

Completed acquisition by Topps Tiles Plc of certain assets of Tildist Realisations Limited (formerly CTD Tiles Limited)

Initial Enforcement Order made by the Competition and Markets Authority pursuant to section 72(2) of the Enterprise Act 2002 (the Act)

Whereas:

- (a) the Competition and Markets Authority (**CMA**) has reasonable grounds for suspecting that it is or may be the case that Topps Tiles Plc (**Topps**) (whose subsidiaries include Tiles4Less Limited (**Tiles4Less**)) and certain assets of Tildist Realisations Limited (formerly known as CTD Tiles Limited) (the **Target business**) have ceased to be distinct;
- (b) the CMA is considering, pursuant to section 22 of the Act, whether it is or may be the case that a relevant situation has been created and whether the creation of that situation has resulted or may be expected to result in a substantial lessening of competition in any market or markets in the United Kingdom (**UK**);
- (c) the CMA wishes to ensure that no action is taken pending determination of any reference under section 22 of the Act which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decisions on the reference; and
- (d) the circumstances set out in section 72(6) of the Act do not apply and the reference has not been finally determined in accordance with section 79(1) of the Act.

Now for the purposes of preventing pre-emptive action in accordance with section 72(2) of the Act the CMA makes the following order addressed to Topps and Tiles4Less (the **Order**).

COMMENCEMENT, APPLICATION AND SCOPE

1. This Order commences on the commencement date: 3 October 2024.
2. This Order applies to Topps and Tiles4Less.
3. Notwithstanding any other provision of this Order, no act or omission shall constitute a breach of this Order, and nothing in this Order shall oblige Topps and Tiles4Less to reverse any act or omission, in each case to the extent that it occurred or was completed prior to the commencement date.

MANAGEMENT OF THE TOPPS, TILES4LESS AND TARGET BUSINESSES UNTIL DETERMINATION OF PROCEEDINGS

4. Except with the prior written consent of the CMA, Topps and Tiles4Less shall not, during the specified period, take any action which might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action under the Act by the CMA which may be justified by the CMA's decisions on such a reference, including any action which might:
 - (a) lead to the integration of the Target business with the Topps business;
 - (b) transfer the ownership or control of the Topps business or the Target business or any of their subsidiaries; or
 - (c) otherwise impair the ability of the Target business or the Topps business to compete independently in any of the markets affected by the transaction.
5. Further and without prejudice to the generality of paragraph 4 and subject to paragraph 3, Topps and Tiles4Less shall at all times during the specified period take all necessary steps to ensure that, except with the prior written consent of the CMA:
 - (a) the Target business is carried on separately from the Topps business and the Target business's separate sales or brand identity is maintained;
 - (b) the Target business and the Topps business are each maintained as a going concern and sufficient resources are made available for the development of the Target business and the Topps business, on the basis of their respective pre-merger business plans;
 - (c) except in the ordinary course of business, no significant changes are made to the organisational structure of, or the management responsibilities within, the Target business or the Topps business;

- (d) the nature, description, range and quality of goods or services (or both) supplied in the UK by each of the two businesses are maintained and preserved;
- (e) except in the ordinary course of business through the separate operation of the two businesses:
 - (i) all of the assets of the Target business and the Topps business are maintained and preserved, including facilities and goodwill;
 - (ii) none of the assets of the Target business or the Topps business are disposed of; and
 - (iii) no interest in the assets of the Target business or the Topps business is created or disposed of;
- (f) there is no integration of the information technology of the Target business or Topps businesses, and the software and hardware platforms of the Target business shall remain essentially unchanged, except for routine changes and maintenance;
- (g) the customer and supplier lists of the two businesses shall be operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Target business will be carried out by the Target business alone and for the avoidance of doubt the Topps business will not negotiate on behalf of the Target business (and vice versa) or enter into any joint agreements with the Target business (and vice versa);
- (h) all contracts of the Target business and the Topps business continue to be serviced by the business to which they were awarded;
- (i) no changes are made to key staff of the Target business or Topps business;
- (j) no key staff are transferred between the Target business and the Topps business;
- (k) all reasonable steps are taken to encourage all key staff to remain with the Target business and the Topps business; and
- (l) no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two businesses shall pass, directly or indirectly, from the Target business (or any of its employees, directors, agents or affiliates) to the Topps business (or any of its employees, directors, agents or affiliates), or vice versa, except where strictly necessary in the ordinary course of business (including, for example, where required for compliance with external regulatory or accounting obligations or for due

diligence, integration planning or the completion of any merger control proceedings relating to the transaction) and on the basis that, should the transaction be prohibited, any records or copies (electronic or otherwise) of such information that have passed, wherever they may be held, will be returned to the business to which they relate and any copies destroyed.

COMPLIANCE

6. Topps and Tiles4Less shall take all necessary steps to ensure that each of their subsidiaries complies with this Order as if the Order had been issued to each of them.
7. Topps and Tiles4Less shall provide to the CMA such information or statement of compliance as it may from time to time require for the purposes of monitoring compliance by Topps and Tiles4Less and their subsidiaries with this Order. In particular, on 17 October 2024 and subsequently every two weeks (or, where this does not fall on a working day, the first working day thereafter) the Chief Executive Officer of Topps and Tiles4Less or other persons of Topps and Tiles4Less as agreed with the CMA shall, on behalf of Topps and Tiles4Less provide a statement to the CMA in the form set out in Annex 2 to this Order confirming compliance with this Order.
8. At all times, Topps and Tiles4Less shall actively keep the CMA informed of any material developments relating to the Target business or the Topps business, which includes but is not limited to:
 - (a) details of key staff who leave or join the Target business or the Topps business;
 - (b) any interruption of the Target business or Topps business (including without limitation its procurement, production, logistics, sales and employee relations arrangements) that has prevented it from operating in the ordinary course of business for more than 24 hours;
 - (c) all substantial customer volumes won or lost or substantial changes to the customer contracts for the Target business or Topps business including any substantial changes in customers' demand; and
 - (d) substantial changes in the Target business or Topps business's contractual arrangements or relationships with key suppliers.
9. If Topps and Tiles4Less has any reason to suspect that this Order might have been breached it shall immediately notify the CMA and any monitoring trustee that Topps and Tiles4Less may be directed to appoint under paragraph 10.

10. The CMA may give directions to a specified person or to a holder of a specified office in any body of persons (corporate or unincorporated) to take specified steps for the purpose of carrying out, or ensuring compliance with, this Order, or do or refrain from doing any specified action in order to ensure compliance with the Order. The CMA may vary or revoke any directions so given.
11. Topps and Tiles4Less shall comply in so far as they are able with such directions as the CMA may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with this Order.

INTERPRETATION

12. The Interpretation Act 1978 shall apply to this Order as it does to Acts of Parliament.
13. For the purposes of this Order:

'the Act' means the Enterprise Act 2002;

'an affiliate' of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act;

'business' has the meaning given by section 129(1) and (3) of the Act;

'commencement date' means 3 October 2024;

'control' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise;

'the decisions' means the decisions of the CMA on the questions which it is required to answer by virtue of section 35 of the Act;

'key staff' means staff in positions of (i) senior executive or managerial responsibility or (ii) whose performance affects the viability of the business;

'the ordinary course of business' means matters connected to the day-to-day supply of goods or services (or both) by the Target business or the Topps business and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of the Target business and the Topps business;

'specified period' means the period beginning on the commencement date and terminating in accordance with section 72(6) of the Act;

'subsidiary', unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;

'Tiles4Less' means Tiles4Less Limited, a company registered in England and Wales with company number 04123146;

'Topps' means Topps Tiles Plc, a company registered in England and Wales with company number 03213782;

'the Topps business' means the business of Topps and its subsidiaries but excluding the Target business carried on as at the commencement date;

'the transaction' means the transaction by which the Target business and Topps have ceased to be distinct within the meaning of section 23 of the Act;

'the two businesses' means the Topps business and the Target business;

'the Target business' means the businesses carried on at or from the stores listed in **Annex 1**, together with all supporting infrastructure (including intellectual property, assets, employees and goodwill), and all other business activities, formerly of Tildist Realisations Limited (formerly known as CTD Tiles Limited), a company registered in England and Wales with company number 12399819, which were acquired by Tiles4Less on 19 August 2024;

unless the context requires otherwise, the singular shall include the plural and vice versa.

Oliver Norden

Director, Mergers

ANNEX 1: THE STORES FORMING PART OF THE TARGET BUSINESS

1. CTD Tiles Aberdeen (3 Willowbank Rd, Aberdeen AB11 6XL);
2. CTD Tiles Basingstoke (Unit 1, Knights Trade Park, Houndmills Roundabout, Basingstoke RG21 6XE);
3. CTD Tiles Birkenhead (Unit 6 Commerce Park, New Chester Road, Birkenhead CH41 9BW);
4. CTD Tiles Cambridge (1 Trafalgar Way, Bar Hill, Cambridge CB23 8SQ);
5. CTD Tiles Chichester (Quarry Lane, Chichester PO19 8PE);
6. CTD Tiles Coatbridge (Unit 2A, Coatdyke Retail Park, Locks Street, Coatbridge ML5 3RT);
7. CTD Tiles Coulsdon (1-3 Malcolm Road, Coulsdon CR5 2DB);
8. CTD Tiles Crawley (Unit 12B Denvale Trade Park, Haslett Ave East, Crawley RH10 1SS);
9. CTD Tiles Darlington (Unit F, North Road Industrial Estate, Meynell Road, Darlington DL3 0QR);
10. CTD Tiles Dorking (Leonard House, Vincent Lane, Dorking RH4 3HW);
11. CTD Tiles Edinburgh Seafield Way (4 Seafield Way, Edinburgh EH15 1TB);
12. CTD Tiles Edinburgh Stenhouse (Unit 27, Stenhouse Mill Wynd, Edinburgh EH11 3XX);
13. CTD Tiles Fakenham (72 Holt Road, Fakenham NR21 8DY);
14. CTD Tiles Farnham (Grovebell Industrial Estate, Wrecclesham Rd, Farnham GU10 4PL);
15. CTD Tiles Glasgow London Rd (2275 London Road, Glasgow G32 8XP);
16. CTD Tiles Hampton (Sandfield Industrial Estate, Oldfield Rd, Hampton TW12 2HT);
17. CTD Tiles Hull (Rotterdam Road, Hull HU7 0XU);
18. CTD Tiles Inverness (Stadium Road, Inverness IV1 1FF);

19. CTD Tiles Newbury (Unit 5-6 The Paddock, Hambridge Road, Newbury RG14 5TQ);
20. CTD Tiles Newcastle-Under-Lyme (Enderley Street, Newcastle Under Lyme, Stoke On Trent ST5 2LE);
21. CTD Tiles Norwich (County Hall, Martineau Lane, Norwich NR1 2UE);
22. CTD Tiles Nottingham (Leen Gate, Gregory Street, Nottingham NG7 2PN);
23. CTD Tiles Perth (Arran Road, North Muirton Industrial Estate, Perth PH1 3DZ);
24. CTD Tiles Peterborough (1270 Lincoln Road, Peterborough PE4 6LE);
25. CTD Tiles Poole (Sharp Road, Parkstone, Poole BH12 4BG);
26. CTD Tiles Stockton (Portrack Lane, Stockton-On-Tees TS18 2LU);
27. CTD Tiles Warrington (Unit 7, Gateway 49, Trade Park, Kerfoot Street, Warrington WA2 8NT);
28. CTD Tiles Watford (3-4 Trade Park Greycaine Road Bushey Mill Lane, Watford WD24 7GP);
29. CTD Tiles Wimbledon (2, South Wimbledon Trade Park, Jubilee Way, London SW19 3XD); and
30. CTD Tiles Woking (Unit 13, Goldsworth Park Industrial Estate, Kestrel Way, Woking GU21 3BA).

ANNEX 2: COMPLIANCE STATEMENT FOR TOPPS / TILES4LESS

I [insert name] confirm on behalf of Topps / Tiles4Less that:

COMPLIANCE IN THE RELEVANT PERIOD

1. In the period from [insert date] to [insert date] (the **Relevant Period**):
 - (a) Topps and Tiles4Less have complied with the Order made by the CMA in relation to the transaction on 3 October 2024 (the **Order**).
 - (b) Topps' and Tiles4Less' subsidiaries have also complied with this Order.
2. Subject to paragraph 3 of the Order, and except with the prior written consent of the CMA:
 - (a) No action has been taken by Topps / Tiles4Less that might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference, including any action which might:
 - (i) lead to the integration of the Target business with the Topps business;
 - (ii) transfer the ownership or control of the Topps business or the Target business or any of their subsidiaries; or
 - (iii) otherwise impair the ability of the Target business or the Topps business to compete independently in any of the markets affected by the transaction.
 - (b) The Target business has been carried on separately from the Topps business and the Target business's separate sales or brand identity has been maintained.
 - (c) The Target business and the Topps business have been maintained as a going concern and sufficient resources have been made available for the development of the Target business and the Topps business, on the basis of their respective pre-merger business plans.
 - (d) No significant changes have been made to the organisational structure of, or the management responsibilities within, the Target business or the Topps business, except in the ordinary course of business.

- (e) The nature, description, range and quality of goods or services (or both) supplied in the UK by the Target business and the Topps business have been maintained and preserved.
- (f) Except in the ordinary course of business for the separate operation of the two businesses:
 - (i) all of the assets of the Target business and the Topps business, including facilities and goodwill, have been maintained and preserved as at the start of the Relevant Period;
 - (ii) none of the assets of the Target business or the Topps business have been disposed of; and
 - (iii) no interest in the assets of the Target business or the Topps business has been created or disposed of.
- (g) There has been no integration of the information technology of the Target business or Topps businesses, and the software and hardware platforms of the Target business have remained essentially unchanged, except for routine changes and maintenance.
- (h) Subject to integration which had occurred prior to the commencement date, the customer and supplier lists of the two businesses have been operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Target business have been carried out by the Target business alone and, for the avoidance of doubt, the Topps business has not negotiated on behalf of the Target business (and vice versa) or entered into any joint agreements with the Target business (and vice versa).
- (i) All contracts of the Target business and the Topps business have been serviced by the business to which they were awarded, except to the extent novated, assigned or subcontracted prior to the commencement date.
- (j) No changes have been made to key staff of the Target business or the Topps business.
- (k) No key staff have been transferred between the Target business and the Topps business.
- (l) All reasonable steps have been taken to encourage all key staff to remain with the Target business and the Topps business.
- (m) Except as permitted by the Order, no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two

businesses, has passed, directly or indirectly, from the Target business (or any of its employees, directors, agents or affiliates) to the Topps business (or any of its employees, directors, agents or affiliates), or vice versa.

- (n) Except as listed in paragraph (o) below, there have been no:
- (i) key staff that have left or joined the Target business or the Topps business;
 - (ii) interruptions of the Target business or the Topps business (including without limitation procurement, production, logistics, sales and employee relations arrangements) that have prevented it from operating in the ordinary course of business for more than 24 hours;
 - (iii) substantial customer volumes won or lost or substantial changes to the customer contracts for the Target business or the Topps business; or
 - (iv) substantial changes in the Target business' or Topps business's contractual arrangements or relationships with key suppliers.
- (o) [list of material developments]
3. Topps or Tiles4Less and its subsidiaries remain in full compliance with the Order and will continue actively to keep the CMA informed of any material developments relating to the Target business or the Topps business in accordance with paragraph 8 of the Order.

INTERPRETATION

4. Terms defined in the Order have the same meaning in this compliance statement.

I UNDERSTAND THAT:

5. It is a criminal offence under section 117 of the Enterprise Act 2002 for a person recklessly or knowingly to supply to the CMA information which is false or misleading in any material respect. Breach of this provision can result in **finances, imprisonment for a term not exceeding two years, or both.**¹
6. Failure to comply with the Order without reasonable excuse may result in the CMA imposing a **penalty of up to 5% of the total value of the turnover** (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom the penalty is imposed.²

¹ Section 117 of the Act.

² Section 94A of the Act.

FOR AND ON BEHALF OF Topps / Tiles4Less

Signature

Name

Title

Date