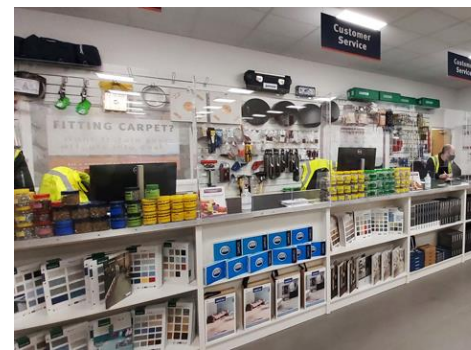


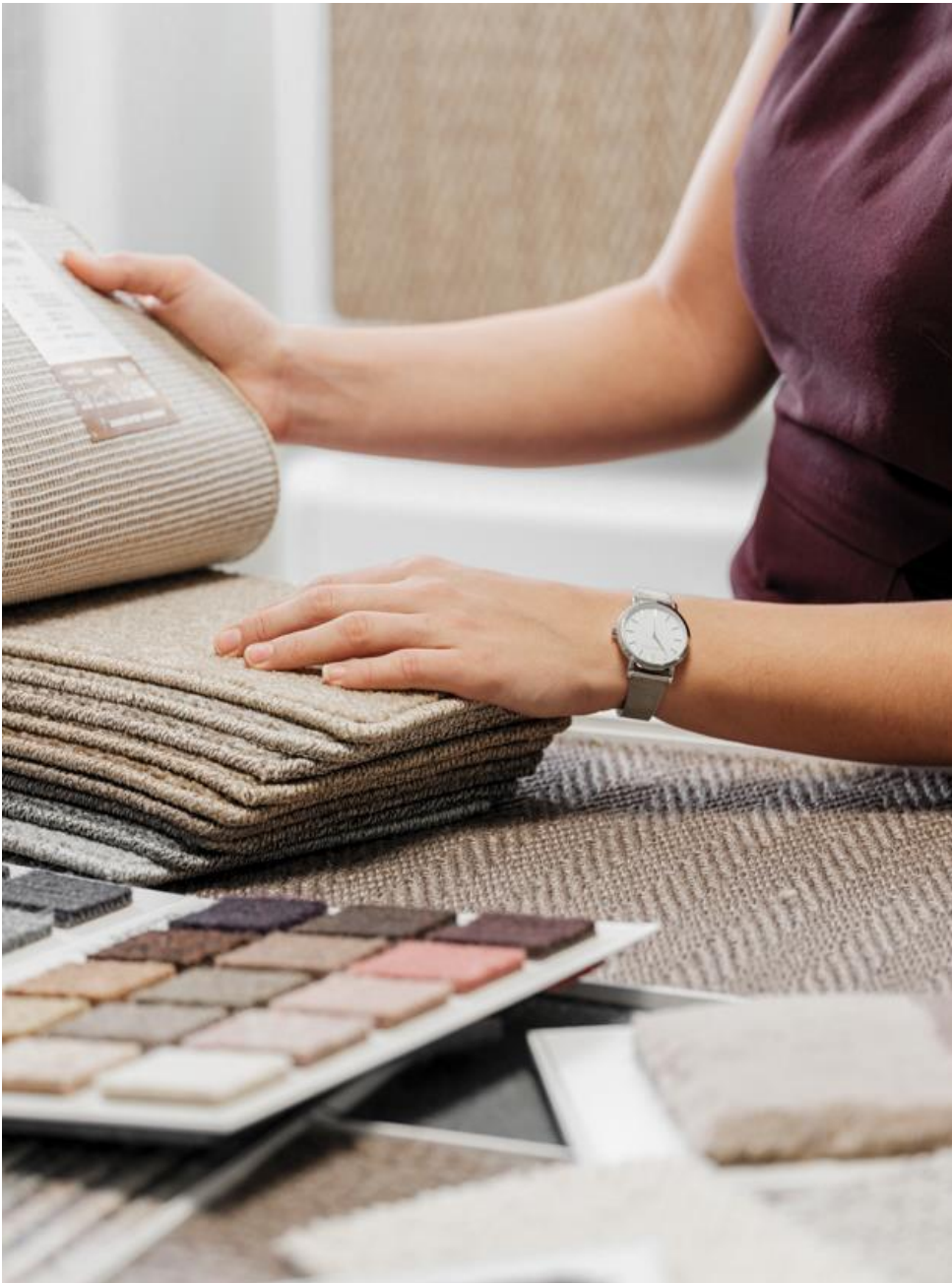
2021 SUMMARY AND AGM TRADING UPDATE

First four months to 30 April 2022

Europe's leading floorcoverings distributor



headlam
group plc



Chris Payne
Chief Executive

- About Us
- Board
- 2021 Financials
- Capital Allocation Priorities
- Strategy and Operations
- ESG Update
- 2022 Trading Update (4 months)
- Summary

ABOUT US

Europe's leading floorcoverings distributor

Market Leading

- 30 years operating
- 25,000 trade customer accounts
- Most comprehensive service offering
- Servicing residential and commercial sectors
- 39,000 SKUs

Nationwide Operations

- 66 businesses, and dedicated sales teams
- 21 distribution hubs and centres
- 54 trade counters

Strong Foundations

- Financial strength, strong cash generation
- Track record in governance and returns
- Business change strategy delivering

Growth Opportunities

- Targeting increased share of £3bn UK market
- 7.5% operating margin target (2021: 5.6%)



BOARD

Expanded skills and experience

Keith Edelman Non-Executive Chairman

- Appointed Chair at 2022 AGM
- Extensive commercial experience
- Non-Exec Chair at Revolution Bars Group plc

Chris Payne Chief Executive

- Appointed Chief Executive in March 2022
- Joined as CFO in 2017
- A key architect of business change strategy

Patrick Butcher Interim CFO

- Joined as temporary CFO in April 2022
- Formerly CFO at Capita plc, The Go-Ahead Group plc, and Network Rail

Amanda Aldridge Non-Executive Director

- Chair of Audit Committee, with significant experience as an external auditor
- Non-Exec Director at Impact Healthcare REIT plc and The Brunner Investment Trust PLC

Simon King Non-Executive Director

- Appointed May 2021, and SID from 2022 AGM
- 35 years executive experience, most recently at Travis Perkins, being the CEO of Wickes

Stephen Bird Non-Executive Director

- Appointed September 2021
- Group Chief Executive of The Vitec Group plc
- Extensive experience developing customer-led growth strategies

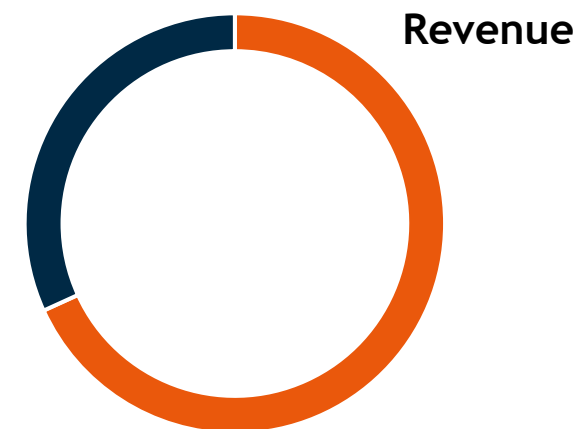
New Independent Non-Executive appointment later in the year



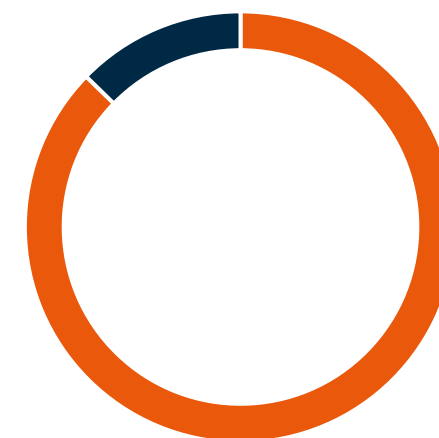
2021 FINANCIAL HIGHLIGHTS

Strong recovery from impact of COVID-19

- Revenue +15.4% at £667.2m, a strong rebound from 2020 which was materially impacted by COVID-19 related closures of operations in H1 20 (2020: £578.1m)
- Gross margin increased to a record 33.0% (2020: 30.8%) owing to the inflationary environment and other factors including business change strategy
- Underlying operating margin improved to 5.6% (2020: 3.0%), with stated 7.5% target during 2023 through increasing realisation of benefits
- Underlying profit before tax of £35.8m (2020: £15.4m)
- Average net funds (excluding lease liabilities) of £38.3m, strong recovery from 2020 net debt position caused by COVID-19 (2020: £8.6m average net debt)
- Net funds position (including lease liabilities) at 31 Dec 2021 of £17.7m (1 Jan 2021: £8.3m)
- Final ordinary dividend of 8.6p in line with the Capital Allocation Parameters, giving total dividend payout in respect of 2021 of 16.4p
- In addition, a surplus capital return totaling £30 million (via special div and SBB)



Residential sector	68.5%
Commercial sector	31.5%



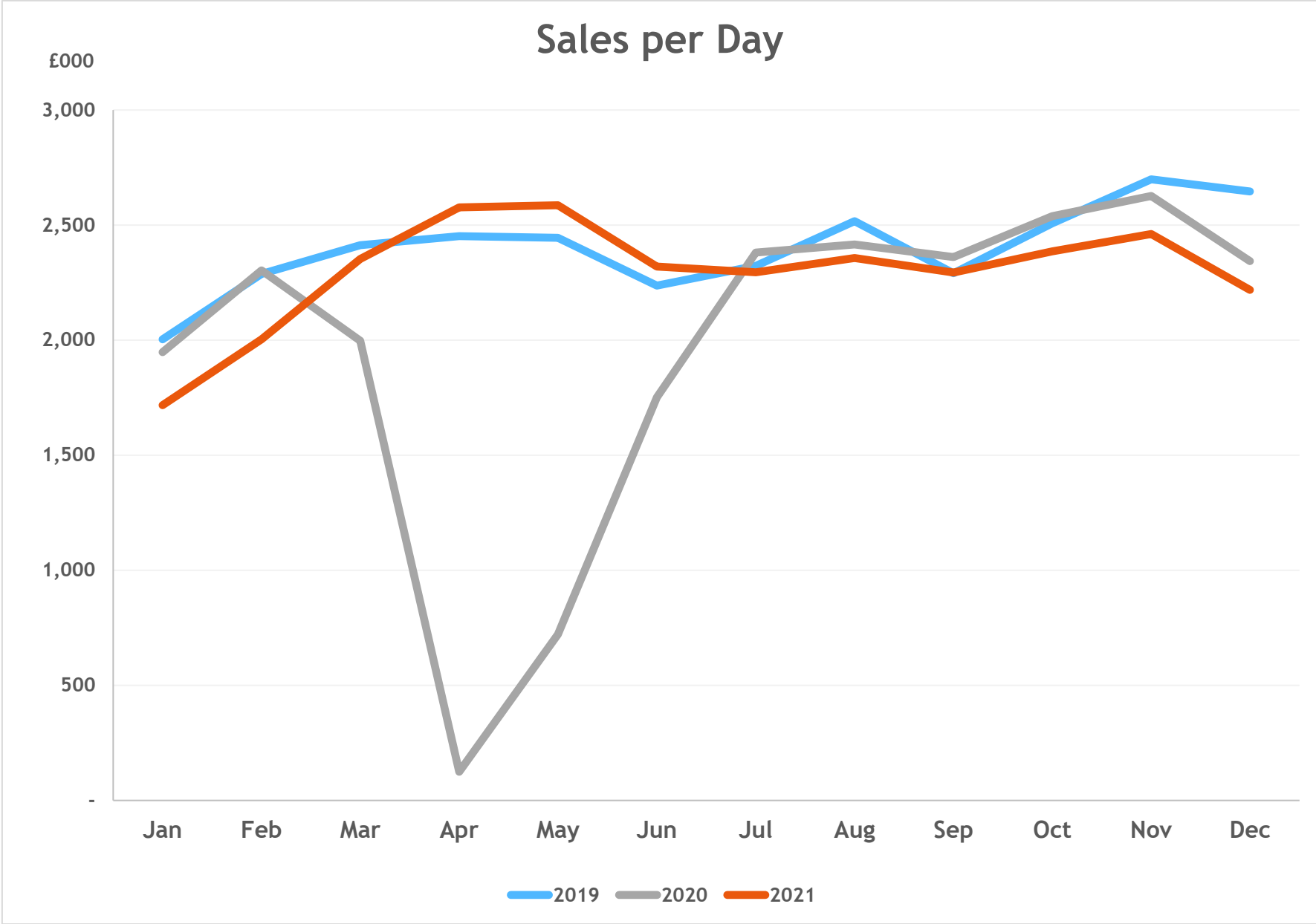
UK	87.8%
Continental Europe*	12.2%

*Continental Europe: France and the Netherlands

All financial results represent continuing operations only, and exclude the contribution from the Swiss business Belcolor in the year, and the comparator year(s), following its disposal in May 2021

Underlying is before non-underlying items, which includes i) amortisation of acquired intangible assets, ii) impairment of goodwill and intangible assets, iii) property disposal profit, iv) business restructuring costs, and v) impairment of property, plant and equipment and inventory (following a fire)

UK DISTRIBUTION DAILY SALES (2019 - 2021)*



*Calculated on a like-for-like basis, being based on activities and businesses that made a full contribution in both the current and previous year, and adjusted for any variances in working days

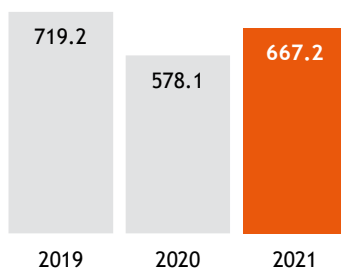
FINANCIAL TRACK RECORD

Financial strength, and track-record of returns

Revenue

£667.2m
+15.4%

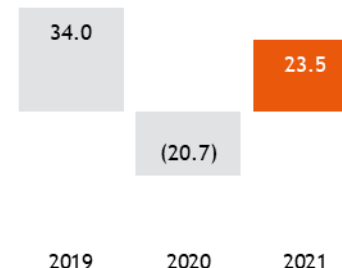
(2020: £578.1m)



Statutory basic (loss)/earnings per share

23.5p
+213.5%

(2020: (20.7)p)

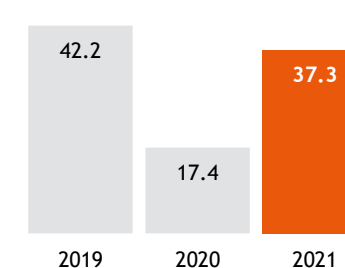


Underlying operating profit

£37.3m
+114.4%

(2020: £17.4m)

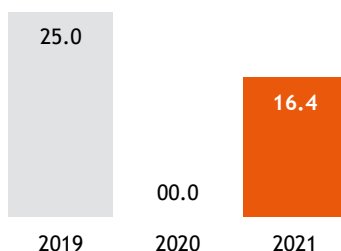
Statutory operating profit £29.1m
(2020: £(12.2)m loss)



Total dividend

16.4p

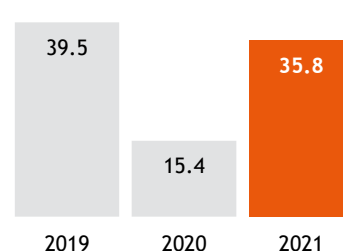
(2020: 0.0p)



Underlying profit before tax

£35.8m
+132.5%

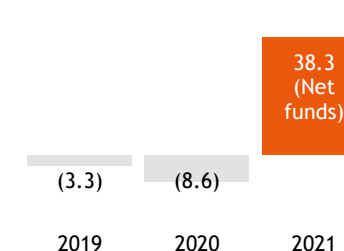
(2020: £15.4m)



Average net funds/(debt)

£38.3m
+545.3%

(2020: £(8.6)m net debt)



All financial results represent continuing operations only, and exclude the contribution from the Swiss business Belcolor in the year, and the comparator year(s), following its disposal in May 2021

Underlying is before non-underlying items, which includes i) amortisation of acquired intangible assets, ii) impairment of goodwill and intangible assets, iii) property disposal profit, iv) business restructuring costs, and v) impairment of property, plant and equipment and inventory (following a fire)

Average net funds / (debt) is calculated by aggregating the net funds / (debt) position, excluding the impact of IFRS 16 'Leases', for each business day and dividing by the total number of business days

CAPITAL ALLOCATION PRIORITIES

Strong foundations, investment, and shareholder returns

Capital Allocation Priorities*

Maintain strong balance sheet



Investment in the business



Ordinary dividend income



Potential M&A



Surplus capital return
(above current requirements and
other considerations)



Increased Investment

- Trade counter roll-out (see page 13)
- Replacing / upgrading warehouse equipment and MHE

Ordinary Dividends

- Total of 16.4p** in respect of 2021
- Pay-out per parameters (ex-div)

New/Underweight Opportunities

- Product categories
- Customer segments

Special Dividend

- £15 million
- 17.7p per share
- Ex-div, payable 27 May 2022

Share Buyback (SBB)

- £15 million
- Commenced 10 March 2022
- Completed within c12 months

*See 2021 Annual Report for full detail on Capital Allocation Priorities, including ordinary dividend pay-out ratio

**Includes 2p nominal dividend paid in May 2021

STRATEGY AND OPERATIONS



BUSINESS CHANGE STRATEGY

Meaningful organic revenue growth from an efficient operating base

- Operational efficiency through simplification, cost control and digitalisation
- Actively targeting a larger share of the £3 billion* UK market
- Improved service propositions to all customer segments

£3 billion* UK market

Trade customer segments



■ Good weighting ■ Underweight ■ Very underweight

*Source: LEK Consulting, 2020, calculated at distributors' selling price and inclusive of sales direct from manufacturers

STRATEGY IN ACTION

Benefits flowing through both operationally and financially



TRADE COUNTERS

Accelerating roll-out of new and improved sites nationwide



- Accelerating roll-out to grow network from 53 (March 2022) to 90 new and improved sites by 2025
- New 'blueprint' designed to meet needs of a broader range of customers:
 - Pre-ordered collections
 - Stocked products and self-pick
 - Own-branded product range exclusive to trade counter customers
 - Tools, accessories and workwear
 - Expert advice
 - Larger footprint
- Total investment of £18m
- Targeting revenue growth of c£120m (2021: £80m)

New 'blueprint' sites performing well

13 sites operating under the new 'blueprint' by end of May 2022 (54 sites in total)

Positive feedback from customers and employees

Encouraging early performances:

- Higher revenue
- New account openings
- More orders per account
- Higher margin (due to changed product offering)

Dedicated team in place to support accelerating roll-out

In 2022, targeting total of 9 new sites / relocations plus +11 refits

Good pipeline of prospective sites

MULTIPLE RETAILERS

Substantial scope to develop the revenue opportunity



New Customer: Oak Furnitureland

Specialist British furniture retailer with 70 stores across the UK

New customer since Q4 2021

Partnered with Headlam to launch their new engineered wood flooring proposition

Headlam sole supplier on a range of exclusive, premium engineered wood products after their customers expressed interest

Launched on Boxing Day 2021

New dedicated flooring areas within 4 stores

Scope to roll-out

- Headlam significantly underweight in this c £1 billion customer segment
- Dedicated team, tailored propositions, and digital support / enabling work in place
- Compelling service offering:
 - Product insight and exclusivity
 - Competitive pricing
 - Supply chain management
 - Stockholding / storage solutions
 - Processing and material-handling expertise
 - National distribution (any number of locations / frequency)
- Good progress winning initial orders with a number of new customers, substantial scope to grow

DIGITAL AND ECOMMERCE APPLICATIONS

Increasing revenue opportunities and efficiency



- Curated suite of digital products launched to provide competitive advantage
- Increasing revenue opportunities across different customer segments, and reducing overall cost to serve
 - B2B websites relaunched
 - New industry-leading app launched
 - Digital enabling work to support larger customers
 - Internal digitalisation
 - PIM (Product Information Management) / internal management performance measures
- Target of 30% of sales from digital channels, currently 25% (2019: 11%)

myheadlam

Industry-leading fully transactional mobile app launched in November 2021

Enabling customers to trade with Headlam in a quick and easy way

- Access to all Headlam accounts ‘on the go’
- Search products
- Check real-time availability / prices
- Review order history
- Track live orders

Very positive customer feedback and take-up

- £2.3m sales via app since launch (Nov 2021)
- 1,800 customer registrations
- Further enhancements planned for 2022

PRODUCT AND BRAND DEVELOPMENT

Refocusing, relaunches and launches

Refocusing of recognised brands

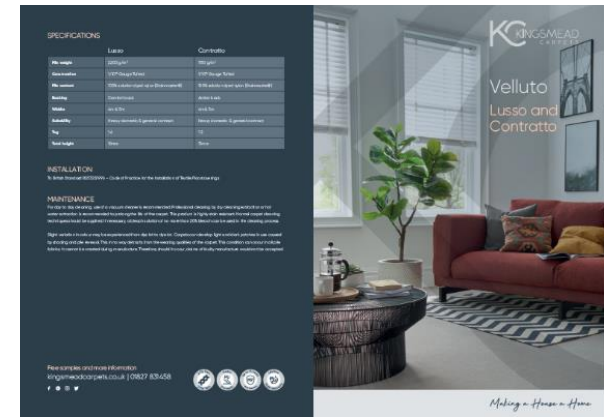
- Investment in dedicated team to support product and brand development
- Refocusing of recognised product brands to keep them fresh, increase sales opportunity

‘Wool Britannia’ sustainable product range

- Launched with support of the British Wool Association, very well received
- Two further launches expected in 2022, and further trial blends being explored

Further new product launches

- Exclusive own-brand residential range being launched from June 2022
- Entry-level carpet ranges, with particular appeal in an inflationary environment



SUPPLIERS AND BUYING

Long-established relationships, with many opportunities

Inventory Management

- Maintained inventory levels despite recent industry supply issues
- Testament to long-established relationships, and Headlam's scale
- Improved inventory management through automation

Sustainability

- Supply Risk Assessment underway
- Further sustainable product launches planned in conjunction with suppliers
- Discussions on end-of-life / recycling

Ranging

- More strategic and centralised ranging discussions
- Recent launch of two new own-brand products
- Joint business plans e.g. adhesive

Engagement

- Strategic partnership conversations
- Increased levels of engagement on terms, regulation, and supply chain efficiencies
- Supplier conference planned for September 2022

Many opportunities available

ESG UPDATE



Full-form ESG Report published alongside 2021 Annual Report

Core focuses

- Reducing contribution to Greenhouse Gas ('GHG') emissions and climate change
- Becoming a more sustainable business, including through cultural development and increased oversight
- Increasing the sustainability of the overall industry through engagement and example, supporting the future transition to a circular economy

Current main actions

- **Commercial vehicles** - more efficient delivery fleet utilisation, associated reduction in fleet
- **Non-commercial vehicles** - increasing availability of plug-in hybrid and low emission (target 50% by end 2022)
- **Product** - promoting sustainable products into the marketplace
- **People** - investing in and improving support (including training, rewards and benefits)
- **Supply chain** - risk assessment being conducted by an independent party

Additional focuses

- **Net zero** - ambition for 2035 (Scope 1 and 2 emissions), development of costed transition plan
- **Diversity, Equity and Inclusion (DEI)** - strategy development, followed by future targets (group-wide)
- **Charitable giving and community** - locally focused community programme being launched June 2022
- **Supplier engagement** - including on regulation, Scope 3 re-assessment, and procurement charter

2022 TRADING UPDATE



PERFORMANCE AND MARKET BACKDROP

First four months trading

- Overall revenue performance in-line with 2021, with profit above 2021
- Some softening in residential sector (-0.5% v same 2021 period) and delayed orders, however:
 - Commercial sector continued to show recovery following severely impacted COVID-19 related 2020 and 2021 position (+5.8% v same 2021 period)
 - Branded and higher-end products performed above plan
 - Delayed orders now coming through
- Profit performance supported by ongoing focus on operational efficiency as part of business change strategy

Encouraging strategic progress

- Further new customer gains in multiple retailer segment, with increasing number of SKUs
- 25% of sales now coming from new and improved digital channels, with lower cost to serve
- Revenue performance of invested trade counter sites up 13% on same 2021 period
- Preparations for further new product launches starting June 2022 to support market share gain

Market backdrop and outlook

- Continuing inflationary environment likely to impact consumer spending during the year, however:
 - Strategy should provide a countermeasure and some protection against weaker market
 - Manufacturer-led price increases will provide a support to revenue and help offset operational cost inflation
 - Expectation that the commercial sector will continue its recovery, with deferred work undertaken

CONTINUE TO BE COMFORTABLE WITH PROFIT EXPECTATIONS FOR THE YEAR

SUMMARY

Well positioned despite expected market weakening in residential



Comprehensive growth focused strategy

- Demonstrating progress in multiple areas
- Increasing contributions expected
- Should provide a countermeasure and some protection against the weaker underlying market

Continue to be comfortable with 2022 profit expectations*

- Strong 2021 margin and profit performance has continued into 2022 to-date
- Ongoing focus on operational efficiency through cost control

Ongoing Board and ESG development

- New CFO search process expected to complete soon, and new NED appointment expected towards end of the year
- ESG Risk Rating 'low'** and comprehensive strategy in place with ongoing development

**Company-compiled consensus market expectations are available at www.headlam.com*

***Sustainalytics ESG Profile Report published in May 2022 gave the Company a 'low' ESG Risk Rating with 'no controversies', and an improved overall ESG score.*

Q&A

