

Mothercare plc

Pre-close trading update

Mothercare plc ("Mothercare" or "the Company"), the leading specialist global brand for parents and young children, today issues a pre-close trading update for the 52 week period to 29 March 2025 (âœƒFY25âœƒ). Comparatives are based on the 53 week period to 30 March 2024. This update is based upon draft figures pending finalisation of the year end audit.

Highlights

- Unaudited worldwide retail sales by franchise partners of ₹231 million for the year, representing a decline of 18% on last year (14% down at constant currency on a 52 week period to March 2024), with the decline largely resulting from the unchanged trading conditions in our Middle Eastern markets.
- Adjusted EBITDA for FY25 at approximately ₹3.5 million, in line with market expectations.
- Net borrowings of ₹3.7 million at the year end (March 2024: ₹14.7 million), significantly reduced as a result of the recently announced India joint venture and refinancing.
- Pension scheme deficit remains at ₹35 million (March 2024: ₹35 million) on a technical provisions basis.

EBITDA before adjusting items, for the financial year to 29 March 2025, is now expected to be approximately Â£3.5 million, compared to the Â£6.9 million adjusted EBITDA for the period to March 2024. This has been largely driven by the continuing impact of the uncertainty in the Middle East on our franchise partners' operations. Our franchise partner has reduced the store numbers of many of its brands and specifically for Mothercare our store numbers across the year have reduced by 47 to 77 stores at March 2025.

Unaudited net worldwide retail sales by franchise partners were £231 million, compared to £281 million for the previous financial year. The majority of the reduction is the Middle East and to a lesser extent the UK as we are ending our exclusive distribution relationship with Boots at the end of 2025, as we believe there is a greater opportunity for the brand and a new partner in the UK.

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

As previously reported, in addition to the global economic uncertainties which are impacting our retail sales, in many of our territories our partners are still clearing inventory due to the suppressed demand during Covid-19. Whilst there are signs of this process concluding in some territories, we expect these factors will continue to impact the Group results in FY26.

Pension Schemes

The annual contributions agreed for the Staff Scheme in the year to March 2026 was £3 million, due in monthly payments. However, in order to support the Company's cash flows whilst it is exploring growth opportunities, the trustees have agreed to defer the first six months' payments with a revised schedule of contributions to be agreed by 30 September 2025.

We have had the mutual benefit of a close and supportive relationship with the trustees over recent years and remain in regular and open contact with them.

Financing

At the year-end Mothercare had total cash of £4.4 million (March 2024: £5.0 million), against the £8.0 million (March 2024: £19.7 million) of the Group's revised loan facility, which remained fully drawn across the year.

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

Clive Whiley, Chairman of Mothercare, commented:

“Our results for last year reflect the impact of the continuing uncertainty on our franchise partners’ operations in the Middle East. However, the de-leveraged business resulting from the recent India joint venture and refinancing, together with the ongoing support of our lender and pension trustees, is enabling us to continue to explore the full bandwidth of growth opportunities through connections with other businesses, the development of our branded product ranges and licensing within and beyond our existing perimeters.

Given the factors influencing some of the Company's operating markets, our immediate priority remains to support our franchise partners, ultimately for the benefit of our own business. In that context we remain in discussions with several parties to restore critical mass alongside delivering our remaining core objectives. The underlying business has continually proved its resilience and the strength of the brand is evident from the interest it generates and the resultant discussions with potential strategic partners we are having.

I would like to thank all of our colleagues for their efforts in difficult circumstances and the board remains determined to optimise the brand IP for the benefit of all stakeholders.â€œ

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