

DEROGATION LETTER IN RESPECT OF INITIAL ENFORCEMENT ORDER ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002

Dear [X],

Consent under section 72(3c) of the Enterprise Act 2002 (the Act) 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 derogation request dated 5 February 2025 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 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, as well as from the hold separate manager and the monitoring trustee the CMA directed Topps and Tiles4Less to appoint, and taking account of the particular circumstances of this case, Tiles4Less may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 5(c) and 5(i) of the Order

Tiles4Less requests the CMA's approval for the replacement of [X], the Target's current Head of Human Resources who tendered his resignation on 31 January 2025, by a suitably qualified and experienced candidate. Tiles4Less intends the replacement Head of Human Resources to be engaged on a six-month contract with effect from mid-March 2025 to allow for a sufficient hand-over period prior to the departure of [X], whose last day with the Target is 4 April 2025 (the **Key Staff Change**).

Tiles4Less submits that the Key Staff Change is essential to ensure that a key staff role within the Target is filled by an individual with the necessary skills and experience, and without the Key Staff Change, the Target's business may become less competitive.

The CMA consents to a derogation from paragraphs 5(c) and 5(i) of the Order to allow Tiles4Less to make the Key Staff Change, strictly on the basis that:

- (1) The replacement Head of Human Resources has the necessary experience and expertise for their new role.
- (2) The replacement Head of Human Resources will be fully allocated to the Target business.
- (3) This derogation will not result in any staff transfers between the Topps business and the Target business.
- (4) This derogation will not result in any integration between the Topps business and the Target business.
- (5) This derogation will not result in any disruption to, or impair the viability of, the Target business.
- (6) This derogation will not result in any pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

Yours sincerely,

Matteo Alchini
Assistant Director, Mergers
11 February 2025