

22 July 2025

Headlam Group plc
('Headlam', the 'Company', the 'Group')

Pre-close trading update

Improving revenue trend; expectations unchanged

Headlam (LSE: HEAD), the UK's leading floor coverings distributor, provides the following scheduled update in respect of trading in the six months to the end of June 2025 (the 'Period' or 'H1'), ahead of announcing half year results on 16th September.

In the final two months of H1, the Group has seen a continuation of the positive trends set out in the Group's previous trading update on 22nd May. The sequential improvement in revenue continued through the rest of the Period, with Group revenue down 0.6% in June compared to a 6.6% decline in January. In the UK, we achieved revenue and volume growth in the month of June for the first time since early 2022. For the Period, Group revenue declined 3.8%, with the UK down 3.8% and Continental Europe down 3.9%.

Reflecting the delayed market recovery and resultant revenue decline in the Period, particularly in Q1, the underlying loss before tax for the Period is expected to be approximately £20 million.

Strong progress continues to be made on the transformation plan. We are well progressed in the transition of operations from our Nottingham distribution centre into other sites; this property is on track to be closed by the end of August. In June, we launched fully centralised procurement for stock purchases, which is expected to bring cost savings and working capital improvements. During the Period, we engaged Alvarez & Marsal as transformation advisers to help us identify significant further opportunities to enhance profitability and cash generation through gross margin improvements and cost efficiencies.

At the Group's FY24 full year results announcement in March this year, we set out a target of £25 million profit improvement from the transformation plan (with benefits starting to be realised during 2025 and fully achieved by the end of 2027). We have now identified opportunities to increase that and will provide a detailed update in our half year results announcement in September.

Based on an ongoing improving revenue profile, building on the trajectory achieved in H1, combined with the additional transformation plan benefits identified, the Board expects results for the full year to be in line with expectations.

At the end of June, net debt was £24 million and, as announced yesterday, the Group has subsequently completed the sale and leaseback of its Tamworth distribution centre for a sale price of £22 million (excluding VAT); the proceeds of which will be used to reduce the Group's drawdown on its revolving credit facility. The Group's robust balance sheet has continued to be supported by headroom on its £72 million borrowing facilities and a property portfolio valued at £80 million².

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 UK in the Period compared to 2024
2. Based on the market valuation undertaken in January 2023. Excludes the Tamworth distribution centre that was sold after the end of the Period

Enquiries

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Notes to Editors

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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