

Shoe Zone PLC
("Shoe Zone" or the "Company")
Interim results for the 26 weeks to 28 March 2026

Shoe Zone PLC is pleased to announce its interim results for the 26 weeks to 28 March 2026, (the "Period").

Financial highlights

- Revenue of £62.9m (2025 H1: £71.5m) -12.0%
 - Store revenue £45.8m (2025 H1: £53.3m) -14.1%
 - Digital revenue £17.1m (2025 H1: £18.2m) -6.0%
- Contribution of £4.8m (2025 H1: £6.4m)
 - Store contribution of £1.8m (2025 H1: £3.3m)
 - Digital contribution of £3.0m (2025 H1: £3.1m)
- Loss before tax of £5.3m (2025 H1: Loss £2.3m)
- Adjusted loss before tax of £5.3m (2025 H1: Loss £2.6m)*
- Earnings per share of -11.5p (2025 H1: -4.9p)
- Net cash of £7.5m (2025 H1: £1.7m)
- No interim dividend proposed (2025 H1: Nil)

Operational highlights

- 259 stores at Period end (2025 FY: 269) comprising:
 - 206 New Format (2025 FY: 201)
 - 53 Original (2025 FY: 68)
- 4 stores opened, 3 refits, 14 stores closed
- Capital expenditure of £1.4m (2025 H1: £1.0m)
- Annualised lease renewal savings of £44k, with an average reduction of 4.1%
- Average lease length of 2.3 years (2025 FY: 2.5 years)
- Digital returns rate of 11.9% (2025 H1: 11.4%) - 12 months' average

Outlook

- As announced on 22 April 2026, the Company now expects an adjusted loss before tax for the full year of between £1.0m and £2.0m.

**No adjusted items in the Period, adjustment in 2025 H1 related to £0.3m forex gain.*

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Chairman's statement

Introduction

Shoe Zone experienced a very challenging trading environment in the Period against the continuing backdrop of weak consumer confidence and macro/global economic volatility. Total revenues reduced by 12.0% to £62.9m, having traded out of 19 fewer stores compared to 12 months ago, with digital revenue reducing by 6.0%.

Store revenues were £45.8m (2025 H1: £53.2m - trading out of 19 fewer stores), digital revenues were £17.1m (2025 H1: £18.2m), reflecting similar trading conditions as seen in our stores.

Adjusted loss before tax was £5.3m (2025 H1: Loss £2.6m*).

We ended the Period trading out of 259 stores, which is a reduction of 19 compared to 12 months ago and 10 lower compared to last year end. In the first half we closed 14 stores, opened 4 larger format stores and refitted 3 Original stores to our new larger format. In total we are now trading out of 53 Original stores and 206 larger format stores. We are actively working to relocate and refit further stores in the second half of the year, with a number of relocations currently in the pipeline.

We have completed 19 lease renewals/re-gears in the Period with an annualised saving of £44k, with an average reduction of 4.1%.

Our average lease length is 2.3 years (2025 FY: 2.5 years), which gives the opportunity and flexibility to respond to changes in any retail location at short notice. Property supply continues to outstrip demand, and we continue to take advantage of this and further improve our property portfolio over the medium term.

We are in the process of reducing the size of our Distribution Centre. The whole site is made up of 6 leases, and we will exit 3 of these, reflecting the reduction in store numbers and right sizes us for the future.

Strategy Update

Our refit and relocation programme continues, albeit at a slower pace, and we now have 206 stores converted to our new, larger format. We expect to spend approximately £3.0m on capital projects this year, which is a similar level to the previous year, and we will continue to invest until all stores have been converted. Our long-term objective is to be trading out of approximately 260 stores in total, and the Board currently expects, subject to market conditions, to complete our relocation and refit programme by the end of 2027.

We continue to invest in our Digital infrastructure and having introduced a new mobile App and new payment methods, we recently started to trade on TikTok shop, and we will continue to look at adding further marketplaces this year.

Dividend

The Board does not propose an interim dividend (2025 H1: £nil).

Outlook

Our full year adjusted profit before tax forecast was previously £1.0m, however, as announced on 22 April 2026, we are reducing this to an adjusted loss before tax of between £1.0m and £2.0m. Trade continues to be negatively impacted by a further weakening in consumer confidence, following the Government's last two budget announcements, as well as the geo-political issues in the Middle East. These macroeconomic factors have increased customer caution, leading to lower footfall and less discretionary spend. The Middle East issues have also resulted in a higher cost of containers and general transportation costs.

The second quarter showed an improvement in underlying trading compared to the first quarter, however, the trading environment continues to be difficult and has been further impacted by worsening geo-political conditions in the Middle East. Over the last 12 months we have seen more stability in the price of containers, and a strengthening of sterling against the dollar, but these conditions have recently reversed as fuel prices have increased and sterling has weakened, both of which are expected to negatively impact the second half of the year.

Financial Review

Loss before tax was £5.3m, with adjusted loss the same at £5.3m (2025 H1: Loss £2.3m adjusted to £2.6m). The £2.7m reduction for the half splits into quarter one a £2.0m reduction and quarter two a £0.7m reduction. Within quarter two there were £0.5m of impairment and asset write-offs, therefore excluding these items, underlying trading performance in Q2 improved relative to Q1, although both quarters were negatively impacted by the macroeconomic and geo-political factors.

In the Period, total revenues were £62.9m (2025 H1: £71.5m). Store revenues decreased by £7.5m as we traded out of 19 fewer stores compared to 12 months ago. Digital sales decreased by £1.1m to £17.1m (2025 H1: £18.2m).

Gross profit in the Period was £7.4m (2025 H1: £11.0m), with a margin of 11.8% (2025 H1: 15.4%). The £3.6m reduction reflects the sale performance and the percentage decrease is due to a number of store related costs within cost of sales, such as rent, rates and depreciation, that are fixed in nature and therefore do not reduce as sales reduce. Product margins increased to 61.7% (2025 H1: 59.4%) due to lower container prices and a more favourable sterling to dollar exchange rate. Container prices have been stable over the last six months, but the war in Iran has seen fuel price increases which will have a negative impact for the rest of the financial year.

Administration expenses reduced by £0.5m to £9.2m (2025 H1: £9.7m), due to a reduction in store impairments/write offs, partly offset by a lower foreign exchange gain. All other costs were either in line with last year or lower.

Distribution costs remained the same at £2.8m (2025 H1: £2.8m) as we were able to absorb the increase in the National Living Wage.

Inventory at the Period end was £6.5m lower at £28.0m (2025 H1: £34.5m). This reflects the lower number of stores and the significant work completed in making sure that stock levels are at the optimum level.

The Company ended the Period with a net cash balance of £7.5m (2025 FY: £1.7m). Part of the difference relates to later stock purchases when compared to last year. A lot of work has been done to lower stock purchases, reduce costs and we continue to limit capital expenditure to only commercially key projects.

Capital expenditure in the Period was £1.4m (2025 H1: £1.0m), £0.9m on relocations and refits, £0.3m vehicles and £0.2m warehouse and IT. Relocation and refit projects are weighted towards the second half of the financial year as we continue our long-term target of converting all stores. We expect expenditure to be approximately £3.0m for the full year.

The Shoefayre Limited Pension and Life Assurance Scheme deficit turned into a surplus of £0.9m (2025 FY: £1.5m deficit). This was due to an increase in bond yields and an increase in future inflation expectations over the period. The overall impact of these market condition changes is to reduce the value of the scheme's liabilities. However, this has been partly offset by the fall in the value of the Liability Driven Investments (LDI) portfolio over the period.

Earnings per share were -11.5p (2025 H1: -4.9p per share) reflecting the loss before tax in the Period.

Unaudited consolidated income statement (52 weeks audited)

	26 Wks end 28 Mar 2026 £'000	26 Wks end 29 Mar 2025 £'000	52 Wks end 27 Sep 2025 £'000
Revenue	62,930	71,486	149,095
Cost of sales	<u>(55,487)</u>	(60,496)	(121,458)
Gross Profit	7,443	10,990	27,637
Administration expenses	(9,228)	(9,726)	(17,166)
Distribution costs	<u>(2,763)</u>	(2,823)	(5,702)
Profit from Operations	(4,548)	(1,559)	4,769
Finance income	-	-	-
Finance expense	<u>(758)</u>	(702)	(1,513)
Profit before Tax	(5,306)	(2,261)	3,256
Taxation	-	-	(1,367)
Profit after Tax	(5,306)	(2,261)	1,889
 Earnings per Share	 (11.5)p	 (4.90)p	4.08p

Unaudited consolidated statement of total comprehensive income (52 weeks audited)

	26 Wks end 28 Mar 2026 £'000	26 Wks end 29 Mar 2025 £'000	52 Wks end 27 Sep 2025 £'000
Profit/(Loss) for the period	(5,306)	(2,261)	1,889
Items that will not be reclassified subsequently to the income statement			
DB pension scheme	-	203	1,710
Movement in deferred tax on pension schemes	-	-	(428)
Cash flow hedges			
Fair value movements in other comprehensive income	(368)	413	333
Tax on cash flow hedges	-	-	(83)
Other comprehensive (expense)/Income for the period	(368)	616	(1,532)
Total comprehensive (expense)/Income for the period attributable to equity holders of the parent	(5,674)	(1,645)	3,421

Unaudited consolidated statement of financial position (52 weeks audited)

	26 Wks end 28 Mar 2026 £'000	26 Wks end 29 Mar 2025 £'000	52 Wks end 27 Sep 2025 £'000
Assets			
Non-current Assets			
Property, plant and equipment	17,310	20,774	19,712
Right of use assets	27,422	27,884	28,067
Total Non-current Assets	44,732	48,658	47,779
Current Assets			
Inventories	28,025	34,484	32,579
Trade and other receivables	3,079	3,539	4,538
Cash and cash equivalents	7,517	1,698	5,947
Deferred tax asset	-	39	-
Corporation tax asset	-	659	-
Total Current Assets	38,621	40,419	43,064
Total Assets	83,353	89,077	90,843
Current Liabilities			
Trade and other payables	(16,453)	(18,336)	(17,437)
Lease liabilities	(12,841)	(12,217)	(12,461)
Derivative fin. liability	(356)	-	-
Deferred tax liability	(175)	-	(298)
Provisions	(1,361)	(2,387)	(1,431)
Total Current Liabilities	(31,186)	(32,999)	(31,627)
Non-current Liabilities			
Lease liabilities	(21,039)	(22,846)	(22,144)
Provisions	(737)	(767)	(1,007)
Employee benefit liability	-	(1,466)	-
Total Non-current Liabilities	(21,776)	(25,079)	(23,151)
Total Liabilities	(52,962)	(58,078)	(54,778)
Net Assets	30,391	30,999	36,065
Equity attributable to equity holders of the company			
Called up share capital	463	463	463
Merger reserve	2,699	2,699	2,662
Capital redemption reserve	37	37	37
Cash flow hedge reserve	(193)	338	175
Retained earnings	27,422	27,499	32,728
Total Equity and Reserves	30,391	30,999	36,065

Unaudited consolidated statement of changes in Equity (prior years audited)

Share Capital	Share Premium	Capital Redemp.	Cash flow Hedge	Retained Earnings	Total
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	£'000	£'000	Reserve £'000	Reserve £'000	£'000	£'000
At September 2024	463	2,662	37	(75)	29,557	32,644
Loss for the period	-	-	-	-	(2,261)	(2,261)
Defined benefit pension movements	-	-	-	-	203	203
Cash flow hedge movements	-	-	-	413	-	413
Total comprehensive income for the period	-	-	-	413	(2,058)	(1,645)
Dividends paid	-	-	-	-	-	-
Contributions by and distrib. to owners	-	-	-	-	(6,886)	(6,886)
As at March 2025	463	2,662	37	338	27,499	30,999
At September 2024	463	2,662	37	(75)	29,557	32,644
Profit for the period	-	-	-	-	1,889	1,889
Defined benefit pension movements	-	-	-	-	1,710	1,710
Cash flow hedge movements	-	-	-	333	-	333
Deferred tax on other comp. income	-	-	-	(83)	(428)	(511)
Total comprehensive income for the period	-	-	-	250	3,171	3,421
Dividends paid	-	-	-	-	-	-
Contributions by and distrib. to owners	-	-	-	-	-	-
As at September 2025	463	2,662	37	175	32,728	36,065
At September 2025	463	2,662	37	175	32,728	36,065
Loss for the period	-	-	-	-	(5,306)	(5,306)
Defined benefit pension movements	-	-	-	-	-	-
Cash flow hedge movements	-	-	-	(368)	-	(368)
Total comprehensive income for the period	-	-	-	(368)	(5,306)	(5,674)
Dividends paid	-	-	-	-	-	-
Contributions by and distrib. to owners	-	-	-	-	-	-
As at March 2026	463	2,662	37	(193)	27,422	30,391

Unaudited consolidated statement of cash flows (52 weeks audited)

	26 Wks end 28 Mar 2026 £'000	26 Wks end 29 Mar 2025 £'000	52 Wks end 27 Sep 2025 £'000
Operating activities			
Profit after tax	(5,306)	(2,261)	1,889
Corporation tax	-	-	1,367
Finance income	-	-	-
Finance expense	758	702	1,513
Depreciation of property, plant and machinery	3,553	3,822	6,884
Fixed asset impairment and loss on disposal of property, plant and machinery	218	310	648
Right of use asset on profit, depreciation & impairment and loss on disposal	5,969	5,718	11,695
	5,192	8,291	23,996
Decrease/(increase) in trade and other receivables	1,459	1,127	(66)
Decrease/(increase) in foreign exchange contracts	(135)	609	138
Decrease/(increase) in inventories	4,554	3,467	5,372
(Decrease)/increase in trade and other payables	(987)	(6,341)	(7,241)
Decrease in provisions	(340)	(320)	(1,036)
	4,551	(1,458)	(2,883)
Cash generated from operations	9,743	6,833	21,163
Net corporation tax paid	-	(134)	(684)
Net cash flows from operating activities	9,743	6,699	20,479
Investing activities			
Purchase of property, plant and machinery	(1,360)	(1,068)	(3,306)

Purchase of property, plant and machinery	(1,369)	(968)	(3,306)
Proceeds from Sale of Freeholds	-	-	-
Net cash used in investing activities	(1,369)	(968)	(3,306)
Capital element of lease repayments	(6,840)	(7,715)	(14,921)
Interest	36	43	55
Dividends paid during year	-	-	-
Net cash used in financing activities	(6,804)	(7,672)	(14,866)
Net inc/(dec) in cash and cash equivalents	1,570	(1,941)	2,307
Cash and cash equivalents at beginning of period	5,947	3,640	3,640
Cash and cash equivalents at end of period	7,517	1,698	5,947

Notes to the financial statements for the 26 weeks ended 28 March 2026

Basis for preparation

The consolidated interim financial statements of the company for the 26 weeks ended 28 March 2026, which are unaudited, have been prepared in accordance with the same accounting policies, presentations and methods of computation followed in the condensed set of financial statements as applied in the group's latest audited financial statements. A copy of those accounts has been delivered to the Registrar of Companies.

The financial information for the 26 weeks ended 28 March 2026, contained in this interim report, does not constitute the full statutory accounts for that period. The independent Auditors' report on the Annual Report and Financial Statements for 2025 was unqualified, did not draw attention to any matters by way of emphasis. And did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The consolidated interim financial statements have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

The condensed consolidated interim financial statements have been prepared on a going concern basis and under the historic cost convention, as modified by the revaluation of derivative financial instruments to fair value.

The condensed consolidated interim financial statements are presented in sterling and have been rounded to the nearest thousand (£'000).

The preparation of financial information in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events ultimately may differ from those estimates.

1. Accounting policies

In preparing these interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements reported in the latest annual audited financial statements for the 52 weeks ended 27 Sept 2025.

Going Concern

At the balance sheet date, the company had a strong net asset position. Based on the cash forecasts prepared by the Directors, these financial statements have been prepared on a going concern basis.

2. Segmental Information

The group complies with IFRS 8 'Operating Segments' which determines and presents operating segments based on information provided to the chief operating decision maker. The chief decision maker has been identified as the management team including the Chairman 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.

	26 Wks end 28 Mar 2026 £'000	26 Wks end 29 Mar 2025 £'000	52 Wks end 27 Sep 2025 £'000
External revenue by location of customers:			
United Kingdom	45,698	53,116	112,658
Digital	17,080	18,202	36,065
Jersey	152	168	372
	62,930	71,486	149,095

3. Taxation

The taxation charge of zero for the 26 weeks ended 28 March 2026 is based on the assumption that the capital allowances available on our estimated capital spend will reduce the expected charge at the half year.

4. Earnings per share

	26 Wks end 28 Mar 2026 £'000	26 Wks end 29 Mar 2025 £'000	52 Wks end 27 Sep 2025 £'000
(Loss)/Profit in the period and earnings used in basic			
diluted earnings per share	(5,306)	(2,261)	1,889
	<u>(11.5)p</u>	<u>(4.90)p</u>	<u>4.08p</u>

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