mothercare

ANNUAL REPORT & ACCOUNTS 2024

we know parenting

Contents

our brand

the original and most trusted home for baby and child products in the world

our purpose

to provide an offer of products and advice that help parents feel happy and confident

our principles

- expertise
- playful
- evolving

About us

why consumers choose us

1. we are baby experts
2. we offer expertly designed, curated collections for 0-10's to wear or use in and out of the home
3. our collections are made for fun, for comfort, for ease and for longevity so they match with the expectations of modern parents and their children
4. the convenience of shopping for multiple children, combined with our friendly service and expert advice, on and offline, reassures parents and builds their confidence

OUR OFFER

clothing footwear and accessories

- we aim to be the brand every mum-to-be chooses for her first purchases because she trusts our reputation for quality, style, safety, and comfort
- for parents of under 3's looking to build on this trust, we provide considered, stylish, easy outfitting choices designed with comfort and longevity in mind. From sleepsuits to everyday play, swimwear to parties, we aim to be their first choice for all the moments in their child's life
- and for those with 3-10's, our broad choice of designs, fabrics and silhouettes mean we retain them as their family grows

home and travel

- our curated offer prioritises the needs of new parents in the nursery, bedding, bathing, feeding, and travel categories, primarily for children under 3
- soft goods for bed and bath follow the same design, quality and value for money principles as our apparel and offer a coordinated aesthetic to nursery ranges
- mothercare branded travel, feeding and nursery products are comparable alternatives to category specialist brands at more accessible price points

At a glance

our global footprint

OUR PRODUCTS

Clothing

Worldwide Retail Sales

£249m

Our largest categories:

- newborn
- baby essentials
- nightwear

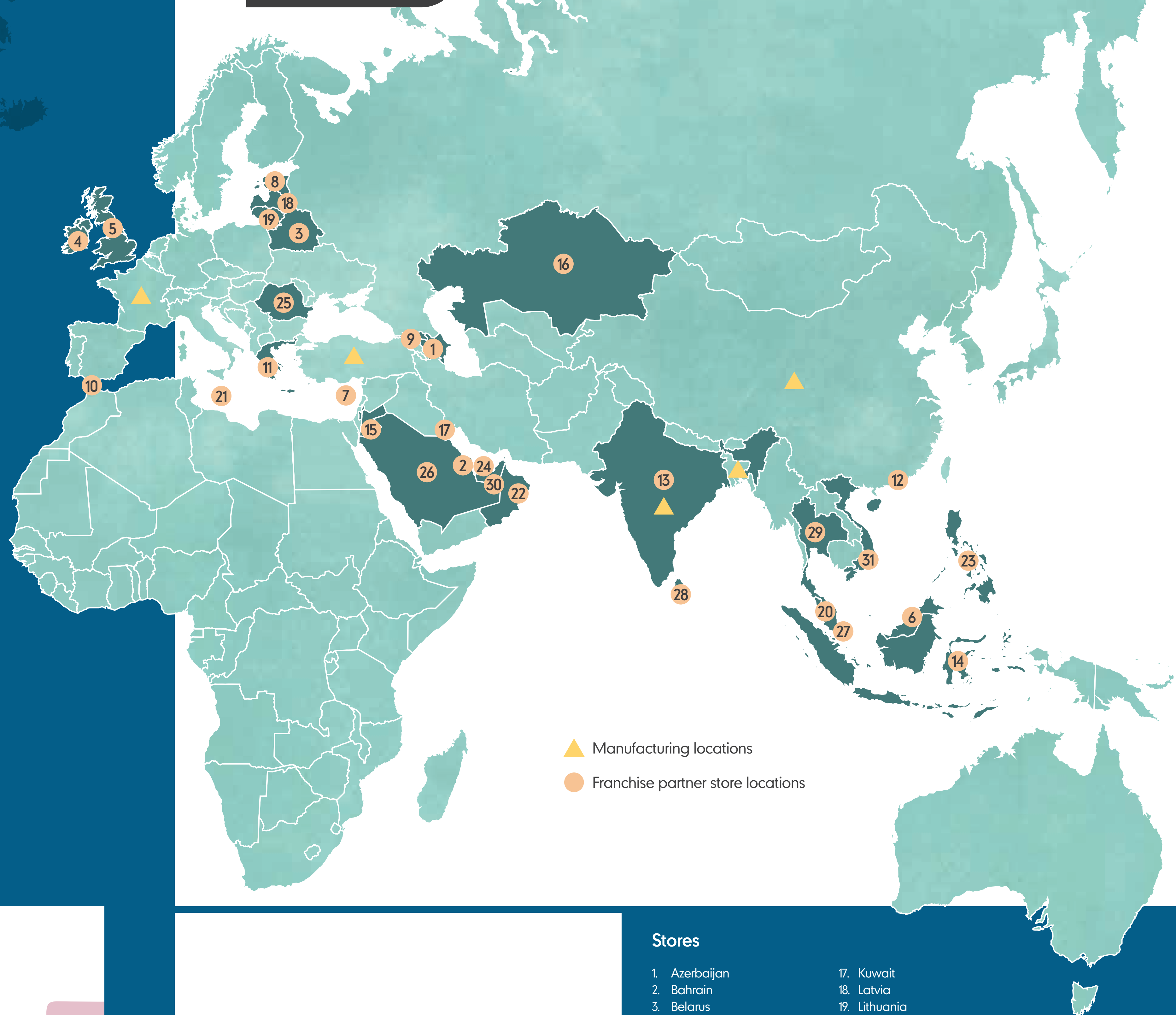
Home, travel and toys

Worldwide Retail Sales

£32m

Our largest categories:

- bedding
- pushchairs
- bathtime, and
- toys



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

Stores

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

Our history

enduring brand equity

Financial highlights

- worldwide retail sales by franchise partners of £281 million (2023: £323 million)
- adjusted EBITDA of £6.9 million (2023: £6.7 million)
- net borrowings of £14.7 million (2023: £12.4 million) at the year end

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

Chairman's statement

Clive Whiley
Chairman

> We are now focused upon restoring critical mass alongside delivering our remaining core objectives. This is an exciting prospect for our partners, our colleagues and all our stakeholders alike as we finally leave behind the turmoil of recent years.

Core Objectives

Our principal focus in recent years has been to protect the underlying mothercare brand intellectual property ("IP"), in a solvent business structure, for the benefit of all stakeholders, with minimum equity dilution.

Thereafter our primary future 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 and store footprint
- explore new territories and additional routes to market, and
- establish a platform for step-change growth

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.

The Year under review

Worldwide retail sales by franchise partners for the 53 week period to 30 March 2024 were £280.8 million, compared to £322.7 million for the previous financial year with an adjusted EBITDA of £6.9 million (2023: £6.7 million) showing a continuing year on year improvement in the underlying profitability of the business.

The year-on-year decline in retail sales of 13% reduces to 9% at constant currency exchange rates. Our Middle East markets (41% of our total retail sales) continued to be the most challenging, particularly in the latter part of the financial year due to the geopolitical uncertainty in some of these markets. Other territories were more mixed with the UK and Indonesia amongst the markets that increased retail sales year-on-year, with Indonesia growing to become our second largest market by retail sales behind the Kingdom of Saudi Arabia.

As previously reported, in addition to the global economic uncertainties which are impacting our retail sales, in many of our territories our partners still need to clear old inventory due to the suppressed demand during Covid-19. These factors, when combined with the anticipated further reduction in the store estate, will continue to impact the Group results for the near future, notwithstanding ongoing improvements in product and service.

Joint Venture and Refinancing

It is against this background that I am delighted to report that we have made significant progress in achieving a majority of our core objectives.

On 17 October we announced a new c£30 million joint venture for the South Asian region with Reliance Brands Ltd ("Reliance") and a related refinancing with GB Europe Management Services Ltd ("Gordon Brothers") of the Company's existing debt facilities.

The Board believes that these new arrangements, pursuant to which the Company received gross consideration of £16 million from Reliance for its participation in the joint venture and secured new reduced debt facilities of £8 million:

- underlines the inherent value of the mothercare brand,
- creates a new and 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
- delivers a de-leveraged business that can once more move forward with confidence and invest appropriately in 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. This joint venture arrangement replaced the previous franchise arrangement between mothercare and Reliance covering India alone, which was a 30 year agreement entered into six years ago.

Reliance is a wholly owned subsidiary of Reliance Industries Ltd, a Fortune 500 company and the largest private sector corporation in India.

Under the terms of these arrangements, Reliance paid £16.0 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. Under the new joint venture arrangement's terms, we will receive revenues at lower rates than previously, however 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

Chairman's statement continued

(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 Gordon Brothers. Under the terms of these new financing arrangements, 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) was replaced with:

- an £8m 2 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 new warrants to subscribe up to 43.4m new ordinary shares of mothercare at a subscription price of 8.5p per share (the "Warrants"). These Warrants, which are exercisable for 5 years from the date of issue, contain certain anti-dilution rights which will operate so as to secure for Gordon Brothers the right to subscribe for an aggregate equity interest 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. We estimate that this will result in a taxable gain arising of approximately £29 million and – after the use of certain preexisting tax losses – a cash tax cost of approximately £3 million.

Pension Schemes

We continue to operate in accordance with the revised recovery plan, agreed with the Trustees last year, which includes 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.

Chairman's statement
continued

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 capitalize 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 the new India joint venture and refinancing as a catalyst to leverage the full bandwidth of this intrinsic value through connections with other businesses, the development of our branded product ranges and licensing beyond our historic boundaries.

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.

Upon my appointment as Chairman, Mark Newton Jones agreed to return to the Board as a Non-Executive Director to lend his support to the Transformation Plan and subsequently the actions necessary to combat the impact of the pandemic and the Ukraine conflict on the business. Accordingly, following creation of the new India joint venture and coterminous refinancing, Mark has indicated his intention to stand down from the Board at the forthcoming AGM. I would like to thank Mark, on behalf of the Board for his efforts in this regard and we wish him well with his future endeavours.

Finally, we are renewing our search for a new Chief Executive and, in the interim, the day-to-day management of the Group will continue to be run by the Chief Financial Officer and the Operating Board with oversight from me as Chairman.

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 like to thank our colleagues across the business, alongside our pension trustees and all other stakeholders for their unswerving support throughout the challenges of the last six years.

The new joint venture strengthens our operations in South Asia through an even closer working relationship with Reliance, our existing valued franchise partner, and underlines the intrinsic value of the mothercare brand strength, coterminously supporting a material reduction in our bank facilities and leverage.

We have worked closely with Gordon Brothers for over five years now and value its ongoing support. The revised facility agreement and related arrangements reflect the strength of that ongoing relationship alongside recognising the accretive nature of the joint venture to our equity valuation. The reduction in the required facility size, funded by the formation of the joint venture, and the resulting significantly reduced cash interest cost, greatly improves our flexibility for FY25 and beyond.

As a result, having demonstrated the inherent strength of the business's brand, we believe we can approach 2025 and beyond with a renewed and growing sense of confidence at the opportunities ahead, notwithstanding our ongoing cautious shorter-term outlook, given the continuing challenges facing our Middle East operations.

In short, we are now focused upon restoring critical mass alongside delivering our remaining core objectives. This is an exciting prospect for our partners, our colleagues and all our stakeholders alike as we finally leave behind the turmoil of recent years.

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 18 partners across 31 countries.

Our key route to market is via our global franchise network of mothercare stores, with physical stores accounting for almost 90% of our annual global sales. We trade from 61 e-commerce sites and 450+ stores across 31 countries in many of the world's best shopping malls. Partnership arrangements include full multi-channel agreements for the brand's exclusive use in their markets.

Our product ranges are designed with the needs of global parents in mind, from which our partners select products for their consumers. We also develop country and seasonally bespoke products to answer cultural and market differences. Subject to MGB approval, our partners buy complementary specialist third-party branded products to offer consumers more choice.

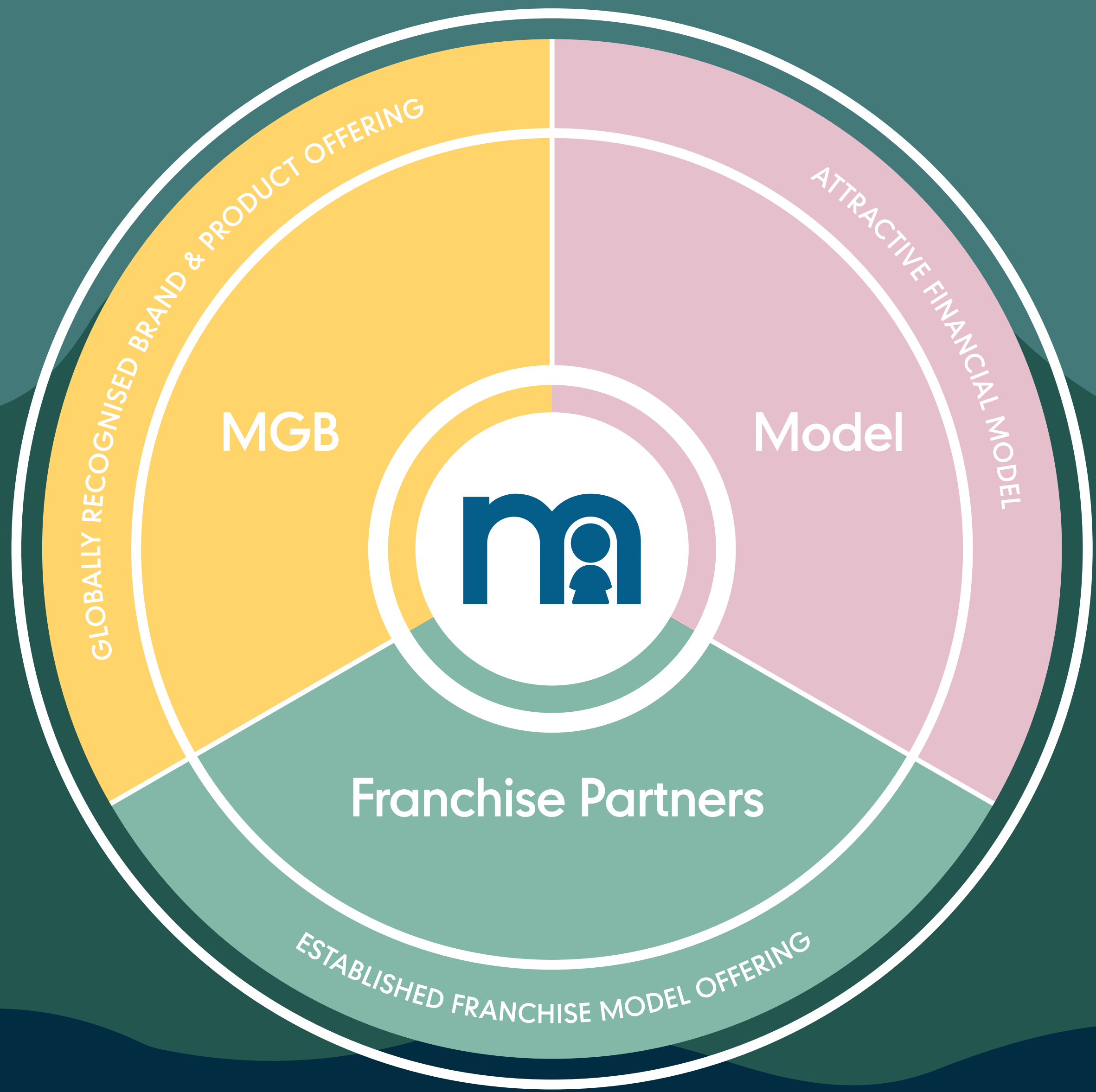
Our financial model results in MGB only placing orders for products from its manufacturing partners that match the orders from the franchise partners. Under a three-way agreement, the franchise partners contract with the manufacturing partners to pay for products they order.

Consequently, MGB does not hold any stock not covered by a sales order. The product is generally shipped directly from the manufacturing partner to the franchisee, meaning there is little need for MGB to use warehouses.

By value, most of the manufacturing partners' invoices for products are directly addressed to and paid by our franchise partners.

MGB earns most of its gross profit from the royalties charged as a percentage of its franchise partners' net retail sales.

Our long-standing manufacturing and franchise partners' businesses often started with the mothercare brand, and we, therefore, benefit from their deep understanding of the brand. Now four years into this model, we continue to improve season on season and are confident we can scale it for more partners and geographic territories.



Value we create

CUSTOMERS

We aim to be the most trusted provider of quality products and expertise to parents on their parenting journey.

BUSINESS PARTNERS

We aim to create value to all our partners, supporting their profitable growth.

COLLEAGUES

We aim to balance fair reward, development in the role and wellbeing for our colleagues by offering them the tools needed to take responsibility for their future while supporting them through each stage of their career with us.

SHAREHOLDERS

We aim to deliver sustainable profit and growth.

Operational review

our strategic goals

1. build an increasingly connected brand offer

defining who we are to enable a more engaging and relevant customer proposition

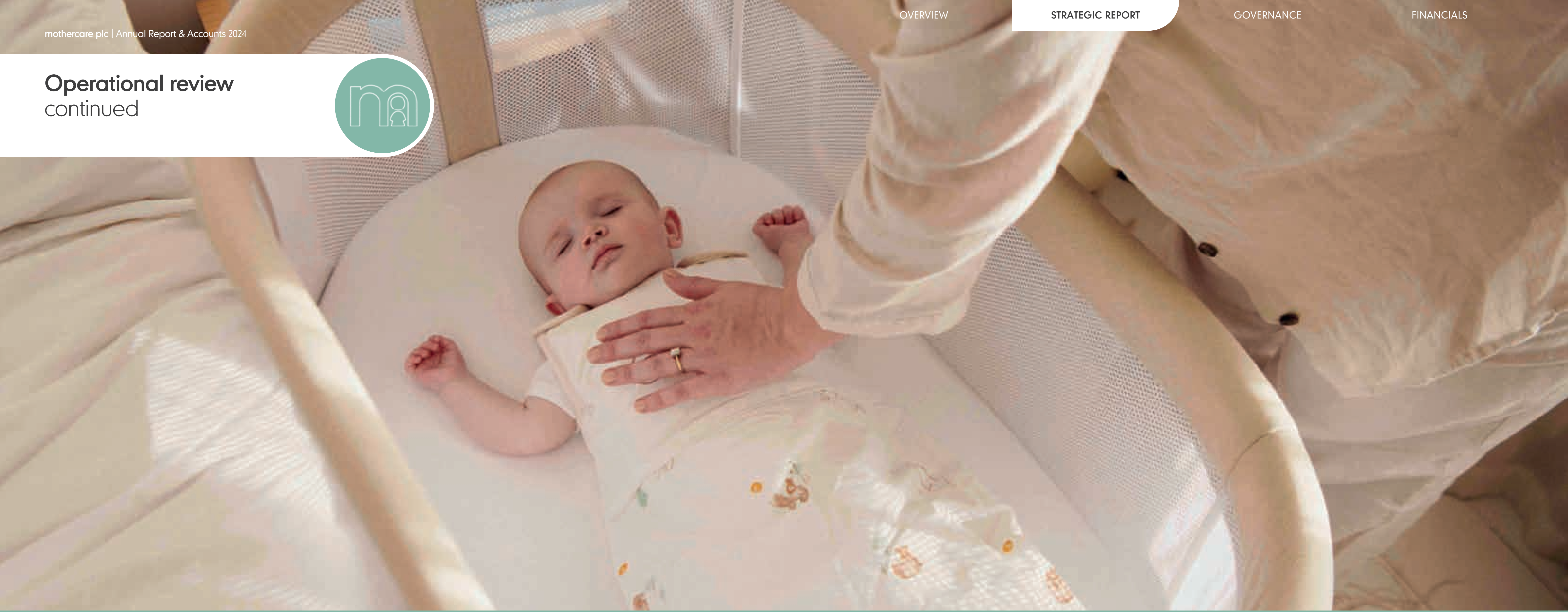
2. drive franchise partner profitability

to ensure a sustainable and investable business model

3. continue the mgb journey

to deliver growth and progression through the potential of new systems, channels, territories and sub-brands

Operational review
continued



1. build an increasingly connected brand offer

PROGRESS IN FY24

- delivered a trend-led contemporary clothing injection for boys and girls, to test the design direction and get an early read on sales with positive results
- developed a shorter, closer to market, critical path enabling more trend-right designs and sell-through data to help partners buy confidently
- further asserted baby-expertise in clothing and launched a nursery furniture collection to drive incremental sales, supported by brand and product marketing campaigns

LOOKING AHEAD TO FY25

- forthcoming product launches on the important categories of feeding, travel and bedding as we continue to prioritise the needs of new parents with own brand collections
- the revised critical path will deliver newness more frequently on a shorter development timeframe, to refresh stores and inspire people to shop
- we are enhancing the customer experience to confidently deliver category expertise and elevate the brand image across stores and online

Operational review
continued

PRODUCT PRIORITIES FY25

relevance

We continue to focus on Baby as the heart of our brand. We are evolving our product handwriting to ensure we delight our existing customers and attract new modern parents with a more contemporary aesthetic. Our classic and contemporary design mix is now established in all categories and will be seen more cohesively in the market from the AW24 season.

We are applying consistent brand handwriting to bring synergy to all mothercare products across clothing and H&T. This will be seen and executed through our SS25 baby clothing and bedding ranges.

A significant redesign of our packaging will increase consistency across product types, enhance quality, make the mothercare brand stand out and elevate product perceptions.

value

Value for money is top of mind for our target consumers, and we continue to support growth at both the entry and exit price points. More choice and options in our entry-priced products allow the more value-driven markets to bring newness and variety to their customers.

We are also driving great value at our exit-priced product and will introduce a new occasion wear collection in SS25, aimed primarily at markets celebrating Ramadan and Eid.

expertise

The sleep category is our expertise priority and the driver behind updating the nursery and bedding ranges. In FY25, we are planning more products in this area and will expand our sleepsuits and nightwear ranges in to different fabric types.

A comprehensive new feeding range will launch in FY25, supporting the needs of parents from breast to bottle and beyond. With a comprehensive marketing campaign and advice guides, it's an important category for us to offer own-brand products. The first collection launching in our new packaging calls out features and benefits to showcase our expertise and add value to customers.

Our global partners have year-round opportunities for swimwear and our established, technical UPF fabric swimwear collections continue to gain momentum. From SS25, we will expand into our newborn and baby range with a more relevant colour palette and handwriting. In each phase, we'll deliver more newness to drive growth and introduce a destination Beach Shop in FY26.

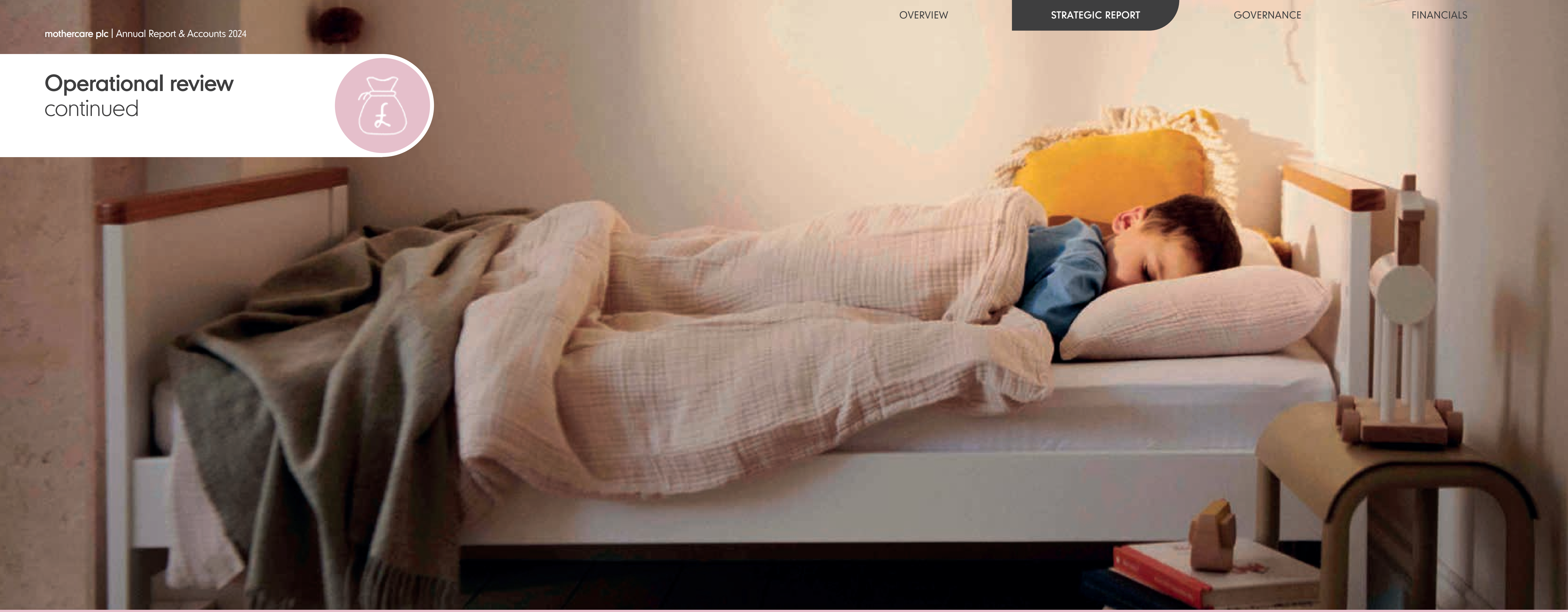
BRAND MARKETING PRIORITIES FY25

We are building brand authority through the 'we know parenting' proposition, which enables us to express our brand expertise, heritage and support new product launches. We are continually reinforcing 'we know sleep' as we strive to be at the top of consumers' minds for this occasion.

By focusing on parent and child bedtime rituals, we've expanded our storytelling to support the relaunch of nursery furniture, bathtime, nurturing, and nourishment, in addition to our clothing ranges in FY24. The SS25 bedding range will give us a new opportunity to continue the story as we build consistency and win consumer attention.

We continue to work with our partners to develop a storytelling approach to marketing, repeating core themes through our 'we know' proposition. An important part of this is bringing campaigns and product marketing to life cohesively across stores, online and social channels to cut-through with target customers. We are working with them to bring our expertise, personality and distinct design style into the shopping experience in a more cohesive way.

Operational review
continued



2. drive franchise partner profitability

PROGRESS IN FY24

- grown our own brand ranges on travel, sleep and feeding, offering higher margin options for partners to buy for FY25
- developed customer-led category growth plans to increase sales and margin through data analysis with more partners
- launch of ERP will further enhance our data and reporting management

LOOKING AHEAD TO FY25

- supporting partner buys with more data analysis on sell-through to help them right size their buys
- aggressive clearance of residual stock to help release budget for new season collections which have a higher rate of sale
- embarking on a lower-investment space optimisation and store refresh programme to aid sales in existing stores

Operational review
continued

GEOGRAPHICAL FOOTPRINT

Overview

Our key route to market is via our global franchise network of mothercare stores, with physical stores accounting for almost 90% of our annual global sales. We trade from 61 e-commerce sites and 450+ stores across 31 countries in many of the world's best shopping malls. We continue investing in our store, online presentation, and content, alongside developing alternative channels and markets.

Middle East 41% of annual global sales trading from 124 stores

The Middle East is mothercare's largest region, consisting of eight territories, including Jordan, Bahrain and Oman, alongside the key markets of Saudi Arabia, UAE, Kuwait and Qatar. This year, we saw the closure of Egypt as part of a wider market decision by our franchise partner.

Our partner Alshaya is a leading regional operator and opened the first mothercare store outside of the UK. Working in true partnership with Alshaya has allowed us to readdress an ever-changing region by starting to right-size the market footprint and product offering. There is a keen focus on clearing legacy stocks while at the same time seizing opportunities for growth within some key trading periods. These focuses, alongside a commercially driven operating team, will drive a profitable and sustainable future for the region.

Indonesia 10% of annual global sales trading from 58 stores

Indonesia is now our second-largest individual market in terms of sales turnover. They have risen to the safeguarding challenges, with 30% of mothercare stock now produced locally by MGB-approved factories. In the year ahead, we are looking to grow this further. The market has continued to grow with a further three new stores within this year and four store refurbishments, and sales were +8% on the previous year.

UK and Ireland 10% of annual global sales trading from 12 shop in shop stores

Our UK franchise partner, Boots, operates 12 mothercare shop-in-shops and a further presence of over 400 locations across the UK and Ireland in varying store formats. mothercare is also present on their e-commerce site with sales participation of 19%, which is amongst the highest of our partners. The UK finished +1% on last year.

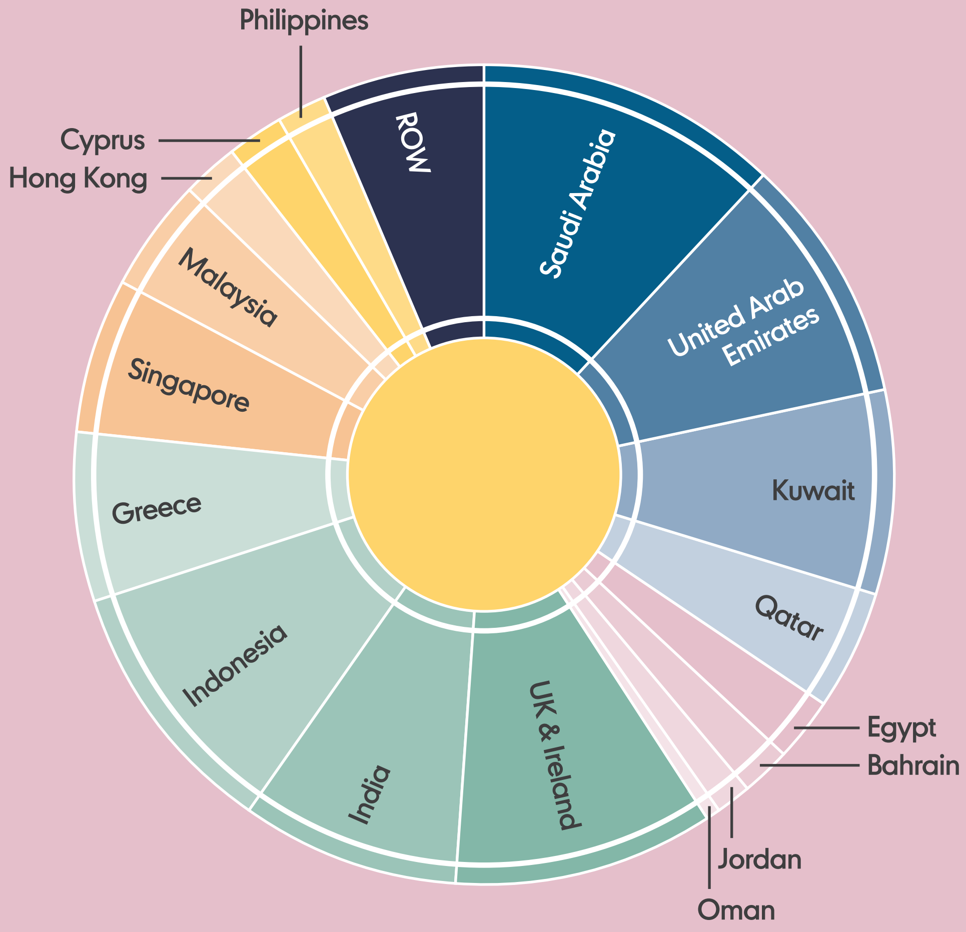
Malaysia, Singapore and Hong Kong 13% of annual global sales trading from 37 stores

Our three Far Eastern Markets, under the operation of our franchise partner Kim Hin International, have had a challenging year, with all three markets experiencing a downturn in trade and year-on-year sales growth. We are working closely with the partner to evaluate the markets and formulate a plan for the future.

Greece 7% of annual global sales trading from 23 stores

Our partner completed a new company structure and investment this year. They're currently completing a relaunch of the local e-commerce site and a store investment program. The first store that has seen investment is proving to be a great success, with a sales increase of +20% post-refurbishment.

GLOBAL SALES BY TERRITORY



Operational review
continued

PERFORMANCE

Stores

We delivered five store refits across the year starting with Ha Dong in Vietnam, The Park Solo, Karawaci and Dutta Mall in Indonesia and a relocated store in Riyadh Park.

E-commerce

Throughout the year partners focused on transitioning to the brand e-com guidelines with mostly cosmetic and user-experience updates, most notably in Indonesia.

We supported the Middle East with an API update which launched in April 24. This has improved functionality, delivered new features and improved functionality, improved performance capability and security to their e-commerce sites and App.

Behind the scenes we've migrated to the Adobe AEM platform to deliver enhanced asset management and flexibility for content delivery. An updated enriched product feed, delivering enhanced web attribute data to all partners launched in June 24 and will aid sales in FY25.

COMING IN FY25

Our Greek partner has recently invested in re-platforming their ecommerce site and refit the Nea Smyrni store you see featured in this document.

The store of the future concept has been well received by franchise partners, and we are expecting to deliver our first stores in this concept before the end of FY25. In addition, a store evolution project is underway to improve the shopping experience without investing in a complete shop fit.

Operational review
continued

3. continue the mgb journey

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

Operational review
continued

Channels

Stores remain key for mothercare, with almost 90% of our sales revenue coming from the store estate. Customers still want to get close to the product and get the advice that only one-on-one service can deliver when making that special purchase for their baby.

There is continued investment in the new store concept, alongside refreshes and resizing of stores to ensure that they reflect the current expectations of today's modern parent and offer the perfect curated range.

E-commerce represents 10% of our total retail sales and continues to offer our Franchise Partners the opportunity to grow their businesses with lower capital investment. Our continued investment in digital marketing content, user experience support, and social media focus will support their growth in D2C. In addition, marketplaces offer additional routes to consumers, and many of our partners are opening accounts to increase revenue streams and customer acquisition.

Wholesale offers opportunities to sell where our consumers shop and can be an additional revenue and profit stream in existing markets, particularly where a partner doesn't take the complete brand offer or a low-risk route to new market entry. This currently accounts for only a very small element of total retail sales and is, therefore, a channel for growth opportunities.

Licensing is an area of growing interest as a channel, and some of our partners are exploring this yet-untapped growth channel within our product categories.

Territories

We have adapted our product ranges even further in the last 12 months to ensure they have relevant global consumer appeal, and we feel confident about opening new territories.

After the year end we have entered into a new agreement with Smartmark Nigeria Ltd for the exclusive rights to sell mothercare products in Nigeria and Ghana. This agreement is for an initial period of five years with the possibility of extending for a further five years.

We are open to partnering with new franchise partners, distributors, wholesale customers, and D2C to push beyond our current geographical footprint. Following the agreement for Nigeria, which is in the top ten, mothercare is yet to be represented in seven of the top ten markets in the world when ranked by wealth and birth rate, and we retain the ability to enter new territories through a combination of new channels.

Brand

Our brand health* remains strong with high trust, consideration and purchase intent for the most important child development stages. We are seen as a true baby expert brand, retaining strong aided awareness and consideration so we know there's growth potential in our existing markets.

Salience in buying situations in some markets could be higher so we are working with our franchise partners to transform the customer experience at retail to create brand momentum as stores are their main acquisition channel.

In the UK, we feature in Savanta's Top 100 loved brands for the first time and YouGov's top 20 most popular fashion and clothing brands with women, rising to 9th position with millennials. Despite not having our own stores or e-commerce, this equity shows the significant opportunity for activating sales in the UK, and we are exploring new opportunities to deliver on consumers' desire for the brand. We strongly believe there's high growth potential in the UK by expanding our brand availability.

KPIs

	2024	2023	2022	2021	2020
Worldwide Sales*					
Total retail sales £m	280.8	322.7	385.3	358.6	542.1
Online retail sales £m	28.5	29.3	40.9	44.4	31.3
Stores as a % of total sales	89.8%	90.9%	89.4%	87.6%	94.2%
Online as a % of total sales	10.2%	9.1%	10.6%	12.4%	5.8%
Worldwide Stores*					
Number of stores	457	506	680	734	841
Space (k)sq. ft.	1,149	1,223	1,828	1,970	2,345
International Growth*					
Year on year sales in constant currency	(8.7)%	(26.2)%	12.6%	(30.5)%	(10.5)%
Global Franchises					
Countries with a mothercare presence	31	32	36	38	40
Product Mix*					
Clothing & Footwear	88.5%	86.3%	88.4%	86.8%	78.2%
Home & Travel	9.8%	11.7%	10.1%	11.2%	19.8%
Toys	1.7%	2.0%	1.5%	2.0%	1.9%

* 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. With this in mind a risk management framework is in place which is appropriate to the size, complexity, and financial position of the business.

MGB maintains 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 allow for the nature of balancing the driving of growth, within a complex, challenging, and continually changing, global retail environment, while providing sound opportunity for investors. The risk management framework is adopted throughout MGB to protect and enhance business value with an approach that is impactful and resilient, the end result being 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.

Eleven 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.

MGB risk management FY24

MGB has developed 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 expanding franchise proposition, with controls where mitigation, contingency and actions are required, when assessing individual departmental risks.

This year, Geo-Political events, and their impact on Supply Chain risk, were efficiently mitigated, with the effects reduced, across all our global partners. Embedded relationships and regular scheduled communications with our Franchise and Supply Chain Partners, during Middle East and Gulf tensions in January 2024, ensured MGB suffered no cancellations or resultant penalties, as a result of delays due to routing diversions. A combination of carrier performance and schedule integrity analysis continue to be a key mitigation and detective control to ensure contracted delivery parameters are met, in a rapidly changing operational environment

The efficient implementation of Dynamics 365 ERP system was supported by a rigorous testing program and data cleanse to ensure MGB Core Data Integrity continues to be a focus at the centre of this major development. All departments have defined Controls & Ownership to support the ongoing accuracy of Design, Product and Financial data driving the MGB business model. In addition, the IT team have developed and managed business data risk by introducing the Azure Cloud storage facility, VPN remote working, Single Sign On (SSO) and Multi Factor Authentication (MFA). These initiatives are underpinned by Service Level Agreements ensuring preventative quality assurance and are supported by Quarterly Service Reviews, detective monitoring to ensure consistent delivery and value for money.

The Global Brand Protection project continues to preserve both MGB and Franchise partner online interests and is supported by consistent marketing of the brand across our partners online and social channels. Throughout the year, breaches of trademarks have been 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 Principles continue to be rolled out across the franchisee estate • PLC Board consistently seeking to improve costs of capital and reducing long term debt	
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.	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 • 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	
Pension scheme funding MGB is exposed to the financial uncertainties of its two defined benefit pension plans and particularly as a result of falling interest rates or poor returns on investments related to the schemes.	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 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	
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.	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.	• 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	
ERP system MGB legacy IT systems being replaced by a world class ERP system represents a risk of design failure and overall business suitability to the point of an inability to maintain operations.	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.	• IT-specific Disaster Recovery Plan is in place, in addition to departmental continuity plans • ERP Steering Committee has been established including representatives from all departments to ensure that the system was appropriately scoped and planned • Core Data Integrity forms a part of all departments assessed and mitigated risk landscape in preparation for accurate data migration • Enterprise-wide support extensions are in place to protect existing core systems • 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 in-house Legal team to 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.	Potential for talent to leave MGB during brand evolution and system implementation may impact on our ability to deliver Brand strategy. 'Critical role' loss may interrupt MGB strategic vision and focus with resultant decline in partner support and associated reputational impact.	• Improved 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 • Global programme designed to increase and improve Brand exposure, promoting MGB as a desirable employer • 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
Financing – commenced refinancing discussions to reduce the cash financing cost, which were concluded after the balance sheet date	Lenders	With recent increases in interest rates, the interest rate on this loan was approximately 19.2%, which coupled with our ongoing cautious shorter-term outlook, largely due to the continuing challenges facing our Middle East operations, highlighted above, meant the Board's forecasts for continuing operations showed the Group may require waivers to future periods' covenant tests. We therefore commenced refinancing discussions with our lender which were concluded after the year end as detailed above. The loan was reduced to £8 million using the proceeds of the creation of the joint venture also detailed above and the interest rate on this remaining debt was reduced.
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 includes total contributions (DRCs plus costs) in the financial years to March 2025 £2.0 million; 2026 & 2027 £3.0 million; March 2028 & 2029 £4.0 million; March 2030 & 2031 £5.0 million; March 2032 £6 million; and March 2033 £0.5 million aggregating to fully fund the deficit by March 2033.

Shareholders

Regular dialogue has been maintained throughout the year with the Company's major shareholders who represent approximately 80% of the share register.

Employees

Post pandemic, the business has continued to support hybrid working. Weekly coffee mornings (that were introduced during lockdown) have continued to be 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. An in person all-employee 'mothercare Visions and Victories' conference was held at the top of the new financial year. 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 entered the fourth year of its arrangement with GB Europe Management Services Limited. The Company keeps its lender appraised of its financial status and maintains regular dialogue.

Pension trustees

Regular dialogue took place with the trustees 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 classic and contemporary collections within the fashion ranges.

Financial review

Andrew Cook
Chief Financial Officer

The creation of the joint venture in India, which more clearly demonstrates the underlying value of our brand, coupled with the part repayment and significant reduction in the interest cost of the loan facility, has dramatically improved and secured, the longer term financing arrangements of the Group.

The Group has for many years had high borrowings and a resultant high interest burden. Following this transaction, our interest charges have reduced to less than 25% of recent levels creating a solid platform from which we are now able to invest in our growth.

International retail sales by our franchise partners were £280.8 million (2023: £322.7 million) a decline of 13% year on year, or 9% at constant currency, reflecting challenging trading conditions in the Middle East in particular.

The profit from operations in the year was £6.7 million (2023: £6.0 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 relate to restructuring and reorganisation costs and are non-recurring (£0.2 million subtracted in year ended 2024 and £0.2 million added back in 2023), together with depreciation and amortisation of £0.4 million (2023: £0.5 million), resulting in an adjusted EBITDA profit for the year of £6.9 million (2023: £6.7 million).

The Group recorded a profit for the 53 weeks to 30 March 2024 of £3.3 million (2023: loss of £0.1 million). The adjusted profit for the year was £3.5 million (2023: £1.1 million). The adjusted items are detailed in note 6.

Whilst revenues decreased by £16.9 million, cost of sales decreased by £15.6 million, resulting in a gross profit reduction of £1.3 million. This was made up of royalties reducing this year by £2.4 million, as a result of the lower retail sales. The royalty reduction was partly offset by several relatively small credit note and provisioning adjustments, the largest of which was the release of a £0.3 million provision relating to product supply made last year but was not needed and so released this year.

Administrative expenses including adjusted items were £13.3 million, a reduction of £2.4 million compared to the previous year. The major elements were foreign exchange losses which reduced by £0.7 million, pension costs £0.6 million, payroll & recruitment costs £0.5 million and professional fees £0.4 million.

Retail space at the end of the year was 1.1 million sq. ft. from 457 stores (2023: 1.2 million sq. ft. from 506 stores).

Creation of a joint venture for India

The IP rights for the mothercare brand for India, Bhutan, Bangladesh, Sri Lanka and Nepal were recently 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.

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 £29 million. After offsetting our available losses, which have been recognised as a deferred tax asset on the balance sheet as at 30 March 2024, a net cash liability of approximately £3 million will be payable before the end of this financial year.

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

Financing and revision to loan terms

At the year-end the loan facility, which remained fully drawn across the year, was £19.7 million from Gordon Brothers, on which interest was being charged at 13% per annum plus SONIA plus an additional 1% per annum payment-in-kind coupon. The loan was due for repayment on or before 26 November 2025. Largely as a result of the revenues from the Middle East region, the Group was unable to meet its covenant obligations under the loan agreement, hence the loan is shown as falling due within a year on the balance sheet.

After the balance sheet date, following the repayment of £11.5 million from the transaction above together with the accrued interest, the loan was reduced to a principal £8.0 million. This loan is due for repayment on or before 17 October 2026. On this revised loan, interest is being 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.

If SONIA remains at approximately 5% per annum, the annual interest charge on the loan facility incurred by the Group, will reduce by approximately £2.9 million, as a result of the reduction of the principal and associated interest rates.

As part of the revision of the loan facility, Gordon Brothers were granted new warrants to subscribe up to 43.4 million new ordinary shares of mothercare at a subscription price of 8.5p per share. These Warrants, which are exercisable for 5 years from the date of issue, contain certain anti-dilution rights which will operate so as to secure for Gordon Brothers the right to subscribe for an aggregate equity interest representing approximately 7% of the Company's issued share capital (following exercise in full of the Warrants).

Additionally, the covenants have been revised to reflect the current results and forecasts of the Group and the previous defaults have been waived. The facility remains secured over the assets of the Group as a whole, excluding the 49% interest in JVCO 2024 Ltd, and the early repayment charges if the loan is repaid prior to term have been reset.

At the year-end mothercare had total cash of £5.0 million (March 2023: £7.1 million).

Financial review
continued

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 deficit to be funded at 31 March 2023 of £35.0 million is a significant reduction from the 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 £24.2 million liability on the balance sheet in relation to the pension schemes as at 30 March 2024 and an asset of £8.4 million as at 25 March 2023.

The following annual contributions, for the Staff Scheme and the costs for both schemes, have now been agreed with the trustees, for the years ending in March as follows: 2025 - £2.0 million; 2026 and 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.

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 reducing a significant amount of foreign exchange exposure. The costs relating to foreign exchange losses and bad debts reduced by a total of £1.1 million in the year, compared to the previous year.

Enterprise resource planning ("ERP") system

The new ERP system went live in June 2024 and is delivering the expected functionality albeit some non-critical issues are being resolved through further development. 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 also includes a portal for our franchise partners to view the products and place their orders.

We are in the process of decommissioning legacy systems together with defining what the longer resourcing levels of the business will be. Full year savings once these activities have been completed are expected to be in excess of £0.7 million, which coupled with the savings achieved to date will mean the total savings will have exceeded £1 million. 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

Intangible assets net book value increased by £2.1 million from £5.8 million in the previous year to £7.9 million in the current year. Intangible assets increased largely due to development costs capitalised during the year that related to the development of the Group's ERP system.

The defined benefit scheme moved from a surplus position of £8.4 million in the prior year to a deficit of £24.2 million in the current year, mainly due to the reduced valuation of assets driven by lower than expected returns.

The loss arising from the defined benefit scheme valuation is the key driver of the increase in the net liability position from £1.8 million in the prior year to £30.1 million in the current year.

Net current assets

Current assets decreased by £5.1 million to £10.8 million at the year-end (2023: £15.9 million), this was primarily due to decreases in cash and cash equivalents and trade and other receivables during the year. Trade and other receivables decreased by £2.9million, from £7.2 million in the previous year to £4.3 million in the current year driven by the reduction in trading activity year on year. Cash and cash equivalents decreased from £7.1 million in the previous year to £5.0 million in the current year.

Current liabilities increased by £16.3 million to £28.3 million (2023: £12.0 million) mainly due to the classification of the Group's borrowings of £19.7 million as a current liability due to breach of loan covenants, this was offset by a £2.7 million decrease in trade and other payables.

The breach of the loan covenants during the year is reflected in the net current assets position at year end. Net current assets of £3.9 million in prior year, moved to a net current liability position of £17.5 million at the end of the year due to the classification of the long term loan as a current liability at 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.

	30 March 2024 £ million	25 March 2023 £ million
Intangible fixed assets	7.9	5.8
Property, plant and equipment	0.2	0.2
Retirement benefit obligations (liability) / asset	(24.2)	8.4
Net borrowings (excluding IFRS 16 lease liabilities)	(14.7)	(12.4)
Derivative financial instruments	0.7	0.5
Other net liabilities	–	(4.3)
Net liabilities	(30.1)	(1.8)
Share capital and premium	198.1	198.1
Reserves	(228.2)	(199.9)
Total equity	(30.1)	(1.8)

Pensions

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

Pension assets net of liabilities were in deficit of £24.2 million at the end of the year compared with a surplus of £8.4 million at the end of the previous period.

The asset value decreased from £278.3 million to £254.7 million. This was largely due to lower than expected returns on the pension assets and the Executive buy-in transaction, overall resulting in an asset experience loss of £26.1 million.

The liabilities increased from £269.9 million to £278.9 million, mainly driven by the asset experience loss of £13.9 million. This has resulted from allowing for the actuarial valuation at the beginning of the year and actual pension increases and deferred revaluations awarded since the previous period being higher than assumed.

In the current year the Executive Scheme executed a buy-in policy with Canada Life Limited whereby the income from the policy exactly matched the amount and timing of the benefits payable to the insured members. Therefore, the fair value of the insurance policy is calculated to be the present value of the related obligations under the assumptions at the balance sheet date.

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

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:

Financial review
continued

£ million	52 weeks ending 29 March 2025*	53 weeks ended 30 March 2024	52 weeks ended 25 March 2023
Income statement			
Running costs	(1.2)	(1.7)	(2.1)
Net (expense)/income for interest on liabilities / return on assets	(0.5)	0.4	0.4
Net charge	(1.7)	(1.3)	(1.7)
Cash funding			
Regular contributions	–	(0.0)	(1.0)
Deficit contributions	(2.0)	(2.5)	(1.2)
Total cash funding	(2.0)	(2.5)	(2.2)
Balance sheet**			
Fair value of schemes' assets	n/a	254.7	278.3
Present value of defined benefit obligations	n/a	(278.9)	(269.9)
Net (deficit) / surplus	n/a	(24.2)	8.4

* Forecast
** The forecast fair value of schemes' assets and present value of defined benefit obligations is dependent upon the movement in the 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:

	2024	2023	2024 Sensitivity	2024 Sensitivity £ million
Discount rate	4.8%	4.7%	+/– 0.1%	–3.9 /+3.9
Inflation – RPI	3.1%	3.0%	+/– 0.1%	+2.7 /–2.0
Inflation – CPI	2.5%	2.3%	+/– 0.1%	+0.7 /–0.7

Deferred tax

The Group has deferred tax assets of £3.4 million (2023: £0.4 million liability). The movement from a liability position to an asset position is due to the recognition of tax losses totaling £3.4 million. The recovery of the asset is supported by the expected level of future profits of the Group. Deferred tax assets arising from accelerated tax depreciation of £1.2 million were offset by liabilities arising from short term timing differences of £1.1 million. Deferred tax assets on actuarial losses were limited to offset the amount of deferred tax liabilities from previous periods due to uncertainties regarding their recovery.

Net debt

Net debt excluding lease liabilities increased by £2.3 million during the year to £14.7 million (2023: £12.4 million), due to a net cash outflow of £2.0 million and a non-cash increase of £0.2 million as well as a £0.1 million increase resulting from currency translation. Net debt including lease liabilities was £14.9 million (2023: £12.9 million).

Leases

Right-of-use assets of £0.1 million (2023: £0.3 million) and lease liabilities of £0.2 million (2023: £0.5 million) represented the Group's head office lease. The depreciation charge during the year was £0.2 million. The lease expires in the next financial year.

Working capital

Working capital moved to a liability position of £17.5 million at the end of the year from an asset position of £3.9 million in the previous year. This was mainly due to the classification of the long-term borrowings as a short term loan due to the breach of certain loan covenants.

Stock levels fell in the current year from £0.9 million in prior year to £0.6 million, a continuation of efforts to move franchise partners to direct shipments. Trade receivables decreased to £1.4 million in the current year from £3.7 million in prior year, a decrease of £2.3 million, mainly due to timing differences in shipments around the respective year ends.

Trade payables decreased to £2.7 million (2023: £4.0 million) due to similar reasons.

Income statement

	53 weeks to 30 March 2024 £million	52 weeks to 25 March 2023 £million
Revenue	56.2	73.1
Adjusted EBITDA (EBITDA before exceptionals)	6.9	6.7
Depreciation and amortisation (note 7)	(0.4)	(0.5)
Adjusted result before interest and taxation	6.5	6.2
Adjusted net finance costs	(3.4)	(2.8)
Adjusted result before taxation	3.1	3.4
Adjusted costs	(0.2)	(1.2)
Profit before taxation	2.9	2.2
Taxation	0.4	(2.3)
Total profit / (loss)	3.3	(0.1)
EPS – basic	0.6p	(0.0)p
Adjusted EPS – basic	0.6p	0.2p

Foreign exchange

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

	53 weeks ended 30 March 2024	52 weeks ended 25 March 2023
Average:		
Egyptian pound	39.9	26.9
Qatari riyal	4.6	4.4
Malaysian ringgit	5.8	5.4
Kuwaiti dinar	0.39	0.37
Singapore dollar	1.7	1.7
Saudi riyal	4.7	4.5
Emirati dirham	4.6	4.4
Indonesian rupiah	19,257	18,160
Indian rupee	104.0	96.7
Closing:		
Egyptian pound	60.8	37.1
Qatari riyal	4.6	4.4
Malaysian ringgit	6.0	5.5
Kuwaiti dinar	0.39	0.37
Saudi riyal	4.8	4.5
Singapore dollar	1.7	1.6
Emirati dirham	4.7	4.5
Indonesian rupiah	19,920	18,730
Indian rupee	105.5	100.5

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 adjusted profit to decrease by £15.2 million (2023: £23.2 million increase) and £0.8 million (2023: £1.4 million increase) respectively as shown below:

	Worldwide sales £ million	Adjusted loss £ million
Egyptian pound	(2.3)	(0.1)
Malaysian ringgit	(1.2)	(0.1)
Kuwaiti dinar	(1.1)	(0.1)
Saudi riyal	(1.4)	(0.1)
Emirati dirham	(1.1)	(0.1)
Indonesian rupiah	(1.5)	(0.1)
Singapore dollar	(2.6)	(0.1)
Indian rupee	(2.1)	(0.1)
Other currencies	(1.9)	-
	(15.2)	(0.8)

Net finance costs

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

Net finance costs of £3.8 million remained consistent with the previous year cost of £3.8 million. Interest on the term loan was £3.9 million in the current year (2023: £2.9 million) the increase was primarily due to the increase in the base rate. Facility costs decreased to £0.4 million from £0.9 million in prior year.

These were offset by net interest income on the defined benefit asset and liability which remained consistent with prior year at £0.4 million (2023: £0.4 million) .

Discontinued operations

There were no discontinued operations presented for the current financial 53 week period ended 30 March 2024. The total statutory profit after tax for the Group is £3.3 million (2023: £0.1 million loss).

Taxation

The tax credit comprises corporation taxes incurred and a deferred tax credit. The total tax credit for the period was £0.4 million (2023: £2.3 million charge) – (see note 9).

Earnings per share

Basic adjusted earnings per share were 0.6 pence (2023: 0.2 pence). Statutory earnings per share were 0.6 pence (2023: (0.0) pence).

Cashflow

Operating cash flow improved by £0.5 million to an inflow of £4.8 million (2023: £4.3 million). Profit from operations increased by £0.7 million to £6.7 million in the current year from £6.0 million in prior year.

Trade and other payables decreased by £2.7 million, but this was offset by £2.9 million reduced trade and other receivables and £0.3 million reduced inventories.

Cash outflow from investing activities was consistent with prior year at £2.3 million (2023: £2.3 million). A total of £2.2 million of the current year costs was attributable to the development of our new Enterprise Resource Planning system.

Cash outflow from financing activities was £4.5 million (2023: £4.0 million).

Overall, net outflows from investing activities (£2.3 million) and financing activities (£4.5 million) offset the cash inflow from operations of £4.8 million, accounting for the overall decrease in cash and cash equivalents of £2.1 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.

Since the balance sheet date the IP rights for the Mothercare brand for India, Bhutan, Bangladesh, Sri Lanka and Nepal were transferred to JVCO 2024 Ltd on 31 August 2024, which was a wholly owned subsidiary of the Group, at a value of £33.3 million. 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.

From these proceeds Mothercare repaid £11.5 million of its existing loan facility, reducing the principal liability to £8 million and at the same time revised the terms of facility including reducing the interest charged from 13% per annum plus SONIA plus an additional 1% per annum payment-in-kind coupon to 4.8% per annum plus SONIA (with SONIA at a floor of 5.2%) plus a 1% 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% per annum thereafter percentage and revising the financial covenants.

The consolidated financial information has 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 scenario assumes the following additional key assumption:

- A significant reduction in global retail sales, which may result from subdued, consumer confidence or disposable income or through store closures or weaker trading in our markets, throughout the remainder of FY25 and FY26.

The Board's confidence in the Group's Base Case forecast, which indicates that the Group will operate with sufficient cash balances and within the financial covenants of the loan facility, following the recent reduction and revision of this facility and the Group's proven cash management capability, supports our preparation of the financial statements on a going concern basis.

However, as described in our strategic report, the global economic uncertainties have impacted our retail sales during the year and post year end. In particular, our Middle East markets, which contribute around 41% of the Group's total retail sales continue to be the most challenging. If trading conditions were to deteriorate beyond the level of risk applied in the sensitised forecast owing to ongoing geopolitical tensions, other global downturn in trade or low consumer demand, the Group may need to renegotiate with its lender in order to secure waivers to potential covenant breaches or have access to additional funding to continue its trading activities. Whilst the directors believe that the post year end deal with Reliance, as described above, has now put the Group in a stronger position, it is acknowledged that, in view of the above, there remains a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

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 dominated 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 £19.5 million term loan which exposes the Group to cash flow interest rate risk. Interest is charged at 13% per annum plus SONIA, with SONIA not less than 1%, plus a 1% per annum compounded payment to be made when the loan is repaid, these expose the Group to future cash flow risk. Subsequent to the year end, part of the loan was settled with a remaining principal amount of £8.0m, on this interest would be 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.

In the comparative period, interest was charged at 13% per annum plus SONIA, with SONIA not less than 1%, plus a 1% per annum compounded payment to be made when the loan is repaid.

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

Financial review
continued

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

Shareholders' funds amount to a deficit of £30.1 million, an adverse movement of £28.3 million from prior year. This was mainly due to the impact of the actuarial loss of £33.8 million less deferred tax of £2.0 million at year end offset by the deferred tax asset recognised of £3.4 million.

The directors' statement in respect of section 172 of the Companies Act 2006 can be found within the Governance section on page 41.

This strategic report was approved by the Board on 17 October 2024 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. We currently offer responsibly sourced cotton within our clothing ranges and will be widening the number of products made from responsibly sourced 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 2023/24

	FY 2024 Performance	FY 2023 Performance
Total CO_2e emissions (tonnes)	13.1	26.1
CO_2e emissions (per £m Group revenue)	0.23	0.40
Total Energy Consumption (m kWh)	0.06	0.12

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.

In 2024 overall CO_2e emissions reduced, in absolute terms, by 50%. This was due to reducing floor space at our Apsley Head Office from two floors to one. The reduction in floor space was achieved in part by reduced head count, and also to utilise floor space more efficiently. We continue to use energy timers on the third floor, which effectively switch off the lights when the office is unoccupied.

As a consequence of reduced energy use, emissions per £m Group revenue decreased by 42%.

The 'S' in Social

The business supports an 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.

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 54.

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 De La Rue plc, China Venture Capital Management Limited, First China Venture Capital Limited, Y-LEE Limited, Senior Independent Director of Griffin Mining Limited and non-executive director of Sportech Limited. Formerly Chairman of Dignity plc and a Non-Executive Director of 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 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 and National Accident Helpline Group Plc.

Other Directorships: Gillian holds non-executive director roles at, Ascential Plc, SIG plc, THG plc, Marlowe plc and at a private company Theo Topco Limited (Key Group).

Mark Newton-Jones
F

Position: Non-Executive Director

Appointment: July 2014

Skills, competencies, experience: Mark was re-appointed as Chief Executive Officer of the Company in May 2018. Mark initially joined the Company in July 2014 acting as Chief Executive Officer of the Company until April 2018. Mark has 30 years' experience with and developing some of the industry's leading retail brands in both stores and online. Formerly, Mark has held directorships with companies within the Shop Direct Group where he was Chief Executive Officer. Mark was also a non-executive director of Boohoo plc from 2013 to 2016.

Other Directorships: Mark is Senior Managing Director, Head of the UK and Europe, the Middle East & Africa at Gordon Brothers. He is also Chairman of Graduate Fashion Week and a board member of the INGKA Holding B.V. (Supervisory Board of the IKEA Group). Mark is also currently a director of Pockit Limited and a member of Concentric Team Technology I Founder Partner LLP.

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. He was also a non-executive director of Boohoo.com from 2019 to early in 2023 and formerly a Trustee Director for the Retail Trust Charity.

Other Directorships: Pendragon Plc, 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

Jean Brixey

Position: Director of Merchandising, Mothercare Global Brand

Appointment: July 2024

Skills, competencies, experience: Jean is an accomplished Merchandise director with extensive experience across clothing and hard goods. Her previous roles have included Matalan and Smyk, the premier kids' retailer in Poland. She has experience of accelerating growth in competitive international markets and a strong consistent record of driving impactful change along with the ability to identify financial and commercial business opportunities. She has experience in both implementing and optimising complex merchandise and buying systems with a focus on driving new technologies into processes to drive value.

Harriet Poppleton

Position: Commercial Director, 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.

Andrea Moore

Position: Brand Director, Mothercare Global Brand

Appointment: February 2023

Skills, competencies, experience: Andrea joined in October 2022 on an interim basis prior to her appointment. Highly skilled at identifying the unique and distinct appeal of brands and turning them into brand strategies that drive high growth across multiple territories. Andrea has 30 years' brand, retail and e-commerce expertise gained in global roles for Dr. Martens, Molton Brown, Levi's and Made.com.

Lizzie Scott

Position: Buying and Design Director, Mothercare Global Brand

Appointment: November 2023

Skills, competencies, experience: Formerly Head of Buying at Oasis Womenswear. Lizzie has 20 years of experience working on a number of fashion retail and online brands with strong UK and International presence. She has a track record of delivering strategic change in product direction that balances trend and commercial opportunity.

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 55.

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 30 March 2024 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	9 formal	2 additional: sub-committee	3 formal	1 additional	1 formal	4 formal	2 additional
Director							
Clive Whiley	9/9	2/2			1/1		
Andrew Cook	9/9	2/2					
Gillian Kent	8/9		3/3	1/1	1/1	4/4	2/2
Daniel Le Vesconte	3/4						
Mark Newton-Jones	3/9						
Brian Small	9/9		3/3	1/1	1/1	4/4	2/2

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 has recused himself from recent meetings.

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 the need for retail expertise on the board.

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

Corporate governance statement

For FY24 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.

Principle	QCA Corporate Governance Code: 10 principles and related disclosures	Mothercare plc application
	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 in 31 countries around the world. Since 2020 we have been working with MGB's franchise partners on an asset-light model in which manufacturing partners invoice and are paid directly by franchise partners for products. Moving forward this new operating model, together with changes in associated cost structures, would result in a reduction in future overheads and supports improving cash generation for the business.
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 37 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 33 to 36
	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 54 to 57
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	See our governance statement on pages 54 to 57
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	See our governance statement on pages 54 to 57
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.

Corporate governance report
continued

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 56. 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 2024: Board: corporate governance pages 54 – 57 and Directors' report pages 62 – 63 Audit and Risk Committee: page 57 Nomination Committee – page 57 Remuneration Committee – pages 58 – 61 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 54.

	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 54 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.

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.

During the year under review, the appointment of Daniel Le Vesconte (who had been appointed to the board in January 2023) stepped down as a director. Up until his appointment and post his departure the business was and continues to be led by the CFO and Chairman.

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 need for retail expertise on the board.

Remuneration Committee – see page 58

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 30 March 2024.

The Annual Report on Remuneration provides details of the amounts earned in respect of the year ended 30 March 2024 and how the Directors' Remuneration Policy is intended to be implemented for the year commencing 31 March 2024. The 2023 Directors' Remuneration Policy was approved at the company AGM on the 13 October 2022 with 99.99% of votes in favour and is available in our 2022 Directors' Remuneration Report on our website.

Performance and reward for FY24

The business saw retail sales of £280.8 million, a decline of 13% over FY23, 9% on a constant currency basis and Adjusted EBITDA of £6.9 million.

This performance was set against continued challenges in our Middle Eastern markets and franchise partners still clearing inventory due to suppressed demand during Covid-19. The team focused on supporting our franchise partners with ongoing improvements in product and service while managing the costs in the business, in particular with the delivery of the new ERP system to replace the old and costly legacy IT systems and refinancing the Groups existing loan facility at high levels of interest costs.

The above informed and shaped the decisions of the Committee during the year.

Annual bonus outcomes

The CFO was granted an annual bonus with a maximum opportunity equal to 100% of salary in line with the 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 FY24 and the CFO's significant contributions during the year, the Committee considered a bonus outcome equal to 45% of salary (equivalent to 45% of maximum opportunity) to be appropriate. See page 59 for further details.

Long-term incentive outcomes

On 28 September 2020 the CFO was granted a performance-based LTIP award equal to 100% of salary. 50% of the award was subject to FY23 EBITDA performance. 50% of the award was subject to absolute TSR performance measured over the three-year period following the grant date. As disclosed in the FY23 Directors' Remuneration Report, FY23 EBITDA performance was below the threshold target. The TSR performance measure was assessed in October 2023 and performance was below the threshold target. The award therefore lapsed in full.

Implementation of remuneration policy for FY25

Salary/Fees

The CFO has been awarded a 6% increase in salary with effect from 1 July 2024 (increasing his salary from £274,500 to £291,000). The Committee is mindful that the increase is positioned marginally above the average workforce increase (4.5%). However, the Committee believes that the salary increase is appropriate in the context of the CFO's continued exceptional performance and reflects his experience and role and responsibilities.

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

Annual bonus plan

The CFO's annual bonus opportunity is in line with the 2023 Remuneration Policy at a maximum of 100% of salary and subject to stretching financial and non-financial performance measures. Details of the performance measures and targets will be disclosed in the FY25 Directors' Remuneration Report.

Long term incentives

The Committee does not intend to grant any long term incentive awards to the CFO during FY25.

Remuneration Policy review

The current Remuneration Policy was approved at the 2022 AGM and is approaching the end of its three year term. During the coming year, the Committee will conduct a review of the Remuneration Policy and incentive arrangements. The Committee will seek consultation with the Group's major shareholders as appropriate on any proposed material changes.

Conclusion

We are committed to a responsible and transparent approach in respect of executive pay. The Committee believes that the advisory vote provides accountability and gives shareholders a say on this important area of corporate governance. We continue to welcome any feedback from shareholders and hope to receive your support at the 2024 AGM.

Gillian Kent
Chair of the Remuneration Committee
17 October 2024

Annual Report on Remuneration

Single total figure of remuneration (audited)

The table below shows the single total figure remuneration for directors in FY24 with comparative figures for FY23.

	Salary and fees		Benefits		Pension		Annual bonus		Long Term Incentives		Total	
Director	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Executive												
Daniel Le Vesconte[1]	128.0	77.0	13.0	3.7	7.0	–	–	–	–	–	148.0	80.7
Andrew Cook	270.5	259.0	11.0	11.5	15.5	15.5	125.0	–	–	–	422.0	286.0
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	50.0	50.0	–	–	–	–	–	–	–	–	50.0	50.0
Brian Small	57.5	57.5	–	–	–	–	–	–	–	–	57.5	57.5

1 Daniel Le Vesconte stepped down as CEO and from the Board on 8 June 2023. The values in the table represent amounts earned during his tenure as CEO. He remained an employee of the Group for the duration of his notice period until 8 December 2023 and continued to receive his salary and benefits during this period.

Executive director base salary (auditable)

Base salary and fees

	2024 £000	2023 £000	% increase
Daniel Le Vesconte[1]	363	363	n/a
Andrew Cook	274.5	259	6

[1] Dan Le Vesconte stepped down as CEO and from the Board on 8 June 2023. He remained an employee of the Group for the duration of his notice period until 8 December 2023 and continued to receive his salary and benefits during this period.

Non-executive director fees (auditable)

	2024 £000	2023 £000	% increase / (decrease)
Chairman	120	120	0
Non-executive director	50	50	0
Chair of audit and risk committee	7.5	7.5	0
Chair of remuneration committee	7.5	7.5	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 FY24 of £6.9 million which is marginally above FY23 and in line with market expectations.

Annual Report on Remuneration
continued

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

Measure	Assessment
financial based strategic objectives (20%)	
Refinance the Company's debt facility on improved terms	We were at the advanced stages of refinancing discussions with our lender at the year end and this was completed after the year end
Deliver the enterprise resource planning system	The enterprise resource planning system was fully implemented in June 2024
Non-financial based strategic objectives (30%)	
Enhance franchise profitability	Several steps taken to enhance franchise profitability including reducing the lead time between design and delivery of products, improve control of direct cost recharges and product expansion
Continue to strengthen the Mothercare brand through existing and new franchise partners and brand expansion opportunity	Focus was predominantly on developing existing territories
Reduce bad debt exposure	Credit insurance in place with some franchise partners and mitigation processes in place where credit insurance cannot be placed

Taking into account EBITDA performance, performance against the strategic objectives, underlying performance for FY24 and Andrew Cook's significant contributions during the year, the Committee considered a bonus outcome equal to 45% of salary (equivalent to 45% of maximum opportunity) to be appropriate.

Long term incentive (audited)

On 28 September 2020 Andrew Cook was granted a performance-based LTIP award equal to 100% of salary. 50% of the award was subject to FY23 EBITDA performance. 50% of the award was subject to absolute TSR performance measured over the three-year period following the grant date. The FY23 EBITDA and absolute TSR performance were below the threshold targets and therefore, the award lapsed in full.

Grant of restricted share awards

Per the Directors' Remuneration Policy included in the FY22 Directors' Remuneration Report, the Committee intended to grant performance-based LTIP awards during the course of the three year Policy period (i.e. in FY23, FY24 and FY25). However, no awards were granted in FY2023 given the economic uncertainty.

As disclosed in the FY23 Directors' Remuneration Report, the Committee reflected on its approach to long term incentives for FY24 and considered that restricted share awards for Andrew Cook and other senior management were appropriate as a one-off in lieu of performance-based LTIP awards for FY23 and FY24.

The key rationale 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.

On 25 September 2023, Andrew Cook was granted a restricted share award (in the form of a nil-cost share option) equal to circa 50% of salary. The award will vest on the third anniversary of the grant date subject to continued employment. Any vested shares will be subject to a two-year post-vesting holding period.

	Number of shares granted	Face value of award at grant	Vesting period	Holding period
Andrew Cook	3,000,000	£138,000[1]	25 September 2023 to 25 September 2026	25 September 2026 to 25 September 2028

1 Face value at grant calculated based on the mid-market closing share price on the dealing day immediately preceding the grant date (22 September 2023: £0.046).

The Committee was mindful of market practice and shareholder expectations as regards setting restricted share award levels at no more than 50% of the performance-based LTIP opportunity. Noting the maximum performance-based LTIP opportunity under the Directors' Remuneration Policy (150% of salary for FY23) and that no performance-based LTIP awards were granted in FY23 or FY24, the Committee notes that the restricted share award opportunity granted to Andrew Cook (circa 50% of salary) represents a discount much greater than 50% of the total performance-based LTIP opportunity that could have been granted to Andrew Cook in FY23 and FY24.

Payments to past directors and payments for Loss of Office

Daniel Le Vesconte stepped down as CEO and from the Board on 8 June 2023. He remained an employee of the Group for the duration of his notice period until 8 December 2023 and continued to receive his salary and benefits during this period.

There were no payments for loss of office made during FY24.

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 25 March 2023 and 30 March 2024 (or, if earlier, the date the director stepped down from the Board) are set out below. As at 17 October 2024, 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 30 March 2024[2]	Shares held at 25 March 2023
Executive directors				
Daniel Le Vesconte[3]	n/a	n/a	568,582	568,582
Andrew Cook	200%	23.25%	862,375	862,375
Non-executive directors				
Clive Whiley	n/a	n/a	4,000,000	3,054,168
Gillian Kent	n/a	n/a	–	–
Brian Small	n/a	n/a	–	–
Mark Newton-Jones	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 (7.40 pence).
2 Or, if earlier, the date the director stepped down from the Board.
3 Dan Le Vesconte stepped down as CEO and from the Board on 8 June 2023. Holding shown is as at termination date.

Share interests

Director	Award	Date of award	Number of awards at 25.03.23	Awards granted	Awards vested	Awards lapsed	Number of awards at 30.03.24	Exercise price	Date at which award vests / vested / lapsed
Andrew Cook[1]	SAYE	23.12.2020	180,000	–	–	180,000	0	10p	01.03.2024
	LTIP 2020[2]	28.09.2020	2,590,000	–	–	2,590,000	0	Nil	28.09.2023
	Restricted Share Award 2023	25.09.2023	0	3,000,000	–	–	3,000,000	Nil	25.09.2026

1 The SAYE maturity lapsed with nil vesting due to the share price being underwater
2 LTIP 2020 lapsed in full as the FY23 EBITDA and TSR threshold performance targets were not achieved.

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 FY23 directors' remuneration report including the directors' remuneration policy was approved at the Annual General Meeting held on 23 October 2023. 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 (including the directors' remuneration policy)	447,056,164	99.99	65,229	0.01	28,422

*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 17 October 2024 and signed on its behalf by Gillian Kent, Chair of the remuneration committee.

Directors' report

The directors present their report on the affairs of the Group, together with the financial statements and auditors' report for the 53-week period ended 30 March 2024. The corporate governance statement set out on pages 54 to 57 forms part of this report. The Chairman's statement on page 9 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 Drivers' on page 29.

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 53-week period ended 30 March 2024:

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
Daniel Le Vesconte	Executive director (to 8 June 2023)
Mark Newton-Jones	Non-executive director
Brian Small	Non-executive director and chair of the audit and risk committee

Daniel Le Vesconte was appointed on 17 January 2023 and his appointment as a director was terminated on 8 June 2023.

Mark Newton-Jones appointment as non-executive director will end at the forthcoming annual general meeting.

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 FY24 are as set out in more detail in the section 172 statement on page 37.

Dividend

The directors are not recommending the payment of a final dividend for the year and no interim dividend was paid during the year (2023: nil). The Company's dividend policy is set out on page 13 of the Chairman's statement.

Capital structure

As at 30 September 2024, 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 30 March 2024 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 30 September 2024, the Company had been advised of, 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	26.67
M&G Plc	9.50
D C Thomson & Company Limited	9.39

Treasury policy and financial risk management

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

Charitable giving

Across three sample sales run by MGB employees, a total of £14,412 was made for various charities including Barnados, Teens Unite and HomeStart.

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 48 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

Gravita Audit Limited has expressed its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

Annual general meeting (AGM)

The AGM will be held on 19 November 2024.

By order of the board

Lynne Medini
Group Company Secretary

17 October 2024

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 17 October 2024 and is signed on its behalf by:

Clive Whiley	**Andrew Cook**
Chairman	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 consolidated financial statements of Mothercare plc (the "Parent Company") and its subsidiaries (the "Group"), for the year ended 30 March 2024, which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flow and 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 UK adopted International accounting standards (IFRSs). The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 30 March 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 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

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

We draw attention to note 2 in the financial statements, which explains the Board's considerations over going concern, including factors such as Group's trading results and its continued access to sufficient borrowing facilities against the Group's latest forecasts and projections. These comprise of a base case forecast; a sensitized forecast, which applies sensitivities against the base case for reasonably possible adverse variations in performance, reflecting the ongoing volatility in key markets and a sensitized scenario assuming a significant reduction in global retail sales, which may result from subdued, consumer confidence or disposable income or through store closures or weaker trading in the markets, throughout the remainder of FY25 and FY26.

The Board have noted in their going concern disclosure within note 2, that the Group will operate with sufficient cash balances and within the financial covenants of the refinanced loan facility, following the recent reduction and revision of this facility and the Group's proven cash management capability. Note 2 details the post year end IP deal with Reliance and subsequent refinancing of the outstanding loan facility which reduces debt and ongoing interest charges. Management believe that this supports their preparation of the financial statements on a going concern basis.

Our evaluation of the Board's assessment of the entity's ability to continue to adopt the going concern basis of accounting included a detailed review of the Group's and Company's forecasts in comparison to cash balances held at the date of these financial statements and actual expenses in the recent period to assess the reasonability of the forecasts presented.

The existence of a material uncertainty related to going concern is one of the most significant risks of material misstatement due to the uncertainty of the Group's ability to meet future liabilities as they fall due and it's ability to meet forecasted results. As disclosed in Note 2 of the financial statements, if trading conditions were to deteriorate beyond the level of risk applied in the sensitised forecast owing to ongoing geopolitical tensions, other global downturn in trade or low consumer demand, the Group may need to renegotiate with its lender in order to secure waivers to potential covenant breaches or have access to additional funding to continue its trading activities.

Management performed an assessment in relation to Group's ability to continue as a going concern and the assessment comprises a base case scenario that includes a reasonable worst-case scenario and a reverse stress test. The overall assessment includes key assumptions considered by management that required significant judgment in relation to the estimation of future revenue generated by each franchisee.

We assessed the significant judgements made by management in relation to the reverse stress test to ensure that these are adequately considered and in line with current events and trading performance.

Independent auditor's report to the members of Mothercare plc
continued

We performed the following audit procedures to assess the management's judgements, key assumptions and entity's ability to continue as a going concern:

- Liaising with management and discussing their going concern assessment, including their view and perspective associated with firm's ability to continue as a going concern
- Reviewing and assessing the reliability of the forecast to ensure its accuracy and performing arithmetical checks
- Reviewing the past forecast with the actual results to determine if prior year's estimates were adequately considered and whether management's historical approach in terms of the key assumptions was appropriate
- Assessing the worst-case scenario and reverse stress test considered by management in line with the key assumptions involved and other relevant events to determine the potential impact that these may have in respect of the current covenants related to the external borrowing facilities
- Assessing the covenants attached to the external borrowing facilities and challenging management approach and assessment of a breach of covenants during the subsequent period
- Reviewing the subsequent trading activities and performance in line with the covenants attached to the external borrowing facilities; and
- Assessing the relevant disclosure within the annual report in line with the management's assessment and other related aspects considered.

Based on the work we have performed, we note the existence of material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company and Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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 (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

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

As there is a material uncertainty for the going concern assumption, this key audit matter has not been included within this key audit matters section. This is in accordance with the guidance set out within ISA (UK) 701.

Key audit matter	How our audit addressed the key audit matter
Defined benefit pension scheme As part of our assessment, we identified the defined benefit pension scheme as one of the most significant risks where a material misstatement could exist. It was reported that the Group operates two schemes that relate to staff and executive members. The valuation of scheme is comprehensive and requires a high degree of judgement based on the actuarial assumptions over the prevailing future outlook at the point of valuation. Therefore, we considered that there are risks associated with the judgements related to key assumptions used in the valuation reporting of defined benefit scheme. The defined benefit scheme is assessed under International Accounting Standards (IAS) 19 'Employee Benefits'. At the end of period ended 30 March 2024, the defined benefit scheme outlines a net obligation of £24.2m, which comprises a defined benefit obligation ("DBO") of £278.9m and assets measured at bid market value of £254.7m.	We liaised with management to assess the current schemes disclosed in the year and reviewed if an appropriate approach in line with IAS19 'Employee Benefits' had been taken and the related criteria required to ensure all the relevant aspects are met and disclosed; We obtained and reviewed the actuarial reports that were prepared by a management's specialist to ensure that these are compliant with IAS 19 and related criteria; We have used our own independent specialist to assess and provide an opinion in respect of the key assumptions and models that have been considered by the actuary in order to determine the present value of the defined benefit surplus reported at the end of the reporting period; We have enquired from management, where required, to document and obtain further insight in terms of the key assumptions disclosed by the actuary; We have verified the assets and liabilities, that are included and disclosed in the schemes, against third party investment management report; and We have reviewed the actuary reports in line with the figures, details and information disclosed in financial statements to ensure that there are no discrepancies.
Revenue recognition In line with ISA (UK) 240, there is a presumed fraud risk associated with revenue recognition. The recognition of revenue from contracts with customers requires a significant judgement from management. Therefore, this aspect may give rise to manipulation risk and inadequate approach in respect of the accounting treatment and disclosure of revenue in accordance with IFRS 15, Revenue from Contracts with Customers.	We have liaised with management and discussed the approach in respect of the revenue recognition for all income streams, including any related aspects associated with control procedures; We have assessed the managements' approach in respect of the application of accounting policy in accordance with the criteria stipulated by IFRS 15, Revenue from Contracts with Customers; We have obtained external confirmations from the Group's partners in respect of both revenue streams, royalty and product sales; and We have reviewed the external confirmations provided from the Group's partners in line with the contractual agreements and any related aspects such as retail sales or royalty rates; where required, we performed recalculation when assessing the royalty revenue by franchise partner to adequate recognition and disclosure.

Independent auditor's report to the members of Mothercare plc
continued

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade debtors As part of our assessment, we identified the recoverability of trade debtors as a risk because of the current trading performance and any associated market circumstances that the Group is exposed to. The overall net trade debtors value is material at Group level, reporting a total value of £1.4m (2023: £3.7m) at the end of the reporting period. The assessment associated with trade debtors' recoverability comprises significant judgements and key inputs that are required to be addressed in line with the Expected Credit Losses as described by IFRS 9.	We have performed analytical review on balances and classes of balances to determine whether any significant unusual trends and relationships compared to prior year; We have raised enquiries, where necessary and required, to understand the most up to date relationship with current partners and conclude whether any loss of key partners during the pre and post year end period; We have considered and performed a comprehensive review in respect of post year end settlements to conclude on recoverability and determine whether an adequate value reported at the end of the reporting period; We have assessed other factors such as current market conditions in various jurisdictions to determine any deterioration of trading performance or shipments being restricted; and We have considered a review of judgements and inputs considered by management when assessing the Expected Credit Losses per IFRS 9 and any associated provisions that were incorporated at the end of the reporting period to ensure this is consistent and in line with the relevant criteria.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate 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	£562,000 (2023: £646,000)	£51,000 (2023: £50,000)
How we determined it	1% of revenue (2023: 1% of revenue)	2.5% of gross assets reported at the end of the reporting period (2023: 2.5% of gross assets at the end of the reporting period)
Rationale for benchmark applied	The basis for materiality has not changed from the prior year. We believe that revenue is a primary measure used by shareholders in assessing the performance of the Group and is generally accepted auditing benchmarks.	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 £1,000 and £546,000.

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 £424,500 for the Group and £38,250 for the Company.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £28,300 as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. 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.

HOW WE TAILORED THE AUDIT SCOPE

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

The Group financial statements are a consolidation of 2 reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Mothercare plc, Mothercare Global Brand Limited, MiniClub UK Limited, Early Learning Centre Limited, Gurgle Limited and Mothercare Finance (2) Limited reporting units, which were individually financially significant and accounted for 100% of the Group's revenue and 100% of the Group's absolute profit before tax (i.e., the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units).

We also performed specified audit procedures over account balances and transaction classes that we regarded as material to the Group.

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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

We have nothing to report on these respects.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 64, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities

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.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Mothercare plc
continued

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the digital marketing and advertising sector.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 of the Group financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and the company's legal advisor

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Other matters which we are required to address

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit. Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Jan Charlesworth
Senior Statutory Auditor

For and on behalf of Gravita Audit Limited (Statutory Auditors)
Aldgate Tower
2 Leman Street
London
E1 8FA

17 October 2024

Consolidated income statement
For the 53 weeks ended 30 March 2024

		53 weeks ended 30 March 2024			52 weeks ended 25 March 2023		
	Note	**Before adjusted items £ million**	**Adjusted items[1] £ million**	**Total £ million**	Before adjusted items £ million	Adjusted items[1] £ million	Total £ million
Revenue	4	**56.2**	**–**	**56.2**	73.1	–	73.1
Cost of sales		**(36.6)**	**–**	**(36.6)**	(52.2)	–	(52.2)
Gross profit		**19.6**	**–**	**19.6**	20.9	–	20.9
Administrative expenses	6	**(13.5)**	**0.2**	**(13.3)**	(15.5)	(0.2)	(15.7)
Impairment gains on receivables	18	**0.4**	**–**	**0.4**	0.8	–	0.8
Profit from operations	7	**6.5**	**0.2**	**6.7**	6.2	(0.2)	6.0
Finance costs	8	**(3.4)**	**(0.4)**	**(3.8)**	(2.8)	(1.0)	(3.8)
Profit before taxation		**3.1**	**(0.2)**	**2.9**	3.4	(1.2)	2.2
Taxation	9	**0.4**	**–**	**0.4**	(2.3)	–	(2.3)
Profit/(loss) for the period		**3.5**	**(0.2)**	**3.3**	1.1	(1.2)	(0.1)
Profit/(loss) for the period attributable to equity holders of the parent		**3.5**	**(0.2)**	**3.3**	1.1	(1.2)	(0.1)
Earnings per share							
Basic	11			**0.6p**			(0.0)p
Diluted	11			**0.6p**			(0.0)p

1 Includes adjusted costs (property costs, restructuring and reorganisation costs). 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.

Consolidated statement of comprehensive income

For the 53 weeks ended 30 March 2024

	Note	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Profit/(loss) for the period		**3.3**	(0.1)
Items that will not be reclassified subsequently to the income statement:			
Remeasurement of net defined benefit liability: Actuarial loss on defined benefit pension schemes	30	**(33.8)**	(4.5)
Deferred tax relating to items not reclassified	16	**2.0**	1.1
Other comprehensive expense for the period		**(31.8)**	(3.4)
Total comprehensive expense for the period wholly attributable to equity holders of the parent		**(28.5)**	(3.5)

Consolidated balance sheet

As at 30 March 2024

	Note	30 March 2024 £ million	25 March 2023 £ million
Non-current assets			
Intangible assets	13	**7.9**	5.8
Property, plant and equipment	14	**0.2**	0.2
Right-of-use leasehold assets	15	**0.1**	0.3
Deferred tax assets	16	**3.4**	–
Retirement benefit obligations	30	**–**	8.4
		11.6	14.7
Current assets			
Inventories	17	**0.6**	0.9
Trade and other receivables	18	**4.3**	7.2
Derivative financial instruments	21	**0.7**	0.5
Current tax assets		**0.2**	0.2
Cash and cash equivalents	19	**5.0**	7.1
		10.8	15.9
Total assets		**22.4**	30.6
Current liabilities			
Trade and other payables	22	**(8.1)**	(10.8)
Lease liabilities	15	**(0.2)**	(0.3)
Provisions	23	**(0.3)**	(0.9)
Borrowings	20	**(19.7)**	–
		(28.3)	(12.0)
Non-current liabilities			
Borrowings	20	**–**	(19.5)
Lease liabilities	15	**–**	(0.2)
Provisions	23	**–**	(0.3)
Retirement benefit obligations	30	**(24.2)**	–
Deferred tax liabilities	16	**–**	(0.4)
		(24.2)	(20.4)
Total liabilities		**(52.5)**	(32.4)
Net liabilities		**(30.1)**	(1.8)
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	**(3.7)**	(3.7)
Retained loss		**(224.3)**	(196.0)
Total equity		**(30.1)**	(1.8)

Approved by the board and authorised for issue on 17 October 2024 and signed on its behalf by:

Andrew Cook
Chief Financial Officer

Company Registration Number: 1950509

Consolidated statement of changes in equity

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)**
Items that will not be reclassified subsequently to the income statement		–	–	–	–	(31.8)	(31.8)
Other comprehensive expense		–	–	–	–	(31.8)	(31.8)
Profit for the period		–	–	–	–	3.3	3.3
Total comprehensive expense		**–**	**–**	**–**	**–**	**(28.5)**	**(28.5)**
Adjustment to equity for equity-settled 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)**

For the 52 weeks ended 25 March 2023

	Note	Share capital £ million	Share premium account £ million	Own shares £ million	Translation reserve £ million	Retained earnings £ million	Total equity £ million
Balance at 26 March 2022		89.3	108.8	(1.0)	(3.7)	(191.9)	1.5
Items that will not be reclassified subsequently to the income statement		–	–	–	–	(3.4)	(3.4)
Other comprehensive expense		–	–	–	–	(3.4)	(3.4)
Loss for the period		–	–	–	–	(0.1)	(0.1)
Total comprehensive expense		**–**	**–**	**–**	**–**	(3.5)	(3.5)
Shares transferred to executive on vesting		–	–	0.8	–	(0.8)	–
Adjustment to equity for equity-settled share-based payments	29	–	–	–	–	0.2	0.2
Balance at 25 March 2023		89.3	108.8	(0.2)	(3.7)	(196.0)	(1.8)

Consolidated cash flow statement

For the 53 weeks ended 30 March 2024

	Note	**53 weeks ended 30 March 2024 £ million**	52 weeks ended 25 March 2023 £ million
Net cash inflow from operating activities	27	**4.8**	4.3
Cash flows from investing activities			
Purchase of property, plant and equipment		**(0.1)**	(0.1)
Purchase of intangibles – software		**(2.2)**	(2.2)
Cash used in investing activities		**(2.3)**	(2.3)
Cash flows from financing activities			
Interest paid		**(4.2)**	(2.8)
Lease interest paid		**(0.1)**	(0.1)
Repayment of leases		**(0.2)**	(0.2)
Facility fee paid		**–**	(0.9)
Net cash outflow from financing activities		**(4.5)**	(4.0)
Net decrease in cash and cash equivalents		**(2.0)**	(2.0)
Cash and cash equivalents at beginning of period		**7.1**	9.2
Effect of foreign exchange rate changes		**(0.1)**	(0.1)
Cash and cash equivalents at end of period	27	**5.0**	7.1

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 134. The nature of the Group's operations and its principal activities are set out in the operational review on page 14.

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 53 weeks ended 30 March 2024. The comparative period covered the 52 weeks ended 25 March 2023.

Basis of accounting

The consolidated financial statements of Mothercare Plc as of 30 March 2024 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 standards and amendments for the first time for its annual reporting period commencing on or after 1 January 2023:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2, effective 1 January 2023;
- Definition of accounting Estimates – Amendments to IAS 8 effective 1 January 2023;
- Deferred tax related to Assets and Liabilities arising from a Single Transaction effective 1 January 2023;
- OECD Pillar Two Rules, effective immediately.

The amendments listed 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 30 March 2024 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 an 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.

Since the balance sheet date the IP rights for the Mothercare brand for India, Bhutan, Bangladesh, Sri Lanka and Nepal were transferred to JVCO 2024 Ltd on 31 August 2024, which was a wholly owned subsidiary of the Group, at a value of £33.3 million. 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.

From these proceeds Mothercare repaid £11.5 million of its existing loan facility, reducing the principal liability to £8 million and at the same time revised the terms of facility including reducing the interest charged from 13% per annum plus SONIA plus an additional 1% per annum payment-in-kind coupon to 4.8% per annum plus SONIA (with SONIA at a floor of 5.2%) plus a 1% 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% per annum thereafter percentage and revising the financial covenants.

The consolidated financial information has 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 scenario assumes the following additional key assumption:
- A significant reduction in global retail sales, which may result from subdued, consumer confidence or disposable income or through store closures or weaker trading in our markets, throughout the remainder of FY25 and FY26.

The Board's confidence in the Group's Base Case forecast, which indicates that the Group will operate with sufficient cash balances and within the financial covenants of the loan facility, following the recent reduction and revision of this facility and the Group's proven cash management capability, supports our preparation of the financial statements on a going concern basis.

However, as described in our strategic report, the global economic uncertainties have impacted our retail sales during the year and post year end. In particular, our Middle East markets, which contribute around 41% of the Group's total retail sales continue to be the most challenging. If trading conditions were to deteriorate beyond the level of risk applied in the sensitised

2 Significant accounting policies (continued)

forecast owing to ongoing geopolitical tensions, other global downturn in trade or low consumer demand, the Group may need to renegotiate with its lender in order to secure waivers to potential covenant breaches or have access to additional funding to continue its trading activities. Whilst the directors believe that the post year end deal with Reliance, as described above, has now put the Group in a stronger position, it is acknowledged that, in view of the above, there remains a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

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 30 March 2024. Control is achieved when the Company:

- has the 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.

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 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.

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.

Notes to the consolidated financial statements
continued

2 Significant accounting policies (continued)

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:

- costs associated with restructuring and redundancies;
- dilapidations costs related to the Group's head office building;
- 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 it 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 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

2 Significant accounting policies (continued)

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 also considering 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 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

Notes to the consolidated financial statements
continued

2 Significant accounting policies (continued)

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 £0.7 million (2023: £0.5 million) reflecting the amount which the administrators of Mothercare UK Ltd and Mothercare Business Services are expected to pay 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 estimate 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.

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

2 Significant accounting policies (continued)

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.

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 42 to 50.

Profit/(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 53-week period ended 30 March 2024:

- costs associated with restructuring and redundancies;
- dilapidations costs related to the Group's head office building. A reconciliation of adjusted earnings is shown in note 6.

Notes to the consolidated financial statements
continued

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 30 March 2024, the loss allowance on trade receivables would have been £0.2 million higher (2023: £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 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 £0.5 million (2023: £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 (2023: £0.1 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

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

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 30 March 2024, the Group's pension deficit was £24.2 million (2023: £8.4 million surplus). 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, and the impact of Brexit or COVID-19, 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
continued

4. Revenue

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Sale of goods to franchise partners	**40.7**	55.2
Royalties income	**15.5**	17.9
Total revenue	**56.2**	73.1

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 32% (2023: 30%) of Group sales.

Turnover by destination	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Europe	**27.5**	33.6
Middle East	**11.6**	13.0
Asia	**17.1**	26.5
Total revenue	**56.2**	73.1

6. Adjusted items

The total adjusted items reported for the 53-week period ended 30 March 2024 is a net loss of £0.2 million (2023: £1.2 million). The adjustments made to reported profit before tax to arrive at adjusted profit are:

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Adjusted items:		
Property related costs included in administrative expenses	**–**	(0.2)
Restructuring and reorganisation income / (costs) included in administrative expenses	**0.2**	(0.0)
Restructuring costs included in finance costs	**(0.4)**	(1.0)
Adjusted items before tax	**(0.2)**	(1.2)

Property related costs included in administrative expenses – £ Nil (2023: £(0.2) million)

The prior year charge represented a true up of the dilapidations provision for the Group's head office.

Restructuring and reorganisation income/(costs) included in administrative expenses – £0.2 million (2023: £(0.0) million)

The current year income relates to:

- £0.7 million true-up of the financial asset arising on the revolving capital facility, which was valued at the end of financial year 2024 based on the information available at the time, whilst assuming the worst-case outcome this was offset by;
- £(0.5) million redundancy payments made to certain staff during the year.

The prior year costs included:

- £(0.3) million redundancy payments made to certain staff during the year, this was offset by;
- £0.3 million true-up of the financial asset arising on the revolving capital facility, which was valued at the end of financial year 2023 based on the information available at the time, whilst assuming the worst-case outcome.

Notes to the consolidated financial statements
continued

6. Adjusted items (continued)

Restructuring costs included in finance costs – £(0.4) million (2023: £(1.0) million)

The current year charge relates to £0.4 million defined benefit scheme administrative costs linked to refinancing of the Group's existing loan facility.

The prior year charge includes:

- £(0.5) million transaction costs arising from the refinancing that were not directly attributable to the renegotiation.
- £(0.4) million modification loss due to the Group renegotiating its existing loan facility. The principal amount remained the same under the revised agreement with the term extended by a year.
- £(0.1) million cost incurred on finance brokers.

Cashflows arising on adjusted items

	Cash flows from operating activities		Cash flows from financing activities	
	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million	**53 weeks ended 30 March 2024 £ million**	52 weeks ended 25 March 2023 £ million
Restructuring and reorganisation costs in administrative expenses	**(0.5)**	–	**–**	–
Restructuring costs in financing costs	**–**	–	**(0.4)**	(0.6)
Total	**(0.5)**	–	**(0.4)**	(0.6)

7. Profit from operations

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

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Net total foreign exchange loss	**(0.0)**	(0.7)
Cost of inventories recognised as an expense	**(32.4)**	(47.5)
(Write down)/reversal of inventories to net realisable value	**(0.0)**	0.8
Depreciation of property, plant and equipment	**(0.1)**	(0.1)
Amortisation of right-of-use assets	**(0.2)**	(0.3)
Amortisation of intangible assets – software	**(0.1)**	(0.1)
Loss allowance on trade receivables (see note 18)	**–**	(0.2)
Warehouse, freight and duty costs	**(0.3)**	(0.8)
IT contracts and maintenance	**(4.2)**	(4.2)
Staff costs (including directors*):		
Wages and salaries (including cash bonuses, excluding share-based payment charges)	**(7.0)**	(7.2)
Social security costs	**(0.7)**	(0.8)
Pension costs (including administrative expenses and PPF levy of defined benefit scheme)	**(1.8)**	(2.5)
Share-based payments charge (see note 29)	**(0.3)**	(0.1)

* Directors include executive and non-executive directors.

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

	53 weeks ended 30 March 2024 Number	52 weeks ended 25 March 2023 Number
Number of employees comprising:		
Head Office	**135**	141
Overseas	**8**	8
	143	149

* Directors include executive and non-executive directors.

Notes to the consolidated financial statements
continued

7. Profit from operations (continued)

Details of Directors' emoluments, share options and beneficial interests are provided within the remuneration report on pages 64 to 65. The analysis of Auditor's remuneration is as follows:

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.0**	0.0
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 63, in the corporate governance report.

8. Net finance costs

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Other interest payable and finance charges	**4.1**	4.1
Net interest expense on liabilities/return on assets on pension	**–**	–
Interest on lease liabilities	**0.1**	0.1
Interest payable	**4.2**	4.2
Net interest income on liabilities/return on assets on pension	**(0.4)**	(0.4)
Net finance costs	**3.8**	3.8

9. Taxation

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

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Current tax:		
Foreign taxation	**1.4**	1.1
Adjustment in respect of prior periods	**0.1**	–
	1.5	1.1
Deferred tax: (see note 16)		
Origination and reversal of temporary differences	**(1.3)**	1.2
Adjustment in respect of prior periods	**(0.6)**	–
(Credit)/charge for taxation on profit for the period	**(0.4)**	2.3

UK corporation tax is calculated at 24.95% (2023: 19%) of the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Profit for the period before taxation	**2.9**	2.2
Profit for the period before taxation multiplied by the standard rate of corporation tax in the UK of 24.95% (2023: 19%)	**0.7**	0.4
Effects of:		
Expenses not deductible for tax purposes	**0.5**	0.4
Income not taxable	**–**	(0.1)
Foreign tax credits	**0.6**	0.7
Group income	**(0.2)**	–
Adjustments in respect of prior years	**(0.5)**	–
Remeasurement of deferred tax for changes in tax rates	**–**	0.2
Tax losses	**(3.4)**	–
Movement in deferred tax not recognised	**1.9**	0.7
(Credit)/charge for taxation on profit for the period	**(0.4)**	2.3

In addition to the amount (credited)/charged to the income statement, deferred tax relating to retirement benefit obligations amounting to £2.0 million has been credited directly to other comprehensive income (2023: £1.1 million).

Notes to the consolidated financial statements
continued

10. Dividends

There was no final dividend for the period (2023: £nil) and no interim dividend was paid during the period (2023: £nil).

11. Earnings / (losses) per share

	53 weeks ended 30 March 2024 million	52 weeks ended 25 March 2023 million
Weighted average number of shares in issue	563.8	563.8
Dilutive potential ordinary shares	7.7	–
Diluted weighted average number of shares	571.5	563.8
Number of shares at period end	563.8	563.8

	£ million	£ million
Profit/(loss) for basic and diluted earnings per share	3.3	(0.1)
Adjusted items (Note 6)	0.2	1.2
Tax effect of above items	–	–
Adjusted profit	3.5	1.1

	Pence	Pence
Basic earnings/(losses) per share	0.6	(0.0)
Basic adjusted earnings per share	0.6	0.2
Diluted earnings/(losses) per share	0.6	(0.0)
Diluted adjusted earnings per share	0.6	0.2

Analysis of shares by class	30 March 2024 million	25 March 2023 million
Ordinary shares at period end date	563.8	563.8
Dilutive/antidilutive SAYE options	0.8	1.6
Dilutive/antidilutive LTIP options	12.9	6.9
Total	577.5	572.3

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.

12. Subsidiaries 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 Toys 3 Limited (in liquidation)	UK(1)	100%	In liquidation	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%	Non Trading	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 joint ventures	Place of incorporation	Proportion of ownership interest %	Proportion of voting power held %
Wadicare Limited*	Cyprus	30	30

*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

Notes to the consolidated financial statements
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13. Intangible assets

	Intangible assets		
	Software £ million	Software under development £ million	Total Intangibles £ million
Cost			
As at 26 March 2022	1.5	3.4	4.9
Additions	–	2.3	2.3
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**
Amortisation and impairment			
As at 26 March 2022	1.3	–	1.3
Amortisation	0.1	–	0.1
As at 25 March 2023	1.4	–	1.4
Amortisation	0.1	–	0.1
As at 30 March 2024	**1.5**	**–**	**1.5**
Net book value			
As at 26 March 2022	0.2	3.4	3.6
As at 25 March 2023	0.1	5.7	5.8
As at 30 March 2024	**–**	**7.9**	**7.9**

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. Management has used a pre-tax discount rate of 18%. Cashflow projection has been based on management's most recent budget, which is for an eighteen month period with a projection taking this out five years. Management has based the budgets on historic performance, adjusted for changes due to the evolving business model. Various scenario analyses were run and there was sufficient headroom; the headroom was not particularly sensitive to any budgetary assumptions used.

13. Intangible assets (continued)

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.

At 30 March 2024, the Group had entered into contractual commitments for the acquisition of software amounting to £nil (2023: £nil).

14. Property, plant and equipment

	Fixtures, fittings, equipment £ million
Cost	
As at 26 March 2022	2.6
Additions	–
As at 25 March 2023	**2.6**
Additions	0.1
As at 30 March 2024	**2.7**
Accumulated depreciation and impairment	
As at 26 March 2022	2.3
Charge for period	0.1
As at 25 March 2023	**2.4**
Charge for period	0.1
As at 30 March 2024	**2.5**
Net book value	
As at 26 March 2022	0.3
As at 25 March 2023	0.2
As at 30 March 2024	0.2

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 26 March 2022	0.9
Lease modification	(0.3)
Amortisation	(0.3)
Balance at 25 March 2023	**0.3**
Additions	–
Amortisation	(0.2)
Balance at 30 March 2024	**0.1**

An impairment review of right-of-use assets was completed and based on the net present value of the expected cashflows, an impairment charge of £nil million (2023: £nil million) has been made. The net present value is equivalent to the fair value.

Lease liabilities

	Land and buildings £ million
At 26 March 2022	(1.1)
Interest expense	(0.1)
Lease modification	0.4
Lease payments	0.3
Balance at 25 March 2023	**(0.5)**
Additions	–
Interest expense	0.1
Lease payments	0.2
Balance at 30 March 2024	**(0.2)**

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 restated £ million	Losses £ million	Total £ million
At 26 March 2022	(0.2)	1.3	(3.1)	1.6	(0.4)
(Charge)/credit to income	(1.0)	(0.2)	–	0.1	(1.1)
Credit to other comprehensive income	–	–	1.1	–	1.1
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**

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:

	30 March 2024 £ million	25 March 2023 £ million
Deferred tax assets	**3.4**	2.8
Deferred tax liabilities	**–**	(3.2)
	3.4	(0.4)

At 30 March 2024, the Group has unused capital losses of £229.3 million (2023: £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 £3.4 million (2023: £Nil) have been recognised in relation to a UK Group company which relates mainly 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 refinancing of the Group and the sale of intellectual property post year end. Based on current approved operating forecasts, the Group is expected to generate taxable profits in the next financial year at which time the tax losses are expected to be utilised.

The Group also has unrelieved tax losses of £18.4 million (2023: £43.7 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 asset of £0.0 million (2023: £0.1 million liabilities) relating to withholding taxes have not been provided for in respect of the aggregate amount of unremitted earnings of £0.1 million (2023: £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

	30 March 2024 £ million	25 March 2023 £ million
Gross value	**3.1**	3.4
Allowance against carrying value of inventories	**(2.5)**	(2.5)
Finished goods and goods for resale	**0.6**	0.9

Finished goods and goods for resale comprises the following:

	30 March 2024 £ million	25 March 2023 £ million
Finished goods and goods for resale – at a distribution centre	**0.4**	0.9
Finished goods and goods for resale – in transit	**0.2**	–
Finished goods and goods for resale	**0.6**	0.9

The cost of inventories recognised as an expense during the year was £32.4 million (2023: £47.5 million). The amount of write down of inventories to net realisable value recognised within net income in the period is a cost of (£0.0) million (2023: £3.2 million credit for total operations). All inventories (2023: All) are expected to be recovered within the year.

18. Trade and other receivables

	30 March 2024 £ million	25 March 2023 £ million
Trade receivables gross	**4.2**	7.4
Expected credit losses (ECL) under IFRS 9	**(2.8)**	(3.7)
Trade receivables net	**1.4**	3.7
Prepayments	**1.2**	1.4
Accrued income	**1.4**	1.3
Other receivables	**0.3**	0.5
VAT	**0.0**	0.3
Trade and other receivables due within one year	**4.3**	7.2

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)	5%	9%	29%	73%	60%	100%	65%
Estimated total gross carrying amount at default	1.1	0.3	0.2	0.0	0.0	2.6	4.2
Lifetime ECL	(0.1)	0.0	(0.1)	0.0	0.0	(2.6)	(2.8)
At 30 March 2024	**1.0**	**0.3**	**0.1**	**0.0**	**0.0**	**0.0**	**1.4**

18. Trade and other receivables (continued)

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)	15%	21%	20%	10%	81%	99%	49%
Estimated total gross carrying amount at default	3.2	0.9	0.4	0.0	0.0	2.9	7.4
Lifetime ECL	(0.5)	(0.2)	(0.1)	0.0	0.0	(2.9)	(3.7)
At 25 March 2023	2.7	0.7	0.3	0.0	0.0	0.0	3.7

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:

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Balance at start of period	**(3.7)**	(6.5)
Amounts written off during the period as uncollectable	**0.5**	1.8
Amounts recovered in the period	**0.4**	1.2
Charged in the period	**–**	(0.2)
Balance at end of period	**(2.8)**	(3.7)

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 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 30 March 2024 of £19.7 million (2023: £19.5 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. The interest rate payable is 13% per annum plus SONIA, with SONIA not less than 1%, plus a 1% per annum compounded payment to be made when the loan is repaid. The loan is repayable on demand due to breaches in loan covenants. Post year end, the loan has been refinanced. Refer to note 33 for further details.

The Group also holds a financial asset of £0.7 million (2023: £0.5 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 £0.7 million (2023: £0.5 million).

Borrowing facilities

	30 March 2024 £ million	25 March 2023 £ million
Borrowings:		
Secured borrowings at amortised cost:		
Term loan	**19.5**	19.5
Payment-in-kind interest	**0.3**	0.1
Prepaid facility fee	**(0.1)**	(0.1)
Total Borrowings	**19.7**	19.5
Amounts falling due within a year	**19.8**	–
Amounts falling due after more than one year and less than five years	**–**	19.6

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	**30 March 2024 £ million**	25 March 2023 £ million
Financial assets			
Customer and other receivables at amortised cost*		**2.8**	5.0
Cash and short-term deposits		**5.0**	7.1
Financial assets	3	**0.7**	0.5
Total		**8.5**	12.6
Financial liabilities			
Trade and other payables at amortised cost**		**6.9**	10.0
Lease liabilities		**0.2**	0.5
Interest bearing loans and borrowings:			
Term loan		**19.7**	19.5
Total		**26.8**	30.0

* Prepayments of £1.2 million (2023: £1.4 million), the VAT receivable of £0.0 million (2023: £0.3 million) and other debtors of £0.3 million (2023: £0.5 million) do not meet the definition of a financial instrument.

** Other creditors (including payroll creditors and deferred income) of £1.0 million (2023: £0.8 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. All amounts the Group is required to pay have now been settled, and the financial asset valuation has been calculated by using the worst case scenario, i.e. that the Group will receive a further £0.7 million. 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 £0.5 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.

Notes to the consolidated financial statements
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21. Financial risk management (continued)

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% (2023: 25%) were invoiced in foreign currency. The Group purchases product in foreign currencies, representing approximately 95% (2023: 95%) of purchases.

The Group did not hold any foreign currency forward exchange contracts at 30 March 2024; nor were they committed to any such contracts (2023: 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	
	30 March 2024 £ million	25 March 2023 £ million	**30 March 2024 £ million**	25 March 2023 £ million	**30 March 2024 £ million**	25 March 2023 £ million
US dollar	**(1.6)**	(2.8)	**0.7**	1.0	**3.6**	1.4
Euro	**–**	–	**–**	–	**–**	–
Indian rupee	**–**	(0.1)	**–**	–	**0.6**	0.6
Bangladeshi taka	**–**	–	**–**	–	**0.1**	0.1
	(1.6)	(2.9)	**0.7**	1.0	**4.3**	2.1

Liabilities included in the table above are categorised as trade payables (2023: all trade payables).

Assets included in the table above are categorised as Trade debtors of £0.7 million (2023: £1.0 million) and cash of £4.3 million (2023: £2.1 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	
	30 March 2024 £ million	25 March 2023 £ million	**30 March 2024 £ million**	25 March 2023 £ million
US dollar impact	**0.3**	0.3	**–**	–

21. Financial risk management (continued)

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 17 days (2023: 18 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:

	Less than 1 year £ million	1 to 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**

	Less than 1 year £ million	1–2 years £ million	2–5 years £ million	Over 5 years £ million	Total £ million
Financial liabilities					
Borrowings	–	–	19.6	–	19.6
Trade and other payables	10.0	–	–	–	10.0
Lease liabilities	0.4	0.1	–	–	0.5
At 25 March 2023	10.4	0.1	19.6	–	30.1

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.

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21. Financial risk management (continued)

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, 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.

22. Trade and other payables

	30 March 2024 £ million	25 March 2023 £ million
Current liabilities		
Trade payables	**2.7**	4.0
Payroll and other taxes including social security	**0.4**	0.6
Accruals	**4.4**	6.0
Deferred income	**0.6**	0.2
	8.1	10.8

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 63 days (2023: 55 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 £0.6 million deferred income balance (2023: £0.2 million), all (2023: 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 (2023: £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

	30 March 2024 £ million	25 March 2023 £ million
Current liabilities		
Property provisions	**0.1**	–
Other provisions	**0.2**	0.9
Short-term provisions	**0.3**	0.9
Non-current liabilities		
Property provisions	**–**	0.1
Other provisions	**–**	0.2
Long-term provisions	**–**	0.3
Property provisions	**0.1**	0.1
Other provisions	**0.2**	1.1
Total provisions	**0.3**	1.2

The movement on total provisions is as follows:

	Property provisions £ million	Other provisions £ million	Total provisions £ million
Balance at 25 March 2023	0.1	1.1	1.2
Utilised in period	–	(0.9)	(0.9)
Charged in period	–	–	–
Balance at 30 March 2024	**0.1**	**0.2**	**0.3**

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.

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24. Share capital

	53 weeks ended 30 March 2024 Number of shares	52 weeks ended 25 March 2023 Number of shares	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ 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 (2023: £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 (2023: 151,232) with a market value at 30 March 2024 of £0.0 million (2023: £0.0 million).

25. Share premium

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Balance at the beginning and the end of the period	**108.8**	108.8

26. Translation reserves

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Translation reserve		
Balance at the beginning and the end of the period	**(3.7)**	(3.7)

27. Reconciliation of cash flow from operating activities

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Profit from operations	**6.7**	6.0
Adjustments for:		
Depreciation of property, plant and equipment	**0.1**	0.1
Amortisation of right-of-use assets	**0.2**	0.3
Amortisation of intangible assets	**0.1**	0.1
Gain on adjusted foreign currency movements	**0.2**	0.1
Equity-settled share-based payments	**0.2**	0.2
Movement in provisions	**(0.8)**	(1.4)
Net gain on financial derivative instruments	**(0.2)**	(0.3)
Payments to retirement benefit schemes	**(2.4)**	(2.2)
Charge to profit from operations in respect of retirement benefit schemes	**1.7**	2.1
Operating cash inflow before movement in working capital	**5.8**	5.0
Decrease in inventories	**0.3**	1.1
Decrease in receivables	**2.4**	0.9
(Decrease) in payables	**(2.5)**	(1.4)
Net cash inflow from operating activities	**6.0**	5.6
Income taxes paid	**(1.2)**	(1.3)
Net cash inflow from operating activities	**4.8**	4.3

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.

Notes to the consolidated financial statements
continued

27. Reconciliation of cash flow from operating activities (continued)

Analysis of net debt and financial liabilities

	Note	25 March 2023 £ million	Cash flow £ million	Foreign exchange £ million	Other non–cash movements[1] £ million	**30 March 2024 £ million**
Term loan	20	(19.5)	–	–	(0.2)	**(19.7)**
Cash at bank	19/20	7.1	(2.0)	(0.1)	–	**5.0**
IFRS 16 lease liabilities		(0.5)	0.3	–	–	**(0.2)**
Net debt		(12.9)	(1.7)	(0.1)	(0.2)	**(14.9)**

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.

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 30 March 2024 £ million	**Other 30 March 2024 £ million**	Land and Buildings 25 March 2023 £ million	Other 25 March 2023 £ million
Not later than one year	**0.2**	**–**	0.3	–
After one year but not more than five years	**–**	**–**	0.2	–
Total undiscounted cashflows	**0.2**	**–**	0.5	–

The Group's weighted average incremental borrowing rate for all leases is 11% (2023: 11%); as a practical expedient, a lessee may apply a single discount rate to a portfolio of leases with reasonably similar characteristics; leases have been grouped according to location, type and lease length. The practical expedient has been employed such that leases where the contractual term ends within twelve months of the date of initial application have been accounted for as short-term leases.

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 (2023: £0.3 million) including national insurance. At 30 March 2024 there is a balance sheet liability of £0.1 million related to the expected national insurance charge when share-based payment schemes vest (2023: £0.2 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 2020

D. Long Term Incentive Plans – LTIP 2021

Details of the share schemes that the Group operates are provided in the directors' remuneration report on pages 64 to 65.

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.

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

	Weighted average exercise price	**53 weeks ended 30 March 2024 Number of shares**	52 weeks ended 25 March 2023 Number of shares
Balance at beginning of period	14p	**1,620,347**	3,653,910
Granted during period	–	**–**	–
Forfeited during period	16p	**(180,000)**	(54,000)
Exercised during period	–	**–**	–
Cancelled in the period	15p	**(602,940)**	(1,007,291)
Expired during period	16p	**–**	(972,272)
Balance at end of period	14p	**837,407**	1,620,347

The shares outstanding at 30 March 2024 had a weighted average remaining contractual life of 0.7 year and held a weighted average exercise price of 14p.

Notes to the consolidated financial statements
continued

29. Share-based payments (continued)

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	December 2020
Number of options granted	1,335,598	1,551,240
Share price at grant date	19.5p	13p
Exercise price	15.4p	10p
Expected volatility	75%	87%
Risk free rate	0.63%	0.03%
Expected dividend yield	Nil	Nil
Time to expiry	3 years	3 years
Fair value of option	11p	8.2p

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.

B. Long Term Incentive Plans – LTIP 2023

In September 2023 and November 2023, 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
Average time to expiry	2.9 years	3 years

C. Long Term Incentive Plans – LTIP 2020

In September 2020, 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 relative total shareholder return weighted equally 50:50. No consideration was payable for the grant of these awards. The LTIP lapsed with no shares vesting.

29. Share-based payments (continued)

D. 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
Average time to expiry	3.0 years	3.0 years

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 (2023: £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 28 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 trustees of the fund are required to act in the best interest of the fund's beneficiaries.

For the protection of members' interests, the Group has appointed three trustees, who are independent of the Group. To maintain this independence, the trustees and not the Group are 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.

Notes to the consolidated financial statements
continued

30. Retirement benefit schemes (continued)

During the year the Trustees secured a buy-in contract (Bulk Purchase Annuity Polity) 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. 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 has changed. Staff Scheme – Following a review of the investment strategy in February 2023, the interest rate and inflation hedge ratios within the leveraged LDI portfolio were increased to 65% (on the self-sufficiency basis, gilts + 0.4% p.a.) and the diversified growth allocation was increased to 29%. These changes were implemented in May and June 2023. 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 post fiscal year, in April 2024. Executive Scheme – In November 2022 a decision was taken to terminate the secured finance portfolio and invest the proceeds in the LDI portfolio. This was implemented in two phases, in March/April and June/July 2023. In February 2023 a decision was taken to terminate the multi-asset credit portfolio and invest the proceeds in the LDI portfolio. This was implemented in March/April 2023. Following a review of the interest rate and inflation sensitivities of the Scheme's liabilities in April 2023, a decision was taken to increase the interest rate and inflation hedge ratios to 100% (on the self-sufficiency basis, gilts + 0.4% p.a.). This change was implemented in May 2023. In December 2023, 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 30 March 2024 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% (down from 76% last year) 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, 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 Trustees 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 Trustees, 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 Trustees believe 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 year, the Company and Trustee strategic allocation to growth assets, bond and bond-like assets has changed.

As at the end of the year, the Staff Scheme had a strategic allocation to bond and bond-like assets of 76% (unchanged from last year) and the Executive Scheme had a strategic allocation to liability matching assets of 100% following a full scheme buy-in.

Executive scheme – On 13 December 2023, the Executive Scheme entered into an insurance transaction with Canada Life to purchase a bulk annuity policy. A bulk annuity is an insurance policy between a pension scheme and an insurer. The annuity policy provides the Scheme with a regular income equal to pension payments that the Scheme makes to members covered by the policy.

Notes to the consolidated financial statements
continued

30. Retirement benefit schemes (continued)

The IAS 19 valuation conducted for the period ended 30 March 2024 disclosed a net defined pension deficit of £24.2 million (2023: £8.4 million surplus).

Right to recognise a surplus position on the balance sheet

The Group is considered to have an unconditional right to a surplus under the scheme on scheme wind-up, under Paragraph 11(c) of IFRIC 14. Under the scheme rules, the ability for the Trustees to apply remaining assets on a wind up, after all benefit entitlements have been secured in full, to increase the benefits of the Schemes' members prior to them being distributed to the Schemes' employers is subject to employer consent. Such consent can be properly withheld by the employer under current trust law and in that scenario, the Trustees have to pay any balance remaining to employers in such shares as the Trustees after consultation with the Actuary shall decide. This is subject to the requirements of section 76 of the Pensions Act 1995 having been met. The surplus can therefore be returned to the employers on a winding up as long as the usual requirements in section 76 of the Pensions Act 1995 relating to the provision of pension increases have been met (those requirements apply to all UK registered DB schemes).

The major assumptions used in the updated actuarial valuations were:

	30 March 2024	25 March 2023
Discount rate	**4.85%**	4.7%
Inflation rate – RPI	**3.1%**	2.95%
Inflation rate – CPI	**2.45%**	2.25%
Future pension increases	**2.90%**	2.75%
Male life expectancy at age 65	**20.4 years**	21.3 years
Male life expectancy at age 65 (currently aged 45)	**21.0 years**	22.6 years
Female life expectancy at age 65	**23.3 years**	24.1 years
Female life expectancy at age 65 (currently aged 45)	**24.3 years**	25.5 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%	–3.9/+3.9
Rate of RPI inflation	+/– 0.1%	+2.7 /–2.0
Rate of CPI inflation	+/– 0.1%	+0.7 /–0.7
Life expectancy (age 65)	+ 1 year	+ 7.6
Discount rate	+/– 0.5%	–18.4 /+20.5
Rate of RPI inflation	+/– 0.5%	+11.4 /– 11.5

30. Retirement benefit schemes (continued)

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.

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

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Running costs	**1.7**	2.1
Net return on assets	**(0.4)**	(0.4)
	1.3	1.7

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

The amount recognised in other comprehensive income for the period ended 30 March 2024 is a loss of £33.8 million (2023: £4.5 million).

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

	30 March 2024 £ million	25 March 2023 £ million
Present value of defined benefit obligations	**(278.9)**	(269.9)
Fair value of schemes' assets	**254.7**	278.3
(Liability)/asset recognised in balance sheet	**(24.2)**	8.4

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

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
At beginning of period	**(269.9)**	(383.4)
Interest expense	**(12.7)**	(10.5)
Actuarial gains arising from changes in demographic assumptions	**7.4**	–
Actuarial (losses)/gains arising from changes in financial assumptions	**(1.1)**	116.4
Actuarial loss on experience adjustment	**(13.9)**	(4.0)
Benefits paid	**11.3**	11.6
At end of period	**(278.9)**	(269.9)

Notes to the consolidated financial statements
continued

30. Retirement benefit schemes (continued)

Movements in the fair value of schemes' assets were as follows:

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
At beginning of period	**278.3**	395.8
Interest income	**13.1**	10.9
Scheme administration expenses	**(1.7)**	(2.1)
Losses on scheme assets excluding interest income	**(26.1)**	(116.9)
Company contributions	**2.4**	2.2
Benefits paid	**(11.3)**	(11.6)
At end of period	**254.7**	278.3

The major categories of scheme assets are as follows:

	30 March 2024 £ million	25 March 2023 £ million
	Quoted market price in active market	Quoted market price in active market
Corporate bonds	**58.5**	136.8
Index-linked government bonds	**19.9**	29.9
Government bonds	**50.9**	81.6
Diversified growth funds	**52.9**	26.1
Buy-in	**68.1**	–
Cash and cash equivalents	**4.4**	3.9
	254.7	278.3

The percentage split of the scheme assets between sterling and non-sterling are as follows as at 30 March 2024:

	Sterling	Non–sterling
Overseas equities	100%	–
Corporate bonds	100%	–
Secured Finance	100%	–
Liability driven investments	99.6%	0.4%
Diversified growth funds	93.3%	6.7%
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 on the below Schedule of Contributions:

Staff Scheme year ending March	Amount	Exec Scheme year ending March	Amount
2025	£2.0 million	2025	£Nil
2026	£3.0 million	2026	£Nil
2027	£3.0 million	2027	£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 trustees and the Company.

The weighted average duration of the defined benefit obligation at 30 March 2024 is approximately 15 years (2023: 15 years). The defined benefit obligation at 30 March 2024 can be approximately attributed to the scheme members based on membership date at 31 March 2023 as follows:

- Active members: 0% (2023: 0%)
- Deferred members: 60%% (2023: 65%)
- Pensioner members: 40% (2023: 35%)

All benefits are vested at 30 March 2024 (unchanged from 25 March 2023). 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 (2023: £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 66 to 68.

	53 weeks ended 30 March 2024 £ million	52 weeks ended 25 March 2023 £ million
Short-term employee benefits	**0.9**	1.9
Compensation for loss of office	**0.3**	0.2
	1.2	2.1

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 IP rights for the Mothercare brand for India, Bhutan, Bangladesh, Sri Lanka and Nepal were transferred to JVCO 2024 Ltd on 31 August 2024, which was a wholly owned subsidiary of the Group, at a value of £33.3 million. 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.

From these proceeds Mothercare repaid £11.5 million of its existing loan facility, reducing the principal liability to £8 million and at the same time revised the terms of facility including reducing the annual interest percentage and revising the financial covenants. As part of the revision of the loan facility, our lender, Gordon Brothers were granted new warrants to subscribe up to 43.4m new ordinary shares of Mothercare at a subscription price of 8.5p per share (the "Warrants"). These Warrants, which are exercisable for 5 years from the date of issue, contain certain anti-dilution rights which will operate so as to secure for Gordon Brothers the right to subscribe for an aggregate equity interest representing approximately 7% of the Company's issued share capital (following exercise in full of the Warrants).

Further details on these transactions are given in the Financial Review on page 38.

Company financial statements

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Company balance sheet

As at 30 March 2024

	Note	30 March 2024 £ million	25 March 2023 £ million
Fixed assets			
Investments in subsidiary undertakings	2	**1.8**	1.5
Deferred tax assets	3	**3.4**	–
		5.2	1.5
Current assets			
Debtors – amounts falling due within one year	4	**0.2**	0.2
Cash and cash equivalents		**0.1**	0.3
		0.3	0.5
Creditors – amounts falling due within one year	5	**(174.2)**	(172.4)
Provisions	6	**–**	(0.2)
Net current liabilities		**(173.9)**	(172.1)
Net liabilities		**(168.7)**	(170.6)
Equity			
Called up share capital	7	**89.3**	89.3
Share premium	8	**108.8**	108.8
Own shares	8	**(0.2)**	(0.2)
Profit and loss account	8	**(366.6)**	(368.5)
Total Equity		**(168.7)**	(170.6)

For the 53 weeks ended 30 March 2024

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 profit for the financial period ended 30 March 2024 of £1.9 million (2023: £0.5 million loss).

Approved by the board on 17 October 2024 and signed on its behalf by:

Andrew Cook
Chief Financial Officer

Company Registration Number: 1950509

Company statement of changes in equity

For the 53 weeks ended 30 March 2024

	Note	Share capital £ million	Share premium account £ million	Own share reserve £ million	Profit and loss account £ million	Total £ million
Balance at 25 March 2023		**89.3**	**108.8**	**(0.2)**	**(368.5)**	**(170.6)**
Profit for the period	7	–	–	–	1.9	1.9
Other comprehensive income for the period		–	–	–	–	–
Total comprehensive income for the period		**–**	**–**	**–**	**1.9**	**1.9**
Balance at 30 March 2024		**89.3**	**108.8**	**(0.2)**	**(366.6)**	**(168.7)**
Balance at 26 March 2022		89.3	108.8	(1.0)	(367.2)	(170.1)
Loss for the period		–	–	–	(0.5)	(0.5)
Other comprehensive expense for the period		–	–	–	–	–
Total comprehensive expense for the period		–	–	–	(0.5)	(0.5)
Shares transferred to executive on vesting		–	–	0.8	(0.8)	–
Balance at 25 March 2023		89.3	108.8	(0.2)	(368.5)	(170.6)

Notes to the company financial statements

As at 30 March 2024

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 134. 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 53 weeks ended 30 March 2024. The comparative period covered the 52 weeks ended 25 March 2023.

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 Financial Review on page 55.

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, 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 scenario assumes the following additional key assumption:

- A significant reduction in global retail sales, which may result from subdued, consumer confidence or disposable income or through store closures or weaker trading in our markets, throughout the remainder of FY25 and FY26.

The Board's confidence in the Group's Base Case forecast, which indicates that the Group will operate with sufficient cash balances and within the financial covenants of the loan facility, following the recent reduction and revision of this facility and the Group's proven cash management capability, supports our preparation of the financial statements on a going concern basis.

However, as described in our strategic report, the global economic uncertainties have impacted our retail sales during the year and post year end. In particular, our Middle East markets, which contribute around 41% of the Group's total retail sales continue to be the most challenging. If trading conditions were to deteriorate beyond the level of risk applied in the sensitised forecast owing to ongoing geopolitical tensions, other global downturn in trade or low consumer demand, the Group may need to renegotiate with its lender in order to secure waivers to potential covenant breaches or have access to additional funding to continue its trading activities. Whilst the directors believe that the post year end deal with Reliance, as described above, has now put the Group in a stronger position, it is acknowledged that, in view of the above, there remains a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group and Company were unable to continue as a going concern.

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 109 of the Group consolidated financial statements.

Liquidity risk

For information on the Company's approach to liquidity risk, please see page 108 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.

1. Significant accounting policies (continued)

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. Management has used a pre-tax discount rate of 17.0% (2023: 17.0%) which reflects the time value of money and risks related to the cash generating units. There have been no impairment charges during the current financial period (2023: £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:

	30 March 2024 £ million	25 March 2023 £ million
Investment in subsidiaries – net book value	1.8	1.5

	£ million
Cost	
At 25 March 2023	455.2
Share-based payments to employees of subsidiaries	0.3
At 30 March 2024	455.5
Impairment	
At 25 March 2023	(453.7)
Charged during the period	–
At 30 March 2024	(453.7)
Net book value	1.8

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. Management has used a pre-tax discount rate of 17.0% (2023: 17.0%) which reflects the time value of money and risks related to the cash generating units. The cash flow projections are based on the financial budgets and forecasts approved by the Board covering a five year period. No growth rate has been applied.

3. Deferred tax assets

	Losses £ million
At 25 March 2023	–
Credit to income statement	3.4
At 30 March 2024	3.4

At the balance sheet date, deferred tax assets of £3.4 million (2023: £Nil) 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

	30 March 2024 £ million	25 March 2023 £ million
Other debtors	0.1	0.2

5. Creditors

Creditors: amounts due within one year	30 March 2024 £ million	25 March 2023 £ million
Amounts due to subsidiary undertakings	170.0	171.7
Accruals and other creditors	0.2	0.7
	170.2	172.4

Amounts due to subsidiary undertakings are repayable on demand. No interest is payable on the outstanding balances.

6. Provisions

	30 March 2024 £ million	25 March 2023 £ million
Current liabilities		
Other provisions	–	0.2
Short-term provisions	–	0.2

The movement on total provisions is as follows:

	Other provisions £ million
Balance at 25 March 2023	0.2
Released during the year	–
Charged to the income statement	(0.2)
Balance at 30 March 2024	–

Other provisions of £0.2 million in the prior year related to a legal claim received against a subsidiary of Mothercare UK Limited which went into administration the claim was fully settled in the current year.

7. 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.

8. Reserves

	Share premium £ million	Own shares £ million	Profit and loss account £ million
Balance at 25 March 2023	108.8	(0.2)	(368.5)
Loss for the financial year	–	–	2.6
Balance at 30 March 2024	108.8	(0.2)	(365.9)

The own shares reserve of £0.2 million (2023: £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 (2023: 151,232) with a market value at 30 March 2024 of £0.0 million (2023: £0.0 million).

The Company has no distributable reserves and has made no distribution during this or the prior year.

9. 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 30 March 2024 is as follows:

	Mothercare ordinary shares	
	Number of shares	Number of shareholders
Banks, insurance companies and pension funds	1	1
Nominee companies	467,245,440	135
Other corporate holders	91,914,399	95
Individuals	4,676,786	18,129
	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

	2024	2023
Share price at 30 March 2024 (25 March 2023)	**6.35p**	8.51p
Market capitalisation	**£35.8m**	£54.9m
Share price movement during the year:		
High	**6.60p**	12.00p
Low	**6.30p**	6.00p

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.

Shareholder information
continued

Registrars and transfer office

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Financial calendar

	2024
Annual General Meeting	19 November
Announcement of interim results	November

	2025
Preliminary announcement of results for the 52 weeks ending 29 March 2025	August
Issue of report and accounts	August
Annual General Meeting	October

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, www.shareview.co.uk

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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mothercare

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