

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR. Upon the publication of this announcement via regulatory news service this inside information is now considered to be in the public domain.

Shoe Zone plc
("Shoe Zone" or the "Company")
Final Results for the 52-week period to 27 September 2025

Shoe Zone is pleased to announce its audited results for the 52 weeks to 27 September 2025, (the "Period").

Financials

- Revenue of £149.1m (2024: £161.3m)
 - Store revenue £113.1m (2024: £126.1m)
 - Digital revenue £36.0m (2024: £35.2m)
- Profit before tax £3.3m (2024: £10.1m), adjusted £2.4m (1) (2024: £10.0m) in line with management expectations
- Dividend £Nil, (2024: £1.2m, 2.5 pence per share)
- Net cash increased by 64% to £5.9m (2024: £3.6m)
- Earnings per share 4.08p (2024: 16.04p)

Operational

- 269 stores at Period end (2024: 297) comprising:
 - 201 New larger format stores (2024: 185)
 - 68 Original stores (2024: 112)
 - 11 relocations, 6 refits, 39 closures
- Annualised lease renewal savings of £0.1m on 30 renewals, an average reduction of 8%
- Average lease length of 2.6 years (2024: 2.5 years)
- Digital returns rate of 11.9% (2024: 11.4%)
- Free next day delivery for all shoezone.com orders

Outlook

- Trading conditions remain challenging due to macro-economic pressure and higher wages, with expected profit before tax of approximately £1.0m for the year ending 3 October 2026.

(1) Adjusted to exclude foreign exchange revaluation gain

For further information please call:

Shoe Zone PLC

Charles Smith (Chairman)
Terry Boot (Finance Director)

Tel: +44 (0) 116 222 3001

Zeus (Nominated Adviser and Broker)

David Foreman, James Hornigold, Ed Beddows (Investment Banking)
Dominic King (Corporate Broking)

Tel: +44 (0) 203 829 5000

Chairman's statement

Introduction

This was a challenging year, particularly in the second half, as consumer confidence declined further following the Government's October 2024 budget, and highly adverse fiscal policies. Persistent inflation, higher interest rates, and reduced disposable income contributed to negative economic and consumer sentiment in the UK. Sales were good when there was a reason to buy, such as the warm summer and the Back-To-School period, however, discretionary spending remained subdued as consumers exercised greater caution in what they were spending money on.

Profit before tax decreased to £3.3m (2024: £10.1m) and adjusted profit before tax to £2.4m (2024: £10.0m), resulting in an earnings per share of 4.08p (2024: 16.04p).

Total revenue reduced by 7.6% to £149.1m (2024: £161.3m), trading out of 28 fewer stores, a 9.4% reduction. Digital revenues grew by 2.3% to £36.0m (2024: £35.2m), supported by improved conversion from free next day delivery on all shoezone.com orders and strong Amazon sales. We continue to invest in our digital infrastructure and gained further benefit of increased productivity and speed of throughput provided by improvements to our distribution centre conveyor system.

We closed 39 stores, opened 11, and refitted 6 to our larger format, ending the Period with 269 stores, consistent with management expectations.

Our average lease length is now 2.6 years, providing flexibility to adapt quickly to changes in retail locations. Property supply continues to outstrip demand, and we continued to take advantage of this environment to improve our property portfolio.

Total capital expenditure reduced to £3.3m (2024: £11.4m), primarily due to a lower number of refit and relocations completed, partly offset by landlord rent-free periods.

We achieved rent reductions on 30 store renewals of £0.1m (2024: £0.4m) on an annualised basis, an average reduction of 8%.

Strategy Update

Our store refit and relocation programme is on track to complete by the end of 2027, at which point our capital expenditure will further reduce, and we will accelerate our digital strategy, building on recent strong results.

Capital expenditure

We plan to invest approximately £4.5m next year on 23 store projects and Head Office infrastructure changes including IT projects and new vehicles.

Property

We closed the year with 201 new larger format stores and 68 original stores. This year we expect to relocate or open a further 14 stores and continue to close a number of older stores, and we will refit a minimum of 9 stores to our new format.

We will continue to rollout our larger format by targeting key towns for conversion or relocation. Our goal is to operate approximately 260 stores in total, by the end of 2027, with all original stores having been refitted, relocated or closed.

Digital

We continue to invest in our Digital platform. Our new mobile app will have traded for 12 months during the full year and we will launch additional revenue channels. We continue to trade with the shoezone.com permanent offer of free next day delivery, which started in June 2024.

Part of the success of our digital operation is our efficient returns process, supported by our extensive store network. We have a returns rate of approximately 11.9% with the vast majority of these being returned to store.

Product

We expect product margins to improve next year, supported by stable container prices over the past six months. Our buying and shipping teams are doing an exceptional job of managing the direct from factory supply chain, which is still volatile, and we are confident we are performing better than the market average. As we refit existing stores to our larger format, the branded mix will continue to form a higher proportion of our overall sales.

Dividend

No dividend was declared at the H1 2025, and we expect to continue our effective prudent cash management with a £nil dividend for the full year FY25.

Financial Review

During the Period, total revenue was £149.1m (2024: £161.3m) a reduction of 7.6%. Store revenue reduced by 10.3% to £113.1m (2024: £126.1m), trading out of 28 fewer stores. Digital revenues increased by 2.3% to £36.0m (2024: £35.2m).

Profit before Tax was £3.3m (2024: £10.1m), adjusted by foreign exchange gains on revaluation (+£0.9m), therefore an adjusted Profit before Tax of £2.4m (2024: £10.0m). The year-on-year reduction is due to the challenging trading environment, driven by declining consumer confidence, a challenging UK economic environment, and higher National Insurance and the National Living Wage costs. We continue to actively reduce our cost base in all areas of the business and have reduced our rent bill through proactive discussions with landlords with further savings on renewals.

Product margins reduced to 61.0% (2024: 62.8%), impacted by higher container prices in H1 and our "Buy one get one free" promotion in February 2025.

Statutory gross profit reduced by £7.9m to £27.6m, with a gross profit margin of 18.5% (2024: £35.5m, 22.0%). The reduction reflects the sales decrease, a reduced product margin, an increase in the depreciation charged, higher digital related postage costs and additional wage costs due to the increase in National Insurance and the National Living Wage.

Admin expenses decreased by £1.3m to £17.2m (2024: £18.5m) driven by foreign exchange gains and the cancelling of the Company's profit share scheme, partially offset by additional store impairments.

Distribution costs were maintained at £5.7m (2024: £5.7m). Wage costs increased due to the National Insurance and National Living Wage increases, offset by gains in operational efficiencies.

The corporation tax charge through the Income Statement is £1.4m (2024: tax charge of £2.7m).

Earnings per share are 4.08p (2024: 16.04p).

Stock levels reduced by £5.4m to £32.6m (2024: £38.0m), which is due to the lower number of stores and reduced Autumn/Winter 2025 intake as we carried over higher levels of continuity product from the previous season.

Capital expenditure has reduced to £3.3m (2024: £11.5m) We continued our programme of store relocations and refits to expand our new formats and invested £2.5m, albeit a lower number of projects. We also invested £0.5m in our central distribution centre to further improve our operational efficiency and £0.2m on vehicles. This total is the gross value and is partially offset by rent-free cash received via landlords when we open new stores, typically equivalent to 12 month's rent.

At the year-end cash was £5.9m (2024: £3.6m). The increase in cash was due to lower capital expenditure, lower intake, offset by the impact of lower revenues. To note that within last year's cash balance there was an £8.0m dividend payment.

The Shoe Zone pension scheme remains in surplus at £0.6m (2024: surplus of £0.5m). This has remained stable because of the Group's asset-liabilities matching strategies. The scheme's liabilities are covered by the buy-in contracts (purchase of the buy-in contracts with Rothesay on 2 March 2023), therefore the change in the liabilities was almost exactly matched by a corresponding change in the insured assets. The Shoe Zone Pension Scheme asset is not recognised in the statement of financial position. The Shoefayre scheme is now in surplus of £0.9m (2024: deficit of £1.6m). The improvement is due to an increase in bond yields, a slight reduction in future inflation expectations and a change in mortality assumptions.

The Company uses derivative financial instruments, typically forward exchange contracts, to hedge the risk of future foreign currency fluctuations. The hedging policy enables the effective portion of changes in the fair value of designated derivatives to be recognised in other comprehensive income. Historically these movements would have been recognised in the income statement.

Outlook

Trading conditions remained challenging in the first quarter of the new financial year, with revenue down on forecast, reflecting ongoing macro-economic pressures that continue to weigh on consumer confidence resulting in lower footfall on the UK High Street, alongside the highly adverse Government fiscal policies. The Government's November 2025 budget

included an additional increase in the National Living Wage, raising our cost base further, with broader measures not materially improving consumer sentiment. In light of these conditions, we expect a profit before tax of approximately £1.0m for the financial year ended 3 October 2026.

Despite the headwinds, the Board remains focused on disciplined cost management and delivering our strategic priorities to ensure resilience and long-term growth, as demonstrated by our strong year-end cash position, which increased by 64% to £5.9m compared to the prior year. Cash generation is expected to continue into 2026, leaving the business well positioned to capitalise when conditions improve.

Consolidated income statement for the 52 weeks ended 27 September 2025

	52 weeks ended 27 September 2025	52 weeks ended 28 September 2024
	£'000	£'000
Revenue	149,095	161,322
Cost of sales	(121,458)	(125,802)
Gross profit	27,637	35,520
Administration expenses	(17,166)	(18,540)
Distribution costs	(5,702)	(5,660)
Profit from operations	4,769	11,320
Finance expense	(1,513)	(1,204)
Profit before taxation	3,256	10,116
Taxation	(1,367)	(2,699)
Profit attributable to equity holders of the parent	1,889	7,417
Earnings per Share - basic and diluted	4.08p	16.04p

Consolidated statement of total comprehensive income for the 52 weeks ended 27 September 2025

	52 weeks ended 27 September 2025	52 weeks ended 28 September 2024
	£'000	£'000
Profit for the year	1,889	7,417
Items that will not be reclassified subsequently to the income statement		
Remeasurement gain on defined benefit pension scheme	1,710	539
Movement in deferred tax on pension schemes	(428)	(135)
Items that will be reclassified subsequently to the income statement		
Fair value movements on cash flow hedges	333	(649)
Tax (expense)/income on cash flow hedges	(83)	162
Other comprehensive (expense)/ income for the year	1,532	(83)
Total comprehensive income for the year attributable to equity holders of the parent	3,421	7,334

Consolidated statement of financial position as at 27 September 2025

Registered Number 08961190

	52 weeks ended 27 September 2025 £'000	52 weeks ended 28 September 2024 £'000
Assets		
Non-current assets		
Property, plant and equipment	19,712	23,938
Right-of-use assets	28,067	29,850
Total non-current assets	<u>47,779</u>	<u>53,788</u>
Current assets		
Inventories	32,579	37,951
Trade and other receivables	4,538	4,472
Cash and cash equivalents	5,947	3,640
Deferred tax asset	-	176
Corporation tax asset	-	525
Total current assets	<u>43,064</u>	<u>46,764</u>
Total assets	<u>90,843</u>	<u>100,552</u>
Current liabilities		
Trade and other payables	(17,437)	(24,677)
Lease liabilities	(12,461)	(12,862)
Deferred tax liability	(298)	-
Provisions	(1,431)	(2,707)
Total current liabilities	<u>(31,627)</u>	<u>(40,246)</u>
Non-current liabilities		
Lease liabilities	(22,144)	(25,266)
Provisions	(1,007)	(767)
Employee benefit liability	-	(1,629)
Total non-current liabilities	<u>(23,151)</u>	<u>(27,662)</u>
Total liabilities	<u>(54,778)</u>	<u>(67,908)</u>
Net assets	<u>36,065</u>	<u>32,644</u>
Equity attributable to equity holders of the Company		
Called up share capital	463	463
Merger reserve	2,662	2,662
Capital Redemption Reserve	37	37
Cash flow hedge reserve	175	(75)
Retained earnings	32,728	29,557
Total equity and reserves	<u>36,065</u>	<u>32,644</u>

Consolidated statement of changes in equity for the 52 weeks ended 27 September 2025

	Share capital £'000	Capital Redemption reserve £'000	Merger reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total £'000
At 1 October 2023	463	37	2,662	412	29,778	33,352
Profit for the year	-	-	-	-	7,417	7,417
Defined benefit pension movements	-	-	-	-	539	539
Cash flow hedge movements	-	-	-	(649)	-	(649)
Deferred tax on other comprehensive income	-	-	-	162	(135)	27
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(487)</u>	<u>7,821</u>	<u>7,334</u>
Dividends paid during the year	-	-	-	-	(8,042)	(8,042)

Total contributions by and distributions to owners	-	-	-	-	(8,042)	(8,042)
At 28 September 2024	463	37	2,662	(75)	29,557	32,644
At 29 September 2024						
Profit for the year	-	-	-	-	1,889	1,889
Defined benefit pension movements	-	-	-	-	1,710	1,710
Cash flow hedge movements	-	-	-	333	-	333
Deferred tax on other comprehensive income	-	-	-	(83)	(428)	(511)
Total comprehensive income for the year	-	-	-	250	3,171	3,421
Dividends paid during the year	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-
At 27 September 2025	463	37	2,662	175	32,728	36,065

Share capital comprises the nominal value of shares subscribed for. The capital redemption reserve represents share purchased by the company back from shareholders.

The capital redemption reserve has arisen following the cancellation of shares purchased by the company from shareholders.

The merger reserve has arisen as a result of the application of merger accounting to the group reorganisation on 26 March 2014.

The cash flow hedge reserve comprises of gains/losses arising on the effective portion of hedging instruments and is carried at fair value in a qualifying cash flow hedge.

Retained earnings are all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Consolidated statement of cash flows for the 52 weeks ended 27 September 2025

	52 weeks ended 27 September 2025	52 weeks ended 28 September 2024
	£'000	£'000
Operating activities		
Profit after tax	1,889	7,417
Corporation tax charge	1,367	2,699
Finance expense	1,513	1,204
Depreciation of property, plant and equipment	6,884	5,907
Fixed asset impairment and loss on disposal of property, plant and equipment	648	838
Right-of-use asset depreciation, impairment and loss on disposal	11,695	11,793
	23,996	29,858
Increase in trade and other receivables	(66)	(1,253)
Increase/(Decrease) in foreign exchange contract	138	(756)
Decrease/(Increase) in inventories	5,372	(4,199)
(Decrease)/Increase in trade and other payables	(7,241)	323
Decrease in provisions	(1,036)	(318)
	(2,833)	(6,203)
Cash generated from operations	21,163	23,655
Net corporation tax paid	(684)	(2,679)
Net cash flows from operating activities	20,479	20,976
Investing activities		
Purchase of property, plant and equipment	(3,306)	(11,505)
Net cash used in investing activities	(3,306)	(11,505)
Capital element of lease repayments	(14,921)	(14,339)
Interest received	55	196
Dividends paid during the year	-	(8,042)
Net cash used in financing activities	(14,866)	(22,185)

Net increase/(decrease) in cash and cash equivalents	2,307	(12,714)
Cash and cash equivalents at beginning of year	3,640	16,354
Cash and cash equivalents at end of year	5,947	3,640

Notes to the financial statements for the 52 weeks ended 27 September 2025

1. Accounting policies

General information

Shoe Zone plc (the "Group") is a public company incorporated and domiciled in England and Wales. The registered office is at Haremead Business Centre, Humberstone Road, Leicester, LE1 2LH. The registered number of the Company is 08961190.

The Company and its subsidiaries' (collectively the Group) principal activity is footwear retailing.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied for the 52 weeks ended 27 September 2025 (2024: 52 weeks ended 28 September 2024).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the UK ('UK adopted IFRSs') and those parts of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRS.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, as modified for the revaluation of certain financial assets and financial liabilities at fair value.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporating the financial statements of Shoe Zone plc and its subsidiary undertakings are all made up to 27 September 2025. The results for all subsidiary companies are consolidated using the acquisition method of accounting.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ('the Group') as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Notes to the financial statements for the 52 weeks ended 27 September 2025 (continued)

Accounting policies (continued)

Going Concern

The Directors consider that the business is a going concern and that it is appropriate to prepare the financial statements on a going concern basis. In reaching this conclusion, the Directors have assessed the Group's current performance and position and factors that may affect the Group's future prospects.

The business has experienced challenging trading conditions due to a weakening in consumer confidence, which resulted in profit downgrades announced in December 2024 and August 2025. The Directors have reviewed the capital expenditure commitment, staffing levels, additional sales promotions, store numbers and all costs, and will use all of these levers to protect the cash position. The Directors have also considered, should there be a significant but plausible downside scenario of a further 3% and 5% reduction, the mitigating steps that can be taken by reducing capital expenditure and intake, along with further cost cutting measures to protect the revised cash position.

The Directors have reviewed forecasts and cash projections and consider that the Group has adequate banking facilities and cash resources to meet its operational and capital commitments. The latest cash forecasts provide significant headroom within the available banking facilities, even when sensitized.

The new store and refit programme results, along with the positive digital performance, combined with the satisfactory cash position gives the Directors a reasonable basis on which to satisfy themselves that the business is a going concern. The Group has prepared forecasts and budgets which shows the Group has sufficient cash to meet its day-to-day liabilities as they fall due. On that basis, the Directors have prepared the financial statements on a going concern basis.

Revenue

Revenue is measured at the fair value of the consideration received, or receivable, and represents amounts receivable for goods supplied, stated net of discounts, return and value added taxes. In the case of goods sold through retail stores, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer at the point of sale. In the case of goods sold on the internet, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer, which is at the point of delivery to the customer.

At the point of sale, a provision is made for the level of expected returns based on previous experience.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

Freehold and long leasehold properties	-	50 years on a straight line basis
Short leasehold and leasehold improvements	-	5-10 years on a straight line basis
Fixtures and fittings	-	5-10 years on a straight line basis
Motor vehicles	-	3-5 years on a straight line basis

No depreciation is provided against freehold land or assets under construction. Depreciation is provided against freehold shop properties writing off the original cost less estimated residual value over the useful economic life of the property which is estimated to be 50 years.

Notes to the financial statements for the 52 weeks ended 27 September 2025 (continued)

Accounting policies (continued)

Assets under construction

Whilst held under assets under construction, no depreciation is charged on the assets. Once the project is completed, the asset will be transferred to the correct fixed asset category.

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed in conjunction with an independent third party for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separable identifiable cash flows).

Impairment charges are included in the consolidated income statement in cost of sales, except to the extent they reverse previous gains recognised in the consolidated statement of total comprehensive income.

Inventories

Inventories are initially recognised at cost on a first in first out basis, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial assets

The Group classified its financial assets into the categories, discussed below, due to the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Loans and receivables

Loans and receivable assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables) but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents included within the consolidated statement of financial position.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Notes to the financial statements for the 52 weeks ended 27 September 2025 (continued)

Accounting policies (continued)

Financial liabilities

The Group classified its financial liabilities as other financial liabilities which include the following:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Derivative financial instruments and hedging activities

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and hedged instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument the Group actually uses to hedge the quantity of the hedged item.

The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially measured at fair value and subsequently remeasured at fair value. The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in cost of sales in the income statement.

Amounts accumulated in equity are reclassified to inventories in the period when the purchase occurs, matching the hedged transaction. The cash flows are expected to occur and impact on profit and loss within 12 months from the year end.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in equity is retained in equity and is recognised when the forecast transaction is ultimately recognised in cost of sales in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Notes to the financial statements for the 52 weeks ended 27 September 2025 (continued)

Accounting policies (continued)

Deferred tax assets are offset when the Group has legally enforceable rights to set off current tax assets against current tax liabilities and the deferred tax liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company, or
- different company entities which intend to either settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Provisions

Provision for dilapidations is made at the best estimate of the expenditure required to settle the obligation at the reporting date, where material, discounted at the pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. A dilapidation provision is only recognised on those properties which are likely to be exited. Where such property is identified the full costs expected are recognised. This provision relates to the liability of 'wear and tear' incurred on the leasehold properties and does not include any removal of shop refits as experience indicates that liabilities do not arise for removal of shop refits. Dilapidations are not included in recognised assets as they relate to 'wear and tear' and not structural alterations to the buildings.

Foreign exchange

Transactions entered into the Group entities in a currency other than the functional currency are recorded at the average monthly rate prevailing during the year. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date.

Foreign exchange differences are recognised in the income statement.

Retirement benefits - defined contribution and benefit schemes

The Group operates both defined benefit and defined contribution funded pension schemes. The schemes are administered by trustees and are independent of the Group.

Contributions to defined contribution schemes are charged to the consolidated income statement in the year to which they relate.

Defined benefit scheme surpluses and deficits are measured at:

- the fair value of plan assets at the reporting date; less
- plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- unrecognised past service costs; less
- the effect of minimum funding requirements agreed with scheme trustees.

Re-measurements of the net defined obligation are recognised directly within equity. These include actuarial

gains and losses, return on plan assets (interest exclusive) and any asset ceilings (interest exclusive).

Service costs are recognised in the income statement and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in the income statement and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the year.

Gains or losses arising from changes to scheme benefits or scheme curtailments are recognised immediately in the income statement.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

A net pension asset may only be recognized when the group has an unconditional right to a refund or to reductions in future contributions. As a result, no asset has been recognised at year end.

Notes to the financial statements for the 52 weeks ended 27 September 2025 (continued)

Accounting policies (continued)

Dividends

Dividends, including interim dividends, are recognized when they become legally payable. In the case of final and special dividends, this is when approved by the shareholders at the AGM.

Lessee accounting

The Group leases various properties as well as vehicles under lease agreements. At inception of a contract the Group assesses whether the contract contains a lease. A lease is present where the contract grants the right to control the asset for a period of time in exchange for consideration. Where a lease is identified a right of use asset and a corresponding lease liability is recognized, other than leases classed as "Short term," less than 12 months, or "Low value," under the available exemptions. Where the exemption has been taken advantage of the lease cost are recognized on a straight-line basis over the life of the lease within the Consolidated Income Statement.

The lease payments are discounted using the Group's incremental borrowing rate of 6.06%.

Lease liability- initial recognition

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date. If the discount rate isn't explicitly included in the lease the payments are discounted at the Group's incremental borrowing rate.

Lease payments included within the initial recognition include:

- § Fixed payments (including in-substance fixed payments)
- § Variable lease payments that depend on an index or rate at the commencement date
- § Amounts expected to be payable by the lessee under residual value guarantees
- § Exercise price of a purchase option if the Group is reasonably certain to exercise that option
- § Payments for penalties for terminating the lease if the lease term reflects the Group exercising the option

Lease liability- subsequent measurement

The lease liability is subsequently measured by increasing the carrying value to reflect interest on the lease liability and by reducing the carrying value to reflect the lease payments.

Lease liability- remeasurement

The lease liability is remeasured where:

- § Change in the assessment of the original lease information; being a change in the lease term or exercise of a purchase option.
- § Lease payments change due to a change in an index or a rate or a change in expected payment under the residual value guarantee
- § The lease contract is modified and the lease modification isn't treated as a separate lease

Accounting policies (continued)

Right of use asset- initial recognition

The right of use asset comprises of the following:

§ Initial measurement of the lease liability

§ Any lease payments made at the commencement date, less any lease incentives received

§ Any initial direct costs incurred by the group in taking out the lease

§ Estimate of costs to be incurred by the group to restore the underlying asset to the condition required by the lease

Right of use asset- subsequent measurement

The right of use asset is depreciated over the shorter of the lease term and useful life of the asset on a straight-line basis.

- If a change in contract has been identified, see the "Lease liability- remeasurement" section for further information, the right of use asset will also be adjusted.
- An impairment review will be undertaken in line with the group impairment policy, as further described in note 1, any identified impairment will be recognised against the right of use asset.
- Where the lease liability is remeasured, an equivalent adjustment is made to the right of use asset unless its carrying value is reduced to zero, in which case the adjustment is recognised in the consolidated income statement.
- When the lease liability is remeasured a revised discount rate is used based on the contract, or if none is available the Groups incremental borrowing rate.

Accounting policies (continued)

New Accounting Standards, Interpretations and Amendments and Standards in Issue but not Yet Effective

The Group has not early adopted any new accounting standard, interpretation or amendment that has been issued but is not effective.

At the date of authorisation of these consolidated Financial Statements, there are no standards in issue from the International Accounting Standards Board ("IASB") or International Financial Reporting Interpretations Committee ("IFRIC") which are effective for annual accounting periods beginning on or after 27 September 2025 that will have a material impact on these Financial Statements.

2. Critical accounting estimates and judgements

The Shoe Zone plc Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Accounting estimates and assumptions

Retirement benefits:

The Groups' defined benefit schemes' pension surplus/obligation, which is assessed each period by actuaries, is based on key assumptions including discount rates, mortality rates, inflation, future salary costs and pension costs. These assumptions, individually or collectively, may be different to actual outcomes. A net pension asset may only be recognized when the group has an unconditional right to a refund or to reductions in

future contributions. As a result, no asset has been recognised at year end.

Estimated impairment of store assets:

The Group tests whether store assets, being IFRS 16 right-of-use assets and associate leasehold improvements, fixtures and fittings, have suffered any impairment in accordance with the accounting policies stated in note 1.

The recoverable amount of cash-generating units is determined on a value-in-use calculation. For impairment testing purposes the Group has determined that each store is a separate CGU. The recoverable amount is calculated based on the Group's latest forecast cash flows which are then extrapolated to cover the period to the break date of the lease taking into account historic performance and knowledge of the current market, together with the Group's views of future profitability of each CGU. The method requires an estimate of future cash flows and the selection of a suitable discount rate in order to calculate the net present value of cash flows.

The value in use is calculated based on five year cash flow projections. The key assumptions in the calculations are the sales growth rates, gross margin rates, changes in the operating cost base and the pre-tax discount rate derived from the Group's weighted average cost of capital using the capital asset pricing model, the inputs of which include a risk-free rate, equity risk premium and a risk adjustment (Beta). Given the number of assumptions used the assessment involves significant estimation uncertainty.

Critical accounting estimates and judgements (continued)

The key assumptions, which are equally applicable to each CGU, in the cash flow projections used to support the carrying amount of store assets were as follows:

Key assumptions FY25	Year 1	Year 2	Year 3	Year 4	Year 5
Sales increase	0%	2%	2%	2%	2%
Existing gross margin movement	2%	2%	1%	0%	0%
Operating costs increase per annum	4%	3%	2%	2%	2%
Discount rate	8%	8%	8%	8%	8%
Terminal growth rate	2%	2%	2%	2%	2%

Key assumptions FY24	Year 1	Year 2	Year 3	Year 4	Year 5
Sales increase	(1.8)%	3%	3%	2%	2%
Existing gross margin movement	0.5%	2%	0%	0%	0%
Operating costs increase per annum	6.0%	4%	3%	3%	3%
Discount rate	12%	12%	12%	12%	12%
Terminal growth rate	2%	2%	2%	2%	2%

The Group has performed a sensitivity analysis on the impairment tests for its store portfolio using various reasonably possible scenarios. An increase of three percentage points in the post-tax discount rate would have resulted in no increase to the impairment charge. A decrease of one percentage point in the growth rate after year three would have resulted in no change to the impairment charge.

Estimated useful life of property, plant and equipment:

At the date of capitalising property, plant and equipment, the Group estimates the useful life of the asset based on management's judgement and experience. Due to the significance of capital investment to the Group, variances between actual and estimated useful economic lives could impact results both positively and negatively.

Judgements

Foreign currency hedge accounting:

Group policy is to adopt hedge accounting for cash flows for the purchase of goods for resale. Due to the degree of judgement in determining forecast cash flows there is a risk that the assumptions made in the effectiveness testing are inappropriate.

Leases: Discount rate - The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 27 September 2025 was 4.57%.

3. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the management team including the Chairman, Chief Executive and Finance Director.

The Board considers that each store is an operating segment but there is only one reporting segment as the stores qualify for aggregation, as defined under IFRS 8. The Directors now consider Digital to be its own operating segment. Management reviews the performance of the Group by reference to total results against

budget. The total profit measures are operating profit and profit for the year, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial statements.

	52 weeks ended 27 September 2025	52 weeks ended 28 September 2024
	£'000	£'000
Revenue		
United Kingdom stores	112,658	125,594
Digital	36,065	35,248
Jersey	372	480
	<u>149,095</u>	<u>161,322</u>

There are no customers with turnover in excess of 10% of total turnover.

	52 weeks ended 27 September 2025	52 weeks ended 28 September 2024
	£'000	£'000
Non-current assets excluding deferred tax asset by location:		
United Kingdom	47,779	53,788
	<u>47,779</u>	<u>53,788</u>

Digital non-current and current assets have not been disclosed due to the immaterial value. The UK store contribution is £14.7m (2024: £22.2m) and digital contribution is £7.3m (2024: £9.0m), the total contribution being £22.0m. The difference between this and the stated profit before tax on the consolidated income statement, is the remaining head office and central warehousing costs, financing charges and interest.

4. Dividends

	52 weeks ended 27 September 2025	52 weeks ended 28 September 2024
	£'000	£'000
Dividends paid during the year	-	8,042

5. Share capital

	27 September 2025	28 September 2024
	£'000	£'000
Share capital issued and fully paid		
46,250,000 (2024:46,250,000) ordinary shares of 1p each	463	463

Ordinary shares carry the right to one vote per share at general meetings of the company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

6. Earnings per share

Earnings per share is calculated by dividing profit for the year by the weighted average number of shares outstanding during the year.

	27 September 2025	28 September 2024
	£'000	£'000
Numerator		
Profit for the year and earnings used in basic and diluted EPS	<u>4.08p</u>	<u>16.04p</u>
	27 September 2025	28 September 2024
Denominator		
Weighted average number of shares used in basic and diluted EPS	46,250,000	46,250,000

Weighted average number of shares used in basic and diluted EPS

46,250,000

46,250,000

7. Ultimate controlling party

The company is controlled by the Smith family albeit there is not a single controlling party.



This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR BIGDBBBBDGLD