

2 April 2025

Topps Tiles Plc

First Half Trading Update

Accelerating LFL sales growth in Q2; strong progress on Trade and Digital

Topps Tiles Plc ("Topps Group", or the "Group"), the UK's leading tile specialist, announces a trading update for the 26-week period ended 29 March 2025.

Group sales (excluding CTD¹) in the first half were £127.7 million², 4.0% higher than the previous year, with underlying sales growth³ in the second quarter of 4.4% after adjusting for the timing of holiday periods, up from 3.3% underlying growth³ in the first quarter. While trading through January was slower, volumes began to build progressively thereafter, with this improving trend culminating in a strong performance in March, when the Group's underlying sales³ (excluding CTD) increased by a high single digit percentage compared to the previous year.

Underlying like-for-like sales³ within the Topps Tiles brand were 3.7% higher year-on-year in the second quarter and like-for-like sales were 3.0% higher in the first half overall. While homeowner sales remain subdued, trade sales within Topps Tiles were strong and progress with our digital initiatives continued at pace, in line with our 'Mission 365' growth strategy. Total trade sales in the Topps Tiles brand were 12% higher year on year in the first half, with the number of active traders at the end of the period up 11% year on year to 146,000. Sales made through Topps Tiles' digital channels were up 15% in the first half, and online trade traffic was up approximately four-fold. Strategically, the brand continued to make good progress with the development of its new customer engagement platform and trade app, which will launch in 2025 and 2026 respectively.

Sales in Pro Tiler Tools and Tile Warehouse continued to grow strongly year on year.

The Group's focus on rebuilding profitability, including a review of product pricing, product mix and discount structures has, in recent weeks, delivered a strong improvement in gross margins, despite the continued increases in trade mix.

The Group also made good progress with its other 'Mission 365' growth initiatives, with additional category extensions, including the in-store launch of splashbacks and acoustic panels, and increasing clarity on the Group's B2B strategy. Operationally, the new 140,000 square foot warehouse in Northampton has been performing well and has supported Pro Tiler Tools' continued strong sales growth trajectory. In addition, the CTD supply chain operation has now been relocated to this facility, enabling the closure of the existing CTD warehousing during the period. More widely, further investments are being made into the Group's core systems and marketing platforms to enable future sales growth.

The external cost environment remains challenging, including the forthcoming increases in National Living Wage and National Insurance which will collectively increase the Group's cost base by c. £4 million on an annualised basis from April 2025. As announced in the 2024 results, the timing of holiday pay accruals (exacerbated by the later Easter year on year), seasonally higher energy usage in the first half, investments in strategic growth and the timing of the sales recovery will result in the Group's profits in 2025 being weighted significantly towards the second half of the financial year.

The Group has made good progress in identifying potential candidates to succeed Rob Parker as Chief Executive, with a high degree of interest expressed.

In relation to the acquisition of CTD, as previously reported the Group is pleased to note that the CMA has approved in principle its proposed undertakings to dispose of four stores in lieu of a Phase II investigation.

Rob Parker, Chief Executive, said: "Following our return to sales growth in the early weeks of the year, we are pleased to see this trend accelerate in the second quarter, driven by some initial signs of success from our new strategic initiatives, including an improved trader digital experience and further category extensions. Whilst macroeconomic indicators remain mixed, we remain focused on the delivery of our strategy which we are confident will lead to the achievement of our Mission 365 goal over the medium term."

The Group will announce its half year results on Tuesday 20 May 2025.

Note 1 - The Group's acquisition of the brand and certain assets of CTD Tiles, as announced on 19 August 2024, remains under investigation by the Competition and Markets Authority, and the Group is therefore unable to report on the financial performance of this part of the Group.

Note 2 - All revenue numbers are stated before accounting adjustments including revenue recognition adjustments and customer returns provisions which will be included in the Interim Results.

Note 3 - Both the first and second quarters have been impacted by the movement in holiday dates, with the first quarter this year supported by fewer Christmas holiday days when compared to last year, and the second quarter supported by the movement of Good Friday into Q3. The net estimated impact of the period end movement on Group sales by quarter is shown below:

Year to September 2025			
Group sales excluding CTD	Weeks 1-13	Weeks 14-26	Weeks 1-26
Reported year-on-year sales growth	4.6%	3.3%	4.0%
Estimated impact of period end timing	1.3%	(1.1)%	0.1%
Underlying year-on-year sales growth	3.3%	4.4%	3.9%

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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 299 nationwide Topps Tiles stores, a commercial showroom in London and nine customer-facing websites: www.topptiles.co.uk, www.parkside.co.uk, www.protilertools.co.uk, www.northantstools.co.uk, www.premiumtiletrim.co.uk, www.wamfloorsstore.co.uk, www.flooringmaterials.co.uk, www.tilewarehouse.co.uk and www.ctdtiles.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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