

22 May 2025

Headlam Group plc
(‘Headlam’ or the ‘Group’)

Trading Update

Headlam (LSE: HEAD), the leading floorcoverings distributor, provides a trading update in respect of the first four months of the year ("Period") ahead of its Annual General Meeting later today.

The Group's year-on-year revenue has sequentially improved through the Period, from a decline of 6.6% in January to a decline of 1.4% in April. Group revenue for the four months overall declined by 4.7%. Revenue from the strategic growth initiatives of Larger Customers and Trade Counters continued to grow, with the latter benefitting from maturity of existing sites as well as the addition of new locations in the Period. Revenue in Regional Distribution declined, albeit also sequentially improving through the Period.

Good progress continues to be made on the transformation plan. Following the successful network optimisation initiatives in the South East of England and in Scotland, we have commenced optimisation in the Midlands, with the closure of our Nottingham distribution centre expected to be completed in Q3, with operations being consolidated into our nearby Coleshill and Tamworth distribution centres.

There are some encouraging signs of the market conditions improving and we are also seeing early signs of the benefits of the changes we have been making to our sales organisation. In the residential side of the business we have relaunched our Lifestyle brand, including a major rollout of display stands alongside incentives, to support our independent retailer customers. In the commercial market, we have won a number of contracts and projects, which will add to revenue over the coming months. However, as the market is taking longer than expected to improve, we are accelerating and increasing the scale of the transformation plan to grow revenue and reduce costs. We will provide more detail on this in our pre-close trading update in July.

Notwithstanding the cautiously improving market outlook, due to the weaker than expected market performance year-to-date, we expect the underlying loss before tax for 2025 to be significantly weighted towards H1, with H2 supported by an improving market backdrop and the impact of the transformation plan. Looking beyond 2025, we have confidence these tailwinds, in conjunction with the strength of Headlam's market position and proposition, will underpin a substantial recovery in Headlam's profitability.

The Group's robust balance sheet has continued to be supported by significant headroom on its borrowing facilities, unencumbered stock and receivables, and a property portfolio valued at £94 million.

Footnotes

1. All year-on-year revenue figures are presented on a same working day basis. There has been one less working day in the first four months of 2025 compared to 2024
2. The property valuation of £94 million is at the market valuation undertaken in January 2023

Enquiries

Headlam Group plc
Chris Payne, Chief Executive
Adam Phillips, Chief Financial Officer

Tel: 01675 433 000
Email: headlamgroup@headlam.com

Pannure Liberum Limited (Corporate Broker)
Tom Scrivens / Atholl Tweedie

Tel: 020 3100 2000

Operating for over 30 years, Headlam is the UK's leading floorcoverings distributor. The Group works with suppliers across the globe manufacturing the broadest range of products, and gives them a highly effective route to market, selling their products into the large and diverse trade customer base. The Group has an extensive customer base spanning independent and multiple retailers, small and large contractors, and housebuilders. It provides its customers with a market leading service through the largest product range, in-depth knowledge, ecommerce and marketing support, and nationwide next day delivery service. To maximise customer reach and sales opportunity, Headlam operates businesses, trade brands and product brands across the UK and Continental Europe (France and the Netherlands), which are supported by the group's network, central resources and processes.

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