

## DEROGATION LETTER IN RESPECT OF UNDERTAKINGS IN LIEU OF A REFERENCE PURSUANT TO SECTION 73(2) ENTERPRISE ACT 2002

Dear [§<],

**Consent to certain actions for the purposes of the Undertakings in Lieu of a Reference (UILs) accepted by the Competition and Markets Authority (CMA) pursuant to section 73(2) of the Enterprise Act 2002 (the Act) on 24 April 2025**

### **Completed acquisition by Topps Tiles Plc of certain assets of Tildist Realisations Limited (formerly CTD Tiles Limited) (the ‘Merger’)**

On 19 August 2024, Topps Tiles Plc (**Topps**) acquired certain assets (including the right to occupy 30 stores, selected stock, fixtures and fittings, all intellectual property, and employees transferred under TUPE regulations), formerly of CTD Tiles Limited (**CTD**). Topps and CTD are individually referred to as a **Party** (and together as the **Parties**).

On 3 October 2024, the CMA served an initial enforcement order under section 72(2) of the Act on Topps and Tiles4Less Limited (the Topps subsidiary through which Topps acquired CTD) (the **Order**). On 17 October 2024, pursuant to the Order, the CMA directed Topps and Tiles4Less Limited to appoint a monitoring trustee (the **Monitoring Trustee**).

On 24 February 2025, Topps offered UILs to the CMA for the purposes of section 73(2) of the Act. On 24 April 2025, the CMA accepted the UILs under section 73(2) of the Act. The terms defined in the UILs have the same meaning in this letter.

Under the UILs, Topps is obliged to minimise as far as possible any risk of loss of competitive potential of the Divestment Sites, and ensure that the CTD Sites are kept separate from the Topps Business. These obligations require that any negotiations with any existing or potential customers and suppliers in relation to the CTD Sites will be carried out separately from the Topps Business and that the Topps Business will not negotiate on behalf of the CTD Sites (and vice versa) or enter into any joint agreements with the CTD Sites (and vice versa).

We refer to the submission made to the CMA and the Monitoring Trustee on 13 June 2025 regarding the Topps Buying Team (defined below) negotiating supply arrangements on

behalf of CTD's stores (including the CTD Sites). After due consideration of this submission, the CMA consents to Topps carrying out the following actions, in respect of the specific paragraph:

### **Paragraph 9.1(i) of the UILs**

The CMA has previously consented to the following Topps individuals receiving SKU-level cost price data from CTD:

- (a) [redacted];
- (b) [redacted];
- (c) [redacted]; and
- (d) [redacted],

(the **Topps Buying Team**).

The Topps Buying Team wishes to use SKU-level cost price data from CTD to negotiate CTD's supply terms, included those of the CTD Sites. Topps submits that this would strengthen the financial viability of CTD by improving its input cost prices, thereby placing CTD, including the CTD Sites, in a more advantageous competitive position.

The CMA consents to a derogation from paragraph 9.1(i) of the UILs to enable the Topps Buying Group to use SKU-level cost price data from CTD to negotiate supply terms on behalf of CTD (including the CTD Sites).

This derogation is granted strictly on the basis that:

- (1) any details derived from Topps' supply price negotiations with suppliers on behalf of the CTD Sites, including the SKU-level cost prices negotiated with suppliers, will be confined to the Topps Buying Team and any other Topps staff members who are authorised to receive this information under other derogations;
- (2) decisions on which items to stock at the CTD Sites will continue to be made exclusively by the CTD Management Team and this derogation will not lead to any changes to the range of products on offer at the CTD Sites being brought about by any Topps staff members;
- (3) no Topps staff members (even if part of the Topps Buying Team) will attempt to influence CTD Management Team decisions on which items to stock at the CTD Sites;
- (4) Topps will not enter into any supply agreements on less favourable terms than CTD already has in place;

- (5) unless first agreed with the CMA by email, Topps will not enter into any fixed-term supply arrangement longer than three months or guaranteed volume supply arrangements that would result in any penalty fees or equivalent for the new owner of the CTD Sites payable after the end of any transitional supply agreement between the new owner of the CTD Sites and Topps;
- (6) this derogation will not result in any disruption to, or impact the viability of, the Divestment Sites.

Yours sincerely,

Matteo Alchini  
Assistant Director, Mergers  
20 June 2025