in the impairment assessment. Given that the website is not performing in line with expectations, all assets relating to the web CGU are fully impaired; as such an increase in the pre-tax discount rate used for the web assessment would not increase the impairment charge recognised.

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 FY25, 84% (FY24: 89%) of central costs have been allocated by category using appropriate volumetrics.

Cash flows beyond the corporate plan period (FY28 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 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 (FY24: an impairment charge of £5,333k was recognised against 184 stores with a recoverable amount of £23,396k, and an impairment charge of £nil was recognised against the trading website). An impairment reversal of £8,582k has been recognised in FY25 relating to 253 stores with a recoverable amount of £72,408k as at 4 May 2025, and an impairment reversal of £498k was recognised against the website (FY24: an impairment reversal of £5,883k was recognised relating to 135 stores with a recoverable amount of £33,537k, and an impairment reversal of £859k was recognised against the website) (see Notes 12, 13 and 14).

A net impairment credit of £6,468k (FY24: £1,409k) has therefore been shown within Adjusting items on the face of the consolidated income statement.

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 certain stores 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 reduction in sales of 5% from the Base Case plan to reflect a potential downside scenario would result in a decrease in the net impairment credit of £5,780k. An increase in sales of 5% from the Base Case plan would increase the net impairment credit by £3,954k.
- A reduction in gross margin of 2% would result in a decrease in the net impairment credit of £1,566k. An increase in gross margin of 2% would increase the net impairment credit by £1,417k.
- A 200 basis point increase in the pre-tax discount rate would result in a decrease in the net impairment credit of £976k, while a 200 basis point decrease in the pre-tax discount rate would result in an increase in the net impairment credit of £1,013k.
- A 100 basis point decrease in the medium-term growth rate would result in a decrease in the net impairment credit of £390k, while a 100 basis point increase in the medium-term growth rate would result in an increase in the net impairment credit of £388k.
- Increasing the percentage of central costs allocated across CGUs from 84% to 94% would result in a decrease in the net impairment credit of £1,448k. Decreasing the percentage of central costs allocated across CGUs from 84% to 74% would result in an increase in the net impairment credit of £1,322k.

Whilst the Directors consider their assumptions to be realistic, should actual results be different from expectations, then it is possible that the value of property, plant and equipment included in the balance sheet could become materially different to the estimates used.



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

13. 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 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.

	Leasehold improvements £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 30 April 2023	7,408	3,656	19,195	30,259
Additions	409	353	3,971	4,733
Disposals ²	(1,999)	(246)	(4,094)	(6,339)
At 5 May 2024	5,818	3,763	19,072	28,653
Depreciation and impairment				
At 30 April 2023	5,682	3,245	9,559	18,486
Depreciation charge	412	370	2,881	3,663
Impairment charge	209	282	1,098	1,589
Impairment reversals	(174)	(618)	(480)	(1,272)
Disposals	(1,980)	(141)	(4,050)	(6,171)
At 5 May 2024	4,149	3,138	9,008	16,295
Net book value				
At 30 April 2023	1,726	411	9,636	11,773
At 5 May 2024	1,669	625	10,064	12,358

2 During FY24 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 £4,263k 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: £570k leasehold improvements; £213k plant and equipment; and £3,274k fixtures and fittings.

14. 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 applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the value of lease liabilities and right-of-use assets recognised.

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.



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

14. 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.
- If there are any significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend.

(i) Amounts recognised in the statement of financial position

Right-of-use assets

	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	6,217	192	6,409
Effect of modifications to right-of-use assets	12,639	–	12,639
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
	Land and buildings £000	Plant and equipment £000	Total £000
2024			
At 30 April 2023	64,703	669	65,372
Depreciation charge for the year	(17,949)	(275)	(18,224)
Additions to right-of-use assets	10,931	–	10,931
Effect of modifications to right-of-use assets	(1,059)	–	(1,059)
Derecognition of right-of-use assets	(543)	–	(543)
Impairment charge	(3,394)	–	(3,394)
Impairment reversals	4,620	–	4,620
At 5 May 2024	57,309	394	57,703

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
2025			
At 5 May 2024	77,336	424	77,760
Additions to lease liabilities	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

14. 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
2024			
At 30 April 2023	93,686	706	94,392
Additions to lease liabilities	8,929	–	8,929
Interest expense	3,962	22	3,984
Effect of modifications to lease liabilities	1,059	–	1,059
Lease payments	(26,151)	(304)	(26,455)
Disposals of lease liabilities	(4,080)	–	(4,080)
Foreign exchange movements	(69)	–	(69)
At 5 May 2024	77,336	424	77,760

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

	FY25 £000	FY24 £000
Current	18,646	19,943
Non-current	56,284	57,817
Total carrying value of leases	74,930	77,760

Maturity analysis – contractual undiscounted cash flows

	FY25 £000	FY24 £000
Less than one year	22,375	23,446
One to two years	17,416	18,787
Two to three years	13,820	13,738
Three to four years	10,352	9,968
Four to five years	6,655	6,574
More than five years	17,325	17,632
Total undiscounted lease liabilities	87,943	90,145

(ii) Amounts recognised in the consolidated income statement

	FY25 £000	FY24 £000
Depreciation charge on right-of-use assets (RoUA)	18,385	18,224
Interest cost on lease liability	4,101	3,984
Loss on disposal of RoUA/lease liability	845	(3,537)
Foreign exchange difference on euro leases	36	69
Additional impairment credit under IAS 36	(5,627)	(1,226)
Operating lease rentals – hire of plant, equipment and motor vehicles		
– Low-value leases	423	362
Total plant, equipment and motor vehicle operating lease rentals	423	362
Operating lease rentals – store leases		
– Stores with variable lease rentals	1,182	(434)
– Concession leases (the landlord has substantial substitution rights)	909	848
– Low-value leases	9	(11)
– Lease is expiring within 12 months or has rolling break clauses	30	63
– Lease has expired	929	766
Total store operating lease rentals	3,059	1,232



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

14. Leases continued

(ii) Amounts recognised in the consolidated income statement continued

Depreciation of right-of-use asset by class:

	FY25 £000	FY24 £000
Land and buildings	18,180	17,949
Plant and equipment	205	275
Total right-of-use asset depreciation	18,385	18,224

15. Deferred tax

Recognised deferred tax assets/liabilities

Deferred tax assets are attributable to the following:

	Assets		Liabilities	
	FY25 £000	FY24 £000	FY25 £000	FY24 £000
Property, plant and equipment	2,811	2,785	—	—
Leases	751	980	—	—
Temporary timing differences	422	332	—	—
Financial liabilities	—	—	(470)	(61)
Tax assets/(liabilities)	3,984	4,097	(470)	(61)

Movement in deferred tax during the year

	Fixed assets £000	Leases £000	Temporary timing differences £000	Financial liabilities £000	Total £000
At 5 May 2024	2,785	980	332	(61)	4,036
Adjustment in respect of prior years	(436)	213	—	—	(223)
Deferred tax charge to profit and loss	462	(442)	90	—	110
Deferred tax credit in equity profit and loss	—	—	—	(409)	(409)
At 4 May 2025	2,811	751	422	(470)	3,514

Movement in deferred tax during the prior year

	Fixed assets £000	Leases £000	Temporary timing differences £000	Financial assets/ (liabilities) £000	Total £000
At 30 April 2023	2,866	1,362	354	262	4,844
Adjustment in respect of prior years	785	16	—	—	801
Deferred tax charge to profit and loss	(866)	(398)	(22)	—	(1,286)
Deferred tax credit in equity profit and loss	—	—	—	(323)	(323)
At 5 May 2024	2,785	980	332	(61)	4,036

Tax losses carried forward for which no deferred tax asset has been recognised total £377k which represents an unrecognised deferred tax asset of £94k (FY24: £nil).

16. 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.

16. Inventories continued

	FY25 £000	FY24 £000
Gross stock value	30,121	28,401
Less: stock provisions for shrinkage and obsolescence	(1,061)	(1,932)
Goods for resale net of provisions	29,060	26,469
Stock in transit	5,925	4,885
Inventory	34,985	31,354

The cost of inventories recognised as an expense during the period was £111.4m (FY24: £120.5m).

Stock was valued at £35.0m at the end of the period (FY24: £31.4m), an increase of £3.6m. The increased gross stock level compared to the prior period reflects investment in new stock across strong performing ranges and increased freight rates within average cost prices.

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 FY25, full four-wall counts were performed in 499 stores during two waves of counts – 126 stores were counted between July and September with 498 stores counted (including 125 recounted stores) between March 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; however, due to the whole estate being counted during the second wave of counts compared to FY24 where the whole estate was not counted near to the year end, the unrecognised shrinkage provision has decreased to £0.6m (FY24: £1.1m). The provision relates to store stock with a value of £21.8m (FY24: £20.6m).

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.

During FY25 the Group held slightly less terminal stock than the prior period. Consequently, the obsolescence provision has decreased to £0.5m (FY24: £0.8m).

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.

17. Trade and other receivables

	FY25 £000	FY24 £000
Current		
Trade receivables	2,026	2,626
Other receivables	135	506
Prepayments	3,988	5,252
Trade and other receivables	6,149	8,384

Trade receivables are attributable to sales which have been paid for by credit card pending receipt into the Company's bank account and are classified as finance assets at amortised cost. The trade receivables balance is primarily made up of aforementioned pending credit card receipts of £1.7m (FY24: £2.3m). Credit is provided to a limited number of business-to-business customers. The individual value and nature of trade receivables is such that no material credit losses occur; therefore, no loss allowance has been recorded at the period end (FY24: £nil).

Other receivables relate to stock on water deposits paid and other accounts payable debit balances. Prepayments relate to prepaid property costs and other expenses.

18. Cash and cash equivalents

	FY25 £000	FY24 £000
Cash and cash equivalents	4,118	1,619
Total	4,118	1,619



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

18. Cash and cash equivalents continued

The Group's cash and cash equivalents are denominated in the following currencies:

	FY25 £000	FY24 £000
Sterling	(5,575)	1,142
Euro	610	397
US dollar	9,083	80
Cash and cash equivalents	4,118	1,619

At 4 May 2025, the Group held net cash (excluding lease liabilities) of £4.1m (FY24: £1.6m). This comprised cash of £4.1m (FY24: £1.6m).

19. 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 24. At 4 May 2025 and 5 May 2024 all borrowings were denominated in Sterling.

For the period ended 4 May 2025, the Group's bank facilities comprised a revolving credit facility of £20.0m (FY24: £20.0m) expiring on 30 November 2026. The nature of the covenants associated with the facility remained consistent throughout both periods presented. None of the Group's cash and cash equivalents (FY24: £nil) are held by the trustee of the Group's Employee Benefit Trust in relation to the share schemes for employees.

	FY25 £000	FY24 £000
Non-current liabilities		
Lease liabilities	56,284	57,817
Non-current liabilities	56,284	57,817
Current liabilities		
Lease liabilities	18,646	19,943
Current liabilities	18,646	19,943

Reconciliation of borrowings to cash flows arising from financing activities

	FY25 £000	FY24 £000
Borrowings at start of the period	77,760	94,392
Changes from financing cash flows		
Payment of lease liabilities (capital)	(20,330)	(22,471)
Payment of lease liabilities (interest)	(4,101)	(3,984)
Proceeds from loans and borrowings ¹	9,000	6,000
Repayment of bank borrowings ¹	(9,000)	(6,000)
Total changes from financing cash flows	(24,431)	(26,455)
Other changes		
Addition of lease liabilities	18,854	9,988
Disposal of lease liabilities	(1,318)	(4,080)
The effect of changes in foreign exchange rates	(36)	(69)
Interest expense	4,101	3,984
Total other changes	21,601	9,823
Borrowings at end of the period (excluding overdrafts)	74,930	77,760

1 Within the period, up to £9.0m was drawn under the Group's RCF and repaid in full by the period end.

19. Borrowings continued

Net debt reconciliation

	FY25 £000	FY24 £000
Net debt (excluding unamortised debt costs)		
Cash and cash equivalents	(4,118)	(1,619)
Net bank cash	(4,118)	(1,619)
Non-IFRS 16 lease liabilities	–	89
Non-IFRS 16 net cash	(4,118)	(1,530)
IFRS 16 lease liabilities	74,930	77,760
Net debt including IFRS 16 lease liabilities	70,812	76,230

20. Trade and other payables

	FY25 £000	FY24 £000
Current		
Trade payables	20,003	18,081
Other tax and social security	4,262	3,525
Accrued expenses	8,586	8,280
Trade and other payables	32,851	29,886

Trade payables principally comprise amounts outstanding for trade purchases and operating costs.

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 £5.6m (FY24: £7.0m).

21. 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.

	HMRC VAT £000	Property £000	Total £000
At 5 May 2024	147	872	1,019
Provisions made	20	1,097	1,117
Provisions released	–	(339)	(339)
Provisions utilised	–	(182)	(182)
Reclassified to accruals	(167)	–	(167)
At 4 May 2025	–	1,448	1,448

Maturity analysis of cash flows:

	HMRC VAT £000	Property £000	Total £000
Due in less than one year	–	798	798
Due between one and five years	–	309	309
Due in more than five years	–	341	341
Total	–	1,448	1,448

Property provision

A dilapidation provision is recognised when there is a future obligation relating to the maintenance of leasehold property. The provision is based on management's best estimate of the obligation which forms part of the Group's unavoidable cost of meeting its obligations under the lease contracts. Key uncertainties are estimates of amounts due.

HMRC VAT provision

HMRC initiated a VAT review in August 2022 in respect of a four-year period (FY19 to FY22). The review is now complete and was settled immediately following the period end. Therefore, the provision of £167k (FY24: £147k) was reallocated to accruals during the period.



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

22. 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 £1,125k (FY24: £1,066k).

At the end of the period contributions of £683k (FY24: £507k) were outstanding.

23. 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.

	FY25 Number 000	FY24 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

	FY25 £000	FY24 £000
Share capital		
At 30 April 2023, 5 May 2024 and 4 May 2025	625	625
Share premium		
At 30 April 2023, 5 May 2024 and 4 May 2025	28,322	28,322

During the period, the Employee Benefit Trust purchased £524k (FY24: £260k) of the Company's shares for the purpose of satisfying future employee share-based payment awards.

Investment in own shares

At 4 May 2025, the Employee Benefit Trust held 3,124,907 (FY24: 1,102,801) 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 4 May 2025 was £778,102 (FY24: £269,083). In the current period, 2,343,606 (FY24: 700,959) were repurchased and transferred into the Trust, with 301,500 (FY24: 838,735) reissued on exercise of share options.

24. 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.

24. 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 £(424k) (FY24: £(290k)).

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 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.



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

24. 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 4 May 2025, the Group held forward contracts with a nominal value of \$59.8m (FY24: \$58.5m), \$43.1m of which matures within FY26 and \$16.7m within FY27. These contracts have an average forward rate of \$1.278 (FY24: \$1.2589).

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	
	FY25 £000	FY24 £000	FY25 £000	FY24 £000
US dollar	5,560	7,002	9,083	80
Euro	343	342	829	615

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	
	FY25 £000	FY24 £000	FY25 £000	FY24 £000
(Loss)/profit for the period	(320)	629	(44)	(25)

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.

	FY25 £000	FY24 £000
Variable rate instruments (100 bp increase)	29	59
Variable rate instruments (100 bp decrease)	(29)	(59)

24. 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 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
At 5 May 2024				
Non-derivative				
Non-interest bearing	27,214	—	—	27,214
Lease liabilities (undiscounted cash flows)	23,446	49,067	17,632	90,145
Derivatives				
Forward currency contracts	64	—	—	64
	50,724	49,067	17,632	117,423

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.



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

24. 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:

	FY25 £000	FY24 £000
Net derivative financial instruments		
Foreign exchange contracts	(1,879)	242

Classification of financial instruments

The table below shows the classification of financial assets and liabilities as at 4 May 2025.

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 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)

	Mandatorily at FVTPL £000	Cash flow hedging instruments £000	Financial assets at amortised cost £000	Other financial liabilities £000
At 5 May 2024				
Financial assets measured at fair value				
Derivative financial instruments	—	306	—	—
Financial assets not measured at fair value				
Trade and other receivables	—	—	8,384	—
Cash and cash equivalents	—	—	1,619	—
Financial liabilities measured at fair value				
Derivative financial instruments	—	(64)	—	—
Financial liabilities not measured at fair value				
Lease liabilities	—	—	—	(77,760)
Trade and other payables	—	—	—	(29,886)
	—	242	10,003	(107,646)

25. 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 FY25, the Group had three (FY24: 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 FY25, the vesting conditions require three years' service from the grant date, the achievement of an EBITDA target and a share price target (FY24 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 5 May 2024	4,151,133	1,381,481	2,053,014
Granted	2,454,187	102,500	—
Forfeited	—	(137,720)	—
Lapsed	(638,296)	—	(272,700)
Exercised	—	(240,501)	—
Outstanding at 4 May 2025	5,967,024	1,105,760	1,780,314
	LTIP	RSA	SAYE
Weighted average exercise price (£)			
Outstanding at 5 May 2024	—	—	0.40
Granted	—	—	—
Forfeited	—	—	—
Lapsed	—	—	0.55
Exercised	—	—	—
Outstanding at 4 May 2025	—	—	0.33
Weighted average remaining contractual life (years)	1.63	1.05	0.98

The exercise prices of outstanding share options as at 4 May 2025 range from £0.28 to £0.39.



Notes to the consolidated financial statements continued

(Forming part of the financial statements)

25. Equity-settled share-based payment arrangements continued

Save As You Earn Scheme (SAYE) continued

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.

	FY25		FY24	
	LTIP	SAYE	LTIP	SAYE
Number of awards granted	833,344	—	833,344	1,416,375
Fair value at grant date	£0.06	—	£0.15	£0.06
Share price at grant date ¹	£0.23	—	£0.39	£0.35
Exercise price ¹	£0.01	—	£0.01	£0.28
Expected volatility	57%	—	62%	62%
Expected term (years)	2–3	—	2–3	3
Risk-free interest rate	4.0%	—	4.7%	4.6%

* 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 4 May 2025 have an exercise price ranging from £0.28 to £0.39. No SAYE scheme was granted in FY25.

Expense recognised in the income statement

	FY25 £000	FY24 £000
LTIP	214	(308)
RSA	128	84
SAYE	11	27
Total IFRS 2 charge/(credit)	353	(197)

26. Capital commitments

At 4 May 2025 the Group had capital commitments of £54k (FY24: £260k).

27. 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

The key management personnel of the Group comprise The Works.co.uk plc Board of Directors and the Group's Operating Board. Further details of Directors' remuneration are set out in the Directors' remuneration report on pages 55 to 66.

The compensation of key management personnel (including the Directors) is as follows:

	FY25 £000	FY24 £000
Key management remuneration – including social security costs	1,837	2,982
Pension contributions	153	116
LTIP – including social security costs	256	(351)
Total	2,246	2,747

Further details on the compensation of key management personnel who are Directors are provided in the Group's Directors' remuneration report.

28. Subsidiary undertakings

The results of all subsidiary undertakings are included in the consolidated financial statements. 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%



Company statement of financial position

As at 4 May 2025

	Note	FY25 £000	FY24 £000
Fixed assets			
Investment	32	55,938	36,918
		55,938	36,918
Current assets			
Trade and other receivables	33	7	23
		7	23
Total assets		55,945	36,941
Current liabilities			
Trade and other payables	34	5,790	4,706
Total liabilities		5,790	4,706
Net assets		50,155	32,235
Share capital	35	625	625
Share premium	35	28,322	28,322
Share-based payment reserve		2,274	2,583
Retained earnings		18,934	705
Total equity		50,155	32,235

Accompanying notes that form part of these financial statements are on pages 115 to 118.

These financial statements were approved by the Board of Directors on 22 July 2025 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 30 April 2023	625	28,322	2,780	(2,329)	29,398
Total comprehensive income for the period					
Profit for the period ¹	–	–	–	3,294	3,294
Total comprehensive income for the period	–	–	–	3,294	3,294
Transactions with owners of the Company					
Share-based payment charge	–	–	(197)	–	(197)
Dividend	–	–	–	–	–
Own shares purchased by Employee Benefit Trust	–	–	–	(260)	(260)
Transactions with owners of the Company	–	–	(197)	(260)	(457)
Balance at 5 May 2024	625	28,322	2,583	705	32,235
Total comprehensive income for the period					
Profit for the period ¹	–	–	–	18,091	18,091
Total comprehensive income for the period	–	–	–	18,091	18,091
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	625	28,322	2,274	18,934	50,155

1 Profit for the prior year includes a loan waiver of £5,549k in respect of a loan due to The Works Stores Limited from TheWorks.co.uk plc.

Accompanying notes that form part of these financial statements are on pages 115 to 118.

29. 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 £18.1m for the period relating to the reversal of impairment in the investment (FY24: profit after tax of £3.3m). 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:

- Cash flow statement and related notes.
- 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)	84 to 86
Impairment of investments in subsidiaries	32	116

30. Employee costs

The Company has no employees other than the Board of Directors. Full details of Directors' remuneration are set out in the Directors' remuneration report.

31. Dividends

See Note 10 to the Group financial statements.



Notes to the Company financial statements continued

32. 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 5 May 2024	36,918
Additions	233
Impairment reversal	18,787
At 4 May 2025	55,938

Investments in subsidiaries represent the Company's investment in its subsidiary, The Works Investments Limited.

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)(ii)) 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. 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 FY25 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 IFRS 16 lease payments.

	FY25	FY24
Pre-tax discount rate	14.3%	13.5%
Long-term growth rate	2.0%	2.0%

As a result of this analysis, an impairment reversal of £18.8m has been recognised during FY25.

33. Trade and other receivables

	FY25 £000	FY24 £000
Prepayments and accrued income	7	23
Trade and other receivables	7	23



34. Trade and other payables

	FY25 £000	FY24 £000
Non-trade payables and accrued expenses	–	208
Accruals	32	46
Amounts owed to Group undertakings	5,758	4,452
Trade and other payables	5,790	4,706

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.

35. 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.

	FY25 Number 000	FY24 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

	FY25 £000	FY24 £000
Share capital		
At 30 April 2023, 5 May 2024 and 4 May 2025	625	625
Share premium		
At 30 April 2023, 5 May 2024 and 4 May 2025	28,322	28,322

During the year, the Employee Benefit Trust purchased £524k (FY24: £260k) of the Company's shares for the purpose of satisfying future employee share-based payment awards.

Investment in own shares

At 4 May 2025, the Employee Benefit Trust held 3,124,907 (FY24: 1,102,801) 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 4 May 2025 was £778,102 (FY24: £269,083). In the current period, 2,343,606 (FY24: 700,959) were repurchased and transferred into the Trust, with 301,500 (FY24: 838,735) reissued on the exercise of share options.

36. 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 FY25, the Group had three (FY24: 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 FY25, the vesting conditions require three years' service from the grant date, the achievement of an EBITDA target and a share price target (FY24 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 25.

Expense recognised in the Company income statement

	FY25 £000	FY24 £000
Share-based payment expenses		
Expense/(income) recognised in the Company income statement	222	(140)
Expense/(income) recognised in the subsidiary income statement	131	(57)
Total IFRS 2 charges recognised in the Group income statement	353	(197)



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Time well spent