16 September 2025

Headlam Group plc

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

Half Year Results

Headlam Group plc (LSE: HEAD), the UK's leading floorcoverings distributor, today announces its results in respect of the first six months of the year to 30 June 2025 (the 'Period').

	2025	**2024**
Revenue	£244.7m	£256.4m
EBITDA	£(6.7)m	£(2.8)m
Underlying[1] Operating Loss	£(17.2)m	£(12.4)m
Underlying[1] Loss Before Tax	£(19.9)m	£(15.6)m
Underlying[1] Basic Loss Per Share	(19.0)p	(15.1)p
Underlying[1] Operating Cash Flow	£(18.7)m	£18.3m
Net Debt[2]	£24.0m	£28.3m
Statutory results		
Operating Loss	£(29.1)m	£(16.5)m
Loss Before Tax	£(31.8)m	£(19.7)m
Basic Loss Per Share	(31.7)p	(18.0)p

All numbers above represent continuing operations. See footnote 3

H1 results reflect continued challenging market conditions

- Revenue declined 3.8% year-on-year on a same-day basis
- Gross margin slightly up year-on-year at 30.8% (H1 2024: 30.4%)
- Operating costs well controlled, with early benefits from the transformation plan more than offsetting inflationary pressures including national minimum wage and the increase in NI contributions
- Underlying Loss Before Tax of £19.9m reflecting the cumulative decline in the flooring market

Strong balance sheet; working capital well-controlled

- Stock levels are £12m lower than the same period last year although higher than December 2024. The H1 increase reflects targeted investments to improve stock availability and support revenue recovery. Our recently centralised buying processes are expected to reduce stock levels in the second half of the year
- Net Debt of £24m at the end of the Period compared to £28m a year ago
- £47.5m of cash and undrawn facilities at the end of the Period; £21m cash receipts from property sale since the Period end, reducing Net Debt further
- Strong asset backing: at the end of the Period the Group owned property valued in 2023 at £94m; recent disposals have been at an average 23% premium to these valuations

Good progress on implementation of transformation plan; upgraded benefits

- In September 2024 the Group announced a transformation plan to simplify its customer offer, network and operations
- The objectives of this plan are to: improve profitability, increase market share and release cash through more efficient working capital management and the disposal of non-core property
- The market conditions have been weaker, and for longer, than previously expected. Accordingly, during the Period the Group selected Alvarez & Marsal to assist the Group in accelerating and

increasing the scale of benefits from the transformation plan initiatives, with an initial focus on helping implement a revised supplier sourcing strategy and centralised buying function
- Good progress has been made so far, including the following developments during 2025:
    - Commencement of the rollout of innovative new display stands, supporting our independent retailer customers
    - Network optimisation in the South East with the opening of a new distribution centre in Rayleigh and the closure of the Ipswich site
    - Consolidation of operations in the Midlands, with Nottingham transferred into other sites
    - The launch of fully centralised buying processes in June
    - The commencement of the supplier sourcing strategy, including harmonisation of ranges
    - Preparation for sale of the Group's businesses in France and Netherlands
- As a result of the preparatory work performed to date, and the additional initiatives identified, we upgrade the annual profit improvement expected from the transformation plan from the previous guidance of £25m to at least £35m; the majority of this cumulative profit benefit is expected to have been delivered by the end of 2026. In 2025, we anticipate at least £10m profit benefit from the transformation plan.

Current trading and outlook
- The lead indicators for the market continue to point to a return to growth over the medium term, but the timing of market recovery continues to be uncertain and volatile, and market data indicates a slight deterioration in market conditions in the last three months
- The Group's year-on-year revenue for July was similar to June, with the two months close to flat year-on-year with August slightly weaker
- As we move into Q4, the market shifts into the peak residential trading period and the Group annualises relatively softer comparatives; accordingly, we anticipate a continuation of the improving revenue trajectory observed during the first half
- The transformation plan is progressing well, with benefits starting to take effect in H1 2025 and accelerating through H2 2025 and 2026
- The long-term outlook for Headlam remains positive, reflecting the combination of:
    - Continued implementation of the existing strategy, including the maturity of the Trade Counter business, with the investment phase now complete
    - The transformation plan
    - Market improvement, recognising that the market has declined more than 25% in volume terms in recent years

Commenting, Chris Payne, Chief Executive, said:
"We have made good progress on the transformation plan so far, significantly simplifying the Group and its infrastructure and processes. The benefits have started to be realised towards the end of the first half and will accelerate through the second half of the year. Whilst the lead indicators for consumer spending on home improvements are more positive, the flooring market has continued to decline, and the timing of recovery remains uncertain. Against this backdrop we have identified additional benefits from the transformation plan, to offset the market weakness as we continue to drive the Group back to profit. As we unlock cash and costs from our business, we continue to invest in the proposition across all our customer groups in order to grow market share and strengthen our position as the UK's leading floor coverings distributor."

Presentations

The Group will be hosting a live-streamed presentation with Q&A for analysts at 9.00am UK time. To register interest in attending, please email: headlamgroup@headlam.com

The Group will also be hosting an Investor Meet presentation and Q&A for investors today at 12.00pm UK time. The presentation is open to all existing and potential shareholders. Investors can attend by clicking on this link: www.investormeetcompany.com/headlam-group-plc/register-investor

A video of the presentation, as well as the presentation slides, will be made available on the Group's website (www.headlam.com) following the conclusion of the investor presentation.

Footnotes

1. To supplement IFRS reporting, we also present our results on an underlying basis to show the performance of the business before non-underlying items. These items are detailed in note 3 and principally comprise: amortisation of acquired intangibles; impairment of intangibles, property, plant and equipment and right-of-use assets; profit on sale of property, plant and equipment; business restructuring and change-related costs; and ERP development costs. These underlying measures, along with other alternative financial measures including debt and cash flow metrics, form the Group's Alternative Performance Measures (APMs) that are used internally by management as key measures to assess performance. Further explanation in relation to these measures can be found in the glossary of APMs at the end of this announcement.
2. The comparative for Net Debt is 30 June 2024. All other comparative measures are for the six months to 30 June 2024.
3. All income statement and cash flow numbers presented above are for continuing operations unless otherwise stated. The Continental European businesses are presented as discontinued operations
4. 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.

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.

Chief Executive's Review

Introduction and market update

The Group's financial performance in the first half of 2025 continued to reflect the ongoing challenging trading environment. The flooring market declined further during the first half of the year, alongside consumer spending on the broader home improvements category. Cumulatively the flooring market has declined more than 25% in recent years.

Despite the weak market backdrop, we saw an improvement during the first half, albeit with revenues remaining in decline. Group revenue declined 6.6% in January, improving to a 0.6% decline in June.

The transformation plan announced last year is progressing well, thanks to huge efforts from colleagues across the Group. Several initiatives have been implemented already and the benefits from the programme are expected to accelerate from H2 2025 onwards. Through a combination of increased confidence over the scale of benefits from existing initiatives, plus the identification of new initiatives, we have upgraded the overall profit benefits expected from £25 million to £35 million.

Financial and operational performance in H1 2025

Group revenue was down 3.8% year-on-year (on a same working day basis) at £244.7 million (H1 2024: £256.4 million); UK revenue declined by 3.8% and Continental Europe declined by 3.9%. We continued to grow revenues in our Trade Counters and Larger Customers channels, partially offsetting the impact on our core business of market weakness in the UK, France and Netherlands.

During the Period we invested in our Regional Distribution business, including a substantial rollout of display stands to our independent retailer customers, to position the business well as market conditions improve. We have also continued to selectively launch new ranges, maintaining a fresh portfolio of products.

We have now completed our rollout investments in the Trade Counters business which, after some optimisation in the second half, will result in around 80 sites operational at the end of the year. Our Trade Counter business now moves from rollout to maturation phase; so from 2026 onwards, growth in Trade Counter revenue will drop through to profit at a greater rate, leveraging the fixed cost already in place.

Gross margin was slightly up in the Period, despite competitive pricing activity in the market, and operating costs were well controlled. Inflationary pressures on costs, including the 6.7% increase in the National Minimum Wage and the increase in employer's National Insurance Contributions, were more than offset by cost savings and efficiencies. The net operating cost increase of £2.2 million (2.4%) in the first half reflected the final rollout investments in the Trade Counter business.

The Underlying Loss Before Tax of £19.9 million (H1 2024: £15.6 million) for the first half principally reflects the cumulative market decline over recent years. We are addressing the impact of this on the Group's profitability through the transformation plan, which is targeted to deliver at least £35 million of profit improvement upon completion. We continue to assess opportunities to increase the overall benefits further.

Net Debt reduced slightly to £24.0 million at 30th June 2025 compared to £28.3 million at 30th June 2024. The Group had £47.5 million of cash and undrawn facilities available at the end of the Period and, subsequent to the Period end, has received £21.1 million of cash proceeds (excluding VAT) from the disposal of property.

Full detail of the Group's financial performance is given in the Chief Financial Officer's Review.

Progress on transformation plan
We launched the transformation plan in the second half of 2024 with the objective to simplify our customer offer, simplify our network and simplify our operations; improving profitability, increasing market share and releasing capital from more efficient working capital management and the disposal of non-core property.

There are three parts:
1. Simplify our customer offer
2. Simplify our network
3. Simplify our operations

1. Simplify our customer offer

A year ago we launched a single go-to-market proposition, under our Mercado brand, consolidating 32 trading businesses. Earlier this year we also consolidated six different own product brand businesses into one Sales Team. These changes have now been successfully implemented and embedded, simplifying our offer to our customers and providing them with the broadest range of flooring through a unified product list.

In March we commenced the rollout of a major refresh of display stands, the Group's first significant investment of this type for several years. This rollout continues throughout the remainder of 2025. The customer feedback to date has been very strong and there are encouraging early indications of revenue growth with customers receiving new stands, which we continue to track closely

Late last year we launched our "order anywhere, collect anywhere" customer proposition. This enables independent retailers, fitters, contractors and housebuilders to place an order anywhere in our network or across any of our channels for collection from any of our trade counters, as well as the option of next day delivery. This provides unrivalled convenience in the UK distribution market. As well as attracting new customers, an increasing number of existing customers are utilising this convenience and flexibility.

2. Simplify our network

In the UK, Headlam operates from a network of distribution centres and transport cross-docks[1], out of which around 300 delivery vans provide next-day service to customers across the country. The configuration of this network developed through Headlam's acquisitions of regional flooring distribution businesses in the 1990s and 2000s. In recent years we have made good progress in optimising and integrating elements of this network by creating regional hubs and by consolidating transport operations. As part of the transformation plan we are accelerating this activity.

We have made significant progress so far:
- Optimising our operations in North West England by transferring stock out of our Stockport distribution centre and opening up a cross-dock facility nearby.
- Consolidating our distribution centres in Scotland, combining two sites near Glasgow.

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[1] Transport cross-docks are non-stock-holding locations that are used to transfer product from overnight trunker deliveries onto local delivery vans, ready for delivery the following day to customers in the surrounding area

- Opening a new distribution centre in Rayleigh (Essex) and a new cross-dock facility in Ipswich to enable us to better serve our customers in the South East of England. As a consequence of this, our Ipswich distribution centre and Enfield cross-dock facility have become surplus to requirements and closed.
- Optimising our operations in the Midlands, resulting in the Nottingham distribution centre becoming surplus to requirements and currently marketed for sale.

We have also commenced the conversion of our Bridgend distribution centre into a cross-dock, creating efficiencies in costs and working capital, without any reduction in customer service levels in the surrounding area.

The above changes result in an improved network for customer service at lower operating cost, whilst also generating significant cash proceeds. Headlam currently has 1.3 million square foot of warehouse capacity in its distribution centres. This is a reduction of 14% compared to the 1.5 million square foot of warehouse capacity at the end of H1 2024; this removes legacy duplication in the network and provides a more efficient footprint, whilst also being capable of supporting revenue growth over the medium term.

We will continue to review, and provide updates on, our network as we continually look to enhance customer service and improve operational efficiency.

3. Simplify our operations

The opportunities of this element of the transformation plan comprise two parts:
1) operating cost reductions through optimisation of processes, as a result of simplifying our trading structure and network; and,
2) gross margin improvements through an integrated supplier sourcing strategy and centralised buying function.

During the Period we selected Alvarez & Marsal, business transformation experts, to identify and implement the above opportunities. The initial focus has been the development, in conjunction with our internal teams, of a supplier sourcing strategy that harnesses the scale and coordination of an integrated Headlam business. This includes tendering volumes, relocating supply chains and rationalising ranges. In June we also launched a centralised buying process, which will be fully rolled out across the UK Distribution business during H2.

Good progress has been made to date, with material benefits to gross margin identified already; these will take effect from H2 2025 onwards. Furthermore, the centralised buying process is beginning to drive an improvement in stock turn, which is expected to reduce stock holding requirements by the end of the year.

We have also made the decision to sell our businesses in Continental Europe, which represented 12% of the Group's revenues in 2024, in order to further simplify the Group and focus on the UK. There are a number of interested buyers and we will look to complete a sale in the coming months, subject to acceptable terms being agreed upon.

Objectives and targets for the transformation plan

The objectives and targets are set out below, along with an update on progress. We have upgraded the profit improvement targeted from the transformation plan, reflecting greater benefits now expected from existing initiatives plus the identification of new initiatives.

Objective	Target	Progress
Market share gains	Market share increase on completion of the transformation plan	The initiatives underpinning this objective have commenced
Unlock capital to reduce debt and to fund the transformation	At least £90 million of one-off cash inflow	On track, with £57 million achieved in H2 2024. Further property disposal opportunities and ongoing working capital optimisation
Structurally improve profitability	At least £35 million of ongoing annual profit benefit (upgraded from previous guidance of £25 million)	Initiatives identified and on track. At least £10 million of the £35 million is targeted to be delivered in 2025 and a cumulative £35 million by the end of 2026

The one-off cash costs of implementing the transformation programme are anticipated to be c.£35 million.

The targeted profit benefit from the transformation plan is in respect of the transformation plan in isolation and does not include other factors impacting on profit and cash, such as: the impact of the existing strategic initiatives (including the maturation of the Trade Counter business and growth in Larger Customers), cost inflation, or market decline/growth. The Board will continue to identify and implement opportunities to increase the profit benefits further.

Current trading and outlook

Looking ahead, the lead indicators continue to be positive for a return to growth in the flooring market; housing transactions have been in growth and household incomes have been increasing. The flooring market appears to have been more greatly impacted than other home improvement sectors, with a cumulative decline of at least 25% over recent years. With such a pronounced decline in the market, there is expected to be an element of deferral by consumers, benefitting the market in the medium term. However, consumer confidence remains fragile and this brings uncertainty to the timing of market improvement.

The UK data on consumer spending on home improvements shows some deterioration in the last three months compared to earlier in the year. Despite this, the Group's UK revenue was broadly flat year-on-year across June and July. August, which is a key trading period for the commercial side of the market (with residential typically quieter), was slightly weaker. As we move into Q4 we enter the peak trading period for the residential element of the market and annualise a period of relatively softer comparatives; reflecting a particularly weak market in Q4 last year at the same time as the Group was undertaking a major consolidation of its trading businesses and sales teams. Accordingly, over the final months of the year we anticipate a continuation of the improving revenue trajectory observed during the first half.

The transformation plan is progressing well, with benefits starting to take effect and accelerating through H2 2025.

The Board believes that the long-term outlook for Headlam remains positive, reflecting the combination of:

- Continued implementation of the existing strategy, including the maturity of the Trade Counter business, recognising that the investment phase is now complete
- The benefits from the transformation plan, once fully implemented
- Market improvement, recognising that the market is now materially lower than in 2019 in volume terms

We are confident that our strategy, accelerated by the transformation plan, will deliver sustainable improvement in our financial performance and maintain our position as the UK's number one flooring distributor, whilst also positioning the business to be at the forefront of market recovery and future growth opportunities as we remain focussed on delivering value to our shareholders and wider stakeholders.

The Board thanks all the Group's colleagues for their continued hard work during the challenging period for the flooring market.

Chris Payne

Chief Executive

16 September 2025

Chief Financial Officer's Review

Summary income statement

	Underlying[2] result H1 2025 £m	**Non-Underlying Items H1 2025 £m**	**Total H1 2025 £m**	Re-presented[1] Underlying[2] result H1 2024 £m	Non-Underlying Items H1 2024 £m	Total H1 2024 £m
Revenue	**244.7**	**–**	**244.7**	256.4	–	256.4
Cost of sales	**(169.4)**	**-**	**(169.4)**	(178.5)	–	(178.5)
Gross profit	**75.3**	**-**	**75.3**	77.9	–	77.9
Operating costs	**(92.5)**	**(11.9)**	**(104.4)**	(90.3)	(4.1)	(94.4)
Operating loss	**(17.2)**	**(11.9)**	**(29.1)**	(12.4)	(4.1)	(16.5)
Net finance costs	**(2.7)**	**–**	**(2.7)**	(3.2)	–	(3.2)
Loss before tax	**(19.9)**	**(11.9)**	**(31.8)**	(15.6)	(4.1)	(19.7)
Tax	**4.7**	**1.7**	**6.4**	3.5	1.8	5.3
Loss from continuing operations	**(15.2)**	**(10.2)**	**(25.4)**	(12.1)	(2.3)	(14.4)
Loss from discontinued operations	**(2.1)**	**(9.3)**	**(11.4)**	(1.7)	(0.1)	(1.8)
Loss for the period	**(17.3)**	**(19.5)**	**(36.8)**	(13.8)	(2.4)	(16.2)

Revenue

Total revenue in the Period decreased by 3.8% on a same working day basis to £244.7 million (H1 2024: £256.4 million). This excludes revenue in Continental Europe which has been presented as a discontinued operation[2].

UK

In the UK, we have three main sales channels: Regional Distribution, Trade Counters and Larger Customers. Following the simplification of the Group, integration of sales teams, and the launch of customer initiatives such as "order anywhere, collect anywhere", there is increased crossover of revenues between these sales channels, particularly Regional Distribution and Trade Counters; accordingly, we show UK revenue in total rather than split into channels.

We continued to grow revenue in the Trade Counters and Larger Customers channels; this was offset by revenue decline in Regional Distribution.

We have now completed the rollout phase of the Trade Counters business, with the investments to date performing in line with business case. This business now moves to maturation phase, with revenue growth dropping through to profit at a greater rate, reflecting that the fixed cost will already be in place.

Revenue from Larger Customers continued to grow, despite the loss of Homebase as a customer (which generated £6.8 million revenue in full year 2024), reflecting increased share of business of existing customers, combined with the annualisation of customers won in H2 2024.

[1] The results for the six months ended 30 June 2024 have been re-presented to refer the presentation of the Continental European businesses as discontinued (see note 8 for further information).

[2] To supplement IFRS reporting, we also present our results on an underlying basis to show the performance of the business before Non-Underlying Items. These items are detailed in note 3 and principally comprise: amortisation of acquired intangibles; impairment of assets; business restructuring and change-related costs; and ERP system development.

Continental Europe
Revenue declined 3.9% in Continental Europe; the net of growth in the Netherlands, reflecting new distribution agreements for exclusive supply of certain branded ranges, and decline in France due to ongoing market weakness. The revenue performance improved during the Period.

Gross Margin

Gross margin in the Period was 30.8% (H1 2024: 30.4%). This reflected the net of lower stock clearance activity in the current year, partially offset by the impact of mix.

Costs

Operating costs increased by 2.4% to £92.5 million (H1 2024: £90.3 million). Cost inflation has remained elevated, albeit to a lower extent than previous years, driven by the 6.7% increase in the national minimum wage and the increase in employer's National Insurance contributions. These inflationary headwinds were more than offset by cost savings and efficiencies from the transformation plan, albeit total operating costs increased as a result of the final stage of the rollout of new sites in our Trade Counters business which added over £3 million of additional operating costs.

Underlying Profit/Loss

Underlying Loss Before Tax of £19.9 million compared to a loss of £15.6 million in H1 2024. The table below breaks down the year-on-year movement:

	Underlying Loss Before Tax £m
H1 2024	**(15.6)**
Revenue	(3.5)
Trade Counter investment	(2.0)
Cost inflation	(2.3)
Mitigating actions	3.0
Interest costs	0.5
H1 2025	**(19.9)**

The decline in revenue contributed to a £3.5m reduction in profit year-on-year.

Trade Counter investments contributed to a £2.0 million reduction in profit, reflecting the net of additional operating costs partially offset by the incremental revenue from new sites. As expected, and as previously guided, in the early years of the Trade Counter investment programme the profit contribution to the Group from this business is reduced due to the operating losses on newly invested trade counters. The Trade Counter business was profit dilutive to the Group in 2023 and 2024, and will be in 2025; becoming profit accretive from 2026 onwards.

Cost inflation was a £2.3 million headwind reflecting the factors explained above. This was more than offset by mitigating actions, through the implementation of the transformation plan, which provided £3.0 million of benefit. These benefits are targeted to accelerate through the second half.

Net interest costs of £2.7 million (H1 2024: £3.2 million) were £0.5 million lower year-on-year, partly reflecting lower average borrowings, which more than offset the interest component of the incremental lease cost of trade counter units and distribution centres.

Reflecting the factors set out above, the Underlying Loss Before Tax was £19.9 million in the Period (H1 2024: £15.6 million).

Non-Underlying Items

Non-underlying items before tax in the Period, relating to continuing operations, totalled a £11.9 million expense (H1 2024: £4.1m expense) as set out in the table below. The net cash impact of these non-underlying items in H1 2025 was a £8.2 million cash outflow.

	H1 2025 Cash £m	H1 2025 Non-cash £m	H1 2025 Total £m	H1 2024 Total £m
Amortisation of intangibles	-	(0.5)	**(0.5)**	(0.6)
Impairment of assets	-	(3.2)	**(3.2)**	(0.9)
Business restructuring and change-related costs	(5.8)	-	**(5.8)**	(4.9)
Profit on sale of property	-	-	**-**	3.2
ERP system development	(2.4)	-	**(2.4)**	(0.9)
Non-underlying income/(expense) before tax	**(8.2)**	**(3.7)**	**(11.9)**	**(4.1)**

Consistent with previous periods, the amortisation of acquired intangibles arising upon consolidation were categorised as non-underlying and amounted to £0.5 million (H1 2024: £0.6 million).

Impairment of assets was a £3.2 million non-cash expense in H1 and related to the impairment of goodwill associated with Melrose cash generating unit.

Business restructuring and change-related costs are in respect of the transformation plan. The cash items principally comprised severance costs and advisory costs.

The cost of developing the new ERP system is expensed rather than capitalised due to it being a cloud-based solution and, as previously guided, the development cost is being treated as a non-underlying expense, of which £2.4 million was incurred in the Period (H1 2024: £0.9 million).

EPS and Dividend

Total basic loss per share on an underlying basis was a loss of 21.6 pence per share (H1 2024: a loss of 17.2 pence per share), reflecting the factors set out above.

No interim ordinary dividend has been declared in respect of the current or prior Period. While we have opted not to declare a dividend, our long-term commitment remains focused on delivering shareholder value. The Board will continue to review how the business is performing, taking into account the market conditions and the implementation of the transformation plan, in assessing when it may be appropriate to reinstate dividend payments.

Tax

The Group's consolidated underlying effective tax rate for the Period was 23.6% (H1 2024: 22.4%), which reflects the expected effective tax rate for the full year. This is slightly lower than the standard rate of corporation tax in the UK primarily due to disallowable expenses.

Cash Flow and Net Debt

	2025 £m	2024 £m
Underlying operating loss	**(17.2)**	(12.4)
Depreciation and other non-cash items	**10.5**	9.6
EBITDA	**(6.7)**	(2.8)
Change in inventories	**(13.4)**	6.6
Change in receivables	**(11.1)**	12.0
Change in payables	**12.2**	2.1
Other	**0.3**	0.4
Underlying Operating Cash Flow	**(18.7)**	18.3
Interest and Tax	**2.9**	(2.5)
Lease payments	**(7.6)**	(6.5)
Capital expenditure	**(2.9)**	(6.8)
Property disposal	**-**	7.4
Other non-underlying items	**(8.2)**	(2.5)
Dividends	**-**	(4.8)
Discontinued operations	**(0.5)**	(1.2)
Net cash flow before movement in borrowings	**(35.0)**	1.4
Movement in borrowings	**49.0**	-
Net cash flows	**14.0**	1.4

Underlying Operating Cash Flow in the Period was an outflow of £18.7 million compared to an inflow of £18.3 million in H1 2024. This was principally driven by the £11.3 million working capital outflow reflecting the £10.8 million payment of VAT in January on the property sales in December 2024, combined with a£12.8 million investment in inventory in the first half, supporting the revenue recovery trajectory during the Period. Inventories continue to be well-controlled and at the end of the Period were £11.7 million lower than at the end of H1 2024. In June the centralised buying function and processes was launched in the UK Distribution business and this is expected to bring significant efficiencies, resulting in improved stock turn over the coming months.

A net £2.9 million cash was received in the Period (H1 2024: £2.5 million outflow) in respect of interest and tax, reflecting a refund of corporation tax payments on account made in 2024.

Lease payments were a £7.6 million cash outflow (H1 2024: £6.5 million); the increase reflects the additional trade counter and distribution centre leases. Capital expenditure was £2.9 million (H1 2024: £6.8 million) and included £2.2 million for fitting out new or refurbished trade counters.

There was an £8.2 million outflow in respect of non-underlying items, comprising £5.8 million business restructuring and change-related costs, and £2.4 million ERP system development costs.

No dividends were paid in the Period; in the previous year, £4.8 million was paid in respect of the final ordinary dividend for 2023.

Net Debt excluding lease liabilities was £24.0 million at the end of the Period, a decrease of £4.3 million from 30 June 2024 and an increase of £34.9 million from 31 December 2024. The movement since 31 December 2024 principally reflects the VAT timing impact from the property sales in December 2024 (with £10.8 million VAT collected in December and paid to HM Revenue & Customs in January 2025) and the investment in inventories.

At the end of the Period, the Group had total banking facilities available of £72.5 million (30 June 2024: £100.5 million), of which £61.0 million (30 June 2024: £81.5 million) were committed. The committed facility comprises a revolving credit facility with three lenders that expires in October 2027. The size of the revolving credit facility was reduced earlier this year from £81.5 million to £61.0 million due to the reduction in average borrowing during the Period compared to the prior year.

In 2024 the Group agreed a new covenant package with its banks. The pre-existing covenants of leverage and interest cover were replaced with a monthly minimum liquidity test and a quarterly minimum EBITDA test. These covenants have been met throughout the Period.

The Group had £47.5 million of cash and undrawn facilities at 30 June 2025 (30 June 2024: £72.2 million) and, subsequent to the Period end, has received cash proceeds of £21.1 million (excluding VAT) in respect of a property disposal. The Nottingham distribution centre is surplus to requirements, following the optimisation and consolidation of operations in the Midlands, and is currently being marketed for sale. The Group continues to have strong asset backing; as at 30 June 2025, the Group owned property with a market valuation of £93.9 million and also had inventory and receivables of £105.0 million and £114.0 million respectively.

Going Concern

The Directors have reviewed the going concern assessment and have concluded that the Group has adequate resources to continue in operation during the next 12 months and that it is appropriate for the going concern basis to be adopted in preparing this Interim Report and Financial Statements.

Principal Risks and Uncertainties

The Group is exposed to a number of principal risks which may affect its performance, business model, solvency or liquidity. The Group has a well-established framework for reviewing and assessing these risks on a regular basis; and has put in place appropriate processes, procedures and actions to mitigate against them. The principal risks and uncertainties that may affect the Group were last reported on within the 2024 Annual Report and Accounts (on pages 66 to 67). The principal risks remain broadly unchanged since last reported.

Adam Phillips

Chief Financial Officer

16 September 2025

Directors' Responsibility Statement

We confirm that, to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the interim report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the Period and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Alternative Performance Measures

The Group uses Alternative Performance Measures ('APMs') to assess its financial, operational and social performance towards the achievement of its strategy. Such measures may either exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable statutory measure (where one exists), calculated and presented in accordance with IFRS. Such exclusions or inclusions give, in the Group's opinion, more normalised performance measures and the Group believes that these APMs are also used by investors, analysts and other interested parties in their analysis.

The APMs have limitations and may not be comparable to other similarly titled measures used by other companies. They should not be viewed in isolation, but as supplementary information.

An explanation of each APM is provided on pages 204 to 205 of the 2024 Annual Report and Accounts.

A reconciliation of the adjustments made to the Income Statement to derive underlying profit measures is shown at the end of this Interim Report. Underlying items are calculated before charges associated with the acquisition of businesses and other items which by virtue of their nature, size or/and expected frequency require adjustment to show the performance of the group in a consistent manner which is comparable year on year. These underlying measures are relevant to investors and other stakeholders, as supplementary information, to fully understand the underlying performance of the business. A limitation of underlying profit measures is that they exclude the recurring amortisation of intangible assets acquired in business combinations but do not similarly exclude the related revenue.

Condensed Consolidated Income Statement
For the six months ended 30 June 2025

					Re-presented[1]					
Continuing operations	Note	Underlying 2025 £m	Non-underlying (Note 3) 2025 £m	Six months ended 30 June 2025 £m	Underlying 2024 £m	Non-underlying (Note 3) 2024 £m	Six months ended 30 June 2024 £m	Underlying 2024 £m	Non-underlying (Note 3) 2024 £m	Year ended 31 December 2024 £m
Revenue	2	**244.7**	**–**	**244.7**	256.4	–	256.4	525.7	–	525.7
Cost of sales		**(169.4)**	**–**	**(169.4)**	(178.5)	–	(178.5)	(369.7)	(10.6)	(380.3)
Gross profit		**75.3**	**–**	**75.3**	77.9	–	77.9	156.0	(10.6)	145.4
Distribution costs		**(62.4)**	**(1.1)**	**(63.5)**	(60.6)	–	(60.6)	(119.5)	(4.4)	(123.9)
Administrative expenses		**(30.3)**	**(10.8)**	**(41.1)**	(29.4)	(4.1)	(33.5)	(59.8)	(11.2)	(71.0)
Net impairment gains/(losses) on trade receivables		**0.2**	**–**	**0.2**	(0.3)	–	(0.3)	(1.6)	(1.3)	(2.9)
Other operating income		**–**	**–**	**–**	-	-	-	-	21.1	21.1
Operating loss	2	**(17.2)**	**(11.9)**	**(29.1)**	(12.4)	(4.1)	(16.5)	(24.9)	(6.4)	(31.3)
Finance income	4	**0.4**	**–**	**0.4**	-	–	-	0.1	–	0.1
Finance expenses	4	**(3.1)**	**–**	**(3.1)**	(3.2)	–	(3.2)	(6.9)	–	(6.9)
Net finance costs		**(2.7)**	**–**	**(2.7)**	(3.2)	–	(3.2)	(6.8)	-	(6.8)
Loss before tax		**(19.9)**	**(11.9)**	**(31.8)**	(15.6)	(4.1)	(19.7)	(31.7)	(6.4)	(38.1)
Taxation	5	**4.7**	**1.7**	**6.4**	3.5	1.8	5.3	6.8	10.2	17.0
(Loss)/profit from continuing operations	2	**(15.2)**	**(10.2)**	**(25.4)**	(12.1)	(2.3)	(14.4)	(24.9)	3.8	(21.1)
Loss from discontinued operation	8	**(2.1)**	**(9.3)**	**(11.4)**	(1.7)	(0.1)	(1.8)	(3.2)	(0.7)	(3.9)
(Loss)/profit for the period attributable to the equity shareholders		**(17.3)**	**(19.5)**	**(36.8)**	(13.8)	(2.4)	(16.2)	(28.1)	3.1	(25.0)
Loss per share from continuing operations										
Basic	6	**(19.0)p**		**(31.7)p**	(15.1)p		(18.0)p	(31.0)p		(26.3)p
Diluted	6	**(19.0)p**		**(31.7)p**	(15.1)p		(18.0)p	(31.0)p		(26.3)p
Loss per share from discontinued operations										
Basic	6	**(2.6)p**		**(14.2)p**	(2.1)p		(2.2)p	(4.0)p		(4.9)p
Diluted	6	**(2.6)p**		**(14.2)p**	(2.1)p		(2.2)p	(4.0)p		(4.9)p
Total loss per share										
Basic	6	**(21.6)p**		**(45.9)p**	(17.2)p		(20.2)p	(35.0)p		(31.2)p
Diluted	6	**(21.6)p**		**(45.9)p**	(17.2)p		(20.2)p	(35.0)p		(31.2)p
Ordinary dividend per share										
Interim dividend proposed for the financial period	7			**–**			–			-
Final dividend declared for the financial period	7			**–**			–			-

[1] The results for the year ended 31 December 2024 and six months ended 30 June 2024 have been re-presented to refer the presentation of the Continental European businesses as discontinued (see note 8 for further information).

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Loss for the period attributable to the equity shareholders	**(36.8)**	(16.2)	(25.0)
Other comprehensive income/(expense):			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit plans	**-**	0.5	(0.5)
Related tax	**-**	(0.1)	0.1
	-	0.4	(0.4)
Items that are or may be reclassified to profit or loss			
Exchange differences arising on translation of overseas operations	**0.1**	(0.1)	(0.2)
	0.1	(0.1)	(0.2)
Other comprehensive income/(expense) for the period	**0.1**	0.3	(0.6)
Total comprehensive expense attributable to the equity shareholders for the period	**(36.7)**	(15.9)	(25.6)

Total comprehensive income attributable to the equity shareholders for the period arising from:

Continuing operations	**(25.4)**	(14.0)	(21.5)
Discontinued operations	**(11.3)**	(1.9)	(4.1)
	(36.7)	(15.9)	(25.6)

Condensed Consolidated Statement of Financial Position

At 30 June 2025

	At 30 June 2025 £m	At 30 June 2024 £m	At 31 December 2024 £m
Assets			
Non-current assets			
Property, plant and equipment	**72.9**	125.3	86.9
Right-of-use assets	**47.2**	40.2	55.1
Intangible assets	**13.4**	18.7	17.6
Deferred tax assets	**9.7**	-	3.9
	143.2	184.2	163.5
Current assets			
Inventories	**105.0**	124.9	102.8
Trade and other receivables	**114.0**	104.3	111.0
Income tax receivable	-	3.2	3.6
Cash and cash equivalents	**23.2**	22.6	12.0
Assets classified as held for sale	**36.6**	-	4.8
	278.8	255.0	234.2
Total assets	**422.0**	439.2	397.7
Liabilities			
Current liabilities			
Bank overdrafts	-	(0.9)	(1.1)
Other interest-bearing loans and borrowings	**(49.0)**	(50.0)	-
Lease liabilities	**(11.8)**	(11.6)	(13.8)
Trade and other payables	**(142.8)**	(134.5)	(139.2)
Income tax payable	**(0.4)**	-	-
Liabilities relating to assets held for sale	**(17.1)**	-	-
	(221.1)	(197.0)	(154.1)
Non-current liabilities			
Lease liabilities	**(41.8)**	(30.7)	(47.4)
Provisions	**(2.7)**	(2.6)	(3.1)
Deferred tax liabilities	-	(8.0)	-
Employee benefits	**(1.8)**	(0.8)	(2.1)
	(46.3)	(42.1)	(52.6)
Total liabilities	**(267.4)**	(239.1)	(206.7)
Net assets	**154.6**	200.1	191.0
Equity attributable to equity holders of the parent			
Share capital	**4.3**	4.3	4.3
Share premium	**53.5**	53.5	53.5
Other reserves	**(15.3)**	(15.6)	(15.5)
Retained earnings	**112.1**	157.9	148.7
Total equity	**154.6**	200.1	191.0

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2025

	Share capital £m	Share premium £m	Capital redemption reserve £m	Special reserve £m	Translation reserve £m	Treasury reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2025	4.3	53.5	0.1	1.5	1.7	(18.8)	148.7	191.0
Loss for the period attributable to the equity shareholders	-	-	-	-	-	-	(36.8)	(36.8)
Other comprehensive income	-	-	-	-	0.1	-	-	0.1
Total comprehensive income / (expense) for the period	-	-	-	-	0.1	-	(36.8)	(36.7)
Transactions with equity shareholders, recorded directly in equity								
Share based payments	-	-	-	-	-	-	0.3	0.3
Share options exercised by employees	-	-	-	-	-	0.1	(0.1)	-
Total contributions by and distributions to equity shareholders	-	-	-	-	-	0.1	0.2	0.3
Balance at 30 June 2025	4.3	53.5	0.1	1.5	1.8	(18.7)	112.1	154.6

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Special reserve £m	Translation reserve £m	Treasury reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2024	4.3	53.5	0.1	1.5	1.9	(19.0)	178.1	220.4
Loss for the period attributable to the equity shareholders	-	-	-	-	-	-	(16.2)	(16.2)
Other comprehensive (expense)/income	-	-	-	-	(0.1)	-	0.4	0.3
Total comprehensive expense for the period	-	-	-	-	(0.1)	-	(15.8)	(15.9)
Transactions with equity shareholders, recorded directly in equity								
Share based payments	-	-	-	-	-	-	0.4	0.4
Dividends to equity holders	-	-	-	-	-	-	(4.8)	(4.8)
Total contributions by and distributions to equity shareholders	-	-	-	-	-	-	(4.4)	(4.4)
Balance at 30 June 2024	4.3	53.5	0.1	1.5	1.8	(19.0)	157.9	200.1

Condensed Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Special Reserve £m	Translation reserve £m	Treasury reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2024	4.3	53.5	0.1	1.5	1.9	(19.0)	178.1	220.4
Loss for the period attributable to the equity shareholders	-	-	-	-	-	-	(25.0)	(25.0)
Other comprehensive expense	-	-	-	-	(0.2)	-	(0.4)	(0.6)
Total comprehensive expense for the year	-	-	-	-	(0.2)	-	(25.4)	(25.6)
Transactions with equity shareholders, recorded directly in equity								
Share-based payments	-	-	-	-	-	-	1.0	1.0
Share options exercised by employees	-	-	-	-	-	0.2	(0.2)	-
Dividends to equity holders	-	-	-	-	-	-	(4.8)	(4.8)
Total contributions by and distributions to equity shareholders	-	-	-	-	-	0.2	(4.0)	(3.8)
Balance at 31 December 2024	4.3	53.5	0.1	1.5	1.7	(18.8)	148.7	191.0

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2025

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Cash flows from operating activities			
Loss before tax for the period			
Continuing operations	(31.8)	(19.7)	(38.1)
Discontinued operations	(10.9)	(0.9)	(3.4)
	(42.7)	(20.6)	(41.5)
Adjustments for:			
Depreciation and impairment of property, plant and equipment, amortisation and impairment of intangible assets	7.7	5.6	11.0
Depreciation, impairment and termination of right of use assets	7.5	6.6	14.1
Finance income	(0.4)	-	(0.1)
Finance expense	3.3	3.3	7.1
Profit on sale of property, plant and equipment	-	(3.2)	(21.1)
Impairment of disposal group classified as held for sale	9.2	-	-
Share-based payments	0.3	0.4	1.0
Operating cash flows before changes in working capital and other payables	(15.1)	(7.9)	(29.5)
Change in inventories	(12.8)	6.5	28.2
Change in trade and other receivables	(13.2)	12.4	5.4
Change in trade and other payables	14.7	4.5	10.7
Cash generated from operations	(26.4)	15.5	14.8
Interest paid	(3.2)	(3.4)	(7.2)
Interest received	0.4	-	0.1
Tax received/(paid)	4.0	(0.1)	(0.1)
Net cash flow from operating activities	(25.2)	12.0	7.6
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	-	7.4	61.3
Acquisition of property, plant and equipment	(2.9)	(6.9)	(10.5)
Acquisition of intangible assets	(0.1)	-	(0.1)
Net cash flow from investing activities	(3.0)	0.5	50.7
Cash flows from financing activities			
Proceeds from borrowings	57.0	18.0	40.0
Repayment of borrowings	(8.0)	(18.0)	(90.0)
Principal elements of lease payments	(6.8)	(6.3)	(12.9)
Dividends paid	-	(4.8)	(4.8)
Net cash flow from financing activities	42.2	(11.1)	(67.7)
Net increase in cash and cash equivalents	14.0	1.4	(9.4)
Cash and cash equivalents at 1 January	10.9	20.4	20.4
Effect of exchange rate fluctuations on cash held	0.1	(0.1)	(0.1)
Cash and cash equivalents at end of period	25.0	21.7	10.9

Cash and cash equivalents on Statement of Financial Position	23.2	22.6	12.0
Overdraft on Statement of Financial Position	-	(0.9)	(1.1)
Cash and cash equivalents classified as held for sale	2.4	-	-
Overdraft classified as held for sale	(0.6)	-	-
Cash and cash equivalents at end of period	25.0	21.7	10.9

Notes to the Condensed Consolidated Interim Financial Statements

1 BASIS OF REPORTING

Reporting entity
Headlam Group plc, the 'company', is a company incorporated in the UK. The Condensed Consolidated Interim Financial Statements consolidate those of the company and its subsidiaries which together are referred to as the 'Group' as at and for the six months ended 30 June 2025.

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2024 are available upon request from the company's registered office or the website.

The comparative figures for the financial year ended 31 December 2024 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

These Condensed Consolidated Interim Financial Statements have not been audited or reviewed by the auditor pursuant to the Auditing Practices Board's Guidance on Financial Information.

Statement of compliance
These Condensed Consolidated Interim Financial Statements have been prepared and approved by the directors in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority and UK adopted International Accounting Standard IAS 34, Interim Financial Reporting.

They do not include all of the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2024, which were prepared in accordance with UK-adopted International Accounting Standards.

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on 16 September 2025.

Significant accounting policies
As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published Consolidated Financial Statements for the year ended 31 December 2024.

Impacts of standards and interpretations in issue but not yet effective
There are no new standards, amendments to existing standards, or interpretations that are not yet effective that would be expected to have a material impact on the Group.

Going concern

The Group's performance, position, and business activities, together with the factors likely to affect its future development, are described in the Chief Executive's Statement and Financial Review.

The Group meets its day-to-day working capital requirements through its banking facilities. As at 30 June 2025 the Group had a committed sterling facility agreement for £61.0 million, with maturity in October 2027. The Group also has short-term uncommitted facilities of £7.5 million and €4.6 million.

The Group has agreed with its lenders to have alternative covenant arrangements in place whilst the transformation plan is implemented. The pre-existing covenants of leverage and interest cover have been disapplied since June 2024 and will also not apply for the 31 December 2025 and 30 June 2026 tests. Instead, a monthly minimum liquidity test (based on committed facilities) and a quarterly minimum EBITDA test apply. The Group has complied with these tests.

The Directors have reviewed current performance and latest forecasts, along with borrowing facilities and expenditure commitments. The Board has also reviewed the Group's resilience to the principal risks and uncertainties by considering forecasts through a downside scenario, which involve modelling market volumes continuing to decline. The testing indicated that the Group would be able to operate within its current facilities and meet its current financial covenants, for the next 12 months. For these reasons, the going concern basis has been adopted in preparing the financial statements.

Judgements and estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2024 with the exception of the following estimate:

Disposal group held for sale

The European subsidiaries have been classified as a disposal group held for sale as at 30 June 2025. The disposal group is measured at the lower of its fair value less costs to sell and net book value. The fair value less costs to sell has been estimated with reference to the latest offer price from the preferred bidder, using recent property valuations. This has resulted in an impairment of the disposal group of £9.2 million.

Risks and uncertainties

The risk factors which could cause the Group's results to differ materially from expected results are set out in detail in the 2024 Annual Report and Accounts.

2 SEGMENT REPORTING

As at 30 June 2025, the Group had four operating segments in the UK which are continuing operations. Each segment represents an individual operation, and each operation is wholly aligned to the sales, marketing, supply and distribution of floorcovering products. The operating results of each operation are regularly reviewed by the Chief Operating Decision Maker, which is deemed to be the Chief Executive. Discrete financial information is available for each segment and used by the Chief Executive to assess performance and decide on resource allocation.

The operating segments have been aggregated to the extent that they have similar economic characteristics. The key economic indicators considered by management in assessing whether operating segments have similar economic characteristics are the products supplied, the type and class of customer, method of sale and distribution and the regulatory environment in which they operate. As each operating segment within continuing operations in the UK is a trading operation wholly aligned to the sales, marketing, supply and distribution of floorcovering products, management considers all segments have similar economic characteristics. Accordingly, the Group presents one reportable segment, being UK.

In prior years the Continental Europe segment was presented as a separate reportable segment, as it operated in a different regulatory environment. At 30 June 2025, the Continental Europe segment has been identified as a disposal group held for sale. Information about this discontinued segment is provided in note 8.

Continuing operations

	UK Total		
	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Revenue			
External revenue	244.7	256.4	525.7
Underlying cost of sales	(169.4)	(178.5)	(369.7)
Underlying gross profit	75.3	77.9	156.0
Reportable segment underlying operating loss	(13.8)	(8.4)	(17.2)
Reportable segment assets	307.6	333.8	278.3
Reportable segment liabilities	249.9	(213.0)	(190.5)

During the periods shown above there have been no inter-segment revenues for the reportable segments (2024: £nil).

Reconciliations of reportable segment profit, assets and liabilities and other material items:

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Loss for the period			
Total underlying loss for reportable segments	(13.8)	(8.4)	(17.2)
Non-underlying items	(11.9)	(4.1)	(6.4)
Unallocated expense	(3.4)	(4.0)	(7.7)
Operating loss	(29.1)	(16.5)	(31.3)
Finance income	0.4	-	0.1
Finance expense	(3.1)	(3.2)	(6.9)
Loss before taxation	(31.8)	(19.7)	(38.1)
Taxation	6.4	5.3	17.0
Loss for the period from continuing operations	(25.4)	(14.4)	(21.1)
Loss from discontinued operations	(11.4)	(1.8)	(3.9)
Total loss for the period	(36.8)	(16.2)	(25.0)

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Assets			
Total assets for reportable segments	307.6	333.8	278.3
Unallocated assets:			
Intangible assets	0.1	0.1	0.1
Income tax receivable	-	3.2	3.6
Deferred tax assets	9.7	-	3.9
Cash and cash equivalents	83.4	68.2	82.3
Assets allocated to discontinued operations	21.2	33.9	29.5
Total assets	422.0	439.2	397.7
Liabilities			
Total liabilities for reportable segments	(249.9)	(213.0)	(190.5)
Unallocated liabilities:			
Deferred tax liabilities	-	(8.0)	-
Income tax payable	(0.4)	-	-
Liabilities allocated to discontinued operations	(17.1)	(18.1)	(16.2)
Total liabilities	(267.4)	(239.1)	(206.7)

Continuing operations	Reportable Segment Total	Unallocated	Consolidated Total
Other material items 30 June 2025	£m	£m	£m
Acquisition of property, plant and equipment	2.8	-	2.8
Depreciation of property, plant and equipment	3.7	-	3.7
Depreciation and termination of right of use assets	6.7	-	6.7
Impairment of intangibles	3.2	-	3.2
Non-underlying items (excluding impairment)	7.3	1.4	8.7
Other material items 30 June 2024			
Acquisition of property, plant and equipment	6.8	-	6.8
Depreciation of property, plant and equipment	4.1	-	4.1
Depreciation and termination of right of use assets	5.5	-	5.5
Impairment of property, plant and equipment	0.6	-	0.6
Impairment of right of use assets	0.3	-	0.3
Non-underlying items (excluding impairment)	3.2	-	3.2
Other material items 31 December 2024			
Acquisition of property, plant and equipment	10.4	-	10.4
Depreciation of property, plant and equipment	8.0	-	8.0
Depreciation and termination of right of use assets	12.0	-	12.0
Impairment of property, plant and equipment	0.7	-	0.7
Impairment of right of use assets	0.3	-	0.3
Non-underlying items (excluding impairment)	4.6	0.8	5.4

The Chief Executive, the Board and the executive team have access to information that provides details on revenue by principal product group for the two reportable segments, as set out in the following table:

		UK Total	
	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Revenue			
Residential	154.4	161.3	332.7
Commercial	90.3	95.1	193.0
	244.7	256.4	525.7

3 NON-UNDERLYING ITEMS

Non-underlying items relate to the following:

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Continuing operations:			
Amortisation of acquired intangibles	(0.5)	(0.6)	(1.2)
Impairment of property, plant and equipment, intangible assets and right of use assets	(3.2)	(0.9)	(1.1)
Impairment of inventories and receivables	-	-	(2.9)
Profit on sale of property, plant and equipment	-	3.2	21.1
Business restructuring and change-related costs	(5.8)	(4.9)	(19.7)
Cloud based ERP system development costs	(2.4)	(0.9)	(2.6)
	(11.9)	(4.1)	(6.4)
Taxation on non-underlying items	1.7	1.8	10.2
	(10.2)	(2.3)	3.8

Discontinued operation:			
Amortisation of acquired intangibles	(0.1)	(0.1)	(0.1)
Business restructuring and change-related costs	(0.1)	-	-
Impairment of property, plant and equipment, intangible assets and right of use assets	-	-	(0.7)
Impairment on classification of disposal group as held for sale	(9.2)	-	-
	(9.4)	(0.1)	(0.8)
Taxation on non-underlying items	0.1	-	0.1
	(9.3)	(0.1)	(0.7)
Total (loss)/profit on non-underlying items	(19.5)	(2.4)	3.1

Amortisation of acquired intangibles is a non-cash item relating to the amortisation of intangibles acquired as part of business combinations.

Impairment of property, plant and equipment, intangible assets and right of use assets relates to £3.2m impairment of goodwill allocated to the Melrose cash generating unit following an impairment review. Impairment charges are non-cash items.

Business restructuring and change-related costs relate to the transformation plan, including severance costs and advisory fees. These are all cash in nature.

Cloud-based ERP system development costs relate to the development costs to replace the current ERP system with a cloud-based software-as-a-service arrangement and are all cash in nature.

Impairment costs on classification of disposal group as held for sale are all non cash in nature.

4 FINANCE INCOME AND EXPENSE

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Interest income:			
Bank and other interest	0.4	-	0.1
Finance income	0.4	-	0.1
Interest expense:			
Bank loans, overdrafts and other financial expenses	(1.5)	(2.2)	(4.5)
Interest on lease liability	(1.6)	(1.0)	(2.3)
Net interest on defined benefit plan obligation	-	-	(0.1)
Finance expenses	(3.1)	(3.2)	(6.9)

5 TAXATION

The Group's consolidated underlying effective tax rate ('ETR') for the interim period is 23.6%. This is lower than the standard rate of corporation tax in the UK predominantly due to non-deductible items decreasing instead of increasing the ETR due to the accounting loss produced in the period.

The UK headline corporation tax rate for the six months ended 30 June 2025 was 25.0% (six months ended 30 June 2024: 25.0%; 12 months ended 31 December 2024: 25.0%). The deferred tax balance in respect of UK entities has been calculated at 25.0% (30 June 2024: 25.0%; 31 December 2024: 25.0%) following the enactment in 2021 of the increase in the UK tax rate from 1 April 2023.

The Group is within the scope of the OECD Pillar Two model rules. The Pillar Two legislation was enacted on 11 July 2023. The Group will take advantage of temporary 'safe harbour' provisions available in the initial years. The Group does not expect the Pillar Two legislation to have any material impact on the full year results.

6 LOSS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Loss from continuing operations			
Loss for basic and diluted earnings per share	**(25.4)**	(14.4)	(21.1)
Loss for underlying basic and underlying diluted earnings per share	**(15.2)**	(12.1)	(24.9)
Loss from discontinued operations			
Loss for basic and diluted earnings per share	**(11.4)**	(1.8)	(3.9)
Loss for underlying basic and underlying diluted earnings per share	**(2.1)**	(1.7)	(3.2)
Total loss			
Loss for basic and diluted earnings per share	**(36.8)**	(16.2)	(25.0)
Loss for underlying basic and underlying diluted earnings per share	**(17.3)**	(13.8)	(28.1)

	Six months ended 30 June 2025	Six months ended 30 June 2024	Year ended 31 December 2024
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**80,257,093**	80,192,223	80,204,515
Effect of diluted potential ordinary shares:			
Weighted average number of ordinary shares at period end	**80,257,093**	80,192,223	80,204,515
Dilutive effect of share options	**-**	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**80,257,093**	80,192,223	80,204,515
Continuing operations loss per share			
Basic	**(31.7)p**	(18.0)p	(26.3)p
Diluted	**(31.7)p**	(18.0)p	(26.3)p
Underlying basic	**(19.0)p**	(15.1)p	(31.0)p
Underlying diluted	**(19.0)p**	(15.1)p	(31.0)p
Discontinued operations loss per share			
Basic	**(14.2)p**	(2.2)p	(4.9)p
Diluted	**(14.2)p**	(2.2)p	(4.9)p
Underlying basic	**(2.6)p**	(2.1)p	(4.0)p
Underlying diluted	**(2.6)p**	(2.1)p	(4.0)p
Total loss per share			
Basic	**(45.9)p**	(20.2)p	(31.2)p
Diluted	**(45.9)p**	(20.2)p	(31.2)p
Underlying basic	**(21.6)p**	(17.2)p	(35.0)p
Underlying diluted	**(21.6)p**	(17.2)p	(35.0)p

7 DIVIDENDS

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Final dividend for 2023 of 6.0p paid 7 June 2024	-	4.8	4.8
	-	4.8	4.8

The Board of Directors have not proposed an interim dividend for 2025, this is discussed further in the Chief Financial Officer's Review above.

8 DISCONTINUED OPERATIONS

As at 30 June 2025 the subsidiaries in Continental Europe have been classified as a disposal group held for sale. The European subsidiaries have been actively marketed for sale as a package and offers have been received from several interested parties. The sale of these subsidiaries is expected to take place over the coming months.

As a result of the classification to a disposal group held for sale, the Group has recognised an impairment loss of £9.2 million within non-underlying expenses for discontinued operations, to write-down the disposal group to its fair value less costs to sell.

The financial performance of the discontinued operation can be seen below:

Discontinued operations	Underlying 2025 £m	Non-underlying 2025 £m	Six months ended 30 June 2025 £m	Underlying 2024 £m	Non-underlying 2024 £m	Six months ended 30 June 2024 £m	Underlying 2024 £m	Non-underlying 2024 £m	Year ended 31 December 2024 £m
Revenue	34.4	–	34.4	36.1	–	36.1	67.4	–	67.4
Expenses	(35.9)	(0.2)	(36.1)	(36.9)	(0.1)	(37.0)	(70.0)	(0.8)	(70.8)
Loss on measurement to fair value less costs to sell	-	(9.2)	(9.2)	-	-	-	-	-	-
Loss before taxation	(1.5)	(9.4)	(10.9)	(0.8)	(0.1)	(0.9)	(2.6)	(0.8)	(3.4)
Taxation	(0.6)	0.1	(0.5)	(0.9)	–	(0.9)	(0.6)	0.1	(0.5)
Loss of after taxation	(2.1)	(9.3)	(11.4)	(1.7)	(0.1)	(1.8)	(3.2)	(0.7)	(3.9)
Exchange differences on translation			0.1			(0.1)			(0.2)
Other comprehensive loss from discontinued operation			(11.3)			(1.9)			(4.1)

The following assets and liabilities were classified as held for sale in relation to the discontinued operation as at 30th June 2025:

Fair value of assets and liabilities of disposal group classified as held for sale:

	At 30 June 2025 £m
Assets	
Deferred tax assets	0.1
Inventories	8.2
Trade and other receivables	10.5
Cash and cash equivalents	2.4
Total assets	21.2
Liabilities	
Bank overdrafts	(0.6)
Lease liabilities	(3.6)
Trade and other payables	(12.4)
Employee benefits	(0.5)
Total liabilities	(17.1)

Cash flows from discontinued operation:

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Net cash flow from operating activities	0.4	(0.3)	0.3
Net cash flow from investing activities	(0.1)	(0.1)	(0.1)
Net cash flow from financing activities	(0.8)	(0.8)	(1.5)
Net decrease in cash generated by discontinued operation	(0.5)	(1.2)	(1.3)

9 ASSETS HELD FOR SALE

	At 30 June 2025 £m	At 30 June 2024 £m	At 31 December 2024 £m
Non-current assets held for sale	15.4	-	4.8
Total assets of disposal group held for sale (note 8)	21.2	-	-
Assets classified as held for sale	36.6	-	4.8

As part of the acceleration of strategy announced in September 2024, certain UK non-core property is expected to be sold in 2025. The non-current assets held for sale are presented within total reportable segments assets of the UK.

10 FINANCIAL INSTRUMENTS

All financial assets and liabilities for the Group are recognised at amortised cost.

Fair values

The carrying amounts shown in the Statement of Financial Position for financial instruments were not materially different to their fair value.

Trade receivables, trade payables and cash and cash equivalents

Fair values are assumed to approximate to cost due to the short-term maturity of the instrument.

Borrowings, other financial assets and other financial liabilities

Where available, market values have been used to determine fair values. Where market values are not available, fair values have been estimated by discounting expected future cash flows using prevailing interest rate curves. Amounts denominated in foreign currencies are valued at the exchange rate prevailing at the Statement of Financial Position date.

11 RELATED PARTIES

The Group has a related party relationship with its subsidiaries and with its key management. There have been no changes to the nature of related party transactions entered into since the last annual report.

12 CONTINGENT LIABILITY

One of the Company's subsidiaries, MCD Group Limited, is being prosecuted by a local authority for two alleged health and safety offences relating to an accident at one of the Group's sites, previously disclosed in our 2022 Annual Report. The initial court hearing will be held on 24 September 2025. The outcome of the matter is uncertain, pending the hearing, and it is not practicable to estimate any associated financial effect. It is likely that any reimbursement will be limited to insurance cover for legal costs.

13 POST BALANCE SHEET EVENTS

Management have given due consideration to any events occurring in the period from the reporting date to the date these Condensed Consolidated Interim Financial Statements were authorised for issue and have concluded that there are no material adjusting or non-adjusting events to be disclosed in these financial statements except;

On 21 July 2025 the Group completed the sale and leaseback of its Tamworth distribution centre. The sale proceeds of £21.75 million (excluding VAT) represent a premium of 153% to the book value of £8.6 million and 143% to the last market valuation of £15.2 million. The profit generated from the sale of this property will be recognised as non-underlying income. The Tamworth distribution centre remains a core part of the Group's distribution network and is integral to the Group's growth plans over the coming years. Accordingly, the Group has entered into a 10-year leaseback, with the opportunity to extend further. This sale and leaseback transaction further optimises the Group's mix of owned and leased distribution centres. The cost of the leaseback is equivalent to the Group's cost of debt, meaning that this transaction is broadly neutral to the Group's Underlying Profit Before Tax. £21.1 million of the sales proceeds (excluding VAT) have been received in cash following simultaneous exchange and completion, with the remaining £0.7 million retained by the buyer pending the Group's completion of pre-agreed repairs and maintenance on the property.

Adjusted Results Reconciliation
30 June 2025

Continuing operations	Total Results £m	Amortisation of intangibles £m	Impairment of PPE, right of use assets and intangible assets £m	Business restructuring and change-related costs £m	Cloud based ERP system development £m	Impairment of Asset Held for sale £m	Adjusted Results (underlying) £m
Revenue	244.7	–	–	–	–	–	244.7
Cost of sales	(169.4)	–	–	–	–	–	(169.4)
Gross profit	75.3	–	–	–	–	–	75.3
Distribution costs	(63.5)	–	–	1.1	–	–	(62.4)
Administrative expenses	(41.1)	0.5	3.2	4.7	2.4	–	(30.3)
Net impairment gains	0.2	–	–	–	–	–	0.2
Operating (loss)/profit	(29.1)	0.5	3.2	5.8	2.4	–	(17.2)
Finance income	0.4	–	–	–	–	–	0.4
Finance expenses	(3.1)	–	–	–	–	–	(3.1)
Net finance costs	(2.7)	–	–	–	–	–	(2.7)
(Loss)/profit before tax	(31.8)	0.5	3.2	5.8	2.4	–	(19.9)
Taxation	6.4	(0.1)	–	(1.0)	(0.6)	–	4.7
(Loss)/profit for the year from continuing operations	(25.4)	0.4	3.2	4.8	1.8	–	(15.2)
(Loss)/profit for the year from discontinued operations	(11.4)	–	–	0.1	–	9.2	(2.1)
(Loss)/profit for the year attributable to the equity shareholders	(36.8)	0.4	3.2	4.9	1.8	9.2	(17.3)
(Loss)/earnings per share from continuing operations							
Basic	(31.7)p	0.5p	4.0p	6.0p	2.2p	–	(19.0)p
Diluted	(31.7)p	0.5p	4.0p	6.0p	2.2p	–	(19.0)p
(Loss)/earnings per share from discontinued operations							
Basic	(14.2)p	–	–	0.1p	–	11.5p	(2.6)p
Diluted	(14.2)p	–	–	0.1p	–	11.5p	(2.6)p

Adjusted Results Reconciliation
30 June 2024

Continuing operations	Total Results £m	Amortisation of intangibles £m	Impairment of PPE and right of use assets £m	Profit on sale of property, plant and equipment £m	Business restructuring and change-related costs £m	Cloud based ERP system development £m	Adjusted Results (underlying) £m
Revenue	256.4	–	–	–	–	–	256.4
Cost of sales	(178.5)	–	–	–	–	–	(178.5)
Gross profit	77.9	–	–	–	–	–	77.9
Distribution costs	(60.6)	–	–	–	–	–	(60.6)
Administrative expenses	(33.5)	0.6	0.9	(3.2)	4.9	0.9	(29.4)
Net impairment losses	(0.3)	–	–	–	–	–	(0.3)
Operating (loss)/profit	(16.5)	0.6	0.9	(3.2)	4.9	0.9	(12.4)
Finance income	–	–	–	–	–	–	–
Finance expenses	(3.2)	–	–	–	–	–	(3.2)
Net finance costs	(3.2)	–	–	–	–	–	(3.2)
(Loss)/profit before tax	(19.7)	0.6	0.9	(3.2)	4.9	0.9	(15.6)
Taxation	5.3	(0.2)	(0.2)	–	(1.2)	(0.2)	3.5
(Loss)/profit for the year from continuing operations	(14.4)	0.4	0.7	(3.2)	3.7	0.7	(12.1)
(Loss)/profit for the year from discontinued operations	(1.8)	0.1	–	–	–	–	(1.7)
(Loss)/profit for the year attributable to the equity shareholders	(16.2)	0.5	0.7	(3.2)	3.7	0.7	(13.8)
(Loss)/earnings per share from continuing operations							
Basic	(18.0)p	0.5p	0.9p	(4.0)p	4.6p	0.9p	(15.1)p
Diluted	(18.0)p	0.5p	0.9p	(4.0)p	4.6p	0.9p	(15.1)p
(Loss)/earnings per share from discontinued operations							
Basic	(2.2)p	0.1p	–	–	–	–	(2.1)p
Diluted	(2.2)p	0.1p	–	–	–	–	(2.1)p

Adjusted Results Reconciliation
31 December 2024

Continuing operations	Total Results £m	Amortisation of acquired intangibles £m	Impairment of property, plant and equipment, intangible assets and right of use assets £m	Cloud-based ERP system development costs £m	Impairment of Inventories and receivables £m	Profit on sale of property, plant and equipment £m	Business re-structuring and change related costs £m	Adjusted Results (under-lying) £m
Revenue	525.7	–	–	–	–	–	–	525.7
Cost of sales	(380.3)	–	–	–	1.6	–	9.0	(369.7)
Gross profit	145.4	–	–	–	1.6	–	9.0	156.0
Distribution costs	(123.9)	–	–	–	–	–	4.4	(119.5)
Administrative expenses	(71.0)	1.2	1.1	2.6	–	–	6.3	(59.8)
Net impairment (losses)/gains on trade receivables	(2.9)	–	–	–	1.3	–	–	(1.6)
Other operating income	21.1	–	–	–	–	(21.1)	–	–
Operating (loss)/profit	(31.3)	1.2	1.1	2.6	2.9	(21.1)	19.7	(24.9)
Finance income	0.1	–	–	–	–	–	–	0.1
Finance expenses	(6.9)	–	–	–	–	–	–	(6.9)
Net finance costs	(6.8)	–	–	–	–	–	–	(6.8)
(Loss)/profit before tax	(38.1)	1.2	1.1	2.6	2.9	(21.1)	19.7	(31.7)
Taxation	17.0	(0.4)	(0.2)	(0.6)	(0.7)	(3.5)	(4.8)	6.8
(Loss)/profit for the year from continuing operations	(21.1)	0.8	0.9	2.0	2.2	(24.6)	14.9	(24.9)
(Loss)/profit for the year from discontinued operations	(3.9)	0.1	0.6	–	–	–	–	(3.2)
(Loss)/profit for the year attributable to the equity shareholders	(25.0)	0.9	1.5	2.0	2.2	(24.6)	14.9	(28.1)
(Loss)/earnings per share from continuing operations								
Basic	(26.3)p	1.0p	1.1p	2.5p	2.7p	(30.6)p	18.6p	(31.0)p
Diluted	(26.3)p	1.0p	1.1p	2.5p	2.7p	(30.6)p	18.6p	(31.0)p
(Loss)/earnings per share from discontinued operations								
Basic	(4.9)p	0.1p	0.8p	–	–	–	–	(4.0)p
Diluted	(4.9)p	0.1p	0.8p	–	–	–	–	(4.0)p

-Ends-