



1 October 2025

JAMES HALSTEAD PLC
("James Halstead", the "Group" or the "Company")

PRELIMINARY ANNOUNCEMENT OF AUDITED RESULTS

FOR THE YEAR ENDED 30 JUNE 2025

James Halstead plc, the AIM listed manufacturer and international distributor of commercial flooring, announces its results for the year ended 30 June 2025:

Financial highlights

- Revenue at £262.0 million (2024: £274.9 million)
- Profit before tax of £55.1 million (2024: £56.2 million)
- Profit after tax of £40.6 million (2024: £41.5 million)
- Earnings per ordinary share of 9.70p (2024: 10.00p)
- Final dividend per ordinary share proposed of 6.05p (2024: 6.00p) bringing total dividend for the year to 8.80p (2024: 8.50p)
- Cash of £68.4 million (2024: £74.3 million)

Operational highlights

- Gross margin improvement to 44.5% (2024: 44.1%)
- Continued investment in our operations with £3.9 million of capital deployed in the year to improve output efficiency and product offering
- Key projects during the year include:
 - The newly built Colchester Hospital, where our flooring was winner of an award by the Contract Flooring Journal for the installation. At this project the contractors returned 2.5 tonnes of offcuts back to our factory for recycling, cutting nearly 3.0 tonnes of CO₂ emissions
 - "Le Stade Toulousdain" rugby union stadium in France
 - Ongoing installations in Deichmann shoe stores throughout central Europe
 - Real Madrid World, the first football theme park at Dubai parks and resort
 - In Poland, the new office buildings of military air base in Lask, part of the new "East Shield" programme
 - In Italy the new Sacco Hospital being built in Milan

Outlook

- Continued growth in North America and forward momentum in Malaysia
- Short term ongoing headwinds in Europe affecting repair, renewal and roll-out budgets that have been constrained by additional employment costs in education, healthcare and hospitality sectors
- FY25 was a year of solid performance – the Board expects to make further progress in FY26
- Board's confidence has enabled a further uplift in dividend, the 49th consecutive year of increase

Mr Mark Halstead, Executive Chairman, commenting on the results, said:

“Despite headwinds in the commercial flooring sector it was a solid performance with a cash conversion rate of 1.23. Looking ahead, we have continuing product and process improvements and I, and the Board, remain confident that the future offers many opportunities and on-going profitable growth”.

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Notes to editors

James Halstead is a group of companies involved in the manufacture and supply of flooring for commercial and domestic purposes, based in Bury, UK. James Halstead plc has been listed on the London Stock Exchange for over 75 years. The Group was established in 1914 and continues to operate out of the original premises in Bury. In its factories in Bury and Teesside it manufactures resilient flooring for distribution in the UK and worldwide.

The Company's strategy is to constantly develop its brand identity and its reputation for quality, product innovation, durability and availability, thereby enhancing and maintaining goodwill with the aim of achieving repeat business. James Halstead's focus is to work with stockists who in turn distribute those bulk deliveries. However, the Company also promotes and represents the business's range of products to the end users and specifiers who will purchase the stock from those stockists.

CHAIRMAN'S STATEMENT

Results

Revenue for the year at £262.0 million (2024: £274.9 million) was 4.7% behind the comparative year largely driven by headwinds in the European and APAC regions. The year was satisfactory with a solid performance in the UK, good growth in North America and continued forward momentum in Malaysia but offsetting this were the challenges that the Group faced in several major markets most particularly Europe, Australia and New Zealand.

A key pillar of our home and export strategy is differentiation from our competitors through the company ethos comprising the 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.

I think it worthy of note that our recently revamped "Expona Flow" range was honoured by an international jury with the "Plus X Award" for high quality, design, ease of use and functionality.

The reported profit before tax for the year of £55.1 million (2024: £56.2 million) was 1.9% behind the prior year comparative, a good result against a challenging array of market conditions.

Gross margins held up well in all our major markets. Overall, the margins improved from 44.1% to 44.5%. Principally this increase was driven by our manufacturing efficiencies and product mix.

Selling and distribution costs at £48.8 million (2024: £52.9 million) were 7.8% below last year and reflect the partly lower volume of sales (particularly in Europe and Australasia) and control of discretionary overheads such as restricted marketing and sales staff vacancies.

Administration overheads at £14.9 million (2024: £14.3 million) are some 4.5% higher than last year, largely reflecting inflationary costs.

Investment

Over many years our strategy has also included a policy of continual investment in both process improvement and product development to improve output efficiency and our product offering. To maintain our competitiveness as manufacturers supplying global markets, we continue to commit to capital investment in the upgrading of plant for efficiency, flexibility, durability and to reduce energy usage.

Electrostatic dissipative (ESD) floorings have been a part of our ranges for many years particularly SD (static dissipative) and EC (electro conductive) flooring. During the year we have invested in our plant in Radcliffe to upgrade these ranges to add focus to these products as they are used in server rooms and areas of high-end electronic equipment, and this is a fast growing area as the world of cloud computing moves into the age of AI. We are already

supplying this sector with the same flooring that has been used in hospitals for many years. The recent announcement of investments such as “Stargate UAE” and the “AI growth Zone” for the North East we will see continued growth in these products. This bodes well for sales and ongoing work by our development teams.

Plans for new production at our Teesside facility continue to be frustrated by the deficiencies in the ageing national grid infrastructure in the area. Notwithstanding these difficulties, the year saw the completion of our upgrade to fume extraction and product curing that has improved efficiency, reduced energy use and increased throughput. Additionally, the year saw the completion of a £1 million project to upgrade the mixing of materials and of printed logic circuit equipment, again at our Teesside factory.

Sustainability, social responsibility and the environment

We recently published our 20th sustainability report that details our actions and ambitions in the areas of the environment, sustainability and social responsibility.

The sustainability report covers in detail the standards we achieve in many areas with environmental accreditations beyond the minimums of the industry (independently verified) as well as details of our recycling initiatives and employment practices.

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 hosted 1,350 visitors with around 40 events offering training, professional development conferences and seminars 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 reduced 7.9% but remain strong at £68.4 million (2024: £74.3 million). The inventory at the year end is £80.4 million (2024: £82.3 million) which is 2.3% lower than the prior year comparative.

During the year taxation paid was £14.3 million (2024: £15.5million), fixed asset additions of £3.9 million (2024: £3.3 million) and equity dividends paid of £36.5 million (2024: £34.4 million).

Dividend

The interim dividend of 2.75p (2024: 2.50p) was paid in June 2025. The Board is proposing a final dividend of 6.05p (2024: 6.0p) which will mean a total dividend for the year of 8.80p (2024: 8.50p) an increase of 3.5%. This is a record level of dividend and marks our 49th consecutive year of increased dividend. The final dividend will be paid on 12 December 2025.

Outlook

There is no doubt that we have faced challenges in the year but there is ongoing positive sentiment in North America, and in the UK, we continue to see good growth prospects.

The malaise in Central Europe due to low customer confidence continues to affect shop-fitting and retail premises with cuts to renewal and roll-out programmes. We shall approach the short term with caution, tight cost control and a conservative approach to customer credit. The latter being particularly important as competitors in thin markets chase volume.

I remain confident 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.

Once again, I would like to thank all our colleagues across the globe for their continued efforts in achieving this year's result.

Mark Halstead
Executive Chairman

CHIEF EXECUTIVE'S REVIEW

Our business is, in essence, simple. Our model is to manufacture in volume, high quality flooring that we sell to distributors 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. Underpinning ongoing success of this model is to understand, support, train, motivate and persuade these stockists to service the true customer – end users and contractors within a wide range of sectors.

Our various sales teams have secured many prestigious projects during the year as in previous years, but the true driver of the business is day-to-day projects supplied from stock and largely our order book is today's order intake – delivered next day.

Looking at our businesses:

Polyflor and Riverside Flooring, based in UK

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.

Our Radcliffe produced flooring has been installed in countries across Africa where examples such as the new Onandjokwe State Hospital in Namibia and the Hospital dos Queimados de Luanda, Angola showcase our long history in healthcare. Our Teesside produced flooring has been fitted in the "Star of the Seas", the largest cruise ship ever. In Manati, Puerto Rico we have supplied Bristol Myers Squibb further products for their 33-acre manufacturing facility producing medicines.

Within the UK the installations are as diverse as the Millwall FC recently renovated hospitality "No. 11 Lounge", NCR Dundee famous for its ATM business and the recent major refurbishment of Butlins Bognor Regis. Our flooring has been installed in Cyprus, Lithuania, Singapore, Indonesia - the list is very extensive from high tech manufacturing facilities to children's play areas.

The Polyflor business reported a 3.9% reduction in turnover driven largely by reduced sales to our Australian and New Zealand businesses.

UK sales were £111.7m (2024: £110.7m) a 1.0% growth. The gross margin within the Polyflor business increased to 43.4% (2024: 42.5%) because of positive product mix with specialist flooring (such as the SD / EC ranges) being a larger part of sales and balanced production scheduling. Notwithstanding the margin improvement on sales the loss of sales volume to our international subsidiaries inevitably affected profitability.

Riverside sells exclusively through the Polyflor business and saw its product sales in the UK and export markets (excluding our own subsidiaries) increase.

Overheads, at all levels, were targeted throughout the year. The decision was taken to delay the recruitment of replacements for leavers across all departments and there was a key reduction at the board level of the business with three director/executive level people leaving and a resultant restructure within the existing teams. Marketing spend was refocused to target grass root demand by a series of promotions targeted at the independent contractor to push demand to the distributors and a series of promotions to the end buyers of our products to encourage larger deliveries of key product lines to stockists.

The core UK business held firm and grew against difficult market conditions, but the savings noted earlier were essential given the volume declines (principally from the APAC region) that the factory faced.

As a consequence, profits at Polyflor increased by 7.7% which is a good result in the current trading environment.

Objectflor / Karndean and James Halstead France, our European operations

The climate for our German and Central European business remains highly competitive with activity subdued. Overall revenue declined 7% in like for like currency. The core German sales held up well (with Germany being by far the largest country serviced by Objectflor) but were 3.2% down year on year with the French market facing the brunt of sales decline just over 20%.

The French economy remains weak with the government deficit being amongst the highest in the developed world, and they are struggling to bring down public spending. With this backdrop, the general sentiment from the public is to either save cash or prioritise holidays over major renovations.

Distributors are reporting revenue down 15-20% which inevitably is leading to price discounting, and with independents struggling there has been an element of consolidation in the market. We are mindful of the potential impact on credit and are increasingly vigilant.

Recovery will be slow but focus on new product launches along with extending CSTB approval on a greater number of products should provide a boost to sales. In particular, Centre Scientifique et Technique du Bâtiment (Scientific and Technical Center for Building) approval is important for healthcare educational and institutional projects.

Gross margins across the region were maintained (with a modest increase). The fall off in sales necessitated a focus on overhead control throughout the year but it was inevitable that profits declined by c 30%.

Polyflor APAC – encompassing Australia, New Zealand and Asia

The APAC region, which includes our businesses in Australia, New Zealand, South and North Asia, again had a difficult year.

The APAC region's production and delivery problems noted last year were resolved during the period. In our largest market, Australia, sales were down 9.3%. The Australian economy

remains weak with low economic growth and a continued cost of living crisis on the back of high inflation. It has struggled since the pandemic and whilst interest rates have started to move downwards, real wage growth has remained negative. This has dampened consumer sentiment and impacted the housing market with new builds and approvals subdued. On the back of this, sales of products in domestic and retail markets, much like European markets, have struggled. Government expenditure has been focused on infrastructure, roads and airports, although on a positive note, in the 2025 government budget there is proposed boosted funding for Medicare and funding for social and affordable housing initiatives.

Given the lower demand across the market, sales prices have remained static with a small fall in gross margin. Whilst Australia remains profitable, it has been a disappointing year and going forward there will be an increased focus on commercial products. As noted above, the UK factories depend on volume demand from overseas and in the financial year the level of exports to the region, and particularly Australia have been poor (albeit third party sourced product has performed comparatively well). We have partially addressed this by refocusing our UK teams on this market and expect that this will continue to be addressed in the coming months.

Similarly in New Zealand, demand has been weak. We have benefited over the past number of years from the government policy of building new social housing, but this has come to an end. Whilst there will be some remedial or refitting work, it will not be on the same scale and over the past 12 months we have restructured the business, closing the Christchurch warehouse, reducing staff numbers, subletting unused areas of our Auckland warehouse and refining territories. The changes we have implemented should move New Zealand back to profitability over the coming year.

The one positive in the region was our South Asia business based in Malaysia. Revenue in local currency grew by 38% with sales growth across all but one territory. Margins have improved in the second half of the year and this should continue into 2025/26 as the full effect of the free trade agreement works its way through the stocks. The investment in the region has seen steady sales growth, the business is now profitable, and we remain positive for further growth in the coming year.

Our North Asia business, now relocated to Shanghai with a satellite office in Hong Kong, remains subdued. The slowdown in the construction market has left all flooring manufacturers that supply these markets short of volume demand resulting in very competitive pressures in the region. Whilst our pipeline of orders is improving, we have lacked the larger volume projects that were prevalent pre-Covid. Rebuilding our market share continues and whilst not as fast a recovery as we had hoped there is definite progress.

Polyflor Nordic comprising Polyflor Norway based in Oslo and Polyflor Sweden based in Gothenburg

A disappointing performance from our Norwegian division with overall sales in this region down 7%. Profitability has been supported by adding delivery charges for transport of goods, particularly to remoter areas. Sweden achieved a record turnover 11.3% ahead of the comparative and secured a major new account and key projects that delivered volume increases in Polyflor UK manufactured vinyl.

Norway was more subdued but collected design awards for their work in the region most noteworthy was Winner of SBID International Design Awards 2024 Regional (Public Space – Rest of the World) for Svalbard Folkehøgskole – the world’s northernmost high school. Awards such as this add to the ability to sell in other countries.

Polyflor Canada, based in Toronto

Another solid performance from our Canadian business which saw a 7.4% increase in revenue in local currency. Whilst recently the residential sector has experienced a slowdown, reflecting broader market conditions, significant government investment in the education and healthcare sectors has been beneficial. This presents opportunities moving forward as we look to capitalise on the next wave of tenders following successful projects in those sectors this year.

The opening of our new Vancouver office and warehouse is a key step forward in our long-term growth strategy for the country and once fully operational, will enhance our logistical capabilities, reduce delivery times and strengthen our regional customer support, factors that should drive further sales growth and market reach.

Rest of the World

Polyflor continues to expand across the globe selling direct to over 60 countries during the year other than those mentioned above.

In the USA, increased interest in commercial products within the market along with our homogeneous and heterogeneous ranges, has seen good traction for our safety floor ranges. As noted at the half year, despite tariffs increasing on goods from the United Kingdom, these remain lower than for imported goods from elsewhere and our US customers remain positive for the year ahead.

In South America, we have seen a drop off in sales and as this remains a project driven business, the timing of shipments is particularly important. There was an uplift towards the end of the year and this has continued into the new year with improved sales into Brazil and Mexico. In recent years we have seen good sales in the Middle East and like our South American sales are largely project based (i.e. larger volume but more irregular sales) that fluctuate in terms of timing but with a pipeline that is visible and secure save as to exact timing of the sale. We have a third-party logistics warehouse in place in Mexico to secure regular day-to-day business and this should not only support larger projects that await full container orders but give confidence locally to our ongoing commitment.

Our Indian business, which has struggled to gain any momentum in the day to day contract business, is in the process of being closed. The closure costs are not significant. Local stock is being sold off and we will resort to our historic project business controlled from the UK with senior salespeople on the ground.

Sustainability, social responsibility and the environment

As highlighted in the Chairman's Statement, we recently published our 20th sustainability report for the Company. In this we detail the actions and ambitions that we have taken to addressing environment impact, sustainability and social responsibility.

In conclusion

Plant efficiency and manufacturing output are crucial to the performance of our UK business and more so to the overall group performance. With overheads such as energy continuing to exceed those of our international competitors, Radcliffe and Teesside production lines have continued to seek process improvements and increase machine utilisation to reduce the costs per unit of output. We are, in the coming year, looking to address manufactured volume sales in the Australian market by investment in the grass roots areas of education and healthcare.

In the UK there has been a focus on wholesalers to reduce stocks as the domestic carpet market has been difficult, and the Group has felt the effects of declines in third party distributors stock levels. The level of UK orders processed has increased over the year as a result with our services departments working hard to fulfil short notice requirements.

There have been some hard yards covered by the fragility of UK and European markets in the past 18 months and in short term these challenges persist. The fall off in sheet vinyl sales in Australia is being addressed and whilst there are short term challenges with significant stock in the region, I believe we are on track to rebalance our business. Many markets and key markets are moving forward very positively, and we look ahead with confidence.

Gordon Oliver
Chief Executive

Audited Consolidated Income Statement
for the year ended 30 June 2025

	Year ended 30.06.25 £'000	Year ended 30.06.24 £'000
Revenue	261,967	274,881
Cost of sales	(145,396)	(153,760)
Gross profit	116,571	121,121
Selling and distribution costs	(48,832)	(52,945)
Administration expenses	(14,918)	(14,269)
Operating profit	52,821	53,907
Finance income	2,584	2,642
Finance cost	(268)	(325)
Profit before income tax	55,137	56,224
Income tax expense	(14,525)	(14,704)
Profit for the year attributable to equity shareholders	40,612	41,520
Earnings per ordinary share of 5p:		
-basic	9.7p	10.0p
-diluted	9.7p	10.0p

All amounts relate to continuing operations.

Audited Consolidated Statement of Comprehensive Income
for the year ended 30 June 2025

	Year ended 30.06.25 £'000	Year ended 30.06.24 £'000
Profit for the year	<u>40,612</u>	<u>41,520</u>
Other comprehensive income net of tax:		
Items that will not be reclassified subsequently to the income statement:		
Remeasurement of the net defined benefit asset	20	564
	<u>20</u>	<u>564</u>
Items that could be reclassified subsequently to the income statement if specific conditions are met		
Foreign currency translation differences	(2,092)	(248)
Fair value movements on hedging instruments	(1,396)	(472)
	<u>(3,488)</u>	<u>(720)</u>
Other comprehensive income for the year	<u>(3,468)</u>	<u>(156)</u>
Total comprehensive income for the year	<u>37,144</u>	<u>41,364</u>
Attributable to equity holders of the company	<u>37,144</u>	<u>41,364</u>

Items in the statement above are disclosed net of tax.

Audited Consolidated Balance Sheet
as at 30 June 2025

	As at 30.06.25 £'000	As at 30.06.24 £'000
Non-current assets		
Intangible assets	3,232	3,232
Property, plant and equipment	34,730	34,965
Right of use assets	4,420	6,209
Retirement benefit obligations	555	14
Deferred tax	1,585	214
	44,522	44,634
Current assets		
Inventories	80,401	82,268
Trade and other receivables	45,238	44,042
Derivative financial instruments	193	482
Current tax	1,527	1,287
Cash and cash equivalents	68,369	74,282
	195,728	202,361
Total assets	240,250	246,995
Current liabilities		
Trade and other payables	48,096	57,487
Derivative financial instruments	1,936	106
Current tax	-	273
Lease liabilities	1,940	2,707
	51,972	60,573
Non-current liabilities		
Other payables	326	410
Lease liabilities	2,747	3,680
Preference shares	200	200
Deferred tax	3,006	855
	6,279	5,145
Total liabilities	58,251	65,718
Net assets	181,999	181,277
Equity		
Equity share capital	20,839	20,839
Equity share capital (B shares)	160	160
	20,999	20,999
Share premium account	55	55
Currency translation reserve	1,754	3,846
Hedging reserve	(1,062)	334
Retained earnings	160,253	156,043
Total equity attributable to shareholders of the parent	181,999	181,277

Audited Consolidated Cash Flow Statement
for the year ended 30 June 2025

	Year ended 30.06.25 £'000	Year ended 30.06.24 £'000
Profit for the year attributable to equity shareholders	40,612	41,520
Income tax expense	14,525	14,704
Profit before income tax	55,137	56,224
Finance cost	268	325
Finance income	(2,584)	(2,642)
Operating profit	52,821	53,907
Depreciation of property, plant and equipment	3,987	4,093
Depreciation of right of use assets	3,542	3,046
Profit on sale of plant and equipment	(75)	(75)
Defined benefit pension scheme employer contributions paid	(500)	(781)
Change in fair value of financial instruments	46	27
Share based payments expense	47	39
Decrease in inventories	180	4,884
(Increase) / decrease in trade and other receivables	(1,794)	2,901
(Decrease) in trade and other payables	(8,240)	(3,263)
Cash inflow from operations	50,014	64,778
Taxation paid	(14,294)	(15,450)
Cash inflow from operating activities	35,720	49,328
Interest received	2,570	2,642
Purchase of property, plant and equipment	(3,881)	(3,313)
Proceeds from disposal of property, plant and equipment	143	108
Cash outflow from investing activities	(1,168)	(563)
Interest paid	(29)	(24)
Lease interest paid	(239)	(242)
Lease capital paid	(3,430)	(2,981)
Equity dividends paid	(36,469)	(34,383)
Shares issued	-	43
Cash outflow from financing activities	(40,167)	(37,587)
Net (decrease)/increase in cash and cash equivalents	(5,615)	11,178
Effect of exchange differences on cash and cash equivalents	(298)	(118)
Cash and cash equivalents at start of year	74,282	63,222
Cash and cash equivalents at end of year	68,369	74,282

NOTES

1. The final dividend of 6.05p per ordinary share will be paid, subject to the approval of the shareholders, on 12 December 2025 to shareholders on the register as at 14 November 2025. The annual report and accounts will be posted to shareholders on 17 October 2025.
2. The financial information in this statement does not represent the statutory accounts of the Group. Statutory accounts for the year ended 30 June 2024 have been delivered to the Registrar of Companies, carrying an unqualified audit report and no statement under section 498 (2) or (3) of the Companies Act 2006.
3. Statutory accounts for the year ended 30 June 2025 have not yet been delivered to the Registrar of Companies. They will carry an unqualified audit report and no statement under section 498 (2) or (3) of the Companies Act 2006.
4. Earnings per ordinary share

	2025	2024
	£'000	£'000
Profit for the year attributable to equity shareholders	40,612	41,520
Weighted average number of shares in issue	416,786,436	416,761,396
Dilution effect of outstanding share options	-	32,457
Diluted weighted average number of shares	416,786,436	416,793,853
Basic earnings per ordinary share	9.7p	10.0p
Diluted earnings per ordinary share	9.7p	10.0p

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