

3 April 2024

Topps Tiles Plc
First Half Trading Update

Topps Tiles Plc ("Topps Group", or the "Group"), the UK's leading tile specialist, announces a trading update for the 26-week period ended 30 March 2024.

Total Group sales in the first half were £122.6 million¹, down 5.9% year-on-year, against a record revenue performance in 2023.

Subdued demand in the domestic Repair, Maintenance and Improvement ("RMI") sector, especially for bigger ticket projects, has persisted into 2024, resulting in lower footfall into Topps Tiles stores, especially across the homeowner customer group. Trade customers have once again proved more resilient, although trade sales were also lower year-on-year. While conversion rates grew year-on-year and the brand made further improvements to its already world-class customer service scores (up 1.0 percentage point year-on-year to 92.5% overall satisfaction), like-for-like sales² in Topps Tiles were 11.3% lower year-on-year³ in the second quarter, driven by lower footfall and volume. As expected, the gross margin percentage in Topps Tiles was up year-on-year as cost of goods pressures continued to ease, but net profits were impacted by lower volumes, operating cost inflation and the impact of operational gearing, despite strong cost control throughout the period.

Trading in the Online Pure Play businesses remained strong, with good growth in Pro Tiler and positive sales progress in Tile Warehouse, resulting in year-on-year sales growth of 38.3%¹ over the first half. The Group will soon complete the acquisition of the remaining 40% shareholding in Pro Tiler Limited, following the end of the earn-out period, and is delighted that the co-founders will be remaining with the business as we continue to invest in and grow the brand.

Parkside continues to show a significant year-on-year improvement in its financial performance. Following the business improvement plan implemented last year, we have achieved our short-term aim and expect the business to be at breakeven over the first half, despite the difficult commercial market.

Group profitability in the first half of the year will be impacted by a number of factors including the weaker market, the timing of the holiday pay accrual and seasonally higher energy usage in the period. We continue to expect the Group's profits in 2024 to be weighted towards the second half as indicated in our Q1 trading update.

With its market leading brands, specialist expertise and world-class service, the Group is well positioned to benefit from a cyclical recovery in the RMI market. The business remains in a strong financial position, with a robust balance sheet, and is focused on maximising market opportunities and emerging in a stronger competitive position as the market improves. The Group plans to discuss its new goal and future profit growth opportunities at the Interim Results on 21 May 2024.

Notes:

¹ All revenue numbers are stated before accounting adjustments including revenue recognition and customer returns provisions which will be included in the Interim Results.

² Topps Tiles like-for-like sales is defined as online sales and sales from Topps Tiles stores that have been trading for more than 52 weeks.

³ Topps Tiles like-for-like sales in the second quarter were negatively impacted by approximately 80 basis points due to the first week of the Easter holidays falling into the period, which is a quieter time for the business with lower trade sales. Last year, both weeks of Easter were in the second half of the Group's financial year.

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Notes to Editors

Topps Tiles Plc is the UK's largest specialist supplier of tiles and associated products, targeting the UK domestic and commercial markets and serving homeowners, trade customers, architects, designers and contractors from 304 nationwide Topps Tiles stores, a commercial showroom in London and eight customer-facing websites: www.toppstiles.co.uk, www.parkside.co.uk, www.protilertools.co.uk, www.northantstools.co.uk, www.premiumtiletrim.co.uk, www.warmfloorstore.co.uk, www.flooringmaterials.co.uk and www.tilewarehouse.co.uk.

Since opening its first store in 1963, Topps has maintained a simple operating philosophy - inspiring customers with unrivalled product choice and providing exceptional levels of customer service. For further information on the Group, please visit www.toppsgroup.com

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