

EMAIL

From: Ellis Barker
To: Rowan Hughes
Subject: Wardley Books Limited: Draft management accounts and business issues
Date: 4 November 2026

There have been several significant recent developments. I am attaching the following:

- A note from James Chen on Wardley's management accounts (**Exhibit 16**)
- Wardley's draft management accounts for the year ended 30 September 2026 (**Exhibit 17**)
- An email from James Chen about [REDACTED] (**Exhibit 18a**), together with [REDACTED] (**Exhibit 18b**) and recent media coverage (**Exhibit 18c**)
- An email from Stephen Vane [REDACTED] (**Exhibit 19a**), together with recent media coverage (**Exhibit 19b**)
- **Pre-populated spreadsheets** (see below).

Please draft for my review a report addressed to the Wardley board and comprising the following.

1. An analysis and explanation of Wardley's financial and operating performance for the year ended 30 September 2026 in comparison with the year ended 30 September 2025. Your analysis and explanation should cover the following items:
 - Revenue: overall and by channel
 - Cost of sales and gross profit: overall and by channel
 - Operating expenses and operating profit.

Base your analysis on the draft management accounts and additional data in the **R1 accounts** tab in the **pre-populated spreadsheet**. Use as appropriate the information in **Exhibit 16**.

2. An evaluation of [REDACTED] with a reasoned recommendation, based on **Exhibit 18a** and the comparison in **Exhibit 18b**. You should:

[REDACTED]

- Evaluate the estimates and assumptions.
- Assess the commercial, sustainability, ethical and business trust issues arising for Wardley, referring as appropriate to **Exhibit 18c**.
- Recommend to the directors, with reasons, whether Wardley should proceed [REDACTED]

[REDACTED]

APPENDIX 1: ANALYSIS OF MANAGEMENT ACCOUNTS

	2026	2025	Change	Change
	£000	£000	£000	%
Total stores	8,777	7,766	1,011	13.0%
Total online	3,504	3,012	492	16.3%
	12,281	10,778	1,503	13.9%
Mix				
London	19.1%	19.6%		
Edinburgh	14.2%	15.3%		
Oxford	13.0%	13.3%		
Manchester	9.5%	7.6%		
Bristol	8.9%	9.3%		
Leeds	6.7%	6.9%		
Online - one-off	13.9%	14.3%		
Online - subscriptions	14.6%	13.6%		
One-off	85.4%	86.4%		
Subscriptions	14.6%	13.6%		
Sales per sq ft				
London	1,322	1,190	133	11.2%
Edinburgh	708	670	37	5.6%
Oxford	658	591	67	11.3%
Manchester	768	541	228	42.1%
Bristol	908	830	77	9.3%
Leeds	659	595	65	10.9%
Refurbishment				
Manchester				
1. Compared to other shops	2026	2024	Change	Change
Revenue change for other shops	7,606	6,173	1,433	23.2%
	NIA	Revenue	Rev per NIA	
2024	1,428	937	656	
2026	1,524	1,171	768	
Increase	96	234	112	
Increase	6.7%	25.0%	17.1%	
	Weeks	Revenue	Revenue adj.	
2. Like-for-like				
2025	44	824	974	
2026	52	1,171	1,171	
Increase			197	
Increase			20.2%	

REVIEW OF PERFORMANCE FOR YEAR ENDED 30 SEPTEMBER 2026

REVENUE

Overall revenue increased impressively by £1,503k (13.9%) to £12,281k. The rate of growth is increasing (25: 10.3%) which is excellent. Stores revenue increased by 13.0%, far better than the forecast industry decline of 1.8% pa, and revenue from all stores and channels increased. WBL may have benefited from the 'shop local' movement and the resilience of books in difficult economic conditions.

L revenue increased impressively by £236k (11.2%) due to the Marstrand signing and exclusive special edition, which generated £72k. Excluding Marstrand, growth was 7.8%. Sales per sq. ft increased to £1,322 and remain the highest of all shops.

E revenue increased by £92k (5.6%), the lowest growth of any shop, with sales per sq. ft of £708.

O revenue increased by £162k (11.3%) in its second full year since the 2024 refurbishment, with sales per sq. ft increasing to £658.

M revenue increased by £347k (42.1%) but the headline figure is distorted by the 2025 refurbishment. Adjusting for the increase in NIA, growth in sales per sq. ft between 2024 and 2026 is 17.1%. This is lower than growth in the other stores over the same period (23.2%).

On a like-for-like basis, adjusting 2025 to £974k for the eight-week closure, revenue grew 20.2%, the highest of any store. Therefore, the refurbishment should be

B revenue increased by £93k (9.3%) due to the ten ticketed author evenings, which generated £45k including £12k of admission fees. Excluding the events, growth would only be 4.8% (25: 3.5%) which is the lowest of any shop. Sales per sq. ft increased to £908, the second highest.

LE revenue increased by £81k (10.9%) with sales per sq. ft of £659. The interim refurbishment took place outside trading hours so should not have disrupted sales. The growth could be an early indicator of the benefits of the refurbishment.

One-off online revenue increased by £167k (10.8%) due to the Marstrand edition (£39k) and higher average order values from more multi-book orders. Excluding Marstrand, growth was 8.3%.

Sub revenue increased impressively by £325k (22.1%), well above the forecast industry growth of 8.5%. Subscribers increased by 10.9% to 7,228 and the price increased by 6.1% to £260, so growth was driven by volume and price. New subscribers were down 9.2%.

The cancellation rate is 2.6%, higher than the usual 2%, The renewal rate is 78.4% (25: 78.0%), above the 75% target, and continues its upward trend.

Sub now accounts for 14.6% (25: 13.6%) of revenue, one-off online 13.9% (25: 14.3%) and stores 71.5% (25: 72.1%), showing the increasing importance of Sub. London is still the largest store (19.1% v 19.6% of total revenue).

REQUIREMENT 1 – Review of Wardley financial and operating performance

ASSIMILATING & USING INFORMATION	STRUCTURING PROBLEMS & SOLUTIONS
Appendix 1 (A) Analysis of revenue per NIA (by shop) (B) Analysis of Manchester refurbishment (two metrics) (C) Analysis of subscriber data / new events (Marstrand / Bristol events / Leeds interim refurb)	Revenue analysis (report) (A) Mix %: change by shop/channel with figs (B) Manchester: up £347k / 42.1% (C) London: up £236k / 11.2% (D) Edinburgh: up £92k / 5.6% / Oxford: up £162k / 11.3% OR Bristol: up £93k / 9.3% / Leeds: up £81k / 10.9% (E) Online subs: up £325k / 22.1% OR Online one-off: up £167k / 10.8% OR Total online: up £492k / 16.3% (F) Revenue per NIA by shop with fig
AI/CS Exam info (report) (A) Overall revenue: up £1,503k / 13.9% (B) Closing subscribers: 7,228 v 6,517 / up 711 / 10.9% Subscription price: £260 v £245 / up 6.1% (C) Overall COS: up £762k / 12.7% (D) Overall GP: up £741k / 15.5% (E) Opex: up £661k / 14.6% (F) OP: up £80k / 32.0%	Analysis of COS/GP/subscribers (report) (A) Change in COS (12.7%) < change in revenue (13.9%) (B) GP%: up 45.0% v 44.4% (C) GPM one-off: up 43.0% v 42.4% (D) GPM subs: unchanged 57% / managed margin (E) Subscriptions mix: up 14.6% v 13.6% of revenue (F) Renewal rate >75% and 2025 / cancellation rate >2%
Business issues / wider context (A) Physical book market: forecast decline 1.8% pa OR Subscription box market growth: 8.5% pa (B) Renewal rate target: 75% / cancellations normally c.2% (C) NLW: up £12.71/4.1% (Apr 2026) / pay aligned each Apr (D) Marstrand: exclusive special edition / signing 11 Sept (E) Sterling Mar 26: 408 new subscribers / 60 cancelled	Analysis of opex/OP (report) (A) Staff costs: up £195k/10.9% (B) F&D: up £78k/16.9% / Marketing: up £109k/32.8% (C) Prof/other: up £168k/54.5% / Technology: up £58k/19.1% (D) Depreciation: up £41k/4.8% / Occupancy: up £12k/2.5% (E) OP%: up 2.7% v 2.3%