



JAMES HALSTEAD PLC
(the "Company")

Trading Update

James Halstead plc, the commercial flooring manufacturer and international distributor, is providing the following trading update ahead of its results for the year ended 30 June 2023.

The Company's market expectations for the full year remain unchanged.

2023 was a year of contrast, with the earlier months of the financial year having faced escalating energy costs, severe difficulties as a result of the lack of timely availability of international shipping and increased transportation costs. However, the latter months of the year were much more positive with the easing of electricity costs and a great improvement in shipping and transportation costs.

Sales demand has, on the whole, proved positive with the UK, the Americas, Australia, New Zealand and Malaysia all reporting increased demand, although Central Europe sales were lower than last year. Also positive for the year, gross margins improved for the reasons already noted and were helped by a swing in the mix of sales to pure commercial ranges as opposed to light commercial/heavy domestic. The core focus of our flooring ranges in healthcare, education and retail infrastructure, rather than private residential, remains a key benefit to our business model.

In March 2023, the UK finalised an agreement to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The agreement sees the UK joining the CPTPP, whose membership consists of Australia, Canada, Japan, Mexico, New Zealand, Singapore, Brunei, Chile, Malaysia, Peru and Vietnam. Following the agreement, the UK government estimates that over 99 per cent of UK exports to the bloc will be eligible for zero tariffs. James Halstead exports various product lines to 10 of the 11 CPTPP member countries (the exception being Brunei), representing an estimated c.8% of its global revenue, where import tariffs range between 5% – 20%. This is good news for the competitiveness of our products in these markets.

Stock levels that were strategically raised last year are now at much lower levels and our cash balances are robust and ahead of comparatives at 30 June 2022 and 31 December 2022, even though record levels of dividend and taxation have been paid out during the year.

The Company expects to announce its results for the year ended 30 June 2023 on 2 October 2023.

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