mothercare

ANNUAL REPORT & ACCOUNTS 2025

we know parenting

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our journey

1961
Founded by Selim Zilka and Sir James Goldsmith, opening the first store in Kingston

1968
Begins selling children's clothes up to the age of 5

1972
mothercare becomes a public company

1983
The first international franchise store opens in Kuwait

1987
Stores open in Malaysia, Hong Kong and Singapore

1990s
Expands further globally into Russia and Europe

2000
mothercare Plc is formed as a sole business after previous mergers with Habitat and BHS and mothercare.com is launched

2019
mothercare UK retail business placed in administration and mothercare Global Brand is formed

2021
mothercare celebrates its 60th anniversary

2022
Termination of our Russian market

2023
Alshaya celebrate 40 years

2024
Seeking opportunities to exploit the mothercare brand

2025
first Store of the Future concept opens in Hong Kong Lee Gardens

ABOUT US

our brand

Founded in the UK in 1961, mothercare set out to provide everything for mothers-to-be and their babies.

By filling a gap in the market, we quickly became a trusted brand for modern parents—valued for our thoughtful design, wide choice, high quality, great value, and exceptional service. This unique approach fuelled global growth, guided by our founders' belief that "expectant mothers have no nationality."

Rooted in our British heritage, we continue to inspire parents seeking authenticity, expertise, and experience.

- We're the original and most trusted home for baby and child products in the world.
- Our vision is to be the most trusted and desirable baby-expert brand
- Our offer helps parents feel happy and confident.
- Our proposition, we know parenting, brings our brand values - expertise, playful, evolving - to life to help parents feel happy and confident.

ABOUT US

why consumers choose us

1 baby-expertise, and beyond

We're with parents from the very beginning — from planning for their new arrival to celebrating every milestone.

From newborns (0–24 months) to minis (3 months–6 years) and juniors (up to 10 years), our products support every child development stage and the most important use occasions across clothing, footwear and accessories, nursery, home and travel.

2 quality and trust

We understand families and what they need. That's why we offer products chosen for their safety, comfort, longevity and thoughtful design.

From carefully selected fabric weights to reinforced seams, soft-touch finishes, and our Toe Safe® design, every detail is made with a child's wellbeing in mind.

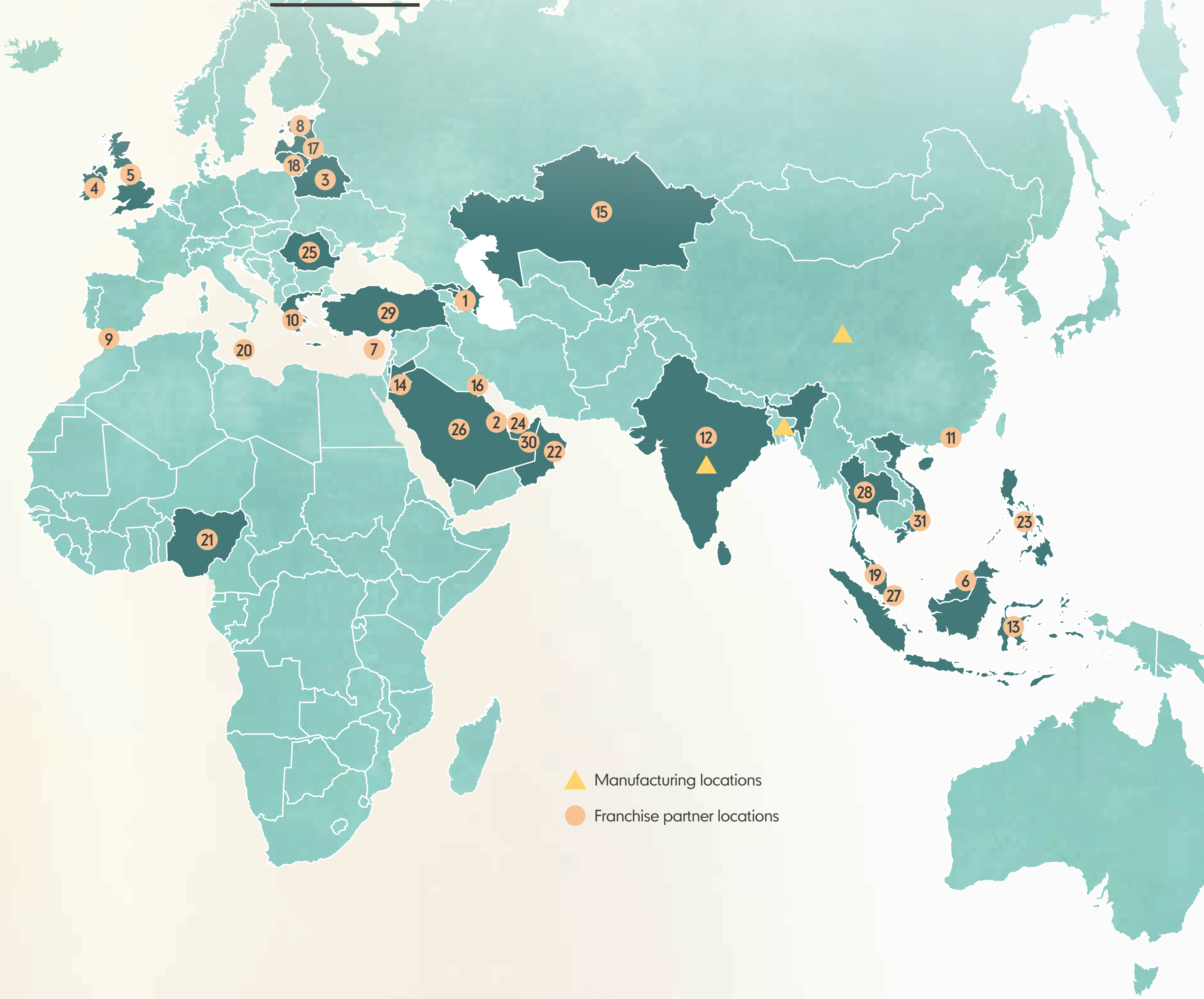
3 uniquely mothercare

Our in-house design team creates every piece with care — from signature prints to thoughtful embroidery and practical details.

We balance classic and contemporary style with quality and easy outfit coordination, making our ranges ideal for everyday use, special occasions and gifting moments, for in and out of the home.

AT A GLANCE

our global footprint



OUR PRODUCTS

Clothing

Worldwide Retail Sales

£196m

Our largest categories:

- newborn
- baby essentials
- nightwear

Home, travel and toys

Worldwide Retail Sales

£35m

Our largest categories:

- bedding
- pushchairs
- bathtime, and
- toys

FINANCIAL HIGHLIGHTS

- worldwide retail sales by franchise partners of £231 million (2024: £281 million)
- adjusted EBITDA of £3.5 million (2024: £6.9 million)
- net borrowings of £3.7 million (2024: £14.7 million) at the year end

We manufacture primarily in India, Bangladesh and China with audited factories which are environmentally, ethically and socially compliant.

Franchise partner locations

1. Azerbaijan
2. Bahrain
3. Belarus
4. Republic of Ireland
5. United Kingdom
6. Brunei
7. Cyprus
8. Estonia
9. Gibraltar
10. Greece
11. Hong Kong
12. India
13. Indonesia
14. Jordan
15. Kazakhstan
16. Kuwait
17. Latvia
18. Lithuania
19. Malaysia
20. Malta
21. Nigeria
22. Oman
23. Philippines
24. Qatar
25. Romania
26. Saudi Arabia
27. Singapore
28. Thailand
29. Turkey
30. United Arab Emirates
31. Vietnam

CHAIRMAN'S STATEMENT

Clive Whiley
Chairman

"We are accelerating discussions with several parties to monetise the operational gearing in the business by restoring critical mass, especially in the UK. This is designed to reinforce the efforts of our talented management team to drive our product offering to new heights, having demonstrated the inherent strength of the Mothercare brand over the last year.

My previous Chairman's statements detailed how our principal focus in recent years, to protect the underlying Mothercare brand intellectual property ("IP") in a solvent business structure, for the benefit of all stakeholders, has led to:

- a reduction of the combined debt financing & pension schemes actuarial deficit from £256 million, for a business that reported a loss before tax of £72.8 million on worldwide retail sales of over £1.1 billion in the year ended March 2018; to
- the reported adjusted loss before tax of £2.5 million for the financial year to March 2025 on worldwide retail sales by franchise partners of £230.6 million with a comparative financing requirement, including pension deficit, of £43 million, some 83% lower than the inherited position.

The Transformation Plan launched immediately after my appointment, alongside management efforts to radically reduce working capital requirements (in the face of the unprecedented Covid-19 led demand shock) and subsequently to offset the loss of retail sales of £88 million in Russia (as a result of sanctions arising from the Ukraine conflict), strived to secure a sustainable business model with a capacity to sponsor future growth.

We are now focused on reversing the dis-economies of scale associated with the halving of our franchise partners' store footprint over the last five years due to the pandemic, the Ukraine conflict and more recently the uncertainty in the Middle East. This ultimately led to the transition of the business to an asset light global franchising business to focus upon our core international franchise and brand management competencies, as evidenced by our recent agreements in both South Asia and Turkey.

ONGOING CORE OBJECTIVES

Our primary goals for the year under review and beyond were to:

- reduce the combined business and pension schemes financing requirement, whilst putting in place; adequate working capital facilities and eliminating the unsustainable cash financing charges
- sponsor growth in our franchise partners' retail sales, profitability and store footprint; and
- explore new territories and additional routes to market.

These objectives were designed to rebalance the Mothercare brand IP value in a way that also promotes growth in our royalty income: ultimately improving profitability and the covenant of the underlying business for actuarial pension and stock market rating purposes alike.

As detailed in the Financial Review section, the new joint venture with Reliance Industries Ltd for the South Asian region and coterminous refinancing, highlighted below, successfully reduced the combined business and pension schemes financing requirement and introduced significantly reduced cash financing charges.

In addition, in June 2025 we announced a new license agreement for Turkey, with Ebebek Mağazacılık A.Ş. ("Ebebek"), which is outlined below.

A combination of these factors has now established a platform for step-change growth as we seek a catalyst to restore growth in our franchise partners' retail sales and store footprint alongside exploring new territories and additional routes to market.

THE YEAR UNDER REVIEW

Worldwide retail sales by franchise partners for FY25 were £230.6 million, compared to £280.8 million for the previous financial year, a year-on-year decline of 18% which reduces to 14% at constant currency exchange rates. As set out in our interim results statement last December this deterioration in trading was impacted by a combination of the continuing uncertainty in the Middle East and to a lesser extent the UK, where we are ending our exclusive distribution relationship with Boots at the end of this year and the ongoing need for franchise partners to clear old inventory.

The resultant adjusted EBITDA of £3.5 million (FY24: £6.9 million) led to an adjusted loss before taxation of £2.5 million (FY24: £3.5 million adjusted profit) notwithstanding a continued tight control of overheads delivering further cost savings of £2.1 million. Online retail sales for the period remained broadly consistent at 9% of total retail sales (FY24: 10%).

The underlying strength of the business is however demonstrated by the fact that excluding the UK, on a like for like basis our total retail sales were positive for FY25 despite the prevailing economic uncertainties. In addition, there are signs of the headwinds in the Middle East final abating where the shape of our partner's retail offering continues to adapt to address evolving consumer behaviour, pursuant to ongoing fiscal and legislative changes.

JOINT VENTURE AND REFINANCING

Last October we announced a joint venture with an entry valuation of c£30 million for the South Asian region with Reliance Brands Ltd ("Reliance"), a wholly owned subsidiary of Reliance Industries Ltd, a Fortune 500 company and the largest private sector corporation in India. In one step this:

- underlined the inherent value of the Mothercare brand;
- created an invigorated partnership in the South Asian region with Reliance, one of the world's largest, leading and respected business groups which will bring symbiotic and synergistic benefits; and
- significantly de-leveraged the business to finally allow an appropriate focus upon the Company's future development.

NEW SOUTH ASIAN JOINT VENTURE

Mothercare and Reliance created a new joint venture covering Mothercare's franchise operations in India, Nepal, Sri Lanka, Bhutan and Bangladesh, replacing the previous franchise arrangement with Reliance covering India alone.

CHAIRMAN'S STATEMENT
CONTINUED

Under the terms of these arrangements, Reliance paid £16 million to acquire a 51% interest in a new joint venture company, JVCO 2024 Ltd ("JVCo"). We retain a residual 49% shareholding in JVCo and granted JVCo perpetual rights for the use of the Mothercare brand and related intellectual property in India, Nepal, Sri Lanka, Bhutan and Bangladesh.

For FY25 our retail sales in India amounted to £18.6 million and contributed approximately £0.4 million to adjusted EBITDA (FY24: under the previous franchise arrangements approximately £24.0 million retail sales and £0.9 million adjusted EBITDA). Whilst we now receive revenues at lower rates than previously, we expect the reinvigorated business to grow strongly and surpass previous revenue levels over the next few years. We also expect to benefit from both sourcing fees (supplying the joint venture with product) together with the value creation accruing to our residual 49% equity stake in JVCo.

NEW FINANCING ARRANGEMENTS WITH GORDON BROTHERS

We applied part of the proceeds received from Reliance towards a refinancing of the Company's existing debt facilities with GB Europe Management Services Ltd ("Gordon Brothers"), replacing the previous £19.5m term loan (which attracted interest at a rate of 13% per annum, plus SONIA, plus PIK interest of 1% per annum) with:

- an £8m two year term loan facility, attracting interest at a rate of 4.8% per annum, plus SONIA (with a floor of 5.2%), plus PIK interest of 1% per annum, rising to 2% per annum through the term of the loan; and
- granted Gordon Brothers warrants to subscribe up to 43.4m new ordinary shares at a subscription price of 8.5p per share (the "Warrants"), exercisable for five years from the date of issue, representing approximately 7% of the Company's issued share capital (following exercise in full of the Warrants).

FINANCIAL IMPACT

As a result of this restructuring of our operations in South Asia and the associated sale of this 51% stake in JVCo, we received approximately £11.5 million of net cash proceeds after other pre-completion adjustments, refinancing expenses, transactional costs and associated additional pension deficit payments, which was applied to refinance the existing Gordon Brothers facilities as outlined above. As detailed in the Financial Review section this resulted in a taxable gain arising of £27 million and - after the use of certain pre-existing tax losses - a cash tax cost of £1.4 million.

The present levels of retail sales highlighted above, means the Board's current forecasts for continuing operations show the Group requiring waivers to our covenant tests. We continue to have regular and positive discussions with our lender, who is aware of our revised forecasts. For the avoidance of doubt the Group does not require additional liquidity.

NEW LICENSE AGREEMENT

In June 2025 we announced a new license agreement for Turkey, with Ebebek, the leading retailer in our sector in Turkey meeting all the needs of mother and baby from the prenatal period up to the age of four and has some 280 stores and an Online business producing revenues of around £400 million together with three stores recently opened in the UK.

The new license agreement gives Ebebek the exclusive right to use the Mothercare brand in Turkey on products either designed and sourced by Ebebek or Mothercare for a period of 10 years. The agreement also allows Mothercare to purchase products Ebebek has sourced for itself, either under its own brands or Mothercare, for sale by our franchise partners outside of the territories where Ebebek trades and to re-brand these products with the Mothercare brand if relevant. The shares of Ebebek, which went public in 2023, are traded on Borsa Istanbul's Stars Market under the code EBEBK.

This is further evidence of the strength, inherent value and global appeal of the Mothercare brand and the value it can add, with businesses that are already market leaders in their territory. We look forward to working together with Ebebek to establish Mothercare as an important part of their business.

PENSION SCHEMES

The revised recovery plan, agreed with the Trustees last year, included total contributions (Deficit Repair Contributions plus costs) in the financial years to March 2025 £2.0 million; March 2026 & 2027 £3.0 million; March 2028 & 2029 £4.0 million; March 2030 & 2031 £5.0 million and March 2032 £6.0 million and March 2033 £0.5 million aggregating to fully fund the deficit by March 2033. In order to support the Company's cash flows whilst it is exploring growth opportunities, the

CHAIRMAN'S STATEMENT
CONTINUED

trustees agreed to defer the first six months' payments due in the year to March 2026, with a revised schedule of contributions to be agreed by 30 September 2025. We have written to the Trustee requesting an extension to the current deferral, followed by a revision to the current schedule of contributions, both to be at a time and a level that are affordable to the Group. The Trustee is considering the request and following the required process but we have yet to receive a formal response. We also continue to explore other options to mitigate the pension scheme deficit.

OPPORTUNITIES FOR GROWTH

As we pursue our goal to be the world's most trusted and desirable brand for parents of babies and young children, the facts surrounding our market remain compelling:

- Mothercare remains a highly trusted British heritage brand, that connects with the parents of newborn babies and children across multiple product categories throughout their early life as parents;
- we estimate that there are some 30 million babies born every year in the world, into markets addressable by the Mothercare brand, yet only 700,000 in aggregate in the UK. Mothercare is still not represented in eight of the top ten markets in the world, when ranked by wealth and birth rate; and
- we have yet to fully capitalise on the multiple opportunities available to us in wholesale, licensing or online marketplaces to grow the global presence of the Mothercare brand beyond our existing franchise network.

We intend to utilise both the new South Asian region joint venture, and coterminous refinancing, alongside the new license agreement with Ebebek as a catalyst to redouble our efforts to capitalise upon the possibilities to grow the future global presence of the Mothercare brand: through connections with other businesses, the development of our branded product ranges and licensing within and beyond our existing perimeters.

Management & Board changes

We have a PLC Board that we believe is appropriate for a company of our size, nature and circumstances. Our Non-Executive Directors have relevant skills, continue to directly contribute to the ongoing change process, are regularly appraised and are encouraged to interface with the Operating Board.

Following the creation of the new South Asian joint venture and coterminous refinancing, Mark Newton Jones stood down from the Board at the 2024 AGM. I would like to thank Mark, both personally and on behalf of the Board for his efforts since my appointment and we wish him well with his future endeavours.

The day-to-day management of the Group continues to be run by the Chief Financial Officer and the Operating Board, with oversight from me as Chairman. We continue to anticipate the search for a new Chief Executive Officer to be fulfilled as a natural consequence of the multiple strategic discussions currently in train.

DIVIDEND POLICY

The Company has not paid a dividend since February 2012. The Directors understand the importance of optimising value for shareholders and it is the Directors' intention to return to paying a dividend when it is financially prudent for the Group to do so.

SUMMARY AND OUTLOOK

On behalf of the Board, I would once again like to thank our colleagues across the business, together with our pension trustee and all other stakeholders for their unfailing support throughout the challenges of the last seven years.

As detailed, the new joint venture & licensing agreement strengthens our cooperation with franchise partners who are leading participants in their home territories and underlines the intrinsic value of the Mothercare brand strength, coterminously supporting a material reduction in our bank facilities and leverage.

However, notwithstanding the close working relationship established with both the pension trustee and Gordon Brothers in recent years the unintended consequences of the recent UK Listing Rules changes place us at a material disadvantage. Unfortunately, these recent changes, that allow greater flexibility for companies with a view to fostering growth in UK equity markets, also removed the previously sacrosanct safeguard of shareholder approval requirements for material transactions and have tilted the balance in favour of debt providers.

As a direct result, having successfully demonstrated the inherent strength of the Mothercare brand, we are now accelerating our efforts to reverse and monetise our operational gearing, where the current business model could support much higher volumes, and would result in the vast majority of increased income falling straight to the bottom line.

Accordingly, we are in discussions with several other parties to restore critical mass, especially in the UK market – which contributed £20m to our retail sales and around £1.3m to our adjusted EBITDA in FY25 – alongside delivering our other core objectives. In the interim, the underlying business continues to prove its resilience and positive cash generation despite consequential impacts on absolute levels of the profitability arising from the continuing challenges facing our Middle East operations.

Clive Whiley
Chairman

OUR BUSINESS MODEL

Mothercare Global Brand Limited (MGB) owns the mothercare brand. We design, source and distribute products to our franchise partners, of which there are 19 across 31 countries.

Our primary route to market is through our global franchise network of mothercare stores. Physical retail continues to dominate, accounting for approximately 90% of our annual global sales. We operate across 48 e-commerce platforms and over 370 stores in 31 countries, including locations in many of the world's leading shopping malls. Our franchise partnerships typically involve multi-channel agreements granting exclusive rights to the mothercare brand within their territories.

We design our product ranges to meet the diverse needs of parents worldwide. Franchise partners curate selections suitable for their local markets, and we support regional and seasonal adaptations to reflect cultural nuances. Where approved by MGB, partners may also supplement their ranges with third-party branded products to offer even greater choice.

Our financial model is built on efficiency and flexibility. MGB places orders with manufacturing partners only when there is a corresponding order from a franchise partner. These orders are made under a three-way agreement whereby the franchisee contracts directly with the manufacturer for payment and delivery.

As a result, MGB holds minimal stock – only that which is covered by confirmed sales orders. Products are generally shipped directly from the manufacturers to franchisees, minimising the need for warehouse infrastructure.

In most cases, invoices from manufacturing partners are addressed directly to and settled by our franchise partners. MGB generates most of its gross profit from royalties, calculated as a percentage of its franchise partners' net retail sales.

Now five years into this model, our franchise and manufacturing partners remain closely aligned with the mothercare brand. Their deep-rooted understanding has contributed to our continued improvements season after season. We are confident in the scalability of this model and are well-positioned to expand further into new markets and geographies.

The value we create

CUSTOMERS

We strive to be the most trusted provider of quality products and expert guidance to parents throughout their parenting journey.

BUSINESS PARTNERS

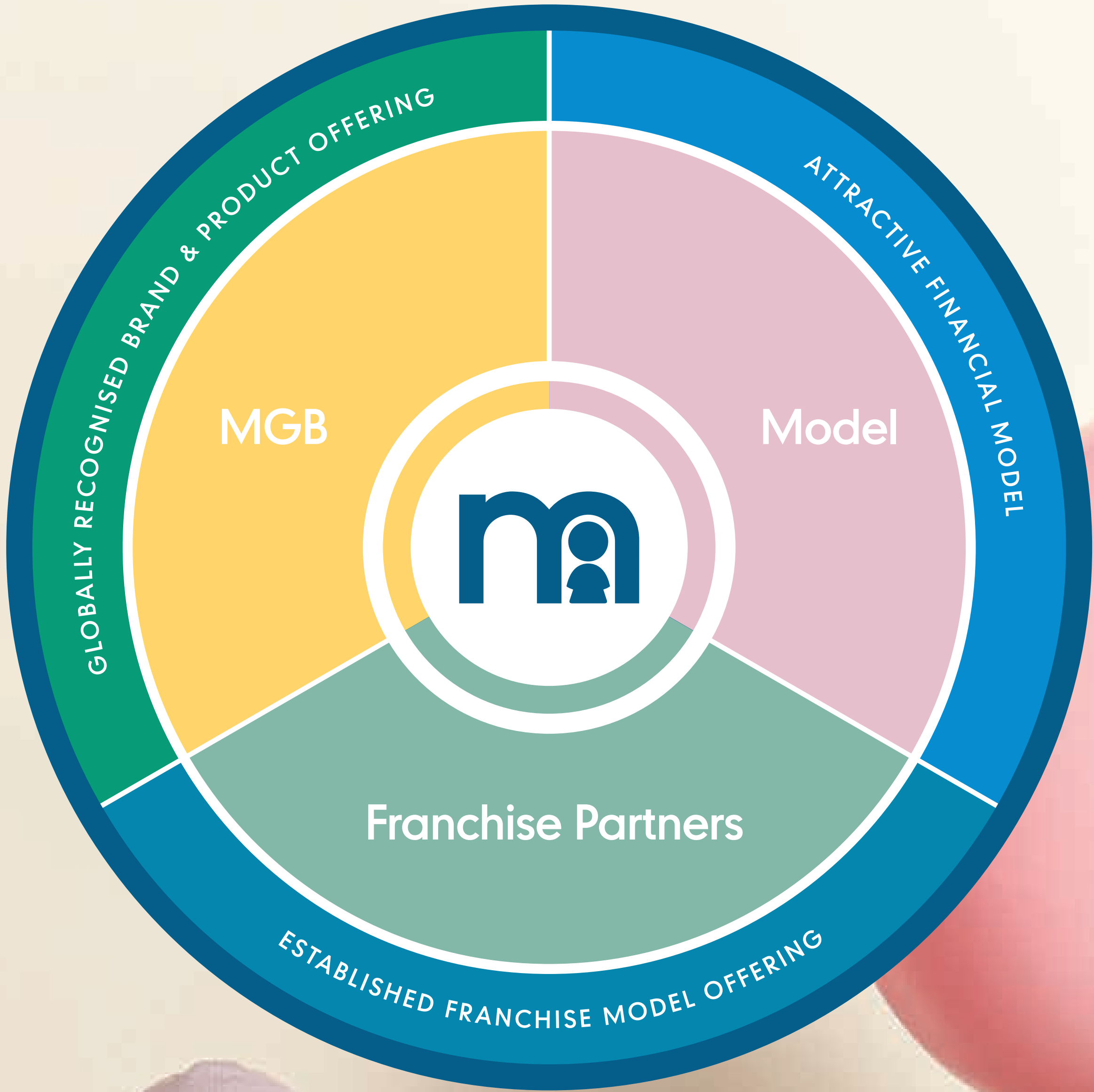
We are committed to creating value for our partners by supporting their profitable and sustainable growth.

COLLEAGUES

We aim to attract, retain, and develop talented individuals by offering fair remuneration, ongoing professional development, and comprehensive wellbeing support throughout their career journey with us.

SHAREHOLDERS

We are focussed on delivering sustainable profit and long-term growth, creating value for our shareholders through a resilient and scalable business model.



OPERATIONAL REVIEW

our strategic goals

1
build a connected brand offer

delivering brand and product expertise to differentiate from competitors

2
drive franchise partner profitability

ensuring a sustainable and investable business model

3
continue the mgb journey

delivering growth and progression beyond our existing franchise partners

OPERATIONAL REVIEW
CONTINUED

1 build a connected brand offer

delivering brand and product expertise to differentiate from competitors

PROGRESS IN FY25

- Launched new own-brand ranges in feeding, bedding, and bath — enhancing our Home & Travel offer and reinforcing our trusted expertise in the baby category
- Broadened appeal across style preferences with classic and contemporary options, reinstated Special Occasionwear for key cultural moments, and introduced UPF 50 swimwear for babies
- Strengthened brand perception via refreshed packaging across multiple categories and impactful retail marketing, content, and campaigns driving more premium presentation across all touchpoints

LOOKING AHEAD TO FY26

- Launching toys, carriers, and high chairs — expanding our Home & Travel assortment to meet evolving parenting needs with own-brand options
- Upgrading key city stores in high-impact locations like Dubai, Qatar and other strategic markets — enhancing storytelling and visual merchandising to inspire purchases and deepen customer engagement in-store
- Hong Kong Lee Gardens store launched April 2025 — our first new concept in a number of years, bringing the evolved brand to life in a premium retail destination

OPERATIONAL REVIEW
CONTINUED

Product priorities for FY25

RELEVANCE

We continue to place Baby at the heart of our brand. As we evolve our product handwriting, we're focused on appealing to today's modern parents with a more contemporary and cohesive aesthetic. Our established mix of classic and contemporary design is now embedded across categories, offering greater choice and style versatility.

A unified brand handwriting is being applied across both Clothing and Home & Travel, creating stronger synergy between product ranges. This was clearly demonstrated in our SS25 baby clothing and bedding collections, while our redesigned packaging programme elevates perceived quality, strengthens brand recognition, and enhances consistency at shelf.

We're becoming increasingly responsive to consumer tastes through the thoughtful adoption and adaptation of trends — translating them into designs that are relevant, wearable and appropriate for our global audience. By ensuring cohesion across age groups and genders, and crafting distinct yet complementary product stories, we are building a more connected and compelling brand experience for parents and children alike.

VALUE

Value for money remains top of mind for our core consumers. We continue to support growth at both the entry and exit price points, ensuring our offer stays accessible and aspirational.

Greater choice at entry price points enables more value-driven markets to offer freshness and variety, while still meeting everyday needs. At the other end of the spectrum, we're enhancing our premium value offer with standout designs and elevated detailing.

In SS25, we launched a new Occasionwear collection designed specifically for markets celebrating Ramadan and Eid – offering beautifully considered pieces that reflect the significance and style of these important cultural moments.

EXPERTISE

Sleep remains a core area of expertise and the foundation of our updated nursery and bedding ranges. In FY25, we expanded our offer with a broader range of sleepsuits and nightwear, introducing new fabric types to suit different climates and parenting needs.

We launched a new own-brand feeding range designed to support parents from breast to bottle and beyond. Backed by expert-led advice and a full marketing campaign, it was the first range to feature our new packaging format with clear, benefit-led messaging to reinforce our credentials.

Swimwear continues to perform well globally, led by our trusted fit and technical UPF fabrics. In SS25, we extended the range into baby and newborn sizes, with updated colour palettes and design handwriting.

In FY26, we will introduce a dedicated Beach Shop concept to build on this momentum and strengthen our position as a category destination.

BRAND MARKETING PRIORITIES FY25

We are building brand authority through the 'we know parenting' proposition, which brings to life our expertise, heritage, and product innovation. At its heart, we are reinforcing 'we know sleep' to remain top-of-mind for this key parenting occasion.

The new SS25 bedding range provides a powerful storytelling moment — rich in texture, design detail, and emotional connection. It gives us the opportunity to deepen our content around sleep routines, nursery environments, and parent-baby bonding, while reinforcing consistency across categories such as clothing, bathtime, and feeding.

Stronger product cohesion and a more contemporary aesthetic have enabled us to mix ages and genders within campaigns — significantly elevating the look and feel of our photography. Our new visual direction feels modern, authentic, and globally resonant, helping us connect more meaningfully with today's parents while showcasing the full brand offer in a premium and inspiring way. This storytelling approach is being brought to life with partners across all channels — from in-store and online to social — creating a consistent and compelling presence wherever our consumers engage.

OPERATIONAL REVIEW
CONTINUED

2 drive franchise partner profitability

ensuring a sustainable and investable business model

PROGRESS IN FY25

- Deep dive into sales and stock data helped identify missed sales opportunities from sizing, range planning and stock flow — supporting key partners to improve buying accuracy and store layouts
- Key partners cleared excess inventory, including third-party brands, via promotional activity — sacrificing margin short-term but unlocking cash and improving stock health
- Launched ERP, streamlining operations, retiring legacy systems, and delivering meaningful cost efficiencies through simplified, integrated processes

LOOKING AHEAD TO FY26

- Reorganising MGB operations to reduce central costs — enabling a leaner support model and lowering the operating cost structure
- Short term support to partners to help them navigate lower volumes and rising manufacturing costs — ensuring continued viability and mutual success
- Clean store formats in the Middle East are already delivering higher revenue and margin following a year of transition

OPERATIONAL REVIEW
CONTINUED

GEOGRAPHICAL FOOTPRINT

Overview

Our primary route to market remains our global franchise network, with physical stores contributing approximately 91% of annual global sales. We trade from over 370 stores and 48 e-commerce sites across 31 countries, spanning many of the world's leading retail destinations. Alongside continued investment in stores, online content and presentation, we are actively exploring new channels and untapped markets to drive growth.

Middle East – 37% of global sales | 77 stores

Our largest region comprises eight territories, including key markets like Saudi Arabia, UAE, Kuwait and Qatar.

Alshaya, our long-standing regional partner, continues to adapt the footprint and product mix to meet shifting market dynamics. Focus areas include clearing legacy stock and optimising space and range for better margin and growth opportunities, underpinned by a commercially focused operating team.

Indonesia – 12% of global sales | 58 stores

Indonesia is now our second-largest market by turnover. 70% of stock is sourced locally from MGB-approved factories, with plans to expand local sourcing further. Year on year growth delivered through expanding store estate.

Reviews underway to determine effect of legacy stock in a challenging market.

UK & Ireland – 9% of global sales | 12 shop-in-shop formats

In partnership with Boots, mothercare operates 12 shop-in-shops and is present in 396 additional Boots locations.

E-commerce sales via Boots.com continue to perform strongly, accounting for 19% of the brand's local sales.

Malaysia, Singapore & Hong Kong – 16% of global sales | 31 stores

These markets, managed by franchise partner Kim Hin International, experienced a better year despite market softness. End of year Like-for-like (LFL) Sales saw Hong Kong at +35% with Singapore and Malaysia at a healthy +2% LFL.

Greece – 7% of global sales | 23 stores

Our partner has undergone a successful corporate restructure and is launching a refreshed local e-commerce site. Global shipping issues did affect availability at the start of the seasonal launch.

PERFORMANCE BY CHANNEL

Stores

We completed 4 new store refits during the year and opened 26 new stores including concessions.

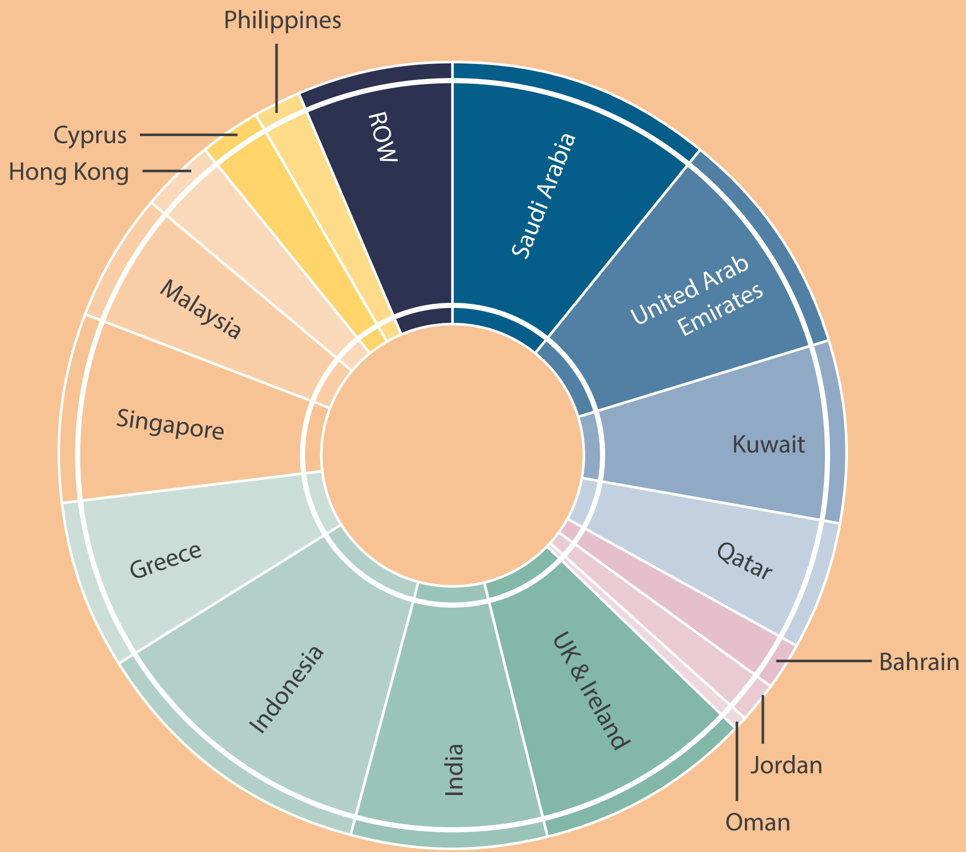
A store evolution programme is underway to enhance the customer experience without requiring full refits. The first store of the future opened in Hong Kong, April 2025 and we are optimistic of moving to this concept for future refits.

E-commerce

Partners continued transitioning to brand e-commerce guidelines, with most updates centred around improved UI and UX — particularly in Indonesia.

Our Greek partner replatformed its site and improvements are ongoing. The majority of the reduction in online sales as a percentage of total sales, was mainly driven by a reduction in our Middle East partner. Our Middle East partner replatformed its site and upgraded its app in June 2025 to significantly improve the user experience.

GLOBAL SALES BY TERRITORY



OPERATIONAL REVIEW
CONTINUED

3 continue the mgb journey

delivering growth and progression beyond our existing franchise partners

Our strategy seeks to rejuvenate sustainable growth across the three key drivers

GROWTH DRIVERS

ORGANIC GROWTH	product and category extension into existing markets
GROWTH BEYOND EXISTING TERRITORIES	entering new geographies and new channels
STEP CHANGE GROWTH	capturing new market opportunities

PROGRESS IN FY25

- Secured Joint Venture in India to support local growth and a decentralised business model — strengthening market presence and aligning to regional consumer and partner needs
- Welcomed new franchise partners in Nigeria and Turkey — extending our global footprint and introducing the brand to new customer bases

LOOKING AHEAD TO FY26

- In advanced talks with UK retailers to grow our domestic presence — unlocking opportunities to meet demand and reignite brand engagement in our home market
- Assessing wholesale models for standalone categories such as feeding, bedding, and toiletries — enabling new distribution opportunities and brand reach beyond our own channels

OPERATIONAL REVIEW
CONTINUED

TERRITORIES

In FY25, we formed a new joint venture with Reliance Brands Holding UK Ltd, replacing our previous franchise arrangement. The venture, JVCo 2024 Ltd, is 51% owned by Reliance and 49% by mothercare, and holds our brand and IP rights across India and neighbouring South Asian markets.

This partnership underscores the strength and enduring value of the mothercare brand, while significantly strengthening our presence in a key growth region. It provides a platform for long-term revenue expansion, supported by one of the most respected business groups in the region.

We've further evolved our product ranges over the past year to ensure broad global appeal — strengthening our readiness to enter new and diverse markets.

We continue to seek new franchise, distribution, wholesale, and D2C partnerships to expand beyond our existing footprint. While we're now represented in Nigeria — one of the top ten markets globally — we still have untapped potential in several other high-opportunity regions defined by birth rate and wealth. Our flexible, multi-channel model allows us to enter new territories with agility and scale.

CHANNELS

Stores remain central to mothercare, generating approximately 91% of sales. Parents continue to value in-person advice and the ability to see and feel products when making important purchases for their baby.

We're continuing to invest in our new store concept, refreshing and resizing stores to better reflect the expectations of today's modern parent and present a carefully curated range.

E-commerce now accounts for approximately 9% of total retail sales, offering Franchise Partners scalable growth with lower capital investment. Our ongoing investment in digital content, user experience and social media will further support their D2C ambitions.

Marketplaces provide additional consumer touchpoints, with many partners opening accounts to diversify revenue and expand customer reach.

Wholesale presents a growing opportunity, enabling us to reach consumers where they already shop — ideal for partners not taking the full brand offer or entering new markets with reduced risk.

Licensing represents a future opportunity. In June 2025 we announced a new licence agreement for Turkey with Ebebek Mağazacılık A.Ş. The new licence agreement gives Ebebek the exclusive right to use the mothercare brand in Turkey on products either designed and sourced by Ebebek or mothercare for a period of 10 years.

KPIs

	2025	2024	2023	2022	2021
Worldwide Sales*					
Total retail sales £m	230.6	280.8	322.7	385.3	358.6
Online retail sales £m	21.8	28.5	29.3	40.9	44.4
Stores as a % of total sales	90.6%	89.8%	90.9%	89.4%	87.6%
Online as a % of total sales	9.4%	10.2%	9.1%	10.6%	12.4%
Worldwide Stores*					
Number of stores	372	457	506	680	734
Space (k)sq. ft.	915	1,149	1,223	1,828	1,970
International Growth*					
Year on year sales in constant currency	(13.6)%	(8.7)%	(26.2)%	12.6%	(30.5)%
Global Franchises					
Countries with a mothercare presence	31	31	32	36	38
Product Mix*					
Clothing & Footwear	85.1%	88.5%	86.3%	88.4%	86.8%
Home & Travel	13.2%	9.8%	11.7%	10.1%	11.2%
Toys	1.8%	1.7%	2.0%	1.5%	2.0%

* Numbers presented relate to stores held by, and sales to end consumers by the Group's franchise partners with the exception of product mix which is based on MGB's sales to franchise partners. See accounting policies for definitions. FY22 to FY23 includes the impact of the loss of operations in Russia.

RISK MANAGEMENT IN MGB

OVERVIEW AND OBJECTIVES

As a global franchisor, operating across 31 territories and engaging with manufacturers, supply chain sources and franchise partners, Mothercare Global Brand (MGB) is exposed to multiple risks across the markets within which it operates. As such, there is a risk management framework in place congruent with the size, complexity, and financial position of the business.

MGB continues to maintain its risk management function in line with the Quoted Companies Alliance Corporate Governance Code (QCA Code) complying with AIM Rule 26.

- The **Audit & Risk Committee** provides oversight, as to the overall suitability and effectiveness of the risk management approach and is accountable and supported by the Board.
- The **Operating Board** formally reviews, discusses and documents the Principal Risks to the business at least annually, supporting each business function with the right 'tone from the top'.
- The **Risk Committee**, which is chaired by the CFO, sits quarterly to understand existing and developing issues. Consisting of representatives from each operational department, this provides a consistent approach to the support of a responsible and risk aware culture.
- The **Senior Management** contribute to and update Operational Risk registers, as a minimum also quarterly. This provides regular monitoring and reporting of risks in order to identify suitable mitigation through controls, actions, or contingencies.

All colleagues recognise their responsibility to proactively identify and manage risk and opportunity in their daily activities and planning.

PRINCIPLES AND PROCESS

The principles adopted by MGB balance the pursuit of growth, within a complex, challenging, and evolving, global retail environment, whilst also providing sound opportunity for investors. The risk management framework is adopted throughout MGB to protect and enhance business value with an approach that is both impactful and resilient; enabling considered and strategic decision-making.

The primary principles are designed to promote the protection and improvement of working capital, and the design and supply of sustainable, safe, and desirable product for MGB franchise partners, they are:

- business decisions being made with risk in mind, with Principal Risks reviewed annually
- risk tolerance dictated by MGB strategy, with annual Operating Board review
- best practice adopted to ensure legal compliance, through company-wide policies and training
- risk aware culture is promoted, with quarterly departmental operational risk register reviews.

Operational Risk Registers are maintained to inform the business of those areas having the biggest impact on the Principal Risks and the threat they pose to MGB achieving its strategic objectives.

All business departments contribute quarterly to Risk Registers with updates on progress, developing threats and risks that have been reduced or removed. They are Brand, Buying, Commercial, Design, Finance, Legal, IT, Merchandising, Technical, People and Supply Chain, with each represented at quarterly Risk Committee meetings by Departmental Head(s), where applicable, and each responsible Director.

MGB RISK MANAGEMENT FY25

MGB continues to have effective and proactive measures to ensure ongoing assessment of business risk from both Principal and Operational aspects. The risk management principles and process have been implemented to deliver an efficient, profitable, and growth-centric franchise proposition, with appropriate controls where mitigation, contingency and actions are required in assessing individual departmental risks.

Through FY25, the business has continued to navigate its way through a complex geo-political landscape and the associated macroeconomic uncertainty, which has impacted all our markets to a greater or lesser extent. Managing the associated financial and commercial risks effectively has been key in identifying the most effective way forward, most notably around both group liquidity and an inherent dependency the business currently on its key partners. Proactive, structured and supportive communication with all Franchise and Supply Chain partners remains key to ensuring we are agile and balanced in how we deal with such existential challenges as both a business and wider stakeholder group. Supporting both our Franchise Partners and supply base through this period of difficult trading and supressed demand, linked to both trading conditions and inventory levels, is key to safeguarding longer-term business prosperity.

Through mid-2025, the implementation of Dynamics 365 ERP system was concluded, leading to a significant change in both ways of working and business process. Whilst to an extent the business continues to evolve and flex its processes, according to its changing needs, systemically we are now largely in steady state. The principal challenges associated with implementation have been overcome and iterative improvements are now the priority. Improvements in data integrity have been significant, combined with the robustness of inherent systemic control which have enhanced the business' underlying governance and risk mitigation.

Throughout the year, breaches of trademarks have continued to be considered through assessment of the potential harm and detriment, and consequent devaluation of the Mothercare brand, and where ascertained, have been acted upon decisively, protecting brand image and value for all our partners.

RISK MANAGEMENT IN MGB
CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES

Reviewed, discussed, and agreed by the Operating Board annually, MGB Principal Risks are designed to promote strategic success and improve future performance, the impact of operational risks on these determines the focus for senior management and their teams.

Principal risk	Potential impact	Key mitigations and control	Change
Liquidity MGB may fail to control cash management and working capital as a result of lower trading receipts, increased partner debt, interest rates or overhead costs and reduced order books, potentially combined with a reduction in overall partner profitability.	This could result in breaches to banking covenants, failed commitments, and an inability to meet overarching operational financial commitments.	• Strong Cash Management governance in place, including Weekly Cash Committee chaired by CFO • Tri-partite, Quad-partite and Manufacturer Agreements, with Franchisees and Suppliers, significantly improved working capital • Franchise partner Bank Guarantees set up in line with the associated agreements and selected Partners • Direct Shipment and Direct Invoice Supply Principals continue to be rolled out across the franchisee estate • India joint venture and associated refinancing reduced the debt level of the business, and associated cost of borrowing, significantly • PLC Board continue to explore further financing options going forward whilst agreement to defer pension contributions for a fixed amount of time provides increased, short-term comfort around liquidity levels	▲
Dependency on a small number of partners There may be an over reliance on a few key franchise partners whose success directly dictates the success of MGB in the absence of further franchise partner development. Additionally, with some key franchise partners, and some manufacturing partners, MGB is exposed to movements in foreign currency exchange rates. The forthcoming cessation of the UK franchise arrangement with Boots has further crystalised the reliance on the remaining, larger franchise partners.	Any damage to, or loss of, the Group's relationship with key partners, could have a material impact on the MGB's franchise model success, operational capability, and financial stability.	• Ongoing identification and sufficiently risk spread review of new business channels, partnerships, and territories to grow our global business and reduce this reliance • Proactively seeking new UK partner to replace Boots, in addition to other means of diversifying the franchise and/or revenue generation model e.g. joint venture with India FP to revitalise market potential • Collaboration with all Partners continues with the aim of enabling growth, supported by Quarterly Business reviews with Franchisees • Revised contracts continue to provide increased transparency, competitive pricing, and royalty rates • The majority of the exchange rate risk is limited to the royalties we earn based on a percentage of the local currency retail sales	▶

Principal risk	Potential impact	Key mitigations and control	Change
Product volume diseconomies The global product buy has reduced significantly as a result of increased dependency on a smaller partner-base and also as a result of many partner's right sizing order levels to clear down legacy stock holdings. As a result, the business has less scale and breadth for both Clothing and Home Travel orders to place across its supply base. This can have an adverse impact on price and ability to meet volume thresholds whilst also impacting our appeal to Manufacturing Partners or otherwise reducing practicable range breadth.	Reduced leverage on pricing, driven by reducing order quantities on both a) specific lines and b) overall business offered to individual Manufacturing Partners can adversely impact partner margin and propensity to buy. Where orders are insufficient to meet Minimum Order Quantities (MOQs) or generate a competitive price, lines are likely to be dropped. Where the range is narrowed, in mitigation, this may result in Franchise Partners having a suboptimal range to suit their individual market needs.	• As outlined within the partner dependency risk, the business is proactively looking to add to the Franchise Partner base in order to inject new volume into the order base • Collaboratively working with major Franchise Partners through range building process to ensure demand is best understood upfront • Moving or consolidating supply where practicable to ensure the most efficient price and volume mix • Negotiating hard on MOQ levels, order phasing and other means of delivering a balanced solution for FPs and MPs • Proactively managing key Manufacturer relationships to maintain their continued support wherever possible • Supporting FPs in the short-term by subsidising pricing uplifts on key Like for Like options to maintain volumes	▲
Pension Scheme Funding MGB is exposed to the financial uncertainties of its two defined benefit pension plans and particularly as a result of a continued decline in interest rates or poor returns on investments related to the schemes. The current macroeconomic uncertainty heightens the potential risk linked to potential declines in the stock market and increasing risk premiums.	A decrease in interest rates or investment returns may result in an increase in the scheme deficit and the resultant future contributions to be paid by MGB.	• The Trustees of the schemes are experienced professionals, with whom MGB maintains a very close relationship, and their investment plans are reviewed by MGB • Pension Deficit Reduction Contributions have been paused in the short-term in agreement with the Trustees • Contributions are reviewed and assessed between the Trustee Chair and Mothercare plc Board regularly to ensure all obligations are adhered to for the benefit of scheme members	▲

Principal risk	Potential impact	Key mitigations and control	Change
Global economic and political conditions MGB may be negatively affected by challenging economic conditions and geo-political developments affecting the international markets in which it operates. In recent times, the impact of Tariffs imposed by the USA, on an unprecedented scale, has sent shockwaves through the global markets, with potential ramifications for the business.	Economic and geo-political uncertainty, may impact supply of product or potential to continue with a partner and could have a material adverse effect on the Group's business. Impact on the global economy, or individual markets, as exacerbated by US protectionist policy, could have a continued effect on the prosperity of local markets and, in turn, our franchise partners.	• MGB works closely and conducts regular reviews with individual franchise partners to understand developing situations and to mitigate risks from changing geo-political conditions • Political and Economic stability of potential partners is considered by the Operating Board during discussions related to business development engagement • Supply Chain operations are managed and monitored on a daily basis to limit the impact of delivery service interruption and contracted obligations • Franchise partners have the contracted ability to source product locally if required and MGB sourcing territories are spread to ensure supply interruption impact is reduced	
IT Systems MGB's legacy IT systems have been successfully replaced by a world class ERP system. However there remain inherent risks around critical system failure, security breaches and data storage, which continue to be managed accordingly by the business.	IT infrastructure disruption could result in the inability to support our Global partners to trade effectively. Any failure of, or attack relating to, stock management or finance systems, would significantly impact operational efficiency and ultimately group profitability. Recent escalations in corporate cyber attacks have served as a reminder of the potential severity of malicious, external threats.	• IT-specific Disaster Recovery Plan is in place, in addition to departmental continuity plans – the associated complexity of which has reduced substantially since ERP implementation and associated streamlining of back-office IT set-up • Enterprise-wide support extensions are in place to protect existing core systems • Network and Server Monitoring in place for security vulnerability scanning with an up to date patching schedule completed • Controls and Ownership Registers ensure role specific responsibility for system processes	

Principal risk	Potential impact	Key mitigations and control	Change
Regulatory and Legal A failure to comply with increasing regulatory requirements or introduction of new regulations impacting MGB or any of our partners could result in brand damage, fines or impact our ability to operate profitably.	MGB is reliant on manufacturers, suppliers, and distributors to comply with employment, environmental and other laws. Regulatory compliance requires monitoring and reporting to avoid damage to the Mothercare brand. Changes to regulations or import restrictions and taxes could also significantly impact profitability of some partners.	• Consultation between sourcing design departments and MGB's legal advisors ensure brand clearance, IP infringement and local regulations do not expose MGB to potential litigation • Third-party engaged to complete and report on an ongoing programme of supplier partner audits covering global ethical and quality standards reporting to the Operating Board • Development of a sourcing strategy to allow for greater flexibility in moving suppliers in response to regulatory obligations • Mandatory compliance training, MGB Code of Conduct sign off and Conflict of Interest declarations is embedded within the UK and Overseas colleagues	
Brand, Reputation and Relationships The Mothercare Brand is a key asset that is both strong and desirable, should this be negatively impacted through neglected partner relationships, an unsupported poorly executed Brand vision, failure to meet customer expectation, or third-party abuse of registered trademarks.	Our brand could be impacted by product failures, ineffective management of product incidents, public scandals relating to any partners, inappropriate behaviour, data breaches or third-party IP abuse, all of which may result in a deterioration of brand confidence and reduction in future global opportunities.	• Ongoing programme of Partner consultation, consumer trend analysis and creation of strong digital assets for global Brand promotion • Agreements in place for every trade supplier reducing MGB liabilities and promoting MGB governance expectations, including annual responsible sourcing audits • Group trademarks are formally logged in country of operation with a proactive enforcement of IP rights through an ongoing Online Brand Enforcement programme • Significant breaches of Mothercare Brand trademarks are identified, managed, and acted upon categorically, firmly and in a timely manner in order to protect all partner interests	
Personnel and talent Failure to attract, retain, motivate, and progress our top talent, within a compact and evolving team and in an exceptionally competitive job market, could lead to high attrition rates and an inability to 'attract and retain' to meet our strategic intentions. As the size of the team has reduced, there has become a greater need to carefully prioritise cover of business critical tasks and knowledge.	'Critical role' loss may interrupt MGB strategic vision and focus with resultant decline in partner support and associated reputational impact With the new ERP embedded, there has been a tempered reliance on key personnel with knowledge of legacy business process and systems in certain areas, whilst noting this still exists to a degree.	• Consistent benefit structure and review process in place to market MGB as an attractive and competitive employer, in order to retain talent and ensure colleague development and wellbeing is at the centre • Leadership team and line management providing new system training with further ongoing development opportunity for colleagues, in order to underpin succession planning	

Decreased Increased Stable

SECTION 172 STATEMENT

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain how they considered their general duties under Section 172(1) of the Companies Act 2006 to act in a manner they would consider would be most likely to promote the success of the company for the long-term for the benefit of its shareholders as a whole whilst having regard, among other things, to the interests of all stakeholders including employees, business relationships with suppliers, customers and others.

mothercare's stakeholders include its shareholders, employees, franchise partners, manufacturing partners, the trustees of the pension scheme and its lenders. Key board decisions throughout the year considered the key stakeholder groups and regular methods of engagement with those groups.

During the year the board was cognisant of its s172 duties and specific examples are set out below.

Significant event / decision	Key s172 stakeholders affected	Actions and impact
South Asian Joint Venture arrangement	Franchise partners	mothercare and Reliance created a new joint venture covering mothercare's franchise operations in India, Nepal, Sri Lanka, Bhutan and Bangladesh, replacing the previous franchise arrangement with Reliance covering India alone. Under the terms of these arrangements, Reliance paid £16 million to acquire a 51% interest in a new joint venture company, JVCO 2024 Ltd ("JVCo"). We retain a residual 49% shareholding in JVCo and granted JVCo perpetual rights for the use of the mothercare brand and related intellectual property in India, Nepal, Sri Lanka, Bhutan and Bangladesh. For the financial year ended 30 March 2024, our retail sales in India under the previous franchise arrangements amounted to approximately £24 million and contributed approximately £0.9 million to adjusted EBITDA. Whilst we will receive revenues at lower rates than previously, we expect the reinvigorated business to grow strongly and surpass previous revenue levels over the next few years. We also expect to benefit from both sourcing fees (supplying the joint venture with product) together with the value creation accruing to our residual 49% equity stake in JVCo.
Financing – new financing arrangements with Gordon Brothers concluded in October 2025	Lenders	We applied part of the proceeds received from Reliance towards a refinancing of the Company's existing debt facilities with Gordon Brothers, replacing the previous £19.5m term loan (which attracted interest at a rate of 13% per annum, plus SONIA, plus PIK interest of 1% per annum) with: • an £8m two year term loan facility, attracting interest at a rate of 4.8% per annum, plus SONIA (with a floor of 5.2%), plus PIK interest of 1% per annum, rising to 2% per annum through the term of the loan; and • granted Gordon Brothers warrants to subscribe up to 43.4m new ordinary shares at a subscription price of 8.5p per share (the "Warrants"), exercisable for five years from the date of issue, representing approximately 7% of the Company's issued share capital (following exercise in full of the Warrants).
Pension schemes	Pension trustees, active and deferred pensioners, lenders, shareholders	The last full actuarial valuation of the schemes was at 31 March 2023 and showed a deficit of £35 million resulting from total assets of £198 million and total liabilities of £233 million. The revised recovery plan, agreed with the Trustees last year, included total contributions (Deficit Repair Contributions plus costs) in the financial years to March 2025 £2.0 million; March 2026 & 2027 £3.0 million; March 2028 & 2029 £4.0 million; March 2030 & 2031 £5.0 million and March 2032 £6.0 million and March 2033 £0.5 million aggregating to fully fund the deficit by March 2033. In order to support the Company's cash flows whilst it is exploring growth opportunities, the trustees agreed to defer the first six months' payments due in the year to March 2026, with a revised schedule of contributions to be agreed by 30 September 2025. We have written to the Trustee requesting an extension to the current deferral, followed by a revision to the current schedule of contributions, both to be at a time and a level that are affordable to the Group. The Trustee is considering the request and following the required process but we have yet to receive a formal response. We also continue to explore other options to mitigate the pension scheme deficit.

SHAREHOLDERS

Regular dialogue has been maintained throughout the year with the Company's major shareholders whom represent c80% of the share register.

EMPLOYEES

Post pandemic, the business has continued to support hybrid working. Monthly meetings are held with digital being the default method of hosting. All employees join with two-way communication encouraged providing opportunities to ask questions either anonymously or in person. A number of wellbeing initiatives and access to support for an array of matters are available to all employees.

LENDERS

The board kept the financial needs and available resources of the group under close review and refinanced the existing debt facilities with GB Europe Management Services Limited replacing the previous £19.5m term loan as detailed above. The Company keeps its lender appraised of its financial status and maintains regular dialogue.

PENSION TRUSTEE

Regular dialogue took place with the trustee of the defined benefit pension schemes with continual discussions on the value of the deficit and scope for mitigating risk to all stakeholders.

FRANCHISE AND MANUFACTURING PARTNERS

We maintain regular dialogue with our franchise and manufacturing partners, and the year under review saw a particular focus on identifying opportunities through sales data, resulting in, for example, the introduction of capsule collections within the fashion ranges.

FINANCIAL REVIEW

Andrew Cook
Chief Financial Officer

"Our global brand is now significantly bigger than our current business is able to extract the full value from.

Whilst the creation of the joint venture in India materially improved our balance sheet and financing position, we are now working towards the step change in the business that the brand deserves. The leverage of the model is such that the current structure could support much higher volumes, resulting in the vast majority of increased income falling straight to the bottom line.

Worldwide retail sales by our franchise partners were £230.6 million (2024: £280.8 million) a decline of 18% year on year, or 14% at constant currency based on a 52 week period in the prior year, with the decline largely resulting from the unchanged trading conditions in our Middle Eastern markets and to a lesser extent the UK as we are ending our exclusive distribution relationship with Boots at the end of 2025, as we believe there is a greater opportunity for the brand and a new partner in the UK.

The underlying strength of the business is demonstrated by the fact that excluding the UK, on a like for like basis our total retail sales were positive for the full year to March 2025, despite the prevailing global economic uncertainties.

The profit from operations in the year was £16.0 million (2024: £6.7 million). To better understand the underlying results, the Group uses a non- statutory reporting measure of adjusted profit, to show results before any one-off significant non-trading items. This involves removing the adjusted items which predominantly relate to the India sale of IP rights in the year, restructuring and reorganisation costs which are non-recurring (£13.6 million subtracted in year ended 2025 and £0.2 million added back in 2024). These adjusting items, together with depreciation and amortisation of £1.5 million (2024: £0.4 million), result in an adjusted EBITDA for the year of £3.5 million (2024: £6.9 million).

The Group recorded a profit for the 52 weeks to 29 March 2025 of £6.2 million (2024: £3.3 million). The adjusted loss for the year was £2.5 million (2024: profit of £3.5 million). The adjusted items are detailed in note 6.

Whilst revenues decreased by £17.3 million, adjusted cost of sales decreased by £12.5 million, resulting in an adjusted gross profit reduction of £4.8 million. This was primarily driven by the reduction of royalties by £3.7 million, as a result of the lower retail sales together with the impact of the India JV deal. The adjusted item is in relation to our contributing to offset the product price increases that arose as our buy levels were reduced as a result of the stock clearance exercise carried out by our largest franchise partner. This stock clearance exercise has now largely completed.

Administrative expenses excluding adjusted items were £12.5 million, a reduction of £1.0 million compared to the previous year. The continued tight control of overheads resulted in total costs savings of £2.1 million, of which the largest reduction was IT costs of £0.5 million as a result of the new ERP system against this total saving of £2.1 million was an increase in amortization on the new ERP system of £1.1 million.

Retail space at the end of the year was 0.9 million sq. ft. from 372 stores (2024: 1.1 million sq. ft. from 457 stores).

CREATION OF A JOINT VENTURE FOR INDIA

At the beginning of the year the IP rights for the mothercare brand for India, Bhutan, Bangladesh, Sri Lanka and Nepal were transferred to JVCO 2024 Ltd, which was a wholly owned subsidiary of the Group, at a value of £33.3 million. Of these territories, India is the only one covered by an extant franchise agreement. In the year to 30 March 2024, India contributed £24.0 million to the total retail sales (c9% of the total retail sales) and £0.9 million to adjusted EBITDA.

On 17 October, in return for a 51% equity interest in JVCO 2024, together with some royalty concessions, the Group received a gross consideration of £16.0 million, from Reliance, our current franchise partner in India. Our remaining 49% interest that we retained in JVCO 2024 was valued at an initial £10.7 million in accordance with the appropriate accounting standards and is included as an investment in associate, in the balance sheet.

The royalty concessions are intended to stimulate investment and growth in the territories. These concessions have time limits attached, which coupled with the expected growth due to such investment, means we estimate the total royalties paid by the territories in the JV will be around the levels achieved in the year to 30 March 2024 within five years.

The tax arising on this transaction is in relation to a de-grouping charge of approximately £27 million, arising on the total value of JVCO 2024. After offsetting our available losses a net cash liability of approximately £1.4 million was payable. This means that if the investment in JVCO 2024 were sold, no further tax would be payable on £11 million of the proceeds.

After deducting the cash tax liability, other pre-completion adjustments, refinancing expenses, transactional costs and associated additional pension deficit payments, the Group applied approximately £11.5 million of net cash proceeds to refinance the existing loan.

FINANCING

After the repayment of £11.5 million, the loan with Gordon Brothers was reduced to a principal of £8.0 million. This loan is due for repayment on or before 17 October 2026. On this revised loan, interest is charged at 4.8% per annum plus SONIA (with SONIA at a floor of 5.2%) plus a 1.0% per annum payment-in-kind coupon for the first 12 months, rising to 1.5% for the 13 to 18 months and then 2.0% per annum thereafter. This payment-in-kind element accrues monthly into the principal and becomes due when the loan is repaid.

At the year-end Mothercare had total cash of £4.3 million (March 2024: £5.0 million), against the £8.0 million (March 2024: £19.7 million) of the Group's revised loan facility, which remained fully drawn across the year.

The present levels of retail sales, particularly in our Middle Eastern markets, highlighted above, means the Board's current forecasts for continuing operations show the Group will breach the liquidity financial covenant of our £8 million debt facility. The liquidity covenant requires us to hold cash of no less than £2.6 million, other than for a period of no more than three days. This breach means that the £8 million facility would become repayable on demand, rather than the term date of October 2026. We continue to have regular and positive discussions with our lender, who is aware of the expected breach and has given no indication that they will require immediate repayment of the facility. Whilst during certain points of our working capital cycle we will not meet the liquidity financial covenant, we will have sufficient cash to trade for the foreseeable future.

PENSION SCHEME CONTRIBUTIONS

There are two defined benefit schemes, both of which have been closed to new members, the Staff Scheme and the Executive Scheme. Following the full actuarial triennial valuation at 31 March 2023, the deficit on the Staff Scheme was

FINANCIAL REVIEW
CONTINUED

£35.0 million, resulting from assets of £197.6 million and liabilities of £232.6 million, the Executive Scheme was in surplus, with assets of £81.2 million and liabilities of £80.5 million. The schemes are independent and so the surplus on the Executive Scheme cannot be used to set off the deficit on the Staff Scheme.

The Trustee entered into a buy-in policy for the Executive Scheme with Canada Life in December 2023 for the whole of the benefits due under the Executive Scheme. The assets are expected to be sufficient to enable the Scheme to move to buy-out without the need for any additional Company contributions although the margin is small. Canada Life are targeting January 2026 for the determination of any policy premium adjustment that may be required and buy-out in March 2026. When buy-out occurs, Canada Life will issue insurance policies in the name of each Scheme member after which the Scheme will be wound up.

The deficit on the Staff Scheme to be funded at 31 March 2023 of £35.0 million is a significant reduction from the total deficit of £124.6 million at 31 March 2020: the Staff Scheme deficit of £101.7 million, from assets of £278.0 million and liabilities of £379.7 million and the Executive Scheme deficit of £22.9 million, from assets of £105.7 and liabilities of £128.6 million.

These deficits are on an actuarial technical provisions basis, which is used to determine the contributions required and produces different figures from those included in the balance sheet, which are required to be from applying IAS 19 and resulted in the £21.1 million liability on the balance sheet in relation to the pension schemes as at 29 March 2025 and a liability of £24.2 million as at 30 March 2024.

The following annual contributions, for the Staff Scheme and the costs for both schemes, that had been agreed with the trustees, for the years ending in March as follows: 2027 - £3.0 million; 2028 and 2029 - £4.0 million; 2030 and 2031 £5.0 million; 2032 - £6.0 million and 2033 £0.5 million.

The annual contributions agreed for the Staff Scheme in the year to March 2026 was £3 million, due in monthly payments. However, in order to support the Company's cash flows whilst it is exploring growth opportunities, the trustees have agreed to defer the first six months' payments due for the year to March 2026, with a revised schedule of contributions to be agreed by 30 September 2025. We have written to the Trustee requesting an extension to the current deferral followed by a revision to the current schedule of contributions, both to be at a time and a level that are affordable to the Group. The Trustee is considering the request and following the required process but we have yet to receive a formal response.

OPERATING MODEL

The Group continues to work towards its goal of becoming an asset light business. We continue to use our tripartite agreement ('TPA') process, whereby the franchise partners commit to paying the manufacturing partners for the product when due and in return the manufacturing partners are generally willing to offer improved credit terms.

We have subsequently further improved the TPA model whereby the franchise partner is invoiced directly by the manufacturing partner. This allows the manufacturing partners the opportunity to obtain credit insurance in relation to the franchise partners' debt, which due to MGB's limited trading history was sometimes difficult to obtain for invoices raised to MGB. Additionally, this model removes the Group's exposure to the debt and working capital requirement for these products. Where this is the case, under IFRS 15 the Group is the agent in the transaction – previously the Group was the principal. Hence for these products the creditors and stock are not recognised by the Group and whilst the associated revenue and cost of sales is excluded there is no material impact on the absolute margin earned. The responsibility for design, quality control and choice of manufacturing partner for these products are unchanged and remains with the Group.

For those orders where the franchise partner is not invoiced directly, the majority are covered by letters of credit, bank or other guarantees to reduce our bad debt exposure. Additionally, for orders which are not invoiced directly, we have moved the currency of the payments from our franchise partners to match the currency paid to our manufacturing partners, hence removing a significant amount of foreign exchange exposure.

ENTERPRISE RESOURCE PLANNING ("ERP") SYSTEM

The new ERP system went live in June 2024 and is delivering the expected functionality. The ERP system means we now have a fully integrated solution with a product lifecycle management system ("PLM"), which manages the creation and ordering of products including linked portal to our manufacturing partners. The PLM is directly linked to our finance & operations system, which manages the supply chain elements and finance and includes a portal for our franchise partners to view the products and place their orders.

We have now decommissioned our legacy systems and total full year savings will have exceeded £1 million from these new systems. In addition to our own savings resulting from the ERP system, there will also be reductions in the recharges we make to our franchise partners, which will be seen in the margins they make on our products.

BALANCE SHEET

The Group's existing debt was refinanced in the current year, the balance due in prior year of £19.7 million was reduced to £8.0 million. This was made possible by the selling of a 51% stake in JVCO 2024 Ltd (which held the IP rights for the Mothercare brand for India, Bhutan, Bangladesh, Sri Lanka and Nepal) to Reliance Industries.

During the year the Group incorporated a new subsidiary, JVCO 2024 Ltd to facilitate the sale of the IP rights. Previously unrecognised IP rights were independently valued at £33.3 million and recognised in the subsidiary's financial statements. Subsequently the Group disposed of 51% of its shareholding in JVCO 2024 Ltd resulting in the loss of control. The Group derecognised JVCO 2024 Limited as a subsidiary and recognised the retained 49% interest as an investment in associate accounted for under the equity method. The disposal gave rise to a fair value uplift on the retained interest, which has been recognised within revaluation reserves in equity. At year end the 49% interest in investment in associate was valued at £10.8 million.

Right-of-use liabilities increased to £0.8 million in the current year from £0.1 million in prior year due to the renewal of the head office lease for a further period of 5 years.

The defined benefit scheme liability decreased from a deficit of £24.2 million in prior year to a deficit of £21.1 million due to the decrease in liabilities being higher than the decrease in assets.

The sale of the 51% stake in JVCO 2024 Ltd and the refinancing of the Group's debt is the key driver of the decrease in the net liability position from £30.1 million in prior year to £9.4 million in the current year. The main elements being the inclusion of the remaining 49% investment in JVCO 2024 on the balance sheet at £10.8 million and a reduction of £11 million in net borrowings.

NET CURRENT ASSETS

Current assets decreased by £1.8 million to £9.0 million at the year end (2024: £10.8 million), this was primarily due to a decrease in our financial asset and cash and cash equivalents.

	29 March 2025 £ million	30 March 2024 £ million
Investment in associate	10.8	–
Intangible fixed assets	7.8	7.9
Retirement benefit obligations liability	(21.1)	(24.2)
Net borrowings (excluding IFRS 16 lease liabilities)	(3.7)	(14.7)
Derivative financial instruments	–	0.7
Current tax liabilities	(1.3)	–
Other net liabilities	(1.9)	0.2
Net liabilities	(9.4)	(30.1)
Share capital and premium	198.1	198.1
Reserves	(207.5)	(228.2)
Total equity	(9.4)	(30.1)

Current liabilities reduced by £20.1 million to £8.2 million (2024: £28.3 million) mainly due to the classification of the Group's borrowings of £19.7 million in prior year as a current liability due to breach of loan covenants. The revised loan facility of £8.0 million has been re-classified as a non-current liability at the 2025 year end.

The Group's working capital position is closely monitored, and forecasts demonstrate the Group is able to meet its debts as they fall due.

PENSIONS

The Mothercare defined benefit pension schemes were closed with effect from 30 March 2013.

Pension assets net of liabilities were in deficit of £21.1 million at the end of the year compared with £24.2 million at the end of the previous period.

The asset value decreased from £254.7 million to £227.2 million driven by lower than expected returns on the pension assets over the period. However, the liabilities decreased from £278.9 million to £248.3 million due to changes in the financial assumptions, mainly an increase in yields and hence an increase in the discount rate.

The Group's deficit payments are calculated using the full triennial actuarial valuation as the basis rather than the accounting deficit. The value of the deficit under the full actuarial valuation at 31 March 2023 was £35.0 million (31 March 2020 £124.6 million).

FINANCIAL REVIEW
CONTINUED

Details of the income statement net charge, total cash funding and net assets and liabilities in respect of the defined benefit pension schemes are as follows:

£ million	52 weeks ending 28 March 2026*	52 weeks ended 29 March 2025	53 weeks ended 30 March 2024
Income statement			
Running costs	(1.0)	(1.4)	(1.7)
Net (expense) / income for interest on liabilities / return on assets	(1.4)	(1.2)	0.4
Past service cost	–	(0.3)	–
Net charge	(2.4)	(2.9)	(1.3)
Cash funding			
Regular contributions	–	–	–
Deficit contributions	(0.3)	(2.1)	(2.5)
Total cash funding	(0.3)	(2.1)	(2.5)
Balance sheet**			
Fair value of schemes' assets	n/a	227.2	254.7
Present value of defined benefit obligations	n/a	(248.3)	(278.9)
Net deficit	n/a	(21.1)	(24.2)

* Forecast on the assumption that an extension to the current deferral of deficit contributions is agreed.

** The forecast fair value of schemes' assets and present value of defined benefit obligations is dependent upon the movement in external market factors, which have not been forecast by the Group for 2025 and therefore have not been disclosed.

In consultation with the independent actuaries to the schemes, the key market rate assumptions used in the valuation and their sensitivity to a 0.1% movement in the rate are shown below:

	2025	2024	2025 Sensitivity	2025 Sensitivity £ million
Discount rate	5.8%	4.8%	+/– 0.1%	–3.3 /+3.3
Inflation – RPI	3.1%	3.1%	+/– 0.1%	+1.4 /–2.5
Inflation – CPI	2.5%	2.5%	+/– 0.1%	+0.6 /–0.6

DEFERRED TAX ASSETS

The Group had deferred tax assets of £0.1 million at the balance sheet date (2024: £3.4 million). The decrease represents the utilisation of previously recognised losses to offset profits arising from the sale of the IP to a company in India.

NET DEBT

Net debt excluding lease liabilities reduced by £11.0 million during the year to £3.7 million (2024: £14.7 million), driven by the repayment and refinancing of the loan facility. Net debt including lease liabilities was £4.5 million (2024: 14.9 million).

LEASES

Right-of-use assets of £0.8 million (2024: £0.1 million) and lease liabilities of £0.8 million (2024: £0.2 million) represent the renewed head office lease. The amortisation charge during the year was £0.2 million. The renewed lease expires in December 2029.

WORKING CAPITAL

Working capital moved to an asset position of £0.8 million at the end of the year from a liability position of £17.5 million in the previous year. This was mainly due to the re-classification of the loan from short to long-term borrowings due to the breach of certain loan covenants in the prior year as well as the part settlement of the loan.

Stock levels remained in line with prior year at £0.6 million, with a low balance reflecting the large number of franchise partners who have moved to direct shipments.

Trade receivables increased to £2.1 million in the current year from £1.4 million in prior year, an increase of £0.7 million, mainly driven by timing differences on receipts around year end.

Trade payables decreased to £2.1 million (2024: £2.7 million) due to timing differences in shipments around the respective year ends.

INCOME STATEMENT

	52 weeks to 29 March 2025 £million	53 weeks to 30 March 2024 £million
Revenue	38.9	56.2
Adjusted EBITDA (EBITDA before exceptionals)	3.5	6.9
Depreciation and amortisation (note 7)	(1.5)	(0.4)
Adjusted profit before interest and taxation	2.0	6.5
Adjusted net finance costs	(3.7)	(3.4)
Adjusted (loss) / profit before taxation	(1.7)	3.1
Adjusted income / (costs)	13.6	(0.2)
Profit before taxation	11.9	2.9
Taxation	(5.7)	0.4
Total profit	6.2	3.3
Earnings per share - basic	1.1p	0.6p
Adjusted (loss) / earning per share - basic	(0.4)p	0.6p

FOREIGN EXCHANGE

The main exchange rates used to translate International retail sales are set out below:

	52 weeks ended 29 March 2025	53 weeks ended 30 March 2024
Average:		
Saudi riyal	4.78	4.71
Emirati dirham	4.68	4.61
Kuwaiti dinar	0.391	0.386
Qatari riyal	4.65	4.58
Indonesian rupiah	20,415	19,257
Indian rupee	107.8	104.0
Euro	1.19	1.16
Closing:		
Saudi riyal	4.84	4.78
Emirati dirham	4.72	4.68
Kuwaiti dinar	0.398	0.392
Qatari riyal	4.72	4.65
Indonesian rupiah	21,345	19,920
Indian rupee	111.1	105.5
Euro	1.19	1.17

FINANCIAL REVIEW
CONTINUED

The principal currencies that impact the translation of International sales are shown below. The net effect of currency translation caused worldwide retail sales and profit to decrease by £10.6 million (2024: £15.2 million) and £0.5 million (2024: £0.8 million) respectively as shown below:

	Worldwide sales £ million	Profit
Saudi riyal	(1.5)	(0.1)
Emirati dirham	(1.1)	(0.1)
Kuwaiti dinar	(0.7)	(0.1)
Qatari riyal	(0.3)	–
Indonesian rupiah	(2.1)	(0.1)
Indian rupee	(1.2)	–
Euro	(1.2)	–
Other currencies	(2.5)	(0.1)
	(10.6)	(0.5)

NET FINANCE COSTS

Financing costs include net interest expense on the liabilities/assets of the pension scheme, interest payable on borrowing facilities, the amortisation of costs relating to bank facility fees and interest expense on lease liabilities.

Net finance costs of £4.1 million increased by £0.3 million (2024: £3.8 million). Interest on the term loan reduced to £3.0 million in the current year (2024: £3.9 million) due to the refinancing, but this was offset by £1.1 million increase in net interest expense on the pension scheme assets and liabilities.

PROFIT FOR THE PERIOD

For the current financial 52 week period ended 29 March 2025, the total statutory profit after tax for the Group is £6.2 million (2024: £3.3 million).

TAXATION

Tax on adjusted profits was £0.8 (2024: £0.4 million) primarily being withholding taxes paid on overseas royalties, the decrease year on year reflects the decrease in royalties year on year. The tax on adjusted items of £4.8 million is made up of current tax expense of £1.4 million paid on the profits arising from the IP sale and £3.4 million representing the utilisation of recognised losses to offset the income arising from the sale of the IP to a Company in India. The total tax charge for the period was £5.7 million (2024: £0.4 million credit) – (see note 9).

EARNINGS PER SHARE

Statutory earnings per share were 1.1 pence (2024: 0.6 pence). Basic adjusted (loss)/earnings per share were (0.4) pence (2024: 0.6 pence earnings).

CASHFLOW

Operating cash flow worsened by £6.3 million to an outflow of £1.5 million (2024: £4.8 million inflow). This was primarily driven by the reduction of royalties by £3.7 million.

Cash inflow from investing activities increased to £14.8 million (2024: £2.3 million outflow) mainly due to the proceeds from the sale of the IP.

Cash outflow from financing activities was £14.0 million (2024: £4.5 million) driven by the repayment of the previous loan facility of £11.9 million coupled with interest paid, offset by recoveries from the post administration distribution of £1.2 million.

Overall, net inflows from investing activities of £14.8 million were offset by the outflows from financing activities of £(14.0) million and cash outflow from operations of £(1.5) million, accounting for the overall decrease in cash and cash equivalents of £(0.7) million year on year.

GOING CONCERN

As stated in the strategic report, the Group's business activities and the factors likely to affect its future development are set out in the principal risks and uncertainties section of the Group financial statements. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the financial review.

Within the next month, we are forecasting to breach a financial covenant of our £8 million debt facility, the facility would then become repayable on demand rather than the term date of October 2026. The breach is expected to be of the liquidity financial covenant, which requires us to maintain cash balances above £2.6 million, other than for a period of no more than three days. The breach will be largely as a result of the continued challenging trading conditions, particularly in the Middle East. All other commitments under the facility are being met and our lender is aware of the situation and continues to support us. The lender is aware of the imminent breach and has not given any indication that they would seek early repayment at this time.

The consolidated financial statements have been prepared on a going concern basis. When considering the going concern assumption, the Directors of the Group have reviewed a number of factors, including the Group's trading results and its continued access to sufficient borrowing facilities against the Group's latest forecasts and projections, comprising:

- A Base Case forecast; and
- A Sensitised forecast, which applies sensitivities against the Base Case for reasonably possible adverse variations in performance, reflecting the ongoing volatility in our key markets.

The Sensitised forecast shows a decrease in worldwide retail sales of 10% as compared to the Base Case in the remainder of the financial year to March 2026 and for the year to March 2027, with the overhead costs assumed to remain constant.

In making the assessment on going concern the Directors have assumed that the Group is able to mitigate the material uncertainty surrounding the ongoing financial restructuring of the Group, which includes:

- The Group's ability to successfully renegotiate its banking facilities, which are likely to become repayable on demand in the near future, with either its existing lenders or to refinance with a third party, in order to secure ongoing funding for the Group; and
- The Group's ability to renegotiate its Defined Benefit Pension Deficit Repayment plan with the Pension Trustee; with the further deferral of contributions, followed by a revision to the current schedule of contributions, both at a time and a level that are affordable to the Group, which has yet to be formally agreed. Whilst no formal agreement has been given the Trustee is considering our request.

The Board's confidence in the Group's Base Case forecast, which indicates the Group will operate with sufficient cash for at least the next 12 months, and the Group's proven cash management capability supports our preparation of the financial statements on a going concern basis and therefore financial statements do not include the adjustments that would be required if the Group were unable to continue as a going concern. However, if trading conditions were to deteriorate beyond the level of risks applied in the sensitised forecast, or the Group was unable to mitigate the material uncertainties assumed in the Base Case Forecast and the Group was not able to execute further cost or cash management programmes, the Group would at certain points of the working capital cycle have insufficient cash. If this scenario were to crystallise the Group would be unable to meet liabilities as they fall due and potentially need to secure additional funding. Therefore, we have concluded that, in this situation, there is a material uncertainty that casts significant doubt that the Group will be able to operate as a going concern without utilising uncommitted or new financing facilities.

TREASURY POLICY AND FINANCIAL RISK MANAGEMENT

The Board approves treasury policies, and senior management directly control day-to-day operations within these policies.

The major financial risk to which the Group is exposed relates to movements in foreign exchange rates and interest rates. Where appropriate, cost effective and practicable, the Group uses financial instruments and derivatives to manage the risks, however the main strategy is to effect natural hedges wherever possible.

No speculative use of derivatives, currency or other instruments is permitted.

FOREIGN CURRENCY RISK

The Group operates internationally and is exposed to foreign exchange risk, primarily the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the Group which is the pound. All International sales to franchisees are invoiced in pounds sterling or US dollars. The Group therefore has some currency exposure on these sales, but they are used to offset or hedge in part, the Group's US dollar denominated product purchases. Under the tripartite agreements, there has been an increased level of currency matching between purchases and sales, improving the Group's ability to hedge naturally.

INTEREST RATE RISK

The principal interest rate risk of the Group arises in respect of the drawdown of the £8.0 million term loan which exposes the Group to cash flow interest rate risk. Interest is charged at 4.8% per annum plus SONIA (with SONIA at a floor of 5.2%), plus a 1.0% per annum payment-in-kind coupon for the first 12 months, rising to 1.5% per annum for the 13 to 18 months and then 2.0% per annum thereafter. This payment-in-kind element accrues monthly into the principal and becomes due when the loan is repaid, these expose the Group to future cash flow risk.

CREDIT RISK

Credit risk arises from cash and cash equivalents and credit exposures to customers including outstanding receivables.

The Group has no significant concentrations of credit risk.

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum, rating of 'A' are accepted.

The Group operates effective credit control procedures in order to minimise exposure to overdue debts. Before accepting any new trade customer, the Group obtains a credit check from an external agency to assess the credit quality of the potential customer and then sets credit limits on a customer-by-customer basis. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group.

SHAREHOLDERS' FUNDS

The Group's equity position improved significantly during the year, moving from a deficit position of £30.1 million to a deficit of £9.4 million, driven by the fair value gain recognised on JVCO 2024 Ltd (£10.7 million), actuarial gain on the pension scheme (£3.7 million) and profit for the year of £6.2 million primarily reflecting the sale of the majority interest in JVCO 2024 Ltd.

The directors' statement in respect of section 172 of the Companies Act 2006 can be found on page 36.

This strategic report was approved by the Board on 24 September 2025 and signed on its behalf by:

Andrew Cook
Chief Financial Officer

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

THE 'E' IN ESG

Responsible sourcing is a key element of MGB's responsible business programme. MGB is committed to respecting internationally recognised human rights and partnering with suppliers that:

- Provide decent, safe and fair working conditions for their employees;
- Treat employees with dignity and respect;
- Reduce the environmental impact of their operations; and
- Demonstrate a strong commitment to business ethics.

MGB's Responsible Sourcing Code of Practice sets out the standards we require at the factories operated by our manufacturing partners who we have a direct agreement with to produce mothercare products. MGB's Code of Practice is based on:

- The UN Guiding Principles on Business and Human Rights which outline the corporate responsibility to respect human rights, avoid infringing on the human rights of others and address relevant adverse human rights impacts;
- The Ethical Trading Initiative (ETI) Base Code which is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice;
- The UK Bribery Act 2010 which states that bribery and corruption on an individual and company basis is a criminal offence; and
- The UK Modern Slavery Act 2015 which requires eligible businesses (including mothercare) to report against the measures taken to eradicate slavery and human trafficking in their operations and supply chains.

It is our manufacturing partners' responsibility to ensure these standards at their factories and within their own supply chains. Implementation of this Code must be sensitive to the rights and livelihoods of the workers it is aiming to protect.

In addition to the standards noted above, manufacturing partners must comply with all relevant local and national laws. Where any conflict between those laws and MGB's standards exist, the manufacturing partner must adhere to the standard which provides the worker with the greatest protection. There may also be country-specific requirements which MGB will discuss directly with the local manufacturing partner.

MGB requires that manufacturing partners must implement management systems and training for all employees (staff, workers and supervisors) to ensure compliance with this Code and all relevant national laws.

MGB monitors compliance with this Code via third party factory audits and the support services of Verisio. It also carries out training with manufacturing partners and works with other organisations such as the Ethical Trading Initiative, other retailers, consultants and non-governmental organisations.

MGB's Responsible Sourcing Handbook provides detail for manufacturing partners in the following areas:

- Child Labour policy
- Sub-contracting and sub-supplier policy
- Home worker policy
- Migrant worker policy
- Freedom of movement policy for workers living in hostels
- Packaging policy
- Timber sourcing policy
- Animal welfare policy
- Cotton sourcing policy

MGB is building on sustainable sourcing of its products. All our products are designed and manufactured using high quality materials and durable manufacturing processes to enable products to be long lasting and so be able to be handed down. We currently offer recycled polyesters within our outwear clothing ranges and will be widening the number of products made from recycled yarns and components.

mothercare is committed to reducing the environmental impact of its products in production, transportation, use and end of life. Our aim is to develop packaging which fulfils its essential function of preserving the product during transportation, distribution, storage, sale, providing information, and in use, whilst minimising the environmental impact.

Climate change
mothercare greenhouse gas emissions 2024/25

	FY 2024 Performance	FY 2025 Performance
Total CO2e emissions (tonnes)	28.9	27.7
CO2e emissions (per £m Group revenue)	0.51	0.71
Total Energy Consumption (m kWh)	127.5	118.8

Methodology: Emissions fall within the activities for which we have operational control. There are no material exclusions from this data. We have used the GHG Protocol Corporate Accounting and Reporting Standard as the method to quantify and report greenhouse gas emissions. They have been reported in line with the UK Government's 'Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance' (dated March 2019). We have applied emission factors from the UK Government's annually updated Conversion Factors tables and overseas factors from the International Energy Agency's annually updated factors for China and India.

This year we identified a source of CO2e emissions at our Head Office which had previously been excluded. These have been included for FY25, and FY24 has been restated from 13.1 to 28.9 tonnes.

In FY25 overall CO2e emissions reduced, in absolute terms, by 4%. This was due to vacating floor space at our Head Office at the end of April 2024. We continue to use energy timers on the floor we occupy, which effectively switch off the lights when the office is unoccupied. This year, Group revenue reduced by a greater amount than emissions which led to a 39% increase of CO2e emissions per £m of Group revenue.

THE 'S' IN SOCIAL

The business supports a holistic approach to wellbeing including physical, mental, financial and social, and recognises that it can often be challenging to balance work and home commitments. To that end, we provide educational resources for our people on how they can support themselves and others using both internal and external resources to help foster mental wellbeing in the workplace and ensuring parity between physical and mental health.

Being cognisant that many of MGB's colleagues work on a hybrid basis, a number of resources have been made available utilising online platforms. Informative lunch and learn sessions hosted by third parties including the Retail Trust and the defined contribution pension provider were undertaken during the year and are planned on an ongoing basis. We continue to host weekly coffee mornings via an online portal so that all colleagues can join no matter where they are located.

As well as hybrid working arrangements, MGB offers a number of policies including flexible working, career breaks, paid time off for volunteering which in the first year of the scheme contributed to 85 days of volunteering in the community and received positive feedback from both the organisations and the employees.

MGB participates in the Cycle to Work scheme, eyecare vouchers, discounted retail platform as well as other benefits such as a free pension transfer service and counselling services for children of employees.

We also offer a care concierge service to help employees navigate the complexities of being a carer while trying to maintain their day job and a funeral concierge service which offers employees a will writing service, online document storage and funeral planning service all for free.

THE 'G' IN GOVERNANCE

mothercare adopted the QCA Code on its move to AIM and more information can be found in the Corporate Governance report at page 52.

BOARD OF DIRECTORS

Committee Memberships key:

- A Audit and Risk Committee
- R Remuneration Committee
- N Nomination Committee
- F Full board member

Clive Whiley
N F

Position: Chairman

Appointment: April 2018

Skills, competencies, experience: Clive Whiley has forty years' experience in regulated strategic management positions since becoming a Member of the London Stock Exchange. He has extensive main board executive director experience across a broad range of financial services, engineering, manufacturing, distribution, leisure, retail and mining businesses: encompassing the UK, Europe, North America, Australasia, the Middle East and the People's Republic of China.

Other Directorships: Mr Whiley is Chairman of China Venture Capital Management Limited, First China Venture Capital Limited and Y-LEE Limited, Senior Independent Director of Griffin Mining Limited. Formerly Chairman of De La Rue plc, Dignity plc and a Non-Executive Director of Sportech Limited and Grand Harbour Marina plc.

Andrew Cook
F

Position: Chief Financial Officer

Appointment: January 2020

Skills, competencies, experience: Andrew served as Corporate Development Director of mothercare from April 2019 until his appointment as CFO in 2020. Andrew is a highly-experienced, results-oriented finance executive having successfully transformed business profitability across a number of sectors, including retail. He was most recently Chief Financial Officer for Stanley Gibbons Group plc. Prior to that role, he held senior director roles within Medina Dairy Group, Kelly Services, The Body Shop and Virgin Group.

Other Directorships: None

Gillian Kent
R A N F

Position: Non-executive director and Remuneration Committee Chair

Appointment: March 2017

Skills, competencies, experience: Gillian has had a broad executive career in digital businesses with functional specialism in customer, brand and marketing. Gillian was Chief Executive of real estate portal Propertyfinder until its acquisition by Zoopla, and spent 15 years with Microsoft including three years as Managing Director of MSN UK. Formerly a non-executive director at Pendragon Plc, Dignity plc, Coull Limited, Skadoosh Limited, Portswigger Limited, National Accident Helpline Group Plc, Ascential Plc, SIG plc and at a private company Theo Topco Limited (Key Group).

Other Directorships: Gillian holds non-executive director roles at THG plc.

Brian Small
A R N F

Position: Non-executive director and Audit and Risk Committee Chair

Appointment: December 2019

Skills, competencies, experience: Brian is an experienced FTSE 250 CFO with broad general management experience in retail, wholesale and consumer-branded manufacturing. Brian was the CFO for JD Sports Fashion plc from 2004 to 2018 before retiring to focus on non-executive roles.

Other Directorships: Pinewood Technologies plc (formerly Pendragon Plc). Formerly at De La Rue plc.

Lynne Medini

Position: Group Company Secretary

Appointment: May 2018

Skills, competencies, experience: Lynne is an experienced Chartered Governance Professional with a career spanning more than 30 years at mothercare. Fellow, The Chartered Governance Institute.

OPERATING BOARD

Andrew Cook – Chief Financial Officer
See previous page for biography

Jo Nicholls

Position: Chief Product Officer, mothercare Global Brand

Appointment: January 2025

Skills, competencies, experience: Formerly Director of Merchandising of MGB. Jo has recently been promoted to the role of Chief Product Officer. Prior to joining MGB in November 2021 she was Director of Merchandising of George Clothing, she left in June 2024 to spend 6 months at Poundland as Director of Merchandising, prior to rejoining MGB in January. Jo has over 30 years of merchandising with both retail and online experience and has extensive knowledge of the clothing sector. She has implemented large scale change programmes in planning, merchandise processes and the introduction of new systems.

Harriet Poppleton

Position: Chief Operating Officer, mothercare Global Brand

Appointment: January 2021

Skills, competencies, experience: Formerly International and Business Development director of Monsoon Accessorize. Harriet has over 15 years of extensive International retailing experience in various leadership roles in USA, Middle East and the UK. Having spearheaded a global change programme Harriet is used to managing the complexities of multi-channel global partnerships and business models whilst delivering a global brand with consistency.

CORPORATE GOVERNANCE REPORT

The Board believes that establishing and maintaining high standards of corporate governance are critical to the successful delivery of the group's strategy and to safeguard the interests of its shareholders, franchise partners, manufacturing partners, staff and other stakeholders. It considers that The Quoted Companies Alliance Corporate Governance Code (the QCA Code) is appropriate for its size and complexity. We set out how we have complied with the QCA Code at page 53.

Mothercare Plc

The directors as at the date of this report along with their biographical details and committee memberships are shown on the preceding pages. The directors' attendance at meetings for the year ended 29 March 2025 is set out in the table below. The table sets out for each director both the number of meetings attended and the maximum number of meetings that could have been attended. Only the attendance of members of the committees is shown in the table although other directors have also attended at the invitation of the respective committee chair.

The ad hoc board meetings which approved the interim results and full year report and accounts were constituted by the Board from those members available at that time, having considered the views of the whole Board beforehand.

			Committee				
	Board		Audit and Risk		Nomination	Remuneration	
Maximum no of meetings	10 formal	3 additional: sub-committee	3 formal	1 additional	1 formal	4 formal	1 additional
Director							
Clive Whiley	10/10	2/2			1/1		
Andrew Cook	10/10	2/2					
Gillian Kent	10/10		3/3	1/1	1/1	4/4	1/1
Mark Newton-Jones	0/5						
Brian Small	10/10		3/3	1/1	1/1	4/4	1/1

Directors' interests and indemnity arrangements

At no time during the year did any director hold a material interest in any contract of significance with the Company or any of its subsidiary undertakings other than a third-party indemnity provision between each director and the Company. The Company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors. The directors also have the benefit of the indemnity provision contained in the Company's Articles of Association. These provisions, which are qualifying third-party indemnity provisions as defined by Section 236 of the Companies Act 2006, were in force throughout the year and are currently in force. Details of directors' remuneration and interests in the shares of the Company are set out in the Directors' Remuneration Report.

Directors' conflict of interest

The Board has maintained procedures whereby potential conflicts of interest are reviewed regularly. These procedures have been designed so that the Board may be reasonably assured that any potential situation where a director may have a direct or indirect interest which may conflict or may possibly conflict with the interests of the Company are identified and, where appropriate, dealt with in accordance with the Companies Act 2006 and the Company's Articles of Association. The Board approved a situational conflict following Mark Newton-Jones' appointment as Senior Managing Director, Head of the UK and Europe, the Middle East & Africa at Gordon Brothers, the Company's lender. Notwithstanding the approval and separation between businesses via internal ethical walls, Mr Newton-Jones was recused from board meetings which he was otherwise eligible to attend up until his appointment ended.

Board evaluation

An internal board evaluation was undertaken during the financial year under review by way of questionnaire. The results were collated into an anonymised summary. The main take out from the results was that the composition of the board is appropriate for the size of the organisation.

The Chairman meets with the non-executive directors without management present at least annually.

Corporate governance statement

For FY25 the Company applied the principles of the 2018 QCA Code and is preparing for application of the principles under the 2023 Code for financial years commencing on or after 1 April 2024.

	QCA Corporate Governance Code 2018:	Mothercare plc application
	10 principles and related disclosures	
Principle	DELIVER GROWTH	
1	Establish a strategy and business model which promote long-term value for shareholders	The Group's business model is set out on page 14. The Group's revenue principally derives from royalties payable on global franchise partners' retail sales, operating through over 370 stores and some 31 countries around the world. Since 2020 we have been working with MGB's franchise partners on an asset-light model in which MGB places orders with manufacturing partners only when there is a corresponding order from a franchise partner. These orders are made under a three-way agreement whereby the franchisee contracts directly with the manufacturer for payment and delivery. Now five years into this model, our franchise and manufacturing partners remain closely aligned with the Mothercare brand. Their deep-rooted understanding has contributed to our continued improvements season after season. We are confident in the scalability of this model and are well-positioned to expand further into new markets and geographies.
2	Seek to understand and meet shareholder needs and expectations	The Company maintains a very close dialogue with its major investors, communicating directly with them several times a year. The Company maintains an investor relations inbox that all shareholders are invited to use and, specifically to ask questions that they might ordinarily ask at general meetings of the company.
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	See section 172 statement on page 36 The main stakeholders in the business include its people, franchise partners, manufacturing partners and pension trustees. Regular dialogue is maintained with them all.
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	See our Principal risks and uncertainties on pages 32 to 35
	MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK	
5	Maintain the board as a well-functioning, balanced team led by the chair	See our governance statement on pages 52 to 55
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	See our governance statement on pages 52 to 55
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	See our governance statement on pages 52 to 55

CORPORATE GOVERNANCE REPORT
CONTINUED

8	Promote a corporate culture that is based on ethical values and behaviours	The Company believes that establishing and maintaining high standards of corporate governance are critical to the successful delivery of the Group's strategy and to safeguard the interests of its stakeholders. The group is committed to respecting internationally recognised human rights and partnering with suppliers that: provide decent, safe and fair working conditions for their employees with dignity and respect; reduce the environmental impact of their operations; and demonstrate a strong commitment to business ethics. MGB will continue to evolve and strengthen the group as it develops its global relationships.
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	A key element of the Board's responsibility is monitoring and reviewing the effectiveness of the company's system of internal control, and the non-executive directors challenge and scrutinise its effectiveness and integrity. The roles and responsibilities of the directors, e.g. where they sit on and / or chair a specific committee are set out at page 54. The terms of reference and matters reserved for the board are available on the Company's website, www.mothercareplc.com
	BUILD TRUST	
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Reports of the work of the Board and its committees are set out in the Annual Report 2025: Board: corporate governance pages 52 – 55 and Directors' report pages 68 – 69 Audit and Risk Committee: page 55 Nomination Committee – page 55 Remuneration Committee – pages 56 – 60 Shareholder notices of meetings and voting at general meetings is available on the regulatory information service at www.mothercareplc.com. There have been no significant votes cast against since 2018 Copies of previous annual reports are available on the same URL

Governance and Committees

The Board is assisted by three main committees that meet and report on a regular basis. At the year end the members of the committees were as set out below. A record of the meetings held during the year of the Board and its principal committees and the attendance by each director is set out on page 52.

	A Audit and Risk Committee	R Remuneration Committee	N Nomination Committee
Committee members	Brian Small (Chair) Gillian Kent	Gillian Kent (Chair) Brian Small	Clive Whiley (Chair) Gillian Kent Brian Small

Audit and Risk Committee

The Committee comprises Brian Small as Chair and Gillian Kent. Brian is a Chartered Accountant with recent and relevant financial experience.

The Committee meets regularly during the year with attendance noted at page 52 of the Governance report.

The Company's chairman, CFO and external audit partner are invited to attend when appropriate along with other board directors and executives from time to time.

The Committee's remit is to review the independence and performance of the external auditor and the scope and issues arising from the audit and matters relating to financial control and risk. It assists the Board in its review of corporate governance and in the presentation of the Company's financial results through its review of the interim and full year accounts before approval by the Board, focusing in particular on compliance with accounting principles, changes in accounting practice and major areas of judgement.

During its scheduled meetings the Committee considered the unaudited interim statement, a review of the risk management policy, the risk register and risk committee terms of reference and minutes. It also reviews internal control reports on the operation of the principal franchisees.

The Committee also considered the tender of the external audit services culminating in the appointment of RPG Crouch Chapman LLP who filled a casual vacancy and whose appointment the Board is recommending an 'in favour' vote at the forthcoming AGM.

Non audit services

A policy in respect of non-audit work by the audit firm is in effect. The general principle is that the audit firm should not be requested to carry out non-audit services on any activity of the Company where they may in the future be required to give an audit opinion. Furthermore, the appointment of the audit firm for any non-audit work must be approved by the Committee (or by the Chair of the Committee in the case of minor matters), and will be approved only if it is regarded as being in the best interests of the Company and the Committee will not approve (and the Company will not pay) any non-audit fees to the auditors on a contingent basis.

Nomination Committee

The Committee comprises Clive Whiley as Chair and Brian Small and Gillian Kent. The terms of reference are available on the Company's website, mothercareplc.com.

As a matter of process, the Committee makes recommendations to the Board on candidates to fill board vacancies which are then considered by the Board in conjunction with any advice or recommendation from the Remuneration Committee.

The day-to-day management of the Group continues to be run by the Chief Financial Officer and the Operating Board, with oversight from the Chairman. We continue to anticipate the search for a new Chief Executive Officer to be fulfilled as a natural consequence of the multiple strategic discussions currently in train.

A review of the NED cohort concluded that its size was appropriate for the scale of the business.

An internal board evaluation was undertaken during the financial year under review by way of questionnaire. The results were collated into an anonymised summary. The main take out from the results was the size and composition of the board remained appropriate for the size of business.

Remuneration Committee – see page 56

DIRECTORS' REMUNERATION REPORT

Statement from the Remuneration Committee Chair

Dear Shareholder,

On behalf of my colleagues on the Remuneration Committee and the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 29 March 2025.

The report contains the following parts:

- This annual statement.
- The Annual Report on Remuneration, which provides details of the amounts earned in respect of FY2025.
- The future directors' remuneration policy, intended to take effect from the close of the 2025 AGM.

The Directors' Remuneration Report is subject to an advisory vote at the 2025 AGM. The Committee believes the advisory vote provides a greater degree of accountability and provides our shareholders with a 'say on executive pay'.

FY2025 annual bonus outcome

The CFO was granted an annual bonus with a maximum opportunity equal to 100% of salary in line with the directors' remuneration policy. The bonus was subject to Adjusted EBITDA performance (50% of award), financial based strategic objectives (20% of award) and non-financial based strategic objectives (30% of award). Taking into account EBITDA performance, performance against the strategic objectives, underlying performance for FY2025 and the CFO's significant contributions during the year, the Committee considered a bonus outcome equal to 50% of salary (equivalent to 50% of maximum opportunity) to be appropriate. See page 58 for further details.

No long-term incentive awards were granted or capable of vesting during FY2025.

Directors' remuneration policy

Our current directors' remuneration policy was approved as part of an advisory vote on the 2022 Directors' Remuneration Report at the AGM held on 13 October 2022. The policy is approaching three years old and the Committee has taken the opportunity to review the executive remuneration framework to ensure it is supportive of the Company's long-term strategy and is competitively positioned to attract, retain and incentivise the talent and experience we require.

Long term incentive structure

The Committee intended to grant performance-based LTIP awards during the course of the current three year policy period (i.e. in FY2023, FY2024 and FY2025). However, given the economic uncertainty that has persisted in recent years, coupled with the changes to our business, no performance-based LTIP awards have been granted.

As disclosed in the FY2023 and FY2024 Directors' Remuneration Report, restricted share awards were granted to our CFO, Andrew Cook, and other senior management as a one-off in FY2024 in lieu of performance-based LTIP awards for FY2023 and FY2024. The key rationale for granting the restricted share awards was as follows:

- It removed the challenge of setting long term targets in an uncertain and volatile market.
- It recognised the need to support retention and reward long term value creation through a challenging period requiring significant leadership and resilience.

There are multiple opportunities ahead and we are focused on achieving our growth ambitions. We are also cautious of the ongoing challenges facing our Middle East operations and the continued economic and geopolitical uncertainty, which we must continue to navigate.

While we intend to return to granting performance-based LTIP awards over the longer term, after careful consideration, the Committee believes that flexibility should be included within the new policy to grant restricted share awards, recognising that a dynamic long term incentive structure is needed to retain and incentivise critical talent in prolonged periods of uncertainty.

The key features of the proposed long-term incentive provision are as follows:

- Grant of performance share awards or restricted share awards.
- Performance share award: A normal maximum annual award opportunity of up to 150% of salary. This aligns with the normal maximum award opportunity under the current policy.
- Restricted share award: A normal maximum annual award opportunity of up to 75% of salary. The award opportunity is discounted by 50% compared to the award opportunity for performance share awards, in line with expected practice.
- In exceptional circumstances (such as on recruitment of an executive director), a performance share award of up to 200% of salary or a restricted share award up to 100% of salary may be granted in respect of a financial year. This is to help ensure that the Committee has flexibility over the term of the new policy to attract and retain critical talent whilst taking into account the performance and size of the business. This represents a reduction compared to the current policy, under which the Committee had flexibility to grant a performance share award up to 300% of salary in respect of a financial year to a newly appointed executive director.
- Awards will vest after three years subject to continued employment and performance metrics (for performance share awards) / performance underpins (for restricted share awards). Vested awards will be subject to a two-year holding period. This aligns with the timeframes under the current policy.

The Committee does not intend to grant both performance shares and restricted shares in the same financial year (i.e. the Committee does not intend to operate a 'hybrid' long term incentive structure).

Bonus deferral

Executive directors will continue to be required to defer any bonus earned above 75% of salary into shares for three years. The bonus deferral requirement will however be disapplied in cases where an executive director meets or exceeds their shareholding guideline. The Committee believes that this relaxation supports a more competitive and fairer approach to bonus provision, without compromising on the importance of the alignment of executive and shareholders through meaningful share ownership. This relaxation also reflects emerging market practice.

No further changes are proposed to the policy.

Implementation of directors' remuneration policy for FY2026

Salary/Fees

The CFO has been awarded a 4% increase in salary with effect from 1 July 2025 (increasing his salary from £291,000 to £302,600) in line with the average salary increase awarded to the wider workforce.

There is no change in NED fees or the Chairman's fee.

Annual bonus

The CFO's annual bonus opportunity is in line with the directors' remuneration policy at a maximum of 100% of salary and subject to stretching financial and non-financial performance measures. Details of the performance measures will be disclosed in the FY2026 Directors' Remuneration Report.

Long term incentives

There is no intention to grant LTIP awards to executive directors during FY2026.

Conclusion

We are committed to a responsible and transparent approach in respect of executive pay. We continue to welcome any feedback from shareholders and hope to receive your support on the proposed changes to the directors' remuneration policy at the 2025 AGM.

Gillian Kent
Chair of the Remuneration Committee

24 September 2025

ANNUAL REPORT ON REMUNERATION

Single total figure of remuneration (audited)

The table below shows the single total figure remuneration for directors in FY2025 with comparative figures for FY2024.

	Salary and fees		Benefits		Pension		Annual bonus		Total	
Director	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Executive										
Andrew Cook	286.9	270.6	11.0	11.0	17.2	15.5	145.5	125	460.6	422.1
Non executive										
Clive Whiley	120.0	120.0	–	–	–	–	–	–	120.0	120.0
Gillian Kent	57.5	57.5	–	–	–	–	–	–	57.5	57.5
Mark Newton-Jones[1]	31.7	50.0	–	–	–	–	–	–	31.7	50.0
Brian Small	57.5	57.5	–	–	–	–	–	–	57.5	57.5

1 Mark Newton-Jones resigned as a director following the conclusion of the AGM held on 19 November 2024. The value in the table represent amounts earned during his tenure as a non-executive director.

Executive director base salary (auditable)

Base salary and fees

	2025 £000	2024 £000	% increase
Andrew Cook	302.6	291.0	4.0%

Non-executive director fees (auditable)

	2025 £000	2024 £000	% increase / (decrease)
Chairman	120.0	120.0	0.0%
Non-executive director	50.0	50.0	0.0%
Chair of audit and risk committee	7.5	7.5	0.0%
Chair of remuneration committee	7.5	7.5	0.0%

Annual bonus plan (audited)

Andrew Cook, the CFO, was granted an annual bonus with a maximum opportunity equal to 100% of salary in line with the directors' remuneration policy. The bonus was subject to Adjusted EBITDA performance (50% of award), financial based strategic objectives (20% of award) and non-financial based strategic objectives (30% of award).

We have delivered Adjusted EBITDA for FY2025 of £3.5m which is in line with market expectations.

Performance against the financial and non-financial based strategic objectives is summarised below.

Measure	Assessment
Financial based strategic objectives (20%)	
Maximise the Mothercare franchise potential in India.	New joint venture arrangement for the South Asian region with Reliance Brands Holding UK Limited completed for cash consideration of £16m.
Non-financial based strategic objectives (30%)	
Preserve and expand Mothercare's strategic optionality to ensure long term resilience and sustained value creation.	Financial and operational flexibility maintained through stakeholder management, optimisation of capital allocation, cost structures and liquidity to retain agility and rapid execution of strategic options.
Lead the Operating Board and drive the continued strength and relevance of the Mothercare brand through existing franchise partners and new brand expansion opportunities.	Operational improvements through strong team leadership, capability development and active engagement with franchise partners. Leveraging data insights to enhance decision-making and optimise range development and enhancing brand consistency.

Taking into account EBITDA performance, performance against the strategic objectives, underlying performance for FY2025 and Andrew Cook's significant contributions during the year, the Committee considered a bonus outcome equal to 50% of salary (equivalent to 50% of maximum opportunity) to be appropriate.

Long term incentive (audited)

There was no LTIP awarded to the CFO during FY2025.

Payments to past directors and payments for Loss of Office

There were no payments to past directors nor any payments for loss of office made during FY2025.

Statement of directors' shareholding and share interests (audited)

The interests of the directors and their connected persons in the Company's ordinary shares as at 30 March 2024 and 29 March 2025 (or, if earlier, the date the director stepped down from the Board) are set out below. As at the date of this report, the Company has not been advised of any changes to the interests of the directors and their connected persons.

Director	Shareholding requirement (% salary)	Current shareholding (% salary)[1]	Shares held at 29 March 2025[2]	Shares held at 30 March 2024
Executive directors				
Andrew Cook	200%	19.65%	1,862,375	862,375
Non-executive directors				
Clive Whiley	n/a	n/a	8,000,000	4,000,000
Gillian Kent	n/a	n/a	–	–
Brian Small	n/a	n/a	–	–
Mark Newton-Jones[3]	n/a	n/a	2,472,499	2,472,499

1 Current shareholding as a % of salary was calculated by reference to the average mid-market quoted share price over the 30 days to the balance sheet date (3.07 pence).
2 Or, if earlier, the date the director stepped down from the Board.
3 Mark Newton-Jones resigned on 19 November 2024. Holding is shown as at that date.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Share interests

Director	Award	Date of award	Number of awards at 30.03.24	Awards granted	Awards vested	Awards lapsed	Number of awards at 29.03.25	Exercise price	Date at which award vests
Andrew Cook	Restricted Share Award 2023	25.09.2023	3,000,000	–	–	–	3,000,000	Nil	25.09.2026

Advisers

During the year, the Committee received independent advice from Deloitte. Deloitte is a founder member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in dealings with the Committee.

Statement of voting at General Meeting

The FY2024 Directors' remuneration report was approved at the Annual General Meeting held on 19 November 2024. The table below sets out the voting outcome.

Resolution	Votes For	% of Votes For	Votes Against	% of Votes Against	Votes Withheld*
To approve the Directors' remuneration report	429,227,087	99.97	134,654	0.03	24,704

*A vote withheld is not a vote in law and is not counted in the calculation of votes 'for' and 'against' each resolution

APPROVAL

This report was approved by the Board of Directors on 24 September 2025 and signed on its behalf by Gillian Kent, Chair of the remuneration committee.

DIRECTORS' REMUNERATION POLICY

Executive directors' policy table

The table below summarises each element of the policy for the executive directors, explaining how each element operates and how each part links to the corporate strategy.

Base salary	
Purpose and link to strategy	Provides the basis on which to recruit and retain executive directors of appropriate calibre.
Operation	Salaries are normally reviewed annually by the Committee taking into account a number of factors, including (but not limited to): • an executive director's experience, expertise and/or performance; • competitive salary levels; • pay and conditions elsewhere in the Group; and • affordability and general market conditions.
Maximum opportunity	Any annual salary increases will typically be in line with any salary increases awarded to the workforce. Increases beyond those granted to the workforce may be awarded at the Committee's discretion, such as (but not limited to): • where an executive director has been promoted or has had a change in scope or responsibility; • where an executive director's salary set at initial appointment was below the expected level; • where there has been a change in market practice; or • where there has been a change in the size and/or complexity of the business.
Performance measures	Individual and Company performance is taken into account when determining whether any salary increases are appropriate.

Pension	
Purpose and link to strategy	To provide an appropriate level of retirement benefit to executive directors.
Operation	The executive directors are eligible to participate in the Company's defined contribution registered pension scheme. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, the Company may instead pay a cash supplement, or a combination of a cash supplement and pension contributions.
Maximum opportunity	Executive directors receive a pension contribution in line with pension contributions available to the majority of the workforce (currently 6% of salary).
Performance measures	None

Benefits	
Purpose and link to strategy	To offer competitive and cost-effective benefits to complement the salary in line with those commonly offered by other similar companies.
Operation	Benefits offered include private medical insurance family cover, a car or cash allowance, life assurance and permanent health insurance. Relocation and related benefits may be offered where an executive director is required to relocate in line with Company policy. Relocation and related benefits may be subject to repayment either in full or part if an executive resigns within two years of relocating.
Maximum opportunity	The aim is to provide market competitive benefits and their value may vary from year to year depending on the cost to the Company from third party providers.
Performance measures	None

DIRECTORS' REMUNERATION POLICY
CONTINUED

Annual bonus	
Purpose and link to strategy	To incentivise and reward performance against targets that are linked to the Company's strategy.
Operation	Awards are based on performance (typically measured over a financial year) against key financial and non-financial strategic targets. Any bonus earned up to 75% of salary is payable in cash with the remainder deferred into shares for three years. Where an executive director has met their shareholding guideline the full bonus earned will normally be paid in cash. Dividend equivalents may accrue on deferred shares. Such amounts will normally be paid in shares. Malus and clawback provisions set out below will apply
Maximum opportunity	The maximum bonus opportunity for executive directors is 100% of salary.
Performance measures	Performance measures and their weighting are determined annually by the Committee reflecting the Company's strategy. At least 70% of the bonus is assessed against key financial measures and the balance may be based on non-financial strategic measures. The Committee may exercise its discretion to amend the level of any bonus award if it considers that the level of payment is inconsistent with the underlying performance of the Company or the experience of stakeholders over the performance period.

LTIP	
Purpose and link to strategy	To incentivise and reward profitable growth and the delivery of sustainable long-term shareholder returns, and support retention.
Operation	Award of performance shares or restricted shares (usually in the form of nil-cost options). Performance share awards will normally vest after three-years, subject to continued employment and performance measures. Restricted share awards will normally vest after three-years, subject to continued employment and performance underpins. Vested awards will be subject to a two-year holding period. Dividend equivalents may accrue on shares that vest. Such amounts will normally be paid in shares. Malus and clawback provisions set out below will apply.
Maximum opportunity	**Performance share award** The normal maximum performance share award in respect of a financial year will be up to 150% of salary. In exceptional circumstances (such as on recruitment of an executive director), a performance share award of up to 200% of salary may be granted in respect of a financial year. **Restricted share award** The normal maximum restricted share award in respect of a financial year will be up to 75% of salary. In exceptional circumstances (such as on recruitment of an executive director), a restricted share award up to 100% of salary may be granted in respect of a financial year. It is not envisaged that an executive director would be granted a performance share award and restricted share award in respect of the same financial year.
Performance measures	Performance measures and their weighting applicable to performance share awards will be determined by the Committee reflecting the Company's strategy. Performance underpins applicable to restricted share awards will be determined by the Committee, which will be designed to protect the financial stability of the business and provide sufficient focus on regulatory compliance. The Committee may exercise its discretion to amend the vesting outcome if it considers that the vesting level of performance share awards or restricted share awards is inconsistent with the underlying performance of the Company or the experience of stakeholders over the performance period.

SAYE Plan	
Purpose and link to strategy	To promote share ownership and provide alignment with shareholders' interests
Operation	All employees including executive directors are eligible to participate in the HMRC tax-qualifying Save as you Earn (SAYE) plan (and/or such other HMRC tax-qualifying all-employee share plans as the Company may adopt in the future).
Maximum opportunity	All eligible employees can save up to the HMRC limits applying over a three year savings period.
Performance measures	None

DIRECTORS' REMUNERATION POLICY
CONTINUED

Share ownership policy	
Purpose and link to strategy	To further align the long term interests of executive directors with those of shareholders.
Operation	Executive directors are expected to build up and maintain a shareholding in the Company equivalent in value to 200% of salary. 100% of vested LTIP awards (after sale of shares to cover tax liabilities) must be retained until the guideline is met. Executive directors are not subject to formal post-employment shareholding guidelines. However, executive directors will be expected to sell shares in an orderly manner post-employment.

Incentive plan discretions

The Committee will operate the annual bonus plan and LTIP in accordance with their respective rules and the above policy table. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include (but are not limited to) the following:

- The ability to adjust or set different performance measures or targets if events occur (such as a change in strategy, a material acquisition and/or divestment or a change in market conditions) which cause the Committee to determine that the performance measures and/or targets are no longer appropriate and the amendment is required so that they achieve their original purpose and are not materially less difficult to satisfy;
- The ability to adjust share awards if events occur (such as rights issues, corporate restructuring, a change of control or special dividends).

Any use of discretion would, where relevant, be explained in the Directors' Remuneration Report and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Malus and clawback

Malus and clawback provisions apply to the annual bonus, deferred bonus awards and LTIP as follows:

	Malus	Clawback
Annual bonus	To such time as payment is made	Up to three years following payment
Deferred bonus awards	To such time as the award vests	No clawback provisions apply (as malus provisions apply for three years from the date of award)
LTIP (performance share awards / restricted share awards)	To such time as the award vests	To the end of the two-year holding period

The events in which malus and clawback may apply are as follows:

- material misstatement of financial statements;
- action or conduct of the executive director amounts to a material failure in risk management, employee misbehaviour, fraud or gross misconduct;
- an error in the calculation of the number of shares subject to an award or calculation of performance outcomes;
- the executive director has wholly or partly caused the corporate failure of the Company; or
- the executive director has wholly or partly caused reputational damage to the Company or censure of the Company by a regulatory authority.

Existing arrangements

The Committee reserves the right to settle the vesting of existing arrangements, which includes restricted share awards granted to the CFO on 25 September 2023.

Chairman and non-executive directors' policy

Fees and benefits	
Purpose and link to strategy	To attract and retain non-executive directors of appropriate calibre and experience.
Operation	Fees are normally reviewed annually. The Chairman's fee is determined by the Committee (without the Chairman present). The non-executive directors' fees are determined by a sub-committee of the Board comprising the Chairman and the executive directors. Fees may include a basic fee and additional fees for further responsibilities (e.g. chairing Board committees or holding the office of Senior Independent Director). The Chairman and non-executive directors cannot participate in any of the Company's incentive plans and are not eligible to join the Company's pension scheme. The Chairman and non-executive directors may be eligible to receive benefits such as travel costs, secretarial support or other benefits that may be appropriate.
Maximum opportunity	Any fee increases will typically be in line with any salary increases awarded to the wider workforce. Increases beyond those granted to the workforce may be awarded at the Committee's discretion, such as (but not limited to): • where there has been an increase in the Chairman's or non-executive director's time commitment to the role; • where there has been a change in market practice; or • where there has been a change in the size and/or complexity of the business. Overall fees paid to non-executive directors will remain within the limits set by the Company's Articles of Association.

Recruitment policy

The policy aims to facilitate the appointment of executive directors with the necessary background, skills and experience to ensure the continuing success of the Company.

The Committee will typically seek to align the remuneration package with the above policy table. The Committee may include other elements of pay where the Committee believes there is a need to do so in the best interests of the Company and shareholders.

The Committee may make payments or awards in respect of hiring an executive director to "buyout" arrangements forfeited on leaving a previous employer. In doing so the Committee will take account of relevant factors including any performance measures 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 like-for-like basis to the remuneration arrangements forfeited.

Fees payable to a newly appointed Chairman or non-executive director will be in line with the fee policy in place at the time of appointment.

Service contracts

The CFO's service contract is on a rolling basis and may be terminated by the Company or the CFO upon six months' notice. The notice period for any new executive director will not exceed 12 months by either party.

Non-executive directors' letters of appointment are ordinarily for an initial three-year term followed by annual re-election at the Company's AGM and are subject to a one-month notice period by the Company or non-executive director.

DIRECTORS' REMUNERATION POLICY
CONTINUED

All the directors will offer themselves for election or re-election at the forthcoming AGM.

	Date of initial appointment	Notice period
Executive director		
Andrew Cook	January 2020	6 months
Chairman		
Clive Whiley[1]	April 2018	1 month
Non-executive directors		
Gillian Kent	March 2017	1 month
Brian Small	December 2019	1 month

1. Clive Whiley served as Executive Chairman between April 2018 and March 2020 and was appointed as non-executive Chairman in March 2020.

Payments for loss of office

The principles on which the determination of payments for loss of office will be approached are set out below

	Policy
Payment in lieu of notice	The Company has discretion to make a payment in lieu of notice. Such a payment would include salary and benefits for the unexpired period of notice. Any such payments will be subject to mitigation.
Annual bonus and deferred bonus	The extent to which any annual bonus will be paid or unvested deferred bonus award will vest will be determined in accordance with the rules of the STIP. Executive directors must normally be in employment on the payment date to receive an annual bonus. However, if an executive director leaves due to death, ill-health, injury, disability, redundancy, retirement, the sale of their employer or any other reason at the discretion of the Committee, they will be considered for a bonus payment. The level of payment will be determined by the Committee taking into account the extent to which performance targets are satisfied and, unless the Committee determines otherwise, the proportion of the performance period that had elapsed on the date that the executive director ceases employment. The Committee retains discretion to accelerate payment in exceptional circumstances (e.g. death). Other than for dismissal for gross misconduct, unvested deferred bonus awards will continue and vest at the normal vesting date. The Committee retains discretion to accelerate vesting in exceptional circumstances (e.g. death).
LTIP	The extent to which any unvested award will vest will be determined in accordance with the rules of the LTIP. Unvested awards will normally lapse on cessation of employment. However, if an executive director leaves due to death, ill-health, injury, disability, redundancy, retirement, the sale of their employer or any other reason at the discretion of the Committee, awards will continue and vest at the normal vesting date. The Committee retains discretion to accelerate vesting (and release) in exceptional circumstances (e.g. death). The level of vesting will be determined by the Committee taking into account the extent to which any performance targets and/or performance underpins are satisfied and, unless the Committee determines otherwise, the proportion of the vesting period that had elapsed on the date that the executive director ceases employment. If an executive director leaves for any reason (other than for dismissal for gross misconduct) after an award has vested but before it has been released (i.e. during a 'holding period'), their vested award will continue and be released at the normal release date. The Committee retain discretion to accelerate the release of a vested award in exceptional circumstances (e.g. death).
Change of control	Annual bonus awards will be determined taking into account performance at the time of the event and, unless the Committee determines otherwise, the proportion of the performance period that had elapsed. Deferred bonus awards will vest in full at the time of the event, unless the Committee determines otherwise. Unvested LTIP awards will normally vest (and be released) at the time of the event. The level of vesting will be determined taking into account performance at the time of the event and, unless the Committee determines otherwise, the proportion of the vesting period that had elapsed.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees. Awards under the SAYE may vest and, where relevant, be exercised in the event of employment or a change of control in accordance with the rules of the SAYE Plan.

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 an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's employment.

There is no entitlement to any compensation in the event of non-executive directors' fixed-term agreements not being renewed or the agreement terminating earlier.

Consideration of employment conditions elsewhere in the Company

The policy for the executive directors is designed with regard to the policy for employees across the Group as a whole.

Mothercare operates in a number of different territories and has employees who carry out diverse roles across a number of countries. All employees, including senior managers, are paid by reference to the local market rate and base salary levels are reviewed regularly.

When considering salary increases for executive directors, the Company will be sensitive to pay and employment conditions across the wider workforce. The Committee is kept updated through the year on general employment conditions, budgets for any basic salary increase, the level of bonus pools and pay-outs, and participation in share plans. Therefore the Committee is aware of how total remuneration of the executive directors compares to the total remuneration of the general population of employees and the Committee will continue to monitor the progress of retail pay versus that of senior management.

Common approaches to remuneration policy which apply across the Group include:

- a consistent approach to 'pay for performance' is applied throughout the Group, with annual bonus schemes being offered to all employees;
- offering pension and life assurance benefits for all employees, ensuring that salary increases for each category of employee are considered taking into account the overall rate of increase across the Group, as well as Company and individual performance; and
- encouraging broad-based share ownership through the use of all-employee share plans.

Consideration of shareholders' views

The Committee engages pro-actively with the Company's major shareholders including, for example, when any material changes are made to the policy.

DIRECTORS' REPORT

Directors' report

The directors present their report on the affairs of the group, together with the financial statements and auditors' report for the 52-week period ended 29 March 2025. The corporate governance statement set out on pages 52 to 55 forms part of this report. The Chairman's statement on page 8 gives further information on the work of the Board during the period.

The principal activity of the group is undertaken by its subsidiary and owner of the mothercare intellectual property, Mothercare Global Brand (MGB). MGB specialises in designing and sourcing mothercare products and licensing and franchising the brand. The Group's headquarters is in the UK and it operates in some 31 countries through its network of franchise partners.

An overview of future developments can be found in 'Growth' on page 27.

Directors

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Companies Act 2006 and related legislation and best corporate governance practice. The Articles may be amended by special resolution of the shareholders. The business of the Company is managed by the Board which may exercise all the powers of the Company subject to the provision of the Articles of Association, the Companies Act and any ordinary resolution of the Company.

The following directors served during the 52-week period ended 29 March 2025:

Name	Appointment
Clive Whiley	Non-executive chairman and chair of the nomination committee
Andrew Cook	Executive director
Gillian Kent	Non-executive director and chair of the remuneration committee
Mark Newton-Jones	Non-executive director (to 19 November 2024)
Brian Small	Non-executive director and chair of the audit and risk committee

Mark Newton-Jones' appointment as non-executive director ended on 19 November 2024.

The remaining directors will all retire and offer themselves for re-election at the forthcoming AGM.

The directors have had regard to the need to foster the Company's business relationship with suppliers, customers and others, and the effect of that regard, including the principal decisions taken by the Company during FY2025 are as set out in more detail in the section 172 statement on page 36.

Dividend

The directors are not recommending the payment of a final dividend for the year and no interim dividend was paid during the year (2024: nil). The Company's dividend policy is set out on page 13 of the Chairman's statement.

Capital structure

As at 29 March 2025, the Company's issued ordinary share capital was 563,836,626 ordinary shares of 1p each all carrying voting rights. The details of the Company's issued share capital as at 29 March 2025 are set out in note 24 to the financial statements. No shares were held in Treasury.

Details of the share plans operated by the Group are set out at note 29 to the financial statements.

Substantial shareholdings

As at 29 March 2025, the Company had been advised by, or was aware of, the following interests above 3% in the Company's ordinary share capital:

	% of issued share capital
Richard Griffiths and controlled undertakings	33.22
Lombard Odier Asset Management (Europe) Limited	25.61
M&G Plc	9.50
Robert Quested	9.39

Treasury policy and financial risk management

Treasuring policy, financial risk management and foreign currency, interest rate and credit risk are set out on page 45 of the financial review.

Charitable giving

In FY25 we hosted five sample sales raising a total of £23,217 for charity. Further, MGB also donated approximately 150 boxes of surplus clothing to charities.

Should colleagues wish to donate their time, MGB also offers one, non-contractual, paid Volunteer Day each financial year for colleagues to volunteer for any organisation that is a registered UK charity and demonstrates a positive social or environmental benefit. In the first year of the scheme 85 days were donated to organisations.

Energy and Carbon

The ESG section at page 46 within the Strategic Report contains the group's SECR reporting on energy consumption and carbon emissions.

Political donations

It is the Company's policy not to make political donations and none were made during the year.

Auditors

Each of the persons who was a director of the Company at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

There was a change of auditor during the year with RPG Crouch Chapman LLP (RPGCC) filling a casual vacancy. A resolution to appoint them will be proposed at the forthcoming annual general meeting.

Annual general meeting (AGM)

The AGM will be held on 12 November 2025.

By order of the board

Lynne Medini
Group Company Secretary

24 September 2025

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted International Accounting Standards and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard (FRS) 101 "Reduced Disclosure Framework" and applicable law).

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 Company and of the profit or loss of the Group for that period.

In preparing the financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether UK-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom accounting standards, comprising FRS101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Group and Company will not continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant information of which the Group's and Company's auditors are unaware: and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and parent Company's auditors are aware of that information

This responsibility statement was approved by the board of directors on 24 September 2025 and is signed on its behalf by:

Clive Whiley
Chairman

Andrew Cook
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTHERCARE PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Mothercare Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 weeks ended 29 March 2025 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Company statement of financial position, the Company statement of changes in equity and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards as adopted in the United Kingdom (IFRS). The Company financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (UK GAAP).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 29 March 2025 and of the Group's profit for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with IFRS;
- the Parent Company's financial statements have been properly prepared in accordance with UK GAAP; and
- 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 and the parent company 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.

Material Uncertainty Related to Going Concern

We draw attention to the Going Concern section within the accounting policies, which describes the Directors' assessment of the Group's ability to continue as a going concern. As disclosed in Note 2, the Group incurred a Pre-tax loss for the year (Pre-adjustment) of £1.7m (2024: £3.1m profit) and had net current assets of £0.8m (2024: £17.5m net current liabilities) at the reporting date.

As at the date of approval of these financial statements, the Group is expecting to breach its liquidity financial covenant on its loan facility in the near future. Management are in discussion with the current lender who have not given any indication that they would seek repayment as at this time. Management are also in communication with the trustees of the Defined benefit pension scheme to defer contributions. However, as this has not been formalized and agreed in writing with the Lenders or the Trustees of the Defined Benefit Pension Scheme at this stage, this indicates a material uncertainty to going concern.

These circumstances, along with the other matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. Should the Group be unable to secure the necessary funding, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

We identified going concern as a Key Audit Matter given its significance to the financial statements and the level of judgement involved in the Directors' assessment. In auditing the financial statements, we concluded that the Directors' use of the going concern basis of accounting is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue as a going concern included the following procedures:

- Obtaining and critically assessing the Group's cash flow forecasts prepared by Management and approved by the Directors, covering a period of at least 12 months from the date of approval of the financial statements;
- Testing the mechanical accuracy and integrity of the underlying cash flow model;
- Assessing the reasonableness of key assumptions within the forecast, including revenue growth, gross margins, and operating cost projections to supporting documentation or audit evidence obtained elsewhere during the audit;
- Considering the Group's current cash position of £4.3m as at 29th March 2025, and the projected minimum cash headroom over the going concern assessment period;
- Reviewing documentation relating to board minutes and correspondence with potential investors;
- Holding discussions with the Trustees of the Defined Benefit Pension scheme surrounding deferral of contributions;
- Performing sensitivity analyses on the forecasts to assess the impact of reasonable possible downside scenarios, such as lower-than-expected revenues on the Group's liquidity and headroom; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTHERCARE PLC CONTINUED

- Evaluating the adequacy and appropriateness of the disclosures made in the financial statements in respect of the Directors' going concern assessment and the associated material uncertainty.

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

Our approach to the audit

In planning 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. As in all of our audits, 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 issue an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate. We performed full-scope audits of the material components of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 we identified (whether or not due to fraud), 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.

The use of the Going Concern basis of accounting was assessed as a key audit matter and has already been covered in an earlier section of this report. The other key audit matters identified are described below.

Revenue recognition

Revenue recognition has a presumed risk of fraud under International Auditing Standards. The majority of fees are in relation to initial and ongoing services in terms of revenue recognised.

There is a risk around the occurrence and cut-off of revenues. Management can manipulate revenues and may do so to inflate profits and the attractiveness of the group. This risk is considered more significant because the group is reliant upon external funding.

Our audit work included:

- Updated our understanding of the internal control environment in operation for the material income streams;
- Reviewed the revenue recognition policy in line with IFRS 15 requirements;
- Performed substantive testing of Franchise Partner (FP) Sales through the period through a confirmation process; and
- We reviewed the 'Agent vs Principle' with regard to Revenue Recognition;
- Reviewed a sample of revenue recorded on either side of the year to ensure cut-off is correct;
- Reviewed post year end credit notes for evidence of occurrence of revenue in the period and that cut off is appropriate;
- Ensured revenue recorded within the group accounts is complete and accurate from the date of acquisition of each subsidiary;
- Ensured disclosures in the financial statements are appropriate.

Management override

Management override of controls is a presumed risk of fraud under the International Auditing Standards.

Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have applied professional scepticism throughout our audit procedures.

Our audit work included:

- We obtained a listing of manual journals entered into the accounting system in the year and reviewed a sample of these against a range of different criteria through the use of an Audit Data Analytics (ADA) tool;
- Reviewed the consolidation workings;
- Reviewed management estimations, judgements and significant accounting policies for undue bias in the financial statements;
- Developed an understanding of the internal financial procedures, systems and controls in place across the Group;
- Reviewed unadjusted audit differences for indications of bias or deliberate misstatement;

Expected credit loss model

Per IFRS 9 an entity must always account for expected credit losses, and changes in those expected credit losses. This means that expected credit losses are recognised even before the date that a debtor is due to settle the debt. An entity must also update the amount of expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. This means that more timely information is provided about expected credit losses (ECL). There is a risk that the ECL does not appropriately reflect the forward looking debtor that may or may not be settled. It requires a high level of subjectivity by management to estimate the future predictability of the debtor being paid based on the debtors credit profile. There is a risk that there are not rigorous checks in place in identifying the credit risk when selling to a customer.

Our audit work included:

- We obtained management's documented assessment for expected credit losses and reviewed and evaluated them;
- We assessed management's listing of expected credit loss model and the calculation including risk rating matrix used;
- Reviewed the ECL methodology for compliance with IFRS 9, including consideration of historical loss rates, current conditions and forward-looking macroeconomic factors;
- We assessed the appropriateness of the risk rating matrix used in the model;
- We tested the mechanical accuracy of the model by recalculating a sample of ECLs; and
- We reviewed the disclosures in the financial statements for adequacy, transparency and compliance with IFRS 7, including sensitivity analysis and estimation uncertainty.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTHERCARE PLC CONTINUED

Defined benefit pension	
There is a risk that the defined benefit amount has been incorrectly posted due to the complexity of defined benefit pension schemes. Per IAS 19 paragraphs 55-152 accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service.	Our audit work included: • We obtained the actuarial valuation reports from the third-party expert engaged by management and assessed the independence, qualifications and professional competence of the actuary; • Assessed the independence, qualifications and professional competence of the actuary; • We reviewed the benchmark key actuarial assumptions (e.g. discount rate, inflation, salary growth, mortality) against industry norms and expectations for the client's sector; • We reviewed and tested the accuracy of the pension journals posted by management; • We assessed the completeness and accuracy of data provided to the actuary and evaluated whether management has considered recent developments in determining assumptions; • We confirmed that pension scheme assets are valued appropriately and tested for ownership; • We reviewed the financial statement disclosures to ensure compliance with IAS 19, including sensitivity analyses and explanations of movements in the net defined benefit liability.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows

	Group financial statements	Company financial statements
Overall Materiality	£390,000	£86,000
How we determined it	1% Revenue	1.5% of Gross Assets
Rationale for Benchmark applied	This benchmark is considered to be the most significant determinant of the group's financial performance used by the users of the financial statements. For each component, the materiality was set at a lower level.	We believe that the gross assets is an appropriate measure used by shareholders in assessing the performance of the Company and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £10,000 and £370,000, with a Group De Minimis level of £10,000 set.

We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at £350,000 for the Group and £77,000 for the Company.

We agreed with the Audit Committee that we would report on all differences in excess of 5% of materiality relating to the group financial statements. We also report to the Audit Committee on financial statement disclosure matters identified when assessing the overall consistency and presentation of the consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities 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 the 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 the parent company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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:

- We obtained an understanding of the legal and regulatory frameworks within which the Company/Group operates focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and relevant taxation legislation.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTHERCARE PLC CONTINUED

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. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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

Steven Johnson
Senior Statutory Auditor

for and on behalf of **RPG Crouch Chapman LLP**
Chartered Accountants and Statutory Auditors
40 Gracechurch Street
London
EC3V 0BT

Date: 24th September 2025

RPG Crouch Chapman LLP is a limited liability partnership registered in England and Wales with registered number OC375705.

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 29 March 2025

		52 weeks ended 29 March 2025			53 weeks ended 30 March 2024		
	Note	Before adjusted items £ million	Adjusted items[1] £ million	Total £ million	Before adjusted items £ million	Adjusted items[1] £ million	Total £ million
Revenue	4	**38.9**	**–**	**38.9**	56.2	–	56.2
Cost of sales		**(24.1)**	**(0.6)**	**(24.7)**	(36.6)	–	(36.6)
Gross profit		**14.8**	**(0.6)**	**14.2**	19.6	–	19.6
Administrative income/(expense)	6	**(12.5)**	**14.6**	**2.1**	(13.5)	0.2	(13.3)
Impairment (loss)/gain on receivables	18	**(0.3)**	**–**	**(0.3)**	0.4	–	0.4
Profit from operations	7	**2.0**	**14.0**	**16.0**	6.5	0.2	6.7
Finance costs	8	**(3.7)**	**(0.4)**	**(4.1)**	(3.4)	(0.4)	(3.8)
Profit before taxation		**(1.7)**	**13.6**	**11.9**	3.1	(0.2)	2.9
Tax (charge)/credit	9	**(0.8)**	**(4.9)**	**(5.7)**	0.4	–	0.4
Profit for the period		**(2.5)**	**8.7**	**6.2**	3.5	(0.2)	3.3
Profit for the period attributable to equity holders of the parent		**(2.5)**	**8.7**	**6.2**	3.5	(0.2)	3.3
Earnings per share							
Basic	11			**1.1p**			0.6p
Diluted	11			**1.1p**			0.6p

1 Adjusted items are considered to be one-off or significant in nature and /or value. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across the periods because it is consistent with how business performance is reviewed by the Board. The key adjusting item in 2025 relates to the sale of IP rights for the mothercare brand in India, Bhutan, Bangladesh, Sri Lanka and Nepal, with further detail on adjusted items outlined in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 29 March 2025

	Note	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Profit for the period		**6.2**	3.3
Items that will not be reclassified subsequently to the income statement:			
Remeasurement of net defined benefit liability: Actuarial gain/(loss) on defined benefit pension schemes	30	**3.7**	(33.8)
Fair value gain on intellectual property	13a	**10.7**	–
Deferred tax relating to items not reclassified	16	**–**	2.0
		14.4	(31.8)
Items that may subsequently be reclassified to the Group income statement:			
Retranslation of net assets of overseas subsidiaries		**(0.1)**	–
Total other comprehensive income/(expense) for the year		**14.3**	(31.8)
Total comprehensive income/(expense) for the period wholly attributable to equity holders of the parent		**20.5**	(28.5)

CONSOLIDATED BALANCE SHEET

As at 29 March 2025

	Note	29 March 2025 £ million	30 March 2024 £ million
Non-current assets			
Investment in associate	13a	**10.8**	–
Intangible assets	13b	**7.8**	7.9
Property, plant and equipment	14	**0.2**	0.2
Right-of-use leasehold assets	15	**0.8**	0.1
Deferred tax assets	16	**0.1**	3.4
		19.7	11.6
Current assets			
Inventories	17	**0.6**	0.6
Trade and other receivables	18	**4.1**	4.3
Derivative financial instruments	21	**–**	0.7
Current tax assets		**–**	0.2
Cash and cash equivalents	19	**4.3**	5.0
		9.0	10.8
Total assets		**28.7**	22.4
Current liabilities			
Trade and other payables	22	**(6.2)**	(8.1)
Lease liabilities	15/28	**(0.1)**	(0.2)
Current tax liabilities		**(1.3)**	–
Provisions	23	**(0.6)**	(0.3)
Borrowings	20	**–**	(19.7)
		(8.2)	(28.3)
Non-current liabilities			
Borrowings	20	**(8.0)**	–
Lease liabilities	15/28	**(0.7)**	–
Provisions	23	**(0.1)**	–
Retirement benefit obligations	30	**(21.1)**	(24.2)
		(29.9)	(24.2)
Total liabilities		**(38.1)**	(52.5)
Net liabilities		**(9.4)**	(30.1)
Equity attributable to equity holders of the parent			
Share capital	24	**89.3**	89.3
Share premium account	25	**108.8**	108.8
Own shares		**(0.2)**	(0.2)
Translation reserve	26	**(3.8)**	(3.7)
Revaluation reserve	13a	**10.7**	–
Retained loss		**(214.2)**	(224.3)
Total equity		**(9.4)**	(30.1)

Approved by the board and authorised for issue on 24 September 2025 and signed on its behalf by:

Andrew Cook
Chief Financial Officer

Company Registration Number: 1950509

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 29 March 2025

	Note	Share capital £ million	Share premium account £ million	Own shares £ million	Translation reserve £ million	Revaluation reserve £ million	Retained earnings £ million	Total equity £ million
Balance at 30 March 2024		**89.3**	**108.8**	**(0.2)**	**(3.7)**	**–**	**(224.3)**	**(30.1)**
Profit for the year		–	–	–	–	–	6.2	6.2
Other comprehensive income:								
Retranslation of net assets of overseas subsidiaries		–	–	–	(0.1)	–	–	(0.1)
Remeasurement of defined benefit schemes		–	–	–	–	–	3.7	3.7
Fair value gain		–	–	–	–	10.7	–	10.7
Total other comprehensive income		–	–	–	(0.1)	10.7	3.7	14.3
Total comprehensive income		–	–	–	(0.1)	10.7	9.9	20.5
Transactions with owners								
Share-based payments	29	–	–	–	–	–	0.2	0.2
Balance at 29 March 2025		**89.3**	**108.8**	**(0.2)**	**(3.8)**	**10.7**	**(214.2)**	**(9.4)**

For the 53 weeks ended 30 March 2024

	Note	Share capital £ million	Share premium account £ million	Own shares £ million	Translation reserve £ million	Retained earnings £ million	Total equity £ million
Balance at 25 March 2023		**89.3**	**108.8**	**(0.2)**	**(3.7)**	**(196.0)**	**(1.8)**
Profit for the year		–	–	–	–	3.3	3.3
Other comprehensive income:		–	–	–	–	–	–
Remeasurement of defined benefit schemes		–	–	–	–	(33.8)	(33.8)
Deferred tax relating to items not reclassified		–	–	–	–	2.0	2.0
Total other comprehensive income		–	–	–	–	(31.8)	(31.8)
Total comprehensive income		–	–	–	–	(28.5)	(28.5)
Transactions with owners		–	–	–	–	(28.5)	(28.5)
Share-based payments	29	–	–	–	–	0.2	0.2
Balance at 30 March 2024		**89.3**	**108.8**	**(0.2)**	**(3.7)**	**(224.3)**	**(30.1)**

CONSOLIDATED CASH FLOW STATEMENT

For the 52 weeks ended 29 March 2025

	Note	**52 weeks ended 29 March 2025 £ million**	52 weeks ended 30 March 2024 £ million
Net cash (outflow)/inflow from operating activities	27	**(1.5)**	4.8
Cash flows from investing activities:			
Investment in associate		**(0.1)**	–
Proceeds from sale of IP		**16.0**	–
Purchase of property, plant and equipment		**–**	(0.1)
Purchase of intangibles – software		**(1.1)**	(2.2)
Net cash inflow/(outflow) from investing activities		**14.8**	(2.3)
Cash flows from financing activities:			
Repayment of borrowings		**(11.9)**	–
Proceeds from post administration distribution		**1.2**	–
Interest paid		**(3.0)**	(4.2)
Lease interest paid		**–**	(0.1)
Repayment of leases		**(0.3)**	(0.2)
Net cash outflow from financing activities		**(14.0)**	(4.5)
Net decrease in cash and cash equivalents		**(0.7)**	(2.0)
Cash and cash equivalents at beginning of period		**5.0**	7.1
Effect of foreign exchange rate changes		**–**	(0.1)
Cash and cash equivalents at end of period	27	**4.3**	5.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Mothercare plc is a company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is given in the shareholder information on page 128. The nature of the Group's operations and its principal activities are set out in the operational review on page 16.

These financial statements are presented in UK pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

2 Significant accounting policies

Basis of presentation

The Group's accounting period covers the 52 weeks ended 29 March 2025. The comparative period covered the 53 weeks ended 30 March 2024.

Basis of accounting

The consolidated financial statements of Mothercare Plc as of 29 March 2025 and for the year then ended (the "consolidated financial statements") have been prepared in accordance with UK adopted International Accounting Standards ("IFRS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards The financial statements have been prepared under the historical cost convention.

New and amended standards adopted by the Group

The Group has applied the following amendment for the first time for its annual reporting period commencing on or after 1 January 2024:

Amendments to IAS 1 'Classification of Liabilities as Current or Non-current' and 'Non-current Liabilities with Covenants.

The amendment above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for 29 March 2025 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

Going concern

As stated in the strategic report, the Group's business activities and the factors likely to affect its future development are set out in the principal risks and uncertainties section of the Group financial statements. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the financial review.

Within the next month, we are forecasting to breach a financial covenant of our £8 million debt facility, the facility would then become repayable on demand rather than the term date of October 2026. The breach is expected to be of the liquidity financial covenant, which requires us to maintain cash balances above £2.6 million, other than for a period of no more than three days. The breach will be largely as a result of the continued challenging trading conditions, particularly in the Middle East. All other commitments under the facility are being met and our lender is aware of the situation and continues to support us. The lender is aware of the imminent breach and has not given any indication that they would seek early repayment at this time.

The consolidated financial statements have been prepared on a going concern basis. When considering the going concern assumption, the Directors of the Group have reviewed a number of factors, including the Group's trading results and its continued access to sufficient borrowing facilities against the Group's latest forecasts and projections, comprising:

- A Base Case forecast; and
- A Sensitised forecast, which applies sensitivities against the Base Case for reasonably possible adverse variations in performance, reflecting the ongoing volatility in our key markets.

The Sensitised forecast shows a decrease in worldwide retail sales of 10% as compared to the Base Case in the remainder of the financial year to March 2026 and for the year to March 2027, with the overhead costs assumed to remain constant.

In making the assessment on going concern the Directors have assumed that the Group is able to mitigate the material uncertainty surrounding the ongoing financial restructuring of the Group, which includes:

- The Group's ability to successfully renegotiate its banking facilities, which are likely to become repayable on demand in the near future, with either its existing lenders or to refinance with a third party, in order to secure ongoing funding for the Group; and
- The Group's ability to renegotiate its Defined Benefit Pension Deficit Repayment plan with the Pension Trustee; with the further deferral of contributions, followed by a revision to the current schedule of contributions, both at a time and a level that are affordable to the Group, which has yet to be formally agreed. Whilst no formal agreement has been given the Trustee is considering our request.

The Board's confidence in the Group's Base Case forecast, which indicates the Group will operate with sufficient cash for at least the next 12 months, and the Group's proven cash management capability supports our preparation of the financial statements on a going concern basis and therefore financial statements do not include the adjustments that would be required if the Group were unable to continue as a going concern. However, if trading conditions were to deteriorate beyond the level of risks applied in the sensitised forecast, or the Group was unable to mitigate the material uncertainties assumed in the Base Case Forecast and the Group was not able to execute further cost or cash management programmes, the Group would at certain points of the working capital cycle have insufficient cash. If this scenario were to crystallise the Group would be unable to meet liabilities as they fall due and potentially need to secure additional funding. Therefore, we have concluded that, in this situation, there is a material uncertainty that casts significant doubt that the Group will be able to operate as a going concern without utilising uncommitted or new financing facilities.

2 Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 29 March 2025. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has the right, to variable returns from its involvement with the investee; and
- has the ability to use its powers to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The accounting policies of subsidiaries are in line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but where the Group does not have control or joint control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the accounting policy on impairment of assets.

Revenue recognition

Revenue is recognised only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time. Revenue is measured at the transaction price the Group expects to be entitled to in a contract with a customer and excludes amounts collected on behalf of third parties, discounts, value-added taxes (VAT) and other sales-related taxes.

Revenue recognition has been considered in accordance with IFRS 15 and two separate performance obligations have been identified in relation to income received from franchise partners:

The first performance obligation identified relates to the sale of goods to international franchise partners. Turnover from such sales is recognised at the point in time at which the control of goods is transferred, which is on dispatch. There are two potential points in time depending on the method of shipping. In the first instance, control passes to the franchise partner once the goods are loaded on their shipping vessel. In the second instance, control passes to the franchise partner at the point where their freight carrier collects the goods from one of our distribution centres.

The second performance obligation is in relation to royalty revenue from licences provided to franchise partners to trade under the mothercare brand name, which is recognised on a sales usage basis when the corresponding retail sales are recognised by the franchise partner, in accordance with the substance of the relevant licensing agreement.

The Group has also recognised revenue with certain customers on an agency basis. The most significant consideration under IFRS 15 in determining this treatment is that control of the stock passes directly from the manufacturer to the franchise partner, therefore the Group never takes control of the stock during the logistics cycle. Agency revenue, being solely the margin element of the sale, is recognised at the point that control of the goods passes to the franchise partner.

Given the Group's business model, management are required to apply their judgment as to whether the Group is contracting in the capacity of an agent or a principal. The key determining factor considered by management in making such a judgment is whether control of the stock passes to the Group (before transferring to the franchise partner).

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

2 Significant accounting policies (continued)

Accrued income

Accrued income relates to revenue the Group is entitled to, where amounts have not yet been invoiced, and is treated as a receivable yet to be invoiced, dependent only on the passage of time. In these instances, the Group has an unconditional right to the revenue.

Adjusted earnings

The Group considers that adjusted profit before tax provides additional useful information for shareholders. The term adjusted earnings is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for IFRS measures of profit.

As the Group has chosen to present an alternative earnings per share measure, a reconciliation of this alternative measure to the statutory measure required by IFRS is given in note 11.

To meet the needs of shareholders and other external users of the financial statements the presentation of the income statement has been formatted to show more clearly, through the use of columns, our adjusted business performance which provides more useful information on underlying trends.

The adjustments made to reported results are as follows:

Adjusted items

Due to their significance or one-off nature, and where treatment as an adjusted item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group, certain items have been classified as adjusted.

The gains and losses on these items, such as impairment charges and restructuring costs can have a material impact on the trend in profit from operations and the result for the period. Adjusting for these items is consistent with how business performance is measured internally by the Board and Operating Board.

On this basis the following items are analysed as adjusted items on the face of the income statement:

- transactional costs and consideration received from the sale of the IP rights for certain Asian countries to Reliance Industries Ltd
- costs associated with restructuring and redundancies
- provisions related to onerous contracts
- movement on the expected outcome related to the administration of Mothercare UK Limited (in administration)

Further details of the adjusted items are provided in note 6.

Leasing

All leases are accounted for by recognising a right-of-use asset and a lease liability unless they are for leases of low value assets, or for a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any dilapidations provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate as applied on lease commencement.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the revised remaining lease term.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement.

In these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income

2 Significant accounting policies (continued)

and expense items are translated at the average exchange rates for the period; unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified within other comprehensive income, accumulated in equity in the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and presented in other comprehensive income.

Past service cost is recognised at the earlier of the following: when the plan amendment or curtailment occurs; or when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation less the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds.

The Group has an unconditional right to a refund of surplus under the rules.

In consultation with the independent actuaries to the schemes, the valuation of the retirement benefit obligations has been updated to reflect current market discount rates and to consider whether there have been any other events that would significantly affect the pension liabilities. The impact of these changes in assumptions and events has been estimated in arriving at the valuation of the retirement benefit obligations.

Taxation

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

The tax currently payable is based on taxable profit for the financial 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 financial 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 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 recognised for taxable temporary differences arising on investments in subsidiaries 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 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 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 tax profit nor the accounting profit.

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

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

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.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and assets in the course of construction, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements – 2 years

Fixtures, fittings and equipment – 3 to 10 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. Management re-assess the useful lives and residual values of property, plant and equipment on an annual basis.

Intangible assets – software

Where computer software is not an integral part of a related item of computer hardware, the software is classified as an intangible asset. The capitalised costs of software for internal use include external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with and who devote substantial time to the project. Capitalisation of these costs ceases no later than the point at which the software is

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

2 Significant accounting policies (continued)

substantially complete and ready for its intended internal use. These costs are amortised on a straight-line basis over their expected useful lives, which is normally five years.

Assets under the course of construction

Whilst internal development of intangible software assets is taking place, assets are reported in the category of assets under the course of construction. Once an asset is ready for use, either in stages or in entirety, the asset is transferred to the reported category of intangible assets – software and depreciation commences.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets under the course of construction are tested for impairment annually irrespective of whether there are any indicators of impairment. 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 to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that an asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense in the income statement immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost is calculated using the weighted average cost formula. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial guarantees

Where the Company has entered into financial guarantee contracts, such as over a lease, these are initially measured at fair value, and later revalued to the higher of: expected credit losses and the amount initially recognised less any cumulative income/ amortisation.

Lease guarantees

Amounts which have fallen due are treated as financial guarantee contracts under IFRS 9: Financial instruments. Amounts which are a potential future liability are accounted for under IAS 37: Provisions.

Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are initially measured at the transaction price and subsequently measured at amortised cost less provision or impairment. The Group recognises a loss allowance for expected credit losses on trade receivables, which is updated at each financial reporting date to reflect changes in credit risk since initial recognition.

Expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Financial asset

The Group holds a financial asset of £ nil million (2024: £0.7 million) reflecting the amount which the administrators of Mothercare UK Ltd and Mothercare Business Services are expected to receive towards settlement of the Group's secured debt. This amount represents the realisation of cash from the wind-up of the UK business through the administration process. The asset has been fair valued based on the administrators' worst case scenario of the amount that the Group will receive.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

2 Significant accounting policies (continued)

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective rate interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Finance costs directly attributable to the acquisition or construction of qualifying assets are capitalised. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds are received, net of direct issue costs.

Derivative financial instruments

The Group's financial risk management policy prohibits the use of derivative financial instruments for speculative or trading purposes and the Group does not therefore hold or issue any such instruments for such purposes.

Provisions

Provisions, including liabilities of uncertain timing or amount such as leasehold dilapidations, warranty claims and disputes, and onerous leases, 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 measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Onerous contracts

Present obligations arising out of onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period. The estimates are updated at each balance sheet date for the Group's expectation of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the valuation technique considered to be most appropriate for each class of award, including Black-Scholes calculations and Monte Carlo simulations. The expected life used in the formula is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date, with any changes in fair value recognised in the profit or loss for the year.

The Group also provides employees with the ability to purchase the Group's ordinary shares at 80% of the current market value within an approved Save As You Earn scheme. The Group records an expense based on its estimate of the 20% discount related to shares expected to vest on a straight-line basis over the vesting period.

Alternative performance measures (APMs)

In the reporting of financial information, the Directors have adopted various APMs of historical or future financial performance, position or cash flows other than those defined or specified under UK-adopted International Accounting Standards (IFRS).

These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Purpose

The Directors believe that these APMs assist in providing additional useful information on the performance and position of the Group because they are consistent with how business performance is reported to the Board and Operating Board.

APMs are also used to enhance the comparability of information between reporting periods and geographical units by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Group's performance.

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with prior year.

The key APMs that the Group has focused on during the period are as follows:

Group worldwide sales

Group worldwide sales are total international retail sales. Total Group revenue is a statutory number and is made up of receipts from international franchise partners, which includes royalty payments and the cost of goods dispatched to international franchise partners.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

2 Significant accounting policies (continued)

Constant currency sales

The Group reports some financial measures on both a reported and constant currency basis. Sales in constant currency exclude the impact of movements in foreign exchange translation. The constant currency basis retranslates the previous year's revenues at the average actual periodic exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the year on year reported results. Further details are disclosed within the Financial Review on pages 38 to 45.

Loss before adjusted items

The Group's policy is to exclude items that are considered to be significant in both nature and/or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group. On this basis, the following items were included within adjusted items for the 52-week period ended 29 March 2025:

- transactional costs and consideration received from the sale of the IP rights for certain Asian countries to Reliance Industries Ltd;
- costs associated with restructuring and redundancies;
- provisions related to onerous contracts;
- movement on the expected outcome related to the administration of Mothercare UK Limited (in administration)

A reconciliation of adjusted earnings is shown in note 6.

3 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 2, management has made judgements that have an effect on the application of policies and reported amounts.

3a Critical accounting judgements

Critical judgements represent key decisions made by management in the application of the Group's accounting policies. Where significant risk of a materially different outcome exists due to management assumptions or sources of estimation uncertainty, this will represent a critical accounting estimate. 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 and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Adjusted items

The directors believe that the adjusted profit and earnings per share measures provide additional useful information for shareholders on the performance of the business.

These measures are consistent with how business performance is measured internally by the Board and Operating Board.

The adjusted profit before tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The

classification of adjusted items requires significant management judgment by considering the nature and intentions of a transaction.

Note 6 provides further details on current period adjusted items and their adherence to Group policy.

Determination of Expected credit losses (ECL) on trade and other receivables

Judgment is required in determining the rate of expected default applicable for receivables. A risk matrix includes judgments for the rates used by age and risk level of a receivable. There is also inherent judgment in selecting the appropriate risk level for each customer.

3b Key sources of estimation uncertainty

In applying the Group's accounting policies described above, the directors have identified that the following areas are the key estimates that have a significant risk of resulting in a material adjustment to the carrying value of assets and liabilities in the next financial year.

Expected credit losses (ECL) on trade and other receivables

The provision for the allowance for expected credit losses (refer to note 18) is calculated using a combination of internally and externally sourced information, including future default levels (derived from historical defaults overlaid by macro-economic assumptions), future cash collection levels (derived from past trends), credit ratings and other credit data.

Once a customer has defaulted on a receivable amount, there is limited sensitivity associated with credit risk however, prior to default, the greatest sensitivity relates to the ability of customers to afford their payments. Deterioration in the ability of customers to afford their payments will cause an increase in the probability of default.

If the ECL rates on trade receivables had been 5% higher at 29 March 2025, the loss allowance on trade receivables would have been £0.2 million higher (2024: £0.4 million higher).

Allowances against the carrying value of inventory

The Group reviews the market value of, and demand for, its inventories on a periodic basis to ensure that recorded

inventory is stated at the lower of cost and net realisable value. In assessing the ultimate realisation of inventories, the Group is

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

required to make judgements as to future demand requirements and to compare these with current inventory levels. Factors that could impact estimated demand and selling prices are timing and success of product ranges (see note 17).

A 20% change in the volume of inventories requiring clearance through the franchise network or any alternative mediums would impact the net realisable value by Nil (2024: £0.5 million). A 5% change in the level of markdown applied to the selling price would impact the value of inventories by £0.0 million (2024: £0.0 million).

Retirement benefits

Retirement benefits are accounted for under IAS 19 'Employee Benefits'. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value.

As a result of changing market and economic conditions, the expenses and liabilities actually arising under the plans in the future may differ materially from the estimates made on the basis of these actuarial assumptions. The plan assets are partially comprised of equity and fixed-income instruments. Therefore, declining returns on equity markets and markets for fixed-income instruments could necessitate additional contributions to the plans in order to cover future pension obligations. Also, higher or lower withdrawal rates or longer or shorter life expectancy of participants may have an impact on the amount of pension income or expense recorded in the future.

The interest rate used to discount post-employment benefit obligations to present value is derived from the yields of senior, high-quality corporate bonds at the balance sheet date; selection of an appropriate rate is judgemental. These generally include AA-rated securities. The discount rate is based on the yield of a portfolio of bonds whose weighted residual maturities approximately correspond to the duration necessary to cover the entire benefit obligation.

Pension and other post-retirement benefits are inherently long-term and future experience may differ from the actuarial assumptions used to determine the net charge for 'pension and other post- retirement charges'. Note 30 to the consolidated financial statements describes the principal discount rate, inflation and pension retirement benefit obligation assumptions that have been used to determine the pension and post-retirement charges in accordance with IAS 19. The calculation of any charge relating to retirement benefits is clearly dependent on the assumptions used, which reflects the exercise of judgment. The assumptions adopted are based on prior experience, market conditions and the advice of plan actuaries.

At 29 March 2025, the Group's pension deficit was £21.1 million (2024: £24.2 million). Further details of the accounting policy on retirement benefits are provided in note 2.

Sensitivities to changes in assumptions in respect of discount rates, inflation and life expectancy are included in note 30.

Deferred taxation

The Directors have to consider the recoverability of the deferred tax assets based on forecast profits. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

Impairment of assets

The Group reviews the carrying value of assets on a periodic basis, and whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable.

Such circumstances or events could include: a pattern of losses involving the asset; a decline in the market value for the asset; and an adverse change in the business or market in which the asset is involved. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount and the asset's residual value, if any. Estimates of future cash flows and the selection of appropriate discount rates relating to particular assets or groups of assets involve the exercise of a significant amount of judgment.

Cash flow projections are based on the Group's five year internal forecasts, the results of which are reviewed by the Board. Estimates of selling prices and direct costs are based on past experience, expectations of future changes in the market and historic trends.

Estimation of useful lives of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment and intangible assets are depreciated on a straight line basis over their useful economic lives. This requires the estimation of how long these assets will be in use by the business before they are either disposed of, and if necessary, required to be replaced. The appropriateness of assets' useful economic lives and any changes could affect prospective depreciation rates and asset carrying values are reviewed at least annually. Right-of-Use investment property assets have been depreciated over the lease length, which was considered appropriate having taken into account the expected net present value of cashflows generated over the lease term. Estimation will be required over the estimated useful economic life of the ERP system; currently this is an asset under construction and not being depreciated but as appropriate the Group will carry out an assessment of how long it is expected to endure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. Revenue

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Sale of goods to franchise partners	27.1	40.7
Royalties income	11.8	15.5
Total revenue	38.9	56.2

5. Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reported to the Group's executive decision makers (comprising the executive directors and operating board) in order to allocate resources to the segments and assess their performance. Under IFRS 8, the Group has not identified that its operations represent more than one operating segment.

The results of franchise partners are not reported separately, nor are resources allocated on a franchise partner by franchise partner basis, and therefore have not been identified to constitute separate operating segments.

Revenues are attributed to countries on the basis of the customer's location. The largest customer represents approximately 25% (2024: 32%) of Group revenue.

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Turnover by destination:		
Europe	18.7	27.5
Middle East	9.3	11.6
Asia	10.9	17.1
Total revenue	38.9	56.2

6. Adjusted items

The total adjusted items reported for the 52-week period ended 29 March 2025 is a net gain of £13.6 million (2024: £0.2 million loss). The adjustments made to reported profit before tax to arrive at adjusted profit are:

	52 weeks ended 30 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Adjusted items:		
Cost of sales		
Onerous contract provision	(0.6)	–
Administrative expenses		
Sale of IP rights	15.2	–
Financial asset	0.5	0.7
Past service costs	(0.3)	–
Restructuring and reorganisation costs included in administrative expenses	(0.8)	(0.5)
	14.6	0.2
Finance costs		
Restructuring costs included in finance costs	(0.4)	(0.4)
Adjusted items before tax	13.6	(0.2)

Onerous contract provision – £(0.6) million (2024: £Nil)

Provision for onerous contract provision relating to lower contracted cost recoveries compared with the actual costs incurred.

Sale of IP rights £15.2 million (2024: £Nil)

Income from the sale of intellectual property. During the year Mothercare and Reliance (our Indian Franchise partner) created a new joint venture. Under the terms of arrangement, Reliance paid £16.0 million to acquire a 51% interest in a new joint venture Company JVCO 2024 Ltd which held the Mothercare Intellectual property (IP) for certain Asian countries, with Mothercare retaining a 49% residual shareholding. Mothercare earned a net income of £15.2 million from the arrangement as outlined below:

IP sale	
Proceeds on the sale of 51% of JVCO Ltd	16.0
Royalty concessions given as a result of the deal	(0.4)
Professional fees incurred on the deal	(0.4)
Net proceeds	15.2

Financial asset – £0.5 million (2024: £0.7 million)

True-up of the financial asset arising on the revolving capital facility, which was valued at the end of financial year 2025 based on the information available at the time, whilst assuming the worst-case scenario that no further distributions are to be received.

Past service costs – £(0.3) million (2024: £Nil)

Past service cost as a result of the Executive Pension Scheme equalising Guaranteed Minimum Pensions (GMPs) for all pensioner members.

Restructuring and reorganisation costs included in administrative expenses – £(0.8) million (2024: £(0.5) million)

- £(0.4) million redundancy payments made to certain staff during the year;
- £(0.2) million legal and professional fees incurred by the Pension trustee as a result of the refinancing of the Group's loan facility;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6 Adjusted items (continued)

- £(0.3) million costs incurred in de-commissioning IT equipment due to the new ERP going live during the year, offset by
- £0.1 million credit received from our registrars relating to unclaimed dividends.

The prior year costs related to redundancy payments made to certain staff during the year.

Restructuring costs included in finance costs – £(0.4) million (2024: £(0.4) million)

The current year charge relates to £0.4 million costs linked to refinancing of the Group's existing loan facility. The prior year charge for refinancing the Group's loan facility was £0.4 million.

Cashflows arising on adjusted items

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities	
	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million	**52 weeks ended 29 March 2025 £ million**	53 weeks ended 30 March 2024 £ million	**52 weeks ended 29 March 2025 £ million**	53 weeks ended 30 March 2024 £ million
Restructuring and reorganisation costs in administrative expenses	**(0.6)**	(0.5)	**–**	–	**–**	–
Financial asset	**–**	–	**–**	–	**1.1**	–
Sale of subsidiary	**–**	–	**16.0**	–	**–**	–
Restructuring costs in financing costs	**–**	–	**–**	–	**(0.4)**	(0.4)
Total	**(0.6)**	(0.5)	**16.0**	–	**0.7**	(0.4)

7. Profit from operations

Profit from operations (except where specifically stated) has been arrived at after charging:

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Net total foreign exchange loss	**(0.2)**	–
Cost of inventories recognised as an expense	**(19.9)**	(32.4)
Depreciation of property, plant and equipment	**(0.1)**	(0.1)
Amortisation of right-of-use assets	**(0.2)**	(0.2)
Amortisation of intangible assets – software	**(1.2)**	(0.1)
Loss allowance on trade receivables (see note 18)	**(0.3)**	–
Warehouse, freight and duty costs	**(0.6)**	(0.3)
IT contracts and maintenance	**(3.0)**	(4.2)
Staff costs (including directors*):		
Wages and salaries (including cash bonuses, excluding share-based payment charges)	**(6.5)**	(7.0)
Social security costs	**(0.7)**	(0.7)
Pension costs (including administrative expenses and PPF levy of defined benefit scheme)	**(1.6)**	(1.8)
Share-based payments charge (see note 29)	**(0.2)**	(0.3)

* Directors include executive and non-executive directors.

7. Profit from operations (continued)

An analysis of the average monthly number of full and part-time employees throughout the Group, including directors*, is as follows:

	52 weeks ended 29 March 2025 Number	53 weeks ended 30 March 2024 Number
Number of employees comprising:		
Head Office	**118**	135
Overseas	**6**	8
	124	143

* Directors include executive and non-executive directors.

Details of Directors' emoluments, share options and beneficial interests are provided within the remuneration report on pages 58 to 60. The analysis of Auditor's remuneration is as follows:

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**–**	–
Fees payable to the Company's auditor for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	**0.1**	0.1
Total audit fees	**0.1**	0.1
Total non-audit fees	**–**	–

The policy for the approval of non-audit fees is set out on page 55 in the corporate governance report.

8. Net finance costs

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Other interest payable and finance charges	**3.0**	4.1
Net interest expense on liabilities/return on assets on pension	**1.1**	–
Interest on lease liabilities	**–**	0.1
Interest payable	**4.1**	4.2
Net interest income on liabilities/return on assets on pension	**–**	(0.4)
Net finance costs	**4.1**	3.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

9. Taxation

The charge/(credit) for taxation on profit for the period comprises:

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Current tax:		
UK tax	1.5	–
Foreign taxation	0.8	1.4
Adjustment in respect of prior periods	–	0.1
	2.3	1.5
Deferred tax: (see note 16)		
Origination and reversal of temporary differences	3.5	(1.3)
Adjustment in respect of prior periods	(0.1)	(0.6)
Charge/(credit) for taxation on profit for the period	5.7	(0.4)

UK corporation tax is calculated at 25% (2024: 24.95%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge/(credit) for the period can be reconciled to the profit for the period before taxation per the consolidated income statement as follows:

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Profit for the period before taxation	11.9	2.9
Profit for the period before taxation multiplied by the standard rate of corporation tax in the UK of 25.0% (2024: 24.95%)	3.0	0.7
Effects of:		
Expenses not deductible for tax purposes	(1.2)	0.5
Income not taxable	(4.2)	–
Foreign tax credits	0.7	0.6
Group income	–	(0.2)
Adjustments in respect of prior years	(0.1)	(0.5)
Other movements	6.7	–
Tax losses	–	(3.4)
Movement in deferred tax not recognised	0.8	1.9
Charge/(credit) for taxation on profit for the period	5.7	(0.4)

In addition to the amount charged / (credited) to the income statement, deferred tax relating to retirement benefit obligations amounting to £Nil million has been credited directly to other comprehensive income (2024: £2.0 million).

10. Dividends

There was no final dividend for the period (2024: £nil) and no interim dividend was paid during the period (2024 £nil).

11. Earnings / (losses) per share

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Weighted average number of shares in issue	563.8	563.8
Dilutive potential ordinary shares	11.5	7.7
Diluted weighted average number of shares	575.3	571.5
Number of shares at period end	563.8	563.8

	£ million	£ million
Profit for basic and diluted earnings per share	6.2	3.3
Adjusted items (Note 6)	(8.7)	0.2
Tax effect of above items	–	–
Adjusted (loss)/profit	(2.5)	3.5

	Pence	Pence
Basic earnings per share	1.1	0.6
Basic adjusted (losses)/earnings per share	(0.4)	0.6
Diluted earnings per share	1.1	0.6
Diluted adjusted (losses)/earnings per share	(0.4)	0.6

Analysis of shares by class	29 March 2025 million	30 March 2024 million
Ordinary shares at period end date	563.8	563.8
Antidilutive/dilutive SAYE options	0.1	0.8
Dilutive LTIP options	11.4	12.9
Total	575.3	577.5

Where there is a loss per share, the calculation has been based on the weighted average number of shares in issue, as the loss renders all potentially dilutive shares anti-dilutive.

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12. Subsidiaries, associates and joint ventures

Details of all the Group's investments in subsidiaries and joint ventures, all of which are wholly owned (except where stated) and included in the consolidation, at the end of the reporting period is as follows:

Investment in subsidiaries	Country	% owned	Nature of Business	Direct/ indirect
Chelsea Stores Holdings Limited	UK(1)	100%	Holding Company	Direct
Chelsea Stores (EBT Trustees) Limited	UK(1)	100%	Dormant	Indirect
Chelsea Stores Holdings 2 Limited	UK(1)	100%	Holding Company	Indirect
Early Learning Centre Limited	UK(1)	100%	Non Trading	Indirect
Mothercare Group Sourcing Limited	Hong Kong(2)	100%	Non Trading	Indirect
TCR Properties Limited	UK(1)	100%	Dormant	Direct
Mothercare Finance Limited	UK(1)	100%	Holding Company	Direct
Mothercare Sourcing Division (Bangladesh) Private Limited	Bangladesh(3)	100%	Dormant	Indirect
Mothercare Group Limited (The)	UK(1)	100%	Investment Holding Company	Direct
Mothercare Services Limited	UK(1)	100%	Non Trading	Indirect
Mothercare (Holdings) Limited	UK(1)	100%	Holding Company	Indirect
Gurgle Limited	UK(1)	100%	Non Trading	Indirect
Mothercare International (Hong Kong) Limited	Hong Kong(2)	100%	Investment Holding Company	Indirect
Mothercare Sourcing India Private Limited	India(4)	100%	Trading	Indirect
Princess Products Limited	UK(1)	100%	Dormant	Direct
Mothercare Procurement Limited	Hong Kong(2)	100%	Non -Trading	Direct
Mothercare Trademarks AG	Switzerland(5)	100%	In liquidation	Direct
Mothercare Commercial (Shanghai) Co Limited	China(6)	100%	Non Trading	Indirect
Mothercare Global Brand Limited	UK(1)	100%	Trading	Direct
Mothercare Europe Global Brand Limited	ROI(7)	100%	Dormant	Indirect
Mothercare Finance (2) Limited	UK(1)	100%	Trading	Indirect

Investment in associates and joint ventures	Place of incorporation	Proportion of ownership interest %	Proportion of voting power held %
Wadicare Limited*	Cyprus	30	30
JVCO 2024 Ltd	UK(8)	49	49

* As the joint venture is loss-making, no share of profits has been recognised.

Registered office address:

(1) Westside 1, London Road, Hemel Hempstead, HP3 9TD
(2) 26th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong
(3) 62/1 Purana Paltan, Level 4, Motijheel C/A, Dhaka 1000, Bangladesh
(4) Number 100, N.A Elixir, 2nd Floor, 4th B Cross, 5th Block Industrial Layout, Koramangala, Bangalore, 560095, India
(5) Haldenstrasse 5, 6340 Baar, Switzerland
(6) Unit 7 and 8, 18 Floor, No 3 Building, No 1193 ChangNing Road, ChangNing District, Shanghai, China
(7) The Greenway, Block C, 1120114 St Stephen's Green, Dublin 2, Ireland
(8) 105 Wigmore Street, London, United Kingdom, W1U 1QY

13a. Investment in associates

Set out below is the associate of the Group as at 29 March 2025 which in the opinion of the directors is material to the Group. It has share capital consisting solely of shares held directly by the Group's subsidiary Mothercare Global Brand Limited.

Name of entity	% ownership interest	Nature of relationship	Measurement method	Quoted fair value £million	Carrying amount £million
JVCO 2024 Ltd	49%	Associate	Equity method	10.8	10.8

JVCO 2024 Ltd is engaged in retailing of clothing, equipment and other categories for parents and young children via a franchisee model in the territories of India, Bhutan, Sri Lanka, Nepal and Bangladesh.

At year end, the associate did not hold any contingent liabilities or commitments.

The tables below provide summarised financial information for JVCO 2024 Ltd. The information disclosed reflects the amounts presented in the financial statements of JVCO 2024 Ltd and not Mothercare Plc's share of those amounts.

Summarised Statement of Financial position	£ million
Intangible assets	33.3
Trade and other receivables	0.1
Total assets	33.4
Net assets	**33.4**

Summarised Income Statement	£ million
Revenue	0.2
Income tax	(0.1)
Profit for the period	**0.1**

Reconciliation to carrying amounts	
Opening net assets at 30 March 2024	–
Additions	33.3
Profit for the period	0.1
Closing net assets	**33.4**
Group's share in %	49%
Group's share in £	16.4
Fair value adjustments on disposal	(5.7)
Initial valuation	**10.7**
Share of profit	0.1
Carrying amount	**10.8**

During the year, the Group incorporated a new subsidiary, into which it transferred the Mothercare IP registered in India, Bhutan, Sri Lanka, Nepal and Bangladesh. Subsequently, the Group disposed of 51% of its shareholding in the subsidiary, thereby losing control and retaining a 49% ownership interest. The loss of control triggered the derecognition of the subsidiary and the recognition of the retained 49% interest as an investment in an associate.

The fair value of the investment in associate was determined with reference to the consideration received for the 51% share of the subsidiary sold. As the IP had not been recorded in the accounts previously, recognising the retained interest at fair value created a one-off gain of £10.7 million which is presented as a fair value gain in reserves.

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13b. Intangible assets

	Intangible assets		
	Software £ million	Software under development £ million	Total Intangibles £ million
Cost			
As at 25 March 2023	1.5	5.7	7.2
Additions	–	2.2	2.2
As at 30 March 2024	**1.5**	**7.9**	**9.4**
Additions	–	1.1	1.1
Transfers between categories	9.0	(9.0)	–
Disposals	(1.4)	–	(1.4)
As at 29 March 2025	**9.1**	**–**	**9.1**
Amortisation and impairment			
As at 25 March 2023	1.4	–	1.4
Amortisation	0.1	–	0.1
As at 30 March 2024	**1.5**	**–**	**1.5**
Amortisation	1.2	–	1.2
Disposals	(1.4)	–	(1.4)
As at 29 March 2025	**1.3**	**–**	**1.3**
Net book value			
As at 25 March 2023	0.1	5.7	5.8
As at 30 March 2024	–	7.9	7.9
As at 29 March 2025	**7.8**	**–**	**7.8**

The Group does not hold any intangible assets with a restricted title.

Software

Software is amortised on a straight line basis over its expected useful life which is usually five years. At each balance sheet date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets including software under the course of construction are tested for impairment annually irrespective of whether there are any indicators of impairment. 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 to which the asset belongs. As at year end, there are no intangible assets remaining with an indefinite useful life.

The recoverable amount is deemed to be the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit ("CGU") is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to that recoverable amount. An impairment loss is recognised as an expense in administrative expenses immediately.

The relevant CGUs have been identified as the whole Group for any other software as these are used across the entire business. The key assumptions for the value in use calculations are those regarding the discount rate. During the year, the IP rights for the Mothercare brand for India, Bhutan, Bangladesh, Sri Lanka and Nepal) held by Mothercare Global Brand was sold. The proceeds from this transaction exceeded the carrying amount of assets held. Given that this brand represents only a portion of the Group's operations, management concluded that the fair value less costs of disposal of assets as a whole exceeds its carrying amount. Therefore, no value in use calculation was necessary under IAS 36.18.

Sensitivity analysis has been undertaken, which reduces the net present value of future cash flows. There is no indication that the carrying value of software would require further impairment.

14. Property, plant and equipment

	Fixtures, fittings, equipment £ million
Cost	
As at 25 March 2023	2.6
Additions	0.1
As at 30 March 2024	2.7
Additions	0.1
Disposals	(2.4)
As at 29 March 2025	**0.4**
Accumulated depreciation and impairment	
As at 25 March 2023	2.4
Charge for period	0.1
As at 30 March 2024	2.5
Charge for period	0.1
Disposal	(2.4)
As at 29 March 2025	**0.2**
Net book value	
As at 25 March 2023	0.2
As at 30 March 2024	0.2
As at 29 March 2025	**0.2**

The Group disposed of certain IT equipment and software which are no longer in use. These were primarily taken over from Mothercare UK Ltd at the time of the administration. An impairment review of Group level intangibles and fixed assets was completed and based on the value in use of the Group level cash flows, no further impairment charge has been made.

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15. Leases

Right-of-use Assets

	Property, Plant and Equipment £ million
At 25 March 2023	0.3
Additions	–
Amortisation	(0.2)
Balance at 30 March 2024	0.1
Additions	0.9
Amortisation	(0.2)
Balance at 29 March 2025	**0.8**

The net present value is equivalent to the fair value.

Lease liabilities

	Land and buildings £ million
At 25 March 2023	(0.5)
Additions	–
Interest expense	0.1
Lease payments	0.2
Balance at 30 March 2024	(0.2)
Additions	(0.9)
Interest expense	–
Lease payments	0.3
Balance at 29 March 2025	**(0.8)**

16. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon in the current and prior reporting period:

	Accelerated tax depreciation £ million	Short-term timing differences £ million	Retirement benefit obligations £ million	Losses £ million	Total £ million
At 25 March 2023	(1.2)	1.1	(2.0)	1.7	(0.4)
Credit/(charge) to income	0.4	(1.1)	–	2.5	1.8
Credit to other comprehensive income	–	–	2.0	–	2.0
At 30 March 2024	(0.8)	–	–	4.2	3.4
Credit/(charge) to income	0.9	–	–	(4.2)	(3.3)
Credit to other comprehensive income	–	–	–	–	–
At 29 March 2025	**0.1**	**–**	**–**	**–**	**0.1**

Certain deferred tax assets and liabilities have been offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	29 March 2025 £ million	30 March 2024 £ million
Deferred tax assets	**0.1**	3.4
Deferred tax liabilities	**–**	–
	0.1	3.4

At 29 March 2025, the Group has unused capital losses of £229.3 million (2024: £229.3 million) available for offset against future capital gains. No asset has been recognised in respect of the capital losses as it is not considered probable that there will be future taxable capital gains. The capital losses may be carried forward indefinitely.

At the balance sheet date, deferred tax assets of £0.1 million (2024: £3.4 million) have been recognised in relation to a UK Group company which relates mainly to tax losses.

The Group also has unrelieved tax losses of £9.4 million (2024: £18.4 million) available for offset against future profits at the balance sheet date. No deferred tax asset has been recognised for such losses. The Group has taken a prudent approach given the uncertainty around future profitability of the relevant subsidiaries. All tax losses, both recognised and unrecognised can be carried forward indefinitely.

At the reporting date, deferred tax liabilities of Nil (2024: Nil) relating to withholding taxes have not been provided for in respect of the aggregate amount of unremitted earnings of £0.2 million (2024: £1.0 million) in respect of subsidiaries. No asset has been recognised in the current year, in the prior year, no liability was recognised because the Group, being in a position to control the timing of the distribution of intra Group dividends, has no intention to distribute intra Group dividends in the foreseeable future that would trigger withholding tax. There are no unremitted earnings in connection with interests in joint ventures.

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17. Inventories

	29 March 2025 £ million	30 March 2024 £ million
Gross value	**0.6**	3.1
Allowance against carrying value of inventories	–	(2.5)
Finished goods and goods for resale	**0.6**	0.6

Finished goods and goods for resale comprises the following:

	29 March 2025 £ million	30 March 2024 £ million
Finished goods and goods for resale – at a distribution centre	**0.6**	0.4
Finished goods and goods for resale – in transit	–	0.2
Finished goods and goods for resale	**0.6**	0.6

The cost of inventories recognised as an expense during the year was £19.9 million (2024: £32.4 million). The amount of write down of inventories to net realisable value recognised within net income in the period and prior year is Nil. All inventories (2024: All) are expected to be recovered within the year.

18. Trade and other receivables

	29 March 2025 £ million	30 March 2024 £ million
Trade receivables gross	**5.2**	4.2
Expected credit losses (ECL) under IFRS 9	**(3.1)**	(2.8)
Trade receivables net	**2.1**	1.4
Prepayments	**0.5**	1.2
Accrued income	**0.9**	1.4
Other receivables	**0.6**	0.3
Trade and other receivables due within one year	**4.1**	4.3

The following table details the risk profile of trade receivables based on the Group's provision matrix, which determines the expected credit loss by reference to age of the debt as well as micro and macroeconomic factors.

Trade receivables – days past due	Not past due £ million	< 30 days £ million	31–60 days £ million	61–90 days £ million	91–120 days £ million	>120 days £ million	Total £ million
Expected credit loss rate (ECL)	7%	24%	16%	24%	48%	94%	59%
Estimated total gross carrying amount at default	1.5	0.4	0.1	0.1	0.1	3.0	5.2
Lifetime ECL	(0.1)	(0.1)	–	–	(0.1)	(2.8)	(3.1)
At 29 March 2025	**1.4**	**0.3**	**0.1**	**0.1**	**–**	**0.2**	**2.1**
Expected credit loss rate (ECL)	5%	9%	29%	73%	60%	100%	65%
Estimated total gross carrying amount at default	1.1	0.3	0.2	–	–	2.6	4.2
Lifetime ECL	(0.1)	–	(0.1)	–	–	(2.6)	(2.8)
At 30 March 2024	1.0	0.3	0.1	–	–	–	1.4

18. Trade and other receivables (continued)

The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to the loss allowance.

The following summarises the movement in the allowance for doubtful debts:

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Balance at start of period	**(2.8)**	(3.7)
Amounts written off during the period as uncollectable	–	0.5
Amounts recovered in the period	–	0.4
Charged in the period	**(0.3)**	–
Balance at end of period	**(3.1)**	(2.8)

The Group's exposure to credit risk inherent in its trade receivables is discussed in note 21. The Group has no significant concentration of credit risk, except as disclosed above. The Group operates effective credit control procedures in order to minimise exposure to overdue debts. Before accepting any new trade customer, the Group obtains a credit check from an external agency to assess the credit quality of the potential customer and then sets credit limits on a customer by customer basis.

Debtor balances which are not provided for are either on payment plans and abide or pay to terms with the exception of timing due to unforeseen circumstances.

Provisions for doubtful trade receivables are established based upon the difference between the receivable value and the estimated net collectible amount. The Group establishes its provision for doubtful trade receivables based on its historical loss experiences and an analysis of the counterparty's current financial position.

The average credit period taken on sales of goods is disclosed in note 21. No interest is charged on trade receivables, however, the right to charge interest on outstanding balances is retained.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

19. Cash and cash equivalents

Cash and cash equivalents of £4.3 million (2024: £5.0 million) comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

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20. Borrowings

The Group had outstanding borrowings at 29 March 2025 of £8.0 million (2024: £19.7 million).

In November 2020, the Group drew down on a four-year term loan of £19.5 million (£19.4 million net of prepaid facility fees) with Gordon Brothers. The loan is secured on the assets and shares of specific Group subsidiaries. In October 2024, the loan was refinanced with a partial repayment made. The loan balance was amended and restated to a balance of £8.0 million. The interest rate payable is 4.8% per annum, plus SONIA (with a floor of 5.2%), plus PIK interest of 1% per annum, rising to 2% per annum through the term of the loan. The loan is subject to covenants which include minimum royalties, minimum EBITDA and minimum liquidity covenants.

Borrowing facilities

	29 March 2025 £ million	30 March 2024 £ million
Borrowings:		
Secured borrowings at amortised cost:		
Term loan	**8.0**	19.5
Payment-in-kind interest	**–**	0.3
Prepaid facility fee	**–**	(0.1)
Total Borrowings	**8.0**	19.7
Amounts falling due within a year	**–**	19.8
Amounts falling due after more than one year and less than five years	**8.0**	–

The Group has obtained funding from GB Europe Management Services Limited, which holds a fixed and floating charge over all property or undertaking of a subsidiary of the Group.

21. Financial risk management

A. The classes and categories of the Group's financial instruments are categorised as follows:

Financial Instruments: Categories

	Fair value level	29 March 2025 £ million	30 March 2024 £ million
Financial assets			
Customer and other receivables at amortised cost*	2	**3.0**	2.8
Cash and short-term deposits	2	**4.4**	5.0
Financial assets	3	**–**	0.7
Total		**7.4**	8.5
Financial liabilities			
Trade and other payables at amortised cost**	2	**5.8**	6.9
Lease liabilities	2	**0.8**	0.2
Interest bearing loans and borrowings:			
Term loan	2	**8.0**	19.7
Total		**14.6**	26.8

* Prepayments of £0.5 million (2024: £1.2 million), and other debtors of £0.6 million (2024: £0.3 million) do not meet the definition of a financial instrument.

** Other creditors (including payroll creditors and deferred income) of £0.4 million (2024: £1.0 million) do not meet the definition of a financial instrument.

The Group's finance team performs valuations of financial items for financial reporting purposes, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the Chief Financial Officer and to the Audit and Risk Committee, with whom valuation processes and fair value changes are discussed.

21. Financial risk management (continued)

Fair value hierarchy levels 1-3 are based on the degree to which the fair value is observable and are defined as:

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 process included within Level 1 that are observable for the asset or liability, either directly (i.e. Prices) or indirectly (i.e. derived from prices); and

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).

Derivatives and the financial asset are valued at fair value. All other financial assets/liabilities are valued at amortised cost.

Financial assets (Level 3) – the financial asset represents a right, arising under the sales purchase agreement with the administrators of MUK, to receive the proceeds of the wind-up of the UK retail store estate and website operations as repayment for the Group's secured borrowings. The financial asset valuation has been calculated by using the worst case scenario, i.e. that the Group will not receive any further settlements. Many of the outflows which would impact the valuation of this financial asset have now been finalised, with the final repayment being dependent on the amounts to be received back by the merchant acquirer and final settlement of VAT. In the comparative period, the financial asset was estimated by the worst case outcome expected at that time, which was a settlement of £0.7 million.

B. Terms, conditions and risk management policies

The Board approves treasury policies and senior management directly controls day-to-day operations within these policies. The major financial risks to which the Group is exposed relate to movements in foreign exchange rates and interest rates. Where appropriate, cost effective and practicable, the Group uses financial instruments and derivatives to manage these risks. No speculative use of derivatives, currency or other instruments is permitted. The Group's financial risk management policy is described in note 21.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

C. Foreign currency risk management

The Group incurs foreign currency risk on purchases whenever they are denominated in a currency other than the functional currency. This risk is managed through the natural offset of sales and purchases denominated in foreign currency.

The Group historically used forward foreign currency contracts to reduce its cash flow exposure to exchange rate movements, primarily on the US dollar. In doing so, hedge accounting was applied; contracts were considered effective cash flow hedges and accounted for by recognising the gain/loss on the hedge through reserves. There were no contracts outstanding at the year end date or prior year end. The Group has more recently relied on its foreign currency denominated revenues to provide a natural hedge against its foreign currency denominated stock purchases.

The Group incurs foreign currency risk on royalty income as local sales are translated into Sterling amounts on which royalties are calculated. To help mitigate against further currency impacts, the Group previously entered into hedging contracts. The Group has more recently relied on the balance created by foreign currency denominated stock purchases.

Foreign exchange rate risk

Foreign exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Group uses UK pounds sterling as its reporting currency. As a result, the Group is exposed to foreign exchange rate risk on financial assets and liabilities that are denominated in a currency other than UK sterling, primarily in US dollars.

Consequently, it enters into various contracts that reflect the changes in the value of foreign exchange rates to preserve the value of assets, commitments and anticipated transactions. The Group previously used forward contracts and options, primarily in US dollars, but has not entered into any contracts since the latest ones it held expired in May 2019.

Derivatives embedded in non-derivative host contracts have been recognised separately as derivative financial instruments when their risks and characteristics are not closely related to those of the host contract and the host contract is not stated at its fair value with changes in its fair value recognised in the income statement.

Of total sales, 71% (2024: 71%) were invoiced in foreign currency. The Group purchases product in foreign currencies, representing approximately 95% (2024: 95%) of purchases.

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21. Financial risk management (continued)

The Group did not hold any foreign currency forward exchange contracts at 29 March 2025; nor were they committed to any such contracts (2024: none).

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities – Trade payables		Assets – Trade receivables		Assets – Cash	
	29 March 2025 £ million	30 March 2024 £ million	**29 March 2025 £ million**	30 March 2024 £ million	**29 March 2025 £ million**	30 March 2024 £ million
US dollar	**(1.2)**	(1.6)	**1.6**	0.7	**2.5**	3.6
Euro	**–**	–	**0.2**	–	**–**	–
Indian rupee	**–**	–	**–**	–	**0.6**	0.6
Bangladeshi taka	**–**	–	**–**	–	**–**	0.1
	(1.2)	(1.6)	**1.8**	0.7	**3.1**	4.3

Liabilities included in the table above are categorised as trade payables (2024: all trade payables).

Assets included in the table above are categorised as Trade debtors of £1.8 million (2024: £0.7 million) and cash of £4.4 million (2024: £4.3 million)

Currency sensitivity analysis

The Group's foreign currency financial assets and liabilities are denominated mainly in US dollars. The following table details the impact of a 10% increase in the value of pounds sterling against the US dollar. A negative number indicates a net decrease in the carrying value of assets and liabilities and a corresponding loss in adjusted items or in other comprehensive income where UK pounds sterling strengthens against the US dollar.

	Reflected in profit and loss		Reflected in equity	
	29 March 2025 £ million	30 March 2024 £ million	**29 March 2025 £ million**	30 March 2024 £ million
US dollar impact	**(0.3)**	(0.3)	**–**	–

D. Credit risk

Credit risk is the risk that a counterparty may default on their obligation to the Group in relation to lending, hedging, settlement and other financial activities. The Group's credit risk is primarily attributable to its trade receivables. The Group has a credit policy in place and the exposure to counterparty credit risk is monitored. The Group mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties, working within agreed counterparty limits and bank guarantees where appropriate.

The carrying amount of the financial assets represents the maximum credit exposure of the Group. The carrying amount is presented net of impairment losses recognised. The maximum exposure to credit risk comprises trade receivables as shown in note 18, and cash and derivative financial assets. Debtor balances which are not provided for are either on payment plans and abide or pay to terms with exception of timing due to unforeseen circumstances.

The average credit period on gross trade receivables based on revenue was 16 days (2024: 17 days).

E. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities and monitoring covenant compliance and headroom.

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows of the Group's financial liabilities, including cash flows in respect of derivatives:

21. Financial risk management (continued)

	Less than 1 year £ million	1–2 years £ million	2–5 years £ million	Over 5 years £ million	Total £ million
Financial liabilities					
Borrowings	–	8.0	–	–	8.0
Trade and other payables	5.8	–	–	–	5.8
Lease liabilities	–	0.1	0.7	–	0.8
At 29 March 2025	**5.8**	**8.1**	**0.7**	**–**	**14.6**

	Less than 1 year £ million	1–2 years £ million	2–5 years £ million	Over 5 years £ million	Total £ million
Financial liabilities					
Borrowings	19.8	–	–	–	19.8
Trade and other payables	7.1	–	–	–	7.1
Lease liabilities	0.2	–	–	–	0.2
At 30 March 2024	27.1	–	–	–	27.1

Stock payments due to suppliers are matched with franchise partner payments and as a result the unwind of trade payables from the balance sheet is equal and opposite to trade receivable cash receipts from franchise partners. From summer 2020, the Group has been sourcing and selling stock to franchise partners through a tripartite contracting mechanism. Under the tripartite agreements, each party commits to produce, deliver and pay for stock to agreed timelines, this method of contracting greatly reduces the working capital burden for the Group as all payments to suppliers are offset by cash receipts from franchise partners which are made in advance of the payment to supplier.

There are some exceptions to this way of working where franchise partners do still receive invoices from the Group, which are settled on agreed terms. These exceptions are incorporated into cash forecasts and the business has the headroom to deal with these. Away from stock the overhead recovery and royalties are charged on terms which vary by franchise partner which provide cash flow to cover the overhead costs.

F. Interest rate risk

The principal interest rate risk of the Group arises in respect of the drawdown of the term loan. This facility is at a fixed rate plus SONIA with a floor of 5.2%, it exposes the Group to cashflow interest rate risk.

G. Market risk

The Group is exposed to market risk, primarily related to foreign exchange and interest rates. The Group's objective is to reduce, where it deems appropriate to do so, fluctuations in earnings and cash flows associated with changes in interest rates, foreign currency rates and of the currency exposure of certain net investments in foreign subsidiaries. It is the Group's policy to use derivative financial instruments, where possible, to manage exposures of fluctuations on exchange rates.

Capital management policies and procedures The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern;
- To provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.

The Group monitors capital on the basis of the carrying amount of equity, any secured borrowing facilities and any subordinated / un-secured loans, less cash and cash equivalents as presented in the statement of financial position.

Management assess the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excess leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Group may raise new loan financing or issue new shares to reduce debt.

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21. Financial risk management (continued)

For the year ended 29 March 2025 it is estimated that an increase of 1.0% in interest rates applying for the full year would decrease the Group's profit before tax and equity by £0.1 million (2024: £0.2 million).

22. Trade and other payables

	29 March 2025 £ million	30 March 2024 £ million
Current liabilities		
Trade payables	**2.1**	2.7
Payroll and other taxes including social security	**0.3**	0.4
Accruals and other creditors	**3.8**	4.4
Deferred income	**–**	0.6
	6.2	8.1

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 44 days (2024: 63 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Deferred income is a contract liability; it relates to amounts received from franchise partners before the stock has passed into their control. The performance criteria which must be met is for the Group to provide the franchise partners control of the stock. Of the £Nil deferred income balance (2024: £0.2 million), all (2024: all) of it will be included in revenue within one year.

The directors consider that the carrying amount of trade payables approximates to their fair value. Included within accruals is an amount of £0.1 million (2024: £0.1 million) in relation to contractual liabilities arising as part of the administration of Mothercare UK Limited. These represent management's best estimate of the amounts that are due to third parties.

23. Provisions

	29 March 2025 £ million	30 March 2024 £ million
Current liabilities		
Property provisions	**–**	0.1
Other provisions	**0.6**	0.2
Short-term provisions	**0.6**	0.3
Non-current liabilities		
Property provisions	**0.1**	–
Long-term provisions	**0.1**	–
Property provisions	**0.1**	0.1
Other provisions	**0.6**	0.2
Total provisions	**0.7**	0.3

The movement on total provisions is as follows:

	Property provisions £ million	Other provisions £ million	Total provisions £ million
Balance at 30 March 2024	0.1	0.2	0.3
Utilised in period	–	(0.2)	(0.2)
Charged in period	–	0.6	0.6
Balance at 29 March 2025	**0.1**	**0.6**	**0.7**

23. Provisions (continued)

Property provisions represent dilapidations provisions for our head office. In the prior year property provisions represented £0.1 million dilapidations provisions.

Other provisions include provisions for uninsured losses and contractual agreements requiring future cash outflows. The timing of these provisions is uncertain and estimation has been used to consider what amounts will fall due in less than one year.

24. Share capital

	52 weeks ended 29 March 2025 Number of shares	53 weeks ended 30 March 2024 Number of shares	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Issued and fully paid				
Ordinary shares of 1 pence each				
Balance at the beginning and the end of the period	**563,836,626**	563,836,626	**5.6**	5.6
Deferred shares of 49 pence each				
Balance at the beginning and end of the period	**170,871,885**	170,871,885	**83.7**	83.7
Total share capital at end of period			**89.3**	89.3

On 12 March 2021, the Group's shares were transferred from the London Stock Exchange's main market to instead be listed on AIM. Following this, on 17 March 2021, the shareholder loans – previously held within borrowings with the option to convert classified as a financial liability – converted to equity. The agreements entitled the shareholders to 189,644,132 ordinary 1 pence shares, giving rise to £1.9 million of share capital, £17.1 million of share premium and £9.5 million of distributable profits. The deferred shares do not carry any voting rights.

Further details of employee and executive share schemes are given in note 30.

The own shares reserve of £0.2 million (2024: £0.2 million) represents the cost of shares in Mothercare plc purchased in the market and held by the Mothercare Employee Trusts to satisfy options under the Group's share option schemes (see note 29). The total shareholding is 151,232 (2024: 151,232).

25. Share premium

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Balance at the beginning and the end of the period	**108.8**	108.8

26. Translation reserves

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Translation reserve		
Balance at beginning of period	**(3.7)**	(3.7)
Exchange differences on translation of foreign operations	**(0.1)**	–
Balance at the end of the period	**(3.8)**	(3.7)

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27. Reconciliation of cash flow from operating activities

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Profit from operations	**16.0**	6.7
Adjustments for:		
Depreciation of property, plant and equipment	**0.1**	0.1
Amortisation of right-of-use assets	**0.2**	0.2
Amortisation of intangible assets	**1.2**	0.1
Gain on sale of subsidiary	**(15.2)**	–
(Gain)/loss on adjusted foreign currency movements	**(0.1)**	0.2
Equity-settled share-based payments	**0.2**	0.2
Movement in provisions	**0.4**	(0.8)
Net gain on financial derivative instruments	**(0.5)**	(0.2)
Payments to retirement benefit schemes	**(2.2)**	(2.4)
Charge to profit from operations in respect of retirement benefit schemes	**1.4**	1.7
Operating cash inflow before movement in working capital	**1.5**	5.8
Decrease in inventories	**–**	0.3
Decrease in receivables	**0.6**	2.4
(Decrease) in payables	**(2.1)**	(2.5)
Net cash inflow from operating activities before tax	**–**	6.0
Income taxes paid	**(1.5)**	(1.2)
Net cash (outflow)/inflow from operating activities after tax	**(1.5)**	4.8

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

Analysis of net debt and financial liabilities

	Note	30 March 2024 £ million	Cash flow £ million	Other non–cash movements[1] £ million	**29 March 2025 £ million**
Term loan	20	(19.7)	11.9	(0.2)	**(8.0)**
Cash at bank	19/20	5.0	(0.7)	–	**4.3**
IFRS 16 lease liabilities		(0.2)	0.3	(0.9)	**(0.8)**
Net debt		(14.9)	11.5	(1.1)	**(4.5)**

1. Non-cash movements represents payment in kind (PIK) interest on the Term Loan and right of use liability amount on the renewed head office lease.

28. Lease liabilities

At the balance sheet date, the maturity analysis of the Group's undiscounted cashflows on IFRS 16 leases were as follows:

	Land and Buildings 29 March 2025 £ million	Land and Buildings 30 March 2024 £ million
Not later than one year	**0.1**	0.2
After one year but not more than five years	**0.7**	–
Total undiscounted cashflows	**0.8**	0.2

The Group's weighted average incremental borrowing rate for all leases is 11.8% (2024: 11.0%).

29. Share-based payments

An expense is recognised for share-based payments based on the fair value of the awards (at the date of grant for those awards due to be equity settled and at year end for those due to be cash settled), the estimated number of shares that will vest and the vesting period of each award. The decrease in the charge year on year is due to a change in the estimated number of shares that will vest.

Share-based payments comprise a charge of £0.2 million (2024: £0.2 million) including national insurance. At 29 March 2025 there is a balance sheet liability of Nil related to the expected national insurance charge when share-based payment schemes vest (2024: £0.1 million), which has been recognised in accruals in note 22.

These charges relate to the following schemes:

A. Save As You Earn Schemes

B. Long term Incentive Plans – LTIP 2023

C. Long Term Incentive Plans – LTIP 2021

Details of the share schemes that the Group operates are provided in the directors' remuneration report on pages 56 to 60.

For each scheme, expected volatility was determined with reference to the 90-day volatility of the Company share price over the previous three years. The expected life used in each model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The dates of exercise are not disclosed, as it is not deemed practicable to do so.

A. Save As You Earn Schemes

The employee Save As You Earn schemes are open to all eligible employees and provide for a purchase price equal to the average daily mid-market price on the three days prior to the offer date, less 20%.

The share options can be applied for during a two week period in the year of invitation and savings are placed in an employee Save As You Earn bank account on trust for a three-year period.

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29. Share-based payments (continued)

The number of shares outstanding under the Save As You Earn Schemes is as follows:

	Weighted average exercise price	**52 weeks ended 29 March 2025 Number of shares**	53 weeks ended 30 March 2024 Number of shares
Balance at beginning of period	14p	**837,407**	1,620,347
Granted during period	–	**–**	–
Forfeited during period	16p	**–**	(180,000)
Exercised during period	–	**–**	–
Cancelled in the period	15p	**(205,869)**	(602,940)
Expired during period	15p	**(540,720)**	–
Balance at end of period	14p	**90,818**	837,407

The shares outstanding at 29 March 2025 had a weighted average remaining contractual life of 0 year and held a weighted average exercise price of 14p.

The fair value of Save As You Earn share options is calculated based on a Black-Scholes model with the following assumptions:

Grant date	December 2021
Number of options granted	1,335,598
Share price at grant date	19.5p
Exercise price	15.4p
Expected volatility	75%
Risk free rate	0.63%
Expected dividend yield	Nil
Fair value of option	11p

The resulting fair value is expensed over the service period of three years on the assumption that 10% of options will lapse over the service period as employees leave the Group. At 29 March 2025 the share options outstanding had a weighted average remaining contractual life of Nil years. The scheme lapsed with no options exercised.

29. Share-based payments (continued)

B. Long Term Incentive Plans – LTIP 2023

In September 2024 and November 2024, the Group granted further awards under the Mothercare plc 2019 Long term Incentive Plan. These were nil cost restricted stock units. The awards vest on the third anniversary of the grant date subject to continued employment during the vesting period. For the CFO only, he must retain vesting shares for two years post vesting. No consideration is payable for the grant of these awards. The key inputs and assumptions are below.

Grant date	November 2023 RSU awards	September 2023 RSU awards
Number of shares awarded	400,000	11,800,000
Share price at date of grant	4.6p	4.5p
Exercise price	Nil	Nil
Expected volatility	N/A	N/A
Risk-free rate	N/A	N/A
Expected dividend yield	0%	0%
Fair value of shares granted	4.6p	3.7p

At 29 March 2025 the share options outstanding had a weighted average remaining contractual life of 1.5 years.

C. Long Term Incentive Plans – LTIP 2021

In September 2021, the Group granted further awards under the Mothercare plc 2019 Long term Incentive Plan. The performance conditions relate to Group earnings before interest, tax, depreciation and amortisation, and absolute total shareholder return weighted equally 50:50. No consideration is payable for the grant of these awards. There were two types of awards granted, and a different valuation model has been used for each. The EBITDA awards were valued using a Black-Scholes model, the key assumptions and inputs are below. The TSR awards were valued using a Monte-Carlo simulation model, the key inputs and assumptions are below.

Grant date	September 2021 EBITDA awards	September 2021 TSR awards
Number of shares awarded	694,350	694,350
Share price at date of grant	10.9p	17.2p
Exercise price	Nil	Nil
Expected volatility	43.9%	79%
Risk-free rate	0.56%	0.18%
Expected dividend yield	Nil	Nil
Fair value of shares granted	10.9p	12p

At 29 March 2025 the share options outstanding had a weighted average remaining contractual life of Nil years. The LTIP lapsed with no shares vesting. There was one award of 694,350 shares, 50% of which was measured on EBITDA and 50% of which measured on TSR.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

30. Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees.

The cost charged to the income statement of £0.4 million (2024: £0.4 million) represents contributions due and paid to these schemes by the Group at rates specified in the rules of the plan.

Defined benefit schemes

The Group previously operated two defined benefit pension schemes for employees of Mothercare UK Limited; these were both closed to future accrual with effect from 30 March 2013.

The pension schemes' assets are held in a separate trustee administered fund to meet long-term pension liabilities to past and present employees. The trustee of the fund is required to act in the best interest of the fund's beneficiaries.

For the protection of members' interests, the Group has a trustee, who is independent of the Group. To maintain this independence, the trustee and not the Group is responsible for their own successors.

The valuation carried out by the Company for these Accounts uses a different method and assumptions than that carried out by the Trustee for Scheme funding purposes. The assumptions used by the Company are prescribed by the accounting standard IAS19. For these accounts, the present value of the defined benefit obligation, the related service cost and the past service cost were measured using the project unit method.

The most recent full actuarial valuation for Scheme funding purposes was carried out by the Trustee at 31 March 2023. The value of the deficit under the full actuarial valuation at 31 March 2023 was £35.0m for the Staff Scheme; the Group's deficit payments are calculated using this as the basis. The Executive Scheme valuation revealed a small funding surplus.

The schemes expose the Company to actuarial risks such as longevity risk, interest rate risk, inflation risk, and market (investment) risk.

In prior year the Trustee secured a buy-in contract (Bulk Purchase Annuity Policy) with Canada Life Limited for all members of the Executive Scheme. The annuity acts as a very precise liability hedging asset that provides an income stream to match future pension payments.

Below is an outline of the risks, what they are and how the Group mitigates those risks.

Risk	Description	Mitigation
Volatile asset returns	The Defined Benefit Obligation (DBO) is calculated using a discount rate set with reference to AA corporate bond yields; asset returns that differ from the discount rate will create an element of volatility in the solvency ratio. The Staff Scheme had a 29% strategic allocation across two diversified growth funds at the end of the fiscal year, whilst the Executive Scheme had a 0% strategic allocation. The Staff Scheme had a 29% strategic allocation across two diversified growth funds at the end of the fiscal year, whilst the Executive Scheme had a 0% strategic allocation. Although these growth assets are expected to outperform corporate bonds in the long term, they can lead to volatility and mismatching risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the UK Pension Schemes' long-term objectives.	Over the fiscal year, the Company and Trustee strategic allocations to growth assets, bond and bond-like assets have remained unchanged. Staff Scheme – Following a review of the interest rate and inflation sensitivities of the Scheme's liabilities in February 2024, a decision was taken to increase the interest rate and inflation hedge ratios to 80%. These changes were implemented in April 2024. Executive Scheme – In the previous fiscal year, the majority of the Executive Scheme's assets were used to purchase a bulk annuity policy covering the Scheme's benefit obligations from a regulated insurance company. As at 29 March 2025, the Scheme's residual assets were split across a liquidity fund and the Trustee bank account. As at the end of the fiscal year, the Staff Scheme had a strategic allocation to bond and bond-like assets of 71% and the Executive Scheme had a strategic allocation to bond and bond-like assets of 100% (unchanged from last year). This is designed to reduce funding level volatility by investing in assets which more closely match the characteristics of the liabilities.

30. Retirement benefit schemes (continued)

Changes in bond yields	A decrease in corporate bond yields will increase the present value placed on the DBO for accounting purposes, although this will be partially offset by an increase in the value of the UK Pension Fund's bond holdings.	At fiscal year end the Staff Scheme had 41% of its strategic allocation in liability-driven investments, which provide a hedge against falling bond yields (falling yields which increase the DBO will also increase the value of the bond assets). The majority of the Executive Scheme's assets were used to purchase a bulk annuity policy during the previous fiscal year, with the residual assets split across a liquidity fund and the Trustee bank account. Note that there are some differences in the credit quality of bonds held by the UK Pension Fund and the bonds analysed to decide the DBO discount rate, such that there remains some risk should yields on different quality bond/swap assets diverge.
Inflation risk	A significant proportion of the DBO is indexed in line with price inflation (specifically inflation in the UK Retail Price Index and Consumer Price Index) and higher inflation will lead to higher liabilities (although, in most cases, this is capped at an annual increase of 5%).	The UK Pension Fund holds some inflation-linked assets which provide a hedge against higher-than- expected inflation increases on the DBO.
Life expectancy	The majority of the UK Pension Fund's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.	

Other Risks: There are a number of other risks of running the UK Pension Fund including operational risks (such as paying out the wrong benefits) and legislative risks (such as the government increasing the burden on pension through new legislation).

Asset-liability matching strategy

The Trustee of the Schemes, on behalf of the Company, ensure that the Schemes' assets are invested in accordance with the policies and objectives set out in the Schemes' Statement of Investment Principles.

The Schemes investment strategies aim to match the Schemes' assets to a portion of the interest rate and inflation sensitivity of the retirement obligations by investing in unleveraged and leveraged fixed and index-linked UK government bonds, as part of a liability driven investment portfolio. The Schemes also invest in other bond and bond-like investments (multi-asset credit and secured finance) in order to broadly match benefit payments as they fall due, whilst aiming to generate an excess return over that expected from government bonds. The Trustee, on behalf of the Company, reviews how the expected yield on the investments are matching the expected cash outflows arising from the retirement obligations, and the degree to which the interest rate and inflation sensitivity of the retirement obligations is matched.

In addition, the Trustee believes that, over the long term, excess returns over that expected from government bonds will be generated through investing in equities and other return enhancing asset classes, as well as through the use of active management where appropriate.

Over the fiscal year, the Company and Trustee strategic allocations to growth assets, bond and bond-like assets have remained unchanged.

As at the end of the year, the Staff Scheme had a strategic allocation to bond and bond-like assets of 71% and the Executive Scheme had a strategic allocation to bond and bond-like assets of 100% (unchanged from last year).

The IAS 19 valuation conducted for the period ended 29 March 2025 disclosed a net defined pension deficit of £21.1 million (2024: £24.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

30. Retirement benefit schemes (continued)

The major assumptions used in the updated actuarial valuations were:

	29 March 2025	30 March 2024
Discount rate	**5.75%**	4.85%
Inflation rate – RPI	**3.1%**	3.1%
Inflation rate – CPI	**2.45%**	2.45%
Future pension increases	**2.90%**	2.90%
Male life expectancy at age 65	**20.4 years**	20.4 years
Male life expectancy at age 65 (currently aged 45)	**21.1 years**	21.0 years
Female life expectancy at age 65	**23.3 years**	23.3 years
Female life expectancy at age 65 (currently aged 45)	**24.3 years**	24.3 years

Following the closure of the Scheme to future benefit accrual, a salary increase assumption is not required.

The mortality assumptions used are the SAPS tables published by the CMI allowing for future improvements in line with the CMI 2022 projections with a long term annual rate of improvement of 1 per cent and a core smoothing factor of 7, a 2020 and 2021 weighting parameter of 10% and a 2022 weighting parameter of 35%. Weighted average life expectancies across both schemes are shown above.

The Company's basis for setting the discount rate was amended to a 'single agency' yield curve approach in previous years. Under this approach the yield curve is based on a AA 'universe' including bonds that receive at least one AA rating from the main ratings agencies (i.e. a 'single agency' approach) and a bootstrapping method to extrapolate the curve at the longer end. Logarithmic regression has been used to find the best fitting yield curve for the spot yields calculated from the bond data.

The effects of movements in the principal assumptions used to measure the scheme liabilities for every change in the relevant assumption are set out below:

Assumption	Change in assumption	Impact on scheme liabilities £ million
Discount rate	+/– 0.1%	–3.3/+3.3
Rate of RPI inflation	+/– 0.1%	+1.4 /–2.5
Rate of CPI inflation	+/– 0.1%	+0.6/– 0.6
Life expectancy (age 65)	+ 1 year	+ 5.9
Discount rate	+/– 0.5%	–15.5 /+17.1
Rate of RPI inflation	+/– 0.5%	+9.9 /– 10.6

The above sensitivities are applied to adjust the defined benefit obligation at the end of the reporting period. Whilst the analysis does not take account of the full distribution of cash flows expected under the scheme, it does provide an approximation to the sensitivity of the assumptions shown.

30. Retirement benefit schemes (continued)

Amounts expensed in the income statement in respect of the defined benefit schemes are as follows:

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Running costs	**1.3**	1.7
Net return on assets	**1.1**	(0.4)
Past service cost	**0.3**	–
	2.7	1.3

Running costs are included in administrative expenses, and net interest on liabilities/return on assets is included in finance costs. Past service costs are included in administrative expenses.

The amount recognised in other comprehensive income for the period ended 29 March 2025 is a gain of £3.7 million (2024: £33.8 million loss).

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement schemes is as follows:

	29 March 2025 £ million	30 March 2024 £ million
Present value of defined benefit obligations	**(248.3)**	(278.9)
Fair value of schemes' assets	**227.2**	254.7
Liability recognised in balance sheet	**(21.1)**	(24.2)

Movements in the present value of defined benefit obligations were as follows:

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
At beginning of period	**(278.9)**	(269.9)
Past service cost	**(0.3)**	–
Interest expense	**(13.2)**	(12.7)
Actuarial gains arising from changes in demographic assumptions	**–**	7.4
Actuarial gains/losses arising from changes in financial assumptions	**32.2**	(1.1)
Actuarial gain/(loss) on experience adjustment	**0.1**	(13.9)
Benefits paid	**11.8**	11.3
At end of period	**(248.3)**	(278.9)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

30. Retirement benefit schemes (continued)

Movements in the fair value of schemes' assets were as follows:

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
At beginning of period	**254.7**	278.3
Interest income	**12.1**	13.1
Scheme administration expenses	**(1.3)**	(1.7)
Losses on scheme assets excluding interest income	**(28.7)**	(26.1)
Company contributions	**2.2**	2.4
Benefits paid	**(11.8)**	(11.3)
At end of period	**227.2**	254.7

The major categories of scheme assets are as follows:

	29 March 2025 £ million	30 March 2024 £ million
	Quoted market price in active market	Quoted market price in active market
Corporate bonds	**57.7**	58.5
Index-linked government bonds	**31.8**	19.9
Government bonds	**19.3**	50.9
Diversified growth funds	**52.0**	52.9
Buy-in	**61.0**	68.1
Cash and cash equivalents	**5.4**	4.4
	227.2	254.7

The percentage split of the scheme assets between sterling and non-sterling are as follows as at 29 March 2025:

	Sterling	Non-sterling
Corporate bonds	100%	–
Secured Finance	100%	–
Liability driven investments	100%	–
Diversified growth funds	96.6%	0.4%
Cash and cash equivalents	100%	–

The schemes' assets do not include any of the Group's own financial instruments nor any property occupied by, or other assets used by, the Group.

30. Retirement benefit schemes (continued)

The Company is committed to paying into each scheme for future years, these amounts are outlined in the below Schedule of Contributions. We have written to the Trustee requesting an extension to the current deferral followed by a revision to the current schedule of contributions, both to be at a time and a level that are affordable to the Group. The Trustee is considering the request and following the required process but we have yet to receive a formal response.

Staff Scheme year ending March	Amount	Exec Scheme year ending March	Amount
2026	£3.0 million	2026	£Nil
2027	£3.0 million	2027	£Nil
2028	£4.0 million	2028	£Nil

The schemes are funded by the Company. Funding of the schemes is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above. Funding requirements are formally set out in the Statement of Funding Principles, Schedule of Contributions and Recovery Plan agreed between the Trustee and the Company.

The weighted average duration of the defined benefit obligation at 29 March 2025 is approximately 14 years (2024: 15 years). The defined benefit obligation at 29 March 2025 can be approximately attributed to the scheme members based on membership date at 31 March 2023 as follows:

- Active members: 0% (2024: 0%)
- Deferred members: 60% (2024: 60%)
- Pensioner members: 40% (2024: 40%)

All benefits are vested at 29 March 2025 (unchanged from 30 March 2024). There are fixed and floating charges over the assets of the company in favour of the pension scheme.

31. Contingent liability

In previous years, it was reported that the Group had a contingent liability in relation to orders that were initially placed with suppliers for the Spring/Summer 2020 and Autumn/Winter 2020 seasons but that were cancelled pre year end by management. Whilst resolution has been reached with many of these suppliers there is still the possibility that due to the administration process or the impact of COVID-19 there may be a claim from a supplier in relation to these issues.

The value of any potential cost to the Group is not possible to determine with any accuracy however management's best estimate of future outflows in relation to the above is considered to be less than £1.4 million in value (2024: £1.4 million), with the probability being low but not remote.

As part of the administration of Mothercare UK Limited, the Group signed an agreement with the administrators to purchase certain assets and liabilities. There are certain pending claims for which the Group may have to contribute via a top-up mechanism agreed with the administrators. The best estimate of the outflow is considered to be less than £1.9 million. As investigations are still ongoing it is not possible to identify a timeline within which it might be resolved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

32. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Trading transactions

There were no transactions in the current year:

Remuneration of key management personnel

The remuneration of the operating board (including directors and other key decision makers), who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual directors is provided in the audited part of the remuneration report on pages 56 to 60.

	52 weeks ended 29 March 2025 £ million	53 weeks ended 30 March 2024 £ million
Short-term employee benefits	**0.9**	0.9
Compensation for loss of office	**–**	0.3
	0.9	1.2

Mothercare Pension scheme

Details of other transactions and balances held with the two pension schemes are set out in note 30.

Other transactions with key management personnel

There were no other transactions with key management personnel.

Other transactions with related parties

There were no other transactions with shareholders in the current or prior year.

33. Events after the balance sheet date

The Group's management has evaluated subsequent events through 24 September 2025, the date the financial statements were authorised for issue. No events have occurred since the reporting date that would require adjustment to or disclosure in these consolidated financial statements.

COMPANY FINANCIAL STATEMENTS

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COMPANY BALANCE SHEET

As at 29 March 2025

	Note	29 March 2025 £ million	30 March 2024 £ million
Fixed assets			
Investments in subsidiary undertakings	2	**2.0**	1.8
Deferred tax assets	3	–	3.4
		2.0	5.2
Current assets			
Debtors – amounts falling due within one year	4	**0.1**	0.2
Cash and cash equivalents		**0.2**	0.1
		0.3	0.3
Creditors – amounts falling due within one year	5	**(169.6)**	(174.2)
Net current liabilities		**(169.3)**	(173.9)
Net liabilities		**(167.3)**	(168.7)
Equity			
Called up share capital	6	**89.3**	89.3
Share premium	7	**108.8**	108.8
Own shares	7	**(0.2)**	(0.2)
Profit and loss account	7	**(365.2)**	(366.6)
Total Equity		**(167.3)**	(168.7)

For the 52 weeks ended 29 March 2025

The Company has taken advantage of the disclosure exemption permitted by s408 of the Companies Act 2006 and has not presented a profit and loss account. The Company reported a loss for the financial period ended 29 March 2025 of £6.1 million (2024: £1.9 million profit).

Approved by the board on 24 September 2025 and signed on its behalf by:

Andrew Cook
Chief Financial Officer

Company Registration Number: 1950509

COMPANY STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 29 March 2025

	Note	Share capital £ million	Share premium account £ million	Own share reserve £ million	Profit and loss account £ million	Total £ million
Balance at 30 March 2024		**89.3**	**108.8**	**(0.2)**	**(366.6)**	**(168.7)**
Loss for the period	7	–	–	–	**(6.1)**	**(6.1)**
Other comprehensive income for the period		–	–	–	–	–
Total comprehensive income for the period		–	–	–	**(6.1)**	**(6.1)**
Reversal of impairment					**7.3**	**7.3**
Adjustment to equity for equity- settled share-based payments		–	–	–	**0.2**	**0.2**
Balance at 29 March 2025		**89.3**	**108.8**	**(0.2)**	**(365.2)**	**(167.3)**
Balance at 25 March 2023		89.3	108.8	(0.2)	(368.5)	(170.6)
Profit for the period		–	–	–	1.9	1.9
Other comprehensive expense for the period		–	–	–	–	–
Total comprehensive expense for the period		–	–	–	1.9	1.9
Balance at 30 March 2024		89.3	108.8	(0.2)	(366.6)	(168.7)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

As at 29 March 2025

General information

Mothercare plc is a public company limited by shares incorporated in Great Britain under the Companies Act 2006. The address of the registered office is given in the shareholder information on page 128. Mothercare plc acts as a holding company for a group of companies operating as a specialist franchisor of products for parents and young children under the Mothercare brand.

1. Significant accounting policies

The Company's accounting period covers the 52 weeks ended 29 March 2025. The comparative period covered the 53 weeks ended 30 March 2024.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC). Accordingly these financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the FRC.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemption available under the standard in relation to share-based payments, presentation of comparative information in respect of certain assets, capital management, certain revenue requirements of IFRS 15, the presentation of a cash flow statement, standards not yet effective and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

Going concern

The consolidated and Company financial statements have been prepared on a going concern basis, as described in the going concern statement in the notes to the financial statements on page 82..

Within the next month, we are forecasting to breach a financial covenant of our £8 million debt facility, the facility would then become repayable on demand rather than the term date of October 2026. The breach is expected to be of the liquidity financial covenant, which requires us to maintain cash balances above £2.6 million, other than for a period of no more than three days. The breach will be largely as a result of the continued challenging trading conditions, particularly in the Middle East. All other commitments under the facility are being met and our lender is aware of the situation and continues to support us. The lender is aware of the imminent breach and has not given any indication that they would seek early repayment at this time.

When considering the going concern assumption, the Directors of the Group and the Company have reviewed a number of factors, including the Group's trading results and its continued access to sufficient borrowing facilities against the Group's latest forecasts and projections, comprising:

- A Base Case forecast; and
- A Sensitised forecast, which applies sensitivities against the Base Case for reasonably possible adverse variations in performance, reflecting the ongoing volatility in our key markets.

The Sensitised forecast shows a decrease in worldwide retail sales of 10% as compared to the Base Case in the remainder of the financial year to March 2026 and for the year to March 2027, with the overhead costs assumed to remain constant.

In making the assessment on going concern the Directors have assumed that the Group is able to mitigate the material uncertainty surrounding the ongoing financial restructuring of the Group, which includes:

- The Group's ability to successfully renegotiate its banking facilities, which are likely to become repayable on demand in the near future, with either its existing lenders or to refinance with a third party, in order to secure ongoing funding for the Group; and
- The Group's ability to renegotiate its Defined Benefit Pension Deficit Repayment plan with the Pension Trustee; with the further deferral of contributions, followed by a revision to the current schedule of contributions, both at a time and a level that are affordable to the Group, which has yet to be formally agreed. Whilst no formal agreement has been given the Trustee is considering our request.

The Board's confidence in the Group's Base Case forecast, which indicates the Group will operate with sufficient cash for at least the next 12 months, and the Group's proven cash management capability supports our preparation of the financial statements on a going concern basis and therefore financial statements do not include the adjustments that would be required if the Group were unable to continue as a going concern. However, if trading conditions were to deteriorate beyond the level of risks applied in the sensitised forecast, or the Group was unable to mitigate the material uncertainties assumed in the Base Case Forecast and the Group was not able to execute further cost or cash management programmes, the Group would at certain points of the working capital cycle have insufficient cash. If this scenario were to crystallise the Group and Company would be unable to meet liabilities as they fall due and potentially need to secure additional funding. Therefore, we have concluded that, in this situation, there is a material uncertainty that casts significant doubt that the Group will be able to operate as a going concern without utilising uncommitted or new financing facilities.

Warrants

Where warrants are not issued for a fixed number of shares at a fixed amount, they are recognised as a liability at fair value on the date of issue. Subsequently, fair value is recalculated, with movements recognised in the income statement, at each reporting date. The Company is exempt from preparing financial instrument disclosures under FRS 101; these are included in note 21 of the Group consolidated financial statements.

Interest rate risk

For information on the Company's approach to interest rate risk, please see page 107 of the Group consolidated financial statements.

1. Significant accounting policies (continued)

Liquidity risk

For information on the Company's approach to liquidity risk, please see page 106 of the Group consolidated financial statements.

Credit risk

The Company has exposure to credit risk inherent in its receivables due from its subsidiary undertakings.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Critical accounting judgements

The preparation of the Company financial statements requires management to make judgements, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, with revisions to accounting estimates applied prospectively.

Critical judgements represent key decisions made by management in the application of the Group accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this will represent a critical accounting estimate.

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 and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Impairment of assets

The Company reviews the carrying value of assets on a periodic basis, and whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Such circumstances or events could include: a pattern of losses involving the asset; a decline in the market value for the asset; and an adverse change in the business or market in which the asset is involved. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount and the asset's residual value, if any. Estimates of future cash flows and the selection of appropriate discount rates relating to particular assets or groups of assets involve the exercise of a significant amount of judgment.

Key sources of estimation uncertainty

Allowances against the carrying value of investments in subsidiaries

The financial statements have been prepared on the historical cost basis except for the re measurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment. The recoverable amounts of individual investments in subsidiaries are determined from value in use calculations with a discounted cash flow model being used to calculate this amount. The key assumptions for the value in use calculation are those regarding the discount rate and growth rates. There have been no impairment charges during the current financial period (2024: £nil).

Cash flow projections are based on the Group's five year internal forecasts, the results of which are reviewed by the Board. Estimates of selling prices and direct costs are based on past experience, expectations of future changes in the market and historic trends. The forecasts are extrapolated beyond four years based on long-term average growth rate of 0%.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

2. Investments in subsidiary undertakings

Investments in the Company's balance sheet consist of its investments in subsidiary undertakings. The Company's subsidiaries, all of which are wholly owned, are included in note 12 of the Group financial statements.

The Company's investment in its subsidiary undertakings is as follows:

	29 March 2025 £ million	30 March 2024 £ million
Investment in subsidiaries – net book value	**2.0**	1.8

	£ million
Cost	
At 30 March 2024	455.5
Write-off of dissolved entities	(223.2)
Share-based payments to employees of subsidiaries	0.2
At 29 March 2025	**232.5**
Impairment	
At 30 March 2024	(453.7)
Write-off of dissolved entities	223.2
Charged during the period	–
At 29 March 2025	**(230.5)**
Net book value	**2.0**

The recoverable amounts of individual investments in the Mothercare subsidiaries are determined from value in use calculations with a discounted cash flow model being used to calculate this amount. The key assumptions for the value in use calculation are those regarding the discount rate and growth rates.

During the year, the IP rights for the Mothercare brand for India, Bhutan, Bangladesh, Sril Lanka and Nepal) held by Mothercare Global brand was sold. The proceeds from this transaction exceeded the carrying amount of the parent's investment in the subsidiary. Given that this brand represents only a portion of the subsidiary's operations, management concluded that the fair value less costs of disposal of the subsidiary as a whole exceeds its carrying amount. Therefore, no value in use calculation was necessary under IAS 36.18.

3. Deferred tax assets

	Losses £ million
At 30 March 2024	3.4
Charge to income statement	(3.4)
At 29 March 2025	–

At the balance sheet date, deferred tax assets of £Nil (2024: £3.4 million) have been recognised which relates to tax losses. The tax losses are expected to be utilised in future periods as a result of increased profitability which is expected to follow from the sale of intellectual property post year end.

4. Debtors

	29 March 2025 £ million	30 March 2024 £ million
Other debtors	**0.1**	0.1

5. Creditors

Creditors: amounts due within one year	29 March 2025 £ million	30 March 2024 £ million
Amounts due to subsidiary undertakings	**168.0**	174.0
Accruals and other creditors	**1.6**	0.2
	169.6	174.2

Amounts due to subsidiary undertakings are repayable on demand. No interest is payable on the outstanding balances.

6. Called up share capital

For details of the Company's share capital and movements, please see note 24 to the consolidated financial statements. Further details of employee and executive share schemes are provided in note 30 to the consolidated financial statements.

7. Reserves

	Share premium £ million	Own shares £ million	Profit and loss account £ million
Balance at 30 March 2024	108.8	(0.2)	(366.6)
Loss for the financial year	–	–	(6.1)
Reversal of impairment	–	–	7.3
Adjustment to equity for equity- settled share-based payments	–	–	0.2
Balance at 29 March 2025	**108.8**	**(0.2)**	**(365.2)**

The own shares reserve of £0.2 million (2024: £0.2 million) represents the cost of shares in Mothercare plc purchased in the market and held by the Mothercare Employee Trusts to satisfy options under the Group's share option schemes (see note 29). The total shareholding is 151,232 (2024: 151,232).

The Company has no distributable reserves and has made no distribution during this or the prior year.

8. Events after the balance sheet date

Details on events after the balance sheet date are shown in note 33 to the consolidated financial statements.

SHAREHOLDER INFORMATION

Shareholder analysis

A summary of holdings as at 29 March 2025 is as follows:

	Mothercare ordinary shares	
	Number of shares	Number of shareholders
Banks, insurance companies and pension funds	1	1
Nominee companies	467,332,773	129
Other corporate holders	91,951,559	93
Individuals	4,552,293	17,988
	563,836,626	18,360

As can be seen from the above analysis, many shares are registered in the name of a nominee company as the legal owner. The underlying holder of shares through a nominee account is the beneficial owner of these shares, being entitled to the capital value and the income arising from them. An analysis of these nominee holdings shows that the largest underlying holders are pension funds, with unit trusts and insurance companies the other major types of shareholder.

Share price data

	2025	2024
Share price at 29 March 2025 (30 March 2024)	**2.85p**	6.35p
Market capitalisation	**£16.1m**	£35.8m
Share price movement during the year:		
High	**2.50p**	6.60p
Low	**2.50p**	6.30p

All share prices are quoted at the mid-market closing price. For capital gains tax purposes:

a. the market value on 31 March 1982 of one ordinary share in British Home Stores PLC is 155p and of one ordinary share in Habitat Mothercare PLC is 133p; and

b. the market value of each Mothercare plc 50p ordinary share immediately following the reduction of capital and consolidation on 17 August 2000 for the purpose of allocating base cost between such shares and the shares disposed of as a result of the reduction is 135p.

Rights issue and TERP

On 23 September 2014 the Company announced a proposed rights issue of 9 for 10 ordinary shares at 125p per new ordinary share. The theoretical ex-rights price ('TERP') between 24 September and 9 October 2014 (being the last day the ordinary shares were traded cum rights) was 178p.

Immediately before the rights issue, the issued share capital was 88,824,771. 79,942,294 new ordinary shares were issued on 27 October 2014. The total issued share capital immediately following the rights issue was 168,767,065.

Placing and open offer

On 9 July 2018 the Company announced a proposed subdivision of shares (into 1p ordinary shares and 49p deferred shares) and a placing and open offer of 170,871,885 ordinary 1p shares on a 1 for 1 basis at 19p per ordinary share. Immediately before the placing and open offer, the issued share capital was 170,871,885. 170,871,885 new ordinary shares were issued on 27 July 2018. The total issued share capital immediately following the placing and open offer was 341,743,770.

Placing

On 5 November 2019 the Company announced that 32,359,450 new ordinary 1p shares (the "Placing Shares") had been placed by Numis Securities Limited at a price of 10 pence per Placing Share with existing institutional investors. The Placing Shares were admitted to the premium listing segment of the Official List on 7 November 2019. The issued share capital prior to the Placing was 341,833,044 and, following the issue, the total number of issued shares with voting rights was 374,192,494.

Conversion shares

On 17 March 2021 189,644,132 conversion shares of 1p each were issued at 10 pence per ordinary share. The total voting rights following the admission of the conversion shares was 563,836,626.

Registrars and transfer office

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Financial calendar

	2025
Annual General Meeting	12 November
Announcement of interim results	November

	2026
Preliminary announcement of results for the 52 weeks ending 28 March 2026	August
Issue of report and accounts	August
Annual General Meeting	September

Registered office and head office

Westside 1, London Road, Hemel Hempstead, Hertfordshire HP3 9TD www.mothercareplc.com Registered number 1950509

Group company secretary

Lynne Medini

Registrars

Administrative enquiries concerning shareholders in Mothercare plc for such matters as the loss of a share certificate, dividend payments or a change of address should be directed, in the first instance, to the registrars:

Equiniti Limited

Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA Telephone 0371 384 2013,

Postal share dealing service

A postal share dealing service is available through the Company's registrars for the purchase and sale of Mothercare plc shares from the www.shareview.co.uk website or on the shareholder helpline Telephone 0371 384 2013.

Further details can be obtained from Equiniti on 0371 384 2013 (calls to this number are charged at the standard landline rate per minute plus network extras. Lines are open 8.30 am to 5.30 pm, Monday to Friday).

Stockbrokers

The Company's stockbrokers are:

Cavendish Capital Markets Limited, One Bartholomew Close, London, EC1A 7BL Telephone 020 7220 0500

Deutsche Numis | Deutsche Bank AG 45 Gresham Street, London EC2V 7BF Telephone 020 7260 1000

ShareGift

Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating them to charity through ShareGift, a registered charity administered by The Orr Mackintosh Foundation. The share transfer form needed to make a donation may be obtained from the Mothercare plc registrars, Equiniti Limited.

Further information about ShareGift is available from www.sharegift.org or by telephone on 020 7930 3737.

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