

A high-angle photograph of a woman in a mustard yellow sweater hugging a young child who is laughing joyfully. They are lying on a grey, textured rug in a room with wooden floors. The child is wearing a white patterned shirt and red shorts. The woman has her eyes closed and a smile. In the background, there are blue jeans, a patterned blanket, and a wooden toy tray with colorful blocks.

headlam

TRANSFORMATION PLAN UPDATE

RETURNING THE GROUP TO PROFITABILITY

WHERE WE ARE TODAY: HEADLAM'S STRENGTHS

- Unrivalled scale and national reach across UK
- Broadest and largest product range, including exclusive own brands
- One-stop-shop flooring solutions provider
- Strong asset backing

WHERE WE ARE TODAY: WHAT HASN'T GONE WELL

- Weak end markets given economic backdrop
- Strategy to grow into new areas has been unsuccessful; our growth initiatives have secured additional revenue but at low margin or even loss making
- Disappointed our core independent retailer and contractor customers
- Historic lack of urgency to address problems
- Combined with poor commercial implementation and decision making in recent years

More radical action required

PROGRESS IN LAST 30 DAYS

- Senior management change with greater flooring experience
- Ongoing, multiple supplier discussions
- Stock levels reducing following implementation of fully centralised buying
- Network optimisation has presented further surplus property disposal opportunities; actions underway
- Development of a clear path back to profitability without requiring any market recovery

Significant progress made in the last 30 days

OUR ACTION PLAN

- Refocus and grow with independent retailers and contractors; eliminate loss-making revenue elsewhere
- Consolidating our purchases and leveraging our scale as the UK and Europe's largest purchaser of flooring
- Reduce footprint further reflecting revised business model
- Improve stock availability and delivery reliability
- Improve stock turn and reduce SKUs

A clear plan; actions underway

WHERE WE AIM TO GET IN THE MEDIUM TERM

- Refocus and grow with independent retailers and contractors, with elimination of loss-making revenue elsewhere
- Return to profitability in 2027
- Surplus properties disposed
- Materially lower inventory resulting from higher stock turn and lower revenue
- Sustainable free cash flow generation, supported by low capital intensity
- The Board is focused on maximising shareholder value

A clear plan to return to profitability in the medium term

Q&A



Stephen Bird
Interim Executive Chair



Adam Phillips
Chief Financial Officer

