

**Mountain Warehouse International Limited**

**Annual report and financial statements**

**Registered number 08729050**

**52 week period ended 25 February 2024**

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## Strategic Report

The directors present their strategic report for the 52 weeks ended 25th February 2024.

### 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.

The Group was founded with one store in the UK in 1997 and has grown to trade from over 350 stores in 8 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

Despite a challenging macroeconomic outlook, the financial year ended 25<sup>th</sup> February 2024 was a record trading year for the Group. Revenue was 4.0% higher than 2023 and outperformed the wider market.

Strong trading across both retail and e-commerce and normalisation of the supply chain cost headwinds that disrupted the prior year result have 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 £23.0m to £34.1m (2023: £11.1m).

During 2024 we have continued to make progress against our strategic objectives. Within retail we opened or relocated 28 stores and within e-commerce we have continued to develop our online offer through product range expansion and through a continuation of investment in technology and marketing.

#### *Profit and Loss*

Turnover was £386.0m, which is 4.0% higher than financial year 2023 (2023: £371.0m).

Store revenue grew by 7.1%, with like-for-like store sales growth of +1.1%.

There were 365 stores at the end of the period (2023: 363). During the year the Group opened 16 stores, relocated 12 to better sites and closed 14 stores.

Online revenue grew by +2.2% and accounted for 31.4% (2023: 32.7%) of total revenue.

Gross profit was £227.9m (2023: £197.9m). Gross profit margin was 5.7% percentage points higher than last year. The prior year result included £13.0m incremental cost due to the post COVID escalation in sea freight costs where prices have since normalised. This is partly offset by the increase in product cost due to ongoing weakness in sterling versus the US dollar.

Distribution costs were £48.6m (2023: £57.6m), which is a reduction of 15.6% on financial year 2023. The relocation of our UK distribution centre added cost into the prior year result due to space limitations requiring use of satellite sites and lower than expected first year productivities. All key productivity measures have improved throughout the year to be at expected levels.

Administration costs were £156.8m, which is an increase of £11.8m on financial year 2023 (2023: £145.0m). Staff costs have increased by £7.3m year on year from £68.6m to £75.9m, reflecting Minimum Wage increases and sales growth.

Property costs have increased by £4.0m to £49.6m (2023: £45.6m) due to a strategic move to large concept stores.

## Strategic Report (continued)

### Business review and results (continued)

Interest payable of £11.8m is £5.8m higher than the prior year charge of £6.0m, reflecting higher market interest rates and £4.2m preference dividend charge.

The consolidated profit before tax is £10.9m (2023: loss £10.6m).

### Balance Sheet and Cash Flow

The Group cash balance at year-end was £19.5m (2023: £11.2m). After accounting for the RCF, which was £7.0m lower than at the 2023 balance sheet date, cash was £15.3m higher year on year driven by the improvement in profitability year on year.

The Group stock balance at year-end was £80.7m (2023: £83.7m). The prior year stock balance was inflated by high freight rates which were capitalised into the closing stock position.

Current trade and other payables have increased by £5.6m to £74.1m (2023: £68.5m). Trade creditors has increased by £14.8m due to lower stock on the water days, longer payment terms and £2.7m of early payments made to suppliers in the prior year to support new finance system transition. Accruals have increased by £4.7m primarily due to a £4.2m increase in the preference dividend accrual. Both are partly offset by a £9.0m reduction in Other Taxes and Social Security Payable due to timing of the settlement of the UK VAT liability and a £5.1m reduction in the current portion of bank loans payable.

Non-current trade and other payables have reduced by £11.0m to £69.2m (2023: £80.2m). This is due to £7.0m year on year reduction in the RCF and £11.5m of loan repayments, including the final repayment of CLBILs in August 2023.

The net assets of the Group at the balance sheet date were £33.6m (2023: £29.0m)

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	2024	2023
Revenue	£386.0m	£371.0m
Gross profit margin	59.1%	53.3%
Management EBITDA *	£34.1m	£11.1m
Number of active customers	4.1m	4.1m
Store count	365	363

\* Management EBITDA is defined as operating profit before depreciation, impairment and loss on disposal ((2024: £9.8m; 2023: £8.2m), amortisation (2024: £5.2m; 2023: £5.0m), group management charges (2024: £0.1m; 2023: £0.1m) and unrealised foreign exchange (2024: £3.5m gain; 2023: £2.4m loss).

### Future developments

Following on from FY24 the Group will continue its ramp up of new store openings and store relocations. There are approximately 50 new stores and relocations in the plan, including in Australia, with a focus on modern, larger out of town locations.

The Group will continue to invest in product range expansion to support online growth and will seek to increase the number of 3<sup>rd</sup> party sellers operating through the Mountain Warehouse Marketplace.

The Group is also focused on realising efficiencies in our supply chain through automation and network design.

## Strategic Report *(continued)*

### 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 of 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 3<sup>rd</sup> parties to ensure appropriate processes 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. The Group have taken out a 3-year interest rate swap to fix SONIA on a significant proportion of its term loans.

### Corporate Governance Statement

During the financial period ending 25 February 2024, 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 company's expansion since then has seen the brand grow and the product evolve, and today is an international operation.
- The Company'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.

## **Strategic Report (continued)**

### **Corporate Governance Statement (continued)**

#### 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, Company Secretary and one 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 Company's Management Board.

#### Principle 3: Directors Responsibilities

- The Board are responsible for managing the affairs of the Company in a manner that is most likely to promote the success of the Company 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 Company 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 company'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.
- 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.

## **Strategic Report (continued)**

### **Corporate Governance Statement (continued)**

#### **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 Company 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 Company'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 remains 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.

#### ***Having regard to the interests of the Company'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 company 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 company'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.

## **Strategic Report (continued)**

### **Section 172 Statement (continued)**

#### ***Having regard to the need to foster the Company'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.

#### ***Having regard to the impact of the Company's operations on the community and the environment***

The Board of Directors is 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 Company maintaining a reputation for high standards of business conduct***

The Board of Directors is committed to ensuring that the company 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 Company***

All shareholders are on the Board of Directors and as such are involved in decision making through Board Meetings. The Board of Directors meets monthly and discusses a broad range of topics, including financial performance, outlook, strategy and governance.

**Strategic Report (continued)**

**Section 172 Statement (continued)**

**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.

<b>Key Stakeholders</b>	<b>Principal Decision</b>	<b>Stakeholder Considerations</b>	<b>Conclusions</b>
Shareholders Employees Customers	Launch of Mountain Warehouse stores in Australia	The decision was seen as favourable for all key stakeholders: <ul style="list-style-type: none"> <li>- increased revenue</li> <li>- new employment opportunities in local market</li> <li>- access to broader product offer</li> </ul>	In January 2024 the decision was taken to open stores in Australia, starting with 4 stores during FY25.
Shareholders Suppliers	To implement a dual sourcing strategy to minimise reliance on Chinese suppliers	This decision was seen as favourable for shareholders and new suppliers, but unfavourable for existing Chinese suppliers: <ul style="list-style-type: none"> <li>- minimise geo-political risk</li> <li>- increased revenue for new suppliers but reduced revenue for certain existing Chinese suppliers</li> </ul>	In September 2023 the decision was taken to dual source key product lines to mitigate reliance on Chinese suppliers and reduce geo-political risk.

By order of the board,



**Marcus Ward**  
Director

5 Eccleston Street  
London  
SW1W 9LX  
21<sup>st</sup> June 2024

## Directors' Report

The directors present their annual report and the audited financial statements for the 52 week period ended 25<sup>th</sup> February 2024.

As permitted by legislation, some of the matters normally included in the Directors' Report have instead been included in the Strategic Report, and notes 1, 18 and 25 to the financial statements. This includes Principal risks and uncertainties of the company, corporate governance disclosures, financial instrument and risk management disclosures and how the company has fostered business relationships with suppliers, customers, employees and others during the year, including principal decisions taken by the company.

### Proposed dividend

The directors do not recommend the payment of a dividend (2023: *£nil*).

### Directors

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

Mark Neale  
Marcus Ward  
Shantelle Augier  
Edward Lynch (resigned 22 February 2024)  
Simon Neale  
Carl Wormald  
Mark Holland

### Company Secretary

Amanda Dickinson

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they each are aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton LLP will therefore continue in office.

### 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.

### 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	24/23 Consumption (kWh)	24/23 Consumption (tCO <sub>2</sub> e)	22/23 Consumption (kWh)	22/23 Consumption (tCO <sub>2</sub> e)
Grid-supplied electricity	8,075,767	1,655	6,750,550	1,305
Gaseous and other fuels	88,812	16	182,480	33
Transportation (based on fuel)	541,716	117	880,172	213
Grey fleet (based on mileage)	93,954	23	75,702	19
<b>TOTAL</b>	<b>8,800,249</b>	<b>1,811</b>	<b>7,888,904</b>	<b>1,570</b>

## Directors' Report (continued)

### Environmental Impact (continued)

Utility and Scope	24/23 tCO2e/m2	22/23 tCO2e/m2
Intensity metric- gross internal area	0.0167	0.0260

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:

	2024 £'000	2023 £'000
Import Taxes	7,899	9,049
Net Sales Taxes	43,509	23,198
Business Rates	9,462	9,504
Payroll Taxes	14,943	14,288
Corporation Tax	2,786	(1,052)
Stamp Duty Land Tax	317	202
<b>TOTAL</b>	<b>78,916</b>	<b>55,189</b>

The increase during the year is primarily due to higher net sales taxes due to the pre-year end timing of the February 2024 UK VAT payment resulting in 5 payments in FY24 and 3 payments in 2023 plus incremental taxes paid due to sales growth.

The prior year includes a corporation tax repayment relating to 2022 and was a recovery of overpaid instalments.

### Subsequent Events

In May 2024, subsequent to the balance sheet date, the Group has refinanced its external debt replacing its existing £110m debt package due to mature in September 2025 with a new £80m debt package with an April 2028 maturity date.

### Going Concern

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

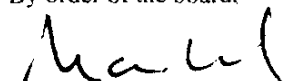
- The Group has seen another year of record growth. The year ended 25 February 2024 saw revenue of £386m, which was 4% higher than 2023 and outperformed the wider market. Management EBITDA, which is the Group's main measure of profit and performance and has been defined in the KPI section of the Strategic Report, increased from £20m to £34.1m.
- In May 2024 the Group has refinanced its external debt due to mature in September 2025 with a new £80m debt package with an April 2028 maturity date.

## Directors' Report *(continued)*

### Going Concern *(continued)*

- The Directors have prepared detailed forecasts and cashflow projections to 22 February 2026. 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 2024, 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.
- At the end of period 3 of the new financial year ending February 2025, recurring EBITDA is in line with the forecasts used in the going concern assessment. Recurring EBITDA is defined as operating profit before depreciation, amortisation, group management charges, unrealised foreign exchange, store opening costs and non-recurring costs.
- 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.

By order of the board.



**Marcus Ward**  
Director

5 Eccleston Street  
London  
SW1W 9LX  
21<sup>st</sup> June 2024

## **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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

# 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 25 February 2024, 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 the parent company's affairs as at 25 February 2024 and of the group's profit and the parent company's loss 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 macro-economic uncertainties such as cost of living crisis, 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 4, 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.

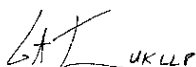
- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes, and where relevant, regulatory correspondence.
- We assessed the susceptibility of the Group and company's financial 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.
  - 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](http://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.



UK LLP

Sergio Cardoso  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
21 June 2024

**Consolidated Statement of Profit and Loss and Other Comprehensive Income**  
*for 52 week period ended 25 February 2024*

	<i>Note</i>	<b>52 week period ended 25 February 2024 £000</b>	<b>52 week period ended 26 February 2023 £000</b>
<b>Turnover</b>	2	<b>386,003</b>	371,035
Cost of sales		<b>(158,054)</b>	(173,164)
<b>Gross profit</b>		<b>227,949</b>	197,871
Distribution costs		<b>(48,605)</b>	(57,576)
Administrative expenses		<b>(156,789)</b>	(144,980)
Other income	4	-	38
<b>Operating profit/(loss)</b>	3	<b>22,555</b>	(4,647)
Interest received and similar income		<b>223</b>	13
Interest payable and similar charges	6	<b>(11,843)</b>	(6,000)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>10,935</b>	(10,634)
Tax on profit/loss on ordinary activities	8	<b>(4,807)</b>	2,146
<b>Profit/(loss) for the financial period</b>		<b>6,128</b>	(8,488)
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations	17	<b>(399)</b>	(1,332)
Cash flow hedges - changes in fair value	17	<b>(1,557)</b>	(173)
Income tax on other comprehensive income	8,17	<b>389</b>	33
<b>Other comprehensive loss for the period, net of income tax</b>		<b>(1,567)</b>	(1,472)
<b>Total comprehensive income/(loss) for the period</b>		<b>4,561</b>	(9,960)

The results derive entirely from continuing operations.

The notes on pages 22 to 44 form part of these financial statements.

**Consolidated Balance Sheet**  
*at 25 February 2024*

	<i>Note</i>	<b>As at 25 February 2024</b>		<b>As at 26 February 2023</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Intangible assets	<i>9</i>		<b>37,622</b>		41,017
Tangible assets	<i>10</i>		<b>34,232</b>		34,112
			<hr/>		<hr/>
			<b>71,854</b>		75,129
<b>Current assets</b>					
Stocks	<i>12</i>	<b>80,712</b>		83,684	
Debtors	<i>13</i>	<b>13,080</b>		16,722	
Cash at bank and in hand		<b>19,459</b>		11,242	
		<hr/>		<hr/>	
		<b>113,251</b>		111,648	
<b>Creditors: amounts falling due within one year</b>	<i>14</i>	<b>(74,111)</b>		(68,539)	
<b>Net current assets</b>			<hr/>		<hr/>
			<b>39,140</b>		43,109
<b>Total assets less current liabilities</b>			<hr/>		<hr/>
			<b>110,994</b>		118,238
<b>Creditors: amounts falling due after one year</b>	<i>15</i>	<b>(69,174)</b>		(80,157)	
<b>Provision for liabilities</b>	<i>16</i>	<b>(8,261)</b>		(9,083)	
		<hr/>		<hr/>	
<b>Net assets</b>			<b>33,559</b>		28,998
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	<i>17</i>	<b>1,252</b>		1,252	
Share premium		<b>13,023</b>		13,023	
Capital redemption reserve		<b>8</b>		8	
EBT reserve		<b>(26)</b>		(26)	
Profit and loss account		<b>15,557</b>		9,429	
Cash flow hedging reserve		<b>(518)</b>		650	
Foreign currency translation reserve		<b>(161)</b>		238	
Share based payment reserve		<b>4,424</b>		4,424	
		<hr/>		<hr/>	
<b>Shareholders' funds</b>			<b>33,559</b>		28,998
			<hr/>		<hr/>

The notes on pages 22 to 44 form part of these financial statements. These financial statements were approved by the board of directors on 21 June 2024 and were signed on its behalf by:



**Marcus Ward**  
*Director*

Company registered number: 08729050

**Company Balance Sheet**  
*at 25 February 2024*

	<i>Note</i>	<b>As at 25 February 2024</b>		As at 26 February 2023	
		<b>£000</b>	<b>£000</b>	£000	£000
<b>Fixed assets</b>					
Investment in subsidiaries	<i>11</i>		3,571		3,319
<b>Current assets</b>					
Debtors	<i>13</i>	16,667		16,271	
Creditors: amounts falling due within one year	<i>14</i>	(8,059)		(3,493)	
<b>Net current assets</b>			<b>8,608</b>		12,778
<b>Total assets less current liabilities</b>			<b>12,179</b>		16,097
Creditors: amounts falling due after one year	<i>15</i>		-		-
<b>Net assets</b>			<b>12,179</b>		16,097
<b>Capital and reserves</b>					
Called up share capital	<i>17</i>		1,252		1,252
Share premium			13,023		13,023
Capital redemption reserve			8		8
Profit and loss account			(6,528)		(2,610)
Share based payment reserve			4,424		4,424
<b>Shareholders' funds</b>			<b>12,179</b>		16,097

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 loss for the period is £3,918,000 (2023: Profit £305,000).

The notes on pages 22 to 44 form part of these financial statements. These financial statements were approved by the board of directors on 21 June 2024 and were signed on its behalf by:



**Marcus Ward**  
*Director*

Company registered number: 08729050

## Consolidated Statement of Changes in Equity

at 26 February 2024

	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 27 February 2022	1,245	13,023	790	17,917	1,570	8	(19)	4,424	38,958
Total comprehensive loss for the period									
Loss	-	-	-	(8,488)	-	-	-	-	(8,488)
Other comprehensive loss (note 17)	-	-	(140)	-	(1,332)	-	-	-	(1,472)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(140)</b>	<b>(8,488)</b>	<b>(1,332)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,960)</b>
EBT share purchases (note 17)	7	-	-	-	-	-	(7)	-	-
<b>Total transactions with owners</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7)</b>	<b>-</b>	<b>-</b>
<b>Balance at 26 February 2023</b>	<b>1,252</b>	<b>13,023</b>	<b>650</b>	<b>9,429</b>	<b>238</b>	<b>8</b>	<b>(26)</b>	<b>4,424</b>	<b>28,998</b>
Total comprehensive income for the period									
Profit	-	-	-	6,128	-	-	-	-	6,128
Other comprehensive loss (note 17)	-	-	(1,168)	-	(399)	-	-	-	(1,567)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(1,168)</b>	<b>6,128</b>	<b>(399)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,561</b>
<b>Balance at 25 February 2024</b>	<b>1,252</b>	<b>13,023</b>	<b>(518)</b>	<b>15,557</b>	<b>(161)</b>	<b>8</b>	<b>(26)</b>	<b>4,424</b>	<b>33,559</b>

The notes on pages 22 to 44 form part of these financial statements.

**Company Statement of Changes in Equity**  
*at 25 February 2024*

	Share capital £000	Share premiu £000	Profit and loss account £000	Capital redemption reserve £000	Share based payment reserve £000	Total equity £000
Balance at 27 February 2022	1,245	13,023	(2,915)	8	4,424	15,785
Total comprehensive income for the period						
Profit	-	-	305	-	-	305
Total comprehensive income for the period	-	-	305	-	-	305
EBT share purchases (note 17)	7	-	-	-	-	7
Total transactions with owners	7	-	-	-	-	7
<b>Balance at 26 February 2023</b>	<b>1,252</b>	<b>13,023</b>	<b>(2,610)</b>	<b>8</b>	<b>4,424</b>	<b>16,097</b>
Total comprehensive loss for the period						
Loss	-	-	(3,918)	-	-	(3,918)
Total comprehensive loss for the period	-	-	(3,918)	-	-	(3,918)
<b>Balance at 25 February 2024</b>	<b>1,252</b>	<b>13,023</b>	<b>(6,528)</b>	<b>8</b>	<b>4,424</b>	<b>12,179</b>

The notes on pages 22 to 44 form part of these financial statements.

**Consolidated Cash Flow Statement**  
*for 52 week period ended 25 February 2024*

	<i>Note</i>	<b>52 week period ended 25 February 2024 £000</b>	52 week period ended 26 February 2023 £000
<b>Operating activities</b>			
Profit/(loss) for the period		6,128	(9,116)
<i>Adjustments for:</i>			
Depreciation and amortisation	9,10	13,337	12,192
Impairment loss	10	792	213
Loss on disposal of assets	3	827	3,287
Foreign currency losses/(gains) on derivatives		980	(1,126)
Interest received and similar income		(223)	(13)
Interest payable and similar charges	6	11,843	6,000
Taxation	8	4,807	(2,146)
Foreign exchange gains		(1,387)	(2,990)
		<hr/>	<hr/>
		37,104	6,301
Increase in trade and other receivables	13	(562)	(4,232)
Decrease in inventories	12	4,204	19,876
Increase/(decrease) in trade and other payables	14	7,993	(867)
Decrease in provisions	16	(632)	(532)
		<hr/>	<hr/>
		48,107	20,546
Tax (paid)/refunded		(2,272)	330
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>45,835</b>	<b>20,876</b>
<b>Investing activities</b>			
Interest received		223	13
Acquisition of property, plant and equipment	10	(10,174)	(12,061)
Acquisition of intangible assets	9	(1,851)	(2,363)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(11,802)</b>	<b>(14,411)</b>
<b>Financing activities</b>			
Interest paid		(7,465)	(5,638)
Receipt of borrowings		-	-
Repayment of borrowings		(11,500)	(9,000)
Repayment of revolving credit facility		(7,000)	(14,500)
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		<b>(25,965)</b>	<b>(29,138)</b>
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		8,068	(22,673)
Effect of currency translation on cash and cash equivalents		149	156
Cash and cash equivalents at beginning of period		11,242	33,759
		<hr/>	<hr/>
<b>Cash and cash equivalents at period end</b>		<b>19,459</b>	<b>11,242</b>
		<hr/>	<hr/>

The notes on pages 22 to 44 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Mountain Warehouse International Limited (the “Company”) is a private company limited by shares, incorporated and domiciled in the UK. The Company has its registered office at 5 Eccleston Street, London, England, SW1W 9LX.

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.

The Company has taken the exemption afforded to it under FRS102 and will not prepare a cash flow statement. Under s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The company’s loss for the period is £3,918,000 (2023: Profit £305,000).

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in January 2022. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

These financial statements are prepared for the 52 weeks ending 25<sup>th</sup> February 2024. The comparatives are prepared for the 52 weeks ending 26<sup>th</sup> February 2023.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

#### 1.1 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 (2024: £6.2m; 2023: £6.0m). 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 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 (2024: £2.0m; 2023: £3.1m). Management perform an exercise of assessing stores to determine the shortfall in the rent remaining compared to the present value of the anticipated income until the lease break date. Significant management judgements and estimates are involved in this process with the predominant one being the expected store performance. Market conditions also have a significant impact and hence the assumptions on future cash flows are reviewed regularly and revisions to the provision made where necessary. Stores are assessed for onerous lease provisioning once they become part of the like for like store cohort, i.e. into second full year of trading.

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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.1 Judgements and key sources of estimation uncertainty (continued)

Goodwill arising on acquisition of Mountain Warehouse Group Limited is being amortised evenly over the directors' estimate of its useful life of 20 years (2024: £33.1m; 2023: £36.5m). 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.

#### 1.2 Measurement convention

The financial statements are prepared under the historical cost convention, as modified for the subsequent measurement of derivative financial instruments at fair value. The company and group accounts are made up to the nearest Sunday to the Company's accounting reference date.

#### 1.3 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 25 February 2024 saw revenue of £386m, which was 4% higher than 2023 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 £20m to £34.1m.
- In May 2024 the Group has 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 2026. 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 2024, 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Going concern (continued)

- At the end of period 3 of the new financial year ending February 2025, recurring EBITDA is in line with the forecasts used in the going concern assessment. Recurring EBITDA is defined as operating profit before depreciation, amortisation, group management charges, unrealised foreign exchange, store opening costs and non-recurring costs.
- 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.

#### 1.4 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.

#### 1.5 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Foreign currency

The consolidated financial statements are presented in pound Sterling, which is the functional currency of the Group. Transactions in foreign currencies are translated to the Group's functional 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 functional 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 and loss account 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.

#### 1.7 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

#### 1.8 Other Financial instruments

Financial instruments not meeting the definition of Basic Financial Instruments 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 statements 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 the Statement of Comprehensive Income 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.

#### 1.9 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. The company assesses at each reporting date whether tangible 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
Computer equipment	-	3 years
Freehold properties	-	50 years

#### 1.11 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 Intangible Note 9.

##### Amortisation

Amortisation is charged to the profit or 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 company 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Goodwill and other intangible assets (continued)

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.

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.

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.

#### 1.12 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.

#### 1.13 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.

#### 1.14 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.

#### 1.15 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.15 Taxation (continued)

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.

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.

#### 1.16 Share based payments

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. Where material, the fair value of employee services received in exchange for the grant of the B shares is recognised as an expense with a credit recorded within equity in a share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of awards granted at the expected vesting date. 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.

No charge or credit to the Statement of Comprehensive Income for the period has therefore been recorded in respect of share-based payments relating to B shares for the period ended 25th February 2024 (2023: £Nil). Management shall continue to assess the fair value at every future balance sheet date.

The Group also 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 the D shares has been performed. The value is deemed to be £252,000 (2023: £nil). In the group, this is recognised as a charge to the Statement of Comprehensive Income of £252,000 with a corresponding liability. 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.

#### 1.17 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 the Statement of Comprehensive Income.

At the balance sheet date an assessment of the probable preference share dividend has been performed. A charge of £4,223,000 has been recorded to the Statement of Comprehensive Income in respect of the preference shares for the period ended 25th February 2024 (2023: £Nil). Management shall continue to assess the fair value at every future balance sheet date.

## Notes (continued)

### 2 Turnover

Turnover, analysed geographically between markets, was as follows:

	2024 £000	2023 £000
United Kingdom	270,402	257,960
Europe	20,267	20,720
Rest of the world	95,334	92,355
	<u>386,003</u>	<u>371,035</u>

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.

### 3 Expenses and auditor's remuneration

*Operating profit/(loss) is stated after charging:*

	2024 £000	2023 £000
Depreciation: owned assets	8,124	7,150
Impairment to tangible assets	759	201
Amortisation of goodwill and intangibles	5,213	5,042
Operating lease expense	32,906	30,059
Loss on disposal of tangible assets	827	877
Foreign exchange differences (net)	(5,925)	798
Fair value movements on derivative financial instruments	1,199	1,126
	<u>1,199</u>	<u>1,126</u>

*Auditor's remuneration:*

	2024 £000	2023 £000
Audit of these financial statements	21	17
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	254	189
Audit related assurance services	7	6
	<u>262</u>	<u>209</u>

For 2024, £24k of audit fees were in respect of services provided by Grant Thornton New Zealand Audit Limited. All other 2024 audit and non-audit fees were in respect of services provided by Grant Thornton UK LLP.

### 4 Other Income

	2024 £000	2023 £000
Grant income	-	38
	<u>-</u>	<u>38</u>

Grant income includes £nil (2023: £38,000) from global Coronavirus Job Retention Schemes.

**Notes** (continued)

**5 Staff numbers and costs**

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

	2024 No.	2023 No.
Head office	542	530
Retail	3,160	3,019
	<u>3,702</u>	<u>3,549</u>

In the current period management have undertaken a review of headcount and provided disaggregation to the disclosure in the current and prior period.

The aggregate payroll costs of these persons were as follows:

	2024 £000	2023 £000
Wages and salaries	69,315	62,584
Social security costs	5,566	5,164
Contributions to defined contribution plans	1,040	775
	<u>75,921</u>	<u>68,523</u>

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 £1,040,000 (2023: £775,000). Contributions amounting to £230,000 (2023: £177,000) were payable to the scheme at the balance sheet date and are included in creditors.

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

	2024 No.	2023 No.
Head office	<u>3</u>	<u>3</u>

**6 Interest payable and similar charges**

	2024 £000	2023 £000
Interest on bank loans and overdrafts	6,603	5,144
Amortisation of debt issue costs	640	576
Other interest payable	377	280
Preference share dividends	4,223	-
	<u>11,843</u>	<u>6,000</u>

**Notes** *(continued)*

**7 Directors' remuneration**

The total remuneration of the Directors is outlined below:

	<b>2024</b>	2023
	<b>£000</b>	£000
Directors' emoluments	<b>828</b>	740

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. Two Directors receive no remuneration from the Company or any other company in the Group.

The aggregate remuneration of the highest paid director was £258,000 (2023: £208,000) and company pension contributions of £4,000 (2023: £1,000) were made to a money purchase scheme on their behalf. Retirement benefits are accruing to five directors (2023: five) under money purchase schemes. The total value of contributions made in the year was £9,000 (2023: £7,000).

**Notes** (continued)

**8 Taxation**

**Recognised in the profit and loss**

	2024 £000	2023 £000
<i>UK Corporation tax</i>		
Current year	(73)	-
Adjustments for prior periods	130	(73)
	<u>57</u>	<u>(73)</u>
<i>Foreign tax</i>		
Current period	1,130	325
	<u>1,187</u>	<u>252</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	2,013	(3,084)
Adjustment in respect of prior periods	1,606	686
	<u>3,620</u>	<u>(2,398)</u>
Deferred tax expense/(credit)	3,620	(2,398)
<b>Total tax expense/(credit)</b>	<b>4,807</b>	<b>(2,146)</b>

**Deferred tax recognised in other comprehensive income**

	2024 £000	2023 £000
Effective portion of changes in fair value of cash flow hedges	389	33

**Reconciliation of effective tax rate**

The current tax charge for the period is higher (2023: *higher*) than the standard rate of corporation tax in the UK.

	2024 £000	2023 £000
Profit/(loss) before taxation	10,935	(10,634)
Tax using the UK corporation tax rate of 25% (2023: 19%)	2,734	(2,020)
Change in tax rate	(26)	(731)
Adjustments in respect of previous periods	1,736	493
Expenses not deductible for tax purposes	(9)	112
Change in deferred tax rate on qualifying assets	110	-
Group relief	262	-
	<u>4,807</u>	<u>(2,146)</u>
<b>Total tax expense/(credit)</b>	<b>4,807</b>	<b>(2,146)</b>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future tax charge accordingly. Deferred tax liabilities of £1,465,000 are deemed current and due to reverse within one year.

**Notes** *(continued)*

**9 Intangible assets**

**Group**

	<b>Goodwill £000</b>	<b>Software £000</b>	<b>Intellectual property £000</b>	<b>Total £000</b>
<b>Cost</b>				
Balance at 26 February 2023	69,249	8,781	2,664	80,694
Additions	-	1,764	87	1,851
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 25 February 2024	69,249	10,545	2,751	82,545
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>				
Balance at 26 February 2023	32,751	6,304	622	39,677
Amortisation for the year	3,422	1,519	272	5,213
Impairment	-	33	-	33
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 25 February 2024	36,173	7,856	894	44,923
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 26 February 2023	36,498	2,477	2,042	41,017
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 25 February 2024</b>	<b>33,076</b>	<b>2,689</b>	<b>1,857</b>	<b>37,622</b>
	<hr/>	<hr/>	<hr/>	<hr/>

The Company does not own any intangible assets. Amortisation of intangible assets is included in administrative expenses.

An impairment loss of £33,000 was recognised in the period (2023: £12,000).

**Notes** (continued)

**10 Tangible assets**

<b>Group</b>	<b>Freehold property £000</b>	<b>Fixtures &amp; fittings £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost</b>				
Balance at 26 February 2023	4,292	78,204	6,041	88,537
Additions	-	9,262	912	10,174
Disposals	-	(4,057)	(128)	(4,185)
Transfers	-	(192)	192	-
Foreign exchange differences	-	(854)	-	(854)
<b>Balance at 25 February 2024</b>	<b>4,292</b>	<b>82,363</b>	<b>7,017</b>	<b>93,672</b>
<b>Depreciation and impairment</b>				
Balance at 26 February 2023	482	52,428	1,515	54,425
Depreciation for the year	137	7,143	844	8,124
Disposals	-	(3,269)	(90)	(3,359)
Transfers	-	(2,431)	2,431	-
Impairment	-	728	31	759
Foreign exchange differences	-	(509)	-	(509)
<b>Balance at 25 February 2024</b>	<b>619</b>	<b>54,090</b>	<b>4,731</b>	<b>59,440</b>
<b>Net book value</b>				
At 26 February 2023	3,810	25,776	4,526	34,112
<b>At 25 February 2024</b>	<b>3,673</b>	<b>28,273</b>	<b>2,286</b>	<b>34,232</b>

The Company does not own any tangible assets.

The value of tangible assets is subject to impairment assessment based 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 £759,000 (2023: £201,000) was recognised, reducing net book value accordingly.

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)

### 11 Investments in subsidiaries

At 25 February 2024, 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
<b>Direct holdings</b>				
Mountain Group Intermediate Holdings Limited	England and Wales	Holding Company	5 Eccleston Street, London England, SW1W 9LX	Ordinary 100%
Mountain Warehouse Trustee Limited	England and Wales	Holding Company	5 Eccleston Street, London England, SW1W 9LX	Ordinary 100%
The Mountain Group Limited	England and Wales	Holding Company	5 Eccleston Street, London England, SW1W 9LX	Ordinary 97% directly, 100% indirectly
<b>Indirect holdings</b>				
Mountain Warehouse Group Holdings Limited	England and Wales	Holding Company	5 Eccleston Street, London England, SW1W 9LX	Ordinary 100%
Mountain Warehouse Group Limited	England and Wales	Holding Company	5 Eccleston Street, London England, SW1W 9LX	Ordinary 100%
MW 2010 Limited	England and Wales	Dormant Company	5 Eccleston Street, London England, SW1W 9LX	Ordinary 100%
Mountain Warehouse Holdings Limited	England and Wales	Holding Company	5 Eccleston Street, London England, SW1W 9LX	Ordinary 100%
Mountain Warehouse Limited	England and Wales	Retailing of clothing and equipment for outdoor pursuits	5 Eccleston Street, London England, SW1W 9LX	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	5 Eccleston Street, London England, SW1W 9LX	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	Dormant Company	Level 20, 1 Market Street, Sydney, NSW 2000	Ordinary 100%

#### Company

	£000
Balance at 26 February 2023	3,319
Additions	252
	<hr/>
Balance at 25 February 2024	3,571
	<hr/> <hr/>
<b>Net book value</b>	
At 26 February 2023	3,319
	<hr/> <hr/>
<b>At 25 February 2024</b>	<b>3,571</b>
	<hr/> <hr/>

## Notes (continued)

### 11 Investments in subsidiaries (continued)

The increase in investments of £252,000 relates to the fair value measurement of share-based payments relating to D shares that are held by the parent but have been awarded to the employees of Mountain Warehouse Limited for the period ended 25<sup>th</sup> February 2024.

No impairment loss was recognised in the period (2023: £Nil).

### 12 Stocks

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Finished goods	80,712	83,684	-	-

The cost of inventories recognised as an expense and charged to cost of sales in the period for the Group was £137.9m (2023: £154.3m). Of this, £3.6m relates to stock write off (2023: £0.8m).

### 13 Debtors

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Amounts owed by group undertakings	-	-	16,667	16,271
Other debtors	4,376	2,991	-	-
Prepayments	3,898	4,629	-	-
Deferred tax (note 20)	1,649	4,662	-	-
Corporation tax	2,822	1,731	-	-
Other financial assets	336	2,710	-	-
	13,081	16,722	16,667	16,271

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 £0.4m.

All other debtor balances are due within one year.

### 14 Creditors: amounts falling due within one year

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Amounts owed to group undertakings	-	-	2,226	2,226
Trade creditors	42,550	27,722	-	-
Accruals and deferred income	22,113	17,491	5,833	1,267
Other taxes and social security	1,545	10,503	-	-
Bank loans	6,907	11,990	-	-
Other financial liabilities	996	833	-	-
	74,111	68,539	8,059	3,493

**Notes (continued)**

**14 Creditors: amounts falling due within one year (continued)**

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%.

**15 Creditors: amounts falling due after more than one year**

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Bank loans (net of debt issue costs of £656,000)	57,082	63,344	-	-
Revolving credit facility	-	7,000	-	-
Deferred tax	2,386	2,175	-	-
Accruals and deferred income	9,706	7,638	-	-
	<u>69,174</u>	<u>80,157</u>	<u>-</u>	<u>-</u>

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

The Group borrowing facility comprises of £64.0m terms loans and a £29.3m RCF to support short and medium-term liquidity. The split of these borrowings is illustrated in Notes 14 and 15.

The term loans and revolving credit facility are subject to interest based on SONIA plus an amount between +2.50% and +3.25%, depending on the Group's leverage in respect of the period in concern. The termination date of the term loans and revolving credit facility is September 2025. Payments of £6.5m are due within the next 12 months in respect of these loans.

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

Debt maturities	Note	2024 £000	2023 £000
< 1 year	14	6,907	11,990
1-2 years	15	57,082	70,344
2-5 years	15	-	-
		<u>63,989</u>	<u>82,334</u>

Analysis of changes in net debt	At 26 February 2023 £000	Cash flows £000	Non cash changes £000	At 25 February 2024 £000
Cash	11,242	8,068	149	19,459
Revolving Credit Facility	(7,000)	7,000	-	-
Bank loans due within one year	(11,500)	11,500	(6,500)	(6,500)
Bank loans due after one year	(64,000)	-	6,500	(57,500)
Interest payable	(490)	7,465	(7,382)	(407)
	<u>(71,748)</u>	<u>34,033</u>	<u>(7,233)</u>	<u>(44,948)</u>

**Notes (continued)**

**16 Provisions**

<b>Group</b>	<b>Onerous leases £000</b>	<b>Dilapidations £000</b>	<b>Total £000</b>
Balance at 27 February 2022	3,219	6,309	9,528
Foreign exchange differences	363	57	420
Provisions made during the period	173	82	255
Remeasurement	800	(206)	594
Utilised during the period	(1,050)	(368)	(1,418)
Unused amounts reversed	(437)	(89)	(526)
Unwinding of discount	-	230	230
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
<b>Balance at 25 February 2024</b>	<b>2,039</b>	<b>6,222</b>	<b>8,261</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Current	1,063	2,474	3,537
Non-current	2,005	3,541	5,546
	<hr/>	<hr/>	<hr/>
Balance at 26 February 2023	3,068	6,015	9,083
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Current	1,310	2,130	3,440
Non-current	729	4,092	4,821
	<hr/>	<hr/>	<hr/>
<b>Balance at 25 February 2024</b>	<b>2,039</b>	<b>6,222</b>	<b>8,261</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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)

### 17 Capital and reserves

#### Share capital

Represents the nominal value of shares that have been issued.

	2024 £000	2023 £000
<i>Allotted, called up and fully paid; shares of £1 each</i>		
738,329 (2023: 738,329) 'A' Ordinary shares	738	738
108,000 (2023: 108,000) 'B' Ordinary shares	108	108
180,000 (2023: 180,000) 'B2' Ordinary shares	180	180
200,098 (2023: 200,098) 'C' Ordinary shares	200	200
18,500 (2023: 18,500) 'D' Ordinary shares	26	26
	<u>1,252</u>	<u>1,252</u>

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
<b>Rights to dividends</b>	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
<b>Redemption</b>	None	None	None	None	None
<b>Priority on winding up</b>	Joint priority	Joint priority	Joint priority	Joint Priority	None
<b>Voting rights</b>	One vote per share	One vote per share	One vote per share	One vote per share	Restricted voting rights
<b>Rights on sale of company</b>	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.

Group	2024 £000	2023 £000
<i>Other comprehensive income</i>		
Cash flow hedges – changes in fair value	(1,557)	(173)
Income tax on other comprehensive income	389	33
	<u>(1,168)</u>	<u>(140)</u>

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

## Notes (continued)

### 17 Capital and reserves (continued)

#### *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 £252,000. In the group accounts, this has been recognised as a charge to the statement of comprehensive income with a corresponding liability (2023: £nil). In the Company, this has been recognised in the company as a capital contribution resulting in an increase to investment in subsidiaries (2023: £nil).

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 not considered to have changed from the 2018 valuation. No charge or credit to the Statement of Comprehensive Income for the period has therefore been recorded in respect of share-based payments relating to B shares for the period ended 25<sup>th</sup> February 2024 (2023: £Nil). Management shall continue to assess the fair value at every future balance sheet date.

### 18 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 17). Fair value losses of £1,199,000 (2023: £1,126,000 gains) that do not form part of an effective relationship have been released to the Statement of Comprehensive Income.

## Notes (continued)

### 18 Financial risk management (continued)

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

Due within one year	Average contract exchange rate		Notional principal value	
	Period ended 25 February 2024 rate	Period ended 26 February 2023 rate	Period ended 25 February 2024 £000	Period ended 26 February 2023 £000
Forward foreign currency contracts USD	1.2566	1.2174	(733)	1,877

#### 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 £29.3m revolving credit facility to support short and medium-term liquidity. As at the balance sheet date, £nil of this balance had been drawn down (2023: £7.0m).

#### 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 25 February 2024 this exposure amounted to £0.6m (2023: £1.9m).

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.

### 19 Financial assets and liabilities

The carrying amounts of the financial assets and liabilities include:

#### Financial assets

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
<b>Current</b>				
Derivatives used for hedging	336	2,710	-	-
Trade and other receivables	4,376	2,998	-	-
Cash and cash equivalents	19,459	11,242	-	-
	<u>24,171</u>	<u>16,950</u>	<u>-</u>	<u>-</u>

**Notes** (continued)

**19 Financial assets and liabilities** (continued)

*Financial liabilities*

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
<b>Non-current</b>				
Bank loans	57,500	71,000	-	-
<b>Current</b>				
Derivatives used for hedging	996	833	-	-
Bank loans	6,500	11,500	-	-
Trade and other payables	65,070	44,973	8,059	3,493
	<u>72,566</u>	<u>57,306</u>	<u>8,059</u>	<u>3,493</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.

**20 Deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Accelerated capital allowances	(61)	(134)	1,320	1,735	1,259	1,601
Derivatives	(183)	-	-	206	(183)	206
Pension	(31)	(44)	-	-	(31)	(44)
Goodwill	-	-	344	234	344	234
Carried forward loss	(1,374)	(4,484)	-	-	(1,374)	(4,484)
Other	-	-	722	-	722	-
Tax (assets) / liabilities	<u>(1,649)</u>	<u>(4,662)</u>	<u>2,386</u>	<u>2,175</u>	<u>737</u>	<u>(2,487)</u>

The deferred tax component of the current year tax expense is £3,620,000 expense (2023: £2,398,000 credit). The value of deferred tax charged to other comprehensive income in the year was £389,000 credit (2023: £33,000 credit).

## Notes (continued)

### 21 Operating leases

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

Group	Land and buildings		Vehicles	
	2024 £000	2023 £000	2024 £000	2023 £000
Less than one year	30,921	28,646	225	211
Between one and five years	70,379	65,168	194	281
More than five years	16,322	12,088	-	-
	<u>117,622</u>	<u>105,902</u>	<u>419</u>	<u>492</u>

The Company does not have any operating lease agreements.

### 22 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 £64.0m (2023: £82.5m).

There were no other material contingent assets or liabilities at 25 February 2024 (2023: £Nil).

### 23 Related parties

#### 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 £129,000 were paid to Inflexion Partnership Capital fund in the year (2023: £112,000).

A liability of £5,580,000 (2023: £1,308,000) is held in respect of future dividends payable on the C-shares held by the Inflexion Partnership Capital fund. The charge to the Statement of Comprehensive Income for the period in respect of these future dividends was £4,223,000 (2023: £Nil).

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

#### Other related party transactions

Under section 33 of FRS 102 the Company has taken advantage of the exemption from reporting intra-group transactions.

Annual rent of £30,000 (2023: £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 (2023: £Nil). Rent is charged at the market rate.

#### Ultimate controlling party

The ultimate controlling party is Mark Neale.

## Notes (continued)

### 24 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

### 25 Subsequent Events

In May 2024, subsequent to the balance sheet date, the Group has refinanced its external debt replacing its existing £110m debt package due to mature in September 2025 with a new £80m debt package with an April 2028 maturity date.