EDISON

Topps Tiles

Macroeconomic uncertainty, extreme weather

Q326 trading update

Retail

2 July 2026

Topps Tiles' Q326 trading update shows the uncertain macroeconomic environment has led to increased demand for lower priced, and therefore lower margin, products, which provides a headwind to profit growth. This has been compounded by the recent extreme temperatures affecting demand from professional and trade customers in the second half of the period. While a normalisation of temperatures will help the company to recover some of the lost trading, the margin pressures remain, and therefore management downgrades its adjusted PBT guidance by c 30% versus our prior estimate. While the downgrade in guidance for the year is disappointing, it is reassuring the strategy initiatives continue to drive market outperformance.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
9/24	251.8	6.3	2.39	2.40	14.2	7.1
9/25e	295.8	9.2	3.43	2.90	9.9	8.5
9/26e	293.4	6.5	2.69	2.90	12.6	8.5
9/27e	304.6	9.8	3.61	3.00	9.4	8.8

Note: Profit and earnings are company's adjusted definition. FY24 and FY25 PBT and EPS exclude CTD Tiles.

Weak markets offsetting...

Overall group revenue including CTD Tiles was 1.8% lower in Q326 than Q325 as a result of the weaker trading environment, the closure of CTD stores in the prior year and the recently announced closure of underperforming Topps Tiles stores. Excluding CTD, revenue increased by 0.6% versus Q325, which compares with management's quoted market decline of 1.6%. CTD's year-on-year revenue decline is attributable to the closure of the stores as required by the Competition and Markets Authority. Like-for-like growth in Topps Tiles in Q326 was flat versus Q325, which had a tough comparative of 7.3%. This follows growth of 2% in Q126 and a 2% decline in Q226. With trends deteriorating as Q326 progressed, and with ongoing headwinds, management believes it unlikely the lost revenue will be fully recovered by the year-end.

...progress on strategy and priorities

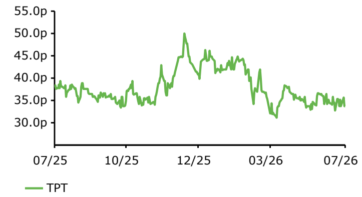
Management is making good progress on the Mission 365 initiatives as well as its priorities for the year. Although trade sales declined by 0.8%, it has benefited from the launch of the new Topps Tiles App. Online revenue was very strong at just over 23% in Q326, with accelerating growth versus H126 and Q325. Newer category products including acoustic panels, outdoor tiles and shower panels have enjoyed strong growth of 10.9% in Q326. Management highlights good progress on its self-help initiatives including network optimisation, flexible labour model and role consolidation in the head office.

FY26 adjusted PBT reduced by c 30%

The downgrade to guidance reflects the high operational gearing in the business. We downgrade our FY26 profit estimates to £6.5m to be conservative versus management's new guidance of 'above £6.5m', a reduction of c 30% versus our prior estimate of £9.3m. With retained year-on-year growth estimates maintained, the downgrade to our FY26 forecasts flows through to FY27.

Price	**34.00p**
Market cap	**£67m**
Net cash/(debt) at 28 March 2026 (excluding IFRS 16 liabilities £99.1m)	£(3.1)m
Shares in issue	195.8m
Free float	70.2%
Code	TPT
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(4.2)	8.6	7.2
52-week high/low		46.7p	30.5p

Business description

Topps Tiles is the market-leading specialist retailer/distributor of wall and floor tiles, and associated products such as tools, grouts and adhesives, to its retail, trade and commercial customers in the UK.

Next events

FY26 trading update	1 October 2026
FY26 results	1 December 2026

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Topps Tiles is a research client of Edison Investment Research Limited

Exhibit 1: Financial summary

£m	2022	2023	2024	2025	2026e	2027e
Year end 30 September	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
INCOME STATEMENT						
Revenue	**247.2**	**262.7**	**251.8**	**295.8**	**293.4**	**304.6**
Adjusted revenue			**248.5**	**265.4**		
Cost of Sales	(111.8)	(123.5)	(117.4)	(141.4)	(141.7)	(147.1)
Gross Profit	135.4	139.2	134.3	154.3	151.7	157.5
EBITDA	**44.3**	**42.2**	**35.0**	**39.9**	**37.4**	**39.1**
Operating profit (before amort. and excepts.)	**20.0**	**18.2**	**12.0**	**17.0**	**15.6**	**18.1**
Amortisation of acquired intangibles	0.0	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)
Exceptionals	(4.7)	(5.7)	(22.6)	(0.9)	3.2	3.2
Share-based payments	(0.5)	(0.9)	(0.3)	(0.2)	(0.9)	(0.9)
Reported operating profit	**14.8**	**11.1**	**(11.4)**	**15.3**	**17.3**	**19.8**
Net Interest	(3.9)	(4.3)	(4.8)	(7.0)	(6.8)	(6.8)
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted Profit Before Tax (company)	**15.6**	**12.5**	**6.3**	**9.2**	**6.5**	**9.8**
Profit Before Tax (reported)	**10.9**	**6.8**	**(16.2)**	**8.3**	**10.5**	**13.0**
Reported tax	(1.8)	(2.9)	3.4	(2.3)	(2.9)	(3.6)
Profit After Tax (reported)	**9.2**	**3.9**	**(12.8)**	**6.0**	**7.6**	**9.4**
Minority interests	(0.2)	(0.7)	(0.2)	0.0	0.0	0.0
Net income (normalised)	**12.3**	**9.5**	**5.3**	**7.6**	**6.4**	**8.2**
Net income (reported)	**9.0**	**3.2**	**(13.0)**	**6.0**	**7.6**	**9.4**
Average Number of Shares Outstanding (m)	195.6	196.3	196.6	196.5	196.7	196.7
EPS - basic reported (p)	4.6	1.6	(6.6)	3.0	3.9	4.8
EPS - adjusted (company) (p)	6.1	4.5	2.4	3.4	2.7	3.6
Dividend (p)	3.6	3.6	2.4	2.9	2.9	3.0
Revenue growth (%)	8	6	(4)	17	(1)	4
Gross Margin (%)	54.8	53.0	53.4	52.2	51.7	51.7
Operating margin	6.0	4.2	(4.5)	5.2	5.9	6.5
BALANCE SHEET						
Fixed Assets	**119.0**	**109.0**	**91.3**	**108.6**	**109.8**	**110.8**
Intangible Assets	7.5	6.9	12.5	11.2	10.8	10.3
Tangible Assets	109.4	100.2	72.7	94.7	96.4	97.8
Investments & other	2.1	1.9	6.1	2.6	2.6	2.6
Current Assets	**61.8**	**65.4**	**76.1**	**79.3**	**77.1**	**74.0**
Stocks	38.6	36.4	37.9	40.6	43.6	45.3
Debtors	6.4	5.3	13.4	18.0	17.9	18.6
Cash & cash equivalents	16.2	23.4	23.7	18.4	13.4	7.9
Other	0.5	0.4	1.2	2.2	2.2	2.2
Current Liabilities	**(63.3)**	**(66.9)**	**(73.1)**	**(81.4)**	**(80.5)**	**(77.2)**
Creditors	(43.7)	(45.1)	(57.5)	(64.4)	(63.8)	(60.3)
Tax and social security	(1.2)	(0.4)	0.0	0.0	0.0	0.0
Short-term borrowings	0.0	0.0	0.0	0.0	0.0	0.0
Leases	(18.2)	(15.6)	(14.6)	(16.8)	(16.8)	(16.8)
Other	(0.4)	(5.9)	(1.1)	(0.2)	0.1	(0.1)
Long-Term Liabilities	**(88.4)**	**(81.1)**	**(88.7)**	**(98.8)**	**(95.5)**	**(92.2)**
Long-term borrowings	0.0	0.0	(15.0)	(11.0)	(11.0)	(11.0)
Leases	(84.7)	(78.9)	(71.4)	(83.0)	(79.7)	(76.5)
Other long-term liabilities	(3.7)	(2.2)	(2.3)	(4.8)	(4.8)	(4.8)
Net Assets	**29.0**	**26.4**	**5.6**	**7.7**	**10.9**	**15.3**
Minority interests	2.5	3.2	0.0	0.0	0.0	0.0
Shareholders' equity	**31.5**	**29.6**	**5.6**	**7.7**	**10.9**	**15.3**
CASH FLOW						
Operating Cash Flow	44.3	42.2	35.0	39.9	37.4	39.1
Working capital	(11.0)	4.1	4.9	(0.6)	(0.4)	(5.8)
Exceptional & other	(3.1)	(1.7)	(9.0)	(8.5)	(4.5)	(4.2)
Tax	(3.5)	(3.3)	(2.3)	(0.3)	0.0	0.0
Net operating cash flow	**26.8**	**41.3**	**28.6**	**30.5**	**32.5**	**29.1**
Capex	(3.0)	(4.2)	(4.3)	(4.5)	(6.0)	(6.0)
Acquisitions/disposals	(4.0)	0.0	(9.0)	0.0	(3.0)	0.0
Net interest	(3.9)	(4.0)	(4.7)	(6.8)	(6.8)	(6.8)
Equity financing	0.1	0.0	(0.1)	(0.1)	0.0	0.0
Dividends	(8.0)	(7.5)	(8.2)	(3.9)	(6.0)	(5.8)
Other	(19.6)	(18.5)	(1.9)	(20.0)	(16.0)	(16.0)
Net Cash Flow	(11.5)	7.1	0.3	(4.9)	(5.4)	(5.5)
Opening net debt/(cash)	**(27.8)**	**(16.2)**	**(23.4)**	**(8.7)**	**(7.8)**	**(2.4)**
FX	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash movements	(0.1)	0.1	(15.0)	4.0	0.0	0.0
Closing net debt/(cash)	**(16.2)**	**(23.4)**	**(8.7)**	**(7.8)**	**(2.4)**	**3.1**
Closing net debt/(cash) including leases	**86.7**	**71.1**	**77.3**	**92.0**	**94.1**	**96.3**

Source: Topps Tiles accounts, Edison Investment Research

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