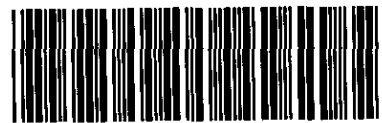


Mountain Warehouse International Limited

Annual Report and Financial Statements
52-week period ended 23 February 2025

Registered number: 08729050

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Contents

Strategic Report	1
Directors' Report	9
Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements	12
Independent Auditor's Report to the Members of Mountain Warehouse International Limited	13
Consolidated Statement of Profit and Loss and Other Comprehensive Income	17
Consolidated Balance Sheet	18
Company Balance Sheet	19
Consolidated Statement of Changes in Equity	20
Company Statement of Changes in Equity	21
Consolidated Cash Flow Statement	22
Notes	23

Strategic Report

The directors present their Strategic Report for the 52-week period ended 23 February 2025.

Principal activities and business model

The Company is the ultimate parent company of the Mountain Warehouse Group (“the Group”) and has acted as a holding company since incorporation.

The primary trading company within the Group is Mountain Warehouse Limited. The principal activities of Mountain Warehouse Limited and the Group are the design, sourcing and retail of clothing and equipment for outdoor pursuits. The Group operates through two channels, retail stores and the internet. It trades under three brands: Mountain Warehouse, Animal and Eastern Mountain Sports.

The Group was founded with one store in the UK in 1997 and has grown to trade from approximately 400 stores in 9 countries, through 10 owned websites, and via various third-party marketplaces such as Amazon.

The Group’s mission is “To help everyone enjoy the great outdoors” and it seeks to achieve this by offering a wide range of outdoor clothing and equipment, at affordable prices, to a family focused customer base.

The Group mainly sells its own branded product, which it designs in-house and is manufactured in third party factories primarily in the Far East. This allows the Group to offer a better value proposition than competitors selling similar products from branded suppliers.

Business review and results

The financial year ended 23 February 2025 was a record trading year for the Group. Revenue was 16.0% higher than in 2024 and the Group continued to outperform the wider market. This strong trading across both retail and e-commerce alongside considered cost management resulted in a record year of profit. Management EBITDA, which is the Group’s main measure of profit and performance, and which has been defined in the KPI section of the Strategic Report, increased by £13.8m to £47.9m (2024: £34.1m).

During 2025 the Group continued to make progress against its strategic objectives.

Within retail the Group opened or relocated 65 stores, including the opening of our first 5 retail stores in Australia.

In August 2024, the Group acquired the intellectual property of the Eastern Mountain Sports brand. Alongside, it acquired some stock and assigned the leases on 7 stores in the USA enabling the Group to commence immediate trading under this brand.

The Group has continued to develop its online offer through product range expansion, new channels of distribution and through a continuation of investment in technology and marketing.

In May 2024, the Group successfully secured an extension to its debt facilities until April 2028.

Towards the end of the year, the Group relocated to new head office premises at Compass House, 7a Howick Place, London, SW1P 1DZ.

Profit and Loss

Turnover was £449.2m, which is 16.4% higher than financial year 2024 (2024: £386.0m).

Store revenue grew by 19.1%. There were 396 stores at the end of the period (2024: 365). During the year the Group opened 48 stores, relocated 17 to better sites and closed 17 stores.

Online revenue grew by 16.1% and accounted for 31% (2024: 31.4%) of total revenue.

Strategic Report *(continued)*

Business review and results *(continued)*

Gross profit was £273.3m (2024: £227.9m). Gross profit margin was 1.8% percentage points higher than last year. This improvement was driven by a full year of lower factory gate costs, lower freight costs and more favourable exchange rates on dollar purchases.

Distribution costs were £53.2m (2024: £48.6m), which is an increase by 9% compared to financial year 2024 driven by higher sales volume. They continue to fall as percentage of sales, for the year being 11.8% of sales compared to 12.6% last year. All warehouses saw productivity improvements, and transport initiatives delivered a saving in carriage costs.

Administration costs were £190.0m, which is an increase of £33.2m on financial year 2024 (2024: £156.8m). Staff costs have increased by £12.6m year on year from £75.9m to £88.5m, reflecting minimum wage increases and headcount increases to support sales growth.

Property costs have increased by £9.7m to £59.3m (2024: £49.6m) which is due to the increase in the number of stores alongside the continued strategy to move to large concept stores. 2025 also saw the change of head office location with dual running costs during the move.

Interest payable of £9.0m is £2.8m lower than the prior year charge of £11.8m on the back of lower debt. Both years include charges for a preference dividend.

The consolidated profit before tax was £21.1m (2024: £10.9m).

Balance Sheet and Cash Flow

The Group stock balance at year-end was £96.7m (2024: £80.7m), £16.0m higher than at the end of 2024 and is reflective of the trade growth of the business. Similarly, current trade and other payables have increased by £15.3m to £89.4m (2024: £74.1m), again due to business growth.

The Group year-end cash balance of £0.3m was £19.2m lower than in 2024 (2024: £19.5m). This is best understood in conjunction with non-current trade and other payables which reduced by £18.4m to £50.8m (2024: £69.2m) because of a reduction in the revolving credit facility drawn at the end of the year. The net debt position of the Group decreased by £5.9m in the year.

The net assets of the Group at the balance sheet date were £46.7m (2024: £33.6m).

KPI's

The Group uses a range of financial and non-financial performance metrics to monitor and manage the business effectively to drive optimal performance and to measure progress against its strategic objectives. These include a suite of KPIs aligned to all key stakeholder groups that are reported and discussed on a weekly basis, including turnover, gross profit, stock, colleague, and customer measures.

KPIs are assessed versus budget and prior years.

Selected KPIs which have been referred to elsewhere in the Strategic Report are presented below:

KPIs	2025	2024
Revenue	£449.2m	£386.0m
Gross profit margin	60.8%	59.1%
Management EBITDA*	£47.9m	£34.1m
Store count	396	365

*Management EBITDA is defined as operating profit before depreciation, impairment and loss on disposal (2025: £9.6m; 2024: £9.8m), amortisation (2025: £5.7m; 2024: £5.2m), group management charges (2025: £0.1m; 2024: £0.1m) and unrealised foreign exchange (2025: £2.3m loss; 2024: £3.6m gain).

Strategic Report *(continued)*

Future developments

Following on from FY25 the Group will continue to invest in new store openings and store relocations in proven markets. This will include expanding our retail footprint in Australia and New Zealand.

Following the acquisition of the EMS brand in the USA, the Group will continue to evolve this brand, including the relaunch of EMS.com in summer 2025.

Other initiatives to support online growth will include investment in the Mountain Warehouse brand, option growth and website enhancements.

Principal risks and uncertainties

The directors are responsible for identifying significant risks to the business and for ensuring that appropriate internal controls and risk management is in place to allow the Group to achieve its strategic objectives. This approach is embedded in the day-to-day operations of the business. All risk management policies are subject to board approval.

The principal risk to the business is a downturn in consumer spending due to macroeconomic challenges, *which include high inflation and the potential of a recession*. The directors monitor market conditions and seek to ensure that the Group continues to provide a customer proposition that is accessible to a broad demographic, and which is differentiated from its competitors. Our offer represents value for money and therefore the brand is well positioned to respond to weaker consumer confidence.

The Group is exposed to foreign exchange fluctuations through its supplier payment structure. A significant amount of the Group's stock is purchased from overseas suppliers denominated in US dollars. The Group policy is to enter into forward foreign currency contracts to cover between 50% and 75% of forecast inventory purchases for up to 12 months. The directors consider that this safeguards the budget exchange rate for the remainder of the current financial period.

The Group is exposed to liquidity risk, being inability to meet financial obligations as they fall due. Detailed, regular cash flow forecasting is prepared to identify future liquidity requirements to ensure the Group has sufficient cash or loan facilities to meet all its commitments when they fall due.

The Group is exposed to global cost inflation. Cost inflation is reflected in our planning and decision making and proactively managed through improved store efficiencies, targeted price increases and active cost control.

The Group is exposed to the risk of disruption caused by cyber breaches, which could result in loss of revenue, data and reputational damage. The Group employs colleagues with cyber expertise supported by 3rd parties to ensure appropriate processes and controls are in place to address this risk. This includes external systems vulnerability and penetration testing, regular review of back up facilities and business continuity plans and business wide information security training.

The Group also has exposure to interest rate risks through its financing facilities which attract variable interest rate charges linked to SONIA. In May 2024, the Group took out a 3-year interest rate swap to fix SONIA on a significant proportion of its term loans.

Strategic Report *(continued)*

Corporate Governance Statement

During the financial period ending 23 February 2025, Mountain Warehouse has chosen to apply the Wates Corporate Governance Principles for Large Private Companies. The narrative below sets out how the principles have been applied over the past financial year. This is a voluntary disclosure for Mountain Warehouse International Limited.

Principle 1: Purpose and Leadership

- Mountain Warehouse was founded in 1997 to make the outdoors accessible to everyone by offering value for money product and exemplary customer service. The Group's expansion since then has seen the brand grow and the product evolve and today is an international operation.
- The Group's purpose is to deliver long term sustainable value for its shareholders by providing its customers with value for money, functional outdoor clothing and equipment. In delivering this, the Group seeks to ensure compliance with applicable laws and regulations and to maintain a culture of continuous improvement and entrepreneurship.
- The founder still owns a significant majority of the shares of the Group and plays an active day to day role in the strategy and stewardship of the Group.
- The board are responsible for ensuring that the strategy of the Group promotes the purpose of the Group.

Principle 2: Board Composition

- The board is comprised of an Independent Non-Executive Director, Chief Executive Officer, Chief Commercial Officer, Chief Financial and Operating Officer, Chief Technology Officer, Chief Digital Officer, Finance Director and a director from Inflexion Partnership Capital LLP who acts as Chairman. Inflexion Partnership Capital LLP hold a minority stake in the Group.
- The board believes the size and composition of the board is appropriate for the ownership structure, size and scope of operations and contains sufficiently diverse skills and experience to ensure a balance of opinions are received on the matters it is required to consider.
- The duties of the board are partially executed through monthly board meetings. Minutes of the meeting and key actions are documented and agreed by the board.
- The board sets the strategic goals for the business, which are based upon taking a long term, sustainable view. This is supported by a business operating plan which is developed concurrently with the Group's management board.

Principle 3: Directors Responsibilities

- The board are responsible for managing the affairs of the Group in a manner that is most likely to promote the success of the Group for the benefit of the shareholders and in a way that is consistent with the applicable compliance requirements.
- The board meet at least monthly and receive a detailed pack in advance of each meeting. This contains progress against the business strategic plan, periodic financial reporting and cyclical review of significant business areas.
- A wider executive management board, to whom day to day management of the Group is delegated, meets at least weekly. Decisions may be made on a daily basis by this senior management team, using their extensive knowledge and industry experience. Such members of staff have a clear understanding of the limits of their authority and lines of accountability to their more senior reports and know when decisions should be escalated for board approval. Key financial information is collated from the Group's various accounting systems. The finance function is appropriately qualified to ensure the integrity of the information provided. Financial information is currently audited by Grant Thornton on an annual basis.

Strategic Report *(continued)*

Corporate Governance Statement *(continued)*

- Other data is also reviewed on a periodic basis, ranging from monthly to annually as appropriate, and includes employee data, customer data, and CSR KPIs.

Principle 4: Opportunity and Risk

- The directors are responsible for identifying significant risks to the business and for ensuring appropriate internal controls and risk management is in place to allow the Group to achieve its strategic objectives.
- Risk management is embedded in day-to-day operations, with the business operation under continuous board review.
- All risk management policies are subject to board approval.
- Long term strategic opportunities are reviewed at board level with all major strategic decisions, contracts and capital expenditure approved at board level.
- Identifying and assessing short term opportunities to improve the performance of the business is part of day-to-day activities.

Principle 5: Remuneration

- Director remuneration structures reward based on both the overall performance of the Group and individual performance.
- All salaries greater than £100k are approved by the board. For salaries under £100k, remuneration is agreed by a people sub-committee.

Principle 6: Stakeholder relationships and engagement

- How the directors foster effective stakeholder relationships and consider their views when making decisions is documented in the S172 statement that follows the Corporate Governance statement.

Section 172 statement

The directors of Mountain Warehouse International Limited have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider would be most likely to promote the success of the Group for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

Having regard to the likely consequences of any decision in the long term

The board of directors are responsible for leading stakeholder engagement. The directors consider that the following groups are the Group's key stakeholders: employees, customers, shareholders, suppliers and the communities with which we interact. The board seeks to understand the respective interests of such stakeholder groups so that these may be properly considered in the board's decisions. This is done through various methods which include direct engagement by board members, through the provision of reports and updates, and through feedback mechanisms.

The board meets monthly and receives a detailed pack in advance of each meeting. This contains progress against the business strategic plan, periodic financial reporting and cyclical reviews of significant business areas.

The board of directors remain mindful that its strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed. Principally this is done in the annual strategic review and the annual budgeting cycle, as well as when assessing strategic change decisions. All major strategic decisions, contracts and capital expenditure are approved at board level.

All significant shareholders sit on the board of directors.

Strategic Report *(continued)*

Section 172 Statement *(continued)*

Having regard to the interests of the Group's employees

It is the board's policy to pursue open communication with employees, and, to this end, quarterly meetings are held by management to convey information about the business. Employees are encouraged to contribute to the decision-making process through their participation in these meetings.

The board regularly conducts store visits providing the opportunity to speak directly with retail colleagues. Between 5 and 30 stores will be visited by a board director each week. Management board visits are in addition to this and provide a further communication conduit.

The Group has a fund to provide financial support to colleagues facing any type of hardship.

The Group gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Systems are in place to prevent discrimination. Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development opportunities where appropriate.

The Group uses a service that enables UK retail colleagues to draw down on earned pay at any time of the payroll cycle.

The Group has introduced a whistleblowing service to provide colleagues and other stakeholders a confidential channel to report concerns of wrongdoing.

Having regard to the need to foster the Group's business relationships with suppliers, customers and others

Customers

The Group focuses on providing its customers with value for money, functional outdoor clothing, and equipment. The board are significantly involved in product offer and attend product presentation and range selection meetings. Our store locations, pricing, staff, and multi-channel offering enable us to be accessible to a broad demographic. The Group seeks feedback from customers through a variety of different sources which include mystery shopping, social media platforms, customer care communications and NPS surveys. Findings are reviewed and the information is used by relevant business areas to ascertain how products or services can be improved.

Suppliers

The Group focuses on clear and timely communication with suppliers. Formal bi-annual reviews are undertaken with significant strategic suppliers where matters including product development, health and safety and ethical and environmental issues are discussed. The board appreciates positive supplier relationships are important to the Group's long-term success and are briefed on supplier feedback and issues as part of the seasonal range review and sign off process (bi-annual).

The board formally considers its Modern Slavery obligations each year and all employees are provided training on identifying and reporting such practises.

The Group makes every effort to settle liabilities in line with agreed payment terms.

Lender Group

The Group seeks to maintain an open and transparent relationship with its lenders. We engage with lenders regularly and frequently through the provision of monthly management information and a monthly update meeting. The latter provides lenders with the opportunity to ask questions and provide feedback on any issues.

Strategic Report *(continued)*

Section 172 Statement *(continued)*

Having regard to the impact of the Group's operations on the community and the environment

The board of directors are supportive of initiatives to reduce the adverse impacts on the environment and in supporting the communities in which we work.

Initiatives to reduce environmental impact include increasing the proportion of sustainable materials we use in our products and packaging, recycling damaged stock to charity, phasing out usage of virgin plastic bags and rolling out Smart Meters and LED lighting across the store estate. The Group has also signed up to the British Retail Consortium Climate Action Roadmap, which aims to deliver net-zero carbon emissions across the retail industry by 2040.

Having regard to the desirability of the Group maintaining a reputation for high standards of business conduct

The board of directors are committed to ensuring that the Group maintains high standards of business conduct. This includes complying with relevant regulatory frameworks, trading ethically and responsible sourcing.

Having regard to the need to act fairly as between members of the Group

All shareholders are on the board of directors and as such are involved in decision making through board meetings. The board of directors meet monthly and discusses a broad range of topics, including financial performance, outlook, strategy and governance.

Decision making in practice

The boards of the Company and its subsidiaries Mountain Warehouse Limited and Mountain Warehouse Group Holdings work together closely in relation to strategic decisions affecting the Group's operations and financing.

The table below outlines some of the principal decisions made by the board during the period, in conjunction with the boards of its subsidiaries. We define principal decisions as those decisions that are of a strategic nature and that are significant to our key stakeholder groups.

In making these decisions, the board considered the interests of and the impact on all stakeholders. To provide insight into the approach taken by the board, a summary of the stakeholder considerations and conclusions is below.

Strategic Report *(continued)*

Section 172 Statement *(continued)*

Key Stakeholders	Principal Decision	Stakeholder Considerations	Conclusions
Shareholders Customers Employees Suppliers	Purchase the Eastern Mountain Sports brand	The decision was seen as favourable for all key stakeholders: <ul style="list-style-type: none"> - increased revenue for the Group - new employment opportunities in local market - development of EMS own brand offers opportunities for existing suppliers 	In July the decision was taken to purchase the EMS brand and some inventory. Purchase completed on 30 August 2024.
Shareholders Customers	Opening 2 new warehouses, one in Australia and one in the US	The decision was seen as favourable for all key stakeholders: <ul style="list-style-type: none"> - Reduces operational costs in these markets - Enables faster fulfilment for e-commerce customers 	In September 2024 the decision was taken to open the US DC and in November 2024 the Australian DC. Opening dates of the Australian Warehouse was March 2025 and the US in May 2025.
Shareholders Customers Employees	To implement a new Global People, payroll and workforce management system	The decision was seen as favourable for all key stakeholders: <ul style="list-style-type: none"> - Reduction in manual tasking enabling more time spent with customers to drive sales and service - Enables better communication with employees and ability to pay faster 	In September 2024 the decision was taken to roll out the Pinpoint and Dayforce platforms, with global implementation starting in March 2025.

By order of the board:

Marcus Ward

M Ward
 Director

Date: 17 June 2025

Directors' Report

The directors present their annual report and the audited financial statements for the 52-week period ended 23 February 2025.

As permitted by legislation, some of the matters normally included in the Directors' Report have instead been included in the Strategic Report, and the notes to the financial statements. This includes principal risks and uncertainties of the Company and how the Company has fostered business relationships with suppliers, customers and others during the year, including principal decisions taken by the Company.

Proposed dividend

The directors do not recommend the payment of a dividend (2024: £Nil).

Directors

The directors who held office during the period were as follows:

M Neale
M Ward
S Augier
S Neale
C Wormald
M Holland

Company secretary

A Dickinson (resigned 13 December 2024)
A Fulat (appointed 13 December 2024)

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors indemnity

Qualifying third party indemnity provisions as defined by the Companies Act 2006 were in force for the benefit of directors throughout the period and up to the date of approval of the financial statements.

Directors' Report *(continued)*

Environmental impact

The table below sets out a summary of the Group's UK energy use, associated emissions and energy performance under Streamlined Energy and Carbon Reporting (SECR) requirements.

Utility and Scope	25/24 Consumption (kWh)	25/24 Consumption (tCO2e)	24/23 Consumption (kWh)	24/23 Consumption (tCO2e)
Grid-supplied electricity	9,873,876	2,045	8,075,767	1,655
Gaseous and other fuels	76,805	16	88,812	16
Transportation (based on fuel)	482,676	445	541,716	117
Grey fleet (based on mileage)	86,916	26	93,954	23
TOTAL	10,520,273	2,532	8,800,249	1,811

Utility and Scope	25/24 tCO2e/m2	24/23 tCO2e/m2
Intensity metric - gross internal area	0.0331	0.0167

These emissions were calculated using the methodology set out in the 2022 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA).

The reported data reflects consumption at sites where Mountain Warehouse is able to influence energy management only. It does not include where Mountain Warehouse has limited or no ability to influence energy management, for example concessions within a garden centre.

The Group are committed to ongoing improvements in energy efficiency. Examples of measures undertaken are Smart Meter roll out, increasing usage of hybrid and electric cars within the fleet and installation of LED lighting in older stores.

The Group has also signed up to the British Retail Consortium Climate Action Roadmap, a framework which aims to deliver net-zero carbon emissions across the retail industry by 2040.

Contribution to the tax system

The Group believes that paying taxes as a result its activities is an important way in which it contributes to the societies in which it operates.

The taxes paid by the Group are as follows:

	2025	2024
	£'000	£'000
Import Taxes	9,348	7,899
Net Sales Taxes	42,420	43,509
Business Rates	10,546	9,462
Payroll Taxes	17,376	14,943
Corporation Tax	5,504	2,786
Stamp Duty Land Tax	657	317
TOTAL	85,851	78,916

The increase in tax paid during the year is due to business growth, with one exception being sales taxes. Five quarters of UK sales taxes were paid in FY24, as opposed to four in FY25.

Directors' Report *(continued)*

Subsequent events

There have been no major events that have taken place since the year end.

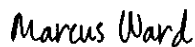
Going concern

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate.

The directors have made enquiries and reviewed cash flow forecasts and available facilities for at least the next 24 months. Taking this into account, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at the next least 24 months. The judgement has been formed considering the principal risks and uncertainties. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of going concern basis can be found in note 2.4 of the financial statements.

By order of the board:



M Ward
Director

Date: 17 June 2025

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 and profit or loss of the Company and Group for that period*. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

To the best of our knowledge:

- the Group financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

M Ward

Independent auditor's report to the members of Mountain Warehouse International Limited

Opinion

We have audited the financial statements of Mountain Warehouse International Limited (the 'parent company') and its subsidiaries (the 'group') for the 52-week period ended 23 February 2025, which comprise the consolidated statement of profit and loss and other comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and *United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* (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 23 February 2025 and of the group's profit for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 group and the parent 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, 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and global cost inflation, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company'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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 themselves. 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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 12, 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 the 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 for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, and the relevant tax legislation of jurisdictions in which the Group operates.


- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes, and where relevant, regulatory correspondence.
- We assessed the susceptibility of the Group and company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. We determined that the principal risks were in relation to:
 - Potential management bias in determining significant accounting estimates, especially in relation to the assessment of indicators of impairment;
 - Potential unusual account combinations within revenue; and
 - Potential management override of controls.
- Audit procedures performed by the audit team included:
 - Challenging key assumptions used and judgements made by management in relation to significant accounting estimates, including their assessment of possible indicators of impairment;
 - Testing the occurrence of unusual account combinations within revenue to identify potentially fraudulent revenue transactions; and
 - Using data interrogation software to identify and test large or unusual journal entries which may carry a higher risk of fraud.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - Knowledge of the industry in which the entity operates; and

- Understanding of the legal and regulatory requirements specific to the entity including United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, and the relevant tax jurisdictions in which the Group operates.
- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the potential unusual account combinations within revenue; potential management bias in determining significant accounting estimates, and through management override of controls.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The entity's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
 - The applicable statutory provisions.

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.

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.



Sergio Cardoso
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
17 June 2025

Consolidated Statement of Profit and Loss and Other Comprehensive Income
for 52-week period ended 23 February 2025

	Note	2025 £000	2024 £000
Turnover	4	449,226	386,003
Cost of sales		(175,915)	(158,054)
Gross profit		273,311	227,949
Distribution costs		(53,210)	(48,605)
Administrative expenses	5	(189,982)	(156,789)
Operating profit		30,119	22,555
Interest received and similar income		22	223
Interest payable and similar charges	8	(9,044)	(11,843)
Profit on ordinary activities before taxation		21,097	10,935
Tax on profit on ordinary activities	9	(8,151)	(4,807)
Profit for the financial period		12,946	6,128
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations	18	(619)	(399)
Cash flow hedges - changes in fair value	18	1,142	(1,557)
Income tax on other comprehensive income	18	(286)	389
Other comprehensive income/(loss) for the period, net of income tax		237	(1,567)
Total comprehensive income for the period		13,183	4,561

The results derive entirely from continuing operations.

The notes on pages 23 to 46 form part of these financial statements.

Consolidated Balance Sheet

at 23 February 2025

	Note	As at 23 February 2025		As at 25 February 2024	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	10		37,873		37,622
Tangible assets	11		48,876		34,232
			86,749		71,854
Current assets					
Stocks	13	96,667		80,712	
Debtors	14	12,066		13,080	
Cash at bank and in hand	20	341		19,459	
		109,074		113,251	
Creditors: amounts falling due within one year	15	(89,396)		(74,111)	
Net current assets			19,678		39,140
Total assets less current liabilities			106,427		110,994
Creditors: amounts falling due after one year	16		(50,824)		(69,174)
Provision for liabilities	17		(8,861)		(8,261)
Net assets			46,742		33,559
Capital and reserves					
Called up share capital	18		1,252		1,252
Share premium	18		13,023		13,023
Capital redemption reserve	18		8		8
EBT reserve	18		(26)		(26)
Profit and loss account	18		28,503		15,557
Cash flow hedging reserve	18		338		(518)
Foreign currency translation reserve	18		(780)		(161)
Share based payment reserve	18		4,424		4,424
Shareholders' funds			46,742		33,559

The notes on pages 23 to 46 form part of these financial statements. These financial statements were approved by the board of directors on 17 June 2025 and were signed on its behalf by:

Marcus Ward

M Ward
Director

Company registered number: 08729050

Company Balance Sheet
at 23 February 2025

	Note	As at 23 February 2025		As at 25 February 2024	
		£000	£000	£000	£000
Fixed assets					
Investment in subsidiaries	12		4,868		3,571
Current assets					
Debtors	14	30,972		16,667	
Creditors: amounts falling due within one year	15	(12,338)		(8,059)	
Net current assets			18,634		8,608
Net assets			23,502		12,179
Capital and reserves					
Called up share capital	18		1,252		1,252
Share premium	18		13,023		13,023
Capital redemption reserve	18		8		8
Profit and loss account	18		4,795		(6,528)
Share based payment reserve	18		4,424		4,424
Shareholders' funds			23,502		12,179

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company's profit for the period is £11,323,000 (2024: loss of £3,918,000).

The notes on pages 23 to 46 form part of these financial statements. These financial statements were approved by the board of directors on 17 June 2025 and were signed on its behalf by:

Marcus Ward

M Ward
Director

Company registered number: 08729050

Consolidated Statement of Changes in Equity
at 23 February 2025

	Share capital £000	Share premium £000	Cash flow hedging reserve £000	Profit and loss account £000	Foreign currency translation reserve £000	Capital redemption reserve £000	EBT reserve £000	Share based payment reserve £000	Total equity £000
Balance at 26 February 2023	1,252	13,023	650	9,429	238	8	(26)	4,424	28,998
Total comprehensive (loss)/income for the period									
Profit for the period	-	-	-	6,128	-	-	-	-	6,128
Other comprehensive loss (note 18)	-	-	(1,168)	-	(399)	-	-	-	(1,567)
Total comprehensive (loss)/income for the period	-	-	(1,168)	6,128	(399)	-	-	-	4,561
EBT share purchases (note 18)	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-
Balance at 25 February 2024	1,252	13,023	(518)	15,557	(161)	8	(26)	4,424	33,559
Total comprehensive income/(loss) for the period									
Profit for the period	-	-	-	12,946	-	-	-	-	12,946
Other comprehensive income/(loss) (note 18)	-	-	856	-	(619)	-	-	-	237
Total comprehensive income/(loss) for the period	-	-	856	12,946	(619)	-	-	-	13,183
Equity settled share-based payment	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-
Balance at 23 February 2025	1,252	13,023	338	28,503	(780)	8	(26)	4,424	46,742

The notes on pages 23 to 46 form part of these financial statements.

Company Statement of Changes in Equity
at 23 February 2025

	Share capital £000	Share premium £000	Profit and loss account £000	Capital redemption reserve £000	Share based payment reserve £000	Total equity £000
Balance at 26 February 2023	1,252	13,023	(2,610)	8	4,424	16,097
Total comprehensive loss for the period						
Loss for the period	-	-	(3,918)	-	-	(3,918)
Total comprehensive loss for the period	-	-	(3,918)	-	-	(3,918)
EBT share purchases (note 18)	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 25 February 2024	1,252	13,023	(6,528)	8	4,424	12,179
Total comprehensive income for the period						
Profit for the period	-	-	11,323	-	-	11,323
Total comprehensive income for the period	-	-	11,323	-	-	11,323
Equity settled share-based payment	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 23 February 2025	1,252	13,023	4,795	8	4,424	23,502

The notes on pages 23 to 46 form part of these financial statements.

Consolidated Cash Flow Statement
for 52-week period ended 23 February 2025

	Note	2025 £000	2024 £000
Operating activities			
Profit/(loss) for the period		12,946	6,128
<i>Adjustments for:</i>			
Depreciation and amortisation	10,11	14,338	13,337
Impairment loss	11	815	792
Loss on disposal of assets	5	90	827
Foreign currency losses/(gains) on derivatives		249	980
Interest received and similar income		(22)	(223)
Interest payable and similar charges	8	9,044	11,843
Taxation	9	8,151	4,807
Foreign exchange gains		(1,340)	(1,387)
		44,271	37,104
Decrease/(increase) in trade and other receivables	14	134	(562)
(Increase)/decrease in inventories	13	(14,652)	4,204
Increase in trade and other payables	15,16	17,620	7,993
Increase/(decrease) in provisions	17	624	(632)
		47,997	48,107
Tax paid		(5,201)	(2,272)
Net cash from operating activities		42,796	45,835
Investing activities			
Interest received		22	223
Acquisition of property, plant and equipment	11	(24,630)	(10,174)
Acquisition of intangible assets	10	(5,938)	(1,851)
Net cash used in investing activities		(30,546)	(11,802)
Financing activities			
Interest paid	8	(6,535)	(7,465)
Repayment of borrowings		(34,000)	(11,500)
Receipt/(repayment) of revolving credit facility		9,000	(7,000)
Net cash used in financing activities		(31,535)	(25,965)
Net (decrease)/increase in cash and cash equivalents		(19,285)	8,068
Effect of currency translation on cash and cash equivalents		167	149
Cash and cash equivalents at beginning of period		19,459	11,242
Cash and cash equivalents at period end		341	19,459

The notes on pages 23 to 46 form part of these financial statements.

Notes *(forming part of the financial statements)***1 General Information**

Mountain Warehouse International Limited (“the Company”) is a private company limited by shares, incorporated and domiciled in England and Wales. The Company has its registered office at 7a Howick Place, London, SW1P 1DZ.

The following accounting policies have been applied consistently to all periods in dealing with items that are considered material in relation to the financial statements.

2 Accounting policies**2.1 Statement of Compliance and basis of preparation of financial statements**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The parent company financial statements present information about the Company as a separate entity and not about its group.

These financial statements are prepared for the 52 weeks ended 23 February 2025. The comparatives are prepared for the 52 weeks ended 25 February 2024.

2.2 Parent Company separate financial statements

In preparing the separate financial statements of Mountain Warehouse International Limited, advantage has been taken of the following disclosure exemptions available in FRS 102 on the basis the information is included in the consolidated financial statements:

- the requirement to present a Statement of Cash Flows and the related notes;
- financial instrument disclosures (except for intercompany balances) including:
 - categories of financial instruments;
 - items of income, expenses, gains or losses relating to financial instruments; and
 - exposure to and management of financial risks;
- share-based payment disclosures.

2.3 Basis of consolidation

Subsidiaries are entities controlled by the Group.

The Group controls an entity when it has the power to govern the financial and operating policies so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions and balances between Group companies are eliminated upon consolidation.

Notes *(continued)***2 Accounting policies** *(continued)***2.4 Going concern**

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons:

- The Group has seen another year of record growth. The year ended 23 February 2025 saw revenue of £449.2m, which was 16% higher than 2024 and outperformed the wider market. Management EBITDA, which is the Group's main measure of profit and performance and has been defined in the KPI section of the Strategic Report, increased from £34.1m to £47.9m.
- In May 2024, the Group refinanced its external debt due to mature in September 2025 with a new £80m debt package with an April 2028 maturity date.
- The directors have prepared detailed forecasts and cashflow projections to 22 February 2027. The cashflow projections have been built using detailed cash modelling, buying plans, revenue projections, landlord agreements, manpower plans and scrutiny of all costs. Based on these forecasts there is sufficient headroom in the funding available to the Group to meet the possible cash requirements of the Group and to comply with the covenant testing requirements associated with the Group's funding.
- The board has applied extensive scrutiny to the projections and severe but plausible sensitivities made in assessing the financial modelling for the Group and is satisfied that reasonable assumptions have been made for the going concern assessment:
 - Modelling takes into account the challenges facing the global economy, including inflationary pressures and weaker consumer confidence.
 - Additional, downside scenarios centred around weaker consumer demand and further cost inflation have also been modelled. This downside case, which modelled like-for-like sales at zero growth compared to financial year 2025, does not give rise to a breach of banking covenants and there is adequate headroom in the funding available to the Group to meet its cash requirements (minimum headroom of £10m).
 - Further mitigating actions available to the Group include managing stock intake and terms, pausing non-essential capital expenditure and further reducing discretionary costs.
 - As part of sensitivity testing the going concern forecasts, further scrutiny has been applied to the ascertain the impact of any under-performance in trading performance on the Group's ability to meet its covenant targets. The board concluded that this risk was low, but possible. The board has responded to this risk and identified a number of mitigations which are in the control of management in order to manage liquidity and covenant compliance should this case arise. These mitigating factors include, but are not limited to, reducing capital expenditure, cutting discretionary spend such as marketing and maintenance, reducing payroll costs through a recruitment freeze and lower store hours, and lowering stock purchases.
- The Group has seen consistent sales growth year on year with the only exception being the 2021 financial period when store closures were mandated because of the COVID pandemic. The Group consistently achieves a REBITDA higher than the level that would cause a breach in covenants.
- In all the scenarios assessed, taking into account current liquidity and available resources and before the inclusion of any mitigating actions within management control, the Group was able to maintain sufficient liquidity to continue trading. While modest reductions to performance may result in a covenant breach, the board have identified mitigating actions within their control to avoid such a situation. On this basis, the directors continue to adopt the going concern basis for the preparation of the financial statements.

Notes *(continued)***2 Accounting policies** *(continued)***2.5 Revenue**

The Group's contracts with customers for the sale of products generally include one separately identifiable component being the delivery of goods to the customer.

Whether in store, online or via concessions, the Group has determined that revenue should be recognised at the point in time when the risks and rewards are transferred to the customer which is on receipt of the product. For retail this is at the point of sale and for online or concession sales this is when the delivery is received.

Net commission received from digital marketplace sales is recognised when the payment service has been provided. The Group considers itself an agent in these transactions.

Revenue is measured at the fair value of the consideration received or receivable and recorded excluding sales taxes and net of discounts and returns.

Revenue is also reduced for estimated customer returns as the Group sells products with the right of return. This estimation is based on experience and considers the returns policy in the sale the country took place, sales in the relevant period and historical returns rates. Cost of goods sold is also adjusted for the value of goods expected to be returns using historical gross profit margins.

Concession revenues are settled in cash net of commissions payable but are recognised gross based on the Group being the principal in these transactions.

2.6 Foreign currency

The consolidated financial statements are presented in Sterling (£), which is the presentational currency of the Group. Transactions in foreign currencies are translated to the Group's presentational currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the presentational currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in profit and loss except for differences arising on the retranslation of qualifying cash flow hedges with changes taken to other comprehensive income, which are recognised in other comprehensive income.

The assets and liabilities of the Company's overseas subsidiary undertakings are translated at the closing exchange rates. The profit or loss of the undertaking is consolidated at the average rate of exchange during the period. Gains and losses arising on these translations are recognised in other comprehensive income.

2.7 Basic financial instruments*Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs and subsequently net of any impairment loss. An impairment loss is recognised in the profit and loss account whenever the carrying amount exceeds the recoverable amount. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and pending credit card receipts.

Notes *(continued)***2 Accounting policies** *(continued)***2.8 Other financial instruments**

Financial instruments not meeting the definition of basic are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except for hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value depends on whether derivatives qualify for hedge accounting and the nature of the item being hedged (see below). Where derivatives do not qualify for hedge accounting, any changes in the fair value of the derivative financial instrument are recognised in profit and loss as they arise.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average price method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is based on estimated selling prices, less further costs expected to be incurred to completion. Provision is made for obsolete, defective or slow-moving stock where appropriate.

2.10 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. The Group assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is provided to write-off the cost less the estimated residual value of tangible assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	-	5 years to 10 years
Computer equipment	-	3 years
Freehold properties	-	50 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Notes *(continued)***2 Accounting policies** *(continued)***2.11 Goodwill and other intangible assets***Goodwill*

Goodwill is stated at cost less accumulated amortisation and any accumulated impairment losses. Goodwill is allocated to cash-generating units (CGU) for the purpose of impairment testing. Goodwill arising on acquisition of A.I. & I.D Fox Limited is allocated wholly to one CGU being the store acquired through this transaction. Goodwill arising on acquisition of Mountain Warehouse Group Limited is allocated wholly to the entity acquired. Although each store is considered to be a CGU, any allocation of goodwill at this level would be arbitrary as the store population is subject to change. This is the lowest level at which goodwill is monitored by management with the value of goodwill not deemed to be impacted by the opening and closure of individual stores.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Development costs

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit and loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses and is recorded in the software category within Note 10.

Amortisation

Amortisation is charged to profit and loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	-	3 years
Goodwill	-	5 to 20 years
Other intangibles	-	10 years

The Group reviews the amortisation period when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill arising on acquisition of Mountain Warehouse Group Limited is being amortised evenly over the directors' estimate of its useful life of 20 years. There is no foreseeable conclusion to the life of the business and the Group is expected to continue to benefit from the identified synergies of the acquisition and therefore an expected useful life of 20 years is appropriate. Goodwill has arisen on acquisition largely due to the growth potential of the business, with smaller elements relating to the income generating potential of the real estate acquired and the workforce.

Goodwill arising on acquisition of A.I. & I.D Fox Limited is being amortised evenly over the directors' estimate of its useful life of 5 years. This is based on the time frame over which the Group can demonstrate the intention to run the premises as a Mountain Warehouse store. Goodwill has arisen on acquisition due to the customer base and good customer relations of the outdoor retailer that occupied the site previously.

Notes *(continued)***2 Accounting policies** *(continued)***2.11 Goodwill and other intangible assets** *(continued)*

Amortisation arising on the acquisition of the intellectual property and domain names of the brand Animal is being amortised evenly over the directors' estimate of its useful life of 10 years, based on planned foreseeable future usage.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 *Impairment of Assets* where there is indication that goodwill or an intangible asset may be impaired.

2.12 Post retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to profit and loss represents the contributions payable to the scheme in respect of the accounting period.

2.13 Operating leases

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Qualifying COVID rent concessions have been recognised in the period that the change in lease payments is intended to compensate. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

2.14 Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Onerous lease provision

An onerous lease provision is made when it is considered that the unavoidable costs of meeting the lease contracts for these stores will exceed the expected future benefits. The provision is based on the present value of future cash flows until the respective lease break date.

Dilapidations provision

A dilapidation provision is recognised based on the present value of the expected obligation to return properties to the condition required at the end of the lease. A corresponding asset is also recognised and depreciated over the asset's useful life. The classification as current or non-current for the provision for each store is based on the expected lease expiry date at the balance sheet date with lease extensions taken into account only when they are agreed and finalised.

2.15 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Notes *(continued)***2 Accounting policies** *(continued)***2.15 Taxation** *(continued)*

Deferred tax is measured on an undiscounted basis at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2.16 Share based payments

The Group operates a cash-settled share-based compensation plan, under which the Group receives services from employees as consideration for D shares of Mountain Warehouse International Limited issued to employees.

Cash-settled share-based payment are measured indirectly at the fair value of the liability at grant date. Initial measurement of the liability is based on the fair value of the underlying instruments. At each reporting date, the fair value of the recognised liability is remeasured, with any changes in fair value recognised in profit or loss for the period. In the Company accounts the share-based payment charge in relation to awards made to employees of other group companies is recognised as a capital contribution resulting in an increase to investment in subsidiaries.

At the balance sheet date an assessment of the fair value of D shares has been considered. There has been a charge of £1,297,000 the profit and loss for the period in respect of share-based payments relating to D shares for the period ending 23 February 2025 (2024: £252,000). In the Company accounts, this has been recognised as a capital contribution resulting in an increase to investment in subsidiaries. Management shall continue to assess the fair value at every future balance sheet date

In addition, the Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for B shares of Mountain Warehouse International Limited issued to employees. The issuing value of the B shares for those employee services is recognised as an expense with a credit recorded within equity in a share-based payment reserve. In the case of the B shares, the total expense is recognised over the period from the 2018 valuation date to the expected vesting date.

2.17 Preference shares

The Group's C shares are preference shares which pay a fixed rate of dividend from February 2024. At each balance sheet date, the full value of future payments is assessed into perpetuity and the liability recognised in the Balance Sheet. Any movement in charge in the year is recognised in profit or loss.

At the balance sheet date, an assessment of the probable preference share dividend has been performed. A charge of £2,984,000 has been recorded to profit or loss in respect of the preference shares for the period ended 23 February 2025 (2024: £4,223,000). Management shall continue to assess the fair value at every future balance sheet date.

Notes (continued)**3 Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

The dilapidation provision relates to the expected future costs to be incurred by the Group in order to satisfy its obligations to restore specific leasehold premises to the condition required under the lease agreements at the end of the lease (2025: £7.5m; 2024: £6.2m). The provision is based on management's best estimate of restoration costs at a future date and therefore a degree of uncertainty exists over the future outflows. Management review historic dilapidation settlements with landlords to provide further evidence of accounting estimates and update if necessary. In determining the estimate, advice and methodology is also sought from internal property specialists. The timing in relation to the utilisation of these provisions is dependent upon the lease terms.

The Group seeks to hedge a significant amount of its planned foreign currency stock purchases, whereby the value and timing of those forecast stock purchases represents the accounting estimate. A number of forward hedges are in place and, where appropriate, hedge accounting is adopted by the Group. Hedge accounting is by nature complex and is subject to documentary requirements and periodic effectiveness involving a degree of judgement. Planned stock purchases and the level of hedges in place are monitored on an ongoing basis.

Goodwill arising on acquisition of Mountain Warehouse Group Limited is being amortised evenly over the directors' estimate of its useful life of 20 years (2025: £29.7m; 2024: £33.1m). There is no foreseeable conclusion to the life of the business and therefore an expected useful life of 20 years has been determined as appropriate.

4 Turnover

Turnover, analysed geographically between markets, was as follows:

	2025	<i>2024</i>
	£000	<i>£000</i>
United Kingdom	308,695	<i>270,402</i>
Europe	22,068	<i>20,267</i>
Rest of the World	118,463	<i>95,334</i>
	449,226	<i>386,003</i>

Turnover is derived from the retail of outdoor clothing and equipment through retail outlets and online channels. Group turnover is derived from high volume, low value retail sales and is therefore not dependent on any major customer.

Notes (continued)

5 Expenses and auditor's remuneration

Operating profit is stated after charging:

	2025	2024
	£000	£000
Depreciation: owned assets	8,651	8,124
Impairment to tangible assets	815	759
Amortisation of goodwill and intangibles	5,687	5,213
Operating lease expense	38,398	32,906
Loss on disposal of tangible assets	90	827
Foreign exchange differences (net)	1,198	(5,925)
Fair value movements on derivative financial instruments	632	1,199
	<hr/>	<hr/>

Auditor's remuneration:

	2025	2024
	£000	£000
Audit of these financial statements	22	21
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	290	254
Audit related assurance services	7	7
	<hr/>	<hr/>

For 2025, £28k of audit fees were in respect of services provided by Grant Thornton New Zealand Audit Limited. All other 2025 audit and non-audit fees were in respect of services provided by Grant Thornton UK LLP.

6 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2025	2024
	No.	No.
Head office	543	542
Retail	3,561	3,160
	<hr/>	<hr/>
	4,104	3,702
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2025	2024
	£000	£000
Wages and salaries	80,319	69,315
Social security costs	6,494	5,566
Contributions to defined contribution plans	1,733	1,040
	<hr/>	<hr/>
	88,546	75,921
	<hr/>	<hr/>

Notes *(continued)***6 Staff numbers and costs** *(continued)*

The Group operates a defined contribution pension plan. The assets of the scheme are administered by an independent pensions provider. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £1,733,000 (2024: £1,040,000). Contributions amounting to £245,000 (2024: £230,000) were payable to the scheme at the balance sheet date and are included in creditors.

Company:

The average number of persons employed by the Company (including directors) during the period was:

	2025	<i>2024</i>
	No.	<i>No.</i>
Head office	3	<i>3</i>

7 Directors' remuneration

	2025	<i>2024</i>
	£000	<i>£000</i>
Directors' emoluments	1,158	<i>828</i>

The remuneration of two of the directors is borne by Mountain Warehouse International, with a further three being borne by Mountain Warehouse Limited, a subsidiary undertaking. One director receives no remuneration from the Company or any other company in the Group.

The aggregate remuneration of the highest paid director was £451,000 (2024: £258,000) and company pension contributions of £4,000 (2024: £4,000) were made to a money purchase scheme on their behalf. Retirement benefits are accruing to 5 directors (2024: 5) under money purchase schemes. The total value of contributions made in the year was £14,000 (2024: £9,000).

8 Interest payable and similar charges

	2025	<i>2024</i>
	£000	<i>£000</i>
Interest on bank loans and overdrafts	4,770	<i>6,603</i>
Amortisation of debt issue costs	594	<i>640</i>
Other interest payable	696	<i>377</i>
Preference share dividends	2,984	<i>4,223</i>
	9,044	<i>11,843</i>

Notes (continued)**9 Taxation****Recognised in the profit and loss**

	2025	2024
	£000	£000
<i>UK Corporation tax</i>		
Current year	4,560	(73)
Adjustments for prior periods	1,478	130
	6,038	57
<i>Foreign tax</i>		
Current period	1,159	1,130
Total current tax	7,197	1,187
<i>Deferred tax</i>		
Origination and reversal of timing differences	485	2,013
Adjustment in respect of prior periods	469	1,606
Deferred tax expense	954	3,620
Total tax expense	8,151	4,807

Deferred tax recognised in other comprehensive income

	2025	2024
	£000	£000
Effective portion of changes in fair value of cash flow hedges	(286)	389

Reconciliation of effective tax rate

The current tax charge for the period is higher (2024: higher) than the standard rate of corporation tax in the UK.

	2025	2024
	£000	£000
Profit before taxation	21,097	10,935
Tax using the UK corporation tax rate of 25% (2024: 25%)	5,274	2,734
Change in tax rate	(23)	(26)
Adjustments in respect of previous periods	1,707	1,736
Expenses not deductible for tax purposes	954	(9)
Timing differences not recognised	239	-
Change in deferred tax rate on qualifying assets	-	110
Group relief	-	262
Total tax expense	8,151	4,807

Notes *(continued)***10 Intangible assets****Group**

	Goodwill	Software	Intellectual	Total
	£000	£000	property	£000
			£000	
Cost				
Balance at 25 February 2024	69,249	10,545	2,751	82,545
Additions	-	2,120	3,818	5,938
	-----	-----	-----	-----
Balance at 23 February 2025	69,249	12,665	6,569	88,483
	=====	=====	=====	=====
Amortisation and impairment				
Balance at 25 February 2024	36,173	7,856	894	44,923
Amortisation for the year	3,421	1,798	468	5,687
	-----	-----	-----	-----
Balance at 23 February 2025	39,594	9,654	1,362	50,610
	=====	=====	=====	=====
Net book value				
<i>At 25 February 2024</i>	33,076	2,689	1,857	37,622
	-----	-----	-----	-----
At 23 February 2025	29,655	3,011	5,207	37,873
	=====	=====	=====	=====

The Company does not own any intangible assets.

Amortisation of intangible assets is included in administrative expenses.

Notes *(continued)***11 Tangible assets**

Group	Freehold property £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost				
Balance at 25 February 2024	4,292	82,363	7,017	93,672
Additions	-	22,607	2,023	24,630
Disposals	-	(2,271)	(106)	(2,377)
Transfers	-	129	(129)	-
Foreign exchange differences	-	(1,004)	-	(1,004)
Balance at 23 February 2025	4,292	101,824	8,805	114,921
Depreciation and impairment				
Balance at 25 February 2024	619	54,090	4,731	59,440
Depreciation for the year	109	7,557	985	8,651
Disposals	-	(2,195)	(93)	(2,288)
Transfers	-	110	(110)	-
Impairment	-	753	62	815
Foreign exchange differences	-	(574)	-	(574)
Balance at 23 February 2025	728	59,741	5,575	66,044
Net book value				
<i>At 25 February 2024</i>	3,673	28,273	2,286	34,232
At 23 February 2025	3,564	42,082	3,230	48,876

The Company does not own any tangible assets.

The net book value of tangible assets is dependent on the estimates of future profits and cash flows. For impairment testing purposes, the value in use of stores is calculated based on each individual store's latest forecast cash flows coupled with the Group's views on future achievable growth. As a result of this assessment, an impairment loss of £815,000 (2024: £759,000) was recognised.

When calculating any impairment losses, the key assumptions are long-term growth rates and expected trading performance. Stores are assessed for impairment once they become part of the like for like store cohort, i.e., into second full year of trading.

Notes (continued)**12 Investments in subsidiaries**

At 23 February 2025, the Company controlled the following subsidiaries and all of which are included in the consolidated financial statements.

Subsidiary undertakings	Country of registration	Principal activity	Registered address	Class and percentage of shares held
Direct holdings				
Mountain Group Intermediate Holdings Limited	England and Wales	Holding company	7a Howick Place, London, SW1P 1DZ	Ordinary 100%
Mountain Warehouse Trustee Limited	England and Wales	Holding company	7a Howick Place, London, SW1P 1DZ	Ordinary 100%
The Mountain Group Limited	England and Wales	Holding company	7a Howick Place, London, SW1P 1DZ	Ordinary 97% directly, 100% indirectly
Indirect holdings				
Mountain Warehouse Group Holdings Limited	England and Wales	Holding company	7a Howick Place, London, SW1P 1DZ	Ordinary 100%
Mountain Warehouse Group Limited	England and Wales	Holding company	7a Howick Place, London, SW1P 1DZ	Ordinary 100%
MW 2010 Limited	England and Wales	Dormant company	7a Howick Place, London, SW1P 1DZ	Ordinary 100%
Mountain Warehouse Holdings Limited	England and Wales	Holding company	7a Howick Place, London, SW1P 1DZ	Ordinary 100%
Mountain Warehouse Limited	England and Wales	Retailing of clothing and equipment for outdoor pursuits	7a Howick Place, London, SW1P 1DZ	Ordinary 100%
Mountain Warehouse Handelgesellschaft GmbH	Austria	Retailing of clothing and equipment for outdoor pursuits	7111 Pandorf, Designer Outlet Strasse 1 Top 72	Ordinary 100%
Mountain Warehouse Polska S.p z o.o.	Poland	Retailing of clothing and equipment for outdoor pursuits	ul. Mianowskiego 3/6, 02-044 Warszawa, Poland	Ordinary 100%
Mountain Warehouse Outdoor (Canada) Limited	Canada	Retailing of clothing and equipment for outdoor pursuits	2200 HSBC Building 885 West Georgia Street, Vancouver, BC V6C 3E8	Ordinary 100%
Mountain Warehouse Outdoor Inc	USA	Retailing of clothing and equipment for outdoor pursuits	251 Little Falls Drive, Wilmington, DE 19808, New Castle County	Ordinary 100%
A.L. & I.D Fox Limited	England and Wales	Dormant company	7a Howick Place, London, SW1P 1DZ	Ordinary 100%
Mountain Warehouse sro	Czech Republic	Dormant company	Hatě 196, 669 02 Chvalovice, IČ: 270 74 579	Ordinary 100%
Mountain Warehouse Australia Pty	Australia	Retailing of clothing and equipment for outdoor pursuits	Level 20, 1 Market Street, Sydney, NSW 2000	Ordinary 100%

Notes *(continued)***12 Investments in subsidiaries** *(continued)*

Company	£000
Balance at 25 February 2024	3,571
Additions	1,297
	<hr/>
Balance at 23 February 2025	4,868
	<hr/>
Net book value	
<i>At 25 February 2024</i>	3,571
	<hr/>
At 23 February 2025	4,868
	<hr/>

13 Stocks

	Group		Company	
	2025	<i>2024</i>	2025	<i>2024</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Finished goods	96,667	<i>80,712</i>	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The cost of stocks recognised as an expense and charged to cost of sales in the period for the Group was £148.6m (2024: £137.9m). Of this, £2.3m relates to stock write back (2024: write off £3.6m).

14 Debtors

	Group		Company	
	2025	<i>2024</i>	2025	<i>2024</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Amounts owed by group undertakings	-	-	30,972	<i>16,667</i>
Other debtors	5,510	<i>4,376</i>	-	-
Prepayments	2,742	<i>3,898</i>	-	-
Deferred tax (note 21)	1,708	<i>1,649</i>	-	-
Corporation tax	818	<i>2,822</i>	-	-
Other financial assets	1,288	<i>336</i>	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	12,066	<i>13,081</i>	30,972	<i>16,667</i>
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)**14 Debtors** (continued)

Amounts owed by group undertakings are included in amounts due within one year where there are no specified repayment terms and there is no fixed repayment schedule in place and hence the amounts are technically repayable on demand. No interest is receivable on the balances owed from other group companies included above.

The amount of deferred tax not expected to reverse within one year is nil.

All other debtor balances are due within one year.

15 Creditors: amounts falling due within one year

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Amounts owed to group undertakings	-	-	3,079	2,226
Trade creditors	50,523	42,550	-	-
Accruals and deferred income	30,841	22,113	9,259	5,833
Other taxes and social security	2,821	1,545	-	-
Bank loans	4,157	6,907	-	-
Other financial liabilities	1,054	996	-	-
	89,396	74,111	12,338	8,059

Amounts owed to group undertakings are included in amounts due within one year where there are no specified repayment terms and there is no fixed repayment schedule in place.

While amounts owed to group undertakings are technically repayable on demand, and hence are included in amounts due within one year, the directors are of the opinion (as a result of their group role in relation to the group undertakings amounts are owed to) that in the ordinary course of business, repayment within such a timescale would not be required. The amounts owed to group undertakings bear interest at 2.5%.

Notes (continued)

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Bank loans (net of debt issue costs of £643,000)	25,357	57,082	-	-
Revolving credit facility	9,000	-	-	-
Deferred tax	3,692	2,386	-	-
Accruals and deferred income	12,775	9,706	-	-
	50,824	69,174	-	-

Non-current accruals and deferred income relates to operating lease incentives released to the profit or loss over the lease term.

The Group borrowings at the year end comprised of £30.0m term loan and a £9.0m RCF to support short and medium-term liquidity. The split of these borrowings is illustrated in Notes 15 and 16.

The term loans and revolving credit facility are subject to interest based on SONIA plus an amount between +2.25% and +3.25%, depending on the Group's leverage in respect of the period in concern.

The facilities are secured via fixed and floating charges over certain of the Group's assets.

Debt maturities

	Note	2025 £000	2024 £000
< 1 year	15	4,157	6,907
1-2 years	16	4,000	57,082
2-5 years	16	30,357	-
		38,514	63,989

Analysis of changes in net debt	At 25 February 2024 £000	Cash flows £000	Non cash changes £000	At 23 February 2025 £000
Cash	19,459	(19,285)	167	341
Revolving Credit Facility	-	(9,000)	-	(9,000)
Bank loans due within one year	(6,500)	6,500	(4,000)	(4,000)
Bank loans due after one year	(57,500)	27,500	4,000	(26,000)
Interest payable	(407)	6,535	(6,285)	(157)
	(44,948)	12,250	(6,118)	(38,816)

Notes (continued)**17 Provisions**

Group	Onerous leases £000	Dilapidations £000	Total £000
Balance at 26 February 2023	3,068	6,015	9,083
Foreign exchange differences	(171)	1	(170)
Provisions made during the period	821	325	1,146
Remeasurement	-	647	647
Utilised during the period	(1,421)	(484)	(1,905)
Unused amounts reversed	(258)	(454)	(712)
Unwinding of discount	-	172	172
	-----	-----	-----
Balance at 25 February 2024	2,039	6,222	8,261
Foreign exchange differences	(5)	(19)	(24)
Provisions made during the period	663	1,102	1,765
Remeasurement	(199)	279	80
Utilised during the period	(1,147)	(403)	(1,550)
Unused amounts reversed	17	(1)	16
Unwinding of discount	-	313	313
	-----	-----	-----
Balance at 23 February 2025	1,368	7,493	8,861
	-----	-----	-----
Current	1,310	2,130	3,440
Non-current	729	4,092	4,821
	-----	-----	-----
Balance at 25 February 2024	2,039	6,222	8,261
	-----	-----	-----
Current	893	3,091	3,984
Non-current	475	4,402	4,877
	-----	-----	-----
Balance at 23 February 2025	1,368	7,493	8,861
	-----	-----	-----

The dilapidation provision relates to the expected future costs to be incurred by the Group in order to satisfy its obligations to restore specific leasehold premises to the condition required under the lease agreements at the end of the leases. These costs would be expected to occur at the end of the lease in question, therefore if the end of the lease is >1yr from the balance sheet date this provision has been classed as non-current. These costs are uncertain as they will vary depending on the condition of the property at the end of the lease.

The onerous lease provision relates to where the Group's unavoidable costs of meeting its contractual obligations are higher than the expected benefits to be derived from the lease property. These costs are expected to be incurred on an ongoing basis for the remaining duration of the onerous lease therefore the costs relating to these leases which will be incurred in <1yr have been classed as non-current. Future store performance is uncertain but the provision has been made based on future budgeted benefits vs costs for the applicable stores.

The Company does not hold any provisions.

Notes (continued)

18 Capital and reserves

Share capital

Represents the nominal value of shares that have been issued.

	2025	<i>2024</i>
	£000	<i>£000</i>
<i>Allotted, called up and fully paid; shares of £1 each</i>		
738,329 'A' Ordinary shares	738	<i>738</i>
108,000 'B' Ordinary shares	108	<i>108</i>
180,000 'B2' Ordinary shares	180	<i>180</i>
200,098 'C' Ordinary shares	200	<i>200</i>
25,500 'D' Ordinary shares	26	<i>26</i>
	1,252	<i>1,252</i>

Shares classified as shareholders' funds are now subject to the following rights:

	'A' Ordinary shares	'B' Ordinary shares	'B2' Ordinary shares	'C' Ordinary Shares	'D' Ordinary shares
Rights to dividends	As determined by the board	As determined by the board	As determined by the board	An increasing cumulative net cash dividend commencing FY24. Refer to Company Articles.	As determined by the board
Redemption	None	None	None	None	None
Priority on winding up	Joint priority	Joint priority	Joint priority	Joint priority	None
Voting rights	One vote per share	One vote per share	One vote per share	One vote per share	Restricted voting rights
Rights on sale of company	Normal Secondary Rights	Normal Secondary Rights	Nominal Tertiary Rights	Primary Rights	None

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The Company does not carry out any hedging activity and therefore does not have a hedging reserve.

Notes *(continued)***18 Capital and reserves** *(continued)*

Group	2025	2024
	£000	£000
Other comprehensive income		
Cash flow hedges – changes in fair value	1,142	(1,557)
Income tax on other comprehensive income	(286)	389
	<hr/>	<hr/>
Total other comprehensive loss	856	(1,168)
	<hr/>	<hr/>

Foreign currency translation reserve

The foreign currency translation reserve comprises the gains and losses arising on the translation of the Company's overseas subsidiary undertakings. The assets and liabilities of the undertakings are translated at the closing exchange rates. The profit and loss account of the undertakings is translated at the average rate of exchange during the period.

Profit and loss account

The profit and loss account comprises all current and prior period retained profits and losses.

EBT Reserve

In August 2021 Mountain Warehouse International Limited issued shares via an Employee Benefit Trust to senior team members as a long-term incentive. These shares were a new class of shares, 'D shares'. 25,500 D shares were allotted to the Trust, with 19,100 issued through a subscription agreement with Senior employees. The D shares offered were initially worth £1 a share. In January 2023 the Trust purchased 8,875 of existing B shares from a former Director and shareholder. None of these B shares have been issued to senior employees. The remaining unissued D shares and all of the B shares are intended for potential future senior management appointments. Crystallisation of these shares are not guaranteed, but in any event are on the condition that the employee remains in employment and the valuation upon exit exceeds the valuation of the Company in July 2018.

Based on a valuation assessment performed, the fair value of the D shares issued to employees is £1,297,000. In the Group accounts, recognised within accruals (2024: £252,000). In the Company, this has been recognised as a capital contribution resulting in an increase to investment in subsidiaries.

As no B shares have been issued to employees a valuation assessment has not been performed on B shares for this purpose. Management shall continue to assess the fair value at every future balance sheet date.

Share based payments reserve

In October 2013 B shares were issued to certain board directors. In 2018 these shares were valued at £224.14 per share. 20% of the value of the B shares is attached to the condition that the director remains in employment. The share based payment reserve comprises management's view of the fair value of 20% of the B shares value.

An assessment of the fair value of the B shares has been performed and is considered to have changed from the 2018 valuation. There has been no charge to the profit and loss for the period in respect of share-based payments relating to B shares for the period ending 23 February 2025 (2024: £Nil). Management shall continue to assess the fair value at every future balance sheet date.

Notes (continued)**19 Financial risk management**

The Group has exposure to three main areas of risk - foreign exchange risk, liquidity risk and customer credit exposure. To a lesser extent the group is exposed to interest rate risk.

The directors have overall responsibility for the Group's risk management framework and the principal financial risks and uncertainties, and the actions taken to mitigate key risks are reviewed on an ongoing basis.

Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates will impact the Group's costs or the value of its financial instruments.

A significant amount of the Group's stock is purchased from overseas suppliers denominated in US dollars and therefore the Group's principal foreign currency exposure is to US dollars. It is Group policy to enter into forward foreign currency contracts to cover between 50% and 75% of forecast inventory purchases for up to 12 months.

Where appropriate, hedge accounting is adopted by the Group. Fair value movements in foreign currency derivatives are recognised in other comprehensive income to the extent that the contract is part of an effective hedging relationship (note 18). Fair value losses of £632,000 (2024: £1,199,000 losses) that do not form part of an effective relationship have been released to the Statement of Comprehensive Income.

The table below analyses the contractual cash flows of the Group's derivative financial instruments as at the balance sheet date.

	Average contract exchange rate		Notional principal value	
	Period ended 23 February 2025 rate	Period ended 25 February 2024 rate	Period ended 23 February 2025 £000	Period ended 25 February 2024 £000
Due within one year				
Forward foreign currency contracts USD	1.2734	1.2566	409	(733)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Cash flow forecasts are prepared to assist management in identifying future liquidity requirements to ensure that the Group has sufficient cash or loan facilities to meet all of its commitments when they fall due.

The Group's borrowings are subject to agreed quarterly banking covenants against which the company has had adequate headroom to date. The risk of a breach of these covenants is mitigated by regular financial forecasting and covenant modelling.

The Group also has a £46.2m revolving credit facility to support short and medium-term liquidity. As at the balance sheet date, £9m of this balance had been drawn down (2024: £Nil).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk on its holdings of cash and cash equivalents and derivative financial assets. To mitigate this risk, counterparties are limited to high credit financial institutions and the Board monitors its exposure to counterparty risk on an ongoing basis.

The Group is also exposed to credit risk in relation to payments in advance of goods to overseas suppliers. At 23 February 2025, this exposure amounted to £0.4m (2024: £0.6m).

As a retail business the Group has minimal exposure to credit risk on trade receivables.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk and any associated impairments are immaterial.

Notes (continued)

20 Financial assets and liabilities

The carrying amounts of the financial assets and liabilities include:

Financial assets

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Current				
Derivatives used for hedging	1,288	336	-	-
Trade and other receivables	5,510	4,376	-	-
Cash and cash equivalents	341	19,459	-	-
	<u>7,139</u>	<u>24,171</u>	<u>-</u>	<u>-</u>

Financial liabilities

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Non-current				
Bank loans	34,357	57,500	-	-
Current				
Derivatives used for hedging	1,054	996	-	-
Bank loans	4,157	6,500	-	-
Trade and other payables	81,364	65,070	12,338	8,059
	<u>86,575</u>	<u>72,566</u>	<u>12,338</u>	<u>8,059</u>

Derivatives are disclosed at fair value. All other financial assets and liabilities are disclosed at amortised cost. Foreign currency forward exchange contracts have been fair valued using observable forward exchange rates corresponding to the maturity of the contract. The fair values of other financial assets and liabilities have been assessed as approximating to their carrying values.

Trade and other receivables include other debtors. Trade and other payables include trade creditors, accruals, interest payable and deferred income.

Notes *(continued)***21 Deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Accelerated capital allowances	(32)	(61)	3,246	1,320	3,214	1,259
Derivatives	-	(183)	102	-	102	(183)
Pension	(39)	(31)	-	-	(39)	(31)
Goodwill	-	-	344	344	344	344
Carried forward loss	(721)	(1,374)	-	-	(721)	(1,374)
Other	(916)	-	-	722	(916)	722
Tax (assets)/liabilities	(1,708)	(1,649)	3,692	2,386	1,984	737

The deferred tax component of the current year tax expense is £954,000 expense (2024: £3,620,000 credit). The value of deferred tax charged to other comprehensive income in the year was £286,000 (2024: £389,000 credit).

22 Operating leases

Non-cancellable operating lease rentals in respect of land and buildings and vehicles are payable as follows:

Group	Land and buildings		Vehicles	
	2025 £000	2024 £000	2025 £000	2024 £000
Less than one year	37,678	30,921	266	225
Between one and five years	90,812	70,379	242	194
More than five years	21,731	16,322	-	-
	150,221	117,622	508	419

The Company does not have any operating lease agreements.

23 Contingencies

Certain subsidiaries within the Group are party to cross guarantees given for bank loans and revolving credit facilities held within Mountain Warehouse Group Holdings Limited, a subsidiary company. The principal value of these bank loans and revolving credit facilities is £39.0m (2024: £64.0m).

There were no other material contingent assets or liabilities at 23 February 2025 (2024: £Nil).

Notes *(continued)***24 Related parties**

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

Transactions with key management personnel

Directors of the Group, and Inflexion Partnership Capital fund, control 100% of the voting shares of the Group.

The directors include two directors representing Inflexion Partnership Capital fund who hold a minority stake in the Group.

Management fees of £149,000 were paid to Inflexion Partnership Capital fund in the year (2024: £129,000).

A liability of £7,711,000 (2024: £5,580,000) is held in respect of future dividends payable on the C-shares held by the Inflexion Partnership Capital fund (Note 15). The charge to the interest payable and other charges caption of the profit and loss for the period in respect of these future dividends was £2,984,000 (2024: £4,223,000) (Note 8).

The compensation of key management personnel (considered to be the directors) is set out in note 7.

Annual rent of £30,000 (2024: £30,000) was payable to a family member of a director for the lease of a store. The amount outstanding at the balance sheet date was £Nil (2024: £Nil). Rent is charged at the market rate.

25 Audit exemptions

The Company has guaranteed the outstanding liabilities of the subsidiaries listed below and has fulfilled all requirements under s479C of the Companies Act 2006 ('The Act'), thus enabling those subsidiaries to apply for audit exemption.

The following subsidiary companies have applied for audit exemption under s479A:

Company	Registration number	Principal activity	Class and percentage of shares held
Mountain Warehouse Group Limited	07218508	Holding company	Ordinary 100%
MW 2010 Limited	07289395	Dormant company	Ordinary 100%
The Mountain Group Limited	06240297	Holding company	Ordinary 97%*
Mountain Warehouse Holdings Limited	04425373	Holding company	Ordinary 100%
A.L. & I.D. Fox Limited	00618166	Dormant company	Ordinary 100%
Mountain Warehouse Trustee Limited	11931400	Holding company	Ordinary 100%

Each of the above companies are incorporated in England and Wales.

*97% held directly, 100% held indirectly

26 Subsequent events

There have been no major events that have taken place since the year end.

27 Controlling party

The ultimate controlling party is M Neale, by virtue of his shareholding and directorship in the Company.