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Report & Accounts 2026

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James Halstead

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Chairman's Statement

Results

Revenue for the year at £259.9 million (2025: £262.0 million) was 0.8% behind the comparative year largely driven by headwinds in Europe. The UK represents 43.1% of our total turnover (2025: 42.6%) and much focus has been given to this market in the last couple of years and especially the financial year. As a manufacturer the output of our plant is a bedrock of profitability and there have been key pressures on the core demand in our home market.

The background is simple to describe: our core markets have seen a fall in new build activity and more importantly reductions in the quantum and regularity of repair and renewal activity. For the UK, education, healthcare and prison sector budgets for flooring have been much reduced due to increased spending elsewhere. Allied with this, hospitality has come under pressure, both new outlets and repair and renewal work, in part because of the degree of uncertainty/confidence across the sector but more immediately due to increased costs particularly on wages but compounded by energy and other material costs.

Against this background of demand pressure, we faced concerns and challenges as our route to the UK market via distribution was problematic. Many shareholders will be aware that Headlam plc has been an important customer for many years, but the company has increasingly faced key challenges related to their liquidity and profitability. The decline in the turnover of Headlam and their heavy financial losses are a matter of record. Significant focus and attention, of our team, had been spent in supporting Headlam's sales activity whilst, at the same time, managing the mitigation of risk to our business.

For these reasons the UK dominated management attention. Nevertheless, a key part of our strategy was to mitigate downward pressures on sales in the UK by prioritising the increase in direct exports of UK manufactured product with production output being critical to business performance.

I think we can be pleased that despite these pressures our UK turnover increased (albeit by 0.3%), in what was a falling market with key customer concerns. It is, however, important to note that within that modest number the volume of core manufactured products in the UK increased sales by 8% with an offset of reduced LVT sales volumes.

To underline the positives of a focus on UK manufactured product our global sales output of Radcliffe-made homogeneous flooring ranges were 4.6% up year on year and our Teesside-made heterogenous flooring ranges were 12.4% up year on year. It is our firm belief that this is a clear indicator of increased market share.

A key pillar of our home and export strategy is differentiation from our competitors through the Company's commitment to technical support, sustainability and availability of focused product ranges, whether a simple corridor floor in a high use facility or a highly specialised conductive floor for server rooms. This is a key reason for the geographic spread and diverse sectors to which we supply flooring and why our sales in the year were to more than 60 countries.

The reported profit before tax for the year of £48.2 million (2025: £55.1 million) was 12.7% behind the prior year comparative, an inevitable result against a challenging array of market conditions.

Gross margins held up well in all our major markets. Overall, the gross margins improved from 44.5% to 44.6%. Principally this increase was driven by our manufacturing efficiencies and volume output. Key drags to the margin increase are, most particularly, energy costs which over the year averaged 100% higher as a cost per square metre of production than five years ago; along with raw materials which, again, saw significant increases during the last quarter.

Selling, distribution and administration costs, at £69.5 million (2025: £63.8 million) were 9% ahead of last year. In the latter months of the year, we held sales prices to support sales demand but there were sharp increases in costs most notably distribution costs of deliveries and increased lease costs on our overseas warehouse facilities (notably Germany and Canada). In the UK business rates charges from the local council increased on our stock warehousing facilities, without attracting any manufacturers' relief. Additionally, overheads include a full year effect of increases in employers' national insurance – amounting to c£0.6 million. There were also higher marketing costs of new and updated ranges in the UK and Europe which underline our confidence in the coming months and underpin sales.

Investment

Over many years our strategy has included a policy of continual investment in both process improvement and product development to improve output efficiency and our product offering. This year saw the implementation of key spends reported in the prior financial year. Furthermore, significant groundwork has been undertaken on the

Radcliffe site to improve operational workflow and to facilitate expansion in 2027 onwards. This work has unlocked 2-3 acres of land.

Sustainability, social responsibility and the environment

We will shortly publish our 21st sustainability report that details our actions and ambitions in the areas of the environment, sustainability and social responsibility. This report is released under the core trading and manufacturing business – Polyflor. These initiatives are not only important to our ongoing climate change objectives but often contribute to profitability.

Our 2025/26 sustainability achievements demonstrate significant progress in carbon reduction, waste minimisation, circular economy, responsible sourcing, and social responsibility, all independently verified and recognised by industry standards and awards. These efforts position us as a leader in sustainable manufacturing within the flooring sector.

Some of the details from this (independently verified) report – a 50% reduction in CO2e emissions from UK production since 2018, 98% of total site waste was recycled or repurposed, 96% of water used in production was sourced from recycled rainwater collected on site meaning only 4% came from mains water supply. Notably, 18% of our product ranges are adhesive-free which not only offers quicker installation but also supports easier future recycling and lower carbon footprint to project installations.

Training for the future remains a core focus of the Group and is a key part of our social responsibility commitment. The Objectflor training campus, for example continues to host events offering training, professional development conferences and seminars with each having between 10 – 120 participants. These courses not only offer flooring contractors advanced skills and techniques but offer training on sales and marketing to small businesses.

Cash position

Cash balances increased 10.7% and are a cornerstone of our balance sheet at £75.7 million (2025: £68.4 million). The inventory at the year end is £75.9 million (2025: £80.4 million) which is 5.6% lower than the prior year comparative.

During the year taxation paid was £13.0 million (2025: £14.3 million), with fixed asset additions of £2.9 million (2025: £3.9 million) and equity dividends paid of £37.1 million (2025: £36.5 million).

Dividend

The interim dividend of 2.85p (2025: 2.75p) was paid in June 2026. The Board is proposing a final dividend of 6.10p (2025: 6.05p) which will mean a total dividend for the year of 8.95p (2025: 8.80p) an increase of 1.7%. This is a record level of dividend and marks our 50th consecutive year of increased dividend. The final dividend, subject to approval at the AGM, will be paid on 11 December 2026.

Our dividend cover in this year fell below 1 for the first time. However, the year saw several headwinds that took profit lower than the prior year. Notwithstanding dividend cover being reduced our cash inflows were very good and the final dividend payout is well within our cash resources.

Outlook

The ongoing concerns over energy costs and the upward cost pressure on other materials locally and in relation to global supply chains are key short term matters to contend with. Every year has its issues that need focus, experience and solutions but as in years past we formulate resolutions to the best of our abilities.

Once again, I would like to thank all our colleagues across the globe for their continued efforts in achieving this year's result. The Chief Executive's report adds greater detail of the year.

I remain confident, as do my Board, that our portfolio of products is appropriate to the marketplace and of continued overseas growth backed by a robust market share in our home territory.

Mark Halstead
Executive Chairman

13 October 2026



Chief Executive's Review

It is important to, once again, note that our business is, in essence, simple. Our model is to manufacture in volume, high quality flooring that we sell to distributors, contractors and stockists to satisfy local demand whether this is via third parties (as in the UK), via our own businesses across the globe or into direct export markets. We can complement these ranges with related goods to extend our portfolio and increase profitability whilst remaining focused on the core products.

It does, however, need mentioning that this was a difficult trading year and while I have often talked about "record" results, this year, more than usual, did require significant effort, experience and team performance that was commendable notwithstanding the financial results.

Our various sales teams have secured many prestigious projects during the year as in previous years, but the true driver of the business are the multiple day-to-day installations each much smaller in quantity but supplied from stockists, both third party and those owned by the group and largely available for delivery next day.

Looking at our businesses:

Polyflor and Riverside Flooring, based in UK

Turnover at Polyflor increased by 1.3% over the comparative year and Riverside increased by 7.2%. A commendable performance, especially considering the market backdrop and UK distribution challenges noted above by the Chairman.

Our UK manufacturing plants continue to produce the flooring that is distributed across the world, in part by our own subsidiaries but in the main via third party distribution. Our UK sales are via third party distribution with our wholesaler customers taking in the bulk deliveries that are regionally distributed.

The three largest components of sales in the UK businesses are sales within the UK, direct export sales and sales to overseas subsidiaries of the Group. The UK sales increased year on year by just under 1%, whilst sales to export direct export customers increased 9.2% and sales to overseas subsidiaries reduced 5.1%.

The profits of the UK businesses fell during the year.

In respect to the UK sales (the largest part of the business – and the wider group), the turnover was, overall, marginally increased. There were differences in the major sales categories ie UK manufactured goods and sourced products (largely LVT). UK manufactured goods turnover in the UK increased by 5.5% which helped mitigate profit erosion as manufacturing output was larger and this meant our significant fixed overheads didn't flex upward to the same degree as sales.

Notwithstanding these facts it was a busy year of progress on product development and range renewal. Looking at just two examples:

Firstly, our latest electrostatic conductive (EC) product – Finesse EC. This is part of our specialist portfolio of products used in environments that need critical static control in, for example, laboratories, clean room, anaesthetising areas, and data rooms / server rooms. This product is the latest in a range of EC floorcoverings that we have produced for two generations and are ever more relevant today.

Secondly, Geotone QuickLay which launched in September 2025 and building upon the success of our safety floor loose-lay products, Geotone is an adhesive-free installation system that saves considerable time by reducing the need to uplift existing floor coverings and minimises disruption. In addition, end-of-life recycling is vastly easier although this will likely be after 25 years, (which is the service life that is noted within our environmental product declaration (EPD)) or more. Polyflor offers a 10 year guarantee.

Our production and technical teams continued their long history of improvement and on the Radcliffe site there were complex replacements of key parts that took place without extensive shutdowns and addressed long term reliability needs. Additional to calendar roll replacement, in-house repairs and refurbishment to the fume burner and line control communications, reducing reliance on outside contractors and improving productivity and enhanced preventative maintenance / critical spare management systems.

Sales demand was below our budgeted expectations but for the reasons noted above was managed carefully.

Objectflor/Karndean and James Halstead France, our European operations

The economic climate in Central Europe has continued to be subdued and this difficult environment resulted in a 5% decline in sales across Germany and France our two principal markets. The market downturn is attributable to a combination of poor economic sentiment in the light of geopolitical crises leading to higher energy prices across

much of Europe, high inflation, rising interest rates and falling domestic demand. The property sector, in particular, experienced a sharp decline in new-build projects and investment. Political uncertainty arising from the forthcoming Presidential election in France is further subduing demand there. A difficult market overall has also resulted in increased competition, some of which has been focused on very aggressive price levels and has impacted on our entry level products across Europe. In addition, a move to cheaper click products was experienced, our businesses have launched new products into these markets in the first quarter of the current year to better compete in this arena.

The distribution market in Europe continues to change with consolidation, closures and restructuring in all the main markets we operate in. This requires us to continue to be vigilant in terms of credit risk but also to be mindful of changes in the markets we are operating in.

Margins have remained in line with last year, but we have seen increased costs of distribution in the last quarter as fuel costs immediately rose off the back of the Gulf crisis, and this was compounded through the summer as the level of the Rhine lowered and we incurred surcharges for moving our product from the port to the warehouse.

We continue to focus and remain vigilant on cost control; headcount has been reduced and overheads and marketing costs reviewed and reduced where possible with a view to not negatively impacting turnover. We did still attend, with a significant presence, EuroShop 2026, a triennial event held in Germany attracting flooring manufacturers and distributors from around the globe. This gave exposure to our brands, not just for Germany, but across the rest of Europe, UK and Scandinavia.

During the year our central warehouse lease, in Germany, fell due for renewal and we have extended our existing lease by three years to allow for a strategic review of the European warehouse requirements in terms of scale and location to ensure best value for the medium term.

Polyflor APAC

The APAC region includes our businesses in Australia, New Zealand, South and North Asia. Following the departure of the managing director responsible for the APAC region it has been restructured, with Asia coming back under the operational control of Polyflor UK. A new director was appointed for just Australia and New Zealand and commenced employment in March 2026. As an ex Polyflor Australia employee, he joins with wide experience of our products and markets.

In Australia, the year was challenging and fell below expectations with sales in local currency down 6.8%. The year was shaped by significant internal change, staff turnover, and a prolonged gap in senior leadership. These factors affected momentum, consistency, customer engagement, and the ability to pursue growth opportunities effectively. At the same time, difficult market conditions across construction and flooring along with cautious investment sentiment, high costs, project delays contributed to softer demand and pressure on sales volumes and margins with strong competition from the other main players (largely European) all operating in a smaller market.

Despite these pressures, the business continued to support customers and maintain service levels, with stock availability, technical expertise, and responsive customer support remaining key strengths. There were also areas of positive performance, particularly growth in UK manufactured products. Declines were, however, experienced in LVT and floor preparation goods, highlighting areas requiring renewed focus.

A consequence of these difficulties was that Australia made a loss in the year. Looking ahead, the focus is on returning the Australian business to profitability in 2026–27 through stronger sales execution, closer customer engagement, improved competitiveness, and disciplined cost control. Continuation of planned expenditure reductions across marketing, travel, IT services, recruitment, administration, and warehouse costs will support profitability, while continued investment in people, training, and key market sectors is expected to help rebuild momentum and deliver sustainable growth.

The market difficulties in Australia were also felt in New Zealand and the 2026 financial year was challenging. Difficult market conditions, construction-sector weakness, increased competitor pricing pressure, and reduced sales in key categories have affected the business significantly.

The business has maintained tight cost discipline through initiatives including subleasing premises, bringing sampling production in-house, managing stock purchasing carefully and examining warehouse costs to offset the issues arising from the market conditions.

While market sentiment is expected to remain soft through the 2026 calendar year, early signs of improvement are expected in 2027, and Polyflor NZ is positioned to rebuild volume, protect margins and regain market share as conditions recover.

The South Asia sales retrenched by 4.6% following last year's significant 38% growth, which although



Chief Executive's Review
continued

disappointing reflects a business in its infancy in what are competitive markets. Our largest market in this area remains Malaysia, but encouragingly all the surrounding countries saw growth reducing our dependency on the one market. There was a small drop in margin performance during the year due to product sales mix (as opposed to margin erosion), but we expect improvement in the forthcoming year as the goods brought in with less duty replace older stock imported under the old duty regime.

North Asia continued to underperform and the business model of local stocks across much of the range has been reviewed as it is ineffective given the project nature of most of the sales which are often large volumes. Restructuring of this business to reduce costs and working capital is under way and the targeting of larger volume specifications for direct delivery as we previously operated will be the strategy for the near term.

Nordics

Polyflor Nordic comprises Polyflor Norway based in Oslo and Polyflor Sweden based in Gothenburg. Following a disappointing year last year Norwegian turnover recovered somewhat with sales increasing by 6.1% on the prior year. Sweden consolidated the growth from the prior year, albeit with a 5.5% retrenchment.

The region continues to be challenging, particularly in Norway which is reflected in continued low construction activity and strong price competition. During the year we have therefore increased our focus on sales activity, margin discipline and developing larger opportunities capable of delivering meaningful additional volume. As a positive note, volumes of UK manufactured products, a key metric, increased in both markets by over 10%. The business has developed new opportunities with several larger customers and distributors, including direct full-load business, which we believe provides a good platform for further growth and profitability.

Cost control remains a feature here to maintain a sound base for the business in less turbulent times.

Polyflor Canada, based in Toronto

Polyflor Canada delivered a strong full-year performance, with net sales 24.8%, higher than the previous year. The result reflects significant progress by the Canadian business and establishes a much larger revenue base for the future. These increases in sales were across all the major product groups and volumes of UK manufactured products increased by 35% overall, with the largest increases being Riverside heterogeneous product.

Profitability also improved as much of this growth has been obtained on the infrastructure put in place in the prior year.

During the year the Company has for the first time begun to hold stocks in British Columbia which is a key growth province for the business in which we supply direct. This has allowed greater flexibility and responsiveness to the market and reduced, somewhat, the significant freight costs from Ontario, our main warehouse facility. Increased presence in this state will facilitate further growth in future years.

We remain something of an insurgent in the Canadian market, almost entirely a specification business for us. There remains large market share to attack across the country, notwithstanding political uncertainties in the region.

Direct exports markets

The geographic reach and sector coverage of our direct export team coverage are extensive. This team is based in Radcliffe and is part of the Polyflor business.

Much of Europe is discussed above within the Objectflor and Polyflor Nordic sections and the regions represents the largest concentration of projects, spanning education, healthcare, hospitality, retail, culture, residential care and specialist commercial environments. A significant number of countries are dealt with as direct exports and these markets have grown by 3.4% over the comparative. These cover the Mediterranean (including Spain and Portugal) along with Eastern Europe and Scandinavia (excluding Polyflor Nordic).

Key projects include the renovation of Klaipedos Licejus schools in Lithuania, nightclub installations in Bulgaria, multiple care and disability-support facilities in Portugal, Bennett Pharmaceutical's head office in Greece, EDU Camp School in Cyprus, Bassadone Motors in Gibraltar, and a broad portfolio across Poland and Ukraine including museums, medical hubs, air bases, restaurants, care homes and duty-free retail stores.

In North America our portfolio is represented by major work in Mexico, including the ISSSTE Regional Hospital in Oaxaca, where Classic Mystique was supplied for a public healthcare facility, and nationwide, where Finesse SD was supplied across ten locations to support static dissipative flooring requirements in data centre environments. The direct exports into this region have fallen modestly by 1.7%, however the regional sales are augmented by the sales of Polyflor Canada and their 24.8% increase in turnover. A year of good progress.

In South America, specifically, in Chile, we supplied projects focused on healthcare and early years education. Notable

James Halstead

schemes include the renovation of the Emergency Department at Clínica UC Christus San Carlos de Apoquindo in Santiago, plus the Tralcalcito and Los Cisnecitos kindergartens in southern Chile.

In Western and South Asia (the Middle East) we have seen significant growth over the past year, some 45.1%. In the UAE, projects were completed including industrial, residential, healthcare, education, automotive and commercial end users. Standout projects include Universal Rubber Belt Manufacturing in DIC, Burj Al Shams Residential Tower in Abu Dhabi, Sharifa Yateem Center, American Academy of Cosmetic Surgery Hospital, British Orchard Nursery, SABIS International School – Al Bateen, HPSA Abu Dhabi, and the American and International Schools of Creative Sciences.

In Africa, the largest market is South Africa and sales have increased 23.3% year on year. We were involved in a substantial South African project portfolio across healthcare, higher education, retail, leisure, hospitality, transport and entertainment. Notable projects include Nelson Mandela Central Academic Hospital's Oncology Unit, Mediclinic George, Stellenbosch University Admin A, ADvTECH Rosebank College Phase 2, NWU Vanderbijlpark facilities, Museum of Illusions Durban, Woolworths Dainfern, Table Bay Hotel, Amazon South Africa, The Fun Company Silverstar, Total Ninja Somerset West, Mini Ninja Winelands Square Cape Town, Ivy Pops Candy Shop and Lanseria Airport.

Summary and outlook

Sales prices were increased at the start of the 2027 financial year.

The Company sells, for the most part, commercial flooring across the world and has seen continued confidence in the segment of resilient sheet flooring but has experienced headwinds against sales of LVT, principally in Europe and Australia. Within the UK, LVT is a major domestic flooring product and our commercial grade products sell into domestic markets, whilst sales volumes have declined, we believe that our ranges have performed well compared to other major domestic brands due to affordability and availability. The Company has, however, successfully managed to grow its market share in the UK in manufactured resilient sheet.

We noted, in our trading update of 22 July 2026, that the impact of the Iran conflict on input costs was sudden and led to many suppliers immediately initiating surcharges. We did not increase prices in the financial year. As a manufacturer with many end contractors committed to projects, we felt this was a situation to absorb some of this cost and to buffer the effects to the end contractors, at least for the short term. Although much of our business is via distribution our connections to end projects are strong, especially overseas, and in markets that already have fragile demand for refurbishment we felt this was the responsible course of action. Furthermore, James Halstead carries significant stock and with many competitors not as well placed, we saw it as an opportunity to take some extra volume as those competitors raised prices and this was successful. A comparison of second half sales performance in the Middle East is a good example – this market increased 45.1% year on year but comparing the second half year sales to the comparative the increase was 80%.

Our overall slowdown was almost entirely in the latter 2-3 months of the trading period in the UK, in part, owing to cost increases in respect of the Iran conflict but also a significant drop in sales to Headlam plc driven by their cash flow difficulties. The Board's prudent approach to credit with customers also contributed to this reduction in sales. After the financial year end, Headlam plc entered administration in September 2026 with no material effect on debt exposure. Polyflor continued their efforts to support this customer and in recent days the business has been broken up with some core assets sold to Likewise plc Likewise have been and continue to be a customer.

Our ongoing expectations are for increased sales in the UK as spending on education, prisons, health care and aged care, particularly refurbishment, picks up. Additionally, we continue to increase our direct export sales and are confident that our overseas business can increase profitability.

Gordon Oliver
Chief Executive

13 October 2026



Financial Director's Review

As is usual, we have prepared these accounts by the consistent application of accounting standards with due appraisal and judicious accrual for known probable liabilities with as yet uncertain outcome at the year end. As in previous years we, as a board, look to be prudent.

The group operates across numerous markets across the world and though these are discussed in the Chief Executive's Review we, as a board, have concluded that these operations are one segment for the purposes of IFRS 8. Segmental information on sales and non-current assets are disclosed in note 5.

Key performance indicators

Revenue – £259.9 million (2025: £262.0 million) a decrease of 0.8%

There has been a small drop in revenue in the 12 months with a further fall in our European and Australasian markets (down 4% and 11% respectively). As shown in the breakdown in note 5, the UK, despite its difficulties, has seen a marginal increase of 0.3%. Positively there has been strong growth in the rest of the world, up 14% in the year, as we see strong performances from North America and the Middle East. More detail on the individual entities and markets is given in the Chief Executive's report.

Gross margin – £115.8 million (2025: £116.6 million) a decrease of 0.6%

Gross margin return was largely in line with last year and the fall in value is down to the drop in revenue. The impact of increased input costs in the final quarter was not immediately felt as we relied on our stockholding during this period to try and avoid short term price increases. However, given the continued uncertainty and the continuation of increased raw material, energy and freight costs in the markets this could not be maintained and subsequently prices have been increased.

Overhead costs – 9.0% higher at £69.5 million (2025: £63.8 million)

Whilst we tried to hold our output prices to the market, there were increases in costs which impacted immediately, notably in respect of distribution where there was a sharp rise in fuel costs across all markets in the final three months of the financial year.

In Germany, we also had the full year impact of increased lease costs for our existing warehouse and in Canada we had added costs as we opened a warehouse on the west coast.

In the UK, we benefitted from some rate rebates during the financial year to June 2025, which by their nature were one off and gave rise to a comparative increase this year. In the current period, we have seen a 35% increase in our rateable values following the revaluation by the Valuation Office Agency and changes from the new business rates multipliers introduced by the government leading to a 25% increase in costs.

On top of the general inflationary wage increases across the globe, in the UK we also had the additional national insurance increases introduced by the UK government in April 2025. The impact for the full year in these results increased costs in the UK by approximately £0.6 million.

Marketing costs were 7.4% ahead of last year, predominantly across the UK and Germany as a number of new or updated ranges were launched. Additionally, we incurred the costs of a stand at the EuroShop exhibition in Germany, a triennial event focused on the retail trade which was manned by staff from Objectflor, Polyflor UK and Polyflor Nordic.

Profit before tax – £48.2 million (2025: £55.1 million) a decrease of 12.7%

A disappointing result, with increased costs in the year unable to be covered by a rise in sales or margin. The directors believe there were two fundamental factors which negatively impacted profitability, firstly, as noted in the interim accounts, the tightening of certain credit limits to reduce our risk exposure restricted sales revenue in the UK, and this continued into the second half of the year. The second factor was the immediate impact of higher input prices on our products in the final quarter along with the higher costs of distribution.

As a group we did not pass these increases on immediately as we looked to utilise our strong stock position and gain extra sales volumes. However, as noted above, given the Middle East conflict has not been as short lived as hoped, inevitably we have had to increase prices as we move into the new financial year.

Taxation charge of £12.7 million (2025:£14.5 million), an effective tax rate of 26% (2025: 26%)

Working capital

- Inventory levels fell to £75.9 million (2025: £80.4 million).
- Trade receivables reduced to £36.3 million (2025: £39.9 million).
- Trade payables at a similar level to last year at £29.3 million (2025: £29.6 million).

As noted above, we utilised stock levels to try and increase sales volumes by maintaining our output prices whilst our competitors immediately imposed increases. As a result, we saw stock in the UK fall during this period whereas historically this has always been a period of building stocks as we headed into the summer refurbishment period and factory holiday shutdowns.

Trade receivables, as they were at the half year, remain lower as our focus remained on tight credit control, with trade payables in line with last year.

Subsidiaries present their key performance indicators on debtor days, stock turn and creditor days but the consolidation of these for the whole group offers no extra benefit as the component of mix can mask underlying effects.

James Halstead

Cash and cash equivalents stand at £75.7 million (2025: £68.4 million)

The group's cash inflow generated from operations was impressive at £62.1 million (2025: £50.0 million) a reflection of the reduced stock and trade receivable position.

The net cash position also includes payments of £37.1 million in dividends (2025: £36.5 million), £13.0 million in tax (2025: £14.3 million) and £2.9 million of capital expenditure (2025: £3.9 million).

Interest of £2.1 million (2025: £2.6 million) was received in the year as the group continue to benefit from their cash balances but the fall in Bank of England base rate impacted the rates of interest received on our deposits.

Dividend – final dividend of 6.10p (2025: 6.05p) is proposed by the board

We have proposed a small increase in the final dividend, and taking the interim dividend into account, this takes the total dividend for the year to 8.95p (2025: 8.80p) an increase of 1.7%. Whilst this reduces dividend cover to 0.95 (2025: 1.10), the board does not believe liquidity will be impacted given the level of cash reserves and free cash flow generated.

The total dividend will be a record payout and represents increases for the 50th consecutive year.

The board continues to consider growth in profit before tax and growth in dividend key targets in line with the task of delivering shareholder value. Control of working capital and cash flow are important and the level of cash is monitored.

No individual key performance indicator, or group or summary thereof, is regarded as more important than informed, in-depth knowledge of the underlying businesses. The board are informed of all significant issues directly by subsidiary management by means of monthly reports and regular meetings on the key decisions and influences on working capital.

The group comprises two major manufacturing plants and a number of overseas importer and distribution businesses and, given the differences in operations, no overall KPI seems appropriate. Obviously, sales, profit and cash generation are monitored against budgets and more so against prior year comparatives. To look at group level ratios would be misleading as the disparate types of business require review in isolation.

Appropriate summaries of statistics are collated into monthly group reports and these accounts contain analysis and more importantly, we require each director to undertake a written report on their area. These will include key indicators (obvious examples, debtor days, sales and margin by product line, stock turn) but these are backed up with detail of the key drivers of these ratios. Functional directors of the subsidiaries report on the KPIs appropriate to their area of control – for example manufacturing will report on the key drivers such as utilisation of plant, conversion efficiencies of raw materials into finished goods and volume output.

In terms of non-financial KPIs each subsidiary will focus on numerous areas and these will be reported in monthly management reports. Whilst not financial in their nature or calculation, by their very nature they can have varying effects on the performance of the company. Examples of non-financial KPI's used would be:

- Market data – where available, market information on flooring industry volumes, competitor information, market share etc. To the extent that they are collated by various trade bodies these are important independent evidence for the group executive team.
- Monitoring fleet logistics – telematic reports on our fleet monitoring distance travelled, fuel consumed and carbon emissions. These reports also provide details on driver efficiencies and where necessary, training will be provided for improvement.
- Health and safety – including accidents, days lost to injury, whistleblowing incidents.
- Absenteeism rates across the workforce based on location and job description.
- Staff retention rates.
- Customer interaction – sales office response time and calls received, number of visits by salesperson.
- Quality – nonconforming product complaints.

Each of these are company or department specific and reported by directors in their monthly reports to the group executive directors. The executive directors comment on these on a case specific bases and the non-executives have sight of the major reports.

Principal decisions

The strategic report notes our approach to Section 172 of the Companies Act 2006 and as normal, we have faced many decisions in the year. We define principal decisions as those that have a significant impact on the company and/or group and/or our stakeholders. Principal decisions that are currently confidential to the group are not included in the list below. Any such decision would be included in future report and accounts if and when confidentiality is no longer a factor.

The potential impact of principal decisions on stakeholders is assessed in detail by the board. The executive directors kept the board appraised of their actions and these are described in the strategic review and in our interim reporting. To the extent that these decisions affect employees there is a bi-annual update on group performance. Each of the principal decisions has a potential effect on employment and hence employees as a whole so this high level update is important to provide context for the individuals.

During the year the following were considered by the board..

Payment of dividends

The board considered shareholder expectations in setting these dividends, along with the cash position of the



Financial Director's Review
continued

company given the fall in dividend cover. Cash flow projections are an important part of this process, as is the working capital position, particularly in the current economic environment. Given the strong cash inflow from operations and higher cash balance at the end of the year, the board deemed the payment satisfactory.

Approval of group budget

A key process each year is to agree budgets with our trading subsidiaries and these are presented to the board towards the end of each trading year. As ever, continued uncertainties in the global market from tariffs, geo-political tensions, energy and cost inflation do not help this process. Nevertheless, it remains a key task to assess our manufacturing capacity and manage shift patterns and associated expenditure.

Budgets and prior year results are then used to incentivise local management as part of their remuneration package.

Emphasis remains on cost control in regions where we are not seeing growth.

Credit limit restriction

The board took the decision to reduce the credit limit of one of its largest UK distributors. Invariably this had an impact on sales to this customer during the year, but the risk of a potential bad debt was minimised.

Subsidiary issues

The board discusses and ratifies subsidiaries investments of which the key items this year include:

- Decision was taken not to proceed with building a new warehouse in Germany. Potential alternatives are now being reviewed.
- The management of the APAC region has been reviewed and changed following the resignation of the managing director. Direction for the South Asia and North Asian markets has reverted back to the UK.

Risk management

The board recognise that an important part of their responsibility and achieving their long term objectives is their approach to risk management, whether existing or emerging. The board constantly assess risks and discuss business issues regularly and those risks that are considered to have the highest potential impact, together with the mitigating actions, are set out in detail below.

To the extent risk is insurable the board is risk averse, and the group is widely insured.

A comprehensive insurance appraisal takes place annually to mitigate exposure to risk but other key risks fall outside any insurable event. Inevitably the unexpected cannot be anticipated but given the depth of understanding of our principal businesses by senior management, and the board, risk is mitigated but not eliminated. A register of risks and opportunities are maintained by our core businesses and updated regularly as part of ISO audits.

Risks associated with climate change, which are not, currently, deemed to be principal risks and uncertainties to our businesses are noted elsewhere under our Climate-related Financial Disclosures (CFD).

Principal risks and uncertainties

Cost of production

Description: Increased wage costs, energy costs, raw material prices or other costs of production.

Impact: Without any mitigating increase in productivity or prices, result would be lower margins and subsequently profits. The current conflict in the Middle East has led to an overall increase in prices over the final quarter of the year.

Mitigation: We will continue to invest in more efficient and productive working practices, invest in lowering energy consumption with increased use of renewable energy (solar panels) and investment in low energy alternatives (e.g. LED lighting). Energy costs are hedged over varying periods based on advice from our third party broker.

Raw materials are sourced from a number of suppliers and we have alternative suppliers or products that could be used. Our competitors also face the same input cost increases for their products.

Risk rating: increase.

IT systems

Description: The group are dependent on IT systems and processes, and specifically on our ability to process orders. The UK manufacturing processes is also heavily reliant on functioning software.

Impact: Operational disruption in manufacturing and distribution impacting availability of products leading to revenue reduction.

Mitigation: We have consistently invested in our systems and controls to reduce this risk. We have full data and application replication between our two core sites with two way fail over to ensure availability of systems. Our overseas subsidiaries have in the main moved to cloud based systems hosted by third parties. Over the past 18 months we have also upgraded the software of our mix room operation at our Teesside plant.

Risk rating: no change.

Data security

Description: Protecting data from unauthorised access or loss of access is a key priority. As highlighted in many media reports, ransomware is increasingly used in attacks by cyber criminals on commercial organisations.

Impact: Operational disruption leading to reduced revenue and increased costs.

Mitigation: as well as the mitigating factors listed in IT systems above, we have invested heavily in upgrades to firewalls, anti-virus protection and a managed incident

recovery and response service. Our staff are regularly updated with the latest threats and cyber security training is being rolled out across the business.

Risk rating: increase.

Loss of major customer account or key partner

Description: We operate in a competitive market sector and our focus is on offering first class service to our customers through marketing, stock availability, product quality and value for money. We sell through distribution in the UK and via our subsidiaries and key partners overseas.

Impact: The loss of one of these distributors, any key partner or customer, would impact revenue and reduce profitability.

Mitigation: We devote time and energy in maintaining strong relationships with our customers. In a number of countries, we have insurance in place and where there is no insurance we often require letters of credit or bills of exchange. Fundamentally however, credit control and market awareness are important, and overdue balances are reported monthly by management.

Actions were taken this year to reduce the credit limit on one of our major UK distributors as we looked to reduce our exposure to a potential unrecoverable debt.

Risk rating: increase.

Liquidity risk

Description: The group needs to ensure it has the funds available to pay its financial obligations as they fall due.

Impact: Disruption to operations, weakening of supplier relations and reputational damage.

Mitigation: Our cash balances are buffers against liquidity risk. We ensure cash forecasts are updated monthly by subsidiaries and any material changes raised with group immediately.

Risk rating: no change.

Legal and regulatory risk

Description: The group has two manufacturing sites in the UK, multiple office and warehouse locations around the globe and various field based teams. We are required to meet a range of compliance, regulatory and health and safety obligations. A health and safety incident for example could lead to fines, reputational damage, physical injury and/or loss of life.

Impact: Profits could therefore be affected by fines increasing costs, production being halted, reputational damage affecting sales.

Mitigation: We have training programmes, policies, processes and audits in place designed to achieve compliance. Insurance cover is in place to help with any financial compensation and our insurance broker works alongside our health and safety manager to make improvements if necessary. Legislation changes are monitored and technical managers will report on potential impact and any changes required in their monthly reports to the board.

Risk rating: no change.

Competition risk

Description: The activity and progress of our competitors is a significant risk. Whether there is a new innovation or a gain in competitive advantage by a new process.

Impact: The loss of market share will lead to revenue reduction subsequently lower profitability.

Mitigation: The board looks for market intelligence and devotes considerable time to understanding the strategy of our competitors.

Risk rating: no change.

Foreign currency risk

Description: The group operates internationally with overseas subsidiaries as well as exporting across the world. A significant part of its costs base is also purchased in foreign currency.

Impact: Potential increase in costs and reduction in profitability.

Mitigation: Whilst there is a natural hedge in terms of sales and purchases in the same currency, the group adopts a hedging policy to mitigate risks associated with exchange rate fluctuations. Its policy is to hedge known and forecast transactions, with at least 25% and on occasion, albeit rarely, 100% of next year's anticipated exposure.

Risk Rating: no change.

Defined benefit pension scheme

In common with other long established businesses, we have the complications and uncertainty associated with having a "final salary" pension scheme. The scheme was closed to active members on 31 January 2023, with no added service to the defined benefit scheme from that date.

Accounting for this defined benefit scheme is prescribed by IAS 19 and the quantum of the deficit or surplus is ever volatile due to the nature of using gilt yields, at a point in time, and to a lesser extent a myriad of assumptions determined by the actuarial profession.

The scheme comprises deferred members (existing and past employees not yet in retirement) and pensioners.

David Drillingcourt
Finance Director

13 October 2026



Section 172 Statement

The directors and the board as a collective consider that they acted in a way that would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1) (a) to (f) of the Act) in the decisions taken during the year ended 30 June 2026.

The group comprises business units in various locations worldwide, all of which have engagement with their local stakeholders and other companies within the group structure. The group's governance delegation of authority allows decisions to be made at business unit level up to defined limits, which allows them to take account of the needs of their local stakeholders through their decisions implemented locally. The board routinely monitors these decisions and ultimately takes responsibility for the interaction with all stakeholders.

In consideration of major matters discussed at board level, the likely impact on all stakeholders is carefully considered and where possible, decisions are carefully explained and discussed with affected stakeholders before actions are implemented to ensure they understand and have any necessary support.

The group's key stakeholders and how we engage with them are set out below.

Stakeholder group	How do we engage with them?	How has the board considered their interests?
Shareholders	Members of the board have regular dialogue with institutional Investors and individual shareholders in order to develop an understanding of their views. The AGM is an important forum for shareholders to meet the board and ask any questions they may have, directly. The company's website has an investors section which gives investors direct access to reports, press releases and business information. There is also a contact mailbox facility.	The board understands that shareholders require sustainable growth and value creation. In recognising this, it has implemented a policy which has resulted in increasing dividend returns and incremental shareholder returns over a sustained period. Shareholder views, together with movements in the shareholder base, are regularly reported to and discussed by the board and their views are considered. Our NOMAD's views on market sentiment are fed back on a regular basis, and are considered by the board where it impacts strategy.
Customers	We interact with our customers through: ■ Regular visits and meetings ■ Industry exhibitions ■ Customer site tours and presentations ■ Business unit websites ■ Supplying extensive samples and supporting literature ■ Delivering a high standard of technical support ■ Providing enhanced digital design services and support	Our strategy of attaining sustainable growth in profit and building goodwill in our brands will only be achieved through an understanding of the needs of our customers and the markets we serve. The board regularly considers the impact on customers when considering strategic decisions.

Suppliers	Engagement with suppliers and business partners is achieved by holding regular meetings, regular evaluation reviews and through audits of the supplier base.	The board recognises that relationships with the supplier base is important to the reputation and long term success of the group. There is regular dialogue between our management team and our suppliers, where quality, price, sustainability and health and safety are key to the discussions. Any matters which the board needs to be aware of are reported back as appropriate.
Employees	We engage with our employees through site communications, briefings, performance reviews, newsletters and notice boards. Employees are also written to individually on matters which are deemed important.	The board is aware that our employees are critical to the successful achievement of the strategic aims. The group prides itself on providing a friendly and safe working environment for all employees, and given the nature of our manufacturing process, health and safety is taken extremely seriously. There are a number of employees who have achieved thirty, forty and even fifty years' service. The group has operated a share scheme which enabled employees to build up personal shareholding in James Halstead plc and participate in its expansion and success.
Communities	We operate from multiple sites and seek to be a good neighbour with the local communities. Where possible we create opportunities to recruit and develop local people, which helps support the local economy and look after the environment. We also support local charities through fundraising and donations.	The board has a full understanding of the importance of good community relations with both internal and external stakeholders. The impact of our operations from an environmental perspective is recognised on a local and global level. Capital expenditure projects, for example, focus on improving energy efficiency and reducing environmental emissions.

The corporate social responsibility section of the latest Polyflor Sustainability Report outlines in further detail, the group's commitment to its stakeholders, including the supply chain, employees and the communities.

The principal decisions in the year are included in the Financial Director's Review.



Climate-related Financial Disclosures

Non-financial and sustainability information statement

In 2022 the UK Government introduced the Climate-related Financial Disclosure Regulations. These regulations have been introduced to support informed decisions by investors and to encourage companies to embed climate-change considerations into the management of businesses. These disclosures were largely based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and are a requirement for accounting periods starting on or after 6 April 2022.

Separately within the Report of the Directors we have disclosed our streamlined energy and carbon reporting (SECR) and in addition the Chairman's Statement, the Chief Executive's Review and the Report of the Directors refer to environmental, social responsibility and sustainability considerations and initiatives. It should be noted that our SECR is reported on a location-based approach.

Sustainability and environmental considerations have been key considerations for our businesses for over a generation and we see these as a differentiation against competitors. A key consideration is to dispel the myth of PVC as being a 'bad' choice because of its derivation from fossil fuels. PVC is widely used in products and applications and brings sustainability benefits whether they are cars (to make them lighter and thus more economic) or in buildings (windows, floors, piping and cabling) to perform effectively for much longer than alternative materials. Life spans of 30 to 100 years with minimal maintenance (hence limited additional consumption of energy and raw materials). At end-of-life PVC can be recycled and has the longest history of recycling amongst plastic with the most advanced level of material recycling (i.e. lower energy input). The volume of PVC that we process each year is less than one tenth of one percent of global annual production. In terms of safety PVC has a very good long term record and is one of only a few materials trusted and approved for use for the storage of live human blood cells.

Our annual ESG reports are part of our manufacturing ethos.

There is an assumption that investors and regulators have an appreciation of climate reporting, but in reality there is a myriad of 'green claims' and much of it inconsistent with a consumer society. For our part, we focus on durability and life span of products since an extended life span reflects lower energy usage.

Within the context of the regulations we, and others, have responsibilities to assess and manage climate-related risks and opportunities. Whilst our business has always assessed risks these regulations seek to add separate focus to climate-related issues. Noted below are specific risks that we have assessed together with a degree of background and the related mitigation.

Governance and time

In terms of collating and undertaking these responsibilities, the board has delegated the role to the finance director to assess and enquire. This in no way negates the board's primary focus and involvement in climate-related risks and the FD will, as a matter of course, update the board on climate-related risks. Indeed, this is not different to assessing risk management. It is a matter for the board as a whole to determine further actions. The initial assessment in the short term is that climate change related risk to our business is low and not material. Nevertheless, the board wishes this to be an open item on the agenda for subsidiary boards to have further meetings and risk assessment. Subsidiary board meetings are held 6-8 times a year and Group board meetings 5-6 times. Risks identified, usually by discussion and enquiry are reported to the main board and mitigating actions assessed.

The subject of climate change and associated risks in the medium term will require greater time and involvement with 3rd parties including suppliers, trade bodies and potentially consultants. The risks surrounding climate change often do not fit with other risk management areas as they are, in the medium to long term, largely imprecise and mitigation tends, therefore, to be hypothetical in the short term. The subject matter and risk perception may well change over time and hence to board's decision to seek input, and to make the subject an ongoing agenda subject.

It is to be envisioned that larger risks may be recognised in future years and that more resource may be needed to assess the, as yet, indeterminate effects on our small business as a result of climate change.

There follows a number of areas where risks have been assessed and whilst the reporting is not tabled and boxed the board believe the context of these areas warrants a degree of background.

These are the current risks associated with climate related changes but these may potentially have increased severity in the medium term (4-8 years). The risks identified currently are, to the belief of the board, sufficient to gain an understanding of our business. Currently, the board believe, the following points outline the perceived risks but will consider the impact of these risks to our business model and may undertake resilience modelling in the fullness of time.

In referencing the past, the board is no way distancing the need to look at the future, and the long term and past

events can and do have relevance to preparedness. At the moment our current targets in relation to managing climate related risks are to increase awareness of the risks, to engage with stakeholders and to continue to assess both risks and opportunities. If it is to be envisaged that, in due course over the next 2-5 years performance indicators / key metrics may be identified. However, data sets on the effects of climate change and the geographic location of potential effects are incomplete and speculative.

Risk management

The main board has made climate-related risks an agenda item at subsidiary level and in the initial phase asked subsidiary directors to consider a wide range of issues to assess risks. Quarterly these will be discussed in detail for board presentation. The process is aimed at allowing the board to identify and determine relative significance to the business of the risks (and opportunities).

The board believes it important to note that environmental considerations and sustainability are key considerations and nothing in the statutory climate related disclosure statements alters that view. As manufacturers this has been both good practice and good stewardship, as well as progress to a low carbon footprint. In reality this means using less energy, fewer resources, greater recycling and preserving air quality, all of which are reported in our annual sustainability report, with constant focus and to strive to improve. Our 21st annual sustainability report (issued September 2026) is available on our website or as a printed copy and this offers a far more detailed review of the group's activities, albeit with a heavy focus on our manufacturing activities.

Given that our manufacturing is based within the UK, it perhaps does not go without saying that legislation is significant with regard to environmental issues, air quality, and water use and that the vast majority of raw materials and all energy used are subject to the same standards. These are not insignificant and it is to be hoped that greater focus on climate change might add to greater scrutiny of sustainability and environmental good practice that compares favourably against imported products from less highly controlled regions.

Our manufacturing bases are Radcliffe in Manchester and Thornaby on Teesside. Neither of these locations are at high risk for flooding and both are near to, or part of, significant main roads and infrastructure. At this time and in the medium term we see low risk of anything other than short term disruption from climate related weather events. This average increase may lead to increased severity in weather events and more extremes (hotter, colder, rainier, and longer drought). We have already experienced some of these extremes over the last few years and arguably some actions that we took during the pandemic also assist with our preparedness (in regard to delays in raw material input deliveries).

The risks of climate change are by their nature as yet unknown. The board recognise the need for ongoing assessment and asks all management to input into the process. In looking for a key performance indicator or indicators the nature of the subject makes this, as yet, difficult and nebulous. However, the structure we have adopted is for the senior finance team to consider the financial effects in line with other risk assessments. The review relates to all the group's subsidiary activities but outside the UK our activities are sales and distribution with relevant warehouse facilities. Outside the UK no significant risks were noted other than potential disruption by an extreme weather event within a territory, or affecting a particular warehouse and this would be assessed as temporary and insured. Examples of extreme events that our businesses have faced in recent years (which may or may not be climate-change related):

– severe flooding in Malaysia;

– extended drought and wildfires in Australia;

– heat waves, wildfires in Canada.

In considering various scenarios, it is almost impossible to assess risk without attaching probabilities but notwithstanding our teams will meet and review perceived risks. However, even though risk mitigation plans may be difficult that does not mean that the risk of complacency is high merely that retaining speed of reaction and flexibility is important and no amount of "speculation" or boilerplate can obviate this.

Strategy

Looking at the risks across several areas where we have identified risks associated with climate change with background detail and / or mitigation actions (where relevant). It should be noted that there can be envisaged opportunities as and when competitors face the adverse effects of climate and offer opportunities for market share gain by our own UK based production facilities (either by the availability of cheaper raw materials due to excess supply and/or lack of finished goods often at short notice) and which we are capable of supplying (whether by use of our large stock holdings or easily flexed production). The time frame for this could be short term and immediate with the incidence of climate related changes that may be infrequent or recurring.

Raw materials

Around 50% of our raw materials (by mass) are sourced from the UK, from less 40 miles away and up to about 95% from Europe. Delays in these shipments would seem not to be affected by most weather events other than heavy snow



Climate-related Financial Disclosures
continued

which can close local and main roads (dependent on severity) but over a relatively short time period. As a site we carry over 500 tonnes in reserve at any one time so are well placed to last circa a week without any deliveries. We also hold around 40-50 tonnes of bag stock which can be added into the production lines manually for an extra day's production.

Most polymers and plasticisers are sourced from outside the UK. Polymers are sourced from the large European petrochemical producers (as do our European flooring competitors) and the biggest negative impact we have seen in recent years is when there are low water levels in the main French / German rivers that are used heavily to transport goods and materials. Chemicals and raw materials are often transported between sites by barge and these barges are unable to operate if the river is too low (or too high) and/or loading limits are lowered when the rivers run low. In addition, various parts of the Rhine have in the last year become impassable (due to droughts / prolonged periods without rain) which has resulted in delays and inefficiencies from these suppliers. The same can be said during prolonged rainfall (extreme events) that the rivers become too high to be navigated. Climate change could exacerbate the situation, however, mitigating any adverse impact there are alternate supplies from the USA, and Asia and there are several global buying agents that facilitate such alternatives.

Further to local delays as a result of extreme events we do also see shipping delays due to rough seas (high winds / extreme events) that can also lead to delays and ships being unable to dock and/or miss ports / unloading.

Since the pandemic our manufacturing sites now hold higher reserves of raw materials than before and have increased storage capacity by 100 tonnes of bulk liquids. We have also sought to increase the number of approved suppliers from further afield and in 2022 purchased over 600 tonnes of US or Asian sourced PVC which assists during any delays in Europe. Of course, these extreme weather events can also affect US or Asian suppliers and we have witnessed the impact of the extreme weather event ice storm in Texas, which impacted at least one chemical producer for which we were reliant for a speciality chemical. In this case alternative sources were found, and there was no material effect on supply.

Diversifying and increasing sources of approved materials can reduce the direct impact to the site and on-going production.

For all other (non-major) ingredients, on balance, many of these are either sourced locally and/or we carry large inventories to provide protection. We also, as one of the largest accounts in the UK, enjoy excellent relationships with our long-standing key material suppliers and interact with other organisations operating in similar fields / ingredients. A reflection of this being the problems we have endured during the global pandemic when despite all the issues raw materials sourcing was disrupted but supply maintained.

Production facilities - extreme weather events

During the summer UK air temperatures increased to over 38°C. The UK Met Office issued an Amber and Red warning for extreme heat. This affected those that are most vulnerable to extreme heat and needed some changes to working practices and daily routines. The extreme heat event also led to a higher risk of failure of heat sensitive systems and equipment. This is a known issue and summer time heat waves are not uncommon in the UK. During this event there were increased electrical component failures and losses in efficiency. Given our history as a manufacturer we have well established spares policies to react to these types of problems. In higher ambient temperatures the line speeds of some of our production are lessened. Provisions for all employees to mitigate the impact from these events needed to be considered and actions implemented.

Another example was the winter of 2022 the site also observed the opposite extreme temperatures with minus 12°C being recorded overnight. These extremes potentially lead to pipes freezing, valves failing and issues with other engineering equipment. In addition, it involves also keeping the site operating safely with gritting and snow clearing and providing employees with winter work wear. An increase in such events may well affect output but are not expected to preclude ongoing UK based manufacturing.

The sites can at times also suffer from heavy sustained periods of extreme high rainfall and with climate change these kind of events may increase in frequency. This can lead to localised flooding on local roads, flooding of production halls from back-up from the drains or off the roofing areas. We have the necessary equipment on site to remediate these short term travails. During the course of 2025/26 there was a slightly drier and warmer winter, punctuated by periods of severe storm warnings.

Stock shortage

Ultimately, to protect the on-going business and any such impacts from extreme weather events, as a business, on the whole, we carry large inventories of finished product stocks at separate locations. So, in the unlikely event of impact from a severe weather event on the manufacturing capabilities these stock reserves enable the business to continue to supply the market with goods. This was tested in 2019 when one production line endured a mechanical failure and was shut for 12 weeks. Obviously this is only a mitigation to short term climate related events which we consider appropriate.

James Halstead

PVC use and regulation

There is increasing activity by activists who protest against anything plastic or derived from oil. As users of PVC, we are of course arguably on that list but it is generally accepted as an essential polymer in the building sector. PVC is a low energy polymer and has many advantages.

We strive to underline the benefits of vinyl as a building product and most especially as flooring. We have many environmental accreditations, and present the benefits of thermoplastic materials, recycling, and our stewardship through the Recofloor take-back scheme. We have been recycling PVC for over 60 years and it is a fact that vinyl flooring is less energy intensive and more efficient to make than many alternatives.

PVC brings important benefits to products and applications in areas as diverse as construction, automobile manufacturing, medical devices, electronics and electrical equipment, packaging and fashion. Whether it is rigid or flexible, PVC helps to make cars lighter and resistant against corrosion, it enables windows to last longer, allows fresh water delivery through the use of durable piping, and stores blood to save and improve people's lives.

Vinyl applications can perform effectively for much longer than alternative materials. Their lifespan can range from 30 to 100 years in the case of cables, pipes and window profiles. In addition, PVC products need minimal maintenance, and hence very limited additional consumption of energy, raw materials and chemicals is necessary to ensure their continued functionality. As a result, PVC has the advantage of remaining in use for a long period before it enters into the waste chain and we continue to work with various agencies to divert such waste back into the manufacturing process.

When it reaches its end of life, PVC can be recycled. In fact, PVC has the longest history of recycling amongst plastics and the most advanced level of mechanical recycling. We have been using recycled PVC for over 50 years.

One major mitigation of these risks has been the focus on healthcare around the world during and since the pandemic. Vinyl flooring produced in long wide rolls and used as an impervious layer in extremely long lasting and extremely easy to disinfect. Demand may well increase but the use of textile flooring in healthcare appears to be diminishing.

One risk that remains is that as legislators increase the demands on business so that manufacturing within the UK (and indeed Europe) becomes difficult or uneconomic. It cannot be correct that all manufacturing moves out of the UK as costs of energy and targeting of specific initiatives makes importers more competitive. To mitigate this we sit on trade bodies and work with industry initiatives to explain our processes and present a fairer presentation of facts.

Reputational risk

As the general public and the customers become more environmentally aware there are risks and opportunities. As already noted, the majority of our flooring products have some oil derived content (PVC polymers). This can and has been replaced by alternative polymer sources though there is an added energy cost to such polymers that offset the perceived benefit of non-fossil fuel sources. On a more basic level the fossil-fuel source is derived as a by-product of the oil cracking process so it will continue to be made as long as petrol is produced.

Durability and reason for use are huge benefits. As an impervious layer on a hospital floor that can be easily cleaned / disinfected a vinyl floor is not easily replaced. Already up to 85% of that vinyl flooring is from sustainable and/or recycled product.

Our ongoing challenge to mitigate objections to vinyl flooring is to present facts. Our sustainability credentials are literally an open book with an annual sustainability report it is not "green-washing" and is independently audited with independently verified facts.

It should be noted that many climate related disasters lead to an increase in demand for vinyl flooring. The use of temporary buildings for the homeless and the rescue efforts associated with weather based events has a long association with the use of vinyl flooring.

Metrics and targets

We have not as an entity set targets or key performance indicators. Within our industry we are working with many trade bodies and authorities to increase the take up of recycled material. Our sustainability and environmental considerations are wider than simple numbers such as carbon neutrality. As a factory making flooring, we inevitably have a carbon footprint and as we grow this may increase but unlike competitors outside Europe we are in a community that looks to recycle waste, improve air quality and reduce the impact of our actions.

The one tangible metric in place is our targets under our climate change agreement with the Environment Agency (an agreement as defined in paragraph 46 of Schedule 6 to the Finance Act 2000). The UK factories are set a specific energy consumption target which in expressed and tonnes of CO2 equivalent. The agreement requires improvement in energy used over each target period for use to achieve maximum reductions is the government climate change levy. Our current agreement was renewed 1 January 2025 with our targets met.

In addition, we have instigated several initiatives to further improve our energy efficiency, lower our energy consumption and reduce our CO2 emissions.



Climate-related Financial Disclosures
continued

For example:

- We have conducted thermographic surveys of electrical equipment to identify abnormally high temperatures within our electrical distribution systems, leading to investigating equipment that may be operating incorrectly and consuming high amounts of energy so that they may be replaced/optimised.
- We have carried out surveys to build a profile of the energy wasted through air leakage within compressed air systems. Identifying leaks has allowed for the prioritisation of remedial works which will reduce energy consumption.
- We have installed thermal insulation for heated mixing equipment to minimise wasted heat and ensure equipment is operating within its optimum performance range.
- We are currently undertaking ESOS Phase 3 to identify and better understand patterns of energy consumption and increase overall energy efficiency with the aim of decreasing Scopes 1 & 2 emissions. Polyflor has completed the survey to identify the energy saving opportunities and an action plan has been agreed and submitted the Environment Agency. The progress of the energy saving actions implemented under ESOS Phase 3 includes installation of solar panels at Whitefield and on-going LED lighting are now being monitored.
- We have implemented a system that monitors energy consumption and identifies hotspots of abnormal consumption across our estate. This allows for the optimisation of energy consumption and reduction of Scope 1 & 2 emissions associated with unwarranted energy usage.

We have, too date not considered climate change projection scenario projections. Our production sites are UK based and in a temperate climate where production can continue to take place after a wide range of temperatures and weather conditions. The facilities are not flood risk areas. To the extent that some products are sourced from third parties there are many alternative suppliers globally and though a change might cause short term (6-8 months) disruption the risk is manageable.

Over and above our energy costs we have multiple add on costs levied by government for many varied projects (feed-in tariff, renewable obligations, climate change levy or Elexon).

Polyflor (our manufacturing facility), is member of VinylPlus which was founded in 2011 by the European Council of Vinyl Manufacturers (ECVM), the European Stabiliser Producers Association (ESPA), European Plasticisers and the European Plastics Converters (EuPC) when the PVC industry renewed a previous initiative called Vinyl 2010. It currently recycles c 800,000 tonnes of PVC annually.

In addition, as detailed within the SECR in the Report of the Directors, we use the Greenhouse Gas (GHG) Protocol to calculate our emissions and measure performance against these. We use natural gas as energy supply, principally to our Teesside facility, but are unable to move this to electricity because the national grid infrastructure can supply no more electricity to the industrial estate where our business is based without upgrades to underground connections.

The group is committed to improvements in operational energy efficiency with the efficiency measures that were undertaken during the year explained within our SECR. The group are undertaking the Energy Savings Opportunity Scheme Phase 3 to identify further energy savings opportunities, and better understand patterns of energy consumption. The implementation of the findings of these surveys will enable further energy savings to be made in the future.

James Halstead

Sustainability and the environment

James Halstead plc is the parent company that trades and manufactures under the Polyflor brand. Recently Polyflor has published its 21st annual sustainability report, covering the company's environmental, social and governance (ESG) performance for 2026. The data for this report has been independently verified for BES 6001 v3.1 to provide our stakeholders with complete transparency.

As a responsible manufacturer, Polyflor endeavours to reduce and minimise the environmental impact across all operations. Whilst reporting this and highlighting our focused objectives and guiding policies, integrity is important: Reporting remains impartial, and indications are made regarding future improvements.

Sustainability at Polyflor is not the responsibility of just one person: It is very much a team effort throughout the entire company and involves listening to our customers and other external driving forces. Sustainability is driven by our board of directors across all areas of the business and includes our environmental objectives and processes or quite simply, encouraging employees to 'do their bit' at home, in the community and in the workplace.

Polyflor has always been industry leading with regards to its products and sustainability. We have used harvested rainwater for production since 1915 and have been recycling vinyl since we pioneered it in 1950. Polyflor was an early adopter of BRE with products first assessed on a Life Cycle Analysis in 2005 and we were the first commercial flooring manufacturer to achieve the BRE's standard for Responsible Sourcing, BES 6001, for many of our products. Other firsts as a flooring manufacturer included achieving GreenTag's LCARate certification and rolling out a recycling initiative inclusive of site collections and distributor drop-off sites to suit all customer and waste volume requirements.

Undoubtedly, recent years have presented significant challenges to our businesses, however, Polyflor has continued to perform well and has maintained a full focus on its sustainability objectives. Our investment in sustainability initiatives has continued throughout, including our Recofloor recycling scheme which is widely regarded as one of the best examples of its type. Co-founded by Polyflor in 2009, Recofloor continues to significantly reduce the environmental impact of Polyflor and its customers and is a scheme we are very proud of.

In 2026, Polyflor made further progress across a broad range of its objectives and was able to reduce carbon footprint across a number of key areas of the business, not least production and logistics. Of course, the business remains committed to continual improvement with sustainability at the heart of our operations and we look forward to reporting further significant progress next year.

The strategic report was approved by the board of directors and signed on behalf of the board.

P J Burgess
Secretary

13 October 2026



Report of the Directors

The directors are pleased to present their report, together with the audited accounts for the year ended 30 June 2026.

Results and dividends

The group results for the year and the financial position at 30 June 2026 are shown in the consolidated income statement on page 39 and the consolidated balance sheet on page 41.

The directors are recommending a final dividend of 6.10p (2025: 6.05p) per share on the ordinary share capital for payment on 11 December 2026 to those shareholders on the register at 13 November 2026. This final dividend together with the interim dividend of 2.85p (2025: 2.75p) per share paid on 5 June 2026 makes a total dividend of 8.95p (2025: 8.80p) per share for the year.

Directors

The directors who held office during the year, and up to the date of signing this report, were as follows:

M Halstead
G R Oliver
D W Drillingcourt
R P Whiting
M J Halstead
D A Harrison

All the directors will be standing for re-election at the Annual General Meeting.

The interests of the directors and their families in the share capital of the company were as follows:

	30 June 2026		30 June 2025	
	Beneficial	As Trustee	Beneficial	As Trustee
M Halstead	26,523,406	22,241,414	26,523,406	22,242,824
G R Oliver	472,270	249,258	463,770	250,668
D W Drillingcourt	21,923	249,258	7,170	250,668
R P Whiting	14,363	–	14,363	–
M J Halstead	1,454,434	–	1,454,434	–
D A Harrison	–	–	–	–

The directors consider that the board of directors include key management for all areas of the business and that there are no other key management which require disclosure.

Details of the directors' options under the terms of the executive share option scheme are set out in note 28.

Substantial interests

As at 15 September 2026 the company had been notified of the following interests which represent 3% or more of the existing issued share capital:

	Number	%
John Halstead Settlement	70,894,436	17.0
Rulegale Nominees	48,163,871	11.6
St Annes Square Nominees	35,075,607	8.4
Octopus Investment Nominees	18,859,768	4.5
HSBC Global Custody Nominee (UK)	13,648,417	3.3

Share capital

Full details of the company's share capital and movements during the year are set out in note 12 to the company's financial statements.

Special business at the annual general meeting

Resolution 10 renews the directors' authority to offer ordinary shareholders the opportunity to take ordinary shares in lieu of any cash dividends which may be payable prior to the Annual General Meeting in 2027.

Resolution 11 authorises the directors to allot relevant securities pursuant to section 551 of the Companies Act 2006 up to a maximum nominal amount of £6,940,190 representing approximately 33.33% of the total ordinary share capital. The authority will expire at the next Annual General Meeting of the company to be held in 2027 or six months after the next accounting reference date of the company (whichever is the earlier).

Except for the issue of shares to satisfy the exercise of share options granted under the share schemes, the board has no present intention of issuing any ordinary share capital of the company. As at the date of this document, the company holds no treasury shares.

Resolution 12 invites shareholders to renew the board's authority to issue shares for cash without first being required to offer them *pro rata* to existing shareholders. The proposed authority will terminate at the next Annual General Meeting of the company to be held in 2027 or six months after the next accounting reference date of the company (whichever is earlier). The authority is limited to equity securities up to an aggregate nominal amount of 5.0% of the company's issued ordinary share capital. The

resolution also contains provisions to enable the directors to deal with fractional entitlements and other practical difficulties which could arise in the event of a rights issue or similar pre-emptive offer.

Resolution 13 seeks to renew the authority of shareholders to allow the company to purchase its own shares in respect of up to 10% of the issued capital at prices not exceeding 5% above the average of the middle market quotations for the five business days preceding the purchase. The directors undertake that the authority would only be exercised if the directors were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the company at that time. The directors may choose to hold shares purchased under such authority in the form of treasury shares (subject to a maximum of 10% of the issued ordinary share capital at any one time).

Going concern

The directors have reviewed current performance and forecasts, combined with capital investment and expenditure commitments, and a range of trading scenarios. The forecasts cover the next two financial years. The group has no net borrowings and owns the freeholds on many of its premises (the most significant being four UK operating sites and two sites in Germany).

After considering current trading, forward forecasts and scenario planning the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. The directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least one year from when the financial statements are authorised and approved for issue. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Employee involvement

Within the UK we have both 25 year clubs and 40 year clubs for all employees. Many employees have worked their entire career for the group, and retaining an experienced workforce is important to our long term success. Our workforce retention rate is very high. Recruitment is biased to the local area, and we have a number of graduate recruits and offer internships to support younger people looking to develop their employment skills. We look to pass on knowledge and we are involved in skills training to the flooring industry, technical knowledge to the industry in general and involvement in the Chartered Institute of Human Resource Management's "Skills Ahead Mentoring Project". We have a floor fitting school for the industry and this is accessible to employees allowing them to gain skills for use in their own homes.

Promotion or opportunities in different departments are often recruited from within the business and is preferred to external candidates. The senior management and the directors having, in the main, come from lower positions within the business, including the executive directors of the main company. Our recycling partnership presents to senior management and staff on a regular basis to promote a better understanding of achievements and goals to involve more of our staff in sustainability.

We have a firm belief in equality and our main subsidiaries are SA8000 accredited (an independent standard for decent working environments). Also BS OHAS 18001 accredits our occupational and safety management protocols.

All our UK employees are offered pension scheme benefits with company contribution and many UK employees are shareholders in the company by virtue of a long standing employee participation scheme. This is currently being reviewed to make it even more relevant to the group today. On the more personal level we operate a company supported social club for employees, we have outdoor seating, we offer bike sheds and there are shower facilities at most sites. Also there are break out zones and facilities to either buy or prepare food at all our sites. The company looks favourably on providing time for employees to undertake voluntary work.

Across our sites there are regular consultation meetings with employee representatives (some with trade union representatives). Our employees are an important asset and are kept abreast of group performance at least twice a year. In terms of decisions directly affecting employees, communication is by line managers in the first instance, but the directors will discuss overall matters with designated representatives. In regard to the principal decisions of the business the board has considered the employees as a group and their wellbeing as a whole.

Health and safety

The health and safety of the group's employees, customers and members of the general public who may be affected by the group's activities continue to be matters of primary concern. It is therefore the group's policy to manage its activities so far as to avoid causing any unnecessary or unacceptable risk to the



Report of the Directors
continued

health and safety of all those affected by its activities. In order to ensure that the group's high standards in this area are maintained, a substantial programme of training and retraining of employees took place throughout the year.

Research and development

We remain totally committed to the continuing development of our processes and our products to both satisfy the needs of our customers and ensure that we remain at the forefront of our industry.

Environmental policy

A policy has been issued and implemented on safeguarding against air, water, noise and land pollution. The management team constantly reviews and implements at every opportunity the most effective use of materials and energy. A number of control measures have been introduced and these, combined with materials storage and handling methods, together with training, form the basis of the environmental programme. The policy is fully endorsed by the directors and is under constant review to ensure full compliance with the UK Environmental Protection Act 1990. All employees, suppliers and contractors are made aware of the environmental policy which is also freely available to the general public and regulatory authorities.

Emissions and energy consumption

Scope 1 and 2 consumption and carbon dioxide emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. Emissions DESNZ 2026 UK GHG Conversion Factors has been used, utilising the published kWh gross calorific volume and kgCO_2e emissions factors relevant for the reporting period.

	Year ended 30 June 2026 Tonnes of CO_2e	2025 Tonnes of CO_2e
Scope 1 - direct emissions (UK facilities and vehicles)	7,458	8,577
Scope 2 - indirect emissions (UK purchased electricity)	3,060	4,182
Total Scope 1 and Scope 2 emissions	10,518	12,759
Intensity metric – total scope 1 & 2 emissions per metric tonne produced	0.22	0.26
Total UK energy consumption (kWh)	62,255,489	68,606,951

The group is committed to improvements in operational energy efficiency. The energy efficiency measures that were undertaken during the year were:

- Awareness campaigns for employees
- Lighting upgrades, solar and control upgrades on equipment
- Oxygen trim LTHW and hot oil burners
- Fume abatement system replacement of thermal oxidiser to Atephos mist eliminator
- Review of external lighting for correct operation and efficiency
- Ultra Low Loss Transformers
- Stage 1 of the Solar Plan has been completed, consisting of the installation of 600 panels

The group have completed the Energy Savings Opportunity Scheme Phase 3 compliance. The group is taking necessary measures to ensure all requirements are met efficiently. This compliance effort demonstrates the group's commitment to sustainability and regulatory adherence. All the energy saving opportunities have been identified and implemented. These are now being monitored to assess the progress of the actions taken.

Risk management

Information in relation to risk management and future developments can be found in the financial director's review in the strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with UK adopted international accounting standards. The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the group financial statements have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements which may vary from legislation in other jurisdictions.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. The directors' responsibilities also extend to the ongoing integrity of the financial statements contained therein.

Auditor

A resolution to re-appoint BDO LLP as Independent Auditor will be proposed at the forthcoming annual general meeting.

Directors' statement as to the disclosure of information to the auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

Approved by the board of directors and signed on behalf of the board.

P J Burgess
Secretary

13 October 2026



Board Report on Remuneration

Remuneration committee

The remuneration committee comprises the non-executive directors, with Mr M J Halstead, as chairman. The committee meets at least once a year, although usually more frequently, to determine the remuneration packages of the executive directors of the group.

The remuneration policy for the non-executive directors is determined by the board as a whole by reference to market rates. They do not participate in the group bonus scheme, pension scheme or share option scheme. No director can vote in regard to his own remuneration.

Remuneration policy

The remuneration policy is to provide terms of employment such that the recruitment, motivation and retention of high calibre personnel is achieved and maintained to the mutual benefit of shareholders and employees. The committee is assisted from time to time by data supplied by independent professional remuneration consultants as to comparable companies, although identical circumstances are rarely found.

Basic salary and bonus payments

The directors' salaries and fees for the year are disclosed in note 14. Annual bonus schemes are in place which reward the executive directors on achieving performance objectives. Under the current policy, a combination of financial and non-financial performance targets may be set by the renumeration committee with a maximum bonus payable of 125% of base salary. The committee has the absolute discretion to change the remuneration policy including increasing or decreasing the bonus payable to reflect real world operational and financial realities. The determination of whether such events warrant an adjustment rests solely with the committee. UK based executive directors are eligible members of the All Employee Share Investment Plan. Performance bonuses of £578,000 to each of the executive chairman and chief executive and £200,000 to the finance director were paid during the year. These related to the 2025 financial year.

Share option schemes

The remuneration committee believes that share option plans are an important long term incentive to executive directors and other senior employees. They are intended to link the exercise of the option to a sustained and significant improvement in the underlying financial performance of the group.

The committee undertook a review of long-term incentives which focused on market practice, alternative long-term incentive approaches and the structure of the existing company share option plan ("CSOP") which was approved by shareholders in 2020. Following careful consideration, the committee approved the introduction of a new long-term incentive plan (the "LTIP") which replaced share option awards that would have previously been granted under Part B of the existing CSOP.

The rules of the scheme follow market practice and include an individual grant limit based on a percentage of annual salary, performance conditions, malus and clawback provisions and the total number of shares subject to all employee incentive arrangements will not exceed 10% of the company's issued share capital. The plan was approved by shareholders in 2024. Share options are disclosed in note 28.

Benefits

The principal benefits include one or more of the following non-cash benefits: provision of a company car, private fuel, private medical, permanent health insurance and life assurance. The committee has discretion to determine whether other benefits should be provided.

Pensions

The company operates a defined contribution pension scheme for employees. The individual pension schemes are private, and their assets are held separately from those of the company. The finance director is the only director who is a member of the defined contribution pension scheme. His employer contributions or an equivalent cash supplement (or a combination thereof) for the year were £44,000. Any payment in cash is excluded from incentive calculations.

There is also a defined benefit pension scheme which was closed to future accrual in 2023. The finance director is a deferred member of this scheme.

No employer pension contributions were payable to the executive chairman or chief executive.

Service agreements

The executive chairman does not have a service agreement. The chief executive and the finance director each has a service agreement which terminates within or is terminable by the company and the executive on not more than one year's notice. The remuneration committee has taken the view that notice periods of one year are reasonable and in the interests of both the company and its executive directors having regard to prevailing market conditions and current practice. Mr R P Whiting, Mr M J Halstead and Mrs D A Harrison each has a service contract for an initial term of two years from the date of appointment, which can be terminated by either party by one month's written notice.

M J Halstead
Chairman of the Remuneration Committee

13 October 2026

Corporate Governance

Chairman's introduction to governance

The board has over many years recognised its responsibility towards good corporate governance. It is part of our character and, I believe, contributes to our ability to deliver long-term shareholder value. The Financial Reporting Council and the Quoted Company Alliance have both issued guidance on governance and having assessed these codes we have aligned our approach to the latter. In many ways this is a continuing process but in the following paragraphs we outline how we effect this code and I trust our shareholders will take the time to review our comments.

It is my belief that good governance is accountability to shareholders as a whole over time rather than being swayed by current short term objectives of individual holders. For many companies some shareholders are transient and focus short term, looking for ambitious acquisitions or risky strategies and yet quick to exit at the first sign of problems. Management need to be focused on the medium to long term goal as much as current issues.

Mark Halstead
Executive Chairman

13 October 2026

Directors and committees

The company is controlled by the board of directors. The board consists of an executive chairman, two executive directors, a senior independent director and two non-executive directors.

The board has three sub committees: a remuneration committee an audit committee and a nomination committee.

The directors are named below along with their membership of board committees.

Director	Remuneration Committee	Audit Committee	Nomination Committee
Mr Mark Halstead			X
Mr Gordon Oliver			X
Mr David Drillingcourt			X
Mr Russell Whiting	X	X	X
Mr Michael Halstead	X	X	X
Mrs Deborah Harrison	X	X	X

The board

The role of the board is summarised as follows:

- To establish and maintain the group's vision, mission and values
- Decide on the current and future strategy to ensure the group's longevity
- To delegate to management the implementation of policies, strategies and business plans while ensuring the framework of internal controls is effective
- Account to shareholders and stakeholders to promote their interests and the goodwill to the group

The board comprises three executive directors and three non-executive directors. The roles of chairman and chief executive are separated.

Directors

Mr Mark Halstead – Executive Chairman

Mr Halstead has over 30 years' experience in the group holding senior management positions within Polyflor prior to his appointment as group chief executive in 2002. Having gained his grounding in many aspects of the group's flooring activities Mr Halstead focused on exports and founded our operations in Europe. He brings unparalleled knowledge of the group's activities, the products and positioning in markets and experience to allow for the assessment of future opportunities for the group both in commercial terms and product related. He was appointed executive chairman in 2024 and is responsible for the effective running of the board, The chairman works with the other executive directors to ensure delivery of the strategy agreed by the board.

Mr Gordon Oliver – Chief Executive

Mr Oliver is a Chartered Accountant. He trained with KPMG and held a number of financial positions in industry prior to joining James Halstead in 1987 as group financial controller. He was instrumental in the disposal of non-core businesses in the UK and overseas and became finance director of the group in 1999. He brings knowledge of financial management and control, corporate governance and business acumen to the business as well as development of future strategy arising from a long period as a member of the board. During his time with the company Mr Oliver's standing has been recognised by several awards from his peers and the financial press. He was appointed chief executive in 2024 and is charged with the delivery of the business model within the strategy set by the board. He is ultimately responsible for all operational matters and day to day management of the group.



Corporate Governance

continued

Mr David Drillingcourt – Finance Director

Mr Drillingcourt is a Chartered Accountant and trained with KPMG before joining the company in 1996 as group accountant. He has a strong background in finance, IT and management and served as finance director at two of the company's subsidiaries, Phoenix Distribution (NW) Limited (1999-2005) and Polyflor Limited (2005 – 2013). He served as company secretary (2013 – 2021) and as corporate development director (2019 – 2024) supporting the board in its strategic aim of growing the global footprint of the business. Mr Drillingcourt was appointed finance director in 2024. He has primary responsibility for all finance related activities and is tasked with working closely with the chief executive to progress the business and to have regard to mitigation of risk.

Mr Russell Whiting – senior independent director

Mr Whiting was appointed to the board in 2017. He was appointed senior independent director in 2024. He is a local businessman and is director of a company involved in leasing of assets, Associated Credits Holdings Ltd. As well as general business acumen he brings specific understanding of business and asset financing to a broad range of commercial enterprises. He has known the group for a number of years through his business. Mr Whiting possesses the critical skills that are relevant to modern companies, which includes both technical experience and the ability to positively challenge and to listen in equal measure.

Mr Michael Halstead – non-executive director

Mr Halstead was appointed to the board in 2017. He has many years' experience in the advertising industry having been an account director for Saatchi and Saatchi and more recently running his own company HH&S Group Limited. He brings general business acumen to the board along with specifics relating to marketing and public relations arising from his background. Mr Halstead provides oversight and scrutiny of the performance of the executive directors, whilst both constructively challenging and inspiring them, thereby ensuring the business develops, communicates and executes the agreed strategy and operates with reference to the risk management framework. Mr Halstead is in the 4th generation after the founder and has never worked within the business but is passionate to preserve the principles of the company and to contribute to its continued success. Mr Halstead is chairman of the remuneration committee.

Mrs Deborah Harrison – non-executive director

Mrs Harrison was appointed to the board in 2024. She is a Chartered Accountant. She has over thirty years of experience, with PKF and BDO, providing auditing and accounting services to both public and private companies. She has significant experience of dealing with international groups of companies. Her knowledge of both UK and International Financial Reporting Standards and corporate reporting requirements will further enhance the board's financial expertise. Mrs Harrison is chairman of the audit committee.

Board meetings and attendance

The meetings held and those attending are listed below.

	Board	Remuneration Committee	Audit Committee
M Halstead	6/6	–	–
G R Oliver	6/6	–	–
D W Drillingcourt	6/6	–	–
R P Whiting	6/6	2/2	3/3
M J Halstead	6/6	2/2	3/3
D A Harrison	6/6	2/2	3/3

Executive directors who are not members of the audit committee can attend by invitation.

The company secretary attends all board and audit committee meetings

Internal control

The board has ultimate responsibility for the system of internal control operating throughout the group and for reviewing its effectiveness. Internal control systems in any group are designed to meet the particular needs of that group and the risks to which it is exposed. No system of internal control can provide absolute assurance against material misstatement or loss. The group's system is designed to manage rather than eliminate the risk of failure in order to achieve business objectives and to provide the board with reasonable assurance that potential problems will normally be prevented or will be detected in a manner which will enable appropriate action to be taken.

The key procedures which the directors have established with a view to providing effective internal control are as follows:

- the group directors are responsible for establishing, maintaining and reviewing the group's system of internal control and meet regularly to consider group financial performance, business development and management issues, and to review these against predetermined objectives;
- the group board establishes corporate strategy and business objectives. Management of subsidiary companies integrate these objectives into their business strategies for presentation to the group board with supporting financial objectives;
- subsidiary company budgets, containing financial and operating targets, capital expenditure proposals and performance/profitability indicators, are presented to and reviewed by the group executive directors. The consolidated group budget is approved by the group board;
- there is an ongoing process for identifying, evaluating and managing the significant risks faced by the group. These risks are appraised and evaluated by responsible executives and endorsed by subsidiary and group management. This process has been in place throughout the year and up to the date of approval of the annual accounts;
- as part of the regular monitoring and review, the group executive directors hold regular meetings with the management of the subsidiary companies at which reports covering such areas as forecasts, business development, strategic planning, risk exposure and performance against budget, are presented and discussed. These are then reported to the group board, on a quarterly basis;
- the group board reviews and considers any major problem which may have occurred and assesses how the risks have changed in the period under review;
- there is a group-wide policy governing appraisal and approval of capital expenditure and asset disposals;
- to underpin the effectiveness of controls, it is the group's policy to recruit management and staff of high calibre, integrity and appropriate disciplines. High standards of integrity, business ethics and compliance with laws, regulations and internal policies are demanded from staff at all levels;
- the audit committee keeps under review the effectiveness of the system of internal control and reports its conclusions to the full board;
- During the period since the last annual report the FRC's Audit Quality Review team carried out an inspection of the audit of the company's financial statements for the year ended 30 June 2025. The audit committee has reviewed the findings and has discussed these with the external auditor to ensure that the identified areas for improvement were incorporated into the audit of these financial statements.
- the board also conducts an assessment of the effectiveness of the internal control system. This assessment consists of a review of all the significant areas of internal control, including risk assessment, the control environment, control activities, information and communication, and monitoring.

The Quoted Company Alliance Code ("QCA code")

The directors recognise the importance of good corporate governance and have chosen to apply the QCA code as their framework to do so. The QCA code was developed by the Quoted Company Alliance in consultation with a number of institutional small company investors as an alternative code applicable to AIM companies. The new QCA code was introduced in November 2023.

The QCA code sets out ten principles which seek to ensure that the overall framework for corporate governance is robust. The directors believe that this framework is appropriate to the size and operations of the business and each of the principles is commented on below. Many of the disclosures relevant to the code are already made in our annual report and accounts.

The chairman has the responsibility for corporate governance and has taken a lead on this matter. The executive team are directed with day-to-day management and are accountable to the rest of the board. The chairman expects and demands open discussion of issues facing the business and in the application of this code has sought input from the auditors, the company's advisors and a review by the company lawyer. The board is tasked with continuing the success of the business over time and through successive generations of management and the importance of corporate governance is to oversee the division of



Corporate Governance

continued

ownership and stewardship. The executive directors have the day-to-day responsibility of stewardship, and the chairman and non-executives monitor and evaluate this on behalf of the owners.

James Halstead plc has been listed on the London stock exchange for over 75 years and continues to look for growth in sales and profit to continue its strong record of reward to shareholders in the form of dividend. Whilst this is a primary role, the board is proud of its reputation within its industry, and the financial markets and corporate control is central to the ethos.

The disclosures below were last reviewed and approved by the board on 13 October 2026.

Below are the QCA Code 10 Principles and explains how James Halstead plc has complied with each:

1. Establish a purpose, strategy and business model which promote long-term value for shareholders.

James Halstead plc's strategy is explained fully within the Strategic Report section in the Annual Report and Accounts.

Our strategy is focussed on stable profitable growth from building the goodwill in our brands and products and is intended to deliver shareholder value in the medium to long-term.

The identification of key risks and the mitigating factors to our business are also detailed in the Strategic Report section of the Annual Report and Accounts.

2. Promote a corporate culture that is based on ethical values and behaviours.

The board expects the highest ethical standards of its members and management across the group.

The group has documented procedures with respect to its responsibilities regarding ethical behaviour, including code of conduct, bribery and corrupt practices, equal opportunities, diversity, responsible sourcing, whistleblowing, and modern slavery. These are applicable across its operations including supply and customer chains.

The board also takes seriously its responsibilities towards sustainability of its operations and the impact of our operations on the environment. This is documented and reported on annually in Polyflor's Sustainability Report.

As an employer, and member of many communities throughout the world, the board consider that strong ethical values are important in order to be a good member of these communities, and this is a mindset not one underpinned by rules and procedures. Ensuring, via recruitment processes and cultural values, that these values cascade through the business is critical to ensuring the group is a "good member of the community". All directors of the group's companies are expected to comply and are well acquainted in the procedures and expectations. This covers authority levels and gives guidance on appropriate behaviour.

Ultimately service contracts underpin this by indicating behaviour that can be deemed a breach of contract, and the directors are clear about their statutory duties as formally set out in sections 171 – 177 of the Companies Act 2006.

3. Seek to understand and meet shareholder needs and expectations

The board has a track record of increasing dividends over many years. Where the business has generated funds in excess of its medium-term requirements and no specific investment requirements exist, the board has also encouraged the payment of special dividends over the years.

Members of the board talk regularly to both institutional and private investors and the financial press to ensure that company's strategy and objectives are communicated. The group has a large number of shareholders and regular broker updates are published.

The company regularly hosts institutions and broker site visits to update of progress. In addition, the executive directors host meetings electronically and personally, at their place of business, with investors and brokers. The executive directors are in ongoing contact with the nominated advisors who communicate more closely with the market.

Shareholders can contact the company secretary with questions which may be referred to the directors. The senior independent director is available to shareholders, if they have concerns that have not been resolved through the normal channels of contact with the chairman or chief executive.

In addition, the AGM acts as a forum for all shareholders to meet with the board personally and raise any questions they may have.

4. Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The board recognises that the group has responsibilities to many stakeholders other than its shareholders, and these include employees, customers, suppliers and the wider societies in which we operate.

In terms of communications with stakeholders, this is done in ways appropriate to the stakeholder and may take the form of formal announcements, individual meetings (for example appraisals with employees) and negotiations with other stakeholders.

The environmental impact of our manufacturing and our output is of significant importance to our medium-term prospects, not only to demonstrate our commitment to the community at large, but also to customers who increasingly, and rightly, look for suppliers with strong ethical values.

As a member of the communities in which we operate, the board takes seriously the positive impact the business has, in terms of being an employer and seeking continuous improvement with respect to the impact on the environment and communities. This is illustrated in our annual "Sustainability Report", copies of which are available at www.polyflor.com. The report outlines the impact of our manufacturing operations on the wider environment and improvements over time and has been published for nearly two decades, making it now an annual report. Feedback from the local community is received directly to the head office and is notified to the board if appropriate.

We understand continuous development of our products also contributes to our responsibilities as well as the success of the business. This is illustrated, for example, by development of "dementia friendly" flooring and the increased use of post-consumer recycled material in the production process in recent years.

The operating businesses encourage feedback from customers through their relationship managers in the business and customer service teams.

5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

Risk management is reported annually in our Annual Report and Accounts along with how those risks are mitigated and how they change over time.

The board meets six times a year during which business and other risks are assessed. Key subsidiaries have their own management boards which meet regularly and assess the risks relevant to that specific business and relevant responses. These are communicated to the main board either by direct representation or via group management structures that are in place. There are also formal and informal communication routes that allow for risks to be communicated to board members in a timely manner from all operational entities.

6. Establish and maintain the board as a well-functioning, balanced team led by the chair

The board has an appropriate balance between executive and non-executive directors and is made up of a good mix of skills, including strategic management, business development, financial management, industry experience and corporate governance. All directors are now subject to annual re-election at the company's annual general meeting.

The current composition of the board is three independent non-executive directors, one of which is the senior independent director, and three executive directors, one of which is the chairman of the board. All appointments to the board are made on merit, but with due consideration to the need for diversity and are made to complement the existing balance of skills and experience on the board.

The board is supported by three sub-committees which have specific remits, specifically the remuneration committee, the audit committee and the nomination committee. Details of the number of meetings and attendance by each director is noted in the Annual Report.

7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The board evaluates consistently those skills that are required and whether they are adequately provided for. In doing so and where relevant it will consider guidance available on appointment and training of board members. The company secretary has the responsibility to make the board aware of legal changes and will advise on the company's approach. Directors also keep their skill sets up to date though individual reading and study and by governance updates by the NOMAD. Directors are able to take independent advice in furtherance of their duties, if necessary, at the company's expense.

The company secretary supports the chairman in addressing the training and development needs of the directors. In the



Corporate Governance

continued

case of new directors there is an induction process to ensure they become aware of the operations of the group.

8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The chairman is responsible for the evaluation of the board's composition and its performance of individual members and sub-committees. The company carries out an annual internal evaluation of the performance of the board, and the results of the assessment are discussed by the remuneration committee and then the board, and improvement and rectification actions are implemented where appropriate.

The board recognises the importance of effective succession planning to ensure the long-term success of the company and is an ongoing topic of discussion.

The company is committed to evolve its governance practices to align with best practices and the requirements of the QCA code.

9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture.

The company has a formal remuneration benchmarking process for employees and directors to ensure current compensation aligns with the market rates. The purpose of the process is to ensure employees and directors are adequately rewarded to retain talent and maintain commitment to the company.

Directors' remuneration is reviewed on an annual basis by the remuneration committee. The review considers such factors the company's performance in the previous the year, especially when benchmarked against the market condition, individual responsibilities and performance, and rates of pay of other similarly sized companies operating in comparable sectors.

The Annual Report and Accounts outline the remuneration committee's approach and includes disclosures on directors' remuneration.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

The company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, and various trading updates, which are released using the Regulatory News Service platform and the company website (www.jameshalstead.com).

As mentioned in 3. above, the executive directors regularly host meetings and site visits with investors and broker to update them on performance, governance and culture.

The AGM is a key forum for communications with any shareholders who wish to attend, and the directors are available here to listen to views expressed both formally and informally. The outcome of resolutions put to the AGM are published and are available on the company website.

James Halstead

Independent Auditor's Report to the Members of James Halstead plc

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2026 and of the Group's profit and the Parent Company's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of James Halstead Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2026 which comprise of the following:

Group	Parent Company
Consolidated Income Statement	
Consolidated Statement of Comprehensive income	
Consolidated Balance Sheet	Company Balance Sheet
Consolidated Statement of Changes in Equity	Company Statement of Changes in Equity
Consolidated Cash Flow Statement	
Notes 1 to 34 to the consolidated financial statements including material accounting policy . information.	Notes 1 to 13 to the company financial statements including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, *including Financial Reporting Standard 101 Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Examining the Directors' business plan covering the period through to June 2028. We examined the forecasts for key judgements, verifying to source data as appropriate, as well as considering downside sensitivities to these;
- Testing the mechanical accuracy of the forecast and assessing historical forecast accuracy by comparing the prior year forecast to the actual results in the current year;
- We considered the reasonableness of key assumptions and mitigating actions used by the Directors in their assessment of adverse scenarios based on our knowledge of the business; and
- Assessing the adequacy of the disclosures within the financial statements relating to the Directors' assessment of the going concern basis of preparation against the requirements of the applicable accounting standards.



Independent Auditor's Report to the Members of James Halstead plc continued

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and the Parent Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters

	2026	2025
Inventory provisioning	✓	✓
Valuation of pension liability; assumptions and judgements	✓	✓

Materiality

Group financial statements as a whole: £2.41m (2025: £2.76m) based on 5% (2025: 5%) of Profit before tax

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. We identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

There are 21 separate entities across the Group making it a disaggregated Group. The control environment is disaggregated as different IT systems, process, controls and finance teams are used across the components in the Group.

As part of performing our Group audit, we determined components as business units based on geographical location, which consist of legal entities and/or branches, each with its own discrete financial information. These components were selected following a detailed risk assessment. We considered the size of the component, the control environment, and other qualitative factors, including adding an element of unpredictability.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures;
- procedures on one or more classes of transactions, account balances or disclosures; and;
- specific audit procedures over certain balances.

Procedures performed at the component level

We performed procedures to respond to group risks of material misstatement at the component level that included the following.

Component	Component Name	Entity	Group Audit Scope
1	Parent (UK)	James Halstead Plc	Statutory audit and procedures on the entire financial information of the component
2	Polyflor (UK)	Polyflor Limited	Procedures on the entire financial information of the component
3	Riverside (UK)	Riverside Flooring Limited	Procedures on the entire financial information of the component
4	Objectflor (Germany)	Objectflor Art un Design Belags GmBH	Procedures on the entire financial information of the component
5	Karndean (Germany)	Karndean International GmBH	Procedures on the entire financial information of the component
6	Australia	Polyflor Australia Pty Ltd., Colonia Flooring Limited, and HFC Pty Ltd.	Specific Audit Procedures over certain balances
7	Norway	Polyflor Limited (Norway branch)	Risk assessment procedures
8	Canada	Polyflor Canada Inc	Risk assessment procedures
9	France	James Halstead France SAS	Risk assessment procedures
10	India	Polyflor India Pvt Ltd.	Risk assessment procedures
11	Sweden	Polyflor Nordic Sweden AB	Risk assessment procedures
12	UK Dormant	Halstead Flooring International Limited, Expona Limited, JHL Limited Halstead Flooring Limited and Titan Leisure Group Limited.	Risk assessment procedures
13	APAC (New Zealand Malaysia Hong Kong)	Polyflor New Zealand Ltd Polyflor (M) SDn BhD, and Polyflor North Asia Limited	Risk assessment procedures

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls for significant estimates and judgements. This is applicable for the valuation of retirement benefit asset and obligation, share based payments, leases, procedures on consolidation, going concern, goodwill impairment review and recognition of deferred and current taxation. These are all evaluated by Group management. We therefore designed and performed procedures centrally in these areas.

The Group operates a combination of a centralised and decentralised IT function that supports IT processes across the components in the Group. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and certain IT application controls.

Locations

The Group's operations are spread over a number of different geographical locations. We visited 3 out of a total of 12 locations. Our teams (including component teams) conducted procedures in locations in the UK and Germany.

In addition, our teams worked remotely, holding calls and video conferences with local management, and with digital information obtained from James Halstead Plc.

Changes from the prior year

There were no changes in the overall Group audit scope from the prior year audit.

Working with other auditors

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included component auditors, who formed part of the group engagement team. As Group auditor we are solely responsible for expressing an opinion on the financial statements.

In working with these component auditors, we held discussions with component audit teams on the significant areas of the group audit relevant to the components based on our assessment of the group risks of material misstatement. We issued our group audit instructions to component auditors on the nature and extent of their participation and role in the group audit, and on the group risks of material misstatement.

We directed, supervised and reviewed the component auditors' work. This included holding meetings and calls during various phases of the audit, and reviewing component auditor documentation in person and evaluating the appropriateness of the audit procedures performed and the results thereof.

How Climate change affected the scope of our audit

The Group has determined that climate change does not currently have a material impact on its operations. Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in Climate-related Financial Disclosures may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment.

Our responsibilities in relation to these disclosures are described in the relevant section of this report and our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained from the audit or otherwise appear to be materially misstated.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement



Independent Auditor's Report to the Members of James Halstead plc continued

(whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter – Inventory provisioning

As described in Note 2 (accounting policies), Note 4 (Critical accounting estimates and judgements) and Note 19 (inventories), the Group carries inventory at the lower of cost and net realisable value.

Provision is made against slow moving, obsolete and damaged inventories.

This area represented a key audit matter as significant management judgement is required to assess the appropriate level of provisioning for items which may be sold below cost or written off as a result of a reduction in consumer demand, particularly in light of changing consumer tastes and new products being developed. Such judgements include management's expectations for future sales.

The audit team's risk assessment procedures attributed the significant risk of material misstatement over the valuation of inventory to be within the UK components (Polyflor and Riverside), based on these entities being the group's primary manufacturing entities and the entities which hold the most inventory by type, volume and value.

How the scope of our audit responded to the risk

We obtained evidence concerning management's assumptions applied in calculating the value of inventory provisions by:

- Challenging the Group's inventory provisioning policy with specific consideration given to slow moving or obsolete inventory lines. This involved using a weighted average of sales records for the current and prior period to develop an alternative estimate of the provision, which was compared to management's calculation to assess whether inventory had been appropriately provided for;
- Assessing the appropriateness of the percentages applied within the provision calculated by management with reference to post year end selling data where applicable; and
- Testing of a sample of inventory to check it is held at the lower of cost and net realisable value, through comparison to invoices for cost and latest sales prices less cost to sell.

Key observation: Based on the results of the procedures performed, the assumptions and judgements applied by management in their calculation of the inventory provision are appropriate.

Valuation of pension liability; assumptions and judgements

As described in Note 2 (accounting policies), Note 4 (Critical accounting estimates and judgements) and Note 27 (retirement benefit obligations), the Group has a defined benefit pension plan in the UK.

At 30 June 2026, the Group recorded a net retirement benefit asset of £2.43m (2025: £0.56m), comprising scheme assets of £55.87m (2025: £53.3m) and scheme liability of £53.44m (2025: £52.7m).

We consider there to be a significant risk concerning the appropriateness of the actuarial assumptions applied in calculating the group's defined benefit pension scheme liability.

The valuation of the Group's pension scheme liability was performed by management's external actuary and involves significant judgement from the directors and the actuary in the choice of discount rate used and in the key sources of estimation uncertainty, particularly in relation to the inflation assumptions and mortality rates, as described in the Group's accounting policies.

This area and the related disclosures represented a key audit matter given that the setting of these assumptions is complex and requires the exercise of significant management judgement with the support of third party actuaries.

How the scope of our audit responded to the risk

We obtained a copy of the valuation prepared by management's external actuary. We evaluated the competence, capabilities and objectivity of management's actuary.

In testing the valuation of the pension liability, with the assistance of our external pension actuarial experts, we reviewed the key actuarial assumptions used, both financial and demographic, and considered the appropriateness of the methodology utilised to derive these assumptions.

With the assistance from our pensions expert, we benchmarked the scheme assumptions against other schemes of a similar size and profile, and challenged the

discount rate, inflation and mortality assumptions applied in the calculation by benchmarking against comparable third party data and assessed the appropriateness of the assumptions in the context of the Group's own position.

Furthermore, we assessed the disclosure of the pension scheme and the related assumptions and sensitivities in the financial statements against the requirement of the relevant accounting framework.

Key observation: Based on the results of the procedures performed, the assumptions applied in relation to determining the pension valuation are within an acceptable range, and the disclosures made are in accordance with the relevant accounting framework.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	
	2026 £m	2025 £m
Materiality	£2.41m	£2.76m
Basis for determining materiality	5% of profit before tax	5% of profit before tax
Performance materiality	£1.51m	£1.79m

Rationale for the benchmark applied – Pre-tax profit is determined to be a stable basis of assessing business performance and is considered to be the most significant determinant of performance used by shareholders.

Basis for determining performance materiality – 62.5% based on our knowledge of the aggregation risk, the control environment, and historic misstatement levels.

Rationale for the percentage applied for performance materiality – We considered that using this basis for determining performance materiality was most appropriate given there are components in scope across multiple geographic regions, the level of misstatements in the past and our overall risk assessment.

	Parent company financial statements	
	2026 £m	2025 £m
Materiality	£1.70m	£1.82m
Basis for determining materiality	5% of profit before tax	5% of.profit before tax
Performance materiality	£1.06m	£1.18m

Rationale for the benchmark applied – Pre-tax profit is determined to be a stable basis of assessing business performance and is considered to be the most significant determinant of performance used by shareholders.

Basis for determining performance materiality – 65% based on our knowledge of the aggregation risk, the control environment, and historic misstatement levels.

Rationale for the percentage applied for performance materiality – We considered that using this basis for determining performance materiality was most appropriate given the level of misstatements in the past and our overall risk assessment.

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 20% and 75% (2025: 15% and 75%) of Group performance materiality dependent on a number of factors such as our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £0.30m to £1.13m (2025: £0.27m to £1.34m).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £48k (2025: £55k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.



Independent Auditor's Report to the Members of James Halstead plc continued

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and Accounts 2026 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Director's report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Parent Company and management.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be international accounting standards, Financial Reporting Standard 101, the UK Companies Act 2006, the Quoted Companies Alliance Code, Aim listing rules and group-wide taxation laws.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be those that relate to the payment of employees; and industry related such as compliance with health and safety requirements.

Our procedures in respect of the above included:

- Enquiries of management whether there were any litigations and claims;
- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondences with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiries with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be inappropriate journal entries, revenue recognition specifically pre year end cutoff, and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation;
- Involvement of forensic specialists in the audit to assess the fraud risks that were identified above and discussed by the audit team and to challenge the audit team as to whether all aspects were appropriately considered;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the Group's defined benefit pension scheme liability (as set out in the key audit matters section above), inventory provisions (as set out in the key audit matters section above) and accruals;
- Testing a sample of revenue transactions pre year end to supporting documentation (including invoice and proof of delivery) to assess if the revenue had been recorded in the correct period;



Independent Auditor's Report to the Members of James Halstead plc continued

- A critical assessment of the consolidation to check this had been prepared appropriately and consideration of manual or late journals posted at consolidation level to verify the accuracy and appropriateness of these; and
- Agreement of the financial statement disclosures to underlying supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including component auditors, who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Lucy Mistry (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, United Kingdom
13 October 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

James Halstead

Consolidated Income Statement

for the year ended 30 June 2026

	Note	2026	2025
		£'000	£'000
Revenue	5	259,914	261,967
Cost of sales		(144,085)	(145,396)
Gross profit		115,829	116,571
Selling and distribution costs		(51,480)	(48,832)
Administration expenses		(17,979)	(14,918)
Operating profit		46,370	52,821
Finance income	9	2,170	2,584
Finance cost	10	(379)	(268)
Profit before income tax	7	48,161	55,137
Income tax expense	11	(12,738)	(14,525)
Profit for the year attributable to equity shareholders		35,423	40,612
Earnings per ordinary share of 5p			
– basic	12	8.5p	9.7p
– diluted	12	8.5p	9.7p

All amounts relate to continuing operations.

Details of dividends paid and proposed are given in note 13.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2026

	Note	2026	2025
		£'000	£'000
Profit for the year		35,423	40,612
Other comprehensive income net of tax:			
Items that will not be reclassified subsequently to the income statement:			
Remeasurement of the net defined benefit asset	27	994	20
		994	20
Items that could be reclassified subsequently to the income statement if specific conditions are met:			
Foreign currency translation differences		1,251	(2,092)
Fair value movements on hedging instruments		1,421	(1,396)
		2,672	(3,488)
Other comprehensive income for the year net of tax		3,666	(3,468)
Total comprehensive income for the year		39,089	37,144
Attributable to:			
Equity holders of the company		39,089	37,144

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 11.

Consolidated Balance Sheet

as at 30 June 2026

	Note	2026 £'000	2025 £'000
Non-current assets			
Intangible assets	15	3,232	3,232
Property, plant and equipment	16	33,044	34,730
Right of use assets	17	8,536	4,420
Retirement benefit asset	27	2,426	555
Deferred tax	18	1,630	1,585
		48,868	44,522
Current assets			
Inventories	19	75,878	80,401
Trade and other receivables	20	41,672	45,238
Derivative financial instruments	30	539	193
Current tax		1,675	1,527
Cash and cash equivalents	21	75,718	68,369
		195,482	195,728
Total assets		244,350	240,250
Current liabilities			
Trade and other payables	22	47,136	48,096
Derivative financial instruments	30	208	1,936
Lease liabilities	24	3,120	1,940
		50,464	51,972
Non-current liabilities			
Other payables	22	–	326
Provisions	23	1,080	–
Lease liabilities	24	5,831	2,747
Preference shares	25	200	200
Deferred tax	18	3,245	3,006
		10,356	6,279
Total liabilities		60,820	58,251
Net assets		183,530	181,999
Equity			
Equity share capital	28	20,820	20,839
Equity share capital (B shares)	28	160	160
		20,980	20,999
Share premium account		55	55
Capital redemption reserve		19	–
Currency translation reserve		3,005	1,754
Hedging reserve		359	(1,062)
Retained earnings		159,112	160,253
Total equity attributable to shareholders of the parent		183,530	181,999

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 October 2026.

M Halstead
Director

G R Oliver
Director

James Halstead plc Registration Number 140269



Consolidated Statement of Changes in Equity

for the year ended 30 June 2026

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Currency translation reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 June 2024	20,999	55	–	3,846	334	156,043	181,277
Profit for the year	–	–	–	–	–	40,612	40,612
Remeasurement of the net defined benefit asset	–	–	–	–	–	20	20
Foreign currency translation differences	–	–	–	(2,092)	–	–	(2,092)
Fair value movements on hedging instruments	–	–	–	–	(1,396)	–	(1,396)
Total comprehensive income for the year	–	–	–	(2,092)	(1,396)	40,632	37,144
Transactions with equity shareholders							
Dividends	–	–	–	–	–	(36,469)	(36,469)
Share based payments	–	–	–	–	–	47	47
Balance at 30 June 2025	20,999	55	–	1,754	(1,062)	160,253	181,999
Profit for the year	–	–	–	–	–	35,423	35,423
Remeasurement of the net defined benefit asset	–	–	–	–	–	994	994
Foreign currency translation differences	–	–	–	1,251	–	–	1,251
Fair value movements on hedging instruments	–	–	–	–	1,421	–	1,421
Total comprehensive income for the year	–	–	–	1,251	1,421	36,417	39,089
Transactions with equity shareholders							
Dividends	–	–	–	–	–	(37,084)	(37,084)
Shares purchased for cancellation	(19)	–	19	–	–	(513)	(513)
Share based payments	–	–	–	–	–	39	39
Balance at 30 June 2026	20,980	55	19	3,005	359	159,112	183,530

Consolidated Cash Flow Statement
for the year ended 30 June 2026

	Note	2026 £'000	2025 £'000
Profit for the year attributable to equity shareholders		35,423	40,612
Income tax expense		12,738	14,525
Profit before income tax		48,161	55,137
Finance cost		379	268
Finance income		(2,170)	(2,584)
Operating profit		46,370	52,821
Depreciation of property, plant and equipment	16	4,633	3,987
Depreciation of right of use assets	17	3,364	3,542
Profit on sale of property, plant and equipment		(9)	(75)
Defined benefit pension scheme employer contributions paid	27	(500)	(500)
Changes in fair value of financial instruments		(32)	46
Share based payments expense	28	39	47
Decrease in inventories	19	5,812	180
Decrease/(increase) in trade and other receivables	20	4,286	(1,794)
(Decrease) in trade and other payables	22	(2,976)	(8,240)
Increase in provisions		1,080	–
Cash inflow from operations		62,067	50,014
Taxation paid		(12,982)	(14,294)
Cash inflow from operating activities		49,085	35,720
Interest received	9	2,124	2,570
Purchase of property, plant and equipment	16	(2,873)	(3,881)
Proceeds from disposal of property, plant and equipment		54	143
Cash outflow from investing activities		(695)	(1,168)
Interest paid	10	(21)	(29)
Lease interest paid	10	(358)	(239)
Lease capital paid		(3,224)	(3,430)
Equity dividends paid	13	(37,084)	(36,469)
Shares purchased for cancellation	28	(513)	–
Cash outflow from financing activities		(41,200)	(40,167)
Net increase/(decrease) in cash and cash equivalents		7,190	(5,615)
Effect of exchange differences on cash and cash equivalents		159	(298)
Cash and cash equivalents at start of year		68,369	74,282
Cash and cash equivalents at end of year	26	75,718	68,369



Notes to the Consolidated Financial Statements

1. General information

James Halstead plc ("the company" or "the parent company") is a limited liability company, registered in England and Wales, domiciled in the United Kingdom and listed on AIM on the London Stock Exchange. The address of its registered office is Beechfield, Hollinhurst Road, Radcliffe, Manchester, M26 1JN.

2. Accounting policies

Basis of preparation

The group financial statements have been prepared in accordance with UK adopted international accounting standards. The company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and are presented separately following the group financial statements.

The group and company financial statements have been prepared on a going concern basis and on the historical cost basis as modified by the valuation of certain financial assets and financial liabilities (being derivative instruments) at fair value.

Going concern

The directors have reviewed current performance and forecasts, combined with capital investment and expenditure commitments, and a range of trading scenarios. The forecasts cover the next two financial years. The group has no net borrowings and owns the freeholds on many of its premises (the most significant being four UK operating sites and two sites in Germany).

After considering current trading, forward forecasts and scenario planning the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. The directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least one year from when the financial statements are authorised and approved for issue. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Recent accounting developments

The financial statements are prepared in accordance with UK adopted international accounting standards and interpretations in force at the reporting date. The group has not adopted any standards or interpretations in advance of the required implementation dates.

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, which will or may have an effect on the group's future financial statements.

The following amendments are effective for accounting periods beginning on or after 1 January 2026:

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7)

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The following standards are effective for accounting periods beginning on or after 1 January 2027:

IFRS 18 Presentation and Disclosure in Financial Statements
FRS 19 Subsidiaries without Public Accountability: Disclosures.

The directors continue to assess any accounting developments which could have a material effect on the financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the parent company and all its subsidiaries, as if they formed a single entity. Subsidiaries are entities controlled by the group. Control exists if all three of the following elements are present: power over the entity, exposure to variable returns from the entity, and the ability to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Control is normally achieved by a majority shareholding. The company, directly or through an intermediate subsidiary owned 100% of the share capital of all of its subsidiaries. The results of subsidiaries acquired are consolidated from the date on which control passes to the group. The results of disposed subsidiaries are consolidated up to the date on which control passes from the group. All intra-group transactions and balances are eliminated on consolidation. The financial statements of subsidiaries are adjusted to bring them into line with the group's accounting policies as required.

2. Accounting policies (continued)

Segment reporting

Operating segments are those segments for which results are reviewed by the group's chief operating decision maker (CODM) to assess performance and make decisions about resources to be allocated. The CODM is the group board which meets regularly throughout the year to discuss the performance and results of the group as a whole. The business of the group is the manufacture and distribution of flooring products. The group operates through separate legal entities in certain areas of the world and in order to provide information in a structured manner to readers of the accounts who are unfamiliar with the internal management reporting of the group, these operations are discussed by the chief executive in his report. However, the directors consider that under the definitions contained within IFRS 8 there is only one reportable segment, which is the group as a whole. This is consistent with the core principle of IFRS 8, which is to disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business activities in which the group engages and the economic activities in which it operates.

Foreign currencies

Functional and presentation currency – the group's consolidated financial statements are presented in pounds sterling, the functional currency of the parent company, being the currency of the primary economic environment in which the parent company operates.

Transactions and balances – transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Exchange differences on retranslating monetary assets and liabilities are recognised in the income statement except where they relate to qualifying cash flow hedges, in which case the exchange differences are deferred in equity. Non-monetary items carried at historical cost are stated at the rate of exchange ruling at the date of the transaction. Non-monetary items carried at fair value are stated at the rate of exchange ruling when the fair value was determined.

Foreign subsidiaries – the results of foreign subsidiaries (none of which has the currency of a hyperinflationary economy), that have a functional currency different from the group's presentation currency, are translated at the average rates of exchange for the year.

Assets and liabilities of foreign subsidiaries, that have a functional currency different from the group's presentation currency, are translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising from the translation of the results of foreign subsidiaries and their opening net assets are recognised as a separate component of equity.

When a foreign subsidiary is sold the cumulative exchange differences relating to the retranslation of the net investment in that foreign subsidiary are recognised in the income statement as part of the gain or loss on disposal. This applies only to exchange differences recorded in equity after 1 July 2006. Exchange differences arising prior to 1 July 2006 remain in equity on disposal as permitted by IFRS 1.

Intangible assets

Goodwill – goodwill arising on the acquisition of a subsidiary undertaking is the excess of the aggregate of the fair value of the consideration transferred, the fair value of any previously held interests, and the recognised value of the non-controlling interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Goodwill is reviewed for impairment at least annually and when there are indications that the carrying amount may not be recoverable. For the purpose of impairment review, goodwill is allocated to the relevant cash generating unit (CGU) within the group. An impairment loss is recognised if the carrying value of the CGU, including its goodwill, exceeds its recoverable amount. Any impairment loss is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the calculation of the profit or loss on disposal. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the UK GAAP value as at that date having been reviewed for impairment at that date and subsequently at least annually.



Notes to the Consolidated Financial Statements
continued

2. Accounting policies (continued)

Taxation

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities based on tax rates and laws that are enacted at the balance sheet date. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their corresponding book values as recorded in the group's financial statements with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised;
- deferred income tax is not provided on unremitted earnings of foreign subsidiaries where there is no likelihood to remit the earnings.

Deferred income tax assets and liabilities are based on tax rates and laws that are substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are undiscounted.

Share-based payments

The group grants equity settled share options to certain of its employees. An expense in relation to such options based on their fair value at the date of grant, is recognised over the vesting period. The group uses the Black Scholes model for the purpose of computing fair value.

Inventories

Inventories are measured at the lower of cost and net realisable value on a weighted average cost basis. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of finished and partly finished goods, cost represents the cost of raw materials, direct labour, other direct costs and related production overheads on bases consistently applied from year to year. In all cases provision is made for obsolete, slow-moving or defective items where appropriate.

Financial assets and liabilities

Financial assets comprise trade and other receivables and cash and cash equivalents. Financial liabilities comprise trade and other payables.

Trade and other receivables

Trade and other receivables are non-interest bearing and are initially stated at fair value and then subsequently at amortised cost less provision for lifetime expected credit losses using the simplified approach in IFRS 9. Estimated irrecoverable amounts are based on historical experience and forward looking information, together with specific amounts that are not expected to be collectable. Individual amounts are written off when management deems them not to be collectible.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, short-term (with an original maturity of three months or less) deposits and bank overdrafts. Bank overdrafts are disclosed as current liabilities except where the group participates in offset arrangements with certain banks whereby cash and overdraft amounts are offset against each other. Cash and cash equivalents are held at amortised cost.

James Halstead

2. Accounting policies (continued)

Trade and other payables

Trade and other payables are non-interest bearing and are initially stated at fair value and then subsequently at amortised cost.

Pension scheme arrangements

The group operates defined contribution pension schemes and a defined benefit pension scheme for certain of its United Kingdom employees.

A defined contribution scheme is a scheme in which the group pays contributions into publicly or privately administered schemes on a voluntary, statutory or contractual basis. The group has no further payment obligations once the contributions have been made. The amount charged to the income statement is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as receivables or payables in the balance sheet.

A defined benefit scheme is a scheme in which the amount of pension benefit that an employee will receive on retirement is defined. For the defined benefit scheme, pension costs and the costs of providing other post retirement benefits are charged to the income statement in accordance with the advice of qualified independent actuaries. Past service costs are recognised in the income statement at the earlier of when the plan amendment or curtailment occurs or when the group recognises related restructuring costs or termination benefits. The service cost is charged against operating profit and the net interest cost is charged as a finance cost. The net interest cost is calculated using the discount rate at the beginning of the period. The retirement benefit obligations recognised on the balance sheet represent the difference between the fair value of the scheme's assets and the present value of the scheme's defined benefit obligations measured at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method. Remeasurements of the net defined benefit obligations are recognised in the period in which they arise in other comprehensive income. A net defined benefit obligations asset is recognised to the extent that the group can realise an economic benefit from that asset.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment except for land which is stated at cost less any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is calculated on the depreciable amount (being cost less the estimated residual value) on a straight line basis over the estimated useful lives of the assets as follows:

Freehold land: Not depreciated
Freehold buildings: 10 to 50 years
Plant and equipment: 2 to 20 years

Residual values and useful lives are reviewed at each group balance sheet date for continued appropriateness and indications of impairment and adjusted if appropriate.

Right of use assets and lease liabilities

A right of use asset and a lease liability are recognised for all leased asset contracts on their commencement, except for low value leases and short term leases of one year or less.

On recognition, the right of use asset and lease liability are measured at the present value of the lease payments discounted over the lease term. The discount rate used is the rate inherent in the lease if this can be determined, or the incremental borrowing rate.

The right of use asset is stated at cost being lease payments, reduced for any lease incentives received, and increased for any lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial recognition, the right of use assets are depreciated on a straight line basis over the shorter of the lease term or the useful life of the asset. The lease liabilities are increased by the interest cost and reduced by the lease payments made. A depreciation charge and an interest cost are recognised in the income statement.

The lease payments for low value and short term leases are expensed in the income statement on a straight line basis over the lease term.



Notes to the Consolidated Financial Statements
continued

2. Accounting policies (continued)

Revenue recognition

Revenue is from the sales of flooring products and is recognised at the point in time when control of the products has been transferred to the customer. Control passes to the customer at the point terms of despatch are met, which is generally when the goods are delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods. Sales are invoiced at the time of despatch and payment terms are based on the invoice date. Payment terms vary by customer, but do not exceed six months. Revenue is stated after provision for trade discounts and rebates due on the sales. Revenue excludes VAT and sales taxes.

Dividends

Interim dividends are recognised when they are paid. Final dividends are recognised when they are approved by the shareholders.

Derivative financial instruments and hedging

The group uses derivative financial instruments to hedge its exposure to foreign currency transactional risk. In accordance with its treasury policy the group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recorded at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value at each group balance sheet date.

The method by which any gain or loss arising from remeasurement is recognised depends on whether the instrument is designated as a hedging instrument and, if so, the nature of the item being hedged. The group recognises an instrument as a hedging instrument by documenting at the inception of the transaction the relationship between the instrument and the hedged items and the objectives and strategy for undertaking the hedging transaction. To be designated as a hedging instrument, an instrument must also be assessed, at inception and on an ongoing basis, to be highly effective in offsetting changes in cash flows of hedged items.

For derivatives not used in hedging transactions, the gain or loss on remeasurement of fair value is recognised immediately in the income statement.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or of a highly probable forecast future transaction, the gain or loss on remeasurement which relates to the portion of the hedge which is deemed effective is recognised in equity through other comprehensive income, with the balance of the gain or loss, relating to the ineffective portion, being recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

James Halstead

3. Financial risk management

Financial risk and treasury policies

A full description of the James Halstead plc group's treasury policy is contained in the financial director's review.

The group's activities expose it to a number of financial risks as detailed below. These risks are managed, with the objective of limiting adverse effects, from the group's head office in accordance with policies determined by and decisions made by the group board.

There have been no changes in financial risks from the previous year.

Market risks

Market risk is the risk that changes in market prices, such as currency exchange rates and interest rates will affect the group's results. The objective of market risk management is to control it within suitable parameters.

(a) Foreign exchange risk

The group operates internationally and is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the entity making the sale or purchase. There are a range of currencies giving rise to this risk, but most significant is the euro. To mitigate risks associated with future exchange rate fluctuations, the group's policy is to use forward exchange contracts to hedge its known and certain forecast transaction exposures based on historical experience and projections. The group hedges at least 25% but rarely more than 100% of the next twelve months' anticipated exposure.

(b) Interest rate risk

The group does not use derivative financial instruments to mitigate its exposure to interest rate risk. The main element of interest rate risk concerns sterling deposits which are made on floating market based rates and short-term overdrafts in foreign currencies which are also on floating rates.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's trade receivables from customers and monies on deposit with financial institutions.

With regard to trade receivables, the group is not subject to significant concentration of credit risk. Exposure is spread across a large number of companies and the underlying local economic and sovereign risks vary across the world. Trade receivable exposures are managed locally in the individual operating units where they arise and credit limits are set as deemed appropriate. Where practicable and deemed necessary the group endeavours to minimise credit risks by the use of trade finance instruments such as letters of credit and insurance.

The group controls credit risk in relation to counterparties to other financial instruments by dealing only with highly rated financial institutions.

The group's maximum credit exposure on financial assets is represented by their book value.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Capital risk

The group's objectives in managing capital are to safeguard the ability of all entities within the group to continue as going concerns, whilst maximising the overall return to shareholders over time. The capital structure of the group consists of equity attributable to equity holders of the parent company less cash and cash equivalents.

The group will only usually take on borrowings where those borrowings would be financed by the cash expected to be generated by the related investment opportunity and where the borrowing would not significantly increase the group's exposure to risk.



Notes to the Consolidated Financial Statements
continued

4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain estimates and associated assumptions that affect the application of policies, the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best assessments of amounts, events or actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on a regular and ongoing basis. There are no significant judgements.

The estimates that have had the most significant effect on the amounts included in these consolidated financial statements are as follows:

Inventories

For financial reporting purposes the group evaluates its inventory to ensure it is carried at the lower of cost or net realisable value. Provision is made against slow moving, obsolete and damaged inventories. Damaged inventories are identified and written down through the inventory counting procedures conducted within each business. Provision for slow moving and obsolete inventories is assessed by each business as part of their ongoing financial reporting. Obsolescence is assessed based on comparison of the level of inventory holding to the projected likely future sales. Future sales are assessed based on historical experience, and adjusted where the market conditions are known to have changed. To the extent that future events impact the saleability of inventory these provisions could vary significantly. For example, changes in specifications or regulations may render inventory, previously considered to have a realisable value in excess of cost, obsolete and require such inventory to be fully written off. The effect on the income statement of the movements in inventory write-downs is provided in note 19.

Retirement benefit obligations

The liability recognised in respect of retirement benefit obligations is dependent on a number of estimates including those relating to mortality, inflation, and the rate at which liabilities are discounted. Any change in these assumptions would impact the retirement benefit obligations recognised. Further details on these estimates are provided in note 26.

James Halstead

5. Segmental information

Operating segments are those segments for which results are reviewed by the group's chief operating decision maker (CODM) to assess performance and make decisions about resources to be allocated. The CODM is the group board which meets regularly throughout the year to discuss the performance and results of the group as a whole. The business of the group is focussed almost entirely on the manufacture and distribution of flooring products. The directors consider that under the definitions contained within IFRS 8 there is only one reportable segment, which is the group as a whole. This is consistent with the core principle of IFRS 8, which is to disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business activities in which the group engages and the economic activities in which it operates. Therefore the majority of the disclosures required under IFRS 8 have already been given in these financial statements.

Segment assets comprise property, plant and equipment, right of use and intangible assets. Geographical disclosures in respect of revenues and segment assets are provided below and include revenue for Germany of £42,427,000 (2025: £44,584,000) and assets in Germany of £10,514,000 (2025: £8,353,000).

Revenue	2026 £'000	2025 £'000
United Kingdom	112,096	111,726
Europe and Scandinavia	88,523	91,799
Australasia and Asia	26,596	29,791
Rest of the World	32,699	28,651
	259,914	261,967

Non-current assets	2026 £'000	2025 £'000
United Kingdom	28,380	28,204
Europe and Scandinavia	12,236	9,994
Australasia and Asia	4,148	4,175
Rest of the World	48	9
Total segment assets	44,812	42,382
Retirement benefit asset	2,426	555
Deferred tax assets	1,630	1,585
Total non-current assets	48,868	44,522

Revenue is by location of customer. Assets are by location of asset.

6. Employee profit share

Profit for the year is after charging the cost of the James Halstead plc share ownership plan. Since 1980 the group has operated an employee share scheme, approved under the Finance Act 1978. In December 2001 the shareholders approved a new share ownership plan in line with the requirements of legislative changes. The aim of this scheme is to enable employees to build up a personal shareholding in James Halstead plc and to participate in its continued expansion and success as shareholders as well as employees.

Notes to the Consolidated Financial Statements
continued

7. Profit before income tax

Profit before tax is stated after charging/(crediting) the following:

	2026 £'000	2025 £'000
Depreciation of property, plant and equipment	4,633	3,987
Depreciation of right of use assets	3,364	3,542
Profit on disposal of property, plant and equipment	(9)	(75)
Research and development	1,597	1,794
Short term and low value leases expense	592	439
Fees payable to the group's auditor for the audit of the parent company and consolidated financial statements	109	110
Fees payable to the group's auditor and its associates for other services:		
The audit of the group's subsidiaries pursuant to legislation	285	274

8. Staff costs and numbers

	2026 £'000	2025 £'000
Staff costs comprised:		
Wages and salaries	39,664	39,309
Social security costs	5,957	5,399
Pension costs	1,550	1,481
Share based payments expense	39	47
	47,210	46,236

The average monthly number of employees during the year was:

	2026 Number	2025 Number
Manufacturing, selling and distribution	656	673
Administration	136	147
	792	820

The directors' remuneration was:

	2026 £'000	2025 £'000
Salary or fees	1,585	1,446
Bonuses	1,356	1,256
Benefits	27	27
Total remuneration excluding pension contributions	2,968	2,729
Pension contributions	44	39
	3,012	2,768
Social security costs related to this remuneration	439	370

There was one (2025: one) director in the defined contribution pension scheme.

9. Finance income

	2026 £'000	2025 £'000
Bank deposit interest	2,090	2,525
Other interest	34	45
	2,124	2,570
Net pension interest income	46	14
Finance income	2,170	2,584

10. Finance cost

	2026 £'000	2025 £'000
Other interest	10	18
Preference share dividend	11	11
	21	29
Lease interest	358	239
Finance cost	379	268

11. Income tax expense

	2026 £'000	2025 £'000
Current tax		
UK current year	12,202	12,539
UK adjustments in respect of prior years	(169)	(212)
UK total	12,033	12,327
Overseas	827	1,444
	12,860	13,771
Deferred tax		
Current year temporary differences	(170)	694
Adjustments in respect of prior years	48	60
	(122)	754
Total taxation	12,738	14,525

The effective tax rate for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2026 £'000	2025 £'000
Profit before tax	48,161	55,137
Profit before tax multiplied by the standard rate of corporation tax in the UK of 25% (2025: 25%)	12,040	13,784
Overseas tax rates	492	528
Disallowable items	327	365
Adjustments to tax in respect of prior periods	(121)	(152)
Total taxation	12,738	14,525

In addition to the amounts above £331,000 has been charged (2025: £7,000 charged) as other comprehensive income in respect of the remeasurement of the net defined benefit asset, and has been netted off the amounts shown in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements
continued

12. Earnings per share

	2026 £'000	2025 £'000
Profit for the year attributable to equity shareholders	35,423	40,612
Weighted average number of shares in issue	416,631,299	416,786,436
Dilution effect of outstanding share options	236,812	–
Diluted weighted average number of shares	416,868,111	416,786,436
Basic earnings per 5p ordinary share	8.5p	9.7p
Diluted earnings per 5p ordinary share	8.5p	9.7p

The earnings per 5p ordinary share are attributable to equity shareholders.

13. Dividends

	2026 £'000	2025 £'000
Equity dividends		
Final dividend for previous year of 6.05p (2025: 6.00p)	25,216	25,007
Interim dividend for current year of 2.85p (2025: 2.75p)	11,868	11,462
Amounts recognised as distributions to equity shareholders in the year	37,084	36,469

A final dividend of 6.10p per share for the year ended 30 June 2026, amounting to £25,401,000 will be proposed at the Annual General Meeting.

14. Profit of the parent company

The company has taken advantage of the provisions of Section 408 of the Companies Act 2006 and elected not to present its own profit and loss account. The profit after taxation for the financial year dealt with in the financial statements of the company was £35,358,000 (2025: £37,141,000). The aggregate amount of directors' emoluments excluding pension contributions was £2,968,000 (2025: £2,729,000) of which the highest paid director's emoluments were £1,168,000 (2025: £1,149,000). The directors' salaries or fees for the year ended 30 June 2026 were Mr J A Wild £nil (2025: £20,000), Mr M Halstead £552,000 (2025: £558,000), Mr G R Oliver £576,000 (2025: £546,000), Mr D W Drillingcourt £390,000 (2025: £257,000), Mr R P Whiting £25,000 (2025: £25,000), Mr M J Halstead £22,000 (2025: £20,000) and Mrs D A Harrison £20,000 (2025: £20,000).

James Halstead

15. Intangible assets

	Goodwill £'000
Cost and net book value at 30 June 2024, 2025 and 2026	3,232

An impairment review of goodwill was done by reference to value in use. Value in use was determined using conservative five year plus terminal value cash flow projections, based on current levels of profitability and assumed conservative growth rates of 5% (2025: 5%) and discount rates of 8% (2025: 7%). The result of the review indicated that no impairment was required with no reasonable sensitivities indicating an impairment.

16. Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 30 June 2024	28,098	76,932	105,030
Additions	38	3,843	3,881
Disposals	–	(1,448)	(1,448)
Exchange differences	101	(281)	(180)
At 30 June 2025	28,237	79,046	107,283
Additions	96	2,777	2,873
Disposals	–	(3,062)	(3,062)
Exchange differences	55	270	325
At 30 June 2026	28,388	79,031	107,419
Depreciation			
At 30 June 2024	13,035	57,030	70,065
Charge for the year	631	3,356	3,987
Disposals	–	(1,380)	(1,380)
Exchange differences	48	(167)	(119)
At 30 June 2025	13,714	58,839	72,553
Charge for the year	661	3,972	4,633
Disposals	–	(3,017)	(3,017)
Exchange differences	22	184	206
At 30 June 2026	14,397	59,978	74,375
Net book value			
At 30 June 2024	15,063	19,902	34,965
At 30 June 2025	14,523	20,207	34,730
At 30 June 2026	13,991	19,053	33,044

Notes to the Consolidated Financial Statements
continued

17. Right of use assets

	Land and buildings £'000	Motor vehicles £'000	Total £'000
Cost			
At 30 June 2024	9,753	2,398	12,151
Additions	1,760	283	2,043
Disposals	(2,758)	–	(2,758)
Exchange differences	(531)	9	(522)
At 30 June 2025	8,224	2,690	10,914
Additions	5,993	1,356	7,349
Disposals	(1,886)	(1,334)	(3,220)
Exchange differences	283	6	289
At 30 June 2026	12,614	2,718	15,332
Depreciation			
At 30 June 2024	5,051	891	5,942
Charge for the year	2,799	743	3,542
Disposals	(2,758)	–	(2,758)
Exchange differences	(238)	6	(232)
At 30 June 2025	4,854	1,640	6,494
Charge for the year	2,828	536	3,364
Disposals	(1,886)	(1,334)	(3,220)
Exchange differences	158	–	158
At 30 June 2026	5,954	842	6,796
Net book value			
At 30 June 2024	4,702	1,507	6,209
At 30 June 2025	3,370	1,050	4,420
At 30 June 2026	6,660	1,876	8,536

James Halstead

18. Deferred tax assets and liabilities

	2026 £'000	2025 £'000
Deferred tax assets	1,630	1,585
Deferred tax liabilities	(3,245)	(3,006)
	(1,615)	(1,421)

	Retirement benefit obligations £'000	Accelerated tax depreciation £'000	Other timing differences £'000	Total £'000
At 30 June 2024	(4)	(2,476)	1,839	(641)
(Charged) to income statement	(128)	(391)	(235)	(754)
(Charged) to other comprehensive income	(7)	–	–	(7)
Exchange differences	–	–	(19)	(19)
At 30 June 2025	(139)	(2,867)	1,585	(1,421)
(Charged)/credited to income statement	(136)	(22)	280	122
(Charged) to other comprehensive income	(331)	–	–	(331)
Exchange differences	–	–	15	15
At 30 June 2026	(606)	(2,889)	1,880	(1,615)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same tax authority. All deferred tax assets and liabilities are analysed as non-current.

There are gross temporary differences of £22,352,000 (2025: £20,416,000) in relation to unremitted earnings of foreign subsidiaries for which no deferred tax liabilities have been provided. The deferred tax liabilities in relation to those gross temporary differences are £1,118,000 (2025: £1,021,000). The deferred tax liabilities have not been provided in relation to these temporary differences as it is not probable they will reverse in the foreseeable future.

19. Inventories

	2026 £'000	2025 £'000
Raw materials and consumables	6,676	5,645
Work in progress	2,026	2,125
Finished goods	67,176	72,631
	75,878	80,401

Opening balance	80,401	82,268
(Decrease) in inventories	(5,812)	(180)
Exchange differences	1,289	(1,687)
Closing balance	75,878	80,401

An amount of £331,000 has been charged (2025: £758,000 credited) to the income statement in respect of movements in inventory write-downs. The cost of inventory recognised as an expense was £144,085,000 (2025: £145,396,000).



Notes to the Consolidated Financial Statements
continued

20. Trade and other receivables

	2026 £'000	2025 £'000
Trade receivables	36,330	39,914
Other receivables	1,756	1,364
Prepayments	3,586	3,960
	41,672	45,238

Opening balance	45,238	44,042
(Decrease)/increase in trade and other receivables	(4,286)	1,794
Exchange differences	720	(598)
Closing balance	41,672	45,238

All amounts within trade and other receivables are due within one year. The fair value of amounts included in trade and other receivables approximates to book value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. The group does not hold any collateral as security.

The group's trade receivables are stated after a provision for expected credit losses of £1,566,000 (2025: £1,918,000). The provision against trade receivables for expected credit losses is based on specific risk assessments taking into account past default experience and appropriate forward looking information. The provision is analysed as follows:

	2026 £'000	2025 £'000
Opening balance	1,918	1,904
Debts written off	(559)	(93)
Charged to income statement	198	128
Exchange differences	9	(21)
Closing balance	1,566	1,918

	Loss rate 2026 %	Gross 2026 £'000	Provision 2026 £'000	Loss rate 2025 %	Gross 2025 £'000	Provision 2025 £'000
Not past due	3	27,857	829	2	28,191	587
Up to three months past due	4	9,044	354	5	12,772	605
Over three months past due	38	995	383	84	869	726
		37,896	1,566		41,832	1,918

The maximum exposure to credit risk for trade and other receivables by currency was:

	2026 £'000	2025 £'000
Sterling	15,390	19,359
Euro	9,057	9,940
Australian Dollar	2,705	2,538
New Zealand Dollar	339	480
Canadian Dollar	1,183	1,229
Norwegian Krone	1,267	844
US Dollar	6,191	4,705
Other currencies	1,954	2,183
Total	38,086	41,278

21. Cash and cash equivalents

	2026 £'000	2025 £'000
Cash	44,885	43,509
Cash equivalents	30,833	24,860
	75,718	68,369

The fair values of cash and cash equivalents approximate to book value due to their short maturities.

The currency analysis of cash and cash equivalents is as follows:

	2026 £'000	2025 £'000
Sterling	59,989	58,485
Euro	5,545	3,076
Australian Dollar	2,291	2,323
New Zealand Dollar	544	532
Canadian Dollar	2,606	1,671
Norwegian Krone	475	421
US Dollar	3,029	980
Other currencies	1,239	881
Total	75,718	68,369

22. Trade and other payables

	2026 £'000	2025 £'000
Amounts falling due within one year		
Trade payables	29,267	29,584
Value added, payroll and other taxes	5,505	4,896
Other payables	2,929	2,581
Accruals	9,435	11,035
	47,136	48,096
Amounts falling due after more than one year		
Other payables	–	326
	47,136	48,422
Opening balance	48,422	57,897
(Decrease) in trade and other payables	(2,976)	(8,240)
Exchange differences	1,690	(1,235)
Closing balance	47,136	48,422

The fair value of amounts included in trade and other payables approximates to book value.

23. Provisions

	Warranty costs £'000	Leasehold dilapidations £'000	Total £'000
At 30 June 2025	–	–	–
Reclassified from 30 June 2025 accruals	908	226	1,134
Provided	302	54	356
Utilised	(42)	–	(42)
Released	(368)	–	(368)
At 30 June 2026	800	280	1,080

Warranties are provided on certain products. The provision is based on estimated repair or replacement costs and an assessment of the possible outcome on any potential claim.

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.



Notes to the Consolidated Financial Statements
continued

24. Lease liabilities

	2026 £'000	2025 £'000
Opening balance	4,687	6,387
New leases	7,349	2,043
Lease interest	358	239
Lease payments	(3,582)	(3,669)
Exchange differences	139	(313)
Closing balance	8,951	4,687

	2026 £'000	2025 £'000
Amounts payable in less than one year	3,120	1,940
Amounts payable in more than one year	5,831	2,747
	8,951	4,687

Contractual undiscounted cash flows:

	2026 £'000	2025 £'000
Less than one year	3,434	1,980
One to five years	6,279	3,004
More than five years	16	60
	9,729	5,044

25. Preference shares

	2026 £'000	2025 £'000
Preference shares	200	200

The cumulative preference shares have no fixed repayment date. They are not listed and therefore no market price is available. The fair value of the preference shares was not materially different from their book value.

26. Net funds analysis

	Cash and cash equivalents £'000	Lease liabilities £'000	Preference shares £'000	Net funds £'000
At 30 June 2024	74,282	(6,387)	(200)	67,695
Cash flow	(5,615)	3,669	–	(1,946)
Other changes	–	(2,282)	–	(2,282)
Exchange differences	(298)	313	–	15
At 30 June 2025	68,369	(4,687)	(200)	63,482
Cash flow	7,190	3,582	–	10,772
Other changes	–	(7,707)	–	(7,707)
Exchange differences	159	(139)	–	20
At 30 June 2026	75,718	(8,951)	(200)	66,567

27. Retirement benefit obligations

In the UK the group has a defined benefit pension scheme which was closed to new members in 2002 and to future accrual in 2023.

The company sponsors the Halstead Group Pension Scheme, a funded defined benefit pension scheme in the UK. The scheme is administered within a trust which is legally separate from the company. Trustees are appointed by both the company and the scheme's membership and act in the interest of the scheme and all relevant stakeholders, including the members and the company. The trustees are also responsible for the investment of the scheme's assets.

The scheme closed to future accrual with effect from 31 January 2023. At this point former active members of the scheme stopped paying contributions. Before 31 January 2023 active members of the scheme paid contributions at the rate of either 7.5% or 6% of salary depending on category. The company pays the balance of the cost as determined by regular actuarial valuations.

27. Retirement benefit obligations (continued)

The scheme poses a number of risks to the company, for example, longevity risk, investment risk, interest rate risk, inflation risk and salary risk. The trustees are aware of these risks and use various techniques to control them. The trustees have a number of internal control policies including a risk register, which are in place to manage and monitor the various risks they face. Furthermore, the scheme's investments are designed to hedge against some to these risks.

All of the scheme's assets are held in quoted funds with the exception of the cash balance in the trustees' bank account.

The scheme's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets. This strategy reflects the scheme's liability profile and the trustees' attitude to risk.

The trustees' investment strategy includes investing in liability driven investment, the value of which will increase with decreases in interest rates and/or increases in future inflation expectations. The scheme's assets are hedged to around 90% of interest rate and inflation risk as at the year end. The investment strategy is reviewed regularly by the trustees in consultation with the company.

The scheme's growth assets are also expected to provide protection from inflation over the long term. Note that the scheme hedges interest rate risk on a gilts basis, whereas AA corporate bonds are used to set the IAS19 discount rate and so there is potential for the IAS19 position to diverge from the trustees' strategic target should yields on gilts and corporate bonds diverge.

The scheme does not directly hold any financial derivatives but invests in funds which hold the derivatives required to hedge the scheme's interest rate, inflation and currency risks. The main risks associated with financial derivatives include: losses may exceed the initial margin, counterparty risk, and liquidity risk. These risks are managed by the monitoring of investment managers to ensure they have reasonable levels of market exposure relative to initial margin and positions are fully collateralised on a regular basis.

The scheme is subject to regular actuarial valuations, which must be carried out at least every three years. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

An actuarial valuation was carried out as at 5 April 2025. The results of that valuation have been projected forward to 30 June 2026 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

At 30 June 2026 the scheme was in surplus as measured under the principles of IAS19. Under the accounting standard an entity is allowed to recognise a pension scheme surplus on its balance sheet to the extent that it is able to realise an economic benefit from that surplus.

The directors have reviewed the rules of the scheme and have concluded that the company can gain full economic benefit from the scheme on the basis that the rules provide it access to any surplus after the last member has no further benefits in the scheme (referred to in the standard as gradual settlement). Furthermore, the rules are such that the trustees are not able to take any actions that would reduce the accounting surplus, such as benefit augmentations or triggering a scheme wind-up, without the company's action or consent.

	2026	2025
Principal actuarial assumptions at the balance sheet date		
Discount rate at end of year	5.90%	5.70%
Future salary increases	2.45%	2.35%
Future pension increases	2.85%	2.85%
Rate of inflation – RPI	2.95%	2.95%
– CPI	2.45%	2.35%
Future expected lifetime of current pensioner at age 65:		
Male born in 1961	21.4 years	20.6 years
Female born in 1961	22.7 years	23.2 years
Future expected lifetime of future pensioner at age 65:		
Male born in 1981	23.2 years	21.9 years
Female born in 1981	24.2 years	24.6 years

The sensitivities of the principal assumptions used to measure the scheme liabilities are as follows:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Decrease by 0.1%	Increase by £0.5m
Rate of inflation	Increase by 0.1%	Increase by £0.3m
Expected lifetime	Increase by 1 year	Increase by £2.2m

The sensitivities may not be representative of the actual change in the present value of the scheme obligations, as it is unlikely that the change in assumptions would occur in isolation of each other, as the assumptions may be linked.



Notes to the Consolidated Financial Statements
continued

27. Retirement benefit obligations (continued)

Amounts recognised in the balance sheet	2026 £'000	2025 £'000
Present value of funded obligations	(53,441)	(52,735)
Fair value of scheme assets	55,867	53,290
Net asset before deferred taxation	2,426	555
Related deferred tax liability	(606)	(139)
Net asset after deferred taxation	1,820	416

Amounts recognised in the income statement	2026 £'000	2025 £'000
Net interest income	46	14

Amounts recognised in other comprehensive income	2026 £'000	2025 £'000
Return on assets excluding amount included in net interest	3,530	(3,335)
Gain arising from changes in financial assumptions	955	3,638
(Loss)/gain arising from changes in demographic assumptions	(1,060)	78
Experience (loss)	(2,100)	(354)
	1,325	27
Deferred tax	(331)	(7)
Remeasurement of the net defined benefit asset	994	20

The actual return on the scheme assets in the year was a £6,457,000 gain (2025: £392,000 loss).

Changes in the present value of the scheme assets	2026 £'000	2025 £'000
Opening fair value of scheme assets	53,290	57,372
Interest income	2,927	2,943
Return on assets excluding interest income	3,530	(3,335)
Employer contributions	500	500
Benefits paid	(4,380)	(4,190)
Closing fair value of scheme assets	55,867	53,290

Changes in the present value of the scheme obligations	2026 £'000	2025 £'000
Opening defined benefit obligations	(52,735)	(57,358)
Interest cost	(2,881)	(2,929)
Gain arising from changes in financial assumptions	955	3,638
(Loss)/gain arising from changes in demographic assumptions	(1,060)	78
Experience (loss)	(2,100)	(354)
Benefits paid	4,380	4,190
Closing defined benefit obligations	(53,441)	(52,735)

27. Retirement benefit obligations (continued)

	2026 £'000	2025 £'000
Changes in the net defined benefit asset		
Opening net defined benefit asset	555	14
Net interest income	46	14
Return on assets excluding interest income	3,530	(3,335)
Gain arising from changes in financial assumptions	955	3,638
(Loss)/gain arising from changes in demographic assumptions	(1,060)	78
Experience (loss)	(2,100)	(354)
Employer contributions	500	500
Closing net defined benefit asset	2,426	555

Major categories of scheme assets

	2026 £'000	2025 £'000
Diversified growth fund	40,502	37,994
Liability driven assets	14,640	14,859
Cash	725	437
Total market value of assets	55,867	53,290

The scheme has no investments in the company or in property occupied by the company.

Scheme liabilities by category of membership

	2026 £'000	2025 £'000
Active members	9,495	11,958
Deferred pensioners	12,407	13,960
Pensions in payment	31,539	26,817
	53,441	52,735

Average duration of scheme liabilities

	2026 years	2025 years
Active members	13	13
Deferred pensioners	11	11
Pensions in payment	8	8
All scheme liabilities	9	9

Company contributions of £500,000 are expected to be paid into the scheme during the year ended 30 June 2027.

Notes to the Consolidated Financial Statements
continued

28. Share capital

Ordinary shares – allotted, issued and fully paid	2026 Number	2025 Number	2026 £'000	2025 £'000
Opening ordinary shares of 5p each	416,786,436	416,786,436	20,839	20,839
Ordinary shares of 5p each purchased for cancellation	(375,000)	–	(19)	–
Closing ordinary shares of 5p each	416,411,436	416,786,436	20,820	20,839
Ordinary B shares of 1p each	16,042,530	16,042,530	160	160
Total allotted, issued and fully paid			20,980	20,999

The ordinary shares of 5p each were purchased for cancellation at a price of 136.89p amounting to £513,000.

The preference shares detailed below are included as financial instruments within creditors. Full details of these are given in note 12 of the financial statements of the company.

	2026 £'000	2025 £'000
Allotted, issued and fully paid		
200,000 5.5% preference shares of £1 each	200	200

Ordinary shares under option

Under the terms of the executive share option scheme, share options have been granted. The share options outstanding are as follows:

Director	Date of grant	Date exercisable	Date of expiry	Exercise price (pence)	Number 30.06.25	Exercised in the year	Granted (lapsed) in the year	Number 30.06.26
M Halstead	12 Jun 17	12 Jun 20	11 Jun 27	238.250	100,000	–	–	100,000
	18 Oct 18	18 Oct 21	17 Oct 28	195.415	120,000	–	–	120,000
	10 Aug 22	10 Aug 25	9 Aug 32	206.000	100,000	–	–	100,000
	17 Nov 23	17 Nov 26	16 Nov 33	203.000	30,000	–	–	30,000
	27 Mar 24	27 Mar 27	26 Mar 34	192.750	30,000	–	–	30,000
	9 Apr 26	9 Apr 29	8 Apr 36	100.000	–	–	80,000	80,000
G R Oliver	12 Jun 17	12 Jun 20	11 Jun 27	238.250	100,000	–	–	100,000
	18 Oct 18	18 Oct 21	17 Oct 28	195.415	120,000	–	–	120,000
	10 Aug 22	10 Aug 25	9 Aug 32	206.000	100,000	–	–	100,000
	17 Nov 23	17 Nov 26	16 Nov 33	203.000	30,000	–	–	30,000
	27 Mar 24	27 Mar 27	26 Mar 34	192.750	30,000	–	–	30,000
	9 Apr 26	9 Apr 29	8 Apr 36	100.000	–	–	100,000	100,000
D W Drillingcourt	12 Jun 17	12 Jun 20	11 Jun 27	238.250	80,000	–	–	80,000
	4 Oct 21	4 Oct 24	3 Oct 31	262.665	60,000	–	–	60,000
	10 Aug 22	10 Aug 25	9 Aug 32	206.000	70,000	–	–	70,000
	17 Nov 23	17 Nov 26	16 Nov 33	203.000	30,000	–	–	30,000
	27 Mar 24	27 Mar 27	26 Mar 34	192.750	30,000	–	–	30,000
	9 Apr 26	9 Apr 29	8 Apr 36	100.000	–	–	100,000	100,000
Total – directors					1,030,000	–	280,000	1,310,000
Employees								
	12 Jun 17	12 Jun 20	11 Jun 27	238.250	180,000	–	(20,000)	160,000
	22 Dec 17	22 Dec 20	21 Dec 27	218.040	40,000	–	–	40,000
	18 Oct 18	18 Oct 21	17 Oct 28	195.415	234,950	–	–	234,950
	4 Oct 21	4 Oct 24	3 Oct 31	262.665	505,000	–	(70,000)	435,000
	27 Jun 22	27 Jun 25	26 Jun 31	205.330	20,000	–	–	20,000
	10 Aug 22	10 Aug 25	9 Aug 32	206.000	715,000	–	(175,000)	540,000
	17 Nov 23	17 Nov 26	16 Nov 33	203.000	430,000	–	(60,000)	370,000
	27 Mar 24	27 Mar 27	26 Mar 34	192.750	475,000	–	(90,000)	385,000
	9 Apr 26	9 Apr 29	8 Apr 36	100.000	–	–	580,000	580,000
Total – employees					2,599,950	–	165,000	2,764,950
Grand total					3,629,950	–	445,000	4,074,950

James Halstead

28. Share capital (continued)

The market price of the shares at 30 June 2026 was 127p (2025: 159p). The share price during the year ranged from 116p to 163p.

A summary of movements in numbers of share options is as follows:

	Number of options	Weighted average exercise price
At 30 June 2024	3,704,950	215p
Lapsed in the year	(75,000)	199p
At 30 June 2025	3,629,950	215p
Lapsed in the year	(415,000)	214p
Granted in the year	860,000	100p
At 30 June 2026	4,074,950	191p

At 30 June 2026 there were 954,950 (2025: 974,950) share options exercisable at a weighted average exercise price of 216p (2025: 217p).

The weighted average remaining contractual life of share options outstanding at 30 June 2026 was 6.1 years (2025: 6.2 years).

Share based payments

The group's equity settled share based payments comprise the grant of share options to certain employees under the group's executive share option scheme. Details of such options are given above. The group calculated the fair value of the options at the date of grant using the Black Scholes model.

An expense based on the fair value calculated at the date of grant was recognised in the income statement over the vesting period of the options. The share based payment expense for the year ended 30 June 2026 was £39,000 (2025: £47,000).

The inputs into the Black Scholes model for the share options granted in the year were as follows:

Exercise price	100p
Market price	136p
Expected life of option	3.5 years
Expected share price volatility	12.0%
Expected dividend yield	8.5%
Risk free interest rate	3.4%



Notes to the Consolidated Financial Statements
continued

29. Reserves

The nature and purpose of each reserve within equity is as follows.

Reserve	Description and purpose
Equity share capital	Nominal value of equity share capital issued.
Share premium account	Amount subscribed for equity share capital in excess of nominal value.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Currency translation reserve	Cumulative currency translation gains and losses arising on the retranslation of the net assets of the group's foreign operations.
Hedging reserve	Gains and losses arising on the fair value of financial instruments in an effective designated cash flow hedging relationship.
Retained earnings	All other gains and losses and transactions with owners, such as dividends, not recognised in other reserves.

30. Derivative financial instruments

	2026 £'000	2025 £'000
Forward exchange contracts assets	539	193
Forward exchange contracts liabilities	208	1,936

The group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the entity concerned. The currencies giving rise to this risk are various, but the most significant are the US Dollar and the Euro. Forward exchange contracts are used to manage this exposure to fluctuations in foreign exchange rates. The group buys or sells foreign currency at spot where necessary to address any short-term imbalances.

The group hedges, using forward exchange contracts, transactions denominated in a foreign currency which are not matched against other transactions in the same currency within the group. The forward exchange contracts have maturities of less than one year after the balance sheet date.

The group classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and states them at fair value. The hedged cash flows are expected to occur within one year after the balance sheet date.

The fair values have been calculated by applying (where relevant), for equivalent maturity profiles, the rate at which forward currency contracts with the same principal amounts could be acquired at the balance sheet date.

Changes in the fair value of forward exchange contracts for which no hedge accounting is applied or where the hedge is considered ineffective are recognised in the income statement.

Other than the use of forward exchange contracts as detailed above, the group does not make use of derivative financial instruments.

James Halstead

31. Financial instruments

For cash and cash equivalents and trade and other payables and receivables the fair value approximates to their book value due to the short maturity profile of these financial instruments. On receivables, allowances are made within the book value for credit risk. The fair value of forward exchange contracts is determined by reference to spot rates adjusted for the forward points to the contract value date.

The book values and fair values of financial instruments are set out below:

	2026 Book value £'000	2026 Fair value £'000	2025 Book value £'000	2025 Fair value £'000
Current:				
Trade and other receivables	38,086	38,086	41,278	41,278
Forward exchange contracts	539	539	193	193
Cash and cash equivalents	75,718	75,718	68,369	68,369
Trade and other payables	(41,631)	(41,631)	(43,200)	(43,200)
Forward exchange contracts	(208)	(208)	(1,936)	(1,936)
Lease liabilities	(3,120)	(3,120)	(1,940)	(1,940)
Total	69,384	69,384	62,764	62,764
Non-current:				
Other payables	–	–	(326)	(326)
Lease liabilities	(5,831)	(5,831)	(2,747)	(2,747)
Preference shares	(200)	(200)	(200)	(200)
Total	(6,031)	(6,031)	(3,273)	(3,273)

Other than forward exchange contracts which are categorised as derivative instruments, all financial assets are categorised as financial assets measured at amortised cost and all financial liabilities are categorised as financial liabilities measured at amortised cost.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value. IFRS 7 requires that these be grouped into Levels 1 to 3 based on the degree to which the fair value is observable. All items in the table below are categorised as Level 2 which, as defined by IFRS 7, refers to those items whose fair value measurement is derived from inputs other than that are observable for the asset or liability either directly or indirectly.

	2026 £'000	2025 £'000
Forward exchange contracts at fair value through profit and loss account	(5)	27
Forward exchange contracts at fair value through hedging reserve	336	(1,770)
	331	(1,743)

Sensitivity analysis

The group's principal exposures in relation to market risks are to changes in the euro exchange rate against sterling and to changes in UK interest rates. The group does not fix the interest rate receivable on its sterling balances, and based on balances held at the year end, a 1% increase or decrease in sterling interest rates would lead to an increase or decrease in post-tax earnings of £450,000 (2025: £439,000). The table below details the notional impact of changes in the euro exchange rate against sterling on the group's post-tax profit and equity. The gains and losses arise from the translation of receivables, payables, cash and forward exchange contracts which are denominated in currencies other than each subsidiary's reporting currency.

	2026 Post-tax profits £'000	2026 Equity £'000	2025 Post-tax profits £'000	2025 Equity £'000
Euro 5% stronger against sterling	57	57	5	5
Euro 5% weaker against sterling	(52)	(52)	(5)	(5)



Notes to the Consolidated Financial Statements
continued

32. Group companies

At 30 June 2026, the trading subsidiaries of the group and the proportion of ordinary share capital owned were:

Name of subsidiary	Activity	Country of incorporation	Proportion owned (%)
Polyflor Limited	Flooring manufacturing and distribution	England	100
Riverside Flooring Limited	Flooring manufacturing	England	100
Objectflor Art und Design Belags GmbH	Flooring distribution	Germany	100
Karndean International GmbH	Flooring distribution	Germany	100
James Halstead France SAS	Flooring distribution	France	100
Polyflor Nordic Sweden AB	Flooring distribution	Sweden	100
Polyflor Canada Inc	Flooring distribution	Canada	100
Polyflor Australia Pty Limited	Flooring distribution	Australia	100
Polyflor New Zealand Limited	Flooring distribution	New Zealand	100
Polyflor (M) SDN BHD	Flooring distribution	Malaysia	100
Polyflor North Asia Limited	Flooring distribution	Hong Kong	100

A complete list of the group's subsidiaries is provided in note 4 of the financial statements of the company.

33. Exchange rates

The currency exchange rates used to translate the results, assets and liabilities of foreign subsidiaries were:

	2026 Closing	2026 Average	2025 Closing	2025 Average
Euro	1.16	1.15	1.17	1.19
Canadian dollar	1.88	1.85	1.87	1.81
Australian dollar	1.92	1.98	2.09	2.00
New Zealand dollar	2.33	2.29	2.26	2.19
Swedish krona	12.85	12.55	13.06	13.42
Malaysian ringgit	5.41	5.48	5.77	5.69
Hong Kong dollar	10.41	10.48	10.76	9.87
Indian rupee	125.64	121.54	117.52	110.10

34. Related parties

Transactions between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. The group's contributions to the defined benefit pension scheme are disclosed in note 27.

Details of other related party transactions for the group are shown in the directors' report, board report on remuneration and in the notes to the financial statements. The key management personnel are the directors.

The company and Polyflor Limited, a subsidiary of the company, lease cars from a company of which Mr Russell Whiting is a director. The lease payments during the year were £378,000 (2025 £140,000) and the outstanding lease commitments at 30 June 2026 were £152,000 (2025: £147,000).

James Halstead

Company Balance Sheet
as at 30 June 2026

	Note	2026 £'000	2025 £'000
Fixed assets			
Tangible fixed assets	3	3,653	3,686
Investments	4	40,982	40,982
		44,635	44,668
Current assets			
Debtors due within one year	5	43,473	49,740
Retirement benefit asset	11	2,426	555
Total debtors		45,899	50,295
Derivative financial instruments	7	539	193
Investments	8	30,833	24,860
Cash at bank and in hand		31,819	32,684
Total current assets		109,090	108,032
Creditors due within one year	9	(11,938)	(10,322)
Derivative financial instruments	7	(208)	(1,936)
Net current assets		96,944	95,774
Total assets less current liabilities		141,579	140,442
Creditors due after more than one year	10	(200)	(200)
Provision for liabilities	6	(614)	(377)
Net assets		140,765	139,865
Capital and reserves			
Equity share capital		20,820	20,839
Equity share capital (B shares)		160	160
Called up share capital	12	20,980	20,999
Share premium account		55	55
Capital redemption reserve		19	–
Hedging reserve		336	(1,770)
Profit and loss account		119,375	120,581
Total shareholders' funds		140,765	139,865

The company has taken advantage of the provisions of Section 408 of the Companies Act 2006 and has elected not to present its own profit and loss account. The profit after taxation for the financial year dealt with in the financial statements of the company was £35,358,000 (2025: £37,141,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 October 2026.

M Halstead
Director

G R Oliver
Director

James Halstead plc Registration Number 140269



Company Statement of Changes in Equity
for the year ended 30 June 2026

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Hedging reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 30 June 2024	20,999	55	–	392	119,842	141,288
Profit for the year	–	–	–	–	37,141	37,141
Remeasurement of the net defined benefit asset	–	–	–	–	20	20
Fair value movements on hedging instruments	–	–	–	(2,162)	–	(2,162)
Total comprehensive income for the year	–	–	–	(2,162)	37,161	34,999
Transactions with equity shareholders						
Dividends	–	–	–	–	(36,469)	(36,469)
Share based payments	–	–	–	–	47	47
Balance at 30 June 2025	20,999	55	–	(1,770)	120,581	139,865
Profit for the year	–	–	–	–	35,358	35,358
Remeasurement of the net defined benefit asset	–	–	–	–	994	994
Fair value movements on hedging instruments	–	–	–	2,106	–	2,106
Total comprehensive income for the year	–	–	–	2,106	36,352	38,458
Transactions with equity shareholders						
Dividends	–	–	–	–	(37,084)	(37,084)
Shares purchased for cancellation	(19)	–	19	–	(513)	(513)
Share based payments	–	–	–	–	39	39
Balance at 30 June 2026	20,980	55	19	336	119,375	140,765

Notes to the Company Financial Statements

1. Accounting policies

Basis of preparation

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework as issued by the Financial Reporting Council.

The company has used the disclosure exemptions available under FRS 101 in relation to presentation of a cash flow statement, comparative information for certain assets, capital management, transactions with other group companies, compensation of key management personnel and the effects of new but not yet effective UK adopted international accounting standards.

As the consolidated financial statements include the equivalent disclosures, the company has used the disclosure exemptions available under FRS 101 in relation to share based payments, and financial instruments. The disclosures for the defined benefit retirement obligations are included in the consolidated financial statements.

The financial statements are prepared on a going concern basis and in accordance with the historical cost convention, except for certain financial instruments that have been measured at fair value.

The statement on going concern in the consolidated financial statements also justifies the going concern basis used for the company financial statements.

The accounting policies of the company are the same as those set out in the consolidated financial statements. The critical accounting estimates and judgements are retirement benefit obligations as set out in the consolidated financial statements.

The following additional accounting policies are specific to the company's financial statements.

Investments

Investments in subsidiaries are stated at cost less provision for impairment in value.

Investment land and buildings

Investment land and buildings are stated at cost less depreciation and any provision for impairment. Depreciation is calculated to write off the buildings on a straight line basis over their estimated economic life of fifty years. No depreciation is charged in respect of land.

Group debtors

Amounts owed by group undertakings are stated after any provision for expected credit loss in line with the three stage model in IFRS 9.



Notes to the Company Financial Statements
continued

2. Staff costs and numbers

	2026 £'000	2025 £'000
Staff costs comprised:		
Wages and salaries	3,888	3,871
Social security costs	568	509
Pension costs	280	247
Share based payments expense	39	47
	4,775	4,674

The average monthly number of employees during the year was 19 (2025: 20).

3. Tangible fixed assets

	Investment land and buildings £'000	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost				
At 30 June 2025	8,091	1,326	614	10,031
Additions	96	–	100	196
Disposals	–	–	(76)	(76)
At 30 June 2026	8,187	1,326	638	10,151
Depreciation				
At 30 June 2025	5,413	424	508	6,345
Charge for the year	149	24	56	229
Disposals	–	–	(76)	(76)
At 30 June 2026	5,562	448	488	6,498
Net book value				
At 30 June 2026	2,625	878	150	3,653
At 30 June 2025	2,678	902	106	3,686

The investment land and buildings relates to a freehold property that is occupied by a subsidiary company. The rental income was £600,000 (2025: £600,000).

4. Investments

	Shares in subsidiary undertakings £'000
Cost	
At 30 June 2025	49,552
At 30 June 2026	49,552
Provision for impairment	
At 30 June 2025	8,570
At 30 June 2026	8,570
Net book value	
At 30 June 2026	40,982
At 30 June 2025	40,982

At 30 June 2026, the company held directly and indirectly 100% of the ordinary share capital of the following undertakings:

Subsidiary	Activity	Country of incorporation	Proportion owned (%)
Owned by the company			
Polyflor Limited	Flooring manufacturing and distribution	England	100
Riverside Flooring Limited	Flooring manufacturing	England	100
Titan Leisure Group Limited	Dormant company	England	100
Halstead Flooring International Limited	Dormant company	England	100
Expona Limited	Dormant company	England	100
JHL Limited	Dormant company	England	100
Halstead Floorings Limited	Dormant company	Ireland	100
Halstead Flooring Concepts Pty Limited	Holding company	Australia	100
Polyflor Canada Inc	Flooring distribution	Canada	100
Polyflor India Pvt Limited	Flooring distribution	India	100
Polyflor (M) SDN BHD	Flooring distribution	Malaysia	100
Polyflor North Asia Limited	Flooring distribution	Hong Kong	100
Objectflor Art und Design Belags GmbH	Flooring distribution	Germany	100
James Halstead France SAS	Flooring distribution	France	100
Polyflor Nordic Sweden AB	Flooring distribution	Sweden	100
Owned by subsidiaries			
Polyflor Australia Pty Limited	Flooring distribution	Australia	100
Colonia Flooring Pty Limited	Dormant company	Australia	100
Polyflor New Zealand Limited	Flooring distribution	New Zealand	100
Karndean International GmbH	Flooring distribution	Germany	100

Notes to the Company Financial Statements
continued

4. Investments continued

Subsidiary	Registered office
Polyflor Limited Riverside Flooring Limited Titan Leisure Group Limited Halstead Flooring International Limited Expona Limited JHL Limited	Beechfield Hollinhurst Road Radcliffe Manchester M26 1JN England
Halstead Floorings Limited	24/26 City Quay Dublin 2 D02NY19 Ireland
Halstead Flooring Concepts Pty Limited Polyflor Australia Pty Limited Colonia Flooring Pty Limited	101 Prosperity Way Dandenong VIC 3175 Australia
Polyflor Canada Inc	3209 Orlando Drive Mississauga Ontario L4V IC5 Canada
Polyflor India Pty Limited	B-408 Knox Plaza Mindspace, Malad West Mumbai 400 064 India
Polyflor (M) SDN BHD	802, 8th Floor, Block C Kelana Square 17 Jalan 557/26 Petaling Jaya Salangor 47301 Malaysia
Polyflor North Asia Limited	Units 1607-8 16th floor Citicorp Centre 18 Whitfield Road Causeway Bay Hong Kong
Objectflor Art und Design Belags GmbH Karndean International GmbH	Wankelstrasse 50 D 50996 Koln Germany
James Halstead France SAS	Parc Saint Christophe 10 Avenue de l'Enterprise 95861 Cergy Pontoise France
Polyflor Nordic Sweden AB	Box 102 51 434 23 Kungsbacka Besoksadress Energigatan 9 Sweden
Polyflor New Zealand Limited	2 Narek Place Manukau City Auckland 2104 New Zealand

James Halstead

5. Debtors

	2026 £'000	2025 £'000
Amounts owed by group undertakings	42,894	48,759
Corporation tax	368	795
Other debtors	102	84
Prepayments	109	102
Debtors due within one year	43,473	49,740

6. Deferred tax assets/(liabilities)

	Retirement benefit obligations £'000	Accelerated tax depreciation £'000	Other timing differences £'000	Total £'000
At 30 June 2025	(139)	(238)	–	(377)
Charged to income statement	(136)	(20)	250	94
Charged to other comprehensive income	(331)	_	–	(331)
At 30 June 2026	(606)	(258)	250	(614)

7. Derivative financial instruments

	2026 £'000	2025 £'000
Forward exchange contracts assets	539	193
Forward exchange contracts liabilities	208	1,936

Derivative financial instruments are forward foreign exchange contracts recognised in the balance sheet at fair value.

8. Investments

	2026 £'000	2025 £'000
Short term bank deposits	30,833	24,860

9. Creditors due within one year

	2026 £'000	2025 £'000
Trade creditors	573	110
Amounts due to group undertakings	6,684	6,662
Other taxation and social security	152	144
Other creditors	971	786
Accruals	3,558	2,620
	11,938	10,322



Notes to the Company Financial Statements
continued

10. Creditors due after more than one year

	2026 £'000	2025 £'000
Preference shares (note 12)	200	200

11. Retirement benefit obligations

	2026 £'000	2025 £'000
Present value of funded obligations	(53,441)	(52,735)
Fair value of scheme assets	55,867	53,290
Net asset	2,426	555

The company sponsors the Halstead Group Pension Scheme. Disclosure information is provided in note 27 to the consolidated financial statements.

12. Share capital

Ordinary shares – allotted, issued and fully paid	2026 Number	2025 Number	2026 £'000	2025 £'000
Opening ordinary shares of 5p each	416,786,436	416,786,436	20,839	20,839
Ordinary shares of 5p each purchased for cancellation	(375,000)	–	(19)	–
Closing ordinary shares of 5p each	416,411,436	416,786,436	20,820	20,839
Ordinary B shares of 1p each	16,042,530	16,042,530	160	160
Total allotted, issued and fully paid			20,980	20,999

The ordinary shares of 5p each were purchased for cancellation at a price of 136.89p amounting to £513,000.

Shareholders approved a proposal for the return of capital ("return of capital") at an extraordinary general meeting on 6 December 2004. This resulted in the creation of the 1 pence B ordinary shares ("B shares"), which were issued on 14 January 2005. Following the issue of the B shares, holders received a single dividend of 60 pence per B share. The B shares are not listed, have extremely limited rights and are of negligible value.

The preference shares detailed below are included as financial instruments within creditors.

	2026 £'000	2025 £'000
Allotted, issued and fully paid		
200,000 5.5% preference shares of £1 each	200	200

James Halstead

12. Share capital (continued)

The 5.5% cumulative preference shares of £1 shall confer on the holders thereof the right to receive in priority to all other shares in the capital of the company out of the profits of the company which it shall be determined to distribute, a fixed cumulative preferential dividend at the rate of 5.5% per annum on the capital for the time being paid up thereon and the right in the event of a winding up, in priority to all other shares in the capital of the company, to repayment of the capital paid up thereon together with a premium of 5p per share and a sum equivalent to any arrears and accruals of the said fixed cumulative preferential dividend thereon (whether earned or declared or not) calculated up to the date of such repayment of capital but shall not confer any further right to participate in profits or assets of James Halstead plc.

The company shall not be at liberty to create or issue any further shares ranking in priority to or *pari passu* with the preference shares without the consent in writing of the holders of three-fourths of the issued preference shares or the sanction of an extraordinary resolution of the holders of such preference shares passed at a separate general meeting of such holders. The preference shares shall not confer upon the holders thereof the right to attend or vote at any general meeting of the company or to receive notice thereof, unless either:

(i) At the date of the notice convening the meeting the fixed cumulative preferential dividend on the preference shares is six months in arrears and then so long only as such dividend shall remain unpaid, and so that for this purpose the dividend on the preference shares shall be deemed to accrue due and be payable by equal half-yearly instalments on 30 June and 31 December in every year, or

(ii) The business of the meeting includes the consideration of a resolution for reducing the capital or winding up the company or for the sale of its undertaking or of any resolution directly abrogating or varying any of the special rights or privileges attached to the preference shares.

The preference shares shall nevertheless entitle the holders thereof to receive notice of every general meeting. At a general meeting at which the holders of preference shares are entitled to attend and vote, the preference shares shall entitle a holder thereof, or his proxy, to vote only for every preference share held by him.

13. Related party transactions

The company has taken advantage of the exemption granted by FRS 101 not to disclose transactions and balances with other group companies.



Ten Year Summary (Unaudited)

	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000	2024 £'000	2025 £'000	2026 £'000
Revenue	240,784	249,510	253,038	238,630	266,362	291,860	303,562	274,881	261,967	259,914
Profit before income tax	46,616	46,702	48,276	43,857	51,268	52,063	52,099	56,224	55,137	48,161
Income tax	(10,106)	(9,994)	(10,484)	(9,502)	(11,407)	(11,735)	(9,695)	(14,704)	(14,525)	(12,738)
Profit after income tax	36,510	36,708	37,792	34,355	39,861	40,328	42,404	41,520	40,612	35,423

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Basic earnings per 5p share	8.8p	8.8p	9.1p	8.3p	9.6p	9.7p	10.2p	10.0p	9.7p	8.5p
Dividends per 5p share	6.5p	6.8p	7.0p	7.1p	7.6p	7.8p	8.0p	8.5p	8.8p	9.0p

Figures for the previous years have been restated to take account of the one-for-one bonus share issue in the year ended 30 June 2022.

James Halstead

Shareholder Information

Financial calendar

Annual general meeting	4 December 2026

Announcement of results

For the half year	March
For the full year	September

Dividend payments

Ordinary shares – interim	June
– final	December
Preference shares	June and December

Share dealing information

The ordinary shares of the company are traded on the Alternative Investment Market of the London Stock Exchange.

Information concerning the day-to-day movement of the share price can be found on the London Stock Exchange website.

Shareholder analysis

as at 15 September 2026	Number of holders	Number of shares	%
By size of holding			
1-20,000	1,177	6,922,098	1.7
20,001-100,000	357	15,796,012	3.8
100,001-200,000	56	7,680,685	1.8
200,001-1,000,000	73	34,751,571	8.3
1,000,001 and over	67	351,261,070	84.4
	1,730	416,411,436	100.0

	Number of holders	Number of shares	%
By category			
Private individuals	1,410	187,870,415	45.2
Banks and nominee companies	283	226,308,642	54.3
Other limited companies/corporate bodies	27	874,196	0.2
Miscellaneous bodies/pension funds	7	1,330,167	0.3
Investment trusts and funds	3	28,016	0.0
	1,730	416,411,436	100.0



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ONE HUNDREDTH and ELEVENTH ANNUAL GENERAL MEETING of the company will be held at the Lion of Vienna Suite, Toughsheet Community Stadium, Burnden Way, Bolton, BL6 6JW, on 4 December 2026 at 12pm.

Ordinary business

1 To receive and adopt the report of the directors and the statement of accounts for the year ended 30 June 2026 together with the report of the auditors.

2 To declare a final dividend on the ordinary shares in the capital of the company for the year ended 30 June 2026.

3 To re-elect Mr M Halstead as a director of the company.

4 To re-elect Mr G R Oliver as a director of the company.

5 To re-elect Mr D W Drillingcourt as a director of the company.

6 To re-elect Mr R P Whiting as a director of the company.

7 To re-elect Mr M J Halstead as a director of the company.

8 To re-elect Mrs D A Harrison as a director of the company.

9 To re-appoint BDO LLP as auditors of the company and authorise the directors to fix their remuneration for the ensuing year.

Special business

To consider and, if thought fit, pass the following resolutions of which resolutions 10 and 11 shall be proposed as ordinary resolutions and resolutions 12 and 13 will be proposed as special resolutions:

10 That, subject to the passing of the ordinary and special resolutions numbered 12 and 13 below, the directors be and they are hereby authorised, pursuant to article 35.14 of the company's articles of association:

(i) to exercise the power contained in article 35.14 so that, to the extent determined by the directors, the holders of ordinary shares be permitted to elect to receive new ordinary shares of 5.0p each in the capital of the company, credited as fully paid, instead of all or part of any interim or final dividends which shall be declared before the conclusion of the next annual general meeting of the company after the passing of this resolution; and

(ii) to capitalise the appropriate amount of new ordinary shares falling to be allotted pursuant to any elections made as aforesaid out of profits, or sums standing to the credit of any share premium account or capital reserves of the company, to apply such sums in paying up such new ordinary shares and to allot such new ordinary shares to the members of the company making such elections in accordance with their respective entitlements.

11 That in substitution for all existing and unexercised authorities and powers, the directors of the company be and they are hereby generally and unconditionally authorised for the purpose of section 551 Companies Act 2006 (the "Act") to exercise all or any of the powers of the company to allot shares of the company or to grant rights to subscribe for, or to convert any security into, shares of the company (such shares and rights being together referred to as "Relevant Securities") up to an aggregate nominal value of £6,940,190 to such persons at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the company) PROVIDED THAT this authority shall, unless previously renewed, varied or revoked by the company in general meeting, expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the company (if earlier) save that the directors of the company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the company may allot relevant securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

12 That subject to the passing of the ordinary resolution numbered 11 above the directors be and they are hereby empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 subsection (1) of the said Act) for cash pursuant to the authority conferred by resolution numbered 10 above as if Section 561 of the said Act did not apply to any such allotment provided that this power shall be limited to:

(i) the allotment of equity securities in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practical) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

James Halstead

(ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of 5% of the ordinary share capital of the company in issue at the date of the passing of this resolution

and shall expire at the conclusion of the next annual general meeting or on the date which is six months after the next accounting reference date of the company (if earlier) save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

13 That the company is hereby generally and unconditionally authorised for the purposes of section 693 and 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of section 693(4) of the said Act) of fully paid ordinary shares of 5 pence each in the capital of the company ("ordinary shares") provided that:

(i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 10% of the ordinary shares in issue at the date of passing of this resolution;

(ii) the maximum price (exclusive of any expenses) which may be paid for an ordinary share shall not be more than 5% above the average of the middle market quotations for an ordinary share as derived from the Daily Official List of The London Stock Exchange plc for the five business days immediately preceding the day on which the ordinary share is purchased;

(iii) the minimum price which may be paid for each ordinary share is 5 pence (exclusive of any expenses);

(iv) unless previously revoked or varied, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the company or twelve months from the date, if earlier, of passing this resolution;

(v) the company may make a contract or contracts to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and the company may make a purchase of its ordinary shares in pursuance of such contract as if the authority hereby conferred had not expired; and

(vi) the directors may elect to hold shares purchased under this authority in the form of treasury shares (subject to a maximum of 10% of the issued ordinary share capital of the company at any one time).

By order of the board
P J Burgess
Secretary

23 October 2026

Beechfield
Hollinhurst Road
Radcliffe
Manchester
M26 1JN



Notice of Annual General Meeting
continued

Notes

1 Preference shareholders are advised that they are not entitled to attend or vote at the annual general meeting.

2 You can vote either:

i. By logging on to https://uk.investorcentre.mpms.mufg.com/ and following the instructions. If you experience difficulties in logging in or require assistance, please contact MUFG Corporate Markets directly on Tel: 0371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

ii By appointing a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the company. Please consider appointing the Chairman of the AGM as your proxy, with voting instructions, to ensure your vote is counted. You may request a form of proxy directly from the registrars, MUFG Corporate Markets using the telephone number above (same call terms and conditions apply). In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 12pm on 2 December 2026.

iii By attending the meeting in person at the address and time set out at the beginning of this notice, bringing either your attendance card or other appropriate form of identification so that you can be identified by the company's registrars. It is recommended that you arrive at least 15 minutes before the time appointed for the meeting to begin. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the company of the votes they may cast), shareholders must be entered in the register of members of the company at close of business on 2 December 2026.

iv. In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

3 If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged

4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 12pm on 2 December 2026. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

5 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6 Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

7 As at 12 October 2026 (being the latest practicable business day prior to the publication of this Notice), the company's ordinary issued share capital consisted of 416,411,436 ordinary shares, carrying one vote each. Therefore, the total voting rights in the company as at 12 October 2026 were 416,411,436.

8 You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the company for any purposes other than those expressly stated.

9 A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the company's website at www.jameshalstead.com.

10 The documents listed below will be available for inspection at an agreed time at the registered office of the company during the usual business hours on any weekday except bank holidays. Please e-mail secretary@jameshalstead.plc.uk (Label your e-mail "AGM documents") to book an appointment to view the following documents:

i. The register of interests of the directors in the share capital of the company: and

ii. Copies of the service contracts of Mr G R Oliver and Mr D W Drillingcourt.

11 The final dividend, if approved, will be paid on 11 December 2026 to shareholders on the register as at 13 November 2026.

James Halstead



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