# HAMLEYS OF LONDON LIMITED

**FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2025**

Report of the Independent Auditors to the Members of
Hamleys of London Limited

**Opinion**
We have audited the financial statements of Hamleys of London Limited (the 'company') for the year ended 31 December 2025 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 UK adopted International Accounting Standards.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its loss for the year ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards and
- 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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**
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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 this gives rise to 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 eight, 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

**Auditors' 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 a Report of the Auditors 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.

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with those charged with governance of the Company. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that related to the reporting framework (UK Adopted International accounting standards and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom.

- We enquired of management and those charged with governance, concerning the company's policies and procedures relating to:
    - the identification, evaluation and compliance with laws and regulations;
    - and the detection and response to the risks of fraud.

Report of the Independent Auditors to the Members of
Hamleys of London Limited

**Auditors' responsibilities for the audit of the financial statements (Continued)**

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

- We assessed the susceptibility of the Company's financial statements to material misstatement, including risks arising from fraud, in particular management override of controls and the presumed risk of fraud in revenue recognition. Audit procedures performed by the engagement team included:
    - Tested the appropriateness of entries in the nominal ledger.
    - Assessed the design and implementation of controls over revenue and performed substantive procedures;
    - performed analytical procedures to identify unexpected movements in account balances that may be indicative of fraud;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We also made enquiries of management regarding any actual or potential litigation or claims, inspected legal correspondence where applicable, and reviewed board minutes. We also performed procedures to assess whether the disclosures in the financial statements comply with the requirements of the applicable accounting standards.
- The engagement partner's 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; and Knowledge of the industry in which the company operates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**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 a Report of the Auditors 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.

Devender Arora FCA (Senior Statutory Auditor)
for and on behalf of PBG Associates Limited
Chartered Accountants and Statutory Auditors
65 Delamere Road
Hayes, Middlesex
UB4 0NN

Date: April 13, 2026

Hamleys of London Limited

Statement of Profit or Loss
for the Year Ended 31 December 2025

| | Notes | 31.12.25 £'000 | 31.12.24 £'000 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Revenue | 3 | 48,725 | 47,356 |
| Cost of sales | | (18,922) | (18,437) |
| **GROSS PROFIT** | | 29,803 | 28,919 |
| Other Operating Income | 4 | 2,003 | 1,178 |
| Other Income | 4 | 319 | 651 |
| Distribution costs | | (15,974) | (15,410) |
| Administrative expenses | | (10,891) | (11,259) |
| **OPERATING PROFIT** | | 5,260 | 4,079 |
| Finance costs | 6 | (5,222) | (5,248) |
| Finance income | 6 | 86 | 316 |
| **PROFIT/(LOSS) BEFORE INCOME TAX** | 7 | 124 | (853) |
| Income tax | 8 | (1,761) | 312 |
| **PROFIT/(LOSS) FOR THE YEAR** | | (1,637) | (541) |

All activities of the Company are from continuing operations.

Hamleys of London Limited

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2025

| | 31.12.25<br>£'000 | 31.12.24<br>£'000 |
|---|---|---|
| **PROFIT/(LOSS) FOR THE YEAR** | (1,637) | (541) |
| **OTHER COMPREHENSIVE INCOME** | - | - |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR** | (1,637) | (541) |

Hamleys of London Limited

Statement of Financial Position
31 December 2025

| | Notes | 31.12.25 £'000 | 31.12.24 £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | 9 | 80 | 24 |
| Property, plant and equipment | 10 | 94,548 | 96,761 |
| Deferred tax assets | 20 | 5,660 | 7,416 |
| | | 100,288 | 104,201 |
| **CURRENT ASSETS** | | | |
| Inventories | 11 | 4,883 | 4,949 |
| Trade and other receivables | 12 | 5,162 | 2,698 |
| Contract assets | 3 | 501 | 167 |
| Cash and cash equivalents | 13 | 8,933 | 4,656 |
| | | 19,479 | 12,470 |
| **TOTAL ASSETS** | | 119,767 | 116,671 |
| **EQUITY** | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| Called up share capital | 14 | 2,000 | 2,000 |
| Capital contribution reserve | 15 | 500 | 500 |
| Retained earnings | 15 | (31,765) | (30,128) |
| **TOTAL EQUITY** | | (29,265) | (27,628) |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Contract liabilities | 3 | 1,030 | - |
| Lease liabilities | 17, 18 | 99,800 | 100,317 |
| | | 100,830 | 100,317 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | 41,696 | 39,538 |
| Contract liabilities | 3 | 483 | 13 |
| Lease liabilities | 17, 18 | 6,023 | 4,431 |
| | | 48,202 | 43,982 |
| **TOTAL LIABILITIES** | | 149,031 | 144,299 |
| **TOTAL EQUITY AND LIABILITIES** | | 119,767 | 116,671 |

The financial statements were approved by the Board of Directors and authorised for issue on 13 April 2026 and were signed on its behalf by:

.....
Saji Varghese - Director
Date: April 13, 2026

Hamleys of London Limited

Statement of Changes in Equity
for the Year Ended 31 December 2025

| | Called up share capital £'000 | Retained earnings £'000 | Capital contribution reserve £'000 | Total equity £'000 |
|---|---|---|---|---|
| **Balance at 1 January 2024** | 2,000 | (29,587) | 500 | (27,087) |
| **Changes in equity** | | | | |
| Total comprehensive loss | - | (541) | - | (541) |
| **Balance at 31 December 2024** | 2,000 | (30,128) | 500 | (27,628) |
| **Changes in equity** | | | | |
| Total comprehensive income | - | (1,637) | - | (1,637) |
| **Balance at 31 December 2025** | 2,000 | (31,765) | 500 | (29,265) |

Hamleys of London Limited

Statement of Cash Flows
for the Year Ended 31 December 2025

| | Notes | 31.12.25 £'000 | 31.12.24 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 1 | 9,686 | 326 |
| Net cash from operating activities | | 9,686 | 326 |
| **Cash flows from investing activities** | | | |
| Purchase of intangible fixed assets | | - | (4) |
| Purchase of tangible fixed assets | | (114) | (343) |
| Interest received | | 86 | 316 |
| Net cash from investing activities | | (28) | (31) |
| **Cash flows from financing activities** | | | |
| Repayment of lease liabilities | | (159) | (475) |
| Payment of finance cost | | (5,222) | (5,247) |
| Net cash from financing activities | | (5,381) | (5,722) |
| **Increase/(decrease) in cash and cash equivalents** | | 4,277 | (5,427) |
| **Cash and cash equivalents at beginning of year** | 2 | 4,656 | 10,083 |
| **Cash and cash equivalents at end of year** | 2 | 8,933 | 4,656 |

Hamleys of London Limited

Notes to the Statement of Cash Flows
for the Year Ended 31 December 2025

## 1. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Profit/(loss) before income tax | 124 | (853) |
| Depreciation charges | 3,560 | 3,834 |
| Amortisation charges | 21 | 31 |
| Finance costs | 5,222 | 5,247 |
| Finance income | (86) | (316) |
| | 8,841 | 7,943 |
| Decrease in inventories | 66 | 781 |
| (Increase)/decrease in trade and other receivables | (2,792) | 233 |
| Increase/(decrease) in trade and other payables | 3,571 | (8,631) |
| **Cash generated from operations** | 9,686 | 326 |

## 2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2025**

| | 31.12.25 | 1.1.25 |
|---|---|---|
| | £'000 | £'000 |
| Cash and cash equivalents | 8,933 | 4,656 |

**Year ended 31 December 2024**

| | 31.12.24 | 1.1.24 |
|---|---|---|
| | £'000 | £'000 |
| Cash and cash equivalents | 4,656 | 10,083 |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2025

## 1. STATUTORY INFORMATION

Hamleys of London Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.
The principal activity of the Company is retailing of toys and franchising of the Hamleys brand through a variety of international channels and franchise partners.

## 2. MATERIAL ACCOUNTING POLICIES

**Basis of preparation**
The Company financial statements have been prepared and approved by the directors in accordance with UK Adopted International Accounting Standards (UK IAS).

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

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £'000.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below under "accounting estimates and judgements"

**Adoption of new and revised standards**
The following international financial reporting standards (IFRSs) and interpretations were in issue and applicable to periods commencing on or after I January 2025

| | |
|---|---|
| Amendments to IAS 21 | The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability |

However, all standards or amendments to standards that have been issued by the IASB and were effective by 1 January 2025 were not applicable or material to the Company.

**New Standards and amendments issued but not yet applied/adopted**

The company does not consider that any standards or interpretations issued by the international accounting standards board, but not yet applicable, will have a significant impact on the company's financial statement:

| | |
|---|---|
| Amendments to IAS 21 | Translation to a Hyperinflationary Presentation Currency |
| IFRS 18 | Presentation and Disclosures in Financial Statement |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the Company financial statements in the foreseeable future.

**Measurement convention**
The financial statements are prepared on the historical cost basis except where IFRSs require an alternative treatment.

**Going concern**
As at 31 December 2025, the Company has a net liability of £ 29,265 (£'000) (2024: £ 27,628 (£'000) and its current liabilities exceeded current assets by £ 28,723 (£'000) (2024:31,512 (£'000)).
The Directors expect the retail climate to recover, although there remains a challenging trading environment. However, the Directors believe with improvement in business growth and the continuous focus on cost optimization would ensure better returns for the company.

**MATERIAL ACCOUNTING POLICIES (Continued)**

Financial forecasts, including sensitivities, for the year have been prepared using conservative sales levels and cost planning accordingly has been aligned to those sales estimates. The Company has made considerable effort to improve cost base management, reduce cash levels tied up in working capital by managing stock orders on a just in time basis, and ease pressures on cash flow by managing supplier expectations.

The Directors, after considering the financial forecasts, appropriate sensitivities, current trading and available facilities expect the Company to have adequate resources to continue in operational existence for the foreseeable future. The Directors also anticipate that the existing funding facilities to remain in place and would ensure sufficient liquidity in the business for next 12 months.

Based on all of the evidence available the Directors continue to adopt the going concern basis in preparing the financial statements.

**Revenue recognition**
Revenue from the sale of stock comprises the fair value of goods sold to external customers, net of value added tax and promotional discounts. Revenue is recognised when the control of goods has been transferred to customers, when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably. The significant risks and rewards of ownership are deemed to have been passed when sold over the counter in store and when dispatched for online sales.

Revenue from the sale of concessions stock comprises the fair value of commissions earned by Hamleys of London Limited on the sale of any stock owned by concessions. Revenue is recognised on the sale of the goods when the significant risk and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably. The significant risks and rewards of ownership are deemed to have been passed when sold over the counter in store and when despatched for online sales.

**Contract Assets**
Accrued income represents income earned but not yet invoiced or received at the reporting date.

**Contract Liabilities**
Deferred income represents income received or invoiced in advance and is recognised as revenue when the related goods or services are provided

**Cash and cash equivalents**
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

**Intangible assets**
**Other intangible assets & Amortisation**
Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The estimated useful lives are as follows:

| | |
|---|---|
| Trademarks | 5 years |
| Computer software | 3 years |

**Property, plant and equipment**
Property, plant and equipment are initially recorded at cost of purchase and are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Repairs and maintenance expenses are recognised as expenses as incurred.

2. **MATERIAL ACCOUNTING POLICIES - continued**

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

| | |
|---|---|
| Leasehold property Improvements | Shorter of lease of premises or 10 years |
| Fixtures and fittings | 3 -5 years |
| Computer equipment | 3 years |
| Equipment (HVAC)* | 15 Years |

*Heating, Ventilation and Air Conditioning
Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

**Financial Instruments**

**Non-derivative financial instruments**
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

**Cash and cash equivalents**
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

**Interest-bearing borrowings**
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less.

**Inventories**
Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition. When necessary, provision is made to reduce the cost to no more than net realisable value having regard to the nature and condition of inventory as well as anticipated utilisation and saleability. An allowance is recorded for obsolescence.

**Taxation**
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised.

2. **MATERIAL ACCOUNTING POLICIES - continued**

**Foreign currencies**
Transactions in foreign currencies are translated to the Company'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. Foreign exchange differences arising on translation are recognised in the statement of profit and loss. 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

**Employee benefit costs**
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

**Financial instruments**

**Classification of financial instruments issued by the company**
Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Trade and other receivables**
Trade and other receivables are recognised initially at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any provision for impairment.

**Trade and other payables**
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**Financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. **MATERIAL ACCOUNTING POLICIES - continued**

**Financial assets**

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).
Despite therefore going, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**Amortised cost and effective interest method**
The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

**Financial instruments- continued**
For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit- adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial

**Financing income and expenses**
Financing expenses comprise interest payable and finance leases recognised in profit or loss using the effective interest method. Financing income comprises interest receivable on funds invested and deposits at bank. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.
The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance. Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit- impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

**Impairment of financial assets (including trade receivables and contract assets)**
The Company always recognises lifetime ECL for trade and receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

**Significant increase in credit risk**
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes various external sources of actual and forecast economic information that relate to the company's core operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor.

Irrespective of the outcome of the above assessment, the company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

Despite the afore going, the company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The company considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

**Non-financial assets**
The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

2. **MATERIAL ACCOUNTING POLICIES - continued**

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Leases**
The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has the right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter lease term or useful life of the right-of-use asset.
The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses an incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

Variable lease payments are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

**ACCOUNTING ESTIMATES AND JUDGEMENTS**
The preparation of the financial information requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years impacted.

**The key judgements and estimates employed in the financial statements are considered below:**

**Recoverability of inventories**
The value of inventories is assessed for impairment and where required, a provision is made to reduce the cost to no more than net realisable value. This requires judgement and assumptions are made on anticipated utilisation and saleability, taking into account the nature and condition of inventory as well as historic experience and assessment of future profitability.

**Deferred tax Assets**
Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised. The directors make an assessment of future profits based on historical experience and various other forecasting judgements and assumptions. Where it is not deemed probable that future profits will be available, the deferred tax asset is not recognised to this extent.

## 2. MATERIAL ACCOUNTING POLICIES - continued

**Depreciation and amortisation**
Judgement is required in assessing the useful economic lives of tangible fixed assets and intangible assets. These assumptions are based on the Directors' best estimate of the life of the asset and its residual value at the end of its economic life.

**Impairment of property, plant and equipment and equipment and intangibles**
The company has undertaken a significant strategic review of its store estate resulting in impairment of fixed assets in loss making stores where a decision has been made to exit. The carrying value of assets for the remaining store assets have been assessed against future cash flows and impairments have been recognised for stores where carrying amounts of the assets may not be recoverable.

## 3. REVENUE

Disaggregation of revenue from contract with customers:

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Sale of goods | 48,725 | 47,356 |

| | 31.12.25 | 31.12.24 |
|---|---|---|
| Timing of revenue recognition: | £'000 | £'000 |
| At a point in time | 48,725 | 47,356 |
| Over time | - | - |
| | 48,725 | 47,356 |

| **Revenue split by geography** | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| United Kingdom | 48,725 | 47,356 |
| Rest of World | - | - |
| | 48,725 | 47,356 |

Non-IFRS financial information: Gross transaction value

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Sale of goods | 56,409 | 54,290 |

Revenue from concessions is required to be shown on a net basis, being the commission received rather than the gross value achieved by concessionaires on sales. The directors believe that gross transactional value, which presents revenue on a gross basis before adjusting for concessions, represents a good guide to the value of the overall activity of the Company.

**Assets and liabilities related to contracts with customers**

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Contract assets | 501 | 167 |
| | 501 | 167 |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2025

## 3. REVENUE

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Current contract liabilities | 483 | 13 |
| Non-current contract liabilities | 1,030 | - |
| | 1,513 | 13 |

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Revenue recognised that was included in the contract liability balance | | |
| -at the beginning of the period (from current contract liabilities) | 13 | 27 |
| -from transfer of Contract liabilities from Hamleys franchising limited | 70 | - |
| | 83 | 27 |

*Both current and non-current is contract liabilities in respect of territory fees which are being recognized over the life of the initial contract.

## 4. OTHER OPERATING INCOME

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Commission income | 280 | 446 |
| Window income | 373 | 349 |
| Franchise income | 839 | |
| - | | |
| Party Income | 511 | 383 |
| | 2,003 | 1,178 |

**OTHER INCOME**

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Other income | 266 | 594 |
| Commission from dynamic currency conversion | 43 | 41 |
| Unclaimed Liabilities Written Back | 10 | 16 |
| | 319 | 651 |

## 5. EMPLOYEES AND DIRECTOR

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

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Selling and distribution | 429 | 364 |
| Administration | 32 | 30 |
| | 461 | 394 |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2025

## 5. EMPLOYEES AND DIRECTOR

The aggregate payroll costs of these persons were as follows:

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Wages and salaries | 9,621 | 9,377 |
| Social security costs | 831 | 627 |
| Contributions to defined contribution plans | 190 | 190 |
| | 10,642 | 10,194 |

No remuneration paid to directors in current year (2024: Nil)

## 6. NET FINANCE COSTS

| | 31.12.25 | 31.12.24 |
|---|---|---|
| **FINANCE COSTS** | £'000 | £'000 |
| Interest expense on bank overdrafts | - | 17 |
| Interest expenses on lease liabilities | 5,222 | 5,231 |
| Total finance cost | 5,222 | 5,248 |

| | 31.12.25 | 31.12.24 |
|---|---|---|
| **FINANCE INCOME** | £'000 | £'000 |
| Interest on deposits at bank | 86 | 316 |

## 7. PROFIT/(LOSS) BEFORE INCOME TAX

The profit/(loss) before tax is stated after charging/(crediting):

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Rentals under operating leases: | | |
| Hire of plant and machinery | 115 | 41 |
| Variable lease payments * | 1,295 | 1,085 |
| **Depreciation and amortisation charge for the year** | | |
| Depreciation charge - owned property, plant and equipment | 999 | 1,119 |
| Depreciation charge - right of use assets | 2,561 | 2,715 |
| Amortisation charge | 21 | 31 |
| Forex exchange losses | 204 | 184 |

* Variable lease payments not recognised in the related lease liability are expensed as incurred and include rentals based on revenue from stores.

| **Auditor's remuneration:** | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Fees payable to the company's auditor for the audit of the Company's annual accounts in UK* | 35 | 35 |
| Fees payable to the company's auditor for other non-audit services: | 1.5 | 1.5 |

*Includes fees related to the audit of other group entities in UK.

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2025

## 8. INCOME TAX

| | 31.12.25 | 31.12.24 |
|---|---|---|
| **Current tax expense** | £'000 | £'000 |
| Current tax on loss for the period | - | - |
| Current tax expense in respect of previous year | - | - |
| **Current tax expenses/(credit) (I)** | - | - |
| **Deferred tax expense** | | |
| Deferred tax expense in respect of the current year | 1,761 | (312) |
| **Deferred tax expenses/(credit) (II)** | 1,761 | (312) |
| Total tax expenses /(credit) (I +II) | 1,761 | (312) |

**Reconciliation of effective tax rate**

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Loss for the year | (1,637) | (541) |
| Total tax (credit)/charge | 1,761 | (312) |
| Profit /(Loss) excluding taxation | 124 | (853) |
| Tax using the UK corporation tax rate of 25% (2024: 25%) | 31 | (213) |
| Other expenses not deductible for tax purposes | 54 | 64 |
| Brought forward losses | (85) | - |
| Adjustments in respect of prior years | | (163) |
| Timing differences on which Deferred tax has been utilised | 1,761 | - |
| Total tax expense | 1,761 | (312) |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2025

## 9. INTANGIBLE ASSETS

| | Trademark £'000 | Computer software £'000 | Totals £'000 |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2025 | 3,183 | 5,415 | 8,598 |
| Addition (Transfer -refer note 25) | 631 | 9 | 640 |
| At 31 December 2025 | 3,814 | 5,424 | 9,238 |
| **AMORTISATION** | | | |
| At 1 January 2025 | 3,183 | 5,391 | 8,574 |
| Amortisation for year | 3 | 18 | 21 |
| Addition on transfer (refer note 25) | 554 | 9 | 563 |
| At 31 December 2025 | 3,740 | 5,418 | 9,158 |
| **NET BOOK VALUE** | | | |
| At 31 December 2025 | 74 | 6 | 80 |
| At 31 December 2024 | - | 24 | 24 |

## 10. PROPERTY, PLANT AND EQUIPMENT

| | Right of use assets £'000 | Improvements to property £'000 | Fixtures and fittings £'000 | Computer equipment £'000 | Totals £'000 |
|---|---|---|---|---|---|
| **COST** | | | | | |
| At 1 January 2025 | 109,571 | 22,563 | 9,590 | 6,296 | 148,020 |
| Additions | 1,233 | 44 | - | 70 | 1,347 |
| At 31 December 2025 | 110,804 | 22,607 | 9,590 | 6,366 | 149,367 |
| **DEPRECIATION** | | | | | |
| At 1 January 2025 | 19,038 | 19,468 | 9,022 | 3,731 | 51,259 |
| Charge for year | 2,561 | 468 | 184 | 347 | 3,560 |
| At 31 December 2025 | 21,599 | 19,936 | 9,206 | 4,078 | 54,819 |
| **NET BOOK VALUE** | | | | | |
| At 31 December 2025 | 89,205 | 2,671 | 384 | 2,288 | 94,548 |
| At 31 December 2024 | 90,533 | 3,095 | 568 | 2,565 | 96,761 |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2025

## 11. INVENTORIES

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Stocks | 4,883 | 4,949 |

During the year £ 1,644 thousands (2024: £1,714 thousand) was recognised as an expense in cost of sales in respect of the write down of inventory to net realisable value

## 12. TRADE AND OTHER RECEIVABLES

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Current: | | |
| Trade debtors* (Net of loss allowances) | 1,247 | 140 |
| Other debtors | 2,156 | 1,295 |
| Amount owed by group undertakings | 428 | - |
| Advance corporation tax and withholding taxes | 288 | - |
| Prepayments | 1,043 | 1,263 |
| | 5,162 | 2,698 |

*Trade debtors are stated after loss allowances of £ 738 thousand (31.12.24: Nil)

Aging of trade receivables (which are included in trade and other receivables), based on invoice date and net of allowance of doubtful debts, is as follows:

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Not due | 317 | - |
| Within 30 days | 179 | 54 |
| 31-60 days | 132 | 86 |
| 61-90 days | 451 | - |
| 90 to 180 days | 168 | - |
| Total | 1,247 | 140 |

## 13. CASH AND CASH EQUIVALENTS

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Cash in hand | 514 | 556 |
| Cash at bank* | 8,419 | 4,100 |
| Net Cash and Cash Equivalents at the end of the year | 8,933 | 4,656 |

*Cash at bank include overdraft facility secured against charge on inventory and receivables. The Company has a sanctioned overdraft facility of GBP 5 million from Bank which carries interest based on prevalent Bank of England base rate plus 1.5 percent, on actual amount utilised and the same is repayable on demand.

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2025

## 14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 31.12.25 £'000 | 31.12.24 £'000 |
|---|---|---|---|---|
| 2,000,100 | Ordinary shares | £1 | 2,000 | 2,000 |

## 15. RESERVES

| | Retained earnings £'000 | Capital contribution reserve £'000 | Totals £'000 |
|---|---|---|---|
| At 1 January 2025 | (30,128) | 500 | (29,628) |
| Profit for the year | (1,637) | | (1,637) |
| At 31 December 2025 | (31,765) | 500 | (31,265) |

## 16. TRADE AND OTHER PAYABLES

| | 31.12.25 £'000 | 31.12.24 £'000 |
|---|---|---|
| Current: | | |
| Trade creditors | 4,474 | 4,869 |
| Amounts owed to group undertakings | 30,587 | 27,823 |
| Social security and other taxes | 246 | 208 |
| Other creditors | 316 | 254 |
| Accruals | 4,468 | 4,866 |
| VAT Payable | 1,605 | 1,518 |
| | 41,696 | 39,538 |

## 17. FINANCIAL LIABILITIES - BORROWINGS

| | 31.12.25 £'000 | 31.12.24 £'000 |
|---|---|---|
| Current: | | |
| Leases (see note 18) | 6,023 | 4,431 |
| Non-current: | | |
| Leases (see note 18) | 99,800 | 100,317 |

## 18. LEASING

### Lease liabilities

Minimum lease payments fall due as follows:

| | 31.12.25 £'000 | 31.12.24 £'000 |
|---|---|---|
| Within one year | 6,023 | 4,431 |
| Between one and five years | 21,630 | 16,216 |
| In more than five years | 78,170 | 84,101 |
| | 105,823 | 104,748 |

The Company leases a number of stores and warehouses under leases of varying lengths, for which incentives/ premiums are received under the relevant lease agreements. One lease relating to the property in Regent Street has 55 years left to run as at 31 December 2025.

| **As a lessee** | 31.12.25 £'000 | 31.12.24 £'000 |
|---|---|---|
| **Right of use assets** | | |
| Balance as on beginning of the year | 90,533 | 93,248 |
| Additions | 1,233 | - |
| Depreciation | (2,561) | (2,715) |
| Balance at the end of the year | 89,205 | 90,533 |

### Amounts recognised in profit and loss

| | 31.12.25 £'000 | 31.12.24 £'000 |
|---|---|---|
| Depreciation expense on right-of-use assets | 2,561 | 2,715 |
| Interest expense on lease liabilities | 5,222 | 5,231 |
| Expense relating to variable lease payments not included in the measurement of the lease liability | 1,295 | 1,085 |

## 19. FINANCIAL INSTRUMENTS

**Financial risk management**
Senior management and the directors have overall responsibility for the oversight of the Company's risk management framework. Senior management and directors review and manage risk on an ad hoc basis when required through specific consideration of transactions. When identified, agreed actions are taken to mitigate these risks.

**Credit risk**
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Company's intercompany receivables.
The company is also exposed to credit risk arising from other financial assets, which comprise of cash and short-term deposits. The Company's exposure to credit risk arises from the default of the counterparty with a maximum exposure equal to the carrying value of these instruments if a counterparty to a financial instrument fails to meet its contractual obligation.

**Liquidity risk**
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due by ensuring that there is sufficient cash or working capital facilities to meet the Company's cash requirements.
The risk is measured by review of forecast liquidity each month to determine whether there are sufficient credit facilities to meet forecast requirements. Cash flow forecasts are submitted monthly to the Directors. These continue to demonstrate the strong cash generating ability of the business and its ability to operate within existing agreed facilities.

All short term trade and other payables, accruals, bank overdrafts and borrowings mature within one year or less. The carrying value of all financial liabilities due in less than one year is equal to their contractual undiscounted cash flows. The maturity profile of the contractual undiscounted cash flows of the Company's financial liabilities is as follows:

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| In less than one year | 46,031 | 43,042 |
| In more than one year but not more than two years | 6,108 | 5,868 |
| In more than two years but not more than three years | 5,834 | 5,809 |
| Total | 57,973 | 54,719 |

**Market risk**
Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates will affect the Company's income. The Company's exposure to market risk predominately relates to foreign currency risk.

**Foreign currency risk**
The Company operates internationally and is, therefore, exposed to the foreign exchange risk which can negatively impact revenue, costs, margins and profits.

The Company transacts with its suppliers of finished goods, based in continental Europe and Asia, in euro and US dollar. In addition to this, the Company is exposed to transaction risk on the translation and conversion of surplus US dollar cash balances into pounds sterling.

The following table shows the extent to which the Company has monetary assets at the balance sheet date in currencies other than the local currency of operation. Monetary assets and liabilities refer to cash and other amounts to be received or paid in cash.

| | Financial assets | | Financial liabilities | |
|---|---|---|---|---|
| | 31.12.25 | 31.12.24 | 31.12.25 | 31.12.24 |
| | £'000 | £'000 | £'000 | £'000 |
| Euro | 66 | - | - | - |
| US dollar | 1,145 | 54 | - | - |
| Total | 1,211 | 54 | - | - |

**Capital risk management**
The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to optimise returns to its shareholders. The Board's policy is to retain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future growth. The directors regularly monitor the level of capital in the Group to ensure that this can be achieved.

Fair value disclosures
The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:
Trade receivables, trade payables and borrowings
The fair value approximates to the carrying value because of the short maturity of these instruments.
Fair value hierarchy
Financial instruments carried at fair value should be measured with reference to the following levels:
· Level 1: quoted prices in active markets for identical assets or liabilities
· Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and
· Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)
All financial instruments carried at fair value have been measured using a Level 2 valuation method.

The fair value (which is equal to carrying value) of financial assets and liabilities are as follows:

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Cash and cash equivalents | 8,933 | 4,656 |
| Trade and other receivables | 2,773 | 1,602 |
| Total financial assets | 11,706 | 6,258 |
| Trade and other payables | (36,467) | (37,812) |
| Total financial liabilities | (36,467) | (37,812) |

**Foreign exchange rate sensitivity analysis**
The table below shows the Company's sensitivity to foreign exchange rates for its US dollar financial instruments, the major currency in which the Company's derivatives are denominated.

| | 31.12.25 Increase/ (decrease in equity) | 31.12.24 Increase/ (decrease in equity) |
|---|---|---|
| | £'000 | £'000 |
| 10% appreciation in the US dollar | 114 | 5 |
| 10% depreciation in the US dollar | (114) | (5) |

A strengthening / weakening of sterling, as indicated, against the US dollar at each year would have increased / (decreased) retained earnings by the amounts shown above. This analysis is based on foreign exchange rate variances that the Company considers to be reasonably possible at the end of the reporting year. The analysis assumes that all other variables remain constant.

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2025

## 20. DEFERRED TAX ASSETS

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| Non-current: | | |
| Deferred tax assets | 5,660 | 7,416 |

Deferred tax assets represent unused tax losses that can reduce future taxable income. Management believes that sufficient taxable profits will be generated in the Company and the group in the future periods to realize these deferred tax assets, based on approved business plans and projections and the losses can be carried indefinitely with no expiry dates.

## 21. CONTINGENCIES AND COMMITMENTS

There is a cross-guarantee in place between certain group companies in respect of the current year bank facilities.
The Company exposure/Contingent liability at the end of the year is £ nil (2024: £ nil).
The capital commitments at the end of year are £ nil (2024: £ nil)

## 22. RELATED PARTIES TRANSACTIONS AND BALANCES

| | 31.12.25 | 31.12.24 |
|---|---|---|
| | £'000 | £'000 |
| **Holding Company** | | |
| Reliance Brands Limited | | |
| - Purchases of Goods | 293 | 56 |
| - Franchisee income | (247) | - |
| **Fellow Subsidiaries** | | |
| Hamleys Asia Limited | | |
| - Commission expenses | 471 | 581 |
| | 517 | 637 |

| | Receivables outstanding | | Payables outstanding | |
|---|---|---|---|---|
| | 31.12.25 | 31.12.24 | 31.12.25 | 31.12.24 |
| **Fellow Subsidiaries** | £'000 | £'000 | £'000 | £'000 |
| Hamleys Asia Limited | - | - | 78 | 57 |
| Hamleys (Franchising) Limited | - | - | - | 20,840 |
| IPCO Holdings LLP | 11 | - | - | |
| **Holding Companies** | | | | |
| Reliance Brands Holding UK Limited | - | - | 30,509 | 6,829 |
| Reliance Brands Limited (India) | | - | - | 97 |
| | 417 | | | |
| | | - | 30,587 | 27,823 |
| | 428 | | | |

## 23. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Reliance Brands Holding UK Limited; a company incorporated in England. This is the smallest group in which the results of the Company are consolidated. Copies of the group financial statements are available from the Registrar of Companies, Companies House, Cardiff. The Company's ultimate parent company and controlling party is Reliance Industries Limited, a company incorporated in India and listed on the Indian Stock Exchanges. Reliance Industries Limited's office address is 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai, Maharashtra 400021.

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2025

## 24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 13 April, 2026

## 25. SIGNIFICANT EVENT

During the year, the Company entered into a Business Transfer Agreement with its fellow subsidiary, Hamleys Franchising Limited, to acquire its business undertaking on a going concern basis. The transfer was affected on 1 November 2025, based on the balances as at 31 October 2025 (being the effective date). The transaction, being a business combination under common control of Reliance Brands Holding UK Limited, has been accounted for using the carrying value method.

Accordingly, all assets and liabilities have been recorded at their existing carrying amounts as at 31 October 2025, and no goodwill or gain/loss has arisen. The consideration has been settled by way of adjustment against amounts receivable from the parent company, in accordance with the agreed terms and approved by the respective Boards.

**Details of assets and liabilities transferred are as follows:**

| | **Amount (£'000)** |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | 5 |
| Deferred Tax Assets | 4 |
| Trade Receivables | 766 |
| Other Receivables | 286 |
| Contract Assets | 274 |
| Trademarks | 76 |
| **Amount from group undertakings** | |
| - Receivable from Hamleys of London Limited | 24,360 |
| - Receivable from Reliance Brands Holding UK Limited | 9,076 |
| **Total Assets (A)** | 34,847 |
| **Liabilities** | |
| Contract Liabilities | 1,516 |
| Trade and Other Payables | 260 |
| **Total Liabilities (B)** | 1,776 |
| **Net Assets Transferred (A-B)** | 33,071 |

## 25. EVENTS AFTER REPORTING PERIOD

Subsequent events have been evaluated till the date on which is the financial statements were issued. There are no subsequent events which have impact on these financial statements.