20 May 2025

Topps Tiles Plc

Interim Financial Report

Topps Tiles Plc ("Topps Group", the "Company" or the "Group"), the UK's leading tile specialist, announces its unaudited consolidated interim financial results for the 26 weeks ended 29 March 2025.

Strategic and Operational Highlights

- Good progress in all five key growth areas driving 'Mission 365' in first half:
  - *Modernise the trade digital experience:* Trade digital experience continues to improve – trade traffic in Topps Tiles up four-fold, online trade sales up 85% and total trade sales up 12%
  - *Expand into new coverings categories:* Sales in new coverings categories up 17% and gross profit up 30% year-on-year as roll out continues
  - *Business-to-business sales focus:* CTD acquisition provides complementary, differentiated brand positions across four Group brands – Topps Tiles, Pro Tiler Tools, CTD and Parkside
  - *Pro Tiler Tools:* Pro Tiler Tools sales up 17.6%, now three times higher than levels at acquisition, and new warehouse fully operational
  - *Tile Warehouse:* Tile Warehouse sales doubled year-on-year and is the UK's fastest growing tile specialist
- CMA investigation into CTD acquisition concluded with minimal competition concerns identified
- Investment in future growth continuing at pace, with medium-term warehousing needs secured, marketing platforms launched before year-end, and core systems replacement programme underway
- Topps Tiles delivering world class customer service, with 27,000 Google reviews in H1 at an average score of 4.92 stars
- Group online sales increased to 19.8% from 17.3% in H1 2024
- CEO recruitment process continues with good progress, announcement expected in H2 FY25 with a planned transition

Financial Summary

- Adjusted* sales up 4.1% to £127.8 million, with an improving trend across the first and second quarters
- Adjusted* gross profit up 3.0% to £68.2 million, with adjusted gross margins sequentially higher in H1 FY25 than H2 FY24 despite higher trade mix, due to due to good operational controls and strong margin management
- Adjusted* operating costs up just £1.0 million (+1.6%) despite £2.0 million of inflationary costs and £1.5 million of investment into strategic growth due to other net savings
- Adjusted* profit before tax up 3.2% at £3.2 million
- Adjusted* EPS up 8.7% as a result of full ownership of Pro Tiler from H2 2024
- CTD annualised sales of £30.3 million, with H1 underlying trading losses of £1.0 million. The business is not yet fully integrated due to the CMA investigation but there is a clear plan to move into breakeven by quarter four.
- Statutory revenue up 16.4% to £142.9 million, including sales from CTD business
- Statutory profit before tax £1.9 million (HY 2024: loss before tax of £1.5 million) including CTD trading losses, CMA-related costs and benefit of lower depreciation from impairments in FY 2024
- Balance sheet remains robust, with adjusted net debt of £1.2m at the period end, and £30 million banking facility committed until October 2027
- Interim dividend of 0.8 pence declared in line with policy, and full year dividend to be at least consistent with FY 2024

** The financial impact of CTD has been excluded from adjusted measures in FY 2025.*

Current Trading and Outlook

- Strong start to the second half, with Group adjusted sales in the first seven weeks up 9.5% year-on-year
- Topps Tiles like-for-like sales are up 6.2% and growth in other areas of the business has accelerated
- The business is well-positioned to deliver sales and profit growth this year through our differentiated offers and strong strategic execution

Commenting on the results, Rob Parker, Chief Executive said:

"I am pleased with the progress we have made over the first half, which has included an improving sales trend, offsetting the majority of our inflationary cost pressures, and continuing to deliver our strategy; while also delivering a small increase in underlying profitability. We have recently announced the conclusion of the CMA investigation into our acquisition of CTD, which will form a major part of the business-to-business element of our growth strategy moving forwards.

As we look forward to the second half, current trading shows a strong improvement in both our market leading omni-channel business, Topps Tiles, and also in the newer parts of the Group; and we have a clear plan to move CTD into profitability by the final quarter of our financial year and into growth beyond that. As a result, we expect our full year profits to show a meaningful improvement over the prior year."

Notes

Adjusted items are Alternative Performance Measures which are used by Group management to plan for, control and assess the performance of the Group. These measures are not defined by IFRS and therefore a reconciliation between each APM and the nearest IFRS measure is presented in the most recent Annual Report and Accounts. Topps Tiles like-for-like revenue is defined as sales from Topps Tiles stores that have been trading for more than 52 weeks and online sales made through the Topps Tiles brand (only). Adjusted sales and profit metrics exclude the impact of items which are either one-off in nature or fluctuate significantly from year to year, described in the Financial Review section of this document. In this period, the performance of CTD has been excluded from adjusted metrics due to the ongoing disruption caused by the CMA investigation. Adjusted net debt is defined as bank loans before unamortised issue costs, less cash and cash equivalents, as at the balance sheet date. It excludes lease liabilities under IFRS 16.

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INTERIM MANAGEMENT REPORT

Topps Group is the largest specialist distributor of tiles and related products in the UK. Approximately 75% of sales across the Group are made to trade customers, including tilers, general builders and contractors, with the remaining 25% to domestic homeowners. The majority of the Group's sales are ultimately related to work in the domestic repair, maintenance and improvement (RMI) sector, with the balance of sales relating to commercial projects, infrastructure and new build housing.

The Group owns a number of brands which target different customer groups within this market. The largest is Topps Tiles, the market-leading, omni-channel brand, which was founded in 1963 and, with its rich history and 298 stores, has strong brand recognition across the UK, serving both trade and homeowner customers. Pro Tiler Tools is the tile industry's leading online pure play brand focused on trade customers, offering a wide range of trade-focused essentials items and a deep product specialism, at market-leading pricing. The Parkside brand operates in the commercial market which includes tiles supplied across sectors such as leisure, retail, hospitality, infrastructure and offices, where product specification is often heavily influenced by the architect and designer community. Tile Warehouse is an online pure play brand aimed at more budget-conscious homeowner customers. CTD joined the Group in August 2024 and has over 50 years of experience serving the trade, the commercial market, and the housebuilder sector. Across the brand portfolio, the Group offers differentiated physical, digital and direct selling offers to all customer types in the tile market.

All of our brands derive benefit from the scale of the Group, the specialist focus of our business model and our passion for tiles. We enjoy a competitive advantage in sourcing differentiated products from around the world that we often access on an exclusive basis. Our strategy is underpinned by our people strategy, which delivers world-class customer service across the Group, our operational & digital excellence strategy, including a high-quality, specialist supply chain and ongoing investment in systems, and our environmental leadership strategy, including our goal of being carbon neutral across Scope 1 and 2 emissions by 2030.

STRATEGIC AND OPERATIONAL REVIEW

A year ago, the Group launched its new goal, Mission 365, which was to increase sales to £365m in the medium term, while achieving an adjusted profit before tax margin of 8-10% at a Group level. Moreover, we stated that every brand within the Group structure has the potential to deliver an 8-10% adjusted profit before tax margin. This would imply a minimum profit level for the Group of £30 million, an almost five-fold increase when compared to profits in FY 2024.

Five key areas of growth were identified to deliver Mission 365. The indicative sales uplifts we expect to deliver from the five growth areas, together with a modest level of market recovery and business as usual price growth, are as follows:

	Revenue £m
Group adjusted sales in 2024	248
Market and business-as-usual pricing	10 – 20
Modernise the trade digital experience	15 – 20
Expand into new coverings categories	25 – 30
Business-to-business (B2B) sales focus	35 – 40
Pro Tiler expansion	20 – 25
Tile Warehouse maturity	10 – 15
Mission 365 (medium term)	**365**

As part of this new goal, we redefined the scope of the Group's operations and the market in which we operate. The Group's core focus has traditionally been tiles and closely associated products, a market valued at c. £1.2 billion in 2023. However, the Group already sells a variety of floor and wall coverings products other than tiles, and the inclusion of these new product categories, such as luxury vinyl tiles, outdoor tiles, shower panels, splashbacks and more, expands the Group's addressable market to c. £2.1 billion. In summary, the Group is now focused on the wider market of all hard wall and floor surface coverings, a large and exciting market, and one which presents multiple opportunities for growth.

We expect the Group to deliver the following financial outcomes in the medium term:

- Sales of £365 million, £117 million higher than adjusted sales in FY24
- Gross margins between 51% and 52%, depending on changes in business mix

- Adjusted profit before tax margin of 8-10%
- Substantial improvements in lease adjusted return on capital employed, given only relatively modest changes to the store network and some investments in supply chain and systems.

The most significant strategic progress towards this goal was made in August 2024 through the acquisition of the brand and certain assets of CTD, on which more detail is given below. Updates on the other areas of the strategy are given in the subsequent section.

CTD acquisition

On 19 August 2024, the Group acquired the brand and certain assets from CTD Tiles Limited, which had fallen into administration, including all intellectual property, CTD's Architectural & Designer (A&D) and Housebuilder business, selected stock and a licence to occupy 30 CTD stores, for consideration of £9 million. CTD had previously operated 86 stores, and the majority of the other stores closed soon afterwards.

Following an initial enquiry from the Competition and Markets Authority (CMA), on 3 October 2024 the CMA opened a Phase 1 investigation into the transaction and served an Initial Enforcement Order (IEO) on the Group. The IEO, which is usual in Phase 1 investigations, restricted the Group's management team from running the CTD business or making further, necessary, integrations of CTD into the wider Group in areas such as IT whilst the investigation was ongoing. The implementation of these measures would have enabled the CTD business to move back towards profitability and the delay impacted on the performance of CTD in the first half.

In line with the stipulations of the IEO, a 'hold separate manager' was engaged to run the CTD business with a 'monitoring trustee' also appointed to report back to the CMA. The Group fully complied with the CMA process at all times. Over the following months, the Group responded to a large number of information requests and provided over 1,300 documents to the CMA. During this time, the CMA did consent to CTD moving from their old warehouse in Kings Norton, Birmingham, to the Group's new 140,000 sq ft warehousing facility in the Prologis Park Pineham, near Northampton, which is also the home of Pro Tiler Tools.

Following their Phase 1 review, the Group was pleased to note that the CMA did not identify any competition concerns in 26 out of 30 CTD retail store locations or in either the CTD A&D or Housebuilder businesses, which operate on a national level. On 24 April 2025, the CMA announced that the Group's proposal to dispose of four stores in areas where local competition concerns had been identified had been accepted, resulting in the lifting of the IEO and enabling the management team to regain control of the business, almost seven months after the IEO was imposed. The Group is currently working with the CMA to approve a proposed buyer of these four stores and, once approval has been granted and subject to the granting of new property leases and other consents, the Group will dispose of the stores and formally end the CMA's involvement in the process. The cost of the CMA process has been significant and is detailed in the financial review below.

On 24 April 2025, the Group regained control of the CTD business and has been conducting business review, with the following conclusions:

- Overall investment thesis intact – the Group remains confident that CTD represents a £30 million - £40 million sales opportunity and that the business can operate within the Group's target 8-10% margin range for all its brands.
- The stores have been stabilised after a period of substantial sales declines. After four disposals relating to the CMA process and two closures following a review of property leases, 24 stores remain. The CTD brand retains significant heritage and brand recognition within the trade and, going forwards, will be focused on larger trade customers and contractors. This positioning differentiates CTD from the Topps Tiles brand, which in general caters for smaller trade customers and homeowners.
- The housebuilder and A&D segments have suffered sales declines since acquisition; however, they remain strategically important to the Group. The A&D segment will be combined with Parkside to give that business more scale, and the housebuilder segment will provide an entrance into an important new market for the Group.
- Annualised sales remain at c. £30 million, within the range of our initial expectations. Trading losses (excluding one-off costs and benefits) in the first half were £1.0 million, however the Group will, in the coming weeks, take action to move the business to at least breakeven in quarter four of this year, including resolving price differentials with other Group brands, delivering COGS synergies, and completing the integration of business operations, thereby reducing cost overheads further.

Please see the financial review for a breakdown of the trading and non-trading performance of CTD within H1 2025.

Strategic progress

1) **Modernise the trade digital experience**

Trade customers can offer repeat custom and act as brand ambassadors on behalf of Topps Group to other traders and to homeowners. They may use the Group's brands frequently, perhaps multiple times a week, compared to homeowners who usually only come into the market once every few years, and as a result are rewarded with advantaged pricing and enhanced support. As such, the Group has had a strategy of increasing its trade mix over time. Following the acquisition of CTD, approximately 75% of sales in Topps Group by value are to trade customers, and trade mix within the Topps Tiles brand increased very significantly in the first half, up 6.0 percentage points year on year to 67.4% of sales. This compares to c. 50% of sales ten years ago.

To drive further growth in trade revenues, Topps Group has been actively improving its trade offer, in particular through Topps Tiles' digital channels. Over the last year, the Topps Tiles team has made strong progress with the initiatives identified twelve months ago, specifically, it has:

- Made improvements to the trade website, relaunching the Trade Club and dramatically decreasing the complexity of the trader registration process;
- Improved pricing transparency on the website and in store;
- Increased the scale and focus of the trade credit offering;
- Begun work on a new Customer Engagement Platform (CEP) which will launch in the second half of this year, which will allow us to communicate on a personalised level with trade customers; and
- Agreed a partnership with an app developer as we move towards the launch of a trade app in FY 2026, which will become the default platform for Topps Tiles to engage with many of its trade customers, and enable, in time, a modernisation of the brand's trade loyalty schemes.

Specifically in relation to digital channels, there are early signs of progress, with online trade traffic in Topps Tiles up approximately four-fold, online trade sales up 85% in the first half and total sales to trade customers up 12% year on year, with the number of active traders at the end of the period up 11% year on year to 146,000.

We see a significant further opportunity to grow the number of registered traders and improve share of wallet through further progress in the areas listed above in the coming years, with a total opportunity of £15 - £20 million when compared to 2024 levels.

2) **Expand into new coverings categories**

As described above, the Group has redefined its addressable market to include all hard wall or floor surface coverings, including products such as luxury vinyl tiles, shower panels, outdoor tiles, laminate and engineered wood, splashbacks, XXL porcelain, and acoustic panels. A 5-10% market share of these categories would amount to over £50 million of incremental sales compared to 2024 levels and we believe there exists at least a £25 - £30 million sales opportunity in these areas as part of Mission 365.

In the first half of this year, good initial progress has been made. The outdoor tile range has been extended, splashbacks and shower panels have been rolled out to all stores, a wood and laminate trial is underway in 43 stores and both luxury vinyl tiles and acoustic panels are now direct-sourced, significantly improving margin in these categories. Digital marketing has been improved and colleague training has taken place. Overall, £4.6 million of sales have been made across these categories in Topps Tiles, up 17% year on year, with gross profit up 30%.

In addition, the Group has agreed a partnership with Wren Kitchens whereby Topps Tiles products will be available in all Wren showrooms around the country, to be ordered by Wren customers and fulfilled by Topps Tiles. This partnership is modest in value so far but shows signs of having good potential.

3) **Business-to-business sales focus**

The acquisition of CTD has significantly enhanced our B2B offering within the Group. Four brands now cater for trade and professional customers, all of which have complementary, differentiated market positions:

- Topps Tiles offers the convenience of 300 stores nationwide and digital platforms, focusing on general builders and solus tile fitters.
- Pro Tiler Tools supplies fitters and smaller contractors buying consumable items and technical tools through its modern digital channels, as well as a direct selling team able to provide personal support to larger contractors.
- CTD will become a trade-only business, offering a physical store network and supplying larger contractors and housebuilders, with a good depth of consumables stock held in each location, an emphasis on professional tiling brands and a more flexible delivery capability.
- Parkside is highly relevant for projects where the architect or designer is the key influencer behind the coverings purchasing decision, and where bespoke or technical products are required. Parkside have partnered with Material Source, a key destination for interior designers, architects and property professionals, with studios currently in Glasgow and Manchester, as they forge closer links with the design community.

The CTD acquisition has already added c. £30 million of B2B sales to the Group and, following the execution of the plan above, will contribute materially above the £15 million - £25 million originally envisaged for B2B sales growth in the Mission 365 plan.

4) Pro Tiler Tools

Pro Tiler Tools continues to take market share and deliver strong financial results. In the six-month period, sales of £15.4 million were up 17.6% year on year, with current sales levels three times higher than at the point of acquisition in 2022. Growth has been delivered by continued operational improvements, including an industry-leading sales cut-off of 9pm for next day delivery, additional specialist recruitment in areas such as digital marketing and new product launches including UK exclusives. The most significant operational improvement in the first half saw the Pro Tiler business relocate from a 50,000 square foot unit in Earls Barton, Northampton, to a 140,000 square foot unit in the Prologis Pineham business park, close to junction 15a of the M1, which the business now shares with CTD. This facility will support Pro Tiler as it continues to grow towards its £50 million revenue goal.

5) Tile Warehouse

Tile Warehouse, our online pure play brand focused on selling coverings products to value-conscious homeowners, was established in summer 2022 and continues to grow well. Sales in the first half of £1.4 million were more than double the previous year's result, and losses halved to £0.2 million. With traffic up 31% in the first half and conversion also growing, Tile Warehouse is the UK's fastest growing tile specialist.

The objective for this brand remains the same as when it was launched – to establish a £15 million business within five years in the £100+ million UK online pure play homeowner tile market.

Strategic enablers

The Group has begun its two-year programme of core systems upgrades. Working with our chosen implementation partners, the business will implement Microsoft Dynamics 365 Business Central across central functions, the Topps Tiles and CTD store networks, and Parkside, in 2027. Pro Tiler Tools and Tile Warehouse run on different systems and we will revisit their systems architecture following the core systems upgrade.

Exceptional customer service remains critical to the delivery of our goal and is fundamental to the success of all of our brands. Whilst continuing with our internal 'tile talk' customer service metric and retaining world-class scores in Topps Tiles (H1 2025: 91.2% overall satisfaction, H1 2024: 92.5% overall satisfaction), this year we have targeted a significant increase in Google store reviews. As a result of this focus, we have recorded 27,422 Google reviews in the period, compared to 1,399 reviews in the same period last year. The average score cumulatively for the business is 4.92 stars, improving local search results and giving potential customers, many of whom would not have been in the market for tiles for a number of years, the confidence to shop with us.

The Group's focus on digital operations extends across pure play brands such as Pro Tiler Tools and Tile Warehouse to omni-channel operations such as Topps Tiles. Overall, Group online sales increased by 2.5 percentage points from 17.3% in H1 2024 to 19.8% in H1 2025 and we expect this to continue to increase in future years.

Summary

One year after the launch of the Mission 365 goal, the business has made meaningful progress across all five strategic growth areas, and the acquisition of CTD has materially accelerated progress towards the goal. Underlying profitability is stable and will improve as operational leverage comes through. There are many growth opportunities across all five strategic growth areas, which are all still at an early stage, and we remain confident on delivering the goal, leading to substantially improved financial outcomes, in the medium term.

Key Performance Indicators ("KPIs")

As set out in our most recent Annual Report, the Board monitors a number of financial and non-financial KPIs when reviewing the implementation of the Group's strategy. Our performance in the 26 weeks to 29 March 2025 is set out in the table below, together with the prior year performance data. One KPI, total scope 1 and 2 net carbon emissions (tonnes per annum), is only available on an annual basis and so is not disclosed here. The source of data and calculation methods are consistent with those described in the 2024 Annual Report.

	26 weeks to 29 March 2025	**26 weeks to 30 March 2024**	**YoY**
Financial KPIs			
Group adjusted revenue growth/(decline) year on year*	4.1%	(5.8)%	n/a
Topps Tiles like-for-like sales growth/(decline) year on year*	3.0%	(9.2)%	n/a
Group adjusted gross margin %*	53.4%	53.9%	(0.5) ppts
Adjusted profit before tax*	£3.2 million	£3.1 million	+3.2%
Adjusted earnings per share*	1.12 pence	1.03 pence	+8.7%
Adjusted net (debt)/cash*	£(1.2) million	£19.3 million	£(20.5) million
Inventory days	114	108	+6 days
Non-financial KPIs			
Square metres of tiles sold in Topps Tiles (thousand)	2,102	2,088	+0.7%
Topps Tiles customer overall satisfaction score	91.2%	92.5%	(1.3) ppts
Group colleague retention	80.8%	80.6%	+0.2 ppts

* as defined in the Financial Review

FINANCIAL REVIEW

H1 2025 covers the 26 weeks to 29 March 2025. The previous period ('H1 2024') covers the 26 weeks to 30 March 2024. After a challenging year in 2024, the Group returned to sales growth in the period, with performance improving over the first half and adjusted profits slightly higher than the previous year, despite significant cost inflation. Key financial results were as follows:

	26 weeks ended 29 March 2025 (H1 2025)	26 weeks ended 30 March 2024 (H1 2024)	YoY
Adjusted Measures			
Topps Tiles like-for-like revenue year on year	+3.0%	(9.2)%	n/a
Adjusted revenue	£127.8 million	£122.8 million	+4.1%
Adjusted gross profit	£68.2 million	£66.2 million	+3.0%
Adjusted gross margin %	53.4%	53.9%	(0.5)%
Adjusted operating profit	£6.2 million	£5.2 million	+19.2%
Adjusted profit before tax	£3.2 million	£3.1 million	+3.2%
Adjusted earnings per share	1.12p	1.03p	+8.7%
Adjusted net (debt)/cash at period end	£(1.2) million	£19.3 million	£(20.5) million
Statutory Measures			
Group revenue	£142.9 million	£122.8 million	+16.4%
Gross profit	£74.1 million	£66.2 million	+11.9%
Gross margin %	51.9%	53.9%	(2.0)ppts
Profit/(loss) before tax	£1.9 million	£(1.5) million	n/a
Basic earnings/(loss) per share	0.61p	(1.12)p	n/a
Interim dividend per share	0.8p	1.2p	(33.3)%

Acquisition and performance of CTD

On 19 August 2024, the Group acquired the brand and certain assets from CTD Tiles Limited (in administration) including the right to occupy 30 stores, selected stock, intellectual property and branding, for consideration of £9.0 million. The initial acquisition accounting was explained in the 2024 full year results. This has not been re-examined in the current accounting period due to the short period of time between the cessation of the IEO and the half year reporting date, however this will be reviewed in advance of the year end, in line with the twelve month measurement period as specified within IFRS 3, and any adjustments will be re-presented in the 2025 full year results.

In the 2024 full year results, CTD's performance was excluded from adjusted profit metrics, including its trading performance, acquisition costs, and the initial costs of the CMA investigation. CTD's results will be excluded from adjusted profit metrics in FY 2025 as the CMA investigation has had the impact of removing the business from the Group's control for a material part of the year.

In the first half of the year, sales in the CTD business were £15.1 million, annualising at £30 million. Gross profit in the six-month period was £5.9 million. Following the acquisition of CTD, the Group acquired £2.2 million of stock for £0.6 million, which was held by CTD and subject to retention of title clauses. Of the overall £1.6 million gain, £0.6 million was recognised within profit and loss as a credit against cost of goods sold in the last financial year, £0.8 million was recognised in H1 2025 and the remaining £0.2 million will be recognised in future periods. Excluding this benefit and one-off costs in connection with the warehouse move, the gross margins in CTD were 35% and action is being taken in the second half of the year to improve gross margins.

The total loss before tax of the business was as follows:

£m	26 weeks to 29 March 2025
Trading	(1.0)
Retention of title credits	0.8
One-off items	(1.3)
CTD loss before tax	**(1.5)**
CMA advisory costs	(1.6)
Total	**(3.1)**

One-off items of £1.3 million were incurred, including costs for legacy IT systems which will now be exited, administration fees, and relocation and moving costs for the distribution centre. The extensive CMA Phase one process, which is described in the section above, resulted in total one-off advisory costs of £1.6 million, primarily consisting of legal and economist fees.

During the first half, the hold separate management team restocked the business following the administration, resulting in an increase in inventories of £2.5 million. The business also focused on cash collection, including amounts falling due in the previous trading period, and payables increased as a result of reinitiating normal supplier payment terms, resulting in a cash inflow from other working capital movements of £2.8 million. Capital expenditure of £0.8 million was incurred, largely as a result of the relocation of CTD's main warehouse Kings Norton to the Prologis Park Pineham. As a result, the cash outflow in the first half, excluding CMA advisory costs, was £2.1 million, broken down as follows:

£m	26 weeks to 29 March 2025
Cash generated by operations before working capital	(1.6)
Increase in inventories	(2.5)
Other working capital movements	2.8
Capital expenditure	(0.8)
Total cash flow	(2.1)

The cash outflow due to CMA advisory fees in the first half was £1.0 million.

Consolidated Statement of Profit or Loss

Topps Group returned to revenue growth in 2025, with 4.1% adjusted revenue growth across the business, including an improving trend across the first two quarters. Sales in the Topps Tiles brand were 2.2% higher year on year, driven by strong conversion, leading to transaction growth, with ATV staying relatively flat year-on-year. Like-for-like sales in Topps Tiles were 3.0% higher year-on-year.

Sales in Online Pure Play remained very strong, up 21.7% to £16.8 million. Within Online Pure Play, Pro Tiler Tools continued to deliver excellent growth, up 17.6% year-on-year to £15.4 million and Tile Warehouse doubled sales year-on-year to £1.4 million. Parkside saw a £0.3 million decrease in sales to £3.9m. Revenue by business area was as follows:

Revenue by brand (£m)	**H1 2025**	**H1 2024**	**Variance**
Topps Tiles	107.1	104.8	+2.2%
Parkside	3.9	4.2	(7.1)%
Online Pure Play*	16.8	13.8	+21.7%
Adjusted revenue	**127.8**	**122.8**	**+4.1%**
CTD**	15.1	-	-
Group revenue	**142.9**	**122.8**	**+16.4%**

*Online Pure Play includes Pro Tiler Tools and its associated brands, which were acquired in March 2022, and Tile Warehouse, which was launched in May 2022.
** CTD was acquired on 19 August 2024. Please see the section above for further information.

Adjusted gross profit was £2.0 million higher year-on-year at £68.2 million (H1 2024: £66.2 million). The adjusted gross margin was 0.5 percentage points lower year-on-year at 53.4%, caused entirely by the continued change in business mix, specifically the relatively faster growth in the Online Pure Play businesses compared with growth from Topps Tiles. Gross margins in the Topps Tiles brand were flat year-on-year, with the negative impact from a higher trade and essentials mix entirely offset by tighter controls on store discount, improved margins in new categories, improved stock management, FX gains and other margin management actions.

The Group's adjusted gross margin increased 0.7 percentage points compared with the second half of FY 2024, and the business expects to see further adjusted gross margin expansion in the second half.

As described in the section above, CTD generated gross profit of £5.9 million, including gains of £0.8 million from the sell through of stock acquired under retention of title clauses following acquisition. Excluding these gains and some one-off costs related to the relocation of the warehouse, gross margins in CTD were 34.6%. After the inclusion of the CTD business, Group gross margins in the first half were 51.9%.

Adjusted operating costs were £62.0 million, up £1.0 million from £61.0 million last year, explained by the following key items:

	£ million
HY 2024 adjusted operating expenses	**61.0**
Inflationary costs	2.0
Increased performance related pay	0.6
Investment in marketing and systems	0.6
Online Pure Play cost investment	0.9
Other net savings	(3.1)
HY 2025 adjusted operating expenses	**62.0**

Cost inflation of £2.0 million was due to the impact of the 9.8% increase in National Living Wage from April 2024, wage rises for other colleagues from 1 October 2024, and other inflationary increases, partially offset by a £0.5 million saving from utility costs. Increased performance related pay of £0.6 million relates to higher store commission, store bonuses, and Pro Tiler bonus payments, and is expected to increase further in the second half as profits continue to improve. The Group has signalled an intent to increase marketing investment as well as embark on a core systems and CEP upgrade programme, with total cost increases of £0.6 million year on year in the period. The continued sales growth in Pro Tiler Tools has resulted in more cost growth, particularly in digital marketing and in relation to their new distribution centre. Other net savings includes lower store hours, reduced property cost accruals and provisions, lower depreciation and fewer stores.

The first half contains a seasonal non-cash expense of £0.8 million relating to holiday pay accruals (H1 2024: £0.8 million expense), which will reverse in full over the second half of the financial year (resulting in a £1.6 million increase in half-on-half profits). Gas usage in the business will also be lower in the second half. The latest increase in National Living Wage of 6.7%, together with the increase in the rate and reduction in the threshold of employers' NICs will also impact the second half cost base. The Forward Guidance section below sets out in more detail some of the factors influencing operating costs in H2 compared to H1.

Adjusted operating profit was up 19.2% to £6.2 million (H1 2024: £5.2 million).

Adjusted net finance costs were £3.0 million in H1 2025 (H1 2024: £2.1 million), as a result of lower cash balances throughout the half, utilisation of the revolving credit facility in the period, and higher IFRS16 interest charges due to rising interest rates. Statutory interest costs were £3.3 million (H1 2024: £2.3 million), broken down as follows:

	H1 2025	**H1 2024**	**Variance**
Net interest payable on lease liabilities	2.5	2.3	0.2
Bank interest payable and amortisation of banking facility fees	0.6	0.1	0.5
Interest receivable on credit balances	(0.1)	(0.3)	0.2
Adjusted net finance costs	**3.0**	**2.1**	**0.9**
Interest unwind on Pro Tiler Tools earn out provision	-	0.2	(0.2)
IFRS16 interest payable on non-operational warehousing	0.3	-	0.3
Net finance costs	**3.3**	**2.3**	**1.0**

Adjusted profit before tax for the period was £3.2 million (H1 2024: £3.1 million) and, after including the adjusting items described in the next section, the statutory profit before tax was £1.9 million (H1 2024: loss before tax of £1.5 million).

Adjusting items

The Group's management uses adjusted performance measures, to plan for, control and assess the performance of the Group. Adjusted profit before tax differs from the statutory profit before tax as it excludes the effect of one-off or fluctuating items, allowing stakeholders to understand results across years in a more consistent manner.

We have excluded property costs in relation to the store closure programme, which ended with stores closed in 2022. Only one closed store was left in the estate as at the half year end date.

In line with prior years, we treat any impairment charges or impairment reversals of right-of-use assets, derecognition of lease liabilities where we have exited a store, and one-off gains and losses through sub-lets as adjusting items. From the 2024 full year results, we have also excluded impairment and impairment reversals of plant, property and equipment from adjusted profit, as the impairment of these assets is a result of the same impairment review process applied to right of use assets, implying the same accounting presentation. In addition, the impact of these impairments is excluded from adjusted profit. Impairments imply that assets will not incur a depreciation charge moving forward in statutory profit, however, the Group's adjusted profit before tax measure will carry a notional depreciation charge, as if the assets had not been impaired, meaning that adjusted profit before tax will continue to be comparable year on year, and is more reflective of the actual lease payments made by the Group. None of these items has any cash impact, in 2024 or in future periods.

In the period, the Group relocated the warehouse operations of both Pro Tiler Tools and CTD into a distribution centre at the Prologis Park Pineham. The costs associated with the warehouse before operational use, costs associated with the warehouse being exited, and the relocation of the Pro Tiler operation to the new facility, were £0.9 million.

In August 2024, the CTD brand and certain assets were acquired from administration and the financial impact of this business, including its trading performance, acquisition costs and one-off items, integration costs (including the warehouse relocation), and the costs of advisory fees relating to the CMA investigation have been excluded from adjusted profit. The IEO enforced by the CMA had the effect of keeping CTD at arm's length of the company's management and prohibiting further integration which would have improved the business's financial performance.

In the period between H2 2022 and H1 2024 we excluded the cost relating to the 40% purchase of shares of Pro Tiler Limited, which, under IFRS 3, is treated as a remuneration expense rather than a cost relating to the acquisition of the relevant shares. Restructuring costs and other one-off costs have also been excluded.

An analysis of movements from adjusted profit before tax to statutory profit/(loss) before tax is given below:

	H1 2025 £m	**H1 2024 £m**
Adjusted profit before tax	**3.2**	**3.1**
Property		
- Vacant property and closure costs	(0.4)	(0.3)
- Store impairment, reversal of impairment and lease exit gains and losses	0.4	(1.1)
- Removal of notional depreciation on impaired assets	2.9	-
- Non-operational warehouse costs	(0.9)	-
	2.0	**(1.4)**
Business development		
CTD		
- Trading	(1.0)	-
- Retention of title benefits	0.8	-
- One off items	(1.3)	-
- CMA advisory costs	(1.6)	-
- Pro Tiler Limited share purchase provision	-	(3.1)
- Restructuring and other one-off costs	(0.2)	(0.1)
	(3.3)	**(3.2)**
Statutory profit / (loss) before tax	**1.9**	**(1.5)**

Tax and earnings per share

The tax expense was £0.7 million (H1 2024: £0.5 million). On an adjusted basis, the tax expense was £1.0 million (H1 2024: £0.9 million) and the effective tax rate for the period was 30.3% (H1 2024: 28.9%), higher than the headline rate of corporation tax in the UK of 25% as a result of certain disallowable expenses such as share based payment expenses and the net impact of depreciation compared to capital allowances.

Adjusted earnings per share were 1.12 pence, up 8.7% when compared to 1.03 pence in H1 2024. The growth was greater than the growth in adjusted profit before tax due to the full ownership of Pro Tiler Limited – in the prior period there was a non-controlling interest which was acquired in the second half of FY 2024.

Basic earnings per share were 0.61 pence (H1 2024: loss per share of 1.12 pence).

Dividend

Under the Group's capital allocation policy, interim dividends are set at one third of the full year dividend from the previous year. The full year dividend relating to FY 2024 was 2.4 pence and, as such, an interim dividend of 0.8 pence has been declared by the Board (H1 2024: 1.2 pence). The shares will trade ex-dividend on 5 June 2025 and the dividend will be paid on 11 July 2025. The Board expects to continue to apply its dividend policy at the full year and therefore maintain full year dividend payments at a level which is at least consistent with FY 2024.

Consolidated Statement of Financial Position and Consolidated Cash Flow Statement

Capital Expenditure and Store Estate

Capital expenditure in the first half was £4.0 million (H1 2024: £1.9 million). £2.5 million relates to the establishment of the Group's new distribution centre at the Prologis Park Pineham, supporting the Pro Tiler Tools and CTD operations. In the period, the Group opened one new Topps Tiles store at Balham, with the balance of capital expenditure being spent on store improvements and IT projects.

In the period, one new Topps Tiles store opened and four Topps Tiles stores closed. At the period end there were 298 trading stores (H1 2024: 304 stores). We retain significant flexibility within our store estate, with an average unexpired lease term of 2.8 years (H1 2024: 3.0 years), or 2.7 years excluding strategically important stores (H1 2024: 2.9 years). At the period end, there was one closed store (H1 2024: three closed stores) which is expected to be exited in the second half of the year, with five closed stores exited in the first half.

The Board expects capital expenditure in the full year to be between £6 million and £8 million.

Inventory

Inventory at the period end was £40.3 million (H1 2024: £35.1 million), representing 114 stock days (H1 2024: 108 stock days). This includes £4.1m million of stock held in Pro Tiler (H1 2024: £3.1 million), representing 66 stock days (H1 2024: 62 stock days) and £5.4 million of stock held at CTD, following restocking over the period as the business rebuilds its offer, up from £2.9 million at the last year end. At the last year end, inventory was £37.9 million, equivalent to 118 stock days.

Consolidated Cash Flow Statement

The Group's adjusted net cash/(debt) position decreased in the period by £9.9 million from £8.7 million of adjusted net cash at year end to £1.2 million of adjusted net debt at the half year end. Adjusted net cash/(debt) is defined as cash and cash equivalents, less bank loans, before unamortised issue costs. The table below analyses the Group's adjusted net cash flow:

	HY 2025 £m	HY 2024 £m
Cash generated by operations, including interest and capital elements of leases, before WC movements and CTD/CMA	4.2	5.9
Changes in working capital excluding CTD/CMA	(4.5)	(1.7)
CTD operational cash flows and CMA advisory fees	(2.3)	-
Net bank interest	(0.4)	0.3
Tax	(0.3)	(1.9)
Capital expenditure	(4.0)	(1.9)
Other	(0.2)	(0.1)
Free cash flow	**(7.5)**	**0.6**
Dividends	(2.4)	(4.7)
Change in adjusted net cash	**(9.9)**	**(4.1)**
Adjusted net cash/(debt) at start of period	**8.7**	**23.4**
Adjusted net cash/(debt) at end of period	**(1.2)**	**19.3**

Cash generated by operations, after leases but before working capital movements and excluding CTD was £4.2 million, £1.7 million lower than the previous year, including the cash impact of the non-operational warehouse costs and lower provisions. A working capital outflow excluding CTD of £4.5 million in the first half (HY 2024: outflow of £1.7 million) was due to a moderate increase in trade credit, and lower payables, due to lower accruals and the timing of a rent payment which fell into the first half. Stock, excluding CTD, was flat year-on-year. CTD cash flows and capital expenditure are detailed in the sections above. Net interest paid was a £0.4 million cash outflow when compared to a £0.3 million inflow last year due to lower cash balances throughout the half. However, cash tax payments were lower as a result of the statutory loss made last year and dividends were lower, being the cash cost of the FY 2024 final dividend of 1.2 pence per share (HY 2024: final dividend of 2.4 pence per share).

Return on Capital Employed

Lease adjusted returns on capital employed in the first half were 12.9% (H1 2024: 16.4%), based on a reduction in the rolling 12-month adjusted operating profit compared to the previous year, in particularly the second half of FY 2023.

Banking Facilities

The Group maintains a robust balance sheet, providing resilience and allowing investment in growth opportunities. A £30.0 million revolving credit facility is in place which is committed to October 2027 (H1 2024: £30.0 million facility, committed to October 2026). At the half year, £14 million of this facility was drawn (H1 2024: £nil drawn) following £18.9 million of acquisitions in the second half of FY 2024. Based on net debt excluding lease liabilities of £1.2 million at the period end, the Group had £28.8 million of headroom to its banking facilities at the period end (H1 2024: £49.3 million).

Forward Guidance

Certain factors will impact the second half, as described below:

- Gross margins in the second half are expected to be slightly higher than the first half;
- Performance related pay will increase as profits rise;
- The first half contained a £0.8 million expense relating to holiday pay accruals, which will reverse in the second half, resulting in a £1.6 million increase in half on half profits in the second half;
- The Group's utilities expense is weighted towards the colder months; this is expected to improve profits half on half by £0.6 million; and
- The increase in the national living wage and national insurance contributions from 1 April will impact employment costs in the second half by approximately £2.0 million relative to the first half.

Current Trading and Outlook

Current trading is strong, with the trading momentum from the second quarter continuing into the second half. Group sales in the first seven weeks of the second half were up 9.5%, with like-for-like sales in Topps Tiles up 6.2% and other brands within the Group also seeing an acceleration of previous sales trends.

Macroeconomic indicators are looking more favourable, including lower interest rates, relatively high levels of personal savings and rising disposable incomes, although consumer sentiment remains volatile. The combination of strong strategic execution and a differentiated brand portfolio gives the Group confidence that it will deliver meaningful year on year growth in both sales and profit this year as it progresses towards delivery of Mission 365.

Risks and Uncertainties

The Board continues to monitor the key risks and uncertainties of the Group. Since the 2024 Annual Report, the Board has removed a principal risk on the limited logistics capacity of the Group. In FY25 the Pro Tiler and CTD warehouse operations were moved to a new warehouse and the increased logistics capacity of the Group is now sufficient to support the Group's medium term growth forecasts. A principal risk on Global Supply Chain that focused on geopolitical tensions in the red sea has been broadened to include consideration of the potential impact of tariffs being applied to global trade. The Board believes that the other principal risks remain largely as documented in the 2024 Annual Report, by nature and scale. These key risks and uncertainties include: growth through mergers and acquisitions; aging systems; cyber security; development and delivery of group strategy; inflationary cost increases of goods not for resale; macroeconomic changes and consumer confidence; critical asset failure; sustainability and climate change; health and safety.

Going concern

When considering the going concern assertion, the Board reviews several factors including a review of risks and uncertainties, the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans, along with a detailed review of more pessimistic trading scenarios that are deemed severe but plausible. The two downside scenarios modelled include a moderate decline in sales and a more severe decline in sales, which result in much lower sales and gross profit than the base scenario, resulting in worse profit and cash outcomes. The more severe downside scenario modelled this year was based on a prolonged period of macroeconomic stress in the UK, lasting for more than one year, with sales falling nearly 10% year-on-year across the remainder of FY25 and then no growth year-on-year in FY26, in both our Topps Tiles brand and Pro Tiler Tools brands. The scenario also assumes declines in gross margins across the remainder of FY25 equating to a year-on-year decrease of approximately one percentage point, with recovery over a two-year period. The more severe downside scenario represents a reverse stress-test scenario to assess the amount of sales reduction required before the Group begins to approach covenant breach. Even in this scenario the group has a significant amount of cash headroom. This scenario also assumes that variable costs would reduce in line with sales and direct mitigating cost reduction actions, which would be taken if such a downturn occurred.

The going concern analysis, prepared for the Board, also outlined a range of additional mitigating actions that could be taken in a severe but plausible trading scenario. These included, but were not limited to, further savings on store colleague costs and central support costs, reduced marketing activity, a reduction of capital expenditure, management of working capital and suspension of the dividend. The Group’s cash headroom and covenant compliance was reviewed against current lending facilities in both the base case and the severe but plausible downside scenarios. In no scenario modelled does the Group breach covenant compliance. The current lending facility, of £30.0 million, was refinanced in October 2022 and expires in October 2027. The Group will begin discussions with lenders on refinancing in 2026.

In all scenarios, the Board has concluded that there is sufficient available liquidity, with sufficient covenant headroom for the Group to continue to meet all of its financial commitments as they fall due for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the Board continues to adopt the going concern basis in preparing the Interim Accounts.

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as contained in UK-adopted IFRS;

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

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

Rob Parker	**Stephen Hopson**
Chief Executive Officer	Chief Financial Officer
20 May 2025	

Condensed Consolidated Statement of Profit or Loss
for the 26 weeks ended 29 March 2025

	Note	**26 weeks ended 29 March 2025 £'000 (Unaudited)**	26 weeks ended 30 March 2024 £'000 (Unaudited)	52 weeks ended 28 September 2024 £'000 (Audited)
Group revenue	2	**142,902**	122,774	251,756
Cost of sales		**(68,805)**	(56,542)	(117,434)
Gross profit		**74,097**	66,232	134,322
Distribution and selling costs*		**(48,480)**	(47,430)	(93,426)
Other operating expenses		**(2,399)**	(3,850)	(5,918)
Administrative costs		**(13,633)**	(9,945)	(19,492)
Marketing and online costs		**(4,830)**	(3,833)	(7,944)
Property related impairment reversal/(charge)*		**396**	(591)	(19,360)
Other income		**71**	214	401
Group operating profit/(loss)		**5,222**	797	(11,417)
Net finance costs		**(3,339)**	(2,266)	(4,815)
Profit/(loss) before taxation		**1,883**	(1,469)	(16,232)
Taxation	3	**(687)**	(514)	3,412
Profit/(loss) for the period		**1,196**	(1,983)	(12,820)
Profit/(loss) is attributable to:				
Owners of Topps Tiles Plc		**1,196**	(2,195)	(13,033)
Non-controlling interests		**-**	212	213
		1,196	(1,983)	(12,820)

All results relate to continuing operations of the Group.

* In the prior period, Property related impairments were included within Distribution and selling costs.

Earnings per ordinary share				
- Basic	5	**0.61p**	(1.12p)	(6.63p)
- Diluted	5	**0.60p**	(1.10p)	(6.63p)

There are no other recognised gains and losses for the current and preceding financial periods other than the results shown above. Accordingly, a separate Condensed Consolidated Statement of Comprehensive Income has not been prepared.

Condensed Consolidated Statement of Financial Position
as at 29 March 2025

	Note	**29 March 2025 £'000 (Unaudited)**	30 March 2024 £'000 (Unaudited)	28 September 2024 £'000 (Audited)
Non-current assets				
Goodwill		**8,365**	2,101	8,365
Intangible assets		**3,892**	4,458	4,161
Property, plant and equipment		**18,211**	18,793	17,328
Deferred tax assets		**3,773**	84	4,461
Right-of-use assets		**70,388**	74,910	55,325
Other financial assets		**1,447**	1,691	1,653
		106,076	102,037	91,293
Current assets				
Inventories		**40,334**	35,130	37,850
Other financial assets		**343**	320	210
Trade and other receivables		**16,143**	6,599	13,350
Current tax debtor		**1,327**	976	1,015
Cash and cash equivalents		**12,763**	19,319	23,682
		70,910	62,344	76,107
Total assets		**176,986**	164,381	167,400
Current liabilities				
Trade and other payables		**(59,256)**	(43,599)	(57,463)
Lease liabilities		**(15,791)**	(16,868)	(14,584)
Derivative financial instruments		**(98)**	(200)	(378)
Provisions		**(232)**	(8,985)	(714)
Total current liabilities		**(75,377)**	(69,652)	(73,139)
Net current (liabilities)/assets		**(4,467)**	(7,308)	2,968
Non-current liabilities				
Lease liabilities		**(80,518)**	(72,543)	(71,381)
Provisions		**(2,770)**	(2,441)	(2,299)
Bank loans	6	**(13,996)**	-	(14,996)
Total liabilities		**(172,661)**	(144,636)	(161,815)
Net assets		**4,325**	19,745	5,585
Equity				
Share capital	8	**6,556**	6,556	6,556
Share premium		**2,636**	2,636	2,636
Own shares		**(82)**	(2)	(7)
Merger reserve		**(399)**	(399)	(399)
Share-based payment reserve		**6,378**	6,129	6,349
Capital redemption reserve		**20,359**	20,359	20,359
Accumulated losses		**(31,123)**	(18,928)	(29,909)
Capital and reserves attributable to owners of Topps Tiles Plc		**4,325**	16,351	5,585
Non-controlling interests		**-**	3,394	-
Total equity		**4,325**	19,745	5,585

Condensed Consolidated Statement of Changes in Equity
For the 26 weeks ended 29 March 2025

	Equity attributable to equity holders of the parent								
	Share capital £'000	**Share premium £'000**	**Own shares £'000**	**Merger reserve £'000**	**Share-based payment reserve £'000**	**Capital redemption reserve £'000**	**Accum-ulated losses £'000**	**Non-controlling interest £'000**	**Total equity £'000**
Balance at 28 September 2024 (Audited)	6,556	2,636	(7)	(399)	6,349	20,359	(29,909)	-	5,585
Profit and total comprehensive income for the period	-	-	-	-	-	-	1,196	-	1,196
Dividends	-	-	-	-	-	-	(2,357)	-	(2,357)
Own shares purchased in the period	-	-	(128)	-	-	-	-	-	(128)
Own shares disposed of in the period	-	-	53	-	-	-	(53)	-	-
Credit to equity for equity-settled share based payments	-	-	-	-	29	-	-	-	29
Balance at 29 March 2025 (Unaudited)	**6,556**	**2,636**	**(82)**	**(399)**	**6,378**	**20,359**	**(31,123)**	**-**	**4,325**

Condensed Consolidated Statement of Changes in Equity (continued)
For the 26 weeks ended 30 March 2024

	Equity attributable to equity holders of the parent								
	Share capital £'000	**Share premium £'000**	**Own shares £'000**	**Merger reserve £'000**	**Share-based payment reserve £'000**	**Capital redemption reserve £'000**	**Accum-ulated losses £'000**	**Non-controlling interest £'000**	**Total equity £'000**
Balance at 30 September 2023 (Audited)	6,556	2,636	(112)	(399)	6,035	20,359	(11,869)	3,182	26,388
(Loss)/profit and total comprehensive income for the period	-	-	-	-	-	-	(2,195)	212	(1,983)
Dividends	-	-	-	-	-	-	(4,717)	-	(4,717)
Own shares purchased in the period	-	-	(53)	-	-	-	-	-	(53)
Own shares disposed of in the period	-	-	163	-	-	-	(163)	-	-
Credit to equity for equity-settled share based payments	-	-	-	-	94	-	-	-	94
Deferred tax on share-based payment transactions	-	-	-	-	-	-	16	-	16
Balance at 30 March 2024 (Unaudited)	**6,556**	**2,636**	**(2)**	**(399)**	**6,129**	**20,359**	**(18,928)**	**3,394**	**19,745**

Condensed Consolidated Statement of Changes in Equity (continued)
For the 52 weeks ended 28 September 2024

	Equity attributable to equity holders of the parent								
	Share capital £'000	**Share premium £'000**	**Own shares £'000**	**Merger reserve £'000**	**Share-based payment reserve £'000**	**Capital redemption reserve £'000**	**Accum-ulated losses £'000**	**Non-controlling interest £'000**	**Total equity £'000**
Balance at 30 September 2023 (Audited)	6,556	2,636	(112)	(399)	6,035	20,359	(11,869)	3,182	26,388
(Loss)/profit and total comprehensive loss for the period	-	-	-	-	-	-	(13,033)	213	(12,820)
Dividends	-	-	-	-	-	-	(7,077)	(1,111)	(8,188)
Transfer on acquisition of non-controlling interest	-	-	-	-	-	-	2,284	(2,284)	-
Own shares purchased in the period	-	-	(105)	-	-	-	-	-	(105)
Own shares disposed of in the period	-	-	210	-	-	-	(210)	-	-
Credit to equity for equity-settled share-based payments	-	-	-	-	314	-	-	-	314
Deferred tax on share-based payment transactions	-	-	-	-	-	-	(4)	-	(4)
Balance at 28 September 2024 (Audited)	**6,556**	**2,636**	**(7)**	**(399)**	**6,349**	**20,359**	**(29,909)**	**-**	**5,585**

Condensed Consolidated Cash Flow Statement
for the 26 weeks ended 29 March 2025

	Notes	**26 weeks ended 29 March 2025 £'000 (Unaudited)**	26 weeks ended 30 March 2024 £'000 (Unaudited)	52 weeks ended 28 September 2024 £'000 (Audited)
Cash flow from operating activities				
Profit/(loss) for the period		**1,196**	(1,983)	(12,820)
Taxation	3	**687**	514	(3,412)
Finance costs		**3,493**	2,620	5,480
Finance income		**(154)**	(354)	(665)
Group operating profit/(loss)		**5,222**	797	(11,417)
Adjustments for:				
Depreciation of property, plant and equipment		**2,101**	2,251	4,667
Depreciation of right-of-use assets		**6,166**	8,865	17,630
Amortisation of intangible assets		**338**	339	683
Loss on disposal of property, plant and equipment		**-**	25	160
(Gain)/loss on sublease		**(32)**	(153)	20
Impairment of property, plant and equipment		**628**	23	2,290
Impairment of right-of-use assets		**2,184**	569	17,094
Reversal of right-of-use asset impairment		**(3,208)**	-	-
(Gain)/loss on lease disposal		**(21)**	660	(526)
Share option charge		**28**	94	314
(Decrease)/increase in earn out liability and other provisions*		**(600)**	3,207	3,394
Non-cash (gain)/loss on derivative contracts		**(280)**	274	452
Cash generated from operations before movements in working capital, tax and interest		**12,526**	16,951	34,761
Increase in trade and other receivables		**(2,808)**	(1,404)	(8,066)
(Increase)/decrease in inventories*		**(2,484)**	1,221	670
Increase/(decrease) in trade and other payables		**1,652**	(1,526)	12,344
Cash generated by operations		**8,886**	15,242	39,709
Interest paid on borrowings		**(515)**	(67)	(666)
Interest received on operational cash balances		**163**	351	610
Interest element of lease liabilities paid		**(2,903)**	(2,294)	(4,731)
Settlement of earn out liability and other provisions		**-**	-	(8,838)
Taxation paid		**(311)**	(1,858)	(2,314)
Net cash from operating activities		**5,320**	11,374	23,770
Investing activities				
Interest received on sublease assets		**24**	29	55
Receipt of capital element of sublease assets		**109**	318	467
Proceeds from incentive schemes		**160**	-	-
Purchase of property, plant, equipment*		**(3,601)**	(1,802)	(4,193)
Direct costs relating to right-of-use assets		**(530)**	(84)	(188)
Purchase of intangibles		**(67)**	(42)	(89)
Purchase of business		**-**	-	(9,000)
Proceeds on disposal of property, plant and equipment		**-**	9	-
Net cash used in investment activities		**(3,905)**	(1,572)	(12,948)
Financing activities				
Payment of capital element of lease liabilities		**(8,760)**	(9,081)	(17,059)
Dividends paid	4	**(2,357)**	(4,717)	(8,188)
Financing arrangement fees		**(89)**	-	(152)
Purchase of own shares		**(128)**	(53)	(105)
Proceeds from borrowings	6	**16,000**	-	23,500
Repayment of borrowings	6	**(17,000)**	-	(8,504)
Net cash used in financing activities		**(12,334)**	(13,851)	(10,508)
Net (decrease)/increase in cash and cash equivalents		**(10,919)**	(4,049)	314
Cash and cash equivalents at beginning of period		**23,682**	23,368	23,368
Cash and cash equivalents at end of period		**12,763**	19,319	23,682

*In the 52 weeks ending 28 September 2024, these movements excluded CTD acquired balances.

1. General information

The interim report was approved by the Board on 20 May 2025. The financial information for the 52 week period ended 28 September 2024 has been based on information in the audited financial statements for that period.

The comparative figures for the 52 week period ended 28 September 2024 are an abridged version of the Group's full financial statements and, together with other financial information contained in these interim results, do not constitute statutory financial statements of the Group as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that 52 week period has been delivered to the Registrar of Companies. The auditor has reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

This condensed set of consolidated financial statements has been prepared for the 26 weeks ended 29 March 2025 and the comparative period has been prepared for the 26 weeks ended 30 March 2024.

The interim financial statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on "Review of interim financial information" and do not include all of the information required for full annual financial statements.

Basis of preparation and accounting policies

The financial statements of Topps Tiles Plc have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the disclosure guidance and transparency rules sourcebook of the United Kingdom's Financial Conduct Authority. The unaudited condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union and in conformity with the requirements of the Companies Act 2006. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

New and amended standards adopted by the Group

The Group continues to monitor the potential impact of other new standards and interpretations which have been or may be endorsed and require adoption by the Group in future reporting periods.

Going concern

When considering the going concern assertion, the Board reviews several factors including a review of risks and uncertainties, the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans, along with a detailed review of more pessimistic trading scenarios that are deemed severe but plausible. The two downside scenarios modelled include a moderate decline in sales and a more severe decline in sales, which result in much lower sales and gross profit than the base scenario, resulting in worse profit and cash outcomes. The more severe downside scenario modelled this year was based on a prolonged period of macroeconomic stress in the UK, lasting for more than one year, with sales falling nearly 10% year-on-year across the remainder of FY25 and then no growth year-on-year in FY26, in both our Topps Tiles brand and Pro Tiler Tools brands. The scenario also assumes declines in gross margins across the remainder of FY25 equating to a year-on-year decrease of approximately one percentage point, with recovery over a two-year period. The more severe downside scenario represents a reverse stress-test scenario to assess the amount of sales reduction required before the Group begins to approach covenant breach. Even in this scenario the group has a significant amount of cash headroom. This scenario also assumes that variable costs would reduce in line with sales and direct mitigating cost reduction actions, which would be taken if such a downturn occurred.

The going concern analysis, prepared for the Board, also outlined a range of additional mitigating actions that could be taken in a severe but plausible trading scenario. These included, but were not limited to, further savings on store colleague costs and central support costs, reduced marketing activity, a reduction of capital expenditure, management of working capital and suspension of the dividend. The Group's cash headroom and covenant compliance was reviewed against current lending facilities in both the base case and the severe but plausible downside scenarios. In no scenario modelled does the Group breach covenant compliance.

The current lending facility, of £30.0 million, was refinanced in October 2022 and expires in October 2027.

In all scenarios, the Board has concluded that there is sufficient available liquidity, with sufficient covenant headroom for the Group to continue to meet all of its financial commitments as they fall due for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the Board continues to adopt the going concern basis in preparing the Interim Accounts.

2. Business segments

The Group trades in four related sectors, which are Topps Tiles, Parkside, CTD and Online Pure Play. The Board receives monthly financial information at this level and uses this information to monitor performance, allocate resources and make operational decisions. The Group sells tiles and tile-associated products in each of these sectors, predominantly to UK-based retail, trade and commercial customers, and offers a range of delivery and collection options for orders.

Revenue can be split by the following geographical regions:

	26 weeks ended 29 March 2025 £'000 (Unaudited)	26 weeks ended 30 March 2024 £'000 (Unaudited)	52 weeks ended 28 September 2024 £'000 (Audited)
UK	**142,789**	122,444	251,511
EU	**86**	179	176
Rest of World	**27**	151	69
Total	**142,902**	122,774	251,756

3. Taxation

	26 weeks ended 29 March 2025 £'000 (Unaudited)	26 weeks ended 30 March 2024 £'000 (Unaudited)	52 weeks ended 28 September 2024 £'000 (Audited)
Current tax – debit for the period	**-**	513	265
Current tax – adjustment in respect of prior periods	**-**	-	720
Deferred tax – debit / (credit) for the period	**687**	1	(3,201)
Deferred tax – adjustment in respect of previous periods	**-**	-	(1,196)
Total tax charge/(credit)	**687**	514	(3,412)

4. Interim dividend

An interim dividend of 0.80p (2024: 1.20p) per ordinary share has been declared. A final dividend of 1.20p per ordinary share was approved and paid in the period, in relation to the 52-week period ended 28 September 2024.

5. Earnings per share

The calculation of earnings per share is based on the earnings for the financial period attributable to equity shareholders and the weighted average number of ordinary shares.

	26 weeks ended 29 March 2025 (Unaudited)	26 weeks ended 30 March 2024 (Unaudited)	52 weeks ended 28 September 2024 (Audited)
Weighted average number of issued shares for basic earnings per share	**196,681,818**	196,681,818	196,681,818
Weighted average impact of treasury shares for basic earnings per share	**(135,400)**	(108,287)	(64,344)
Total weighted average number of shares for basic earnings per share	**196,546,418**	196,573,531	196,617,474
Weighted average number of shares under option	**1,413,412**	2,616,664	2,116,731
For diluted earnings per share	**197,959,830**	199,190,195	198,734,205
	£'000	£'000	£'000
Profit/(loss) for the period	**1,196**	(2,195)	(13,033)
Adjusting items	**1,007**	4,221	17,730
Adjusted profit for the period	**2,203**	2,026	4,697
Earnings per ordinary share – basic	**0.61p**	(1.12p)	(6.63p)
Earnings per ordinary share – diluted	**0.60p**	(1.10p)	(6.63p)
Earnings per ordinary share – adjusted	**1.12p**	1.03p	2.39p

The calculation of the basic and diluted earnings per share used the denominators as shown above for both basic and diluted earnings per share.

Adjusted earnings per share for the 26 weeks ended 29 March 2025 were calculated after adjusting for the post-tax impact of the following items: vacant property and closure costs of £0.4m (2024: £0.3m), impairment of right-of-use assets and lease exit gains and losses of £0.2m gain (2024: £0.8m cost), removal of notional depreciation on impaired assets of £2.2m (2024: £nil), non-operational warehouse costs of £0.7m (2024: £nil), CTD trading losses of £0.7m (2024: £nil), CTD one off costs £0.9m (2024: £nil), CTD retention of title benefits of £0.6m (2024: £nil), restructuring and other one-off costs of £0.1m (2024: £nil), CMA advisory costs of £1.2m (2024: £nil) and Pro Tiler Limited share purchase expense of £nil (2024: £3.1m).

6. Bank loans

	26 weeks ended 29 March 2025 £'000 (Unaudited)	26 weeks ended 30 March 2024 £'000 (Unaudited)	52 weeks ended 28 September 2024 £'000 (Audited)
Bank loans (all sterling)	**13,846**	-	14,996
The borrowings are repayable as follows:			
On demand or within one year	**14,000**	-	15,000
In the second year	**-**	-	-
In the third to fifth year	**-**	-	-
	14,000	-	15,000
Less: total unamortised issue costs	**(154)**	(213)	(4)
	13,846	(213)	14,996
Issue costs to be amortised within 12 months	**154**	125	-

The Group has a revolving credit facility to October 2027 of £30.0 million. As at 29 March 2025, £14.0 million of this facility was drawn (30 March 2024: £nil), leaving £16.0 million of undrawn committed banking facilities. The loan facility contains financial covenants, which are tested on a bi-annual basis. The Group did not breach any covenants in the period.

7. Financial instruments

The Group has the following financials instruments which are categorised as fair value through profit and loss:

	Carrying value and fair value		
	26 weeks ended 29 March 2025 £'000 (Unaudited)	26 weeks ended 30 March 2024 £'000 (Unaudited)	52 weeks ended 28 September 2024 £'000 (Audited)
Financial liabilities			
Fair value through profit and loss	**98**	200	378

The fair values of financial assets and financial liabilities are determined as follows:

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The fair values are therefore categorised as Level 2 (2024: Level 2), based on the degree to which the fair value is observable. Level 2 fair value measurements are those derived from inputs other than unadjusted quoted prices in active markets (Level 1 categorisation) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

At 29 March 2025 the fair value of the Group's currency derivatives is a loss of £98,000 (30 March 2024: loss of £200,000). These amounts are based on the market value of equivalent instruments at the Statement of Financial Position date.

A gain of £280,000 is included in cost of sales in the 26 weeks ended 29 March 2025 (26 weeks ended 30 March 2024: loss of £274,000).

8. Share capital

The issued share capital of the Group as at 29 March 2025 amounted to £6,556,000 (30 March 2024: £6,556,000). The number of shares at 29 March 2025 were 196,681,818 (30 March 2024: 196,681,818).

9. Seasonality of sales

Historically there has not been any material seasonal difference in sales between the first and second half of the reporting period, with approximately 50% of annual sales arising in the period from October to March.

10. Related party transactions

MS Galleon AG is a related party by virtue of their 29.8% shareholding (58,569,649 ordinary shares) in the Group's total voting rights (30 March 2024: 29.8% shareholding).

MS Galleon AG is the owner of Cersanit, a supplier of ceramic tiles with whom the Group made purchases of £294,000 during the first half of the year which is 0.4% of cost of goods sold (2024: purchases of £474,000 during the first half of the year which is 0.8% of cost of goods sold).

An amount of £159,000 was outstanding with Cersanit at 29 March 2025 (30 March 2024: £262,000). All transactions were conducted on commercial arm's length terms.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note, in accordance with the exemption available under IAS 24.

11. CTD acquisition

On 19 August 2024 the Group acquired certain trade and assets of CTD Tiles ("CTD") for a cash consideration of £9.0m. On acquisition, the Group recognised property, plant and equipment of £0.9 million, £2.2 million of inventory, £0.4 million of provisions, and intangible assets consisting of the goodwill of £6.3 million. The goodwill generated on acquisition reflects the expected synergies from combining operations between the Group and the existing CTD trading operations as a result of leveraging the Group's supply chain and operations.

At 29 March 2025, the fair values assigned to all of the acquired assets has been determined on a provisional basis in accordance with IFRS 3 'Business Combinations' given the ongoing CMA enquiries discussed in the 2024 Annual Report. The fair values together with an assessment of goodwill and intangible assets acquired will be completed within the 12 month fair value period, as permitted by IFRS 3.