

**DEROGATION LETTER
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED
PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002
COMPLETED ACQUISITION**

Dear [X]

Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 3 October 2024.

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

We refer to your email and accompanying derogation request memorandum dated 11 December 2024 requesting that the CMA consents to a derogation from the Initial Enforcement Order of 3 October 2024 (the **Order**). The terms defined in the Order have the same meaning in this letter.

Under the Order, save for written consent by the CMA, Topps and Tiles4Less are required to hold the Target business separate from the Topps business and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference.

After due consideration of your request for a derogation from the Order, based on the information received from you and the monitoring trustee the CMA directed Topps and Tiles4Less to appoint and taking account of the particular circumstances of this case, Topps and Tiles4Less may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(a) and 5(l) of the Order

Topps submits that Topps needs access to high-level financial information about the Target business in order to comply with the UK Market Abuse Regulation (**MAR**), the UK listings rules and other relevant UK securities laws and regulations (**Financial Information**).

In particular, under Article 17 of MAR, Topps must promptly announce any inside information about the financial position, trading, and prospects of the Topps group

(including the Target business) that differ from market information (**MAR Obligations**). In addition, Topps requires visibility as to the day-to-day and forecasted cash requirements of the Target business in order to adequately match day-to-day banking facilities with the needs of the Target business.

As such, Topps and Tiles4Less have requested that the CMA grants a derogation from paragraphs 5(a) and 5(l) of the Order to enable Topps to review high-level financial information about the Target to the extent required to comply with MAR Obligations and to enable day-to-day banking decisions to be made.

The CMA consents to the derogation strictly on the basis that:

1. the Financial Information provided to Topps will be limited to the information which is strictly necessary to comply with MAR Obligations and to enable day-to-day banking decisions to be made, and will be aggregated at total Target level (i.e. will not include any store, product or customer-level information) and provided in a template format approved by the CMA;
2. the Financial Information will be collated by [X], who is an Authorised Individual permitted to perform the Financial Tasks approved by the CMA under the Second Derogation Consent Letter of 11 November 2024;
3. the Financial Information will be provided to [X], [X] of Topps, who will sign a compliance undertaking confirming that the Financial Information will be used only for the purpose of complying with MAR Obligations and to enable day to day banking decisions to be made. If the relevant information is determined by [X] to likely constitute inside information, then it would need to first be shared with Topps' professional advisers to confirm it likely constitutes inside information, and then also the wider board of directors of Topps. The Financial Information can then be publicly announced in accordance with MAR Obligations;
4. Appropriate password protection will be applied to documents containing Financial Information that are shared with [X] for the purposes of the derogation; and
5. In the event that any part of the Target business is divested in connection with the CMA's current merger inquiry, the Topps business and Target business shall take all reasonable steps to ensure that any records or copies (electronic or otherwise) of CSI relating to the divested business, wherever they may be held, are destroyed except to the extent that record retention is required by law

or regulation.

6. This derogation shall not prevent any remedial action which the CMA may need to take regarding the transaction.

Yours sincerely,

Matteo Alchini

Assistant Director, Mergers

18 December 2024