



Company Announcement

30 October 2020

LIKEWISE GROUP PLC
("Likewise" or the "Group")
Trading Update

During the course of 2020, the Group has navigated carefully through the impact of the COVID-19 pandemic, having maintained employment, established profitability and increased cash resources. Management has also used this period to make significant improvements to IT, logistics and operations throughout the Group.

During Q1 2020 the Matting businesses were successfully integrated into the Freehold Distribution Centre in Sudbury. Now operating as one cohesive business, it is performing ahead of planned profitability for H2 2020. The appropriate operational structure is established and the business is accumulating a robust order book for the Q4 2020.

As planned, the acquisition of Heatseam in the Spring of 2019 has given the Group critical mass in the residential flooring market. It has also provided a platform for carpet, vinyl, artificial grass, laminate and luxury vinyl tile products to be distributed to our other businesses in the UK.

Our two warehouses in Dewsbury have been restructured and to further enhance the operations we have now agreed to move to a single site Distribution Centre in Morley, Leeds. This will be fully operational in January 2021, providing significantly improved material handling capabilities with the additional benefit of all logistics and administration being in one location.

With the introduction of the preferred IT System into Heatseam over the weekend of 3 October, it will complete the conversion onto a single IT Platform for all nine businesses acquired and established up to December 2019.

The introduction of a single IT system and improved logistic planning, now provides a streamlined network between all locations from the Dewsbury residential Hub to the operations in Glasgow, Newcastle, Daventry, Sudbury and Peckham.

All of the new Likewise branded businesses established in 2019 are now profitable and ahead of their respective budgets for H2 2020, providing a strong foundation for development into 2021.

The performance of the A&A business based in Manchester and acquired in February 2020 has been particularly encouraging and is trading well ahead of our expectations. We continue to invest in Point of Sale Display to strengthen its position with independent flooring retailers. The success of this acquisition provides a model for other similar opportunities in the future.

The profitability and cash generated in Q3 2020 has been significantly ahead of our budget and expectations. Whilst Q4 will also be profitable it is not expected that the H2 profit will be greater than the losses generated in H1.

The Group has grown rapidly over the last two years and whilst facing the challenges of business integration, new start-ups and a global pandemic, the foundations are now in place to create a much larger business.

Notwithstanding the economic uncertainty due to COVID-19 the Group now has a much stronger platform to take advantage of the future opportunities and is confident of growing through organic development combined with appropriate acquisitions.

Released by:

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