Mothercare plc

Full Year Results 2025

Mothercare plc ("Mothercare", "the Company" or "the Group"), the 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, today announces full year results for the 52 week period to 29 March 2025. Comparatives throughout are based on the 53 week period to 30 March 2024.

Key Highlights

- Worldwide retail sales by franchise partners of £230.6 million (2024: £280.8 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.

Current Trading & Outlook

- In the first twenty-three weeks of FY26, the Group's Franchise Partners recorded total retail sales of £80.7 million (FY25: £107.7 million), with the decline largely resulting from the continuing uncertainty in the Middle East and to a lesser extent a winding down of the sales arrangement in the UK. This level of retail sale reduction will result in materially reduced profitability for the Group.

- 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 significantly improved our balance sheet and financing position, we are now working towards the step change in the business and the brand. Having successfully demonstrated the inherent strength of the Mothercare brand, we are now accelerating our efforts to return the brand to growth and scale. The current business model could support much higher volumes, and such increased volumes would result in the vast majority of increased income falling straight to the bottom line.

- The Mothercare brand is recognised and trusted around the world and we are in discussions with several other parties to restore critical mass, especially in the UK market.

Financial Highlights

- Profit for the 52 weeks to 29 March 2025 of £6.2 million (2024: £3.3 million).
- Net debt[3] at £4.5 million (2024: £14.9 million).

Our Group

	52 weeks to 29 Mar 2025 £million	53 weeks to 30 Mar 2024 £million	*% change vs. last year*
Turnover	38.9	56.2	(31)%
Adjusted EBITDA	3.5	6.9	(49)%
Adjusted operating profit	2.0	6.5	(69)%
Group adjusted (loss)/profit after taxation[2]	(2.5)	3.5	(171)%
Statutory profit	6.2	3.3	88%

Our Franchise partners

	52 weeks to 29 Mar 2025 £million	53 weeks to 30 Mar 2024 £million	*% change vs. last year*
Worldwide retail sales[1] £m	230.6	280.8	(18)%
Online retail sales £m	21.8	28.5	(24)%
Total number of stores	372	457	(19)%
Space (k) sq. ft.	915	1,149	(20)%

Clive Whiley, Chairman of Mothercare, commented:

"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."

Investor and analyst enquiries to:

Mothercare plc Clive Whiley, Chairman Andrew Cook, Chief Financial Officer	**Email:** investorrelations@mothercare.com
Deutsche Numis **(NOMAD Joint Corporate Broker)** Luke Bordewich	**Tel:** 020 7260 1000
Cavendish Capital Markets Limited (Joint Corporate Broker) Matt Goode	**Tel:** 020 7220 0500
Media enquiries to: **MHP** Rachel Farrington Tim Rowntree	**Email:** mothercare@mhpgroup.com **Tel:** 07739 312199

Notes

The directors believe that alternative performance measures ("APMs") assist in providing additional useful information on the performance and position of the Group and across the period because it is 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. The key APMs that the Group has focused on in the period are as set out in the Annual Report.

1 - Worldwide retail sales are total retail sales by franchise partners to end customers (which are estimated and unaudited).

2 - Adjusted (loss)/profit after taxation is stated before the impact of the adjusting items set out in note 5.

3 - Net Debt is defined as total borrowings, cash at bank and IFRS 16 lease liabilities.

4 - This announcement contains certain forward-looking statements concerning the Group. Although the board believes its expectations are based on reasonable assumptions, the matters to which such statements refer may be influenced by factors that could cause actual outcomes and results to be materially different. The forward-looking statements speak only as at the date of this document and the Group does not undertake any obligation to announce any revisions to such statements, expect as required by law or by any appropriate regulatory authority.

5 - The information contained within this announcement is deemed by the Company to constitute inside information for the purposes of the Market Abuse Regulation (EU) No 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

6 - The person responsible for the release of this announcement is Lynne Medini, Group Company Secretary at Mothercare plc, Westside 1, London Road, Hemel Hempstead, HP3 9TD.

7 - Mothercare plc's Legal Entity Identifier ("LEI") number is 213800ZL6RPV9Z9GFO74

Chairman's Statement

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 for the South Asian region and concurrent 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 predicated 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 Arrangements

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 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 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 trustees 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 dominant 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 profitable cash generation despite consequential impacts on absolute levels of the profitability arising from the continuing challenges facing our Middle East operations.

FINANCIAL AND OPERATIONAL REVIEW

Our global brand is now significantly larger 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 5.

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 £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, have 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.

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.

	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)

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).

£ 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	(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)/earnings 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

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	Adjusted loss £ million
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 7).

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 customerby-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.

Directors' responsibilities statement

The 2025 Annual Report and Accounts which will be issued in September 2025, contains a responsibility statement which sets out that as at the date of approval of the Annual Report on 24 September 2025, 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 parent 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.

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)		**(12.5)**	**14.6**	**2.1**	(13.5)	0.2	(13.3)
Impairment (loss)/gain on receivables		**(0.3)**	**–**	**(0.3)**	0.4	-	0.4
Profit from operations		**2.0**	**14.0**	**16.0**	6.5	0.2	6.7
Finance costs	6	**(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
Taxation	7	**(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	8			**1.1p**			0.6p
Diluted	8			**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 5.

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		**3.7**	(33.8)
Fair value gain on intellectual property	9	**10.7**	–
Deferred tax relating to items not reclassified		**–**	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	9	**10.8**	–
Intangible assets		**7.8**	7.9
Property, plant and equipment		**0.2**	0.2
Right-of-use leasehold assets		**0.8**	0.1
Deferred tax assets		**0.1**	3.4
		19.7	11.6
Current assets			
Inventories		**0.6**	0.6
Trade and other receivables		**4.1**	4.3
Derivative financial instruments		**–**	0.7
Current tax assets		**–**	0.2
Cash and cash equivalents		**4.3**	5.0
		9.0	10.8
Total assets		**28.7**	22.4
Current liabilities			
Trade and other payables		**(6.2)**	(8.1)
Lease liabilities		**(0.1)**	(0.2)
Current tax liabilities		**(1.3)**	–
Provisions		**(0.6)**	(0.3)
Borrowings	11	-	(19.7)
		(8.2)	(28.3)
Non-current liabilities			
Borrowings	11	**(8.0)**	–
Lease liabilities		**(0.7)**	–
Provisions		**(0.1)**	–
Retirement benefit obligations		**(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	10	**89.3**	89.3
Share premium account	10	**108.8**	108.8
Own shares		**(0.2)**	(0.2)
Translation reserve		**(3.8)**	(3.7)
Revaluation reserve	9	**10.7**	–
Retained loss		**(214.2)**	(224.3)
Total equity		**(9.4)**	(30.1)

Consolidated statement of changes in equity

For the 52 weeks ended 29 March 2025

	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 period	–	–	–	–	–	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	–	–	–	–	–	0.2	0.2
Balance at 29 March 2025	**89.3**	**108.8**	**(0.2)**	**(3.7)**	**10.7**	**(214.2)**	**(9.4)**

For the 53 weeks ended 30 March 2024

	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	(1.0)	(3.7)	(191.9)	1.5
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	–	–	–	–	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**	53 weeks ended 30 March 2024 £ million
Net cash (outflow)/inflow from operating activities	11	**(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)
Repayments of leases		**(0.3)**	(0.2)
Facility fee paid		–	–
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		**4.3**	5.0

Notes

1. General information

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Chairman's statement, the Chief Executive's review and the Financial review and include a summary of the Group's financial position, its cash flows and borrowing facilities and a discussion of why the directors consider that the going concern basis is appropriate.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, this announcement does not itself contain sufficient information to comply with all the disclosure requirements of IFRS.

The financial information set out in this announcement does not constitute the Group's statutory accounts for the 52 week period ended 29 March 2025 or the 53 week period ended 30 March 2024, but it is derived from those accounts. Statutory accounts for 2024 have been delivered to the Registrar of Companies and those for 2025 will be delivered in [September] 2025. The auditor has reported on the 2025 accounts: their report includes a material uncertainty over going concern. The 2025 financial statements are available on the Group's website (www.mothercareplc.com).

2. Accounting Policies and Standards

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, the recent reduction in debt and interest charges 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.

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.

Retirement benefits

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 of the income statement and presented in other comprehensive income.

Past service cost is recognised immediately to the extent that the benefits are already vested.
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 pension obligation has been updated to reflect: current market discount rates; current market values of investments and actual investment returns; and also for 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 pension obligation.

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 International

Financial Reporting Standards (IFRS). A full definition is shown in the annual report.

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 measures.

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 except where expressly stated.

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.

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 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.

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).

3. 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.

4. Revenue

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

	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
Adjusted items before tax	**38.9**	56.2

	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

5. 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 29 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;
- £(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.

6. Net finance costs

	52 weeks ended 29 March 2024 £ 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

7. 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:		
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 25.0% (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).

8. 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	**(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**
Dilutive/antidilutive SAYE options	**0.1**	**0.8**
Dilutive/antidilutive 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.

9. Investment in associates

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.

Group's share of JVCo 2024 Ltd	**49%**
Initial valuation (£m)	**10.7**
Share of profit	**0.1**
Carrying amount at 29 March 2025	**10.8**

10. Share Capital and Share Premium

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.

11. Cashflow 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

Analysis of net debt

	30 March 2024 £ million	Cash flow £ million	Other non–cash movements[1] £ million	**29 March 2025 £ million**
Term loan	(19.7)	11.9	(0.2)	**(8.0)**
Cash at bank	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 term loan - unwinding of £0.2 million of the facility fee charged on the term loan and loan modification costs.

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.

The Group also holds a financial asset of £Nil (2024: £0.7 million) reflecting the expected proceeds from the wind-down of the UK operations by the administrators of Mothercare UK Limited. The total expected repayment due is £Nil (2024: £0.7 million).

12. 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.