TOPPS GROUP

TOPPS TILES PLC

Annual Report and Accounts
for the 52-week period
ended 30 September 2023

Contents

Business Overview

Strategic Report

Our Governance

Our Financials

Additional Information

Celebrating **60 years** of Topps Tiles

Inspiring customers through our love of tiles.

This year, Topps Group marks the 60th anniversary of its first tile store opening in Manchester in 1963. Our relentless focus on inspiring customers through our love of tiles, combined with our world-class levels of customer service, has characterised the last 60 years. Today, Topps Group is the largest tile specialist in the UK.

Read more about our **history** on **pages 04 to 07**

2023 has been a successful year for the Group. We have delivered a third consecutive year of record sales, as well as exceeding our market-share goal of "One-In-Five by 2025", two years ahead of its target.

Read more about our **Purpose, Goal and Strategy** on **page 16**

Purpose

The core purpose of the Group is to inspire customers through our love of tiles. This purpose gives our business strategic clarity in that opportunities we pursue leverage our core specialism in tiles and closely associated products.

Goal

The Group's goal is to reach 20% market share by 2025.

Saplewood™ Grey

ONE-IN-FIVE
BY 2025

Group Growth Strategy

Omni-channel

Topps Tiles

Online Pure Play

PRO TILER TOOLS

Tile Warehouse

Commercial

PARKSIDE

Leading Product

Leading People

Environmental Leadership

Culture

We are a community of small teams with big ambitions who trust each other, celebrate success, and put the customer at the heart of everything we do, that's the Topps Group way.

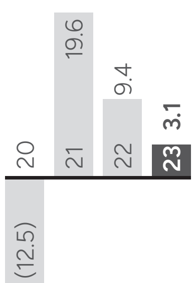
Highlights

Topps Tiles Plc (“Topps Group”, the “Company” or the “Group”), the UK’s leading tile specialist, announces its consolidated annual financial results for the 52 weeks ended 30 September 2023.

Adjusted Measures

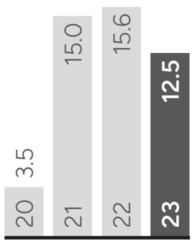
Topps Tiles like-for-like revenue year-on-year[1] (%)

YoY: n/a



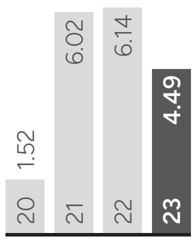
Adjusted profit before tax[2] (£m)

YoY: (19.9)%



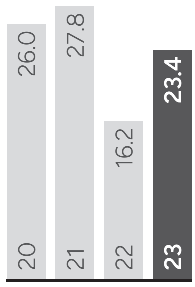
Adjusted earnings per share[3] (p)

YoY: (26.9)%



Adjusted net cash at period-end[4] (£m)

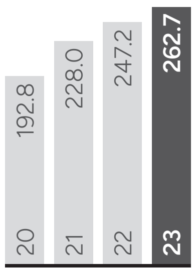
YoY: +£7.2 million



Statutory Measures

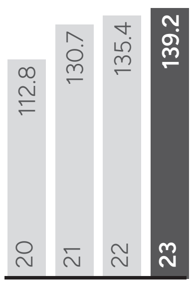
Group revenue (£m)

YoY: +6.3%



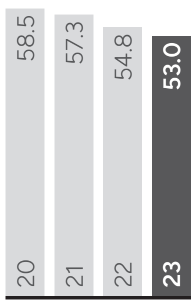
Gross profit (£m)

YoY: +2.8%



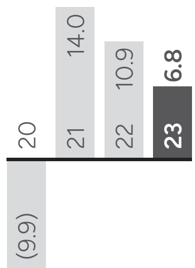
Gross margin (%)

YoY: (1.8) ppts



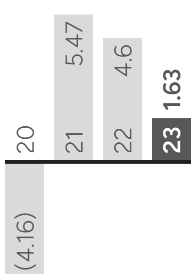
Profit before tax (£m)

YoY: (37.6)%



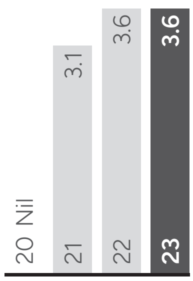
Basic earnings per share

YoY: (64.6)%



Total dividend per share

YoY: Flat



1 Topps Tiles like-for-like revenue is defined as sales from Topps Tiles stores that have been trading for more than 52 weeks and www.toppstiles.co.uk

2 Adjusted profit before tax excludes the impact of items that are either one-off in nature or fluctuate significantly from year to year. See the financial review section of this document for a reconciliation of adjusted profit before tax to statutory profit before tax

3 Adjusted earnings per share is adjusted for the items highlighted above, plus the impact of corporation tax. In 2022, adjusted earnings per share also excluded a £1.2 million deferred tax credit in respect of previous periods, which is not expected to repeat

4 Adjusted net cash is defined as cash and cash equivalents, less bank loans, before unamortised issue costs as at the balance sheet date. It excludes lease liabilities under IFRS 16

Strategic and Operational Highlights

- "One-in-five by 2025" market share goal achieved two years early, with market share increasing to 22.1% from 19.8% in 2022 (restated)
- Third consecutive year of record revenue for the Group
- New Topps Group branding, underscoring the significant development and diversification of the Group over recent years
- Record sales in Topps Tiles, with sales per store up 30% compared to pre-pandemic levels, further improvements to world-class customer service scores, and successful expansion into new product categories
- Good progress in Topps Tiles' gross margin, with quarter-on-quarter growth throughout the year (before rebates and other adjustments)
- Excellent progress in Pro Tiler online pure play businesses, with sales up c. 50% year on year and 8–9% profit margins delivered
- Parkside restructure complete and now profitable in the final quarter
- New Chair appointed and new Senior Independent Director Designate announced.

Principle™ White

Torrano™ Blue

Financial Summary

- Group revenue up 6.3% to £262.7 million
- Group gross profit up 2.8% to £139.2 million
- Group gross margin at 53.0%, with growth through the year driven by increasing margin in Topps Tiles
- Adjusted profit before tax of £12.5 million, decreased due to the impact of cost inflation
- Cash on hand increased by £7.2 million, due to strong operational cash flows and disciplined working capital management
- Strong balance sheet with £23.4 million net cash and £53.4 million headroom within committed borrowing facilities
- Final dividend of 2.4 pence per share, the full year dividend at 3.6 pence, reflecting confidence in the medium-term prospects of the business.

Current Trading and Outlook

- Trading in the early weeks of the new financial year has reflected the well-documented challenges to discretionary consumer spending, especially RMI, including higher interest rates and prolonged high inflation, falling house prices and lower housing transactions
- Softer build into seasonal peak trading period, with Group sales down (3.0%) year on year in first eight weeks of the new financial year, with like-for-like sales in Topps Tiles down (6.1%) and strong growth continuing in Pro Tiler Tools
- Well-positioned to continue to take market share due to competitive advantage, including market-leading brands, world-class customer service, specialist expertise, strong balance sheet, growing cash position and ambitious growth strategy.

1963

The first Topps Tiles opens in Manchester, owned by Ted Derbyshire

1983

Stuart Williams and Barry Bester rapidly expand the Tile Kingdom empire in the South

1990

Tile Kingdom buys and becomes Topps Tiles, creating 40 stores across the UK

1997

Topps Tiles becomes a Plc

2005

The Topps Tiles estate reaches 250 stores

2007

Topps Tiles sponsors Leicester City Football Club and we launch our Youth Sponsorship programme

Celebrating **60 Years** of Inspiring Customers Through Our Love of Tiles

1999

The Topps Tiles estate reaches 100 stores

2003

We win Plc of the year award

2004

We win Plc of the year award – again!

2008

The Topps Tiles transactional website launches. Help for Heroes becomes our chosen charity

Read more about our **60 years** on the next page

Celebrating 60 Years of Inspiring Customers Through Our Love of Tiles continued

2010

We become national sponsor of the ITV weather

2011

Topps Tiles opens a brand new 50,000 sq ft warehouse to fulfil online orders

2017

We enter the commercial market with the acquisition of Parkside

PARKSIDE

2018

Winner of The Tile Association's Excellence in Retail Award

2020

We become the main shirt sponsors of the Leicester Tigers rugby club

PROTILERTOOLS

Tile Warehouse

2015

Topps Tiles announces charity partnership with Macmillan Cancer Support and goes on to raise over £1 million over seven years

2019

Matt Williams steps down after 12 years as Chief Executive and Rob Parker succeeds him; acquisition of Strata Tiles

2022

After raising £1.2 million for Macmillan, colleagues vote to start a new partnership Alzheimer's Society; Topps Tiles Plc grows further with purchase of Pro Tiler Tools in March, and launches Tile Warehouse in May

2023

Topps Tiles turns 60, and starts the year by opening its first eco-mindful store in Guildford

Introducing Topps Group

ROB PARKER
Chief Executive

Welcome to our 2023 Annual Report and our new Group branding. As our business has continued to develop and diversify over recent years, we now think of ourselves as a much broader organisation and have decided that now is the time to fully embrace our Group structure and develop a brand that reflects this.

2023 has been a key year for Topps Group. We have celebrated our 60th anniversary, delivered our third consecutive year of record levels of sales and achieved our 20% market share goal ("one-in-five by 2025") two years ahead of schedule. We are now trading in three related sectors – our omni-channel, market leading Topps Tiles business, our online pure play tile and consumable operations (Pro Tiler Tools and Tile Warehouse), and our commercial market-focused offer (Parkside). The purpose of our new Group identity is to encourage our stakeholders to recognise the business that we now are and also the strategic journey we are on. These stakeholders principally fall into three groups – our colleagues, our suppliers and our Shareholders.

When colleagues join us we would like them to be excited about joining our Group rather than just one part of our operations, and to recognise that the Group can offer them many and varied career opportunities over the time they spend with us. Being a bigger business means we can now provide opportunities to our colleagues that weren't possible just a few years ago.

For our suppliers – supplying the Group now offers more possibilities than were previously available to them. Our commercial terms will be negotiated on a Group-wide basis wherever possible. The growth we have delivered in the scale of our operations is exciting to our suppliers, facilitates their growth, and provides more opportunities for us to work with them in an even more efficient manner.

For our existing and prospective Shareholders, Topps Group encapsulates our ambition and our strategy for our business – to become a diverse ranges of businesses, each of which have our core specialism of tiles (and closely associated accessories) at the heart of everything we do, all delivered through world-class levels of customer service.

In making this change, we haven't forgotten our rich heritage. Topps Tiles has been proudly serving UK consumers since 1963, is the clear UK market-leading business in the domestic tile market, and remains the mainstay of our operations. We celebrate this heritage by retaining the key part of our name in the new branding – Topps Group.

With my very best wishes,

ROB PARKER
Chief Executive, Topps Group

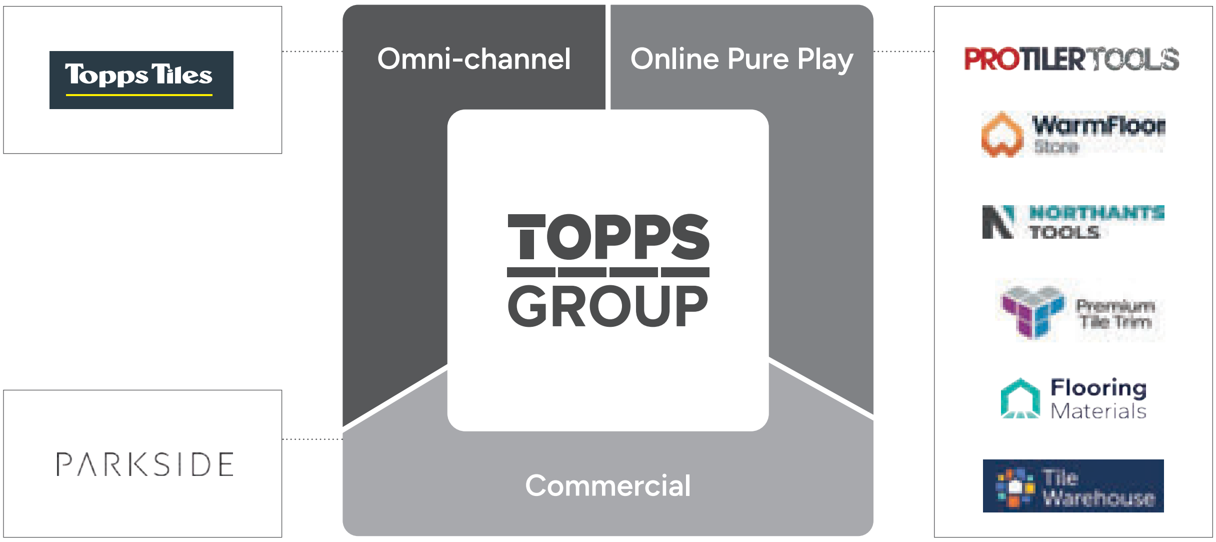
As our business has continued to develop and diversify over recent years, we now think of ourselves as a much broader organisation.

Regal® Smoke Polished

Group at a Glance

For most of our 60-year history, Topps Group consisted solely of the Topps Tiles brand. In recent years, the Group has developed and diversified and now includes three sales channels, offering tiles and associated products to a wide range of customers and clients across all sectors in the UK. This year, the Group has launched a new Group identity to help stakeholders including investors and colleagues understand the scope of Topps Group.

The Group's three sales channels are:



Omni-channel

Topps Tiles

The clear market leader in the UK, Topps Tiles offers specialist product expertise and world-class customer service to trade and homeowner customers through a nationwide store network and an award-winning website.

Product Offering:

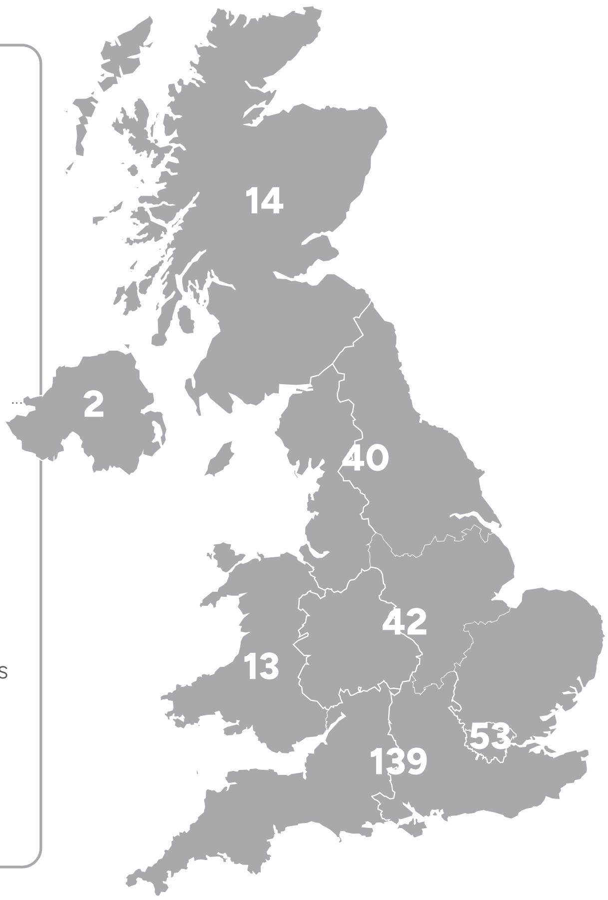
Topps Tiles offers an extensive range, with approximately 2,000 tiles available to order and a wide range of consumable products, including own-brand products. Topps Tiles offers design inspiration including unique products that cannot be found anywhere else, at a wide range of price points.

Customer Base:

Topps Tiles is aimed at both professional fitters and homeowners

Customer Channels:

Topps Tiles trades from 303 stores around the country, the largest specialist store network by far in the UK for tiles. In addition, Topps Tiles has a strong digital capability, and www.toppstiles.co.uk is a multiple award-winning website. A central team in Leicester offers specialist support to our larger customers and our customer service team provides telephone and digital support to our customer base.



Online Pure Play

During 2022, we established a new sales channel, Online Pure Play, which currently consists of two businesses: Pro Tiler and Tile Warehouse. Pro Tiler was acquired by the Group in March 2022 and Tile Warehouse was developed in-house and launched in May 2022.

Pro Tiler

Pro Tiler is an online specialist supplier of consumables and equipment to trade customers. Pro Tiler stocks a broad range of recognised trade brands which appeal to the professional fitter, backed up by extensive product knowledge, which comes from decades of industry and tiling experience of the founders, and their team. Pro Tiler now consists of five online brands – Pro Tiler Tools, Premium Tile Trim, Northants Tools, Warm Floor Store and Flooring Materials.

A controlling 60% shareholding in Pro Tiler Limited was acquired on 9 March 2022. The Group intends to acquire the remaining 40% of the issued share capital from March 2024.

Tile Warehouse

Tile Warehouse is an online-only brand, which offers homeowners a strong value proposition on a focused range of approximately 400 tiles and associated products. The brand focuses on quality tiles at very competitive prices and offers a simple brand proposition, which gives homeowners the confidence, value and choice to tackle their next tiling project.

Commercial

Parkside

Parkside is a specialist tile distributor, aimed at architects, designers and contractors in the commercial market. Parkside became part of the Group in 2017 and has now established itself as a top-five distributor in the sector.

Product Offering:

With access to the Group's scale, tile expertise and relationships with all of the most important suppliers around the world, the Parkside product offering is extremely wide. It offers both design-led and technical solutions, depending on the client's needs.

Customer Base:

Parkside is focused on designers, architects and contractors. It has developed sector specialisms in areas such as retail and leisure, infrastructure and transport, hotels, and residential.

Customer Channels:

In the commercial market, we serve the client through our team of high-quality salespeople. These friendly, creative experts will often have historical relationships with architects and designers based on high levels of mutual trust, established over a sustained period through successful delivery of projects together.

Skandi™ Birch Slat Décor

Investment Case

Reasons to Invest

01

Attractive Market Dynamics

We operate in a large market worth approximately £1.2 billion, with stable long-term demand and minimal disruption from alternative technologies. This year, we achieved our goal of "one-in-five by 2025", meaning a 20% UK market share, two years ahead of our plan. With a 20% share of a fragmented market, we are already the market leader by some distance, but still have lots of headroom to grow.

The UK housing market is older and more under invested than in other European markets, suggesting a strong pipeline of future demand.

Read more about our **market** on **pages 22 to 23**

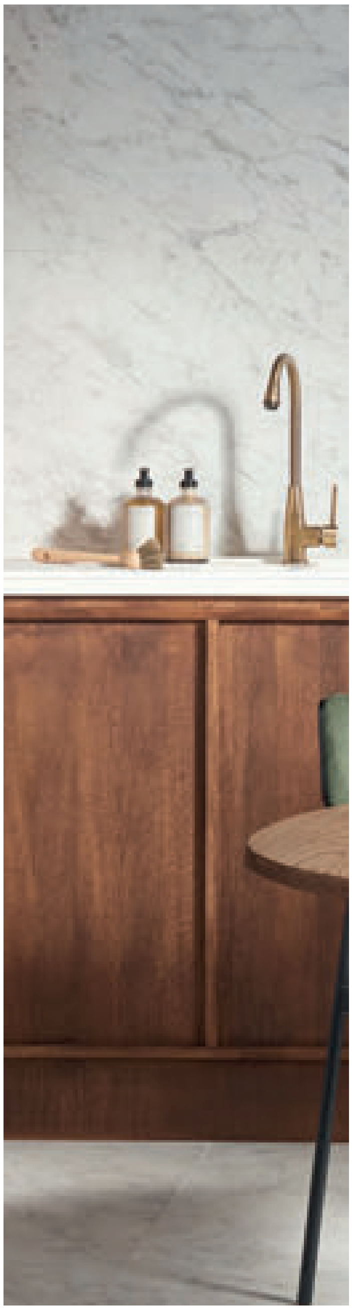
02

Ambitious Growth Strategy

Having achieved our market share goal two years early, we remain ambitious to grow both sales and profits further.

In our omni-channel Topps Tiles brand, we will increase sales densities per store by continuing to offer innovative and inspirational products, largely exclusive to Topps Group, as well as expanding into new product areas, continually developing our digital presence, and delivering world-class service. In our newer businesses, Online Pure Play and Commercial, we will continue to take share as we rapidly grow our scale. All of our businesses have significant growth potential, and all of our businesses are capable of delivering net margins of around 8%.

Read more about our **Group strategy** on **pages 26 to 41**



Novene™ Carrara

03

Strong Balance Sheet

We have cash on the balance sheet, no debt and significant headroom against our banking facilities, which currently are committed to at least October 2026. This provides substantial resilience against any further economic shocks and allows the business to invest for growth.

Read more about our **financial performance** on **pages 48 to 53**

04

Good Cash Generation and Returns to Shareholders

We generate high-quality profits, which convert to cash well due to high gross margins, low working capital requirements and relatively modest levels of capital expenditure. Our capital allocation policy sees dividend payments set at 67% of adjusted EPS, combined with a commitment not to decrease cash payments due to any short-term economic turbulence – a strong sign of confidence.

Read more about our **financial performance** on **pages 48 to 53**

05

Environmental Leadership

We have a goal to be carbon balanced by 2030 and intend to lead the tile industry in environmental credentials. We strongly believe that substantially reducing our impact on the environment is good for the planet and all of our stakeholders.

Read more about our **environmental leadership** on **pages 34 to 35**

Our Strengths

01

Market-leading Omni-channel Customer Proposition

Our multi award-winning website (www.toppstiles.co.uk) has approximately three times the web traffic of our next largest competitor. Almost every customer who visits our stores uses our website in some way, and the majority of website sales involve a store at some stage in the process, giving us a significant advantage over purely online or bricks-and-mortar competitors.

Read more about our **Omni-channel strategy** on **pages 36 to 37**

02

Nationwide Coverage

We are the only tile distributor in the UK to offer full national coverage, trading from 303 locations to offer unrivalled convenience for trade customers and allowing the whole of the UK population to access our products and customer service in person.

Read more about our **Channels** on **pages 36 to 41**

03

Specialist Expertise

We have a real specialism in tiles and associated products, and the scale to leverage it. We are able to buy from all over the world, have unrivalled relationships with suppliers, and work with our suppliers to develop differentiated products, 77% of which are exclusive to us.

Read more about our **Leading Product strategy** on **page 30**

04

World-class Customer Service

When homeowners shop with us, they are often buying a product that is unfamiliar to them, requiring a high level of support and design inspiration. Trade customers require specialist expertise, technical knowledge and stock availability. Across both groups, we are proud of our high service levels – our overall customer satisfaction scores in Topps Tiles of 91.5% are world class.

Read more about our **Leading People strategy** on **pages 32 to 33**

05

Diverse Market Exposure

The Group has developed and diversified in recent years and now operates across three business areas – Omni-channel (Topps Tiles), Online Pure Play (Pro Tiler Tools and Tile Warehouse) and Commercial (Parkside). This allows the Group to sell into the residential market across all price points, to the specialist trade market, to the contractor market and to designers and architects in the commercial market, all while retaining its specialism in tiles and closely related products.

Read more about our **Group strategy** on **pages 26 to 41**

PreKast™ Fern Green

Chair's Statement

PAUL FORMAN
Chair

I'm delighted to welcome you to the 2023 Annual Report for Topps Group, in what is my first Chair's Statement since taking over from Darren Shapland.

I joined the business as Chair because I believe Topps Group combines a number of really attractive characteristics. First, it is the undisputed industry leader, with a long and proud history, particularly relevant in the Group's 60th anniversary year. Second, it enjoys several competitive advantages which are not easily replicated – among others, world-class customer service and deep, specialist product knowledge. Third, the people that I met throughout the recruitment process, from the Executive Management Team to the colleagues working in stores, supply chain and around the business were passionate, transparent and straightforward in my engagement with them. Fourth, and most important, is that I believe that the Group has a fantastic opportunity to leverage this industry leadership and competitive advantage to seize real and sustainable growth opportunities in the coming years, and I am excited to play a part in that.

Stepping into the role of Chair and replacing Darren is not an easy task, given the size of the shoes I am required to fill. Darren served for almost nine years as Chair of the Board of Topps, and oversaw the business's transformation from consisting only of the Topps Tiles brand, to the Group structure in place today. He also led the transition from Matt Williams to Rob Parker as Chief Executive, oversaw the modernisation of the governance structures of the business and supported the management team through the Covid-19 pandemic. Throughout his tenure, he led the Board with good humour and a supportive approach. The Board and the wider business owe him a debt of gratitude.

Purpose, Goal and Strategy

The core purpose for the business is to inspire customers through our love of tiles. This purpose gives the business strategic clarity in that opportunities we pursue leverage our specialism in tiles and associated products.

In the 2020 results, we announced our market share goal, "one-in-five by 2025", which was to grow our share of the domestic and commercial market from 17% to 20% by 2025, thereby accounting for £1 in every £5 spent in our market in the UK. Given that the market for tiles and associated products is substantial – some £1.2 billion – the achievement of this goal challenged us to grow the business materially. Since then, we have made consistent progress every year towards the delivery of the goal. This year, against what has been a difficult market environment (see the Marketplace section of this report for more details), I'm very pleased that the business has delivered the goal, two years ahead of schedule, recording a market share in 2023 in excess of 22%.

The strategy that has enabled delivery of this goal has continued to evolve over recent years as the Group has developed and diversified. The three trading elements of the Group – Topps Tiles, our market-leading omni-channel business, Parkside, our commercial brand, and Online Pure Play, containing Pro Tiler Tools and Tile Warehouse – are supported by three key Group-level strategic levers, Leading Product, Leading People and Environmental Leadership. Please see the Strategic Review for an extensive discussion of our strategy, business model and progress.

Performance

Revenues increased to £262.7 million, 6.3% higher than last year, and the third consecutive record year in a row for sales, on the back of significant market share gain as described. Adjusted profit before tax was impacted by inflationary costs, at £12.5 million (2022: £15.6 million) and adjusted earnings per share were 4.49 pence (2022: 6.14 pence). Net cash at year-end increased by £7.2 million at £23.4 million, including strong operational cash flows and working capital benefits. The Group retains a very strong balance sheet, giving it great financial resilience and positioning it well for any market recovery. A full discussion of our financial performance can be found in the Financial Review section of this Report.

Dividend

In 2022, we updated our capital allocation policy, which included increasing the payout ratio of adjusted EPS through ordinary dividends. We said that we would target a 67% payout of adjusted earnings per share, but would also look to maintain dividends at an absolute level despite any short-term performance or macroeconomic issues, even if that means increasing the payout ratio above 67% in some years. As such, we are recommending a final dividend of 2.4 pence per share, which will maintain the full-year dividend at 3.6 pence per share and shows the Board's confidence in the medium-term prospects for the business.

The Board

Other than my appointment to the Board in July 2023, and Darren Shapland's retirement at year-end, there have been no further changes in the Boardroom this year. The Board evaluation process suggests that the Directors have highly complementary skills and are performing effectively. In line with best practice, all Directors will be standing for re-election at the 2024 AGM and I would invite the support of all Shareholders.

As communicated last year, Keith Down, our Senior Independent Director and Chair of the Audit Committee, will reach nine years in post during 2024. I was pleased that the Board was recently able to announce the appointment of Denise Jagger as SID Designate from February 2024. Denise is an experienced Non-Executive Director, with a very strong track record in relevant non-executive roles in both public and private businesses, stretching over 25 years, and will succeed Keith as SID following the AGM in January 2025. The process of appointing a successor for Keith in his role as Chair of the Audit Committee will be a key focus for the Nomination Committee in 2024.

Chair's Statement
continued


Matrix® Olive Green

Corporate Governance
As with last year, I am pleased to confirm that all Non-Executive Directors are independent, and the Board is fully compliant with the UK Corporate Governance Code. The Board continues to develop and I am pleased that it continues to function well, making good progress in its development plan. The Group benefits from the wide range of senior level and sector expertise contained on the Board, which has served us well through the various challenges of recent years.

Shareholder Engagement
The Board values the opportunity to engage with Shareholders and we have devoted significant time to this over the last year. I welcomed the opportunity to meet all of our large Shareholders as part of my induction programme shortly after joining the business. Our engagement programme includes our Executive Management Team meeting with Shareholders to discuss performance on a regular basis, as well as providing opportunities for larger Shareholders to meet with me, as well as Keith Down, our SID, and other Directors as required. We will continue to ensure suitable opportunities for engagement continue for all Shareholders moving forward.

AGM
The Board was grateful for the support of Shareholders at the 2023 Annual General Meeting ("AGM") and I look forward to meeting more Shareholders in January 2024 at my first meeting. The Corporate Governance Report explains the process and background to the resolutions being proposed and I invite Shareholders to read that section of the report for more information.

Kelham Loft™ Chalk

Our People

The world-class service given across the Group can clearly only be delivered through world-class people. A key focus for the Board is to engage with colleagues across the business, from Board presentations delivered by the Executive Team, to store visits to meet colleagues. The process of engagement is described in the Leading People and Section 172 sections of this report, including the role played by Kari Daniels as our Employee Engagement Director. This year in particular, where the team has delivered the "one-in-five" goal, my heartfelt thanks go out to all of them for their hard work, skill, and expertise.

Matrix® Olive Green, Adalene™ Maple

Summary

In 2023, Topps Group delivered a third consecutive year of record sales, as well as achieving the 20% market share goal two years ahead of schedule, and making good strategic progress in a number of other areas.

Although the outlook for the wider economy remains challenging, we are well positioned to continue to take share as a business and are in a very robust financial position. As such, the business, and the Board, look to the future with confidence.

I hope you enjoy reading this report.

PAUL FORMAN
Non-Executive Chair of the Board

Strategic Report

Principle™ Blue, Complements™ Soft Copper Straight Edge Trim

Topps Group encapsulates our ambition and our strategy for our business – to become a **diverse ranges of businesses**, each of which have our core specialism of tiles at the **heart of everything we do**, all delivered through world-class levels of customer service.

Rob Parker, Chief Executive

Marketplace

UK House Prices and Transactions

Source: Nationwide, HMRC

Consumer Confidence

Source: GFK

The UK Tile Market

The UK tile market splits into two broad sectors – domestic, accounting for around 55% of the market, and commercial, accounting for the remaining 45% (source: Mintel). The domestic market includes the repair, maintenance and improvement of residential properties and the commercial market includes commercial building projects including infrastructure, as well as new build residential property, including housebuilding. Within Topps Group, Topps Tiles and Tile Warehouse are largely focused on the domestic market, Parkside is focused on the commercial market, and Pro Tiler Tools serves trade customers and contractors who may be working across either, or both, of these markets.

An external survey of the tile market is published by Mintel each year. It covers the whole of the UK tile market, based on manufacturer and supplier data. The 2023 report estimates the size of the UK tile market in 2023 at £351.7 million, measured at MSP (manufacturers' selling prices), which is 12.8% down from Mintel's market estimate for 2022 of £403.4 million and for 2021 of £392.4 million. Both of these years benefited substantially from the "home improvement boom" following the pandemic but, with increasing pressure on consumers as a result of high inflation, falling real wages, high interest rates and pressure on house prices, 2023 has proved a much tougher environment. This has put pressure on industry players and resulted in some store closures around the country. Mintel's projection for 2024–2026 is for modest growth, of 2.4% in 2024, then 3.0% in 2025 and 4.0% in 2026, which is similar to general expectations for the economy over the next period.

At selling prices, we estimate the tile market across the domestic and commercial sectors to be in the region of £700 million annually. Across all products sold in Topps Group, we estimate that the addressable market size is around £1.2 billion.

Domestic Tile Market

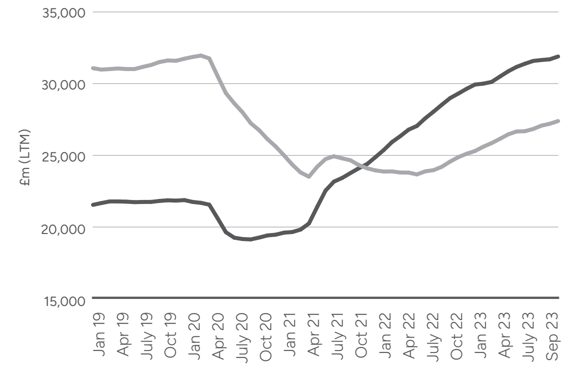
The domestic tile market is large and offers long-term potential – of the 23.7 million dwellings in England, the average age is around 71 years, giving a significant and growing need for repair, maintenance and improvement spend. Of the 23.7 million homes, 15.5 million were owner occupied, 4.3 million were private rented, 1.5 million were local authority and 2.4 million were housing association homes (source: 2021–22 English Housing Survey, DLUHC).

The "home improvement boom" described above followed a very poor period for domestic demand in 2020, which was due to the Covid-19 pandemic. However, from 2021, a number of factors were particularly favourable for the domestic market, resulting in robust demand. These factors included people spending more time in their home, while at the same time having a restricted choice for their economic activity, a boost to housing prices and transactions through reduced stamp duty and low interest rates, and substantial excess savings built up through the lockdown period. As such, the market was buoyant from the spring of 2021 into 2022.

However, from the latter part of 2022 and then into 2023, a number of negative market factors have increasingly weighed on sentiment. Consumer confidence has been negative for all of 2023, averaging -34 over the financial year, albeit on an improving trajectory over most of the year (source: GFK).

ONS Market Size

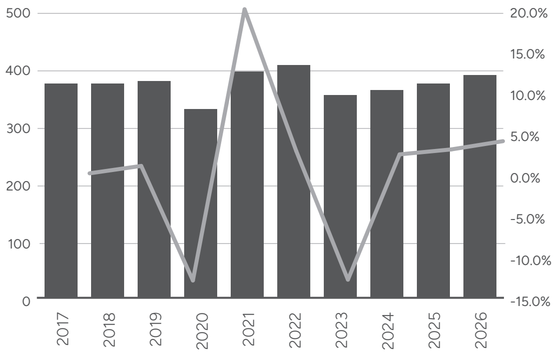
Source: ONS



● Private Housing RMI
● Private Commercial New Work

Mintel: UK Ceramic Tile Market at MSP

Source: Mintel



● Market Size at MSP £m
● YoY Change %

UK housing prices are often a useful indicator of our market. In a rising market, homeowners tend to feel more affluent and are more confident in spending money on their homes. However, after peaking in August 2022, house prices have been falling, and as at September 2023, are 5.8% lower than this peak at £258,000, although this remains significantly higher than the average house price in 2021 of £238,000 (source: Nationwide).

A further key driver of the customer decision to take on a home improvement project is buying or selling a home; housing transactions are, therefore, a useful indicator of likely future demand. Transactions in 2023 were at relatively low levels of 1.08 million, down from 1.22 million in 2022 and 1.55 million in 2021 (source: HMRC).

Overall, these factors, alongside more general macroeconomic influences such as real wage declines and high interest rates have led to a subdued market in 2023.

Total construction output for private housing repair, maintenance and improvement ('RMI') across all product types increased by 8.8% year on year on a value, non-seasonally adjusted basis (2022: increased by 21.6%) (source: ONS) although the Mintel data described above suggests that this growth was in areas other than tiles.

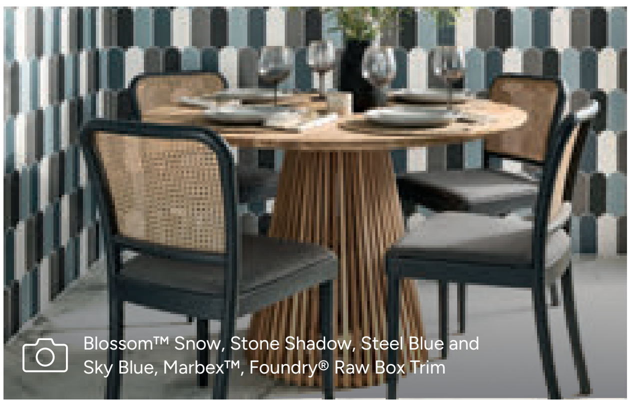
Commercial Tile Market

The UK commercial tile market is fragmented and regionalised with only a small number of scale competitors. The smaller competitors tend to specialise in certain sectors of the market – examples being transport, restaurants, automotive, leisure, offices or higher-end residential.

Our success in this market results from appealing to both designers and architects, with our quality and differentiated offer, and to contractors, who may require larger quantities of products, in short timescales. Our Parkside business is able to service both categories: we can leverage our access to differentiated products through our supplier relationships, as well as utilise the Group's buying advantage and stock-holding position to support volume sales.

The commercial tile market was hit hard by Covid-19 and, unlike the domestic sector, is still some way off recovering to pre-pandemic levels. Market performance remains highly varied by sub-sector, and by client within each sub-sector, and we have seen differing activity levels across retailers, restaurant brands, hotel, construction and developer clients.

Total construction output for the new build private commercial work across all product types increased by 10.1% year on year on a value, non-seasonally adjusted basis (2022: increased by 2.3%) (source: ONS).



Blossom™ Snow, Stone Shadow, Steel Blue and Sky Blue, Marbex™, Foundry® Raw Box Trim

Business Model

Key Resources

People
World-class customer service is a core strength, and as a result, our team of people is one of our most valued assets. We aim to provide our customers with high-quality advice and inspiration, as well as technical knowledge and a strong service ethic, and to do this successfully we need highly engaged specialist teams around the Group that can support our customers and clients.

Technology
As an omni-channel business, our digital presence is key. Our award-winning website is regularly updated to add more value for customers. With the addition of the Online Pure Play channel, we also now have a number of standalone online businesses, supported by the latest digital platforms.

Brands
The Topps Tiles brand was founded in 1963 and, with its rich history, has strong brand recognition across the UK, (with approximately 25 times the level of unprompted awareness as the next highest tile specialist). The Parkside brand has 40 years of heritage in the commercial sector. Last year we acquired Pro Tiler Tools, which was founded in 2008 by a family of tilers and is extremely well-regarded within the trader community, and launched our newest brand, Tile Warehouse, as we continue to grow the Group. There are relatively few product brands in tiles, making the brand of the retailer or distributor very important for customers and clients. As a result, our brands are some of our most important assets.

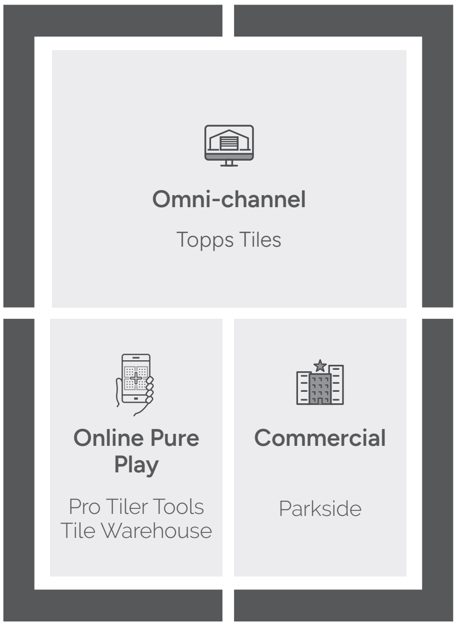
Store Network
For our omni-channel Topps Tiles business, stores remain our primary channel to market, and almost all of our customers will visit a store at some point during their purchase. We operate from 303 stores across the UK with an average footprint of 5,000 sq ft, however, the inherent flexibility in our operating model enables us to trade successfully from 3,000 sq ft up to 10,000 sq ft. Our store portfolio operates predominantly on a leased basis with an average unexpired lease term of approximately three years, giving us flexibility to manage the portfolio.

Flexible Supply Chain
We source our products directly from manufacturers on a global basis, with a focus on building long-term strategic relationships with our manufacturing partners, while allowing flexibility including the ability to resource products from around the world as we react to any changes in local conditions. Our buying scale allows us to develop product ranges with leading tile manufacturers that are genuinely innovative, and to source them on an exclusive basis. Our investment in our supply chain includes our 150,000 sq ft of warehousing space in Leicester and a fleet of 21 commercial vehicles, together with the standalone supply chain infrastructure supporting Pro Tiler Tools. This gives us an unrivalled control over our inventory and delivery capability.

Key Activities

Topps Group is home to UK tile retail and distribution brands including Topps Tiles, Pro Tiler Tools, Parkside and Tile Warehouse.

Our foremost retail brand Topps Tiles stands as the nation's largest specialist distributor of tiles and associated products by a significant margin. The Group's strength lies in its ability to provide substantial support to all its brands, enabling them to cater to their respective customer segments with expertise and dedication. We are united by our love of tiles and this drives our commitment to excellence across the whole Group.



Read more about our **Channels** on pages **36 to 41**

How We Add Value

The core purpose of Topps Group is to inspire customers through our love of tiles.

We put customers at the heart of what we do with three pillars:

Leading Product

We develop and produce differentiated products that are innovative, of high quality and exclusive to Topps Group.

Leading People

The Group's success is underpinned by industry-leading levels of customer service.

Environmental Leadership

We challenged ourselves with an ambitious goal of becoming carbon neutral across Scope 1 and 2 by 2030.

Read more about our **strategy** on **pages 30 to 35**

Value We Deliver

Customers

We deliver value to our homeowner customers at Topps Tiles by combining differentiated products with excellence in customer service, the convenience of a nationwide store network and world-class websites. This is combined with competitive pricing to ensure that all of our customers receive great value. Our other brands delivery value through their own respective market positions, from the commercial to the domestic sector.

Colleagues

We invest significant amounts of time, effort and money each in the recruitment, retention and development of our colleagues. In Topps Tiles stores, commission payments often form a substantial part of our remuneration and our overall reward package is designed to support and maintain our high standards of customer service. Other brands have their own rewards structures and we have a package of benefits that apply across the Group.

Suppliers

Our scale enables us to form long-term relationships with many of the world's largest manufacturers of tiles and related products, and we often work collaboratively with them to develop new products, guaranteeing supply for them and securing exclusive products for us. Our strategic supplier base accounts for 25% of our purchases and many of our supplier relationships are built on decades of mutual success.

Shareholders

We aim to deliver sustainable growth in shareholder value. A part of this is through dividend payments and our capital allocation policy sees our dividend payments set at 67% of adjusted EPS, with flexibility embedded into the policy to try to deliver flat, or increasing, dividends for Shareholders through the economic cycle.

Society

We are part of more than 300 local communities around the country. We play a full part in these communities, from providing employment opportunities to engaging in charitable activity and sponsoring local sports teams. We are proud to partner with Alzheimer's Society as our lead charity partner.

Read more about our **Stakeholders** on **pages 54 to 58**

Our Strategy

ROB PARKER
Chief Executive

2023 has been a further year of development and progress for the Group. In our 60th anniversary year, we were delighted to achieve a number of significant milestones as well as making substantial strategic and operational progress across the business. The Group has delivered a third consecutive year of record sales, thereby achieving our market share goal, two years ahead of schedule.

This goal, which we set for the business in 2020 and refer to as "one-in-five by 2025", was to take a 20% market share by 2025, up from 17% at that time. This year, we increased our market share by 2.3 percentage points, to 22.1% of the £1.2 billion market for tiles and related products in the UK, and, therefore, achieved our goal in just three years, rather than five.

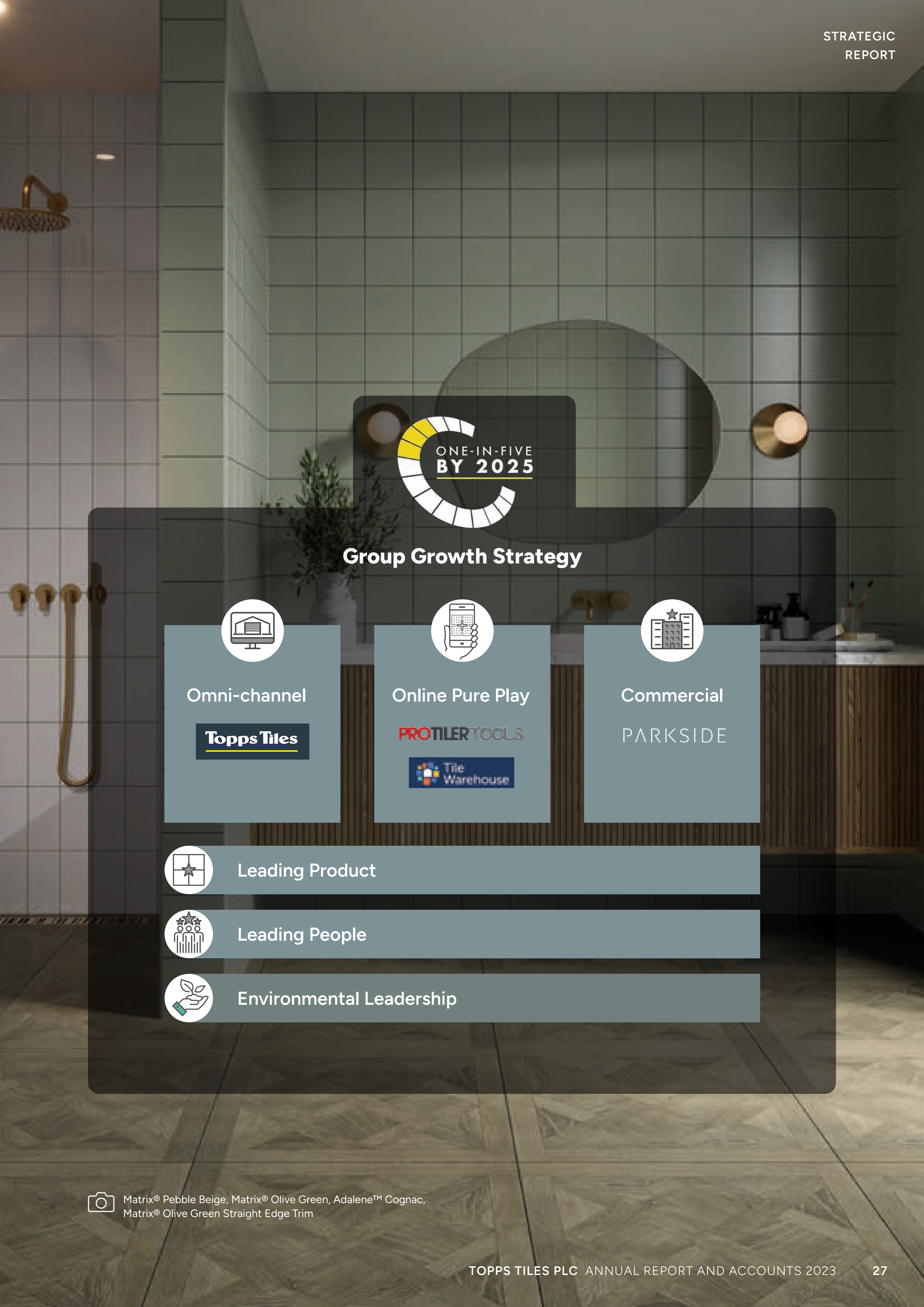
Financial performance in 2023 was robust. Including a full year of performance from our Online Pure Play businesses, sales were up 6.3% year on year to a new record of £262.7 million (2022: £247.2 million), more than £40 million higher than in 2019 (the last year before the pandemic). Gross profit was up 2.8% to £139.2 million, also a record for the Group. Gross margins were lower year on year as a result of business mix and FX movements, but trended upwards through the period as the most acute levels of product cost inflation abated. Adjusted operating expenses were 5.7% higher as a result of inflation and a full year of the cost base relating to Online Pure Play, partially offset with lower costs from fewer stores year on year, and a cost reduction programme in Parkside. Adjusted profit before tax of £12.5 million was down year on year (2022: £15.6 million), reflecting the inflationary impacts on costs, and adjusted EPS was down from 6.14 pence last year to 4.49 pence. The Group's cash generation in the year was strong, with growth in cash of £7.2 million over the year, further increasing the strength of the Group's balance sheet. The full-year dividend is being maintained at 3.6 pence per share, in line with our capital allocation policy, with the Board able to look through short-term periods of macroeconomic weakness with confidence about the Group's medium-term prospects.

Topps Tiles, our largest brand, had a good year, generating like-for-like sales growth of 3.1% on the back of two exceptional years of growth. Total sales were £230.9 million (2022: £227.0 million), a record for the brand, and with average sales per store now up 30% compared to the pre-pandemic period of 2019. The business continued to extend its range of products and achieved world-class customer satisfaction scores while doing so. Gross margins improved sequentially over the course of the year, with each trading quarter recording higher gross margins (excluding rebates and other adjustments) than the last. Cost control has been strong over recent years, with virtually all operating cost inflation since 2019, including energy and labour costs, offset through efficiencies and the optimisation of our store network.

Pro Tiler Tools, acquired in March 2022, delivered excellent sales growth and strong profitability, and, alongside Tile Warehouse, recorded sales of £22.4 million in 2023 in our Online Pure Play channel, up from £9.3 million in the part-year period last year. We are continuing to pursue aggressive growth in this area of business and have launched two new businesses and increased the range of proprietary brands available to our trade customers in the last 12 months.

Parkside, our commercial business focused on architects and designers, delivered a reduced level of sales of £9.4 million (2022: £10.9 million). Following a period of losses, the business was restructured at the end of the third quarter, and moved back into profitability in quarter four. Parkside is now well set for future growth from a sound financial base.

Headwinds from last year, primarily supply chain difficulties (both logistics and availability of supply) and recruitment have now eased, with staff turnover substantially down year on year, stock availability is at good levels and cost of shipping is now returning to pre-pandemic levels.



ONE-IN-FIVE
BY 2025

Group Growth Strategy

Omni-channel
Topps Tiles

Online Pure Play
PRO TILER TOOLS
Tile Warehouse

Commercial
PARKSIDE

- Leading Product
- Leading People
- Environmental Leadership

Matrix® Pebble Beige, Matrix® Olive Green, Adalene™ Cognac,
Matrix® Olive Green Straight Edge Trim

Our Strategy
continued

Emberton™ Ivory

Having been developed and diversified significantly over recent years, the business now trades in three related sectors of the UK market for tiles and associated products – our omni-channel, market leading Topps Tiles business, our online pure play tile and consumable operations (Pro Tiler Tools and Tile Warehouse), and our commercial market-focused offer (Parkside). To reflect this broader base and the strategic journey we are on to continue to grow our share of the total UK tile market, we believe the time is right to establish a new identity as Topps Group.

Topps Group retains the rich heritage of Topps Tiles, which has been serving UK consumers since 1963 and is the clear UK market-leading business in the domestic tile market, while also encapsulating our ambition and our strategy to build a diverse ranges of businesses, each with its own specialism within the market for tiles and closely associated products. The new identity underscores the greater breadth of opportunities for our key stakeholders, including colleagues, suppliers and shareholders. For colleagues, this includes a broader range of career opportunities; for suppliers, the greater scale of Group-wide sourcing arrangements; and for shareholders, the continued successful evolution and growth of the Group.

Purpose, Goal and Strategy

The core purpose of Topps Group is to inspire customers through our love of tiles. This gives us a very clear focus on our specialism in tiles and associated products, and encourages all our colleagues to be passionate about the products we sell. It also puts our customers at the heart of what we do, and reminds us that all roles in the Group are either serving customers directly or supporting those colleagues that are.

As previously described, this year the Group achieved its 2025 goal, two years ahead of schedule. We now account for 22.1% of the £1.2 billion market for tiles and associated products. However, we believe that there is much more that the Group can deliver, both in sales and profit.

The Group's strategy remains spread across three business areas – Omni-channel (Topps Tiles), Commercial (Parkside) and Online Pure Play (Pro Tiler and Tile Warehouse) – all of which are underpinned by the same three Group strategies of Leading Product, Leading People and Environmental Leadership.

Cadence™ Teal, Skandi™ Oak Plank

Our Strategy
continued

Leading Product

Our expertise in the ranging, sourcing and procurement of tiles and associated products on a global basis is a core specialism of the Group, and a significant driver of our competitive advantage. Our scale allows us to work directly with carefully selected manufacturing partners from all around the world to develop and produce differentiated products that are innovative, of high quality and, often, exclusive to Topps Group. These direct relationships set us apart from many of our competitors who tend to be more reliant on importers, and may not enjoy the cost advantage or creative input that direct supplier relationships give us.

This year we have seen a normalisation of many of the factors that have negatively impacted global supply chains in the past two years. Shipping costs and capacity are trending towards pre-pandemic levels, HGV driver availability has normalised, strikes impacting some ports have been resolved and the reduction in global gas prices and raw material costs has eased pressure on manufacturers. The two main impacts on Topps Group from this improving situation are first that we ended the year in the strongest position for stock availability since the pandemic, and second that we have been able to reduce our requirement for sub-contractors within our driver network. .

We have also remained flexible in our approach to developing new supplier relationships and reviving old ones in the year, particularly as we actively resourced product from geographies less impacted by inflationary and supply chain pressures.

Partly as a result of this active management, our strategic supplier base accounted for a lower mix of purchases in 2023 at 66% (2022: 73%), although our ability to leverage long-term relationships with suppliers and logistics partners has also remained key throughout this period.

We have also retained our focus on new product Development ('NPD'), with 63 new product introductions in the year (2022: 34 new products). We protect the intellectual property and design assets we create through partner exclusivity and design registration. Overall, 77% of ranges in Topps Tiles are either exclusive or own brand (2022: 76%), which forms a key part of our competitive advantage. This year, in our Topps Tiles business, we have extended our product offering in areas such as luxury vinyl tiles, brought in a new range of everyday mid-priced products to sit alongside our Get the Look for Less ranges, extended our own brands such as Dex™, our tiling tools brand aimed at the general builder and DIY enthusiast, started rolling out new categories, such as shower panels and larger format tiles, and launched new branding for Everscape™, our outdoor tiles range.

Tile Warehouse has continued to evolve its range and price points, and Pro Tiler Tools has extended its range of proprietary brands, including listing Kubala tools and the Weber adhesive brand. Through Parkside, we continue to supply an industry-leading breadth of range, including many exclusive products, into the Commercial sector.

Cappuccino Stone Effect Laminate Hydrolock Wall Panel,
Cemente™ Steel

Our Strategy
continued

Leading People

All of the businesses within Topps Group are supported by our Leading People strategy. Our product specialism requires both technical knowledge and inspirational selling, with customers ranging from architects to tradespeople and homeowners. This variety means that we require our colleagues to be able to work and communicate effectively across these customer groups, which requires high levels of capability and engagement. Our Leading People strategy retained its focus on four areas: recruitment and retention, colleague experience, capability, and well-being, with the addition of a fifth area during the year to reflect a renewed focus on diversity, equity and inclusion through our "One Topps" strategy.

We have made excellent progress on recruitment and retention over the course of the year, with colleague turnover down 7.9 percentage points year on year to 28.6%. Good progress has been made in reducing churn in key roles such as Topps Tiles store manager and assistant manager, as well as a reduction in the number of colleagues who leave within three months of joining the business, all as a result of a focus on improved recruitment and onboarding processes. Our colleague retention (the percentage of colleagues who stay with the business for a year or more) has increased from 77% in 2022 to 80% this year. Our positive culture, based on small teams with big ambitions, who have high levels of trust and celebrate success, is also a big part of working for Topps Group and a key reason why colleagues choose to stay with the business.

Our colleague experience is best measured by our My Voice survey. This year, 1,382 colleagues took part, the highest ever level of colleague participation, and an 85% response rate (up 6 percentage points against the last survey in 2021). Overall engagement was at 78% (2021: 80%; 2019 pre-pandemic: 75%) with particularly strong scores around our teams knowing what behaviours and tasks are expected of them, together with a very strong sense of being committed to our customers.

We invest in capability through a combination of formal training and on-the-job learning, often delivered through our learning experience platform, "Thrive". Highlights this year include the launch of our Selling Brilliantly campaign, where some of our most successful store colleagues share their own ideas about how to consistently deliver superb customer service through videos, which have been watched thousands of times across the business. We are proud to promote internally wherever possible, and this year 70% of candidates appointed to management positions were internal promotions (2022: 65%).

Well-being continues to play a major role in our strategy, with a particular focus this year on mental health and financial health. This year, line managers have been trained on mental health awareness and our mental health first aiders continue to play a key role in the business. Our hardship fund and loans continue to support colleagues' financial health where necessary.

This year, we have launched a new important part of our Leading People strategy, focusing on diversity, equity and inclusion, called "One Topps". Starting with female colleagues and colleagues of ethnicity, we will hold focused listening groups to help us understand the lived experience of a wide range of colleagues.

Case Study

This year our Leading People strategy had a large focus on colleague experience as we sought to reduce levels of turnover experienced following the "great resignation" after the Covid-19 pandemic.

We recognise that our "leading people" in store are those who are engaged and capable, which provides world-class customer service and drives sales conversion, therefore, we started by identifying that our Service Specialists were most likely to leave in the first 12 months of joining. Store Manager turnover had increased, resulting in a wealth of knowledge and experience leaving the business.

For Service Specialists, based on manager and Exit Interview feedback, we discovered this was due to lack of clarity and candidate experience through the hiring process and an inconsistent onboarding process.

As a result, our recruitment team worked closely with hiring managers on hiring right first time to ensure that all candidates had an understanding of the expectations of the role, and the store, by having an informal visit with the team, as well as helping them understand what they could expect to earn in commission.

In parallel, we undertook a review and refresh of our induction process to create the Fast Start Induction, which was tailored to all roles in store from Service Specialist to Store Manager. This was via a structured induction programme combining e-learning with regular line manager updates.

This helped accommodate various learning styles and layered knowledge each day and week to facilitate a successful end to a colleagues probation period. The digital aspect of the induction was designed by our L&D developers using our Thrive LXP platform, which allows us to update easily as the business changes but also based on feedback from colleagues.

To ensure relentless focus we also introduced Induction Champions, comprising a team of experienced Deputy and Store Managers, and "Welcome to the Business" calls with the Regional Directors of Sales to engage new starters, helping them feel part of the team, supported, and connected to the wider business.

For Store Managers, we used the Apprenticeship Levy to aid professional development and saw our first cohort of the Level 4 Retail Management qualification. We also created promotion opportunities, and in FY23 we saw three of our four Area Sales Manager vacancies filled by Store Managers.

Through this focus, retail year-on-year turnover at the end of FY23 was 29.2% (-9.4%), Store Manager turnover was 14.6% (-2.2%) and Service Specialist turnover was 41.0% (-12.2%).

We continue to work on our pillars of colleague experience, capability and well-being, while focusing on hiring well, comprehensive but fast onboarding, and providing continued opportunities for learning and development.

Turnover %	2022 peak %	FY22 %	FY23 %	YoY % diff
Group	38.8	36.5	28.6	-7.9
Retail	40.6	38.6	29.2	-9.4
Store Managers	24.3	16.8	14.6	-2.2
Service Specialists	55.5	53.2	41.0	-12.2

Skandi™ Birch Plank, Skandi™ Birch Slat Décor

Our Strategy
continued

Environmental Leadership

Leading our industry in terms of our environmental credentials is becoming ever more important. This is the third year that Environmental Leadership has been embedded in our Group strategy and we have continued to make good progress. Our strategy is based around two pillars – carbon reduction and circularity – underpinned by strong governance.

We remain committed to carbon neutrality in Scope 1 and 2 by 2030, which will be achieved through decarbonisation together with offsetting. Complete decarbonisation will require electrification of all vehicles and store heating systems and, therefore, will require significant technological innovation, however, there is still much we can do in the interim, as described in detail in the Sustainability Report within the Annual Report and our Task Force on Climate-related Financial Disclosures ('TCFD').

This year, we have agreed a new 100% renewable electricity contract, installed 914 solar panels onto the roof of our main office and warehousing facilities in Leicester, (which should generate approximately 70% of the site's electricity needs), launched an energy aware campaign to promote energy saving practices among colleagues, and increased the electric/hybrid car mix in our company car fleet to 51% (2022: 24%). Further plans are in place for 2024 including a trial of HVO diesel replacement fuel in our transport fleet, examining opportunities for solar panels across some of our store network, and developing our Scope 3 reporting in conjunction with Normative, the acclaimed carbon consultancy.

Environmental Leadership

Carbon | Circularity

Governance

Circularity is largely concerned with waste, recycling and product innovation. This year, we have exceeded our target to reduce the amount of tile waste generated across the business (through damage, store display changes, and so on), delivering a year on year reduction of 12%, or 303 tonnes. We have also seen an increase in sales of tiles that have a 50% or greater recycled content by 21.8% year on year. This included the launch of Principle™, a tile made from a remarkable 91.3% of recycled industrial waste, among the highest levels globally, and the continued expansion of Regenr8™, our eco-adhesive, which contains up to 53% recycled content. We are also focused on pallet recovery and reducing packaging materials across the supply chain. Underpinning these initiatives is a strong governance structure, with Chief Executive Rob Parker leading at a Board level and also chairing the Sustainability Council, a cross-functional committee tasked with innovating and implementing ideas, which will support our environmental goals.

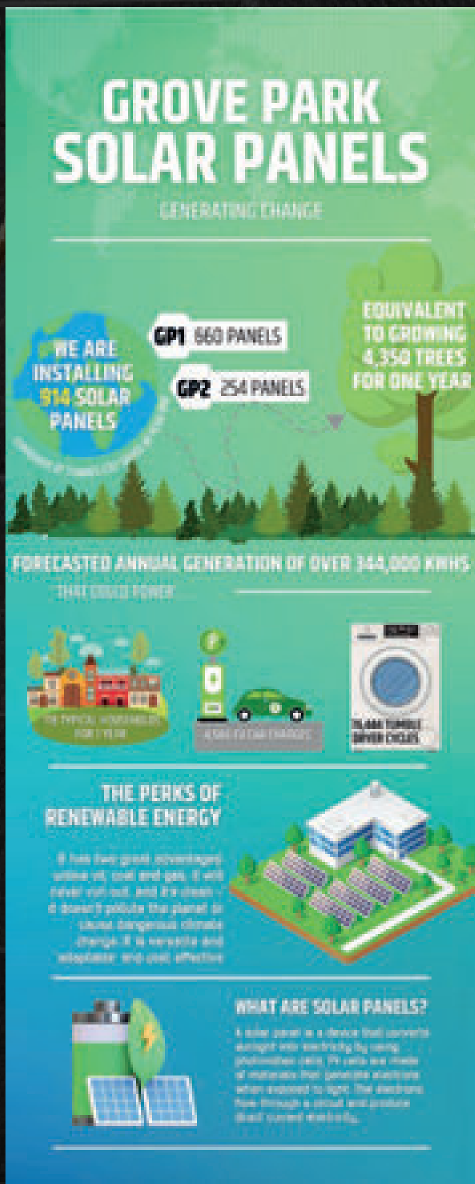
Case Study

As part of the Group's Environmental Leadership strategy, the Grove Park 1 and 2 ('GP1' and 'GP2') distribution warehouses were allocated as potential investment opportunities for photovoltaic solar arrays. Grove Park's grid electricity usage was the highest of the entire estate, and its large roofs offered ideal unused space to site solar panels (100,000 sq ft and 50,000 sq ft). Following a detailed tender process, forecast generation and payback modelling, Perfect Sense Energy was appointed to install and commission new photovoltaic solar systems on both warehouse buildings.

The project features a total of 914 solar panels, forecast to generate over 344,000 kWh per year, equivalent to a saving of 87 tonnes CO_2 based on the average emissions intensity of the UK grid*. Commissioning in May 2023, both systems have generated more than 160,000 kWh to date, providing over 61% of the electricity demand for GP1 and GP2 within this period (data correct as of 27/09/2023).

As a result of the success of the project, we are exploring further renewable energy opportunities throughout the estate for FY24.

* Location-based methodology. The Group electricity tariff for FY23 was renewable (excluding NI stores and Pro Tiler), meaning our market-based Scope 2 emissions were minimal



Staunton™ 3D Multicolour

Omni-channel

Topps Tiles

Topps Tiles opened its first store in 1963 and, 60 years on, is the leading, omni-channel tile specialist in the UK, focused on the domestic RMI market, and still retaining significant opportunities for further profitable growth.

2023 saw another year of strong progress in Topps Tiles. Sales of £230.9 million were once again at record levels, £3.9 million higher than the previous record set in 2022, with like-for-like sales growth of 3.1%. Sales per store were 30% higher than the pre-pandemic period of 2019 as a result of the successful store rationalisation programme, which saw customers transfer from closed stores, as well as market growth and self-help measures such as new product category launches.

The Topps Tiles brand has high levels of brand recognition and, with more than three times as many stores as the next specialist competitor, it enjoys a very strong national presence. This year, we conducted proprietary research through a third-party market research agency, to measure this recognition. On an unprompted basis, against our tile specialist competitors, Topps Tiles has around 25 times greater brand recognition. Even when prompted, Topps Tiles has approximately 2.4 times more brand awareness than the next tile competitor. The research also found that customers have more favourable sentiments about Topps Tiles if they have ever visited a store. Given our world-class customer service, this was reassuring but not unexpected. This year, Topps Tiles' overall customer satisfaction scores increased again, up 1.6 percentage points year on year to 91.5%, meaning that 91.5% of the 16,000 customers who filled in a survey in the year gave Topps Tiles a 5* review. When combined with 4* reviews, the score increased to 98% of customers.

Our customer mix continues to be one of professional trade customers and homeowners. We have been actively growing our sales to trade customers in recent years and last year 59.6% of sales were to trade customers (2022: 58.9%). The relationship between the two groups is very close – often a professional installer will use a Topps Tiles store as an extension of their own workspace, visiting the store with the customer or referring them directly to us. A key strength of the Topps Tiles operating model is that both customer groups can use the different elements of the brand in different ways.

For homeowners, the omni-channel nature of the Topps Tiles offer is key. Our award-winning website plays a key role in their purchasing journey, with customers using the website for initial research, inspiration, or to transact. Almost all homeowners also interact with our stores at some stage, for advice, customer service, to transact or to collect their orders at the most convenient time for them. Online sales made up 19% of tile sales to homeowners in the year, comparable to other retailers in our industry, and we continue to invest in our digital platforms. This year, we have improved the site speed, redesigned the samples purchasing journey, implemented guest check out, added new payment methods and many other improvements.

For trade customers, we offer differentiated pricing, bulk deals, a loyalty scheme and increasing numbers of proprietary brands, but most importantly, the convenience of over 300 local stores, enabling traders to form strong relationships with colleagues, built on trust and high levels of technical advice and service. In recent years we have also established a trade contracts team to manage higher value sales to our larger customers. This part of the business allows for a further route into the Commercial tile market, in addition to our Parkside business.

At the end of the year, the Topps Tiles store estate consisted of 303 stores (2022: 304 stores), following one closure in the year and three relocations. The flexibility of this estate remains key, and the average unexpired lease term to the next break opportunity is just 2.9 years (2022: 2.8 years), or 2.8 years excluding strategically important stores (2022: 2.6 years). Following a reduction in store numbers in recent years, the management of lease exits and assignments has been a key focus area. At year-end, there were just five closed Topps Tiles stores remaining in the estate, with a further two leases with expiry dates before the end of the first half of 2024. Another key aspect of estate management has been the renegotiation of leases during their term, which has been very successful in a number of instances, securing our tenure in profitable sites while generating upside through reduced rent.

We continue to invest in the Topps Tiles store estate and have converted another eight stores to our "Superstore" format this year, taking the total to 41. These stores offer the widest breadth of product and high-quality amenities, and are performing well following what was a relatively modest investment. Our 14 clearance stores continue to provide even greater value to customers, while providing an operational outlet for discontinued lines. Our 248 core stores continue to deliver an excellent products and service to both homeowner and trade customers and we will continue to invest in our store network to support our future plans and new product roll out in 2024.

Topps Tiles has had another strong year, delivering another year of record sales, a further increase in world-class customer satisfaction scores, and seeing further improvements in our digital offering and our physical store estate.

Blossom™ Snow, Stone Shadow, Steel Blue and Sky Blue, Foundry® Raw Box Trim

Our Channels
continued

Commercial

Parkside

Parkside is a specialist tile distributor, aimed at architects, designers and contractors in the commercial market. Becoming part of Topps Group in 2017, it is now a top-five competitor within the sector.

After five sequential years of sales growth, sales in Parkside in 2023 of £9.4 million were down 13.8% year on year, with the market remaining substantially smaller when compared to the pre-pandemic period. Given a weaker period of trading in the first half, and the lack of an expected near-term market recovery, a business improvement plan was implemented in the third quarter of the year. As a result, approximately 35% of the cost base of the business was removed, largely through a reduction in headcount of about 45%. The focus was on retaining the sales while driving efficiency.

As a result of this restructure, no material clients have been lost and the business was profitable in each of the final three months of the financial year. Parkside has now been right-sized and is positively focused on delivering consistent profitable growth in this large and attractive market, which is almost the same size as the residential RMI market. The ambition for Parkside is to utilise the scale and expertise of the Group to create a business delivering at least £20 million of profitable sales in the Commercial tile market.

Sunnyside Café, London Stansted Airport (Parkside)

The Orator members' club, Cambridge (Parkside)

Our Channels
continued

Online Pure Play

Pro Tiler brands and Tile Warehouse

Our Online Pure Play business now consists of six brands. Five of them (www.protilertools.co.uk, www.premiumtiletrim.co.uk, www.northantstools.co.uk, www.warmfloorstore.co.uk, www.flooringmaterials.co.uk) are trade-focused, digital-only consumables and tools brands, operated by the Pro Tiler management team. Tile Warehouse is a homeowner-oriented, value-focused, digital-only tiles business, offering a complementary positioning to Topps Tiles. In total, Online Pure Play delivered sales of £22.4 million, up from £9.3 million in the post-acquisition period of 2022. Sales were up 52% year on year when compared to the previous 12-month period, including the period before acquisition of Pro Tiler Limited.

Since the acquisition of 60% of the equity in Pro Tiler Limited in March 2022, the business has delivered an excellent performance, and Pro Tiler Tools is now well established as the market-leading player in this sector. This year, sales and profit growth has been strong, driven by continuous improvement to all aspects of the offer, including listing more trade-focused brands such as Raimondi, Kubala Tools and Weber, an enhanced service proposition including extended opening hours, and delivering more growth through larger customers. Pro Tiler is an excellent fit with Topps Group, with shared ethos around product knowledge twinned with high levels of customer service.

The business is highly respected by trade customers, with over 5,000 reviews online, and an average score of 4.8/5. It also delivers good financial returns, with net margins of 8–9% already being achieved despite gross margins of around 30%. The remaining 40% of the shares in Pro Tiler Limited will be acquired following the end of the earn-out period in March 2024.

In addition, this year, two further brands have been launched under the leadership of the Pro Tiler team. Warm Floor Store is a specialist underfloor heating business and Flooring Materials supplies professional floor fitters with everything needed to fit a variety of floor coverings, including vinyl, lino, carpet, tile and wood. Both are in their early stages but represent an opportunity to leverage a core digital skill set and trade-focused service proposition to different markets. In all, the Pro Tiler brands represent at least a £30 million sales opportunity for the Group.

Tile Warehouse has been operating for just over a year and provides an entry into the £100 million online pure play tile market. It offers a core range of quality tiles at very competitive price points, utilising the Group's scale, supplier relationships, financial strength and digital expertise. Progress in the first year has been slower than planned, reflecting the impact of a variety of technical issues and offer refinements. Following recent changes to the management team, the business has been refocused, and we expect stronger progress to be made in 2024. We continue to believe that the brand offers the prospect of £15 million of annual sales in the medium term.

PROTILERTOOLS

Pro Tiler Tools ('PTT') serves professional tradespeople in the tiling industry, while also catering for pavers, landscapers, bathroom fitters, plumbers, builders and DIY enthusiasts. Industry-renowned for stocking an extensive range of tiling essentials at fantastic trade prices, PTT specialises in providing unbiased advice, ensuring customers purchase the right tiling tools and materials for the job. With an unmatched product offering from industry-leading brands, at a variety of price points, the website provides customers with an easy-to-navigate, hassle-free shopping experience. Busy tradespeople who value quality and efficiency in their work can order all of their tiling tools and materials in one place.

WarmFloor Store

Warm Floor Store is the one-stop-shop for everything underfloor heating, offering a wide selection of electric and water underfloor heating systems, along with essential components. Warm Floor Store caters to tradespeople, providing expert guidance and product specifications.

Premium Tile Trim

Premium Tile Trim is a leading UK supplier and trusted source for high-quality tile trims and profiles, prioritising a hassle-free online shopping experience, alongside expert advice and speedy deliveries, Premium Tile Trim predominantly serves homeowners and DIY enthusiasts.

NORTHANTS TOOLS

At Northants Tools busy tradespeople can buy all their tiling-related tools online in one place, with competitive trade prices, finance available, and a broad range of products from trusted brands.

Flooring Materials

Flooring Materials supplies professional floor fitters and DIY enthusiasts with everything needed for the smooth preparation and installation of a variety of floor coverings, including vinyl, lino, carpet, tile and wood.

Tile Warehouse

Tile Warehouse is all about making online tile buying simple for the value-conscious customer. As part of the UK's largest tile buying group, Tile Warehouse enjoys strong relationships with the leading tile manufacturers from around the world, bringing the homeowner the highest-quality tiles at the lowest possible prices, together with an equally competitively priced range of quality tiling tools and accessories.

Atro™ White, Torrano™ Blue

Happy **60th Birthday** Topps Tiles

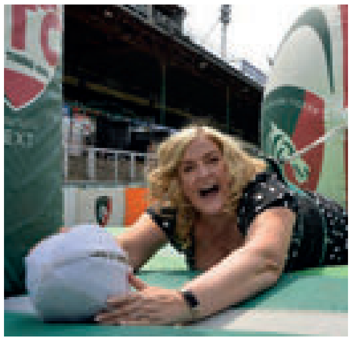
This year saw the 60th anniversary of Topps Tiles.

From the Company's beginnings with the opening of the first Topps Tile Centre store in Manchester in 1963, it has grown to Topps Group with 303 retail stores, a Commercial business and two Pure Play companies.

The birthday year was marked in numerous ways – from a family fun day held at the home of Leicester Tigers, to a celebratory lunch for the 60 longest-serving colleagues, who between them had clocked up a total of 1,463 years of service. Each was presented with a 60th birthday paperweight in recognition of their commitment to the Company.

A heritage edition of our colleague magazine Quartile was produced and presented to each colleague, along with commemorative mugs featuring our new Group branding and 60th birthday logo.

Our Leicester support office was also thrilled to receive a visit by UK Prime Minister Rishi Sunak, who toured the facilities and held a question and answer session with colleagues and invited guests.



Happy 60th Birthday Topps Tiles
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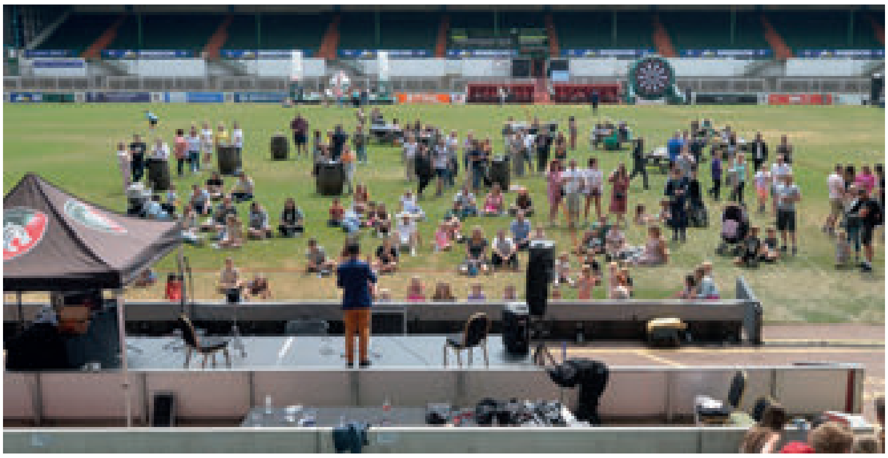
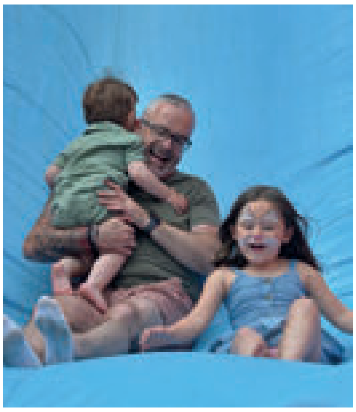
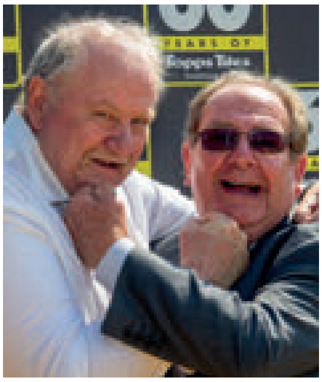
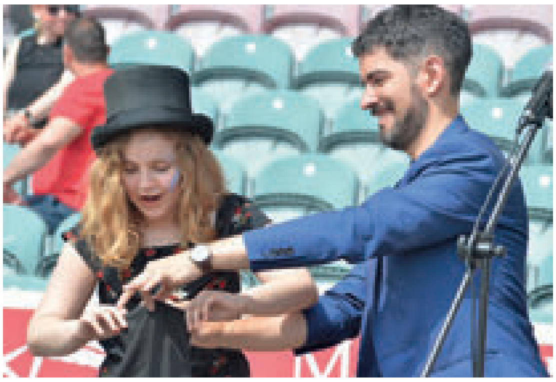








A 60 For 60 charity campaign in aid of our charity partner Alzheimer's Society was held in the summer of 2023, and invited colleagues to set themselves a fundraising target of £60.

A total of nearly £17,500 was collected to help people with dementia and their carers.


15
17

Key Performance Indicators

The Board monitors a number of financial and non-financial metrics and KPIs both for the Group and by individual store. This information is reviewed and updated as the Directors feel appropriate.

Financial KPIs

Group revenue growth year on year

6.3%

52 weeks to 1 October 2022: 8.4%
YoY: n/a

Topps Tiles like-for-like sales growth year on year*

3.1%

52 weeks to 1 October 2022: 9.4%
YoY: n/a

Group gross margin

53.0%

52 weeks to 1 October 2022: 54.8%
YoY: (1.8) ppts

Adjusted profit before tax*

£12.5m

52 weeks to 1 October 2022: £15.6m
YoY: (19.9)%

Adjusted earnings per share*

4.49p

52 weeks to 1 October 2022: 6.14p
YoY: (26.9)%

Adjusted net cash*

£23.4m

52 weeks to 1 October 2022: £16.2m
YoY: +£7.2m

Inventory days

107

52 weeks to 1 October 2022: 126
YoY: (19) days

This year, an additional non-financial KPI has been included, the square metres of tiles sold in Topps Tiles. This metric essentially measures the volume performance of our key product, and is regarded by the Board as a key metric.

Non-Financial KPIs

Square metres of tiles sold by Topps Tiles (thousand)

4,569

52 weeks to 1 October 2022: 4,804
YoY: (4.9)%

Topps Tiles customer overall satisfaction score

91.5%

52 weeks to 1 October 2022: 89.9%
YoY: +1.6 ppts

Colleague turnover

28.6%

52 weeks to 1 October 2022: 36.5%
YoY: (7.9) ppts

Carbon emissions per store (tonnes per annum)

16.9

52 weeks to 1 October 2022: 15.6
YoY: +8.3%

Number of Topps Tiles stores at year-end

303

52 weeks to 1 October 2022: 304
YoY: (1)

Ludgate™ White, Ludgate™ Black

* As defined in the Financial Review

Notes: Customer overall satisfaction scores are calculated from the responses we receive through our TileTalk customer feedback programme. Overall satisfaction ('OSAT') is the percentage of customers that score us five in the scale of one–five, where one is highly dissatisfied, and five is highly satisfied. Energy carbon emissions have been compiled in conjunction with our electricity and gas suppliers. This is based on the actual energy consumed multiplied by Environment Agency approved emissions factors. Vehicle emissions have been calculated by our in-house transport team based on mileage covered multiplied by manufacturer quoted emission statistics. Carbon emissions per store for 2022 vary slightly from the result previously reported (15.5) as we are now reporting CO_2e rather than CO_2, as per SECR requirements.

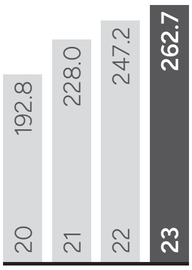
Financial Review

STEPHEN HOPSON
CFO

The 2023 financial year covers the 52 weeks to 30 September 2023. The previous financial year covers the 52 weeks to 1 October 2022. Overall, the year saw strong sales growth, including a meaningful contribution from the newer businesses within Topps Group, profits reflecting the impact of inflationary pressures, good cash generation, and the maintenance of a very robust balance sheet.

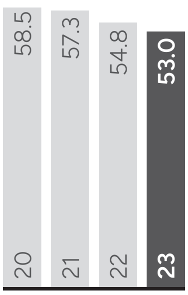
Group revenue (£m)

YoY: **+6.3%**



Gross margin (%)

YoY: **(1.8) ppts**



Adjusted Measures

The Group's management uses adjusted performance measures, to plan for, control, and assess the performance of the Group.

Adjusted profit before tax differs from the statutory profit before tax as it excludes the effect of one-off or fluctuating items, allowing stakeholders to understand results across years in a more consistent manner. In line with the prior year, we have included the business-as-usual impact of IFRS 16 in adjusted profit but continue to adjust for any impairment charges or impairment reversals of right-of-use assets, derecognition of lease liabilities where we have exited a store, and one-off gains and losses through sub-lets. In the period 2022–2024 we will also exclude the cost relating to the purchase of the remaining 40% of shares in Pro Tiler Limited, which we expect to make from March 2024, which under IFRS 3 is treated as a remuneration expense, rather than a cost relating to the acquisition of the relevant shares. This cost is significantly higher year on year, both because it relates to a full-year period in 2023 compared to a part-year period in 2022, and because the performance of the Pro Tiler Tools business has continued to improve over time. We have also excluded costs relating to the store closure programme, which ended in 2022, as well as restructuring costs.

An analysis of movements from adjusted profit before tax to statutory profit before tax is presented below:

	2023 £m	2022 £m
Adjusted profit before tax	**12.5**	15.6
Property		
Vacant property and closure costs	**(1.1)**	(1.7)
Store impairments and lease exit gains and losses	**0.2**	(0.7)
	(0.9)	(2.4)
Business development		
Pro Tiler Tools deal costs	**–**	(0.2)
Pro Tiler Tools share purchase expense	**(4.1)**	(1.6)
Tile Warehouse set up costs	**–**	(0.5)
Restructuring and other one-off costs	**(0.7)**	–
	(4.8)	(2.3)
Statutory profit before tax	**6.8**	10.9

Adjusted earnings per share is adjusted for the items listed above, as well as the impact of corporation tax. In 2022, adjusted earnings per share also excluded a £1.2 million deferred tax credit in respect of previous periods which is not expected to repeat. Further information is given in the earnings per share note to the accounts.

Statement of Profit or Loss

Revenue

Total revenue for the 52-week period increased by 6.3% to £262.7 million (2022: £247.2 million). Revenue consolidated into the Group accounts by business area was as follows:

(£m)	**2023**	2022	Variance
Topps Tiles	**230.9**	227.0	+1.7%
Parkside	**9.4**	10.9	(13.8)%
Online Pure Play*	**22.4**	9.3	+141%
Group	**262.7**	**247.2**	**+6.3%**

*Online Pure Play includes Pro Tiler Tools and its associated brands, which were acquired in March 2022, and Tile Warehouse, which was launched in May 2022

Topps Tiles like-for-like sales were 3.1% higher than the prior year, which consisted of a 4.3% increase in the first half of the financial year and a 1.9% increase in the second half.

Total revenue in Topps Tiles was up 1.7% year on year to £230.9 million, a record for the brand. There was one store closure and three relocations in the year and the brand finished the trading period with 303 trading stores (2022: 304 stores). On average, Topps Tiles traded from 304 stores over the year (2022: 310 stores).

In the commercial market, sales to our clients through Parkside were down 13.8% year on year to £9.4 million. The Group consolidated a full year of sales from Pro Tiler Tools following its acquisition in March 2022, as well as full year of trading from Tile Warehouse, leading to revenue from Online Pure Play of £22.4 million, compared to a part-year period in 2022. When compared to the previous 12-month period, including the period before acquisition, sales in Online Pure Play were up 52.0% year on year, a very strong result.

Gross Margin and Gross Profit

Group gross profits increased 2.8%, or £3.8 million to £139.2 million, including a £0.9 million increase relating to Topps Tiles and a £2.9 million increase relating to Parkside, Pro Tiler Tools and Tile Warehouse

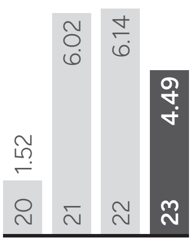
Group gross margin as a percentage of sales decreased 1.8 percentage points year on year to 53.0%, with improvement throughout the year as inflation pressures abated (H1 gross margin: 52.8%, H2 gross margin 53.3%).

The change in gross margin on an annual basis was due to three main factors. 1.2 percentage points of the overall fall of 1.8 percentage points was due to changing business mix, specifically the growth in Online Pure Play, which operates at a structurally lower gross margin than the rest of the Group. In addition, there was a 0.8 percentage point fall due to mark-to-market movements on unrealised foreign currency transactions and retranslation of monetary items, and a gain of 0.2 percentage points due to other factors, including improvements in the gross margins in the individual brands.

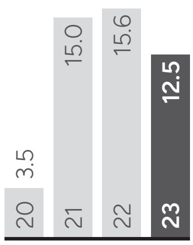
The mark-to-market and retranslation movements in the year were driven by the revaluation of our forward

Financial Review
continued

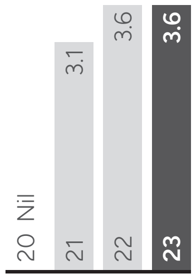
Adjusted earnings per share[1] (p)
YoY: **(26.9)%**



Adjusted profit before tax[2] (£m)
YoY: **(19.9)%**



Total dividend declared (p)
YoY: **Flat**



currency contracts, under which we contract to buy foreign currency in advance of our requirements. As the pound recovered from its lows against the dollar and euro in late September 2022, these contracts are revalued, resulting in a significant non-cash charge in the year. In addition, monetary items such as foreign currency and trade payables are revalued based on the exchange rates in place at the end of the trading period.

Gross margin within the Topps Tiles brand grew year on year and, as expected, improved with each trading quarter showing higher gross margins (excluding rebates, FX and other adjustments) than the last. The margin in Topps Tiles has been impacted by higher shipping and product costs in recent years, however, these pressures have now abated, or in some cases, reversed, leading to an improvement in gross margins over the financial year.

Operating Expenses

Operating expenses were £128.1 million compared to £120.6 million in 2022. Excluding adjusting items, which were explained above, operating expenses increased from £116.0 million in 2022 to £122.6 million in 2023.

The £6.6 million increase in adjusted operating expenses is explained by the following key items:

	£ million
2022 adjusted operating expenses	**116.0**
Cost inflation	5.5
Store space	(1.3)
Parkside cost reduction	(1.0)
Online Pure Play	3.1
Other	0.3
2023 adjusted operating expenses	**122.6**

Cost inflation relates to a wide range of the cost base, including increases to people, energy, property, IT, insurance and other central costs. Store space refers to savings from operating an average of 304 stores in 2023 compared to 310 in 2022. Parkside cost reduction includes the business restructure carried out in the year and Online Pure Play reflects the cost base of the business being included for a full year, compared to approximately six months in 2022 in the period following the acquisition of Pro Tiler Tools and the launch of Tile Warehouse.

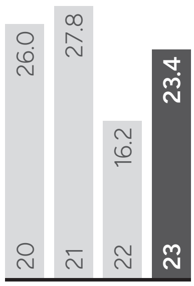
The Group has maintained a strong focus on cost management over recent years, and has managed to offset virtually all of the inflationary pressures since 2019, including payroll and energy inflation, through a combination of the profitable store closure programme and other self help measures, as shown below.

This bridge combines operating costs and interest due to the transition from IAS 17 to IFRS 16 reporting over this period. In 2019, operating expenses relating to Parkside were excluded from adjusted profit, so the table below restates 2019 operating expenses to include the cost base of Parkside at that time:

	£ million
2019 adjusted opex and interest (Topps Tiles and Group costs only)	**117.0**
2019 Parkside opex	4.2
2019 restated (Topps Tiles, Parkside and Group costs)	**121.2**
2019 restatement due to SaaS accounting changes	0.3
Inflation 2019–2023	13.3
Net savings including store closures and efficiency programmes	(13.1)
2023 adjusted opex and interest (ex change in Parkside and Online Pure Play)	**121.7**
Change in Parkside and Online Pure Play cost base 2019 to 2023	5.0
2023 adjusted opex and interest (Group)	**126.7**

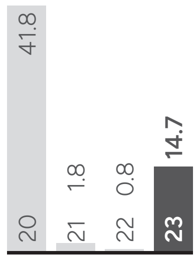
Adjusted net cash at period-end[3] (£m)

YoY: **+£7.2 million**



Free cash flow (£m)

YoY: **+£13.9 million**



1 Adjusted earnings per share is adjusted for the items highlighted, plus the impact of corporation tax. In 2022, adjusted earnings per share also excluded a £1.2 million deferred tax credit in respect of previous periods, which is not expected to repeat

2 Adjusted profit before tax excludes the impact of items, which are either one-off in nature or fluctuate significantly from year to year. See the financial review section of this document for a reconciliation of adjusted profit before tax to statutory profit before tax

3 Adjusted net cash is defined as cash and cash equivalents, less bank loans, before unamortised issue costs as at the balance sheet date. It excludes lease liabilities under IFRS 16

Finance Income and Costs

Total net finance costs were £4.3 million (2022: £3.9 million), consisting of interest receivable on credit balances of £0.3 million (2022: £0.1 million), interest income from finance lease receivables of £0.1 million (2022: £0.1 million), interest payable on lease liabilities of £4.2 million (2022: £3.6 million), discount unwind costs of £0.2 million (2022: £nil) and amortisation of banking fees relating to the revolving credit facility of £0.3 million (2022: £0.4 million).

Profit Before Tax

Excluding the items detailed in the Adjusted Measures section, adjusted profit before tax was £12.5 million (2022: £15.6 million. The Group adjusted profit before tax margin was 4.8% (2022: 6.3%) as a result of the lower gross margins and higher adjusted operating expenses described previously.

On a statutory basis, profit before tax was £6.8 million (2022: £10.9 million), with the year-on-year decline particularly impacted by the accounting treatment of the Pro Tiler Limited share purchase expense under IFRS 3.

Tax

On an adjusted basis, the effective rate of corporation tax for the period was 24.9% (2022: 21.8%), driven by the increase in the UK Corporation Tax rate from 19% to 25% from 1 April 2023.

The effective rate of corporation tax for the period on a statutory basis was 42.5% (2022: 16.0%). The statutory rate of tax is substantially higher than previous years because the Pro Tiler Limited share purchase expense is not treated as an allowable expense from a tax perspective, instead it is treated as an acquisition of shares. This position will normalise following the completion of the share purchase following March 2024. The tax expense in the prior year included a one-off deferred tax credit of £1.2 million, which is excluded from adjusted earnings per share metrics.

Earnings Per Share

Adjusted earnings per share were 4.49 pence (2022: 6.14 pence). Basic earnings per share were 1.63 pence (2022: 4.60 pence). Diluted earnings per share were 1.61 pence (2022: 4.55 pence).

Dividend

In 2022, the Board outlined a new Capital Allocation and Dividend policy. In the Policy, the Board indicated that it expected to increase the dividend by 2023 to 67% of the adjusted earnings per share generated in the year. The policy was designed to have some flexibility and, in particular, the Board indicated that it did not intend to reduce the dividend year on year due to short-term performance or macroeconomic issues, even if that meant increasing the payout ratio in some years. As such, this year the Board is proposing a final dividend of 2.4 pence, bringing the full-year dividend to 3.6 pence, in line with last year and representing 80% of adjusted earnings per share.

The shares will trade ex-dividend on 21 December 2023 and, subject to approval from Shareholders at the Annual General Meeting in January 2024, the dividend will be payable on 2 February 2024.

Financial Review
continued

Enderby House Hotel, Greenwich Peninsula, London (Parkside)

Statement of Financial Position

Capital Expenditure

Capital expenditure in the period amounted to £4.2 million (2022: £3.2 million), an increase of £1.0 million year on year.

Key investments were as follows:

- Topps Tiles stores – including three relocations, store improvements, merchandising and maintenance – £3.5 million
- LED store improvement programme £0.4 million
- Group IT developments £0.3 million.

The Board expects capital expenditure in the year ahead to be between £6 million and £8 million. This compares to an average of £8.1 million in the four years before the pandemic (2016 to 2019) and is broadly in line with depreciation and amortisation of property, plant and equipment and intangible assets, respectively. This amount will cover our core investment plans – any acquisitions that the Group may consider as part of its growth plans would be additional to this guidance.

Inventory

Inventory at the period-end was £36.4 million (2022: £38.6 million) representing 107 inventory days (2022: 126 inventory days). The significant reduction in inventory days is driven by both a reduction in inventory days and absolute inventory value relating to Topps Tiles and the increase in business mix relating to Pro Tiler Tools (which has a materially lower number of inventory days due to its operating model).

Cash Flow Statement

The Group's cash balance increased in the period by £7.2 million from £16.2 million at the start of the financial year to £23.4 million at the year-end.

The table below analyses the Group's adjusted cash flow:

	2023 £m	2022 £m
Cash generated by operations, including interest and capital elements of leases, before WC movements	**18.9**	18.5
Changes in working capital	**3.4**	(11.0)
Capital expenditure	**(4.2)**	(3.2)
Disposals	**–**	0.2
Interest	**0.1**	(0.3)
Tax	**(3.3)**	(3.5)
Other	**(0.2)**	(0.1)
Free cash flow	**14.7**	0.8
Acquisition of Pro Tiler Limited, net of cash and debt acquired	**–**	(4.4)
Dividends	**(7.5)**	(8.0)
Change in adjusted net cash	**7.2**	(11.6)
Adjusted net cash at the start of the period	**16.2**	27.8
Adjusted net cash at the end of the period	**23.4**	16.2

The business continues to generate good levels of cash from operations, including a working capital inflow in the year of £3.4 million driven by a reduction in inventory, a slight reduction in receivables, and a minor increase in payables. With £4.2 million of capital expenditure, well under the level of depreciation and amortisation of plant, property and equipment and intangible assets, respectively, the business generated free cash flow in the year of £14.7 million. Even after an increased level of dividend payments year on year, overall cash balances increased by £7.2 million to £23.4 million by year-end.


Kelham Loft™ Crimson

Looking forward, 2024 is forecast to include a working capital inflow due to the year end date falling before the end of September, worth approximately £7.0 million, however, the purchase of the remaining 40% of shares in Pro Tiler Limited will also be made in the new financial year, largely offsetting this inflow.

Return on Capital Employed

The Group's return on capital employed, including the impact of leases, decreased from 17.3% in 2022 to 15.7% in 2023, due to a 14.1% year on year reduction in adjusted operating profit. Strong cash generation led to a reduction in lease adjusted capital employed of 15.7%, or £18.2 million over the financial year, including a £7.2 million increase in adjusted net cash, a £2.6 million reduction in total equity, and a £8.4 million reduction in lease liabilities year on year. The Group defines return on capital employed as the annual adjusted operating profit divided by the average capital employed (net assets plus net debt, including lease liabilities).

Banking Facilities

The Group maintains a very robust balance sheet, providing resilience and allowing investment in growth opportunities. A £30.0 million revolving credit facility is in place, which is committed to October 2026 with an extension option for a further year (2022: £30.0 million facility agreed following year-end, committed to October 2025). At the year-end, none of this facility was drawn (2022: £nil drawn). Based on net cash excluding lease liabilities of £23.4 million, the Group has £53.4 million of headroom to its banking facilities at the period-end (2022: £46.2 million headroom to the new facility).

Forward Guidance

Cost pressures will continue to impact the profitability of the business in 2024. Overall, we expect around £5.0 million of inflationary pressures year on year across our overhead base, primarily employment costs including the impact of increases in the National Living Wage, property costs and other expenses. Utility costs are now expected to fall modestly based on the new annual contracts signed by the Group.

The Group's profits in 2024 will continue to show a degree of seasonality based on a number of factors including the impact of the holiday pay accrual together with higher energy costs in the autumn and winter months, which will reduce the proportion of annual profits made in the first half of the year.

As mentioned above, the Board expects capital expenditure of between £6 million and £8 million in 2024. 2024 will include a cash inflow relating to the timing of year end and an outflow relating to the purchase of the remaining shares in Pro Tiler Limited, also as described above

Current Trading and Outlook

Trading in the early weeks of the new financial year has reflected the well-documented challenges to discretionary consumer spending, especially RMI, including higher interest rates and prolonged high inflation, falling house prices and lower housing transactions. In particular, since the end of the summer, the market has been subdued, with a softer build into the usual seasonal peak trading period, as noted in a variety of corporate and macroeconomic reporting. Group sales in the first eight weeks are down 3.0% year on year, including like-for-like sales in Topps Tiles down 6.1% and strong growth continuing in Pro Tiler Tools.

Topps Group has delivered consistent growth in market share over recent years, from a combined share of 17% in 2019 as reported at the launch of the '1 in 5 by 2025' goal, to 22.1% in 2023. This growth has been achieved as a result of the competitive advantages enjoyed by the Group, including market-leading brands, world-class customer service, specialist expertise, a strong balance sheet including a growing cash position, and an ambitious growth strategy. The Group remains well positioned to continue to take market share in all market conditions due to these factors

ROB PARKER
Chief Executive

STEPHEN HOPSON
Chief Financial Officer

14 December 2023

Our Engagement with Stakeholders

Section 172 Statement

The Board of Directors confirms that during the year under review it has acted in good faith to promote the long-term success of the Company for the benefit of its members as a whole, while having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. We define principal decisions as both those that are material to the Group, and that are significant to any of our key stakeholder groups, including our customers and suppliers, our people, Shareholders and our local communities and society in general. Details of significant decisions made during the year, together with examples of matters discussed in the year by the Board, their impact on key stakeholders and how we have engaged with our stakeholders are included in the tables below and discussed throughout the Strategic Report.

Stakeholder	Why we Engage	How we Engage	Outcomes
Our customers	In a competitive environment, our ongoing success depends on meeting customer needs and requirements more effectively than our competitors. We, therefore, recognise the benefits of consistent and continuous engagement with our customers to ensure that both our current products and those in development are suitable for their needs. Customer service is a key competitive advantage for the Group. Only by engaging with, and understanding our customers, can we continue to meet their needs. We use this feedback to continuously improve our service offering. Customers may expect us to focus on our impact on the environment and leadership in this area may be a source of competitive advantage.	We receive c.25,000 customer survey responses every year, we also receive c.50,000 calls, live chats and emails into our customer services centre. Customer satisfaction scores are a key metric for the business and are reported as a business KPI in this Annual Report. To gain additional insight from our trade customers, we send out a trade survey every quarter and get around 1,200 responses on various subjects. We also have a closed Facebook group of around 1,000 traders, which provides continuous direct feedback.	We have a culture of seeking to celebrate success and will share positive customer feedback with specific colleagues where possible. We operate a Topps superstar award scheme to reward colleagues with very strong customer feedback. We take negative customer experiences very seriously and operate a "close the loop" process for any negative review, where we will contact the customer and attempt to put matters right where we can. Customer-based feedback is an essential part of key decisions around range, price, channel to market and key investments. Monthly board reports cover customer service-based metrics, along with developments for product and customer service initiatives. Environmental Leadership now forms a key part of our strategy. See pages 34 to 35 of the Strategic Report and our TCFD Statement for further information on this.

Stakeholder	Why we Engage	How we Engage	Outcomes
Our people	All strategic initiatives are delivered through our colleagues, they are fundamental to the successful delivery of our strategy, as we continue to work to enhance our reputation for providing excellent customer service.	We perform an annual company-wide engagement survey (MyVoice) with 85% completion rate in the 2023 survey (up six percentage points from the last survey). We have a structure of routine team feedback via a forum called Team Talk. We track colleague turnover closely and perform exit interviews to ensure we understand why colleagues choose to leave and have a whistleblowing procedure where colleagues can anonymously raise any concerns.	A member of the Board, Kari Daniels, is a designated Employee Engagement Director and provides feedback directly to the Board on matters discussed at scheduled Team Talk meetings. Monthly Board reports cover matters concerning colleagues, including health and safety, and feedback from our MyVoice colleague engagement programme. In addition, the Board and management have direct contact with colleagues through frequent visits to stores.
Our Shareholders	We rely on our Shareholders as providers of capital funding to support our strategic objectives. Investors need us to protect and manage their investments in a responsible and sustainable way that generates value for them.	The Executive Directors regularly engage with larger and institutional Shareholders through a combination of personal contact and formal presentations and roadshows, including six investor performance updates per year. The Chair of the Board interacts with Shareholders through a regular annual engagement programme. Our Annual General Meeting ('AGM') provides an important opportunity for Shareholders to interact with all of our Directors, raise matters, and vote on resolutions, and we seek feedback from Shareholders following their votes in this meeting. We work with the sell-side analysts connected to our industry to provide the wider market with information about the Company's performance, position and strategy.	Shareholder feedback, along with details of movements in our Shareholder base, is periodically reported to, and discussed by, the Board, to ensure that decisions are made with an understanding of the views of our Shareholders. Our brokers present to the Board regularly on the same topic. This year we have engaged with Shareholders concerning our financial results. Paul Forman has also engaged with large Shareholders as the incoming Chair of the Board to understand their perspectives on the Group and we have engaged with Shareholders following the results of the 2023 AGM, as discussed in the Corporate Governance Report.

Our Engagement with Stakeholders
continued

Stakeholder	Why we Engage	How we Engage	Outcomes
Our suppliers	Our expertise in the ranging, sourcing and procurement of tiles on a global basis is a core part of our competitive advantage. We work directly with carefully selected manufacturing partners to develop and produce differentiated, innovative, quality products that are often exclusive to the Group and, therefore, maintaining and enhancing our relationships with those suppliers is key to our success. High standards of business conduct working with our suppliers are fundamental to the delivery of this strategy.	The last year has continued to be one notable for high levels of volatility in our supply chain; however, this volatility is abating and input prices are starting to fall. High levels of engagement with our suppliers during this time has been invaluable for Topps Group and our suppliers, to ensure that we are able to maintain good stock availability for our customers and provide sufficient visibility for our suppliers to plan their production runs.	The Board receives regular product and supplier-based updates, including cost inflation updates and how these are managed in terms of consumer pricing. The business has undertaken a number of supplier transitions to build the strongest supplier base to support the longer-term aims of the expanding Group, while continuing to work collaboratively with our core group of "Tier 1" suppliers.
Society	Being a responsible member of our community and minimising our impact on the environment is increasingly valued by our customers and society at large. We believe that a positive response to these challenges can be a source of competitive advantage, while also being the right thing to do. Colleagues and customers have always been generous supporters of our chosen charity and we continue to value the impact we can have in the communities in which we operate.	We have a range of initiatives focused on the environment and the Board receives regular updates, and is regularly consulted, see pages 60 to 75 of the Strategic Report. We are proud to support Alzheimer's Society, our charity partner, which was chosen by a vote from colleagues with nearly 1,000 colleagues registering their vote.	In 2021, the Board placed Environmental Leadership at the centre of our future strategy, we also announced our goal of becoming carbon balanced by 2030 as a Group. See pages 34 to 35 of the Strategic Report and our TCFD Statement for further information on this. The Board is regularly consulted on our social agenda. The Company's social and charity agenda is discussed on pages 68 to 75 of the Strategic Report.

While it is acknowledged that it is not possible for all of the Board's decisions to result in a positive outcome for every stakeholder group, when making decisions, the Board considers the Company's purpose, vision and values together with its strategic priorities and takes account of its role as a responsible business. By doing this, we aim to make more robust and sustainable decisions, which will add value for all stakeholders over the longer term.

Principal Decisions During 2023

Areas of Board activity, and the issues and matters that it has considered, can be found throughout the Strategic Report. Detailed below are two case studies of decisions taken by the Board in the year, which required the Board to carefully consider different stakeholder groups and how they impacted the success of the Group, its long-term (financial and non-financial) impact and have due regard to the matters set out in s172(1)(a) to (f) of the Companies Act 2006.

Case Study Topic – Matter Discussed		
Restructure of Parkside, which led to a reduction in overhead and move from loss making into profitability		
Stakeholders considered	**How we engaged and what we did to consider stakeholders**	**Decision**
Shareholders	The Board carefully considered the potential shareholder value creation offered by the Parkside business with its existing level of overhead and whether this could be improved by a reduction in the cost base.	The Board decided to restructure the Parkside business and remove a significant amount of central overhead. This enabled the business to move into profit in Q4 and Parkside is budgeted to grow sales and profit further in FY24.
Customers	Parkside is built on high levels of customer service and so the Board considered the impact on customer service from reducing both the sales team and the central support team. Customers were reallocated to remaining sales colleagues, and so far, the business has not lost any significant customer contracts. Ongoing system improvements will enable the central team to improve the efficiency of their work and better support their internal and external customers.	
Colleagues	While the restructure did result in a reduction in the size of the Parkside team, the Group managed to offer roles in other Group businesses to a number of colleagues. In due course, the improvement in the financial performance of Parkside should enable additional job creation in future years.	

Our Engagement with Stakeholders
continued

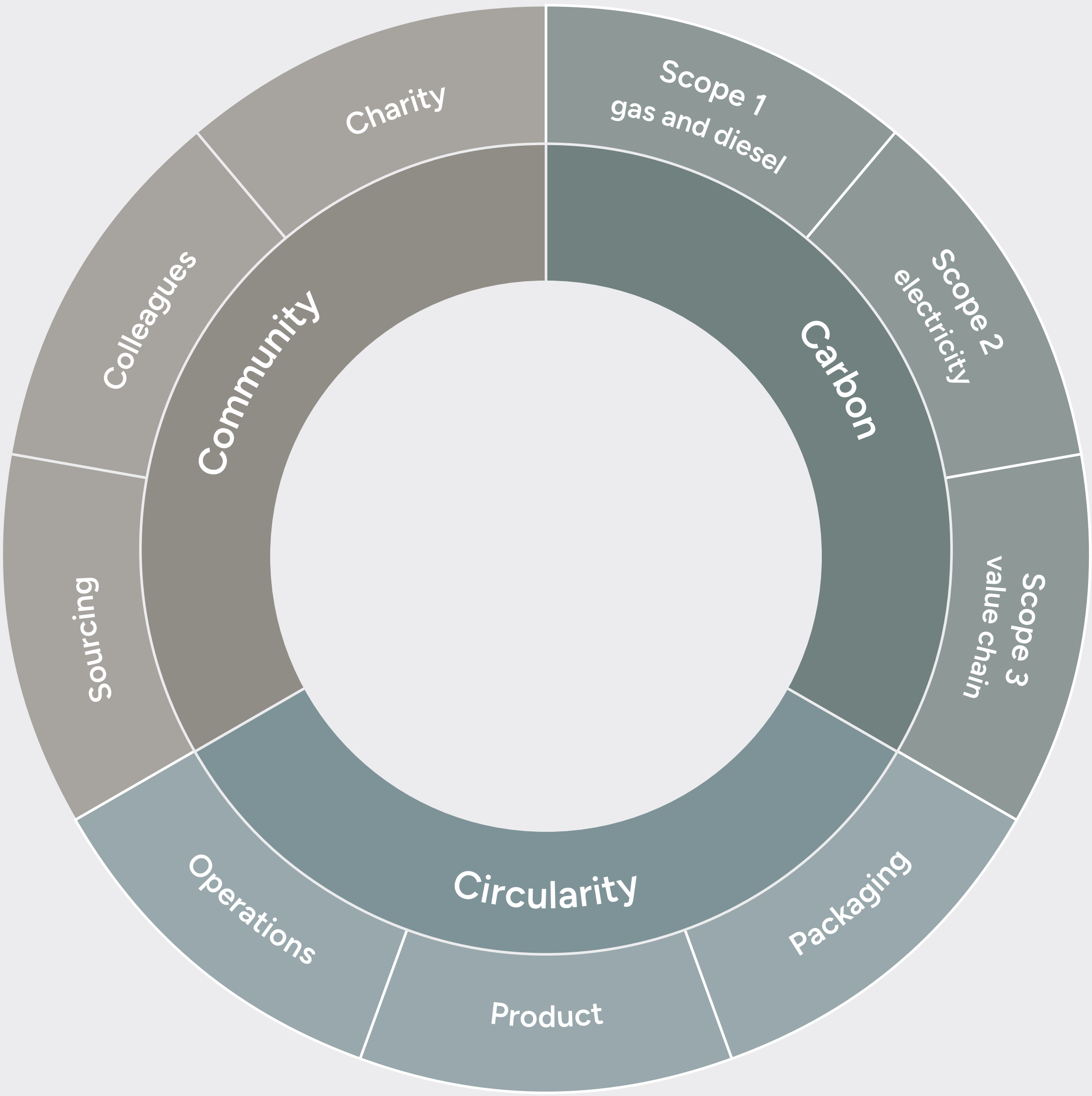
Case Study Topic – Matter Discussed		
Creation of a new Group identity		
Stakeholders considered	**How we engaged and what we did to consider stakeholders**	**Decision**
Colleagues	As the Group has developed and diversified in recent years, there has been some confusion about Topps Tiles (the brand) as compared to Topps Tiles plc (the Group), which also contains other brands such as Pro Tiler Tools, Parkside and Tile Warehouse. Colleagues joining the Group have the potential to move into roles in other sectors and other businesses as they develop their career with the Group. The new Group branding makes that clearer, offering colleagues more opportunities to grow their careers within the Group.	The Board approved the creation of a new Group identity ('Topps Group').
Shareholders	Our current and potential investors are sometimes unaware of the scale of the Group and the various brands contained within it. The other brands offer diversification and exposure to markets other than residential repairs, maintenance and improvement, which may be an attractive characteristic for certain investors. The new Group branding and corporate website illustrates this point.	
Suppliers	Our suppliers have the opportunity to sell to not only Topps Tiles, the industry-leading consumer facing brand, but all of the other brands within Topps Group. This makes Topps Group a more attractive partner for a supplier given the additional scale and market exposure.	

Everscape™ Enis™ Ivory, Enis™ Ivory Décor

Our Sustainability Strategy

Our Three Pillars: Carbon, Circularity, Community

Our sustainability strategy is built around three pillars: Carbon, Circularity, and Community – as outlined, below. Within each, material topics are informed by committees sitting at various levels in the business, ensuring contribution from a wide range of stakeholders.



Key Achievements

2023 has been an excellent year for our sustainability programme. Record investment, enhanced governance, and widened colleague participation have driven strong performance in each of our three pillars. Below, is a summary of key achievements.

Carbon

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION

Ambition

Reduce our absolute carbon emissions and, in Scope 1 and 2, offset the remainder to achieve carbon neutrality by 2030.

Achievements

New energy contract maintains 100% green electricity supply.

Company car fleet is now 51% electric/hybrid – up from 24% in FY22.

At our Grove Park Distribution Site, 914 solar panels have been installed, which are projected to generate 70% of electricity consumed at the site.

Sign off attained for a limited trial of a renewable diesel alternative in our transport fleet.

Energy Aware campaign to promote energy-saving practices among colleagues.

Circularity

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ambition

Leverage opportunities to reduce waste and promote recycling in our operations, products, and supply chain.

Achievements

Reduced tile waste by 12% in FY23, versus FY22.

Environmental Packaging Initiative projected to have eliminated 28 tonnes of waste.

Plastic Pact: own-brand plastic packaging is now 95% recyclable and contains, on average, 8% recycled content.

Circular Pallet Scheme has recovered 40,000 pallets from our distribution network for reuse and recycling.

Launched our Principle™ tile range, featuring 91% recycled content and 23% lower gas usage in production*, developed exclusively for Topps.

Community

1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
8 DECENT WORK AND ECONOMIC GROWTH

Ambition

Ensure Topps Group is an inclusive, inspiring, and successful, great place to work for all colleagues.

Achievements

Colleague engagement survey participation of 85%.

Reduction in colleague turnover.

Gender Pay Gap of 2.1%, significantly lower than UK average of 14.9%.

70% of all management roles filled internally.

Refresh of TeamTalk colleague engagement forum.

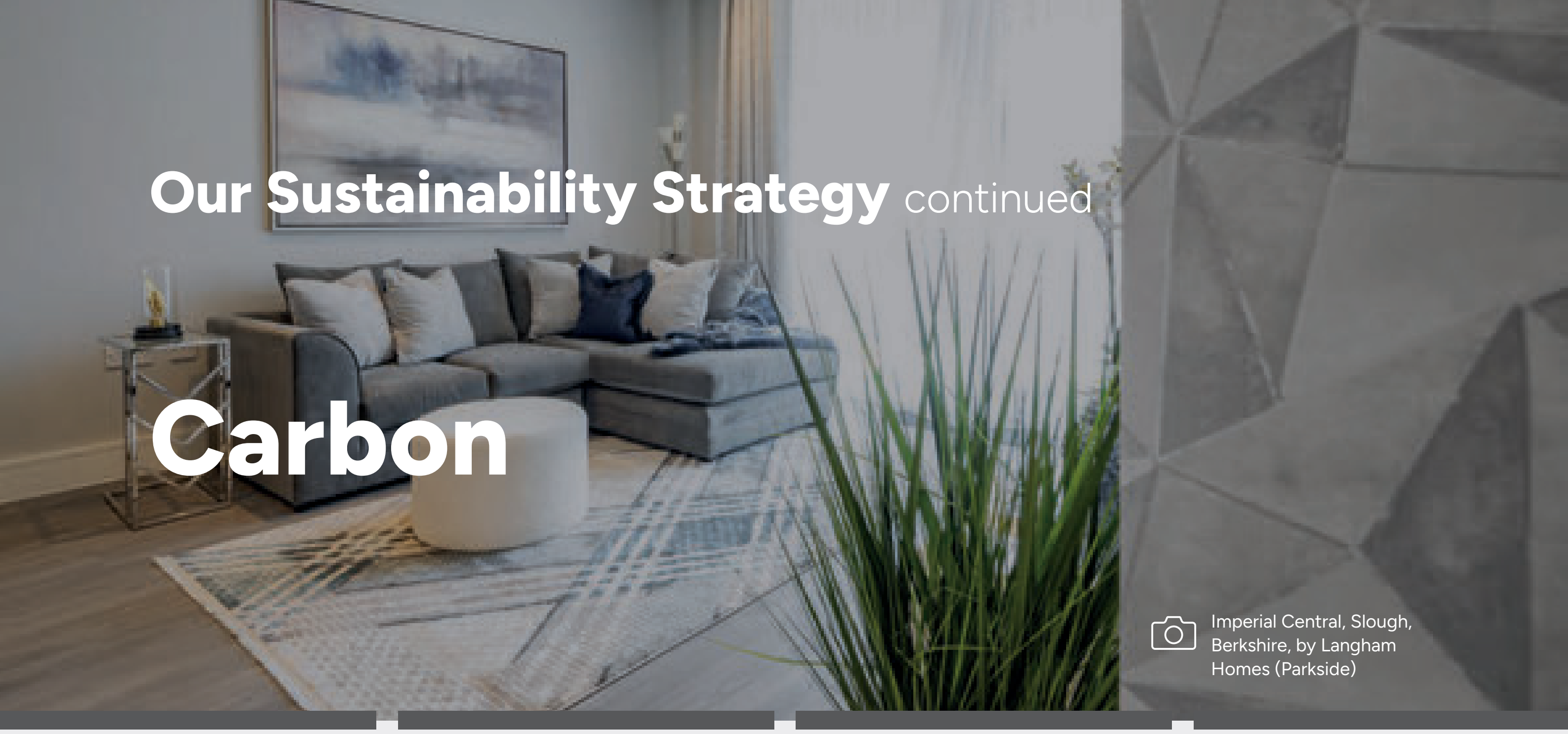
Launch of One Topps DEI strategy.

Ratio of Mental Health First Aid England accredited colleagues is 1:29, ahead of benchmark of 1:100.

* Calculations are based on a comparison with a like-for-like tile made using typical non-recycled material

Our Sustainability Strategy continued

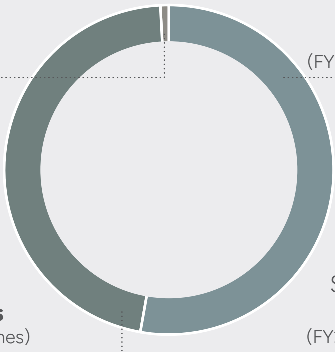
Carbon



Imperial Central, Slough, Berkshire, by Langham Homes (Parkside)

About Scope 1 and 2

During FY23, our total Scope 1 and 2 carbon emissions were 5,142 tonnes: an increase of +7% on FY22.



More comprehensive reporting, as per Streamlined Energy and Carbon Reporting ('SECR') specification, is provided on page 81.

Our Scope 1 consists of property emissions, from the heating of buildings, and transport emissions, from our haulage and company car fleets. Following the stabilisation of the haulage market, a higher proportion of the total distance travelled in FY23 was covered by our own haulage fleet, as opposed to by subcontractors, than in FY22. This led to an increase in our Scope 1 emissions and a corresponding reduction in Scope 3 emissions[1].

Our Scope 2 emissions remained comparatively minimal at 35 tonnes, owing to the purchase of 100% renewable electricity across wholly-owned parts of the Group (excluding Northern Ireland).

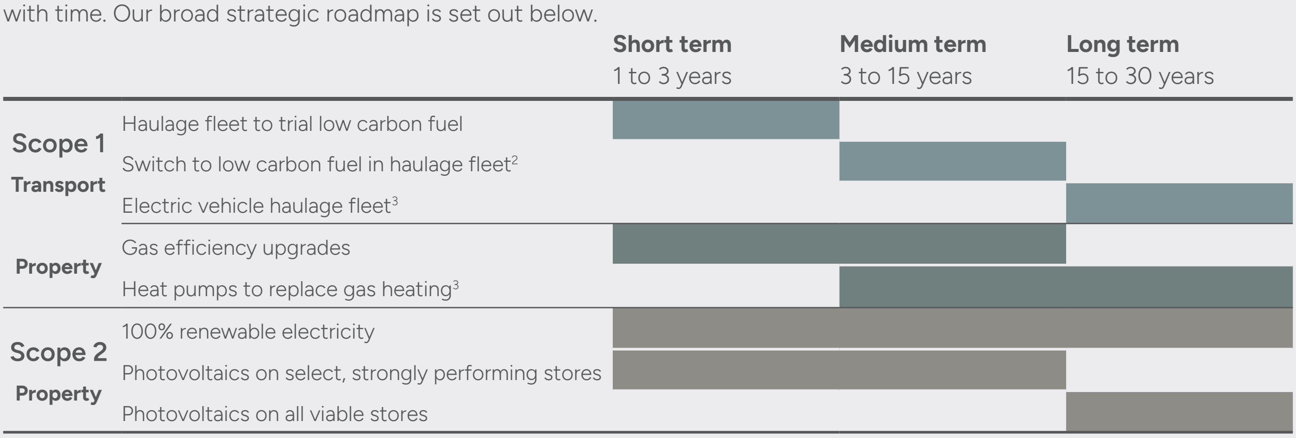
1 We do not currently measure Scope 3. It is presumed that lower subcontracted mileage resulted in lower Scope 3 emissions

Our Strategic Roadmap: Scope 1 and 2 Carbon Neutrality

We remain committed to carbon neutrality in Scope 1 and 2 by 2030. This will be achieved through decarbonisation coupled with offsetting.

Decarbonisation will require electrification of all heating and vehicles; accordingly, a complete transition ahead of 2030 will remain financially and technologically unviable. Nonetheless, we will continue to invest in carbon reduction initiatives and, from 2030, we will offset our outstanding carbon emissions.

Our Scope 1 and 2 decarbonisation strategy is continually developing; as such, specific timescales are likely to change with time. Our broad strategic roadmap is set out below.



2 Provisional on results from our trial
3 Provisional on technological progress

Transport

Haulage

During FY23, our haulage fleet covered 3.36 million kilometres (+30%), while our subcontractors covered 0.26 million kilometres (-79%). As a result, although Scope 1 haulage emissions increased to 2,615 tonnes, we estimate a proportionate decrease in Scope 3 subcontractor emissions.

	FY23	FY22
Distance covered by Topps fleet (km)	**3,360,072**	2,582,634
Scope 1 emissions from haulage (tonnes)	**2,615**	2,102
Estimated distance covered by subcontractors (km)	**257,833**	1,218,368
Estimated Scope 3 emissions from haulage (tonnes)	**201**	1,020

Fleet fuel efficiency rose by 5% year-on-year. This can be attributed to the full-year effect of new, Euro 6 vehicles introduced halfway through the previous year and driver training.

We continue to operate a liquified natural gas ('LNG') vehicle within our fleet, which continues to contribute to a reduction in emissions.

Our plans for the coming year include trialling the use of Hydrotreated Vegetable Oil ('HVO') in our vehicles. We will also continue to monitor the progress of alternative low carbon vehicle types in conjunction with vehicle suppliers.

Company cars

Transport Scope 1 also includes our company car fleet, which accounted for 112 tonnes of carbon emissions in FY23: a year-on-year reduction of 31%. This was spurred by a considerable increase in the proportion of electric and hybrid-electric vehicles in the fleet.

	FY23	FY22
Electric vehicles	**17**	6
Hybrid-electric vehicles	**20**	10
Scope 1 GHG emissions from company cars	**112 tonnes**	162 tonnes

Property

Property strategy is intrinsically linked with Environmental Leadership through our decarbonisation roadmap. We continuously review ways to reduce carbon emissions, focusing on energy efficiency in the short term and targeted reduction in the medium to long term. In FY23, we completed several major projects.

We delivered 62 store signage efficiency upgrades, replacing fluorescent with LED backlighting. This, we estimate, is saving 439,441 kWh of electricity per annum, equivalent to a 3.9% reduction in our total grid consumption (based on FY22 data).

Most of our store estate now has automatic smart energy meters installed, allowing close monitoring of electricity and gas usage through half-hourly consumption data. This has provided the opportunity to launch a cross-departmental "Energy Aware Campaign", encouraging colleagues to engage with energy-saving behaviours – for example, operating heating and lighting systems more efficiently.

We are investing in solar generation to secure a stable, low-cost supply of renewable electricity, having installed photovoltaic panels at our Head Office and Distribution Centre – see our case study on page 35. Likewise, we opened our first solar powered store in Guildford Cathedral Hill. The Developer designed the project to deliver a SKA rating of "Excellent", and to operate as net zero.

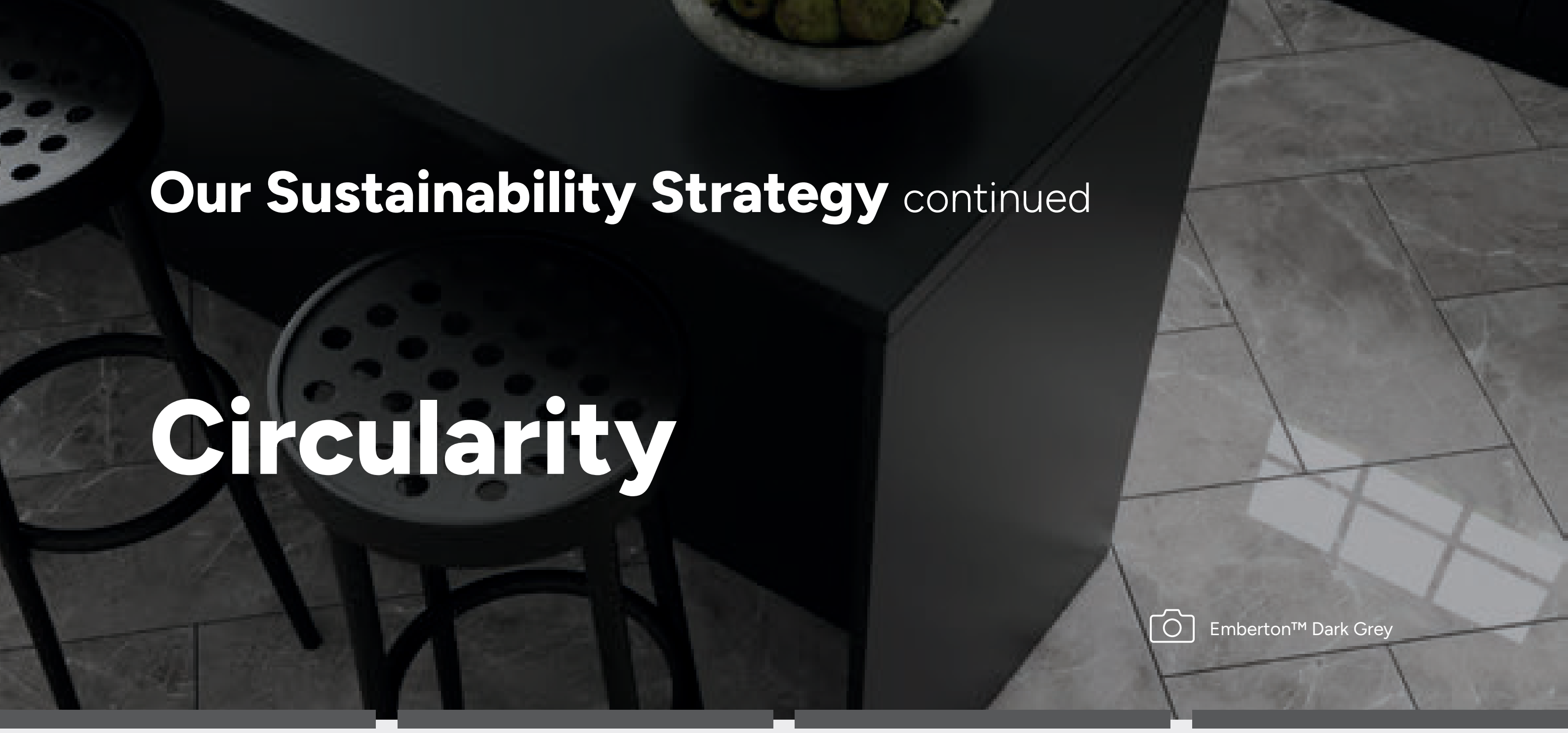
We relocated two stores, Aintree and Newbury Paddocks, to new sites without a gas supply. These operate using only our renewable electricity supply. While widely cost prohibitive at present, phasing out gas will be important in our long-term decarbonisation.

Scope 3

With the exception of purchased electricity, Scope 3 comprises all indirect carbon emissions, upstream and downstream. We have not yet measured our Scope 3 emissions; however, we remain committed to doing so in FY24.

At the beginning of FY24, we will commence a two-year partnership with acclaimed carbon consultancy Normative. The partnership will deliver on-demand measurements of our Scope 3 emissions, an in-depth reduction strategy, and support engaging our supplier base with reduction activities.

Subsequently, we will explore the feasibility of setting a specific target for Scope 3 reduction.



Our Sustainability Strategy continued

Circularity

Emberton™ Dark Grey

We use circularity as an umbrella term for our various projects to reduce waste, promote recycling, and minimise consumption of natural resources.

Product

We are keen to provide environmentally conscious options for customers at every stage in their tiling project. As such, we have introduced tiles, grouts, and adhesives with various sustainability-focused USPs: for example, Principle™ and Regenr8™, detailed below. We are particularly proud that, in FY23, the sales quantity of tiles with >50% recycled content increased by 21.8% year on year.

Case Study

Principle™

In March 2023, we introduced the sustainable Principle™ wall tile range, made from a remarkable 91.3% recycled industrial waste – among the highest levels globally.

Developed with patented technology by UK start-up Alusid, these tiles incorporate recycled materials like tile dust, production sludge, glass, and ceramics, saving eight kilograms of waste per square meter from landfill.

Principle™ is manufactured on industry-standard mass production equipment, ensuring quality and cost efficiency. However, Alusid's bespoke processes and raw material mixes allow for lower firing temperatures, meaning Principle™ uses 23% less gas during production than like-for-like conventional tiles.

Principle™ Amber

Case Study

Regenr8™

A premium quality adhesive ideal for any tiling project, Regenr8™ is specifically developed for a reduced impact on the planet.

Sand, a key component of tile adhesive, is one of the world's most exploited resources. It is being consumed faster than it can be naturally replenished, leading to erosion, flooding, and biodiversity loss.

In response, Regenr8™ has been formulated using an in-house-developed alternative to natural sand composed of post-consumer glass waste. In total, Regenr8™ contains up to 53% recycled material, meaning its manufacture requires substantially less natural sand than conventional alternatives.

Packaging

As signatories of the Plastics Pact UK, we are committed to reducing the environmental impact of our packaging. We made steady progress towards our Plastic Pact targets in FY23.

This was accomplished as part of our ongoing Environmental Packaging Initiative – a collaboration between our Sustainability, Buying, and Logistics teams – to remove unnecessary packaging and improve the suitability of materials used. This minimises waste, will reduce Extended Producer Responsibility ('EPR') costs, and is highly visible to customers, promoting brand sustainability. Below are some major achievements of the initiative, so far.

THE UK PLASTICS PACT

IN FY23, WE ACHIEVED: 95% recyclability or reusability *(100% target)* **and 8% recycled content[1]** *(30% target)* **ACROSS OWN-BRAND PLASTIC PACKAGING**

[1] On average, based on 2022 sales (the reporting period for the 2023 Plastic Pact submission to WRAP)

Action	Projected Annual Impact	Learnings
Trims upstream transit packaging switched from plastic film to tissue paper	**3.6 tonnes** plastic film eliminated	Paper is a widely recyclable and compostable alternative to plastic film for applications that do not demand high durability.
Trims downstream transit packaging switched from cardboard to 30% recycled LDPE	**25 tonne** reduction in packaging weight	LDPE is as durable as cardboard but lighter, making it more resource efficient. It is recyclable when removed in-store, which it is, in this application.
DEX range inner and outer transit boxes consolidated	**2.8 tonnes** cardboard eliminated	Cardboard is heavy and resource intensive.
DEX drill bits switched to reusable storage tubes	**0.4 tonnes** single-use plastic and card eliminated	Reusable storage tubes are customer-friendly and minimise waste.

We recognise the importance of engaging with customers to facilitate effective recycling. Accordingly, we are members of the on-pack recycling label ('OPRL') scheme, ensuring our own-brand packaging is labelled with clear disposal guidance.

Our Sustainability Strategy continued
Circularity

Operations

Tile Waste
In FY23, recognising the excessive quantity of tile waste generated in our operations, we established our first ESG strategic goal: to reduce tile waste by 10% year on year.

Although our tile waste is recycled into building aggregate, this necessitates daily transportation and mechanical processing, which results in a substantial carbon footprint (this is in Scope 3, so not currently measured). As the largest constituent of our waste footprint, reducing tile waste is a pivotal step in adapting our operation into a more circular, sustainable model.

Over the course of the year, our teams worked collaboratively towards this goal. Predominantly, reduction has been driven through refinements to warehouse procedures, a reduction in store disposals, and improved stock allocation. As a result, we ultimately achieved a 12% (303 tonnes) year-on-year reduction. Plus, with fewer waste collections needed, disposal costs were reduced.

Circular Pallet Scheme
The warehouse and transport teams have placed significant focus on creating a circular reuse scheme for pallets.

All pallets despatched to retail stores are recorded and tracked against the quantity of returned pallets. A report is produced monthly measuring the performance of branches in returning pallets to depot. At the same time, the transport team measures individual driver performance monitoring the percentage of collections made.

This has resulted in the operation recovering over 60% of all despatched pallets. They are then sorted, and all quality pallets are returned into the supply chain (c.10,000 pallets per month).

This has allowed us to develop partnerships with key suppliers whereby we supply over 300 pallets a week; these are then reused to ship our products.

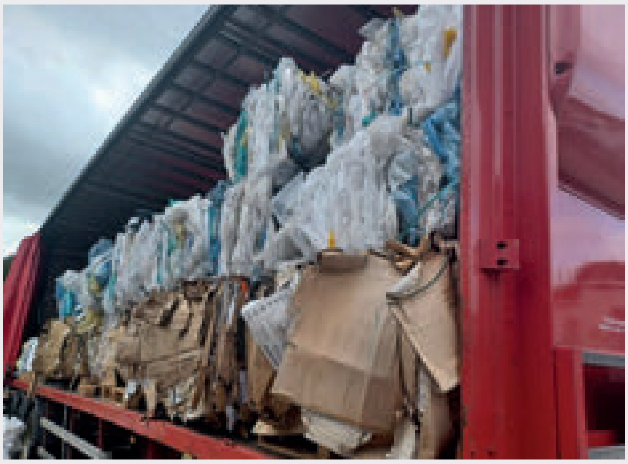
Recycled Pallets
Our specialised, small format pallets, used for direct deliveries to customers, are now manufactured via the recycling of our broken pallets rather than from virgin softwood. This reduces waste, reduces resource consumption, and is cost efficient.

Recycled Cardboard and Plastic

We are continuing to work with our local recycling partners to recycle warehouse and branch waste.

In FY23 we have recycled 40 tonnes of cardboard (no change on FY22), 40 tonnes of mixed plastic (+10% on FY22) and 10 tonnes of rigid plastics (+100% on FY22).

Our key focus for FY24 will be to offer a more effective collection service to our branches and maximise the volume of waste processed at the Grove Park site. We are sourcing suitable reuseable sacks that can be filled at branch and backloaded on our vehicles.



Store Refits

Property strategy also closely considers circularity. Any fixtures and fittings from recent store closures have been reused in existing store display projects. This now forms part of all new store projects at planning stage, with recycled fixture and fittings stored in an allocated warehouse and utilised to continue to reduce the manufacture of new fixturing on future store improvement and fit out projects.

WEEE Takeback

As per the UK Waste Electrical and Electronic Equipment ('WEEE') Regulations, we offer an electricals takeback scheme in store: upon purchasing a new electrical product from us, customers can drop off a like-for-like used or broken item for recycling. This year, we introduced new signage in all stores to promote the scheme and improve customer uptake.

Staunton™ Multicolour, Staunton™ 3D Multicolour, Complements™ Brushed Gold Straight Edge Trim

Community

Imperial Central, Slough, Berkshire, by Langham Homes (Parkside)

Responsible Product Sourcing

At Topps, our supply chain is diverse and can be complex, but we are committed to ensuring that our suppliers adhere to the highest standards of ethics and treat their workers with dignity and respect.

It is important that we build strong, collaborative partnerships with our manufacturers, whose facilities extend across 18 countries. As a trusted retailer it is a fundamental expectation of our supply partners that they provide safe and legal working conditions for the people that work for them.

During this year, we have updated our Standard Operating Procedure, which was signed off at Board level. We have reviewed our existing countries of supply, sought risk scores, and gathered further advice from external parties including Intertek our third-party CSR audit provider. The associated supply chain risks consider country, sector, and product type. By having this data, we have been able to determine which countries we will not source from as a business and established risk levels for others.

All our suppliers, irrespective of location, are required to comply with the Topps Responsible Sourcing Code and confirm their acceptance of its provisions. This code embraces the Ethical Trading Initiative ('ETI') base code, and is aligned with internationally recognised good labour standards. Suppliers are expected to adhere to this code and as a minimum should comply with national and applicable laws. Compliance with this code is a contractual condition of business for all suppliers.

Performance Monitoring

Where geographical risks have been identified, factory approval and monitoring takes place in partnership with Intertek, who provide third-party CSR audits. This is in the form of an annual Workplace Conditions Assessment Audit. To avoid duplication, suppliers who already have a SMETA Ethical Audit can present this audit as an alternative. Where suppliers have repeated low facility scores, then the frequency of auditing will be increased with the audit being semi-announced. (Notification within a 30-day window).

Workplace Conditions Assessment Audits demonstrates compliance in the following areas:

Labour: including child labour, forced labour, discrimination, discipline, harassment, abuse, freedom of association, and employment contracts.

Wages and Hours: including wages, hours of work and benefits.

Health and Safety: including work facilities, emergency preparedness, occupational injury, machine safety, hazardous materials, chemicals, dormitories, and canteen.

Environment: including systems, procedures, and certification.

Our fundamental aim is to support suppliers through this audit process and work on a continuous improvement model. We work hand in hand with the suppliers addressing any non-compliances found ensuring that any issues are resolved in a timely manner and within the expected timescales. We will not work with suppliers that will not engage in this process.

During the year, surveillance visits have taken place at some of our high-risk suppliers by our Sustainability Manager to monitor factory performance, give support and guidance, and to progress the sign off of any outstanding non-compliances. These visits are in addition to the audits that are carried out by Intertek. Where no geographical risks have been identified, suppliers must complete the Topps Self-Assessment Questionnaire, which is graded by our Sustainability Team.

In 2015, the Modern Slavery Act came into force and Topps Tiles are committed to this act ensuring that no forms of modern day slavery enter the Group's business and its supply chains.

* Our Responsible Sourcing Code of Conduct and Modern Slavery Statement can be found on our website at www.toppsgroup.com

Human Rights

All directly employed colleagues are based in the UK and covered by UK employment law. The Modern Slavery Act 2015 came into effect in 2015 and the Board is committed to ensuring that acts of modern day slavery and human trafficking do not occur in relation to the Company, or its supply chain. For more on this, please see page 106.

Equal Opportunities

The Board is committed to promoting equal opportunities and ensuring that we hire on potential, promote talent and reward on success. We aim to promote equality of opportunity in employment. We welcome applications for employment from people of all backgrounds, regardless of age, disability, gender reassignment, marriage or civil partnership status, pregnancy, maternity, race, religion or belief, and sex. There is a full and fair consideration of applications from people with disabilities, and should a colleague become disabled, we aim to continue to support their training and career development where we can do so, making reasonable adjustments, as well as supporting opportunities for promotion.

Diversity, Equity and Inclusion

The Board recognises the importance and benefits of diversity throughout the organisation and the Nomination and Governance Committee regularly reviews the balance of skills, knowledge, and experience on the Board and executive management team. Appointments are made on merit, against objective criteria and with due regard for the benefits that diversity of background, experience and gender can bring. As noted in the Corporate Governance Report, this year, diversity and inclusion has continued to be an area of focus and we fully recognise the requirements of the Listing Rules, compliance with which is set out on page 106. The journey to compliance is set out on page 116.

Our workforce at the period-end date comprised:

2023	**Male**	**Female**	**Total**	**Male %**	**Female %**
Directors*	5	2	7	72%	28%
Senior Managers	8	3	11	73%	27%
Other employees	1,288	439	1,727	75%	25%
Totals %	1,301	443	1,744	75%	25%

2022	**Male**	**Female**	**Total**	**%**	**%**
Directors	4	2	6	67%	33%
Senior Managers	11	3	14	79%	21%
Other employees	1,244	451	1,695	73%	27%
Totals %	1,259	456	1,715	73%	27%

* Darren Shapland retired from the Board on 1 October 2023, at which point there were six Directors, with one-third of the Board female

Our Sustainability Strategy continued
Community

Colleague Consultation and Employee Engagement

The Board values the views of employees and recognises the importance of keeping employees informed of matters affecting them and the Group. This is achieved through formal and informal meetings, Group Sharepoint platform, the Company magazine "Quartile", and "TeamTalk", a Company-wide forum for colleagues to discuss matters that affect them and the Company. Regular forums are held at local and Group levels to ensure that employee representatives are consulted quarterly on matters affecting them. This year saw our election process and all TeamTalk members have undergone formal training via an external provide to upskill them further. Kari Daniels, independent Non-Executive Director, acts as Employee Engagement Director.

Colleague Experience

This year we have focused on the voice of our colleagues, monitored regularly via our MyVoice colleague survey, carried out across the Group in April 2023. Our Group colleague participation increased to a record 85% and in retail business our participation rate was a high of 88%, eight percentage points up on the last survey.

Our overall colleague engagement was 78%, which was down 2% on the winter 2021 survey however, we saw positive increases in responses to 39 of the 48 questions, compared to the previous survey. Our top three highest scores were colleagues "knowing what behaviours are expected of me" (98% agreed or strongly agreed), followed by "know what tasks are expected of me" (95%) and "team is committed to the customer" (92%).

The results of the previous survey told us colleagues felt there should be additional opportunities to recognise their achievements. This was answered via our monthly Topps Superstars awards, announced by the Chief Executive Rob Parker in his video Huddles as well as a Store of the Year Award, and recognition for Outstanding Contribution throughout the year, presented to individuals at our annual conferences. This remains an area of focus as 13% of our colleagues feel we could do better. This will be a focus via our TeamTalk colleague forum to look at other ways in which we can continue to improve.

The business is now focused on MyVoice action planning via, "You Said, We Will, We Did" and will be updating progress quarterly.

At Topps Group we engage with our colleagues via TeamTalk, which comprises regional, functional and Group forums to ensure it is representative of all colleagues. Members are elected colleagues who meet regularly to raise items of concern or interest with Executive team leaders as well as undergo consultation on relevant business matters. This year saw the re-election of TeamTalk members, and we took this opportunity to refresh and re-engage all returning members and new ones with a day of team building and training. This included what it means to be a TeamTalk member, best practice and the legal aspect of their role in order to provide an opportunity to work with management in shaping the future of the business.

Our work on diversity, equity and inclusion continues to develop with the gathering of demographic data and various initiatives to support equality, and for the year, 36% of applications for roles came from females. At the end of the year, we had 25.4% female colleagues in the Group, and our median Gender Pay Gap in April 2022 was 2.1%, significantly lower than the UK average of 14.9%.

This year we also launched our DE&I strategy One Topps – one team, united by our love of tiles. The strategy covers three areas:

Evaluate – examining our data and turning this into insight and action. Following on from improving our data collection we have identified that our focus will be on gender and ethnicity

Engage – we shared our strategy via our Chief Executive Rob Parker, and this was followed up by the plans for the year ahead, including sharing our measures and holding listening sessions with our colleagues

Educate – refresh of Working Well with Everyone, our DE&I training, and we have also upskilled our HR team on mentoring training to assist our line managers to be mentors for colleagues in the two key focus areas of gender and ethnicity. We have also launched e-learning for colleagues around what is DE&I, as well as Inclusive Leadership and Unconscious Bias via our online learning platform Thrive.

The next focus is on the insight from the listening sessions and launching a Diversity Data Drive for colleagues to confidentially provide their data via our MyView HR portal.

We also celebrated International Women's Day for the second consecutive year and its theme of Break The Bias. Our DE&I work continues with leadership awareness training on representation, store training on bias in recruitment, and the introduction of mandatory training for all colleagues on equality and inclusion, called Working Well With Everyone.

Colleague Capability

It is important we develop our colleagues in the roles they perform today and also for their next roles as we believe in developing from within. This is demonstrated by the fact that 70% of management roles are from internal promotions.

We have continued to develop our content on Thrive with our Leadership Framework of Leading the Thinking, Leading the Pace, Leading the Team.

We launched two apprenticeship programmes (Level 3 and 4 Retail Management qualification) for our Store Manager and Deputy Manager populations. The first two cohorts of 23 colleagues are part way through and will complete in 2024, and we are planning further cohorts as well as offering apprenticeships across other areas of the Group including our logistics function and Pro Tiler Tools business. We also have six other apprenticeships in training across our support functions.

For our retail teams we designed, developed, and launched our Selling Brilliantly programme, to support our great service offering and increase sales. This includes an interactive e-learning suite featuring videos of our leading sellers in retail sharing their expertise. Each module has had a completion rate of 85%.

Colleague Well-being

We have continued our focus on well-being via our Well-being Wheel, where the priority continues to be that of the mental health of our colleagues. We have done this by continuing to raise awareness via specific campaigns where we share information and advice, including appropriate signposting pathways, for World Mental Health Day, Mental Health Awareness Week, Dementia Action Week (working with our charity partner Alzheimer's Society) and World Menopause Day. Our colleagues and their families can also access our EAP provided via Bupa.

This focus was reflected in our MyVoice scores with 71% of colleagues agreeing that the Company cares about their well-being, up nine percentage points on the previous survey, and 67% of colleagues saying they felt comfortable talking about their mental health, up six percentage points on the previous survey.

This year our 23 of our Mental Health First Aiders ('MHFAs') undertook refresher training, accredited via Mental Health First Aid England. We also trained 38 new Mental Health First Aiders and now have a community of 61 MHFAs across all areas of the business. Our ratio of MHFAs to colleagues is 1:29 MHFAs, which is ahead of the Mental Health First Aid England recommended benchmark of 1:100. This community also has access to the latest guidance and support via the accredited MHFA England portal.

We also took 67 of our leaders through the MHFA England Mental Health Awareness for Leaders training to ensure they also have the knowledge and skills to support their teams.

In addition, we have continued to focus on financial well-being and have been communicating information around the financial support colleagues have access to via the Bupa EAP and through our Hardship Fund.

Our Hapi benefits app has seen increased usage since its relaunch and via campaigns and offers we have seen it used almost 2,900 times in the year, with a total saving of £10,418 on a total spend of more than £170,000, with the average user saving at least £22 on their purchases.

Our Sustainability Strategy continued
Community

Our Charity Partnerships

Topps Group has forged ahead in its partnership with Alzheimer's Society, increasing the total funds raised to almost £250,000 – a quarter of the planned five-year target.

The charity was selected as the new partner for the Group in January 2022 following a colleague vote, after Topps Group raised more than £1 million for Macmillan Cancer Support in the previous partnership.

This year, fundraising efforts focused on a 60 For 60 challenge, inviting colleagues to raise £60 over 60 days for the Alzheimer's Society as part of the 60th birthday celebrations for Topps Tiles. The event raised more than £17,000 through a variety of events including bakes sales and raffles, a sale of baby spiders, a Snowdon Walk, Ben Nevis Climb, a memory game challenge, 68-mile cycle ride, sponsored head shave, 60 holes of golf in a single day, and a store team who invited traders to throw water over them!

Outside of the campaign, we continued with additional fundraising efforts including a supplier day, sales of badges, samosa sales, our grand Christmas raffle, a skydive, a marathon and funds donated at our birthday funday.

In total, colleagues raised almost £40,000 this year for charity.

Our Sustainability Strategy continued
Community

Customers of Topps Tiles retail stores and website also generously chose to round up their purchases to the whole pound through Pennies, the digital charity box.

This saw donations of more than £122,000 during the year, giving an overall charity total of more than £160,000.

Charitable and Political Contributions

The Group has designated charitable partners; Alzheimer's Society and Leicestershire Cares. Across the Group's business, colleagues engage in numerous fundraising activities, which are set out on pages 72 to 73 of the Strategic Report. During the period, the Group made no monetary charitable donations and no political contributions.

Words from our Partners

We have had a brilliant second year building on our amazing partnership with Topps Tiles.

Dementia is the UK's biggest killer, and one in three people born in the UK today will develop the disease in their lifetime. The support from Topps Tiles means we can continue to give vital support to those living with dementia, fund groundbreaking research and campaign to make dementia the priority it should be. Together, we can ensure dementia no longer devastates lives.

This year, over £5,000 was raised every month by customers kindly making donations as part of their purchases in store and online. I'd like to personally thank colleagues for reaching out to customers to support our partnership and raise awareness of Alzheimer's Society. We know that sadly many colleagues at Topps Tiles have a personal connection to dementia and have gone above and beyond in their fundraising and support for the partnership.

Colleagues also took part in a very special fundraising event celebrating Topps Tiles 60th anniversary called 60 for 60 where colleagues were challenged to raise £60 for the partnership, which raised over £17,000. We are excited to continue to work with Topps Tiles and achieve even more for those affected by dementia.

KATE LEE
CEO, Alzheimer's Society

We're delighted to celebrate eight years in partnership with Topps Tiles this year. The last 12 months have been challenging for charities, and consumers, but Topps Tiles' customers have remained incredibly generous when it comes to micro-donations. Since January 2022, when the partnership with Alzheimer's Society first launched, customers have made more than 367,000 donations with Pennies, when paying in stores and online, to support people living with dementia.

This has also been an important year for developing our partnership. As the Topps Tiles team worked on a change of payments technology in store, we worked with them to ensure the Pennies functionality was still available at the point of sale – a change that has resulted in a significant increase in donations.

Topps Tiles colleagues remain great ambassadors for Pennies too, sharing with customers how quickly donations add up for Alzheimer's Society. These conversations help drive greater impact for charity every single year, and we continue to be both proud, and grateful for this partnership. Pennies is a charity too, and it's thanks to our amazing partners, like Topps Tiles, that we're able to grow the micro-donation movement and support even more charities.

ALISON HUTCHINSON CBE
CEO, Pennies

Task Force on Climate-related Financial Disclosures ('TCFD')

The Group is committed to implementing the recommendations of the TCFD, which aim to provide investors and other stakeholders with useful information on climate-related risks and opportunities that are relevant to our business. We set out below more detail on how we are seeking to align with these recommendations, recognising that this will form an ongoing workstream as we further develop our policies, processes, and disclosures over the medium and long term.

Our TCFD disclosure is consistent with the Financial Conduct Authority's Listing Rule 9.8.6R(8); as such, we have complied with the TCFD Recommendations and Recommended Disclosures, except in the following instances:

	Recommended Disclosure	Non-compliance
Strategy	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	We have not prepared climate scenarios. We do not, presently, have operational capability for this highly specialised task
Metrics and targets	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions and the related risks	We have not disclosed Scope 3 but have allocated additional resource to do so in 2024, including engaging with Normative, the acclaimed carbon consultancy, who will deliver on-demand measurements of our Scope 3 emissions, an in-depth reduction strategy, and support engaging our supplier base with reduction activities.
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We are currently still developing targets. These will be disclosed in 2024

Governance

Governance

Disclose the organisation's governance around climate-related risks and opportunities

a. Describe the Board's oversight of climate-related risks and opportunities

b. Describe Management's role in assessing and managing climate-related risks and opportunities

The Board continually monitors climate-related risks, opportunities, and strategy. Rob Parker, Chief Executive, nominated as the Board member with key responsibility for Environmental Leadership, updates the Board on developments in this area as part of his CEO Report. Alongside Rob, Paul Forman, Diana Breeze and Kari Daniels have experience of environment and sustainability issues. Additionally, in line with the Group's key risk review framework, the Board reviews risks and uncertainties, including those related to climate change, on a quarterly basis.

Management assesses, informs, and responds to climate-related risks and opportunities through our Sustainability Council, a panel of senior managers responsible for climate-significant business functions. The Council meets every quarter and is chaired by the Chief Executive, providing a direct link to the Board. The agenda of the Council is steered by our dedicated Sustainability Team, which supports with specific expertise in climate-related best practise.

Strategy

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning where such information is material

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term

b. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The strategic register of risks and uncertainties (pages 82 to 89) details material risks and mitigants for the Group – including climate-related risk. Below, in accordance with the TCFD Recommendations and Recommended Disclosures, we have expanded our consideration to encompass risks and opportunities over the short, medium, and long term.

Our definitions of these timeframes are as follows:

- **Short term (S): 1–3 years**. Chosen to consider risks and opportunities material to immediate planning and budgets.
- **Medium term (M): 3–15 years.** Chosen to highlight future risks and opportunities which, although not immediate in nature, can be foreseen with high confidence.
- **Long term (L): 15–30 years**. Chosen to monitor future risks and opportunities on the distant horizon; those which are foreseeable, but with low confidence or diverging potential impacts.

We have classified risks as either:

- **Transitionary**: resulting from the shift to a zero carbon economy; or
- **Physical**: resulting from climate change impacts.

Generally, transitionary risks dominate in the short and medium term, whereas physical risks dominate in the long term.

Task Force on Climate-related Financial Disclosures ('TCFD') continued

Climate-related Risks		Time Frame	Response
Transitionary	**Policy and Legal**: Governments may implement new taxes, regulations or legislation which may penalise companies that do not effectively minimise their impact on the environment and communities. This may increase compliance costs for the Group, which would need to be shouldered by the Group or passed onto the customer, which may lead to decreased demand. For example, Extended Producer Responsibility (EPR), carbon taxes.	S, M, L	EPR is a short-term risk, monitored by the Sustainability Council and minimised via our Environmental Packaging Initiative (page 65). Carbon taxation is a medium- to long-term risk. It is managed by the Sustainability Council and minimised via our strategic roadmap for decarbonisation (page 62). Delivery of our goal of being carbon neutral by 2030 should mitigate the extent to which the Group is exposed to new taxes or legislation.
	Technology: Decarbonisation will require investment in emerging technologies, which may increase operating costs or capital expenditure, both of which may reduce cash flow. For example, heat pumps are more expensive to install than conventional gas heating.	M, L	In Scope 1 and 2, our strategic roadmap will prioritise investments with long-term viability and distribute expenditure over several decades, minimising costs. Scope 3 costs will, primarily, be absorbed by suppliers.
	Reputation: Failure to meet stakeholder expectations may weaken our attractiveness to customers, investors, and employees.	S, M	Our Group strategy includes the priority area of Environmental Leadership, which requires us to clearly demonstrate that our business is leading the sustainability agenda within our sector. We are represented on industry bodies attempting to drive best practice, and we have the strategy and governance in place to ensure we deliver against it. We will survey stakeholders in FY24 to ensure full alignment with their environmental expectations. We are increasing customer facing communication across the Group.

Climate-related Risks		Time Frame	Response
Physical	**Acute**: supply chain disruption. Weather events may cause delays, shortages, and cost increases for goods.	L	Acute supply chain disruptions, including any climate-related weather events, are monitored in weekly trade meetings. Our supplier base is wide, so even if some suppliers became unable to function, our buying teams would be able to source products from alternative suppliers.
	Acute and Chronic: estate disruption. Weather events and climate shifts may increase estate maintenance costs and decrease customer footfall.	L	Although any extreme climate impact remains a long-term threat in the UK, the frequency of significant weather events is increasing. We weatherproof our estate as a matter of normal business. We will look to create a record of high risk stores and prioritise improved protection at these sites.

Climate-related Opportunities	Time Frame	Response
Products and Services: Innovative, low-emission, and sustainability marketed products may result in higher sales, and an opportunity to improve margin.	S	We have developed several low-emission products with recycled content, including our Regenr8™ range, comprising adhesives and a self-levelling compound, and our Principle™ tile range. Market leading and exclusive to Topps Group, these and other sustainable products are well positioned to capitalise on sales and margin opportunities.
Resource Efficiency: Improving operational efficiency may reduce costs.	S	The Sustainability Council is continually exploring opportunities to reduce waste and save on associated costs. For instance, in FY23, improving pallet recovery from stores generated considerable resale and recycling revenue.
Energy Source: Decentralised generation of clean energy may reduce annual energy costs. For example, photovoltaic installations offer cost savings on electricity compared to the grid.	M, L	Our strategic roadmap includes several additional photovoltaic installations in the short term, and a widespread installation project in the medium term. This ensures we can capitalise on cost saving opportunities in the medium to long term.

At present, we are unable to disclose an assessment of the impact of different climate scenarios on our business strategy. We will develop this over the year ahead, and plan to deliver a qualitative assessment based on two different Representative Concentration Pathways ('RCPs') in our annual report for FY24.

Task Force on Climate-related Financial Disclosures ('TCFD') continued

Risk Management

Risk Management
Disclose how the organisation identifies, assesses, and manages climate-related risks a. Describe the organisation's processes for identifying and assessing climate-related risk b. Describe the organisation's processes for managing climate-related risks c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

We have a "Three Lines of Defence" risk management model to identify, monitor and manage all risks, including those that are climate related. The first line of defence is our Executive Management Team who have day-to-day responsibility for business operational supervision and, hence, are required to consider current and developing risks that could impact on the achievement of our strategic objectives, including ESG and climate-related risks. Executive management is ultimately responsible for the implementation and maintenance of the agreed processes and controls to mitigate the assessed risks.

Climate and ESG risks have been integrated into our strategic risk process, the second line of defence. This includes consideration of all key items, such as regulatory, reputational and physical risks. The identification and assessment of climate and ESG risks uses the same likelihood and impact criteria as all Group risks on both an inherent and residual basis. A detailed risk assessment is conducted annually to identify emerging risks and to ensure that the focus and management of all risks is appropriate. This assessment includes input from the key internal and external stakeholders. The Audit Committee reviews the results of the annual strategic risk assessment and the Board reviews Executive Management updates to the risks and mitigations on a quarterly basis.

The Sustainability Council serves as another key part of the second line of defence and evaluates material ESG risks and corresponding mitigation activities. This also provides a forum to receive and consider new ideas and feedback from colleagues representing all areas of the business on environmental issues. This ground-up approach helps to ensure that all levels of the business are engaged in our Environmental Leadership strategy.

The third line of defence is our Internal Audit function, which provides an independent and objective view on the effectiveness of the internal control environment, which is reported to the Audit Committee.

Metrics and Targets

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

a. Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions and related risks

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

We use various metrics and targets to assist in our assessment of climate-related risks, opportunities, and responsive actions – these are detailed in the table, below. Metrics and targets progress is reviewed by the Sustainability Council and, annually, by the Board. We are working to develop additional targets for disclosure in our Annual Report for FY24.

Energy consumption		**FY23 kWh**	FY22 kWh	Target
Transport	Diesel	**10,459,266**	8,781,775	–
Property	Gas and oil	**12,826,072**	14,025,914	–
	Electricity	**10,458,707**	11,262,360	–

GHG emissions[5]			FY23 tCO_2e	FY22 tCO_2e	Target
Scope 1	Transport	Diesel	**2,727**	2,264[5]	–
	Property	Gas and oil	**2,380**	2,555[5]	–
Scope 2	Property	Electricity (market-based)[6]	**35**	4	–
Scope 1 and 2	Total		**5,142**	4,823[5]	Carbon neutral by 2030
Scope 3			–	–	Disclose in FY24 report

GHG intensity		**FY23 tCO_2e**	FY22 tCO_2e	Target
Scope 1 and 2	Total per store	**16.9**	15.6[5]	–
	Total per £m turnover	**19.6**	19.5[5]	–

5 FY22 GHG figures differ slightly from those previously reported as we are now reporting CO_2e rather than CO_2, as per SECR requirements

6 Using the alternative location-based methodology, our Scope 2 emissions were: 2,166 tCO_2e in FY23 and 2,178 tCO_2e in FY22

Circularity		**FY23**	FY22	Target
Plastics Pact UK	Percentage recyclable or reusable own-brand plastic packaging	**95%**	70%	100% by FY26
	Average recycled content in own-brand plastic packaging	**8%**	0%	30% by FY26
Operations	Tile waste	**2,193**	2,496	10% reduction in FY24
	Total organisational waste	**–**	–	Disclose in FY24 report
	Total organisational recycling rate	**–**	–	Disclose in FY24 report

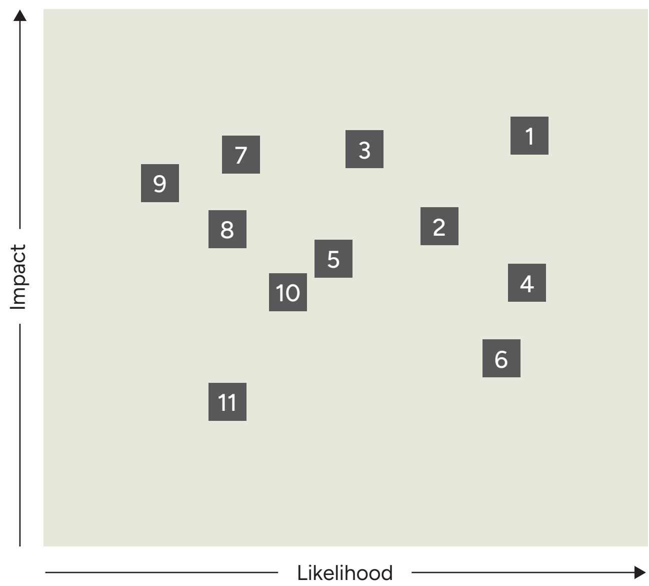
Risks and Uncertainties

The Group's risk management approach has been developed to enable the business to identify, assess and manage the key risks covering corporate, strategic, operational and compliance considerations.

These risks incorporate the significant risks faced by the business, which are summarised in the pages below. The key steps of the Group's risk review framework are outlined below:

- An annual strategic risk workshop, which is attended by the Audit Committee Chair, Head of Internal Audit, Executive Committee members and other key senior members of the management team;
- The update of a strategic risk register, which summarises the likelihood and impact of risks on an inherent and net basis;
- The Board, supported by the Audit Committee, conducts a robust review of the strategic risk register; and
- A quarterly update in the Board pack, which includes a summary of the key risks identified, combined with mitigants and agreed actions.

Heat Map of the Group's Principal Risks



		Risk Appetite
1	Macro-Economic changes and Consumer Confidence	Neutral
2	Aging Systems	Neutral
3	Cyber Security	Neutral
4	Inflationary Cost Increases of Goods Not For Resale	Neutral
5	Sustainability and Climate Change	Neutral
6	Artificial Intelligence ('AI')	Neutral
7	Development and Delivery of Group Strategy	Neutral
8	Critical Asset Failure	Neutral
9	Health and Safety ('H&S')	Low
10	Growth through Mergers and Acquisitions ('M&A')	High
11	Quality and Ethical Sourcing	Neutral

The risk heat map is designed to show the relative exposure of each principal risk on a net basis rather than establish the absolute level of the likelihood and impact for each risk.

Risks	Impact	Mitigation
1. Macro-Economic changes and Consumer Confidence		
The general economic climate, and specifically consumer confidence, are important to Topps Group and events that may affect these factors present a financial risk to the business. The current weak macroeconomic outlook may continue or deteriorate into 2024 and beyond due to a combination of factors, such as high inflation, higher interest rates or global events including wars and pandemics, which may lead to a decline in consumer confidence.	Over the long term consumers need to feel confident and have access to affordable funding to invest money into their homes. A reduction in consumer confidence or ability to fund home improvements could result in a contraction of the tile market and reduction in demand for the Group's products, which could impact revenue and profits.	The business is in a strong position to manage a weak or deteriorating market. We have a strong net cash position with no debt and retain a significant level of available funding via a £30 million banking facility committed to October 2026. This strong financial foundation, combined with tight control of costs, allows the Group to greater withstand shorter-term trading pressures. Macroeconomic indicators are reviewed on a monthly basis by the Board. Early signs of adverse trends would be responded to with revised business plans and may include reduced levels of investment.

Risk Appetite: Neutral

Status ↔

Several key factors, most notably inflation and interest rates, have changed significantly over the past year. This could have a material impact on consumer confidence and consumers' ability to fund home improvements. The future economic outlook remains uncertain, which means the status of this risk being unchanged.

Risks	Impact	Mitigation
2. Aging Systems		
The Group's core ERP system is aging, which makes obtaining support from the supplier, employees and contractors more challenging. There are limits to what functional improvements can be made to the system and the performance is becoming a concern.	Employees with knowledge of the current ERP may be challenging to replace and their loss could impact the Group's ability to develop its offerings and deliver its strategy. Performance issues may impact business processes and efficiency, and in more extreme scenarios, may impact the Group's ability to serve customers.	In the short term, additional internal resource has been recruited to the Group's development team with the required knowledge to further support the current system. If necessary, third-party support could be obtained. The Group is currently considering plans to modernise and update its systems, which would provide improved functionality and efficiency.

Risk Appetite: Neutral

Status N

The limits and performance of the current ERP, alongside increasing challenges in supporting it, mean this risk has been categorised as a principal risk for the Group.

KEY ↑ Risk has increased ↓ Risk has decreased ↔ No change N New risk

Risks and Uncertainties
continued

Risks	Impact	Mitigation
3. Cyber Security		
The business may suffer a breach of its IT systems security, leading to either a loss of capability or a loss of customer and/or commercial data.	A temporary loss of systems could impact operations and adversely affect sales and profits. The loss of commercial or customer data could result in reputational damage to the Company and/or financial penalties.	The Company uses the latest network and security protocols to protect against attack or breaches of security. Access rights only allow colleagues access to data that they need. The Group have two strategic cyber security partners, colleague training is mandatory and additional active monitoring of security threats has been implemented this year. Virus outbreak response plans are in place, as is a disaster recovery provision, and the majority of the Group's servers now operate on virtualised technology. The Group holds specific cyber security insurance.

Risk Appetite: Neutral

Status ↔

Cyber security continues to represent a significant risk for the Group. The underlying environment evolves at a significant pace, which must be matched by continual improvements in its mitigation approach.

Risks	Impact	Mitigation
4. Inflationary Cost Increases of Goods Not For Resale		
Inflation in the UK economy has led to CPI of 6.7% in September 2023 and is forecast to remain at elevated levels into 2024. Key areas of potential inflation across goods not for resale are marketing, rent and staff wages, among other variable costs.	Inflationary pressures are likely to result in increased costs for the business, which may be difficult to fully offset or pass on to consumers in the current macroeconomic climate. This could result in reducing profit margins and absolute profits.	The business has experience in successfully managing cost pressures and reducing variable costs if necessary. Sales prices may also be actively managed, recognising the limited ability of consumers to absorb price rises.

Risk Appetite: Neutral

Status ↓

In FY22 this risk covered both goods for resale and goods not for resale. Although inflation for goods not for resale remains elevated, inflation of goods for resale has significantly decreased, so this element has been removed from the risk. As a result the risk has decreased.

KEY ↑ Risk has increased ↓ Risk has decreased ↔ No change N New risk

Risks	Impact	Mitigation
5. Sustainability and Climate Change		
In line with all businesses we have a responsibility to focus on sustainability and climate change to minimise our impact on the environment and our communities. If we do not do this successfully, there is a risk of further legislation, regulation or taxation. See the TCFD Report for a fuller list of detailed climate-related risks and opportunities, defined over the short, medium and long term.	Any additional legislation, regulation or taxation in relation to sustainability and climate change could increase compliance costs for the Group. Investment into emerging technologies to support decarbonisation may increase operating or capital costs for the Group. The physical impacts of climate change may impact the Group's supply chain and operating model more widely. We wish to make consumers feel confident that the Group is a responsible corporate citizen and that we are doing all we can to minimise our environmental footprint. If we do not fulfil our responsibilities in this area, it could result in significant reputational damage and subsequent impact on future trade. If we do not deliver against our climate targets, investors may choose to reallocate capital away from the Group, towards assets with a lower impact on the environment.	The Group continues to focus on our Environmental Leadership strategy with a goal of being carbon balanced by 2030. We are driving product innovation to increase the amount of recycled content in tiles and related products and we continue to assess new ways of reducing greenhouse gas emissions, minimising waste and increasing recycling. Our CEO Rob Parker takes responsibility for this element of the strategy. We believe we are well placed to lead the thinking in this area across our industry. Stores are assessed for environmental risks, such as floods, and upgrades are assessed as required. Please see the Environmental Leadership section of the Strategic Report and our TCFD disclosure for more information on this subject.
Risk Appetite: Neutral		
Status ↔ The overall level of risk has remained constant with good progress being made by the Group in progressing plans to reduce and mitigate our environmental impact. However, the Group recognises the increasing desire for companies to do more to protect the environment.		

Risks and Uncertainties
continued

Risks	Impact	Mitigation
6. Artificial Intelligence ('AI')		
The constantly evolving AI landscape could bring both challenges and opportunities. In the medium and long term, by failing to adopt new AI technology the Group could fall behind competitors in both its customer offering and efficiency. Shorter-term risks relate to the legal, safe and ethical use of the technology in current operations.	Customers may migrate to competitors who offer an enhanced experience or cheaper products through the use of AI, which could lead to reductions in sales and profitability. Legal or ethical issues resulting from the use of AI may impact consumers' trust in the Group and impact trade, or could lead to financial penalties.	There is currently a focus on the shorter-term risks of AI. Group policies and controlled accessibility to tools are being developed to ensure that AI is only used in a legal and ethical manner, including the protection of customer information.
Risk Appetite: Neutral		
Status N There has been a rapid development in the ability and use of AI in the past 12 months, particularly with the availability of publicly available tools. AI has, therefore, been classified as an emerging risk for the Group.		
7. Development and Delivery of Group Strategy		
The Group looks to continually develop its customer offering and improve operating efficiency to increase competitiveness and grow Shareholder value. The Group has sought to grow by diversifying its offerings through organic initiatives and acquisitions, which requires investment of both capital and management time.	If customer offerings and operating efficiency are not successfully improved, the Group may become less competitive, which could impact sales and profitability. The core business may also suffer due to greater management focus on investments.	Management operates with an agile strategic mindset and can respond quickly to competitor or market changes. The Group strategy is refreshed and approved by the Board annually. Progress against strategic objectives is reviewed by the Board on a regular basis.
Risk Appetite: Neutral		
Status N The FY22 strategy risk has been segregated into this risk and a separate risk on Mergers and Acquisitions to facilitate management focus.		

KEY ↑ Risk has increased ↓ Risk has decreased ↔ No change N New risk

Risks	Impact	Mitigation
8. Critical Asset Failure		
Critical assets of the business are deemed to be core IT systems and infrastructure, the Grove Park and Pro Tiler warehouses, and the primary distribution fleet. Support offices are also attached to the two warehouses.	The loss of IT systems or infrastructure may impact the Group's ability to sell or ship goods. Loss of a warehouse or the primary distribution fleet could severely impact the Group's ability to meet customer demand and would result in lost sales. In addition, depending on the issue, the value of stock in the warehouses may be lost. Loss of the support offices may limit the ability of core teams to work and support the business.	A process for managing a crisis is owned by the Executive team and departments beneath this have their own Business Continuity plans. The Group's IT resilience has been improved in FY23 through engagement with a third-party partner. Our disaster recovery provision has also been enhanced and should enable us to restore system functionality with minimal data loss. The Group is insured for the loss of buildings, equipment and inventory. The majority of the Group's stock is held in the Topps Tiles stores and supplier relationships would be leveraged to replace lost warehouse stock as quickly as possible. Support staff are able to work from home, as proven during Covid-19.
Risk Appetite: Neutral		
Status N Separate risks around the loss of IT systems and physical infrastructure have been combined in FY23, which has resulted in this risk being classified as a principal risk for the Group.		
9. Health and Safety ('H&S')		
The Group's operations involve the movement, storage and transportation of heavy products. There is an inherent risk that these activities could result in a serious health and safety incident.	The Group's values deem it unacceptable for an employee or any other individual to be harmed as a result of business operations. Secondary impacts of a major H&S incident could include the enforced suspension of operations, an adverse reaction from customers resulting in loss of trade, or financial penalties.	A culture of "safety first" has been established across the business and H&S has its own governance structure. A dedicated team of H&S experts work closely with management to ensure that all activities with an inherent H&S risk are appropriately managed. Robust reporting and investigation of any incidents or near misses focus on mitigating any future occurrences.
Risk Appetite: Low		
Status N A continuing focus on Health and Safety has resulted this in being classified as a principal risk for the Group.		

Risks and Uncertainties
continued

Risks	Impact	Mitigation
10. Growth through Mergers and Acquisitions ('M&A')		
Part of the Group's strategy for growth may involve the acquisition of another business. There are key inherent risks with all acquisitions regarding the quality, value and integration of the new entity.	If the Group acquires another business where the quality and continuing operations do not prove to be in line with expectations, Shareholder value may not be generated.	Any potential M&A activity is scrutinised by Executive Management and the Board, with the support of third-party experts conducting due diligence. Key risks will be identified and managed accordingly. The integration and performance of acquired businesses is monitored closely by Executive Management and the Board.
Risk Appetite: High		
Status N The M&A element of the FY22 Group strategy risk has been extracted as a separate principal risk in FY23 to facilitate improved focus on the key elements of the Group's strategy.		
11. Quality and Ethical Sourcing		
The Group sources products from countries in various regions across the world. Longer supply chains or the use of new supplier factories increases exposure to the risk of poor or inconsistent product quality. In some areas of the world there is a greater risk that worker conditions are not appropriate and do not align with the Group's values.	Consistent issues with product quality could reduce demand for the Group's products and impact sales and profitability. The Group's values imply that it will only engage with ethical suppliers. The identification of any unethical issues, such as unsafe or poor factory working conditions, are likely to result in changes to the supplier base and could impact product availability. Any identified issues could also impact the Group's reputation and lead to reduced trade.	All new factories are screened to ensure that product quality and factory working conditions are appropriate. Third-party experts are engaged to conduct audits on third-party factories, with a greater focus on those in areas where there is a greater risk of poor working conditions.
Risk Appetite: Neutral		
Status N The Group has diversified its supply base across different regions in response to security of supply and cost challenges in the last two years, which has elevated this to become a principal risk for the Group.		

KEY ↑ Risk has increased ↓ Risk has decreased ↔ No change N New risk

The following items were included within the significant risks reported for FY22, but have now been removed for the reasons provided:

Attracting and Retaining Talent/Loss of Key Personnel

Colleague turnover has decreased significantly in FY23 and labour market pressures have eased. As a result, the risk of not attracting or retaining personnel with appropriate knowledge and skills has reduced.

Warehouse Capacity

The management of warehouse capacity has been enhanced in FY23 so the risk of capacity constraints impeding sales has reduced. Management continues to consider the most appropriate long-term warehousing and supply chain solutions for the expanding Group.

Global Pandemic – Including Covid-19

The relative level of this risk has reduced in comparison to the other Group risks in FY23, so it has been removed as a principal risk.

Global Supply Chain

Global Supply chain pressures and the availability of products have improved significantly in FY23. As such, this is no longer one of the principal risks for the Group.

The Board will continue to monitor all of the key risks and uncertainties of the Group and ensure that appropriate mitigations are in place.

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Going Concern and Viability Statement

Going Concern

At the time of approving the financial statements, the Board is required to formally assess that the business has adequate resources to continue in operational existence and as such can continue to adopt the going concern basis in preparing the financial statements. This assessment has been done over a period of three years, and therefore covers the requirement to consider going concern for a period of not less than 12 months from the date of signing the financial statements.

When considering the going concern assertion, the Board reviews several factors including a review of risks and uncertainties, the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans, along with a detailed review of more pessimistic trading scenarios that are deemed severe but plausible. The two downside scenarios modelled include a moderate decline in sales and a more severe decline in sales, which result in much lower sales and gross profit than the base scenario, resulting in worse profit and cash outcomes. The more severe downside scenario modelled this year was based on a prolonged period of macroeconomic stress in the UK, lasting for more than one year, with sales in FY24 falling 20% year on year in our main brand, Topps Tiles, as well as a two percentage point year-on-year decline in gross margins in FY24. The more severe downside scenario assumes the Topps Tiles business recovers back to FY23 levels of sales and gross margins by FY26. This scenario also assumes that variable costs would reduce in line with sales and also includes direct mitigating cost reduction actions, which would be taken if such a downturn occurred.

The Group has already taken a number of actions to strengthen its liquidity over the recent years, and the scenarios start from a position of relative strength. The going concern review also outlined additional mitigating actions that could be taken in a severe but plausible trading scenario. These included, but were not limited to, savings on store employee costs, savings on central support costs, reduced marketing activity, a reduction of capital expenditure, management of working capital and suspension of the dividend. The Group's cash headroom and covenant compliance was reviewed against current lending facilities in both the base case and the severe but plausible downside scenarios. The current lending facility, of £30.0 million, was refinanced in October 2022 and expires at the earliest in October 2026.

In all scenarios, the Board has concluded that there is sufficient available liquidity, with no utilisation of the current lending facility, and sufficient covenant headroom for the Group to continue to meet all of its financial commitments as they fall due for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

Long-term Viability Statement

In addition to the Going Concern Statement the Directors have also assessed the prospects of the Group over a longer period. This assessment has been done over a period of three years as the business is largely dependent on UK consumer confidence and discretionary spending which is difficult to project beyond this period.

The Directors' assessment of the Group's prospects has been made with reference to the Group's current position, which has been strengthened by the refinance of loan facilities in October 2022 and the principal risks facing the Group, as detailed in the Strategic Report.

In assessing the viability of the Group, the Board considers the key risks to the delivery of its financial plans relate to macro- economic changes, global supply chain pressure, reduction in consumer confidence and major reputational damage from cyber security attacks, all of which would be expected to lead to a reduction in sales. In addition, there are key risks such as supply chain cost inflation, sustainability-led cost pressures and currency fluctuations which could lead to a weakening in the Group's gross margin.

As a result the Board has reviewed a number of sensitivities based on a reduction in sales and gross margin over the viability period of three years. The scenarios modelled include a moderate decline in sales and a more severe decline in sales, which result in much lower sales and gross profit than the base scenario, resulting in worse profit and cash outcomes. The more severe downside scenario modelled this year was based on a prolonged period of macroeconomic stress in the UK, lasting for more than one year, with sales in FY24 falling 20% year-on-year in our main brand, Topps Tiles, as well as a two percentage point year-on-year decline in gross margins in FY24. The more severe downside scenario assumes the Topps Tiles business recovers back to FY23 levels of sales and gross margins by FY26. This scenario also assumes that variable costs would reduce in line with sales and also includes direct mitigating cost reduction actions, which would be taken if such a downturn occurred. It should also be noted that the Group is operationally geared which means that there is a relatively high level of impact from any increases or decreases in levels of turnover. A sustained decrease in levels of turnover would be managed by a reduction in operational expenditure, reductions in capital expenditure, tighter working capital controls and possible restriction of Company dividends.

The conclusion of these sensitivities is that the Group has a good level of financial flexibility and is well positioned to withstand a number of risks occurring and the sustained reduction in levels of consumer spending and rising margin costs through the next three years.

Based on this review the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meets its liabilities, as they fall due, for the next three years.

Directors' Confirmation

We confirm to the best of our knowledge:

- The Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face and a fair, balanced and understandable view of the business.

Non-Financial and Sustainability Information Statement

Topps Tiles Plc has complied with the requirements of s414CB of the Companies Act 2006 by including certain non-financial information within the Strategic Report. This can be found as follows:

- Group's business model is on pages 24 to 25.
- Information regarding the following matters, including policies, the due diligence process implemented in pursuance of the policies and outcomes of those policies, can be found on the following pages:
  - Environmental matters on page 34 and pages 62 to 63;
  - Colleagues on pages 70 to 71;
  - Gender diversity on page 69;
  - Social matters on pages 72 to 75;
  - Respect for human rights on page 106; and
  - Anti-corruption and anti-bribery matters on page 106.
- Where principal risks have been identified in relation to any of the matters listed above, these can be found on pages 82 to 89, including a description of the business relationships, products and services that are likely to cause adverse impacts in those areas of risk, and a description of how the principal risks are managed.
- All key performance indicators of the Group, including those non-financial indicators, are on pages 46 to 47.
- The Financial Review section on pages 48 to 53 includes, where appropriate, references to, and additional explanations of, amounts included in the entity's annual accounts.

Cautionary Statement

This Strategic and Operational Review and Chair's Statement have been prepared solely to provide additional information to Shareholders to assess the Group's strategies and the potential for those strategies to succeed. These reports should not be relied on by any other party or for any other purpose.

The Strategic and Operational Review and Chair's Statement contain certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic and Operational Review, have complied with s414a of the Companies Act 2006. This Business Review has been prepared for the Group as a whole and, therefore, gives greater emphasis to those matters that are significant to Topps Group and to its subsidiary undertakings when viewed as a whole.

Annual General Meeting

The Annual General Meeting for the period to 30 September 2023 will be held on 18 January 2024. Please see the Notice of Annual General Meeting for more details.

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

ROB PARKER
Chief Executive

STEPHEN HOPSON
Chief Financial Officer

14 December 2023

Our Governance

PreKast™ Maroon Brown, Skandi™ Taupe Plank

Board of Directors

PAUL FORMAN
Non-executive Chair

Committee Membership

N I

Date of Appointment

Joined the Board on 1 July 2023

Skills and Experience

Paul is an experienced director of both listed and private equity-backed businesses, gained in a variety of executive and non-executive roles. He has successfully driven growth, strategic change and fostered high performance, highly engaged workforces. His experience includes Chief Executive roles at three FTSE250 businesses: Essentra Plc, Coats Group Plc and Low & Bonar Plc. He is also a former Non-executive Director of Brammer Plc.

External Appointments

Senior Independent Director at Tate & Lyle Plc and Chair at FSI Ltd, the private equity-backed flavours and fragrances business.

ROB PARKER
Chief Executive

Committee Membership

Date of Appointment

Joined the Board on 10 April 2007 as Chief Financial Officer

Appointed Chief Executive Officer with effect from 29 November 2019

Skills and Experience

Rob has gained significant knowledge of the Group and the sector in which it operates from over 15 years of experience on the Board as, initially, Chief Financial Officer and, since 2019, Chief Executive, during which he has contributed to, and successfully led, its expansion and steered it through the challenges of Covid-19. He has deep experience of the sector which, with his financial expertise, plays a fundamental role in driving the Group's strategy, purpose and vision. He Chairs the Group Health and Safety and Environmental Committee. He is a qualified accountant and has held senior finance roles with the Boots Group and Savers Health & Beauty Limited.

External Appointments

None.

STEPHEN HOPSON
Chief Financial Officer

Committee Membership

Date of Appointment

Joined the Board on 2 November 2020

Skills and Experience

Stephen provides financial expertise and a significant management and commercial contribution to develop and execute the Group's strategy. He ensures that there is a robust and effective financial control environment, compliant with regulatory requirements, and is responsible for all areas of finance, IT and Group legal matters. He joined the Board from Molson Coors Beverage Company, where he was Director of Central Finance for Western Europe. Before this, Stephen spent five years at Travis Perkins Plc, including three years as Finance Director for BSS, and has also held senior finance roles at Mitchells & Butlers Plc where, among other functions, he held responsibility for Investor Relations. Stephen is a CIMA-qualified management accountant and holds an MBA.

External Appointments

None.

KEITH DOWN
Senior Independent Non-executive Director

Committee Membership

A N R I

Date of Appointment

Joined the Board on 2 February 2015

Skills and Experience

Keith, a Chartered Accountant, is a highly experienced finance leader, with a wealth of experience gained from various sectors, including retail and consumer, covering accounting, audit and governance, together with significant digital and commercial experience. He has also held responsibility for, and management of, head office functions, including property, IT, marketing and legal and secretariat, all of which are relevant for the Board. His former positions include Group Finance Director of Selfridges Group, CFO of Dunelm Group Plc, Go-Ahead Group Plc and JD Wetherspoons Plc and senior roles at Tesco Plc, where he was responsible for all Tesco digital operations, and T & S Stores Plc.

External Appointments

Senior Independent Director and Chair of the Audit Committee of Tortilla Mexican Grill Plc.

A Audit Committee
N Nomination and Governance Committee
R Remuneration Committee
Committee Chair
I Independent Director

DIANA BREEZE
Non-executive Director

Committee Membership

A N R I

Date of Appointment
Joined the Board on
1 February 2021

Skills and Experience
Diana brings extensive and relevant expertise from senior roles in the retail, consumer, logistics and property sectors. She was a consultant with Accenture between 1996 and 2003 and has held senior HR roles at J Sainsbury PLC before becoming Group HR Director at Land Securities PLC and, subsequently, Director of Group Human Resources at Bunzl Plc, which is her current position. Diana has extensive experience on all people-related matters, including organisational development, executive succession, reward structures and diversity and inclusion policies and governance. In her current role, she also has executive responsibility for sustainability and is experienced in implementing all aspects of the Environmental, Social and Governance ('ESG') agenda.

External Appointments
Director of Group Human Resources and member of the Executive Committee at Bunzl Plc where she attends meetings of the Remuneration and Nomination Committees.

KARI DANIELS
Non-executive Director and Employee Engagement Director

Committee Membership

A N R I

Date of Appointment
Joined the Board on
1 April 2021

Skills and Experience
Kari contributes considerable commercial, marketing, digital, retail and branding expertise to the Board. She had over 20 years in executive leadership roles at Tesco where she was CEO of Tesco Ireland for four years and spent three years as UK Commercial Director. Prior to Tesco she held marketing and leadership positions at SC Johnson, Wella and Superdrug. She was formerly President of the Irish Grocers Benevolent Fund and an advisory board member of 30% Club Ireland.

External Appointments
CEO, UK, Ireland and Netherlands and member of Group Executive Committee for SSP Group Plc.

Kari is a member of the PIC (Council) of the IGD (Institute of Grocery Distribution (UK)) and Advisory Board member of WiTHTL (Women in Hospitality and Leisure (UK)).

JOANNE STEER
Head of Legal and Company Secretary

Joanne was appointed Head of Legal and Company Secretary with effect from May 2023. Previously she has led legal functions and acted as Company Secretary in a broad range of sectors including construction, vehicle leasing, medical devices and education. She qualified as a barrister in 1997 and has legal, compliance and governance experience in a variety of businesses, including private equity, non-profit and joint ventures.

THE COMPANY

Topps Tiles Plc
Registration Number
3213782

Registered Office
Thorpe Way, Grove Park
Enderby, Leicestershire
LE19 1SU

Secretary
Joanne Steer

London Stock Exchange Symbol
TPT

The Group or Topps Group
Comprises Topps Tiles Plc and all subsidiary companies.

OUR ADVISERS

Auditor
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Financial PR Advisers
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Brokers
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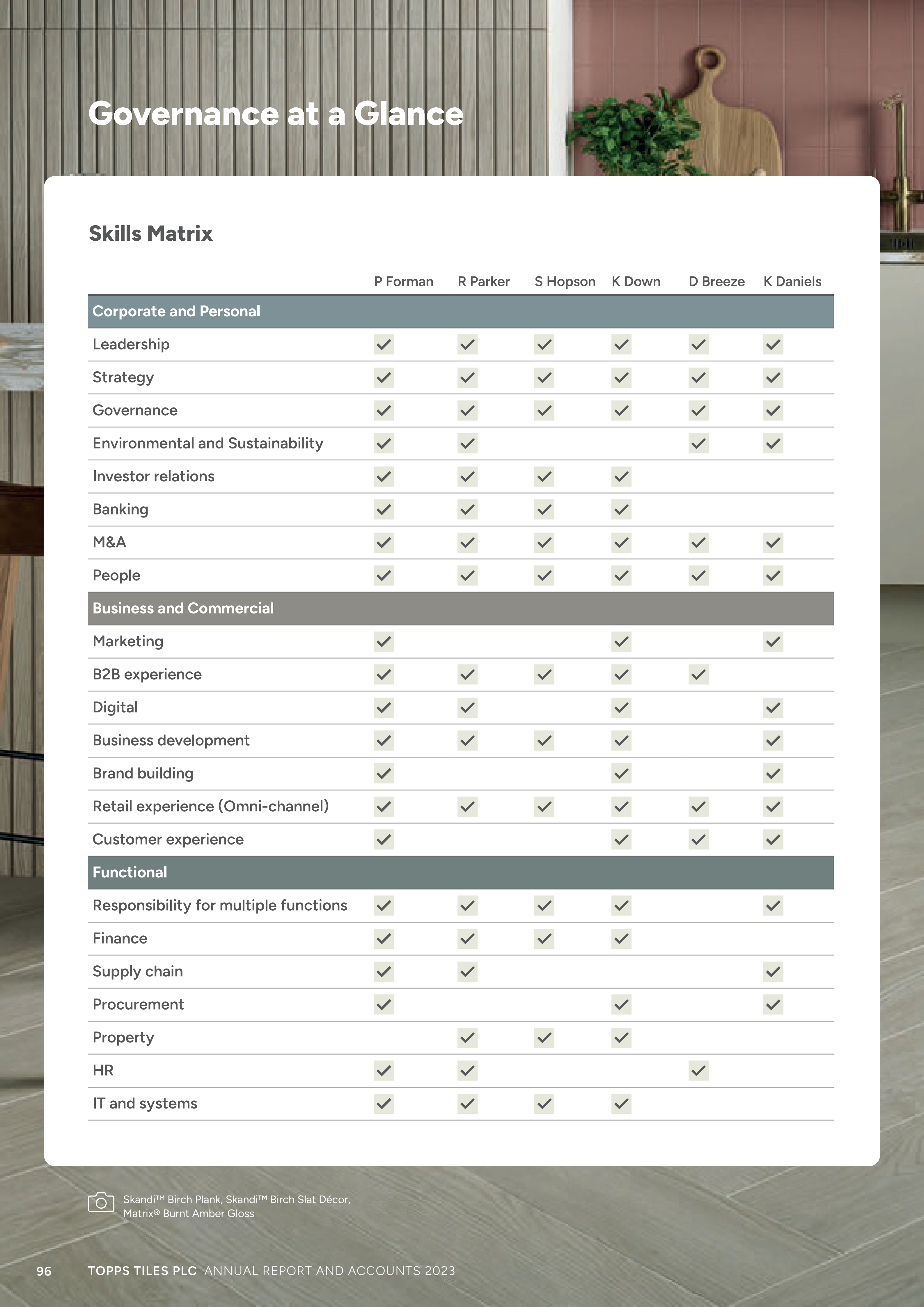
100 Liverpool Street
London EC2M 2AT

Liberum Capital Limited
Ropemaker Place Level 12
25 Ropemaker Street
London EC2Y 9LY

Governance at a Glance

Skills Matrix

	P Forman	R Parker	S Hopson	K Down	D Breeze	K Daniels
Corporate and Personal						
Leadership	✓	✓	✓	✓	✓	✓
Strategy	✓	✓	✓	✓	✓	✓
Governance	✓	✓	✓	✓	✓	✓
Environmental and Sustainability	✓	✓			✓	✓
Investor relations	✓	✓	✓	✓		
Banking	✓	✓	✓	✓		
M&A	✓	✓	✓	✓	✓	✓
People	✓	✓	✓	✓	✓	✓
Business and Commercial						
Marketing	✓			✓		✓
B2B experience	✓	✓	✓	✓	✓	
Digital	✓	✓		✓		✓
Business development	✓	✓	✓	✓		✓
Brand building	✓			✓		✓
Retail experience (Omni-channel)	✓	✓	✓	✓	✓	✓
Customer experience	✓			✓	✓	✓
Functional						
Responsibility for multiple functions	✓	✓	✓	✓		✓
Finance	✓	✓	✓	✓		
Supply chain	✓	✓				✓
Procurement	✓			✓		✓
Property		✓	✓	✓		
HR	✓	✓			✓	
IT and systems	✓	✓	✓	✓		



Skandi™ Birch Plank, Skandi™ Birch Slat Décor, Matrix® Burnt Amber Gloss

Executive Committee

ROB PARKER
Chief Executive

STEPHEN HOPSON
Chief Financial Officer

RICHARD CARTER
Managing Director of Retail

Appointed Managing Director of Retail in April 2018. An experienced retailer who has worked for both blue chip retailers and smaller, more entrepreneurial businesses. Before joining Topps Tiles in 2010 to take responsibility for retail operations and the trade division, Richard has previously held senior operations roles with the Spirit Group (Punch Taverns), Virgin Retail, Dixons and Office World (Staples). Richard started his career with Asda on their retail operations graduate recruitment programme.

LINDA SLEATH
HR Director

Appointed HR Director in December 2019 and responsible for leading the People agenda across the Group. Before joining the business, Linda was HR Director for Brakes UK, part of the Sysco Organisation. Linda has held senior HR and operational roles across FMCG and retail for such organisations as Boots International, Molson Coors and United Biscuits. Linda is a qualified Level 7 Executive Coach and holds a post-graduate qualification in psychology and neuroscience from Henley Business School. She is a Fellow of the Chartered Institute of Personnel and Development and a Fellow of the Chartered Management Institute.

TIM TATLOCK
Buying Director

Appointed Buying Director in April 2018. Responsible for all product assets and leads creative, sourcing, technical, supply chain and inventory. Tim has over 20 years of tile industry experience and before joining Topps Tiles held senior leadership positions with UK tile distributors and multinational tile manufacturers. His expert knowledge and innovative approach have seen him progress to the position of Buying Director, after joining Topps Tiles as a Buyer in 2005.

Corporate Governance Report

PAUL FORMAN
Chair

I am pleased to present our Corporate Governance Report for the period ending 30 September 2023 (the 'Period').

Dear Shareholder,

The role of the Board is to provide effective leadership that promotes the long-term sustainable success of the Group, generating value for Shareholders and contributing to the communities in which we operate. This report outlines the Group's corporate governance framework and how it, and the Board, supports delivery of the Group's strategy.

During the Period, the Nomination and Governance Committee led by Keith Down, our Senior Independent Director, undertook a well-managed succession process. Thereafter, I joined the Board as Chair Designate from 1 July 2023, and succeeded Darren Shapland on 1 October 2023 when he retired as Chair and from the Board. We announced on 21 November 2023 that Denise Jagger will, with effect from 1 February 2024, be joining the Board as Senior Independent Director Designate in succession to Keith Down, who, in February 2024 will have served nine years as an Independent Non-Executive. A search for a new Chair of the Audit Committee will be commenced in early 2024. Keith has agreed to remain in these roles until the 2025 AGM, at which time he will retire from the Board, ensuring there is an orderly handover and to provide continuity during this period of transition.

We have, throughout the Period, maintained our focus on supporting the delivery of the Group's strategy, details of which are set out in the Strategic Report, with all members of the Board providing constructive challenge, contribution and debate. We are certain that good governance, underpinned by a culture of open communication and mutual trust, is essential to successful and sustained delivery over the long term. The Board is committed to meeting the highest standards for all stakeholders.

Statement of compliance with the UK Corporate Governance Code

The Company complied fully with the principles and provisions of the UK Corporate Governance Code 2018 (the 'Code') throughout the Period. Details of how the main principles of the Code have been applied are both set out below, in the Audit Committee and Nomination and Governance Committee Reports, and can be found in the Strategic Report and Directors' Remuneration Report.

Annual General Meeting

We look forward to welcoming Shareholders to our 2024 Annual General Meeting ('AGM'), which will be held at the Marriott Hotel, Smith Way, Grove Park, Leicester LE19 1SW. To help manage proceedings, we are asking Shareholders who wish to attend to register their intention to do so in advance. In the event that it is no longer possible or practical for Shareholders to attend the meeting, we will provide notification of any changes to the arrangements on our website and make a public announcement via a Regulatory Information Service.

The AGM provides Shareholders with a good opportunity to meet with, and ask questions of, the Directors, all of whom will be present. To ensure we are in a position to respond and engage in detail at the Meeting, we would ask that any questions are, if possible, proposed in advance of the Meeting.

Each substantive issue considered at the AGM is the subject of a separate resolution. This year, the Board is again encouraging Shareholders to vote in advance online by proxy. Voting on all resolutions will be conducted by way of a poll rather than a show of hands, which is a more transparent method of voting with Shareholders' votes counted according to the number of shares registered in their names, rather than according to the number of

Shareholders who attend the AGM. The results will be published on our website (www.toppsgroup.com), and also released to the London Stock Exchange via a Regulatory Information Service.

Please see the Notice of AGM, and accompanying notes, for details of the resolutions, when and how to vote and how to ask a question in advance. The Notice of AGM will be available to view at www.toppsgroup.com. The Board would like to thank Shareholders for their engagement and support throughout the year.

Resolutions at 2023 AGM

At the 2023 Annual General Meeting, resolutions 3 (Approval of the Directors' Remuneration Report), 4 (Approval of the Directors' Remuneration Policy), 5 (Re-election of Darren Shapland as a Director), 11 (Appointment of Mazars LLP as Auditor), 12 (Authorisation of the Auditor's remuneration), 13 (Approval of the Topps Tiles Plc Share Plan) and 14 (Directors' authority to allot shares), passed with less than 80% of votes cast in favour, and resolution 15 (Short notice for meetings other than AGMs), which was a special resolution requiring 75% in favour, did not receive sufficient support to be passed.

The Shareholders supported the Board's recommendation to vote against each of the requisitioned resolutions that had been proposed on behalf of MS Galleon GmbH ('MSG') who held 29.9% of the Company's voting rights, namely resolution 16 (removal of Darren Shapland as a Director), 17 (appointment of Lidia Wolfinger as a Director) and 18 (appointment of Michal Bartusiak as a Director). An average of 99.3% of Shareholders who voted, other than MSG, supported the Board's recommendations.

In accordance with provision 4 of the Code, the Board has engaged with the relevant Shareholder to understand and discuss their views with respect to these resolutions. It is acknowledged that resolutions 5 and 14 also received less than 80% of votes cast in favour at the previous AGM and appeared on the Investment Association's public register in 2022. With regards to resolution 14, the Board understands that some non-UK resident investors may have a policy of not supporting resolutions of this nature which, when passed, grant the Board specific authorities without the need to seek further Shareholder approval. Specific feedback was sought from the same Shareholder on all other resolutions that received less than 80% of votes cast in favour, but none was received.

We are certain that good governance, underpinned by a culture of open communication and mutual trust, is essential to successful and sustained delivery over the long term.

Staunton™ Multicolour

Corporate Governance Report continued

While certain special resolutions concerning share capital management are considered standard for UK listed companies, and in line with market practice, the Board is aware that some non-UK resident investors may take different views on these matters and may have a policy of not supporting resolutions which, when passed, grant the Board specific authorities without the need for further Shareholder approval. It also acknowledges that resolution 15 (Short notice for meetings other than AGMs) proposed as a special resolution at the 2023 AGM did not receive sufficient Shareholder support to be passed. The Board will not be proposing this resolution to the forthcoming AGM.

The views of all Shareholders are important to the Company and the Board is committed to ongoing engagement with its Shareholders.

Dialogue and Being Available to Shareholders

The Board maintains ongoing dialogue with its Shareholders and Rob Parker, our Chief Executive, and Stephen Hopson, our Chief Financial Officer, meet regularly with investors and analysts to discuss the Company's performance. All Shareholders have access to the Chair and Senior Independent Director, as well as the Company Secretary, who are available to discuss any questions regarding the running of the Company.

The Directors build on a mutual understanding of objectives between the Company and its Shareholders, with annual presentations and regular communications over the year. There has been extensive engagement with the Company's major shareholders, both prior and subsequent to the 2023 AGM to understand their views on governance and performance against the strategy, while the Committee Chairs also engage on significant matters related to their areas of responsibility.

Financial information is published on the Company's website www.toppsgroup.com. The Chairs of the Audit Committee, Remuneration Committee and Nomination and Governance Committee make themselves available to answer Shareholders' questions.

The Board recognises the need to ensure that all Directors are fully aware of the views of major Shareholders. Copies of analysts' research relating to the Company are circulated to Directors and the Company receives a monthly Investor Relations report. This includes an analysis of the Company's Shareholder register, details of which are provided to all members of the Board.

Division of Responsibilities

Chair and Chief Executive

The Chair leads the Board and ensures its effectiveness. Paul Forman was independent upon appointment and remains so as assessed against the criteria set out in provision 10 of the Code.

The roles of the Chair and Chief Executive are divided, and the Board has approved a written statement of the division of key responsibilities between them, which is available on the Group's corporate website.

The Chair, with support from the Company Secretary, is responsible for the performance of the Board encouraging open communication and mutual respect between all Board members and that it functions effectively. He is responsible for setting the Board's agenda and ensuring that there is adequate and appropriate time allocated to agenda items. Further, that there is challenge and debate devoted to the discussion of all agenda items in order to facilitate the effective engagement, contribution and inclusion of all Directors in the Board's decision-making process.

The Chief Executive, as leader of the executive team, has responsibility for developing and proposing the Group's strategy, purpose and vision. Also, in accord with the strategy and policies approved by the Board, he is responsible for the operations and day-to-day management of the Group. This includes communicating and promoting the Board's expectations, regarding culture, values and behaviours, to all colleagues.

Senior Independent Director and Non-Executive Directors

The Board ensures that at least half of its members, excluding the Chair, are independent non-executives and annually reviews any relationships or circumstances that are likely to affect their independence.

As Senior Independent Director, Keith Down acts as a sounding board for the Chair and an intermediary for Directors and Shareholders, and is also available to Shareholders should they wish to raise an issue through an alternative channel.

The Non-Executive Directors, led by the Senior Independent Director, meet annually, without the Chair present, to discuss the Chair's performance and any other matters as required. The Non-Executive Directors provide constructive challenge, strategic guidance and, with the Chair, meet regularly without the Executive Directors present to appraise the performance of the Executive Directors against agreed performance targets.

Time Commitment

When making new appointments, the Board carefully considers the competing demands on candidates' time and candidates are required to disclose any significant commitments together with the associated time commitment. Each Non-Executive Director's letter of appointment sets out the time commitment expected of them, and these letters will be available for inspection at the Annual General Meeting.

The Company allows Executive Directors to hold no more than one external Non-Executive Directorship with a listed entity. So far as is practicable, the Company liaises with the Non-Executive Directors to ensure the schedule of meetings for the year does not clash with external appointments. Directors can attend meetings remotely by web conferencing or telephone if necessary.

Conflicts of Interest and Raising Concerns

Declarations of any actual or potential conflicts of interest with items on the agenda are requested and made at the start of every Board meeting. Should a matter be raised, the potential conflict of interest would be considered by the Board as a whole and if necessary, mitigating actions taken. The impact of any relationships or involvements are considered carefully to ensure that they do not compromise or override the Directors' ability to exercise independent judgement.

Concerns about the operation of the Board can be raised with the Chair or the Senior Independent Director. No such concerns were raised during the year.

The Group promotes a culture of integrity, competence, fairness and responsibility and under its whistleblowing procedure, colleagues are encouraged to raise any concerns about malpractice or unlawful conduct that they suspect may be taking place at work. The whistleblowing procedure is outsourced to a specialist third party so as to assist with the perception of independence and encourage colleagues to raise any concerns they may have. Summaries of reports are reported to the Audit Committee.

The Board

Role of the Board

The Board of Directors has overall responsibility for determining the Company's purpose, values, and strategy, and for ensuring high standards of governance. The primary aim of the Board is to provide effective leadership, which promotes the long-term sustainable success of the Group, generating value for Shareholders and contributing to the communities in which we operate.

The Board comprises six members. Paul Forman Chairs both the Board and the Nomination and Governance Committee, Diana Breeze Chairs the Remuneration Committee, Keith Down Chairs the Audit Committee and is the Senior Independent Director. Kari Daniels is responsible for Employee Engagement.

Reserved Matters

Certain defined matters are reserved for the Board including:

- Approval of corporate communications
- Approval of Financial Statements and circulars
- Approval of operating and capital expenditure budgets
- Approval of the strategy and business plan
- Approval of corporate transactions of material value and changes to capital structure, core activities or listing status
- Approval of key policies including Modern Slavery and Ethical Trading, Anti-Bribery, Health and Safety, and Diversity
- Directors' appointments
- Corporate Governance
- Key external and internal appointments
- Remuneration including pensions and incentive plans

Board Composition

As announced on 18 May 2023, Paul Forman was appointed as a Non-Executive Director and Chair Designate with effect from 1 July 2023. He succeeded Darren Shapland on 1 October 2023 when Darren retired as Chair and from the Board.

Corporate Governance Report continued

The current composition of the Board is set out below:

Director	Role	Independent	Audit	Nomination and Governance	Remuneration
Paul Forman 01-07-23	Non-Executive/Board Chair	I	I	C	I
Keith Down 02-02-15	Non-Executive/Senior Independent Director	I	C	M	M
Rob Parker 10-04-07	Executive/Chief Executive		I	I	I
Diana Breeze 01-02-21	Non-Executive	I	M	M	C
Stephen Hopson 02-11-20	Executive/Chief Financial Officer		I	I	I
Kari Daniels 01-04-21	Non-Executive/Employee Engagement Director	I	M	M	M

KEY C Chair M Member I Invitation – may attend at the invitation of the Chair I Independent

Board Meetings

The Board held 12 scheduled meetings during the Period, based on an annual plan agreed with the Chair, including an annual Strategy review. The annual plan, together with scheduling and frequency of meetings, is reviewed on a regular basis.

Ahead of each meeting, the Directors receive detailed papers, which provide current information about trading performance, the Group's overall financial position and its achievement against the prior year, budgets and forecasts. Regular agenda items include updates on health and safety, sustainability, diversity and inclusion, the Group's performance against key performance indicators and progress towards strategic objectives. Members of the Executive team are regularly invited to attend and update the Board on their specific responsibilities and are invited to give feedback to the Board.

At Board meetings, the Chair ensures that each Director can make an effective contribution within an atmosphere of transparency and constructive debate, and feedback is given at the end of each meeting.

Between Board meetings, financial and other relevant information is circulated to the Directors; the Chair maintains frequent direct contact with the Executive and Non-Executive Directors and keeps the Non-Executive Directors informed of material developments. Directors regularly meet with senior managers and visit stores.

Attendance at Scheduled Board and Board Committee Meetings

	D Shapland	P Forman	R Parker	S Hopson	K Down	D Breeze	K Daniels
Board of Directors	12 12	3 3	12 12	12 12	12 12	12 12	11 12
Audit Committee	I	I	I	I	4 4	4 4	4 4
Remuneration Committee	I	I	I	I	4 4	4 4	4 4
Nomination and Governance Committee	6 6	I	I	I	6 6	6 6	6 6

KEY ■ Meetings attended ■ Possible meetings I Invitation – may attend at the invitation of the Chair

Contribution of Directors

The Nomination and Governance Committee considers the role and contribution of Directors annually as part of its work on succession planning. It believes that each member of the Board continues to be important to the Company's long-term sustainable success with their skills and experience, including:

- Paul Forman: an experienced director of both listed and private equity-backed businesses, gained in a variety of executive and non-executive roles. He sets the agenda for meetings in consultation with Rob Parker our Chief Executive, Stephen Hopson our Chief Financial Officer and Joanne Steer our Company Secretary, Chairs the meetings and promotes a culture of openness and debate, including inviting and encouraging the Executive and Non-Executive Directors to debate and challenge the Group's Strategy.
- Rob Parker: a qualified accountant with over 15 years of Board experience who has led the Group since 2019, including through the challenges of Covid-19. Rob formulates and proposes the strategic direction of the Group and incorporates this into business plans for regular discussion and agreement by the Board. He has overall responsibility for the operational and financial performance of the Group.
- Stephen Hopson: a qualified accountant and experienced Finance Director. Stephen is responsible for the management of the Group's financial affairs and supporting Rob in the delivery of our strategic plan.
- Keith Down: a qualified accountant and experienced Chief Financial Officer, with substantial retail and consumer experience. Keith Chairs the Audit Committee and, as Senior Independent Director, provides a sounding board for the Chair, serving as an intermediary for the other Directors when necessary, and is available to Shareholders.
- Diana Breeze: an experienced HR director, with extensive experience on all people-related matters and substantial retail and consumer experience to contribute to the Board, as well as Chairing the Remuneration Committee.
- Kari Daniels: an experienced chief executive, with substantial commercial, marketing, retail and consumer experience to contribute to the Board. Kari acts as Employee Engagement Director.

Independence

The Board reviews the independence of Non-Executive Directors on an ongoing basis and is satisfied that all Non-Executive Directors remain independent in accordance with the Code.

Re-election

In line with best practice and the Code, all Directors will be subject to annual re-election at the AGM in January 2024.

Advice

Where required, a Director may seek independent professional advice at the expense of the Company. All Directors have access to the Company Secretary, and they may address issues to the Senior Independent Non-Executive Director.

Corporate Governance Report continued

Development

While all Board members are responsible for their own development, they are provided with access to the Company's advisers and regularly attend external presentations and workshops on areas considered relevant and appropriate, including environmental, social and governance issues. All members of the Board have access to various technical seminars and professional updates on a range of relevant topics useful for enhancing the Board's knowledge and understanding of corporate governance. Provision is made within the Board's annual timetable for regular updates, including from the Company's advisers, on key areas covering the economy, the market, directors' duties and corporate governance, and developments in remuneration practice, each of which were received by the Board during the Period.

Board Committees

The Board operates three committees: the Nomination and Governance Committee, the Remuneration Committee and the Audit Committee. All Committees meet regularly and have formal written terms of reference, which are available on the Company's website.

Board

Key Responsibilities

- Approval of corporate communications
- Approval of Financial Statements and circulars
- Approval of operating and capital expenditure budgets
- Approval of the Strategy and business plan
- Approval of corporate transactions of material value and changes to capital structure, core activities and listing status
- Approval of key policies including Modern Slavery and Ethical Trading, Anti-Bribery, Health and Safety, and Diversity
- Directors' appointments
- Corporate Governance
- Key external and internal appointments
- Remuneration including pensions and incentive plans

Remuneration Committee

Key Responsibilities

- Chair and Executive Directors' remuneration
- Senior management remuneration
- Share incentive plans
- Employee benefits structures

Audit Committee

Key Responsibilities

- Financial Reporting
- Narrative Reporting (fair, balanced and understandable)
- Internal controls and risk management systems
- Compliance, whistleblowing and fraud
- Internal audit
- External audit

Nomination and Governance Committee

Key Responsibilities

- Board structure
- Board evaluation
- Board, Committee, and Senior Executive appointments
- Board, Committee and Senior Executive succession and development plans
- Diversity, Equity and Inclusion

Governance Framework

Good governance is essential to the successful delivery of our strategy, and the Board is committed to meeting the highest standards for all stakeholders.

ESG

The Company recognises the strategic benefits of developing and delivering the agenda and targets for Environmental, Social and Governance ('ESG') throughout the Group, which supports key areas of Group focus and is an important part of the Group's strategy. Information on the Company's environmental initiatives, in support of the Group strategy, can be found on pages 34 and 35 of the Strategic Report and the report under the Task Force for Climate-related Financial Disclosures is found on page 76. Information on Social initiatives, including the continuing focus on diversity and inclusion, can be found on pages 68 to 75 of the Strategic Report.

Each ESG topic is reviewed by the Board at least annually, with reports and presentations during the year from the Chief Executive, Company Secretary, relevant members of the Executive team and, where appropriate, external advisers on developments to enable the Board to consider and agree on priorities for the forthcoming year and beyond with implementation plans prepared and monitored by the Board and, if relevant, appropriate Board Committee.

Board Effectiveness

The Company considers Board effectiveness in the internal Board and Committee evaluation review process. The aim is to stimulate the Board's thinking on how members of the Board can carry out their roles and encourages them to focus on continually improving their, the Board, and its Committees' effectiveness. During the Period, and following a review of the process used in 2022, the evaluation was undertaken with an online governance assessment tool supported by an external provider, Independent Audit Limited who, as part of this year's process, attended and observed a meeting of the Board and each Committee, to provide more in-depth objective analysis of Board and Committee effectiveness, identify key areas for discussion and, hence, deliver a more robust review process.

While we recognise that there is always potential to improve effectiveness, it is the belief that the Board is a strong team that works well together. Following last year's evaluation, the Board agreed on several actions and have reported progress against these on pages 117 to 118. This year the Board has again agreed several actions and will report on progress next year.

Risk Review

The Company carries out a robust assessment of the emerging and principal risks through a risk review process, details of which are set out on pages 82 to 89.

Culture, Purpose and Values

The Company's annual strategy review considers how corporate culture is aligned with the purpose, values and strategy set by the Board.

For more on our culture see pages 32 to 33 and 69 to 71.

Employee Engagement

We recognise the value that active, ongoing, engagement and consultation with colleagues brings to the performance and success of the business. Kari Daniels is the appointed Employee Engagement Director.

Section 172

Our Company Secretary sets out guidance on s172 of the Companies Act 2006 on every Board agenda to support the Board's consideration of its requirements. The interests of our stakeholder groups are considered in a variety of ways, as set out in our Section 172 Statement on pages 54 to 58.

Fair, Balanced and Understandable

The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy. A summary of the process undertaken by the Audit Committee, at the request of the Board, to assess whether the Annual Report is fair, balanced and understandable is outlined on page 113. A summary of the Directors' responsibilities in respect of the Annual Report and Financial Statements is set out on page 123.

Maintenance of a Sound System of Internal Control

The Board has established a continuous process for identifying, evaluating and managing the significant risks the Group faces and regularly reviews this process. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. This process is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group has established internal control and risk management systems concerning the process for preparing the consolidated financial statements. Management regularly monitors changes in accounting standards and financial reporting requirements and reflects any relevant changes in the Financial Statements where appropriate.

The full-year Financial Statements are subject to external audit. The Audit Committee receives reports from management and the external Auditors on significant judgements, changes in accounting policies, changes in accounting estimates and any other appropriate changes to the financial statements.

The Audit Committee assists the Board in discharging its responsibilities in this regard. The outcomes from the recent key risks and uncertainties review are detailed in the Strategic Report section of this report, and the Board has considered all significant aspects of internal control in conjunction with the review of the work of Internal Audit.

During its review of the system of internal control, the Board has not identified, nor been advised of, any failings or weaknesses that it has determined to be significant. Therefore, a confirmation in respect of necessary actions has not been considered necessary.

Group Sourcing Policy

To ensure that there is appropriate governance and control, and to, wherever possible, deliver competitive commercial advantage, the Group has, for a number of years, operated and adhered to a Sourcing Policy. This governs all commercial relationships with suppliers, including those that are Shareholders, whereby, subject to Executive Management approval, no more than 10% of the Group's total coverings purchase value is sourced from any single supplier within the EU. Where sourcing is from outside the EU, purchases shall not exceed 15% of spend, and no more than 20% for essential products, particularly grouts and adhesives, which tend to have a narrower supply base. This Policy was reviewed and approved by the Board during the year.

Modern Slavery

The Board is committed to ensuring that acts of modern-day slavery and human trafficking do not occur in relation to the Company, or its supply chain. To meet this commitment, the Company introduced The Topps Tiles Responsible Sourcing Code, which is explained in our Modern Slavery Statement on the Company's website. This Code is reinforced by commercial agreements that require our suppliers to be fully compliant with local laws, and we pay attention to labour standards and factory conditions. Our Responsible Sourcing Code has been rolled out to, and agreed upon by, all core factories supplying our retail and commercial businesses. During this year, the Company has updated its Standard Operating Procedure where it has reviewed the existing countries of supply, sought risk scores, and gathered further advice from external parties including Intertek the third-party CSR audit provider. The associated supply chain risks consider country, sector, and product type. By having this data, the Company has been able to determine the countries that it will not source from as a business and established risk levels for others. Where any potential risks have been identified, Intertek are carrying out Workplace Conditions Assessment Audits at these facilities.

Anti-Corruption and Anti-Bribery

The Board is committed to ensuring that our business is conducted honestly and ethically. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. This commitment includes the implementation of a mandatory anti-bribery Policy. New employees are required to review the Policy requirements and make relevant declarations. It is compulsory for all employees to conduct annual refresher training and update their declarations. We enforce an effective system of control through our dedicated Internal Audit team. This team works to a plan agreed with the Audit Committee and reports progress to the Audit Committee on a twice-yearly basis.

PAUL FORMAN
Non-Executive Chair

14 December 2023

Cadence™ Sage, Aquabase™ Cemente Steel,
Complements™ Cast Iron Straight Edge Trim

Audit Committee Report

KEITH DOWN
Chair of the Audit Committee

Other Members:

Diana Breeze, Kari Daniels

Meetings Held:

4

2023 Key Achievements

- Provided oversight of the appointment of Mazars as the new external Auditor and with their transition from PwC.
- Challenged management to continue to optimise year-end processes to support the delivery of an efficient external audit.
- Creation of a new Audit Universe to focus internal audit function on most value adding areas.
- Modernisation of Treasury Policy with greater focus on risk management.
- Oversight of the internal audit agenda and review of progress of internal audit priorities for FY23 and FY24.

Areas of Focus in 2024

- Oversight of work to continue the development of an improved internal audit function.
- Oversight of the completion of the transition of IFRS 16 to business as usual.
- Consideration of proposed changes to UK Corporate Governance Code.
- Recruitment and induction of new Audit Committee Chair Designate.

I am pleased to present the Audit Committee Report for the period ended 30 September 2023. This report covers the Committee's work in relation to financial and narrative reporting, key judgements, internal and external audit, and risk management.

The Committee

The Committee held four scheduled meetings during the Period, based on an annual plan agreed with the Chair of the Committee.

The Audit Committee comprises three independent Non-Executive Directors: Keith Down (Committee Chair), Diana Breeze and Kari Daniels.

Their qualifications and experience are detailed on pages 94 to 96. The Chair has recent and relevant financial experience, being a qualified chartered accountant and a former chief financial officer of a variety of listed and non-listed companies, including his role as Chief Financial Officer of Selfridges Group until summer 2023.

The Chief Executive Officer, the Chief Financial Officer, the Chair of the Board, the Head of Internal Audit, the Group Financial Controller, the external Auditor and other employees and advisers may attend meetings by invitation.

In February 2024, after the next AGM, Keith Down will have served for nine years as an independent Non-executive Director. At that point, he will no longer be deemed to be independent and, as such, the Nomination Committee is leading a search for a new Audit Committee Chair. Keith has agreed to continue in his role until the end of 2024 to provide some continuity in the senior Non-Executive positions of the Board. An Audit Committee Chair Designate will be appointed during 2024, before transitioning to Chair the Committee on Keith's retirement from the Board.

Role of the Audit Committee

The Audit Committee is responsible for monitoring the integrity of the financial statements and results announcements of the Company, including its annual and half-year reports, encompassing both narrative and financial reporting, and to review significant financial reporting issues and judgements.

The Committee considers the nature, scope and effectiveness of the audit process (both internal and external) to ensure that the programme is aligned to key risks. It reviews and monitors the external Auditor's independence and objectivity, supports the audit through ensuring the external Auditors have full access to Company staff and records, challenges the quality of the external audit and the effectiveness of the audit process, and is responsible for recommending the appointment or the removal of the external Auditor. The Committee regularly meets with the external Auditor without Executive Management present. The Committee also directly challenges management's judgements and considers the integrity of the annual Financial Statements, in detail and as a whole, before making its recommendations to the Board.

The Committee is responsible for the monitoring and oversight of the Group's internal control framework and risk management systems. It monitors, reviews, and approves the internal audit annual plan and receives regular internal audit reports on specific areas of the Company, including challenging the reports and asking for additional work where necessary. The Committee meets the Head of Internal Audit without Executive Management present to ensure the full independence of this function, and allow any sensitive issues to be raised directly with the Committee.

The Audit Committee Chair, in conjunction with the Company Secretary, ensures that there is an annual evaluation of the Committee's effectiveness and its processes. During the year, this was conducted internally but with external support, comprising the use of questionnaires. The outcome of this review and the actions taken are reported below.

The Board is updated on key matters and recommendations following each Audit Committee meeting.

Interaction with the Financial Reporting Council ('FRC')

The Company's 2022 Annual Report and Accounts were chosen for review by the FRC as part of their routine sampling activity in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. The Committee was pleased to note that there were no questions or queries that were raised by the FRC with the Company arising from this review. A small number of enhanced disclosures were suggested, which have been implemented this year. At the FRC's request, it should be noted that their review provides no assurance that the Annual Report and Accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. Nonetheless, the Committee remained very satisfied with the outcome of the review.

> The Committee kept the effectiveness of the external audit under continuous review throughout the year.

On 11th December 2023, just before the publication of this Annual Report, the Company received the final report from the FRC concerning the audit of the 2022 financial statements. There were two recommendations in the report concerning the audit approach adopted by our previous auditor, which the Committee will discuss with the new auditors, however neither would have resulted in any change to the 2022 Annual Report and Financial Statements.

The Work of the Audit Committee

The Audit Committee has focused on a number of key areas this year:

- Provided oversight of the appointment of Mazars LLP ('Mazars') to their new role as external Auditor and supported their transition from PwC – see the section on the 2023 External Audit for more information.
- Reviewed the principal strategic risks – although the Board retains overall responsibility for the effective management of risk throughout the organisation, including relevant mitigating actions and determining its risk appetite, the Committee supported this work by conducting an annual review of principal strategic risks and inviting a cross-section of the Company's management to present to ensure that the review includes a detailed understanding of the business. The review highlights the principal risks based on a combination of likelihood and impact, and then considers what appropriate mitigating effects should be implemented. The output of this process is presented to the Board for discussion and approval, with quarterly updates presented against the finalised list of strategic risks. The output of this process can be seen on pages 82 to 89.
- Reviewed the Internal Control Framework – the Committee is responsible for reviewing the output of the annual review of internal controls, which involves all senior management across the Company and covers financial, operational and compliance controls, and ensuring appropriate follow-up actions are undertaken.

- Oversaw the creation of an Audit Universe for the first time at Topps Tiles, examining all possible areas of the business suitable for internal audit and ranking them based on various criteria. Based on this work, the Committee worked with management to prioritise the areas of the business most suitable for an internal audit and agreed the FY24 internal audit plan.
- Benchmarked the existing internal audit approach against The Institute of Internal Auditors ('IIA') standards, which found a high degree of alignment. As a result, some improvements were made, and the remaining minor differences were approved by the Committee.
- Reviewed the output of new internal audits on a variety of areas, including warehouse outbound, purchases and payments, IT general controls and warehouse inbound, and agreed time-bound follow-up actions.
- Approved the Group Tax Policy, which is reviewed annually and published on the Company's website, and the Tax Risk Register.
- Approved the Group Treasury Policy, which has been substantially developed this year to include more focus on the delivery of the Group's Capital Allocation Policy, and the risks inherent in treasury management, specifically around liquidity, funding and cash management, credit, foreign exchange, and interest rates.
- Reviewed the Going Concern and Long-term Viability Statement – Stephen Hopson, our Chief Financial Officer, provides an assessment of the Company's ability to continue to trade on both a 12-month forward-looking basis and a three-year forward-looking basis, including downside cases and stress-tests. The conclusions of those reviews are included in the Strategic Report.
- Monitored the Group's compliance with Accounting Standards, reviewed all material judgemental accounting areas, and robustly challenged all items considered by management to be adjusting to support external understanding of underlying performance.

2023 External Audit

Following a thorough tender process, which was described in the 2022 Annual Report and Accounts and approved by Shareholders at the AGM in January 2023, Mazars LLP were appointed as the new external Auditor for FY23. Jennifer Birch has been appointed as the Lead Audit Partner. A key focus area for the Committee this year has been supporting Mazars as they conduct their work to obtain a good understanding of the business, while encouraging them to maintain appropriate professional scepticism and challenge of management, and deliver an effective audit process. The Committee kept the effectiveness of the external audit under continuous review throughout the year. It did this by:

1
Understanding the transition plans presented by Mazars as part of their audit tender.

2
Reviewing the audit strategy memorandum presented to the May 2023 meeting, and the update presented in September as Mazars developed their audit approach, and challenging the areas of focus.

3
Reviewing the findings of the FRC review of the 2022 Annual Report and Accounts, and the Mazars technical review of the 2022 Annual Report.

4
Regular communication between the Audit Committee Chair and the Chief Financial Officer, as well as the Lead Audit Partner.

Based on these reviews, the Committee concluded that Mazars had demonstrated appropriate levels of challenge and professional scepticism throughout the audit process, that it possessed the skills and experience necessary to fulfil its duties effectively, and that the audit was effective.

The Committee also reviews the independence of the external Auditor. The Company has a Policy for the provision of non-audit services, which is published on the Company's website. Under the Policy, the external Auditors have not provided any non-audit services to the Company during the period. Mazars were determined to be independent on appointment in January 2023 and have confirmed to the Committee that, in its professional judgement, it is independent within the meaning of regulatory and professional requirements and the objectivity of the Lead Audit Partner and audit staff is not impaired.

Having reviewed the Auditor's independence and the effectiveness of the audit, the Committee is satisfied that a resolution to re-appoint Mazars should be proposed at the 2024 AGM, which the Board has accepted and endorsed.

The audit fee for the statutory audit of the Company's consolidated financial statements and audit-related services for the Period is £376,000 (2022: £373,000).

5
Considering the results of interim audit procedures based on period nine accounts, to prepare for the year end period.

6
Considering the manner in which the audit was conducted, the robustness of the external Auditor in their handling of key accounting and audit judgements, the level of professional scepticism demonstrated, and the audit areas in which most time was spent.

7
Considering the content, quality of insights, and challenge in the final Audit Committee Report, issued by Mazars, including their key findings from the audit and any control recommendations raised.

8
After year-end, the Committee will review the results of a survey conducted by Topps Tiles management on the team's experience with the external Auditor in respect of areas such as strategy, professional scepticism, technical competence, communication and planning.

Significant Matters and Judgements for the Year Ended 30 September 2023

The Audit Committee has assessed whether suitable accounting policies have been adopted by the Group and whether management has made appropriate judgements and estimates. The following key areas were subject to review and challenge by the Committee, and were discussed with our external Auditor throughout the audit process. There were no significant differences between management and the external Auditor in these areas. This is not a complete list but includes those that the Committee believe are the most significant.

Area of Focus	Details of Committee Review
Inventory valuation	Inventory is one of the largest balance sheet items, at £36.4 million, and any error in its valuation is likely to be material. The Board reviews monthly reporting on stock valuation and impairment, and the Committee challenges management to understand movements over time. The finance function performs ongoing detailed checks of supplier invoices comparing to system pricing, and management conducts a regular review of any products sold, or likely to be sold, below their original cost price. There is an ongoing focus on the calculation of inventory provisions, with increasing amounts of data now available covering historical trends on sell through or discontinued or low selling product lines, which helps to improve the accuracy of estimates required to value stock at the lower of cost and net realisable value. The Committee challenged management to continue to reduce the amount of judgement in this area and rely on historical data to forecast appropriate provisions, and based on this review, concluded that the approach taken was appropriate.
Lease accounting	IFRS 16 is a complex area of accounting, the Group has a large number of leases, and the value of lease liabilities and right-of-use assets is significant. The Committee has had regular updates throughout the year on the progress made by the finance team to maintain a high level of accuracy within its IFRS 16 system, however, the Committee challenged management on key assumptions driving the valuations of assets and liabilities, and discussed the audit approach with the external Auditors. Based on this review, the Committee concluded the approach to IFRS 16 accounting was appropriate.
Store impairment	Given the value of right of use assets and property, plant and equipment, together with the challenges facing the retail and construction sectors, this Committee had a keen focus on any possible impairment indicators and subsequent impairment of store assets. The Committee discussed the proposed impairment indicators with management, including the general macroeconomic environment impacting trading at the start of the new financial year, and challenged the assumptions used in the financial modelling to calculate the value in use of each CGU. Based on this review, a small number of assets were impaired, as detailed in the notes to the accounts, which the Committee concluded was an appropriate outcome.
Adjusting items	The Committee considered the presentation of the Group’s Financial Statements, in particular the presentation of adjusting items. The Committee agreed with management that the presentation of adjusting items was clear, consistent with previous years, and helped investors understand the quality of earnings within the Group.

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Whistleblowing

The Committee is responsible for ensuring that arrangements are in place to enable colleagues, in confidence, to raise any concerns about possible improprieties in matters of financial reporting or other issues. 2023 was the first full year following the decision to outsource the whistleblowing process, and the Committee has seen a small uptick in the number of whistleblowing incidents, no doubt assisted by the complete anonymity and independence guaranteed by the new process.
The Audit Committee is advised of every whistleblowing incident raised and the outcome. It is noted that there are many other opportunities for colleagues to raise issues with the Company, including through the area and regional sales managers, the internal audit team, the TeamTalk programme, HR business partners, and many other channels.

Fair, Balanced and Understandable

At the request of the Board, the Committee reviewed the Group's Annual Report and Accounts and considered if, taken as a whole, it is fair, balanced and understandable, as required by the UK Corporate Governance Code, and provides the necessary information for Shareholders to assess the Company's position, performance, business model and strategy. The Committee is provided with the relevant information to perform its duties and has access to management, as it requires. The Committee and the Board meets regularly and is given adequate time to probe, debate and challenge business performance. Having gained a thorough understanding of the business and reviewed the financial out-turn for the year as well as key accounting judgements as described above, each member of the Committee has had the opportunity to review and influence the Annual Report and Accounts and has concluded in line with the statement above. Therefore, the Committee recommended that the Board approve the report on this basis.

Audit Committee Evaluation

The Committee Chair, in conjunction with the Company Secretary, ensures that there is an annual evaluation of the Committee's effectiveness and its processes. The 2023 Audit Committee Evaluation was generally positive, while also recognising the opportunity for improvement in a few areas, as follows:

- **Refresh oversight of the external audit** – Mazars have now conducted their first audit, with thorough discussion and challenge from the Committee around the timetable, audit approach, and areas of focus, as previously described.
- **Increase Committee interactions with the Head of Internal Audit** – The Head of Internal Audit attends every Committee meeting by invitation and meets with the Committee without Executive Management present. During this year, an Audit Universe has been created to outline the potential scope of the internal audit function and support prioritisation for FY24, and an audit methodology has been developed and benchmarked against IIA standards, providing the Committee with greater visibility and understanding of the internal audit function.
- **Increase visibility of how the internal control and risk management frameworks operate** – training sessions have been held for Audit Committee members on this subject, with input from the Group Financial Controller and Mazars.

The evaluation for 2023 concluded that the Committee continues to operate effectively, while recognising certain areas may benefit from further development. These will be considered in the forthcoming financial year.

KEITH DOWN
Chair of the Audit Committee

14 December 2023

Corporate Governance Report continued

Nomination and Governance Committee Report

PAUL FORMAN
Chair of the Nomination and Governance Committee

Other Members:
Diana Breeze, Kari Daniels and Keith Down

Meetings Held:
6

2023 Key Achievements

- Board succession, for the roles of Chair and Senior Independent Director over 2022/23 and 2023/24 is in line with best practice and the requirements of the Code, with the search, selection, and recruitment of Paul Forman as Chair Designate having taken place in preparation for Darren Shapland's retirement and the commencement of a process for the orderly succession of the Senior Independent Director.
- Executive succession and development plans to ensure that the Group's medium and longer-term organisational requirements are met.
- Support for, and development of, the Company's ESG agenda.
- Oversight of the Company's developing strategy on Diversity, Equity and Inclusion, including the Company's response to new reporting requirements under the Listing Rules, in respect of management levels below the Board.
- Executive and Non-Executive Directors' succession and planning; reviewing the size, diversity, skills, and experience of the Board; and considering the future needs of the Group.
- Board and Committee evaluations – utilising a Board and Committee evaluation process using an online governance assessment tool supported by an external provider and planning actions to address points raised in the previous year's evaluation feedback.

Areas of Focus in 2024

- Development of plans for the orderly succession of the role of Senior Independent Director and Chair of the Audit Committee in line with best practice and the requirements of the Code.
- Continued focus on, and monitoring of, the Company's strategy on Diversity, Equity and Inclusion.
- Executive development and succession planning to meet medium and longer-term requirements.
- Oversight of the Company's developing ESG agenda, to include the formation of an Environment/Sustainability Committee.
- Development of the Board and Committee evaluation process, to include an external assessment of the Board and Committees.

The Committee

During the Period, the Committee, comprised independent Non-Executive Directors Darren Shapland (who was Chair), Keith Down, Diana Breeze and Kari Daniels. On 1 October 2023, Paul Forman succeeded Darren Shapland as Chair of the Committee when he retired as Chair and from the Board. It held six scheduled meetings during the Period, based on an annual plan agreed with the Committee Chair, and was convened by Keith Down as Senior Independent Director, on two occasions for the development and implementation of plans for the orderly succession of the role of Chair.

Role of the Committee

The principal responsibilities of the Committee are to regularly review the structure, diversity, size and composition of the Board and to support the Board in fulfilling its responsibilities to ensure that effective succession planning processes and pipelines are in place for Directors and other senior management. The Committee ensures there are formal, rigorous and transparent processes in place for the appointment of Directors and other senior managers.

The Nomination and Governance Committee leads the process for appointments, ensuring plans are in place for orderly succession to both the Board and senior management positions, and oversees the development of a pipeline for succession recognising the importance and benefits that can arise from diversity of background, experience, ethnicity, and gender. Furthermore, the Committee oversees the delivery of high standards of corporate governance throughout the Group.

The Committee is actively involved in guiding the planning and selection process for Board roles, and is consulted on all senior-level appointments and developments. In addition, the Committee draws up and regularly reviews long, medium and short-term succession plans for all key senior management positions within the Company. As well as having short-term contingency plans in place, the aim is to ensure that the Company identifies, develops and promotes candidates into appropriate positions of leadership.

Board Succession

All appointments to the Board are based on merit against objective criteria and are subject to a formal, rigorous and transparent process. After a detailed review of the skills, attributes and competencies required for the role of Chair, and a careful consideration and selection process, the Committee, led by Keith Down, the Senior Independent Director, appointed Teneo, which has no connection with the Group or any individual Director, as the search firm to support the recruitment of a Chair Designate to succeed Darren Shapland when he retired as Chair and from the Board.

The Committee is actively involved in guiding the planning and selection process for Board roles.

Appointment process:

a. A candidate profile for the role of Chair was agreed and, following a selection process, Teneo was engaged to support the recruitment of a Chair Designate.
b. Teneo prepared a longlist of candidates, for review by the Committee, and conducted first interviews to assess their fit with the role.
c. On behalf of the Committee, the Senior Independent Director considered a shortlist of candidates and interviews were initially held with him and the Chief Executive Officer with all Board members subsequently meeting preferred candidates.
d. The Committee made a recommendation to the Board for its consideration and approval, following which the appointment of Paul Forman as Chair Designate was announced on 18 May 2023.

On 21 November 2023, the appointment of Denise Jagger as Senior Independent Director Designate was announced with effect from 1 February 2024, in succession to Keith Down who retires from the Board at the 2025 AGM. This appointment followed a similar process to that of the Chair set out above. The Committee was led by the Chair and supported by Teneo as the external search firm.

Corporate Governance Report continued

Nomination and Governance Committee Report

Diversity, Equity and Inclusion

The Board, in line with recruitment activities throughout the Group, is committed to consider diversity as a key element in senior appointments and recognises the importance of and benefits that diversity of background, gender, experience and ethnicity can bring to debate and decision making. The Company has not, within its composition, been able to satisfy the Listing Rules targets in the Period. It fully recognises and will seek, as vacancies arise and new roles are identified over time, to address the targets set out in the Listing Rules that:

a. at least 40% of the individuals on the Board are women;
b. at least one of the senior positions on the Board (Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer) is held by a woman; and
c. at least one individual on the Board is from a minority ethnic background.

Darren Shapland retired from the Board on 1 October 2023, at which point there were six Directors, with one-third of the Board female. On 21 November 2023, Denise Jagger was announced as Senior Independent Director Designate with effect from 1 February 2024, and succeeding Keith Down who will retire from the Board at the 2025 AGM. At the time of this appointment, over 40% of the Board will be women. The search for a new Chair of the Audit Committee will commence in early 2024. All candidates will be considered on merit against objective criteria, with due regard to the benefits that can arise from diversity of background, experience, gender and ethnicity.

Numerical diversity data, in the format required by the Listing Rules, is outlined below as at 30 September 2023. The Board and Executive Management were asked to disclose which characteristic they identified with. The diversity data is collected on a voluntary basis via the Company's HR Portal "MyView".

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
Men	*5	71%	4	4	67%
Women	2	29%	–	2	33%
Not specified/prefer not to say	–	–	–	–	–

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-white groups)	7	100%	4	5	83%
Mixed/Multiple Ethnic Groups	–	–	–	1	17%
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

*Darren Shapland retired from the Board on 1 October 2023, at which point there were six Directors, with one-third of the Board female

Board Evaluation

The Company has continued with its process of annual evaluation of the Board, its Committees, the Chair and individuals Directors using a formal and thorough process. The evaluation is welcomed as a chance to continue with on-going enhancements to the effectiveness of the Board. The Company followed an internal review regime and engaged with an online governance assessment tool that was facilitated by an external provider, Independent Audit Limited. They have no connection with the Group or any individual Director. They provided assistance and guidance in the preparation of a report of findings that will be used for critique and review purposes. They also carried out an in person observation of the Board and all the Committees and provided a report of their findings and recommendations for change.

The Board review is a valuable exercise that offers opportunities to continually improve the Board performance. It identified that operationally the Board is effective in the way it carries out its duties. It benefits from strong leadership and direction. Importantly, all Directors make effective and valuable contributions with constructive challenge where appropriate. In conclusion, the Board and its Committees continued to provide effective leadership to the business. The key aspects of governance and control were clearly evident and all Directors provide a high level of commitment to their roles.

The 2022 Evaluation

Last year's evaluation reflected a positive view on the performance of the Board and its Committees. It found a robust approach to corporate responsibility, adherence with, and development of, the Group's culture and values. There is a strong combination of complementary skills and experience from Board members, and there being a constructive debate and a willingness to ask challenging strategic and operational questions. There is the right balance between challenge and support. The evaluation highlighted some areas for attention in 2023, which we have addressed, as reported below:

Key 2022 Board Evaluation Findings	Actions Taken
Strengthen the link between risk management and strategic decision making and the skills necessary to underpin the strategy.	This topic is covered as part of the annual strategic risk review and, where appropriate, is considered by both the Audit Committee and Nomination and Governance Committee as part of their responsibilities.
Give ESG greater focus and ensure the Board has the right information to monitor performance.	This is an evolving area for the Group, the Board and its Committees receive regular reports and presentations on progress against environmental, social and governance issues and initiatives and, where applicable, targets. The Board is considering the creation of an ESG Committee.
Consider how to leverage the Board's collective knowledge and experience.	There is good engagement on all issues considered by the Board and its Committees, and all Non-Executives provide their experience, expertise and challenge to members of the Executive Team in regular 1:1 meetings.
Further development of the Leading People strategy.	The Leading People strategy covers five key areas, Recruitment & Retention, Experience, Capability, Well-Being and D,E&I and the Board receives regular updates throughout the year via the Committees and also the Leading People Board update. This is also covered as part of the annual strategic review process.

Corporate Governance Report continued

Nomination and Governance Committee Report

Nomination and Governance Committee Evaluation

The Nomination and Governance Committee Chair, in conjunction with the Company Secretary, ensures that there is an annual evaluation of the Committee's effectiveness and its processes. While recognising certain areas for improvement, which will be considered in 2024, the evaluation for 2023 concluded that the Committee continues to operate effectively.

During the Period, the Committee continued its development and oversight of executive succession below the Board, the Board induction process, and further development of Director knowledge in recognition of findings from the 2022 evaluation.

Board Evaluation Process in 2023

STEP 1: Following review, discussion and recommendation by the Committee, it was agreed by the Board to continue to use an online governance tool, supported by an external specialist provider, to facilitate the internal Board and Committee effectiveness review. The decision was taken to also include an external observation of the Board and its Committees by Independent Audit Limited.

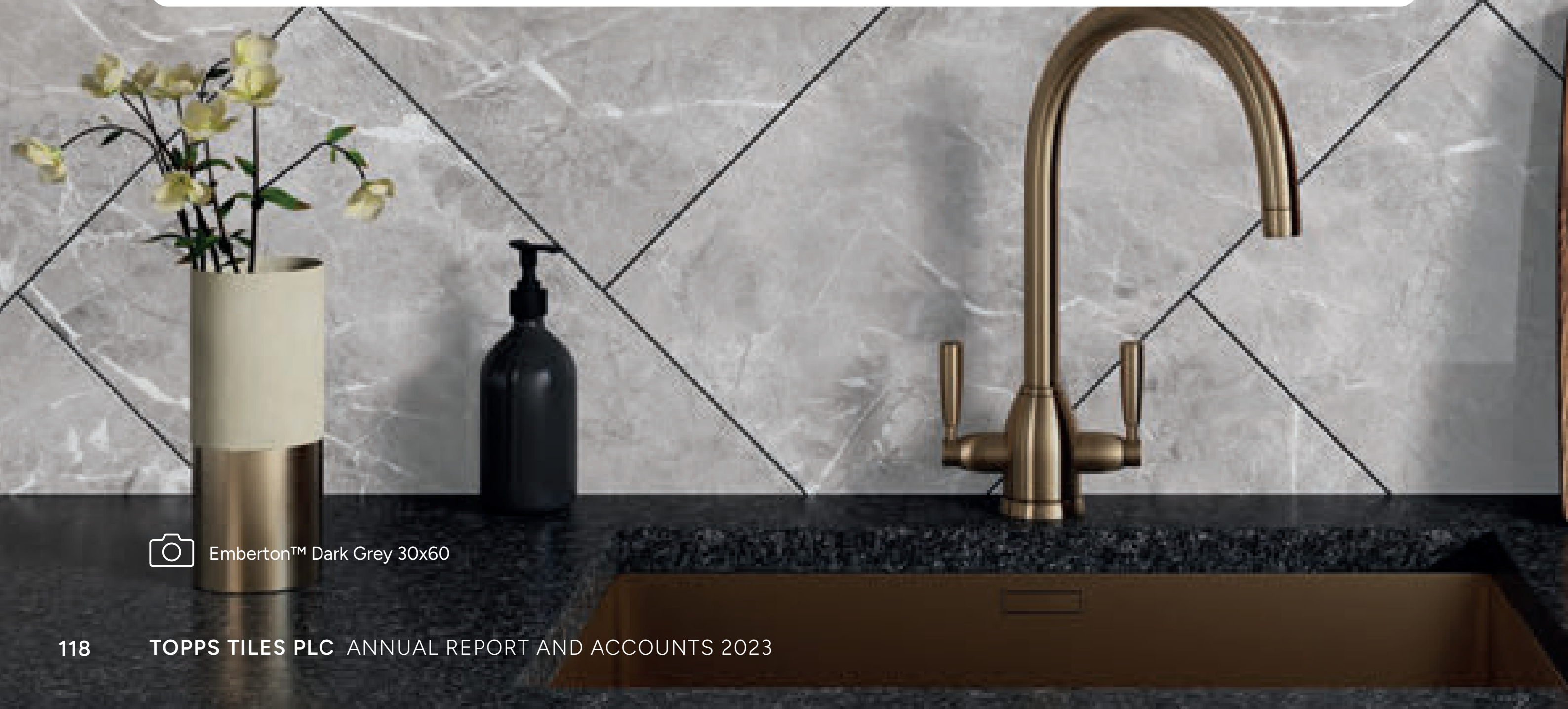
STEP 2: A representative from the external specialist provider, Independent Audit Limited, carried out an observation of a Board meeting and of each of the Committees.

STEP 3: Board and Committee members completed questionnaires using the online governance service with multiple-choice questions and comment boxes.

STEP 4: A report, using analytical support from the external specialist provider, was compiled on the effectiveness of the Board and its Committees with relevant results, comments and suggested actions discussed with the relevant Chair.

STEP 5: The results were presented to the Board and Committee members, for discussion and agreement and the relevant Chair, supported by the Company Secretary, follows up on the findings to agree on appropriate actions.

There were a number of recommendations arising from the evaluation that have been considered by the Board which agreed that an action plan, supported by the Company Secretary, would be developed to address the key findings. This plan will form a standing part of the Board's activities over the coming year.



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Directors' Report

The Directors of Topps Tiles Plc (the 'Directors' or the 'Board') present their Annual Report on the affairs of the Group (comprising Topps Tiles Plc and its subsidiary companies), together with the Financial Statements and Auditor's Report, for the 52-week period ended 30 September 2023 (the 'Period'). The Corporate Governance Report forms part of this report.

Principal Activity

The principal activity of the Group is the sale and distribution of ceramic and porcelain tiles, natural stone, and related products.

Strategic Review

The Company is required by the Companies Act 2006 to set out in this report a fair review of the business of the Group during the Period, and of the position of the Group at the end of that Period. The Company is also required to set out a description of the principal risks and uncertainties facing the Group. This information is in the Chair's Statement on pages 16 to 19 and the Strategic Report on page 20, which includes information on Environmental Social and Governance ('ESG') issues, which form part of the Directors' Report.

The prospects of the Group are highlighted in both the Chair's Statement and the Strategic Report. The Directors monitor several financial and non-financial key performance indicators for the Group. The most significant of these are detailed on pages 46 to 47.

The Company conducts an annual strategic risk discussion with the Chair of the Audit Committee and senior managers, which includes a wide range of risks including commercial, continuity, environmental, social and governance risks.

Results and Dividends

The audited Financial Statements of the Group for the Period are set out on pages 158 to 200. The Group's profit for the Period from continuing operations, after taxation, was £3,919,000 (2022: £9,191,000).

An interim dividend of 1.2 pence per share was paid on 14 July 2023. Following careful consideration, and for the reasons given in the Chair's Statement, the Board is recommending the payment of a final dividend of 2.4 pence per share which, taken together with the interim dividend, will give a total dividend of 3.6 pence per share for the year (2022: 3.6 pence per share). The final dividend will, subject to shareholder approval at the 2024 Annual General Meeting ('AGM'), be payable on 2 February 2024 to Shareholders on the register on 22 December 2023.

The ex-dividend date will be 21 December 2023.

Board of Directors

The Directors of the Company, in office at the date of this report, and their biographical details, are listed on pages 94 to 95. Changes to the Directors during the Period, and up to the date of this report, are shown below:

Director	Position	Service in Period and to date of report
Darren Shapland	Non-Executive Chair	Served throughout Period. Retired from Board on 1 October 2023
Paul Forman	Non-Executive Chair	Appointed from 1 July 2023. Chair from 1 October 2023
Rob Parker	Chief Executive Officer	Served throughout Period
Stephen Hopson	Chief Financial Officer	Served throughout Period
Keith Down	Senior Independent Non-Executive Director	Served throughout Period
Diana Breeze	Non-Executive Director	Served throughout Period
Kari Daniels	Non-Executive Director	Served throughout Period

Directors' Report
continued

In line with good Corporate Governance, and the provisions of the UK Corporate Governance Code 2018, all Directors will retire and offer themselves for election or re-election at the AGM in January 2024.

The Board considers that the contribution of each of the Directors standing for election is important to the Company's long-term sustainable success. Further details are set out in the Corporate Governance Report on pages 98 to 118.

Directors' and Officers' Insurance

The Company provides insurance against Directors' and Officers' liabilities to a maximum value of £15,000,000.

Articles of Association

The internal regulation of the Company is set out in its Articles of Association, which can be amended by a special resolution of the Company's Shareholders. They cover matters such as the rights of Shareholders, the appointment or removal of Directors, and the conduct of Board and general meetings. A copy of the Articles is available upon request and on the Company's website. In accordance with the Articles of Association, Directors can be appointed or removed by the Board, or by Shareholders in general meetings. Subject to company law and the Articles of Association, the Directors may exercise all the powers of the Company and may delegate authorities to Committees. The principal Board Committees are the Audit Committee, the Nomination and Governance Committee, and the Remuneration Committee. Details of the work of these Committees can be found in the Corporate Governance Report on pages 98 to 118 and Directors' Remuneration Report from pages 124 to 147.

Voting at the Annual General Meeting

The Board is again encouraging Shareholders to vote online by proxy, appointing the Chair of the meeting as their proxy, regardless of whether they plan to attend in person, which will ensure that shareholders' votes will be counted, even if they are unable to attend. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. Voting by poll is a more transparent method of voting as Shareholders' votes are counted according to the number of shares registered in their names, rather than according to the votes of Shareholders who attend the AGM. Shareholders will be asked to consider and vote on the resolutions set out in the Notice of Annual General Meeting and the results will be published on our website www.toppsgroup.com and released to the London Stock Exchange via a Regulatory Information Service. Please see the Notice of AGM and accompanying notes for information on when and how to vote by proxy.

Share Capital

Details of the Company's issued share capital, together with details of the movements in the Company's issued share capital during the Period, are shown in note 23 to the Financial Statements.

The Company has one class of ordinary shares in issue, which carries no right to fixed income. Each share carries the right to one vote in a general meeting of the Company.

The Company imposes no restrictions on the size of a holding or on the transfer of shares, which are governed by the general provisions of the Articles of Association and company law. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights.

No person has any special rights of control over the Company's share capital. All issued shares are fully paid.

Substantial Shareholdings

In addition to the Directors' shareholdings noted on page 144, as at 30 September 2023, the Company had been notified, in accordance with the Disclosure Guidance and Transparency Rules, of the following notifiable voting rights:

Name of holder	Number of Ordinary Shares	% of total voting rights
MS Galleon AG	58,569,649	29.8
Aberforth Partners LLP	28,898,766	14.7
Rex Partners LLP	21,597,274	11.0
Invesco Asset Management	9,790,934	5.0
Chelverton Asset Management Limited	8,500,000	4.3
Axa Investment Managers SA	8,416,667	4.3

The interests in the table above are as stated by the Shareholder at the time of the notification and current interests may vary.

In the period from 30 September 2023 to the date of this report, no notifications have been made to the Company.

Share Option Schemes

The Directors recognise the importance of motivating employees and believe that one of the most effective incentives is increased employee participation in the Company through share ownership. This has been achieved through the introduction of several employees' Save As You Earn (or 'Sharesave'), share bonus, approved and unapproved share option schemes and Long-Term Incentive Plans, since the Company's flotation in 1997. As described in note 27, the Company operates Sharesave schemes that are open to almost all employees and provide for employees to purchase Ordinary Shares at a purchase price equal to the daily average market price over the three days preceding the start of the offer period, less 20%.

The Directors' interests in the shares of the Company, and details of the Directors' share options, are given in the Directors' Remuneration Report on page 144.

Significant Agreements

The Group is a party to significant agreements, including commercial contracts, financial and property agreements, and employees' share plans, which contain certain termination and other rights for the counterparties in the event of a change of control of the Company. Should any counterparties choose to exercise their rights under such agreements on a change of control, these arrangements may have to be renegotiated or replacement suppliers, or premises, be found. None of these are considered significant in terms of the likely impact on the business of the Group as a whole. There are no agreements between any Group company and any of its employees or Directors that provides for compensation to be paid to the employee or Director for termination of employment or for loss of office as a consequence of a takeover of the Company, other than provisions that would apply on any termination of employment.

ESG

The Company has a long-standing ESG agenda covering, among other matters, Community, Charity, the Environment and Our People, which includes our continuing focus on diversity, equity and inclusion. Details of our current activities are set out in the Strategic Report, our Section 172 Statement, and our report under the Task Force for Climate-related Financial Disclosures.

We take the impact of our business on our environment extremely seriously, having adopted a range of environmental metrics, details of which are set out in the Strategic Report and pay particular attention to labour standards and factory conditions.

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Directors' Report
continued

Reporting Requirements

As permitted by section 414C of the Company Act 2006, certain information required to be included in the Directors' Report has been included in the Strategic Report and its location, together with other information forming part of the Directors' Report, is set out below.

Reporting Requirements	Location
Strategic Report – Companies Act 2006 s.414A-D	Strategic Report on pages 20 to 91
Likely future developments of the business and Group	Strategic Report on pages 20 to 91
DTR4.1.8R – management report – the Directors' Report and Strategic Report comprise the "management report"	Directors' Report on pages 119 to 122, and the Strategic Report on pages 20 to 91
Directors' remuneration including disclosures required by Schedule 5 and Schedule 8 of SI2008/410 – Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008	Directors' Remuneration Report on pages 124 to 147
Statement on corporate governance	Corporate Governance Report, Audit Committee Report, Nomination Committee Report and Directors' Remuneration Report on pages 98 to 147
Board of Directors	Corporate governance statement on pages 94 to 118
Community	Strategic Report; Sustainability Report on pages 68 to 75
Employee and stakeholder engagement	Strategic Report: How we Engage with our Stakeholders Report on pages 54 to 58
Directors' interests	Directors' Remuneration Report from page 124
Diversity and inclusion	Strategic Report: Sustainability Report – Communities on page 69 and the Nomination Committee Report on page 116
Colleague consultation and employee engagement	Strategic Report: Engaging with our Stakeholders on pages 54 to 58
Going concern and viability statement	Strategic Report pages 90 to 91
Task force on climate-related financial disclosures	TCFD disclosures on pages 76 to 81
Greenhouse gas emissions and carbon reporting	Strategic Report: Sustainability Report pages 62 to 63
Financial risk management, objectives and policies	Strategic Report: Risks and Uncertainties pages 82 to 89

Information Given to the Auditors

Each of the Directors at the date of approval of this Annual Report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of the Company's Auditors

A resolution to reappoint Mazars LLP as the Company's Auditors will be proposed at the forthcoming AGM.

On behalf of the Board

ROB PARKER
Director

14 December 2023

Directors’ Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group Financial Statements in accordance with UK-adopted International Financial Reporting Standards (‘IFRSs’) and applicable law and Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted IFRSs have been followed for the Group Financial Statements, and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and enable them to ensure that the Financial Statements and the Directors’ Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Confirmation Statement

We confirm that to the best of our knowledge:

- the Annual Report and Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for Shareholders to assess the Company’s performance, business model and Strategy;
- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors’ Report includes a fair review of the development and performance of the business, the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

ROB PARKER
Director

14 December 2023

Directors' Remuneration Report

DIANA BREEZE
Chair of the Remuneration Committee

Other Members:

Kari Daniels and Keith Down

Meetings Held:

4

Remuneration Committee

The Committee held four scheduled meetings during the Period, based on an annual plan agreed with the Chair of the Committee.

The Committee comprises three Independent Non-Executive Directors, Diana Breeze (Chair), Kari Daniels and Keith Down. Darren Shapland, Rob Parker and Linda Sleath attend by invitation and absent themselves from meetings when the Committee considers matters concerning their own remuneration.

Role and Responsibilities

The role of the Remuneration Committee is set out in its Terms of Reference, which are available on the Group's website. The Committee's primary purpose is to develop and determine the Group's remuneration policies for the Executive Directors, Chair, and senior management. For more on the role of the Committee, see the section "Consideration by the Directors of Matters Relating to Directors' Remuneration". The Committee also has responsibility for reviewing pay and conditions across the Group and the alignment of incentives and rewards with a high-performance culture.

Statement from the Chair of the Remuneration Committee

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the 52 weeks ended 30 September 2023 (the 'Period').

This report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 'Regulations'), the UK Corporate Governance Code 2018 (the 'Code) and the Financial Conduct Authority's Listing Rules and takes into account the accompanying Directors' Reporting Guidance and the relevant guidelines of the shareholder representative bodies.

The report is split into three parts:

1. This annual statement, from the Chair of the Remuneration Committee.
2. Our Directors Remuneration Policy (the 'Policy').
3. The Annual Report on Remuneration, which sets out payments made to the Directors and details the link between Company performance and remuneration for the Period. The Chair's statement and Annual Report on Remuneration is subject to an advisory Shareholder vote at the Annual General Meeting (AGM) in January 2024.

Remuneration Framework

The Remuneration Policy was revised in 2022 and agreed at the AGM in January 2023 with a number of changes to the Policy to ensure that:

- it aligns to emerging best practice;
- it reflects the feedback received from our Shareholders prior to the 2023 AGM; and
- it complies with the UK Corporate Governance Code 2018 (the 'Code').

The revised policy was designed to ensure it supported our remuneration principles, which are that:

- we are able to attract and retain the best talent;
- it drives behaviours that support the Group's Strategy and business objectives, which are developed in the long-term interests of the Company and its Shareholders;
- it rewards senior management appropriately for their personal and collective achievements;
- it provides incentives that help to maintain commitment over the longer term and align the interests of senior management with those of Shareholders;

- it ensures that a significant percentage of the overall package for the Executives and senior managers remains at risk dependent upon performance and that their pay and benefits adequately take account of reward versus risk;
- it ensures the overall remuneration structure is simple and clear, and that employees understand how their performance is linked to reward;
- it maintains appropriate proportions of fixed and performance-related pay, to help drive performance over the short and longer term, maintain a flexible cost base, and avoid creating incentives for excessive risk taking; and
- it achieves consistency with the general remuneration philosophy applied to the Group's employees as a whole.

At the AGM in January 2023, we received support from most of our shareholders for the three remuneration related votes – the binding vote on the new Policy, the non-binding vote on the statement of the Chair and the Annual Report on Remuneration and the binding vote on the adoption of the Topps Tiles Plc 2023 Share Plan. However, as a result of our largest shareholder with 29.8% of the shares voting against all three resolutions, we only received support of 61.2%, 58.2% and 61.1% respectively for these resolutions. As previously announced, the Board did seek specific feedback from the shareholder, but none was received. Whilst the Board fully respects and acknowledges that a shareholder may choose to vote against specific resolutions, the Board still considers that all three resolutions proposed were in the best interests of all shareholders.

Performance in FY23 and Remuneration Outcomes

For FY23 the Committee took into consideration the continued ongoing challenges to the UK economy and its impact on the Group in terms of pay inflation and margin. However, the business continued to maintain momentum to deliver the Group goal, two years ahead of schedule and to further embed Pro Tiler and Tile Warehouse into the Group.

The level of adjusted profit before tax generated in the year was sufficient to trigger payment of a bonus to the Executive Directors.

This meant the Remuneration Committee considered it appropriate to approve the following under the Annual Bonus Plan to the Executive Directors at the end of the year, a cash bonus amount of £215,839 and 190,412 deferred shares to Rob Parker and a cash bonus amount of £123,266 and 108,744 deferred shares to Stephen Hopson.

The committee has responsibility for reviewing pay and conditions across the Group and the alignment of incentives and rewards with a high-performance culture.

This was based on 51.3% in respect of profit targets and 22.1% in respect of strategic targets which was a total of 73.4% of the base salary earned over the full year period.

The Long-Term Incentive Plan ('LTIP') awards granted in December 2020 were based upon FY23 final year performance. The awards required a minimum adjusted earnings per share ('EPS') of 3.16p for 10% vesting, increasing to 7.89p for full vesting of the awards. Final adjusted EPS was 4.49p and therefore the scheme will vest at 26.9%. The Committee considered that the level of bonus and LTIP vesting is appropriate in light of the Company's performance,

Changes to the Board

As announced on 18 May 2023, Paul Forman joined the Board on 1 July 2023 as Chair Designate and became Chair on 1 October when Darren Shapland stood down from the Board having served nearly nine years as Chair.

Remuneration Decisions for FY24

Salary/Fees

During the Period, the Committee reviewed the base salary level for the CEO and CFO by reference to external benchmarks, facilitated by its remuneration consultant. The Committee also considered the remuneration of the wider workforce.

The Committee concluded that the CEO and CFO should be awarded increases in base salary from October 2023 of 5% which was in line with the wider workforce. Accordingly, the CEO's salary moved to £441,252 and the CFO's salary moved to £252,000.

Directors' Remuneration Report
continued

Annual Bonus

The Annual Bonus Plan for FY24 will continue to be subject to full year targets for all participants of the scheme. The maximum bonus opportunity will be 125% of base salary for the CEO and the CFO of which 30% of any bonus payable will be deferred into shares for two years in line with the policy that came into effect at the 2023 AGM.

The financial element of the award will continue to be measured against adjusted profit before tax and will account for a 70% weighting of the award. The non-financial element, which accounts for a 30% weighting of the maximum bonus, will be aligned with the Company's strategy for FY24 and include two Strategic Business Objectives and two Environmental, Social, Governance (ESG) metrics, which for FY24 will be focused on Environment and People.

Long-Term Incentive Plan

During FY24, the Committee intends to grant LTIP awards to the Executive Directors with a maximum opportunity of 100% of salary under the new Topps Tiles Plc 2023 Share Plan. These levels are unchanged from previous years. The Committee has determined that it will again be appropriate for these awards to be measured against the EPS performance of the last financial year of the three-year performance period (being FY26). In addition, the Committee has again determined that it will be appropriate to set the threshold level of performance at 10% of the LTIP awards, with an EPS threshold of 4.35p. Full details of the performance targets are provided on page 130. The Committee will monitor the performance over the three-year vesting period and review the vesting outcome to ensure it is a true reflection of the Company's performance during the performance period.

Annual General Meeting

On behalf of the Committee, I would like to thank Shareholders for their continued support. Arrangements for the Annual General Meeting, and how to ask questions, are explained in the Notice of AGM. I will be pleased to answer any questions concerning remuneration, and I am always pleased to hear from the Company's Shareholders. You can contact me via the Company Secretary at other times, if you have any questions in relation to the Company's remuneration.

DIANA BREEZE
Chair of the Remuneration Committee

14 December 2023

Directors' Remuneration Policy

The current Directors' Remuneration Policy (the 'Policy') was approved by shareholders at the General Meeting on 18 January 2023 and became effective from that date for a three-year period. The Policy as approved by shareholders can be found in last year's annual report and on the Company's website. We have included a version of the Policy below which has been updated where appropriate to reflect the passage of time.

Executive Directors' Remuneration Policy Table

Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
Base salary			
Core element of fixed remuneration set at a market competitive level with the aim to attract and retain Executive Directors of the calibre required.	Salaries are usually reviewed annually taking into account: • underlying Group performance; • role, experience, and individual performance; • competitive salary levels and market forces; and • pay and conditions elsewhere in the Group.	While there is no maximum salary, increases will normally be no higher than the typical level of salary increase awarded (in percentage of salary terms) to other colleagues in the Group. Salary increases above this level may be awarded in certain circumstances, such as, but not limited to: • where an Executive Director has been promoted or has had a change in scope or responsibility; • an individual's development or performance in role (for example, to align a newly appointed Executive Director's salary with the market over time); • where there has been a change in market practice; or • where there has been a change in the size and/or complexity of the business. Such increases may be implemented over such time period as the Committee deems appropriate. For new Executive Director hires, the Committee has the flexibility to set the salary at a below-market level initially and to realign it over the following years as the individual gains experience in the role. In exceptional circumstances, the Committee may agree to pay above-market levels to secure or retain an individual who is considered by the Committee to possess significant and relevant experience, which is critical to the delivery of the Group's strategy.	Not applicable.

Directors' Remuneration Report
continued

Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
Benefits			
Fixed element of remuneration set at a market competitive level with the aim to attract and retain Executive Directors of the calibre required.	Executive Directors receive benefits in line with market practice, and these include principally life insurance, income protection, private medical insurance, company car or car allowance and fuel allowance and, where relevant, relocation expenses. Other benefits may be provided based on individual circumstances. These may include other benefits, which are introduced for the wider workforce on broadly similar terms. Any reasonable business-related expenses (including the tax thereon) can be reimbursed.	While the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level that the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role and individual circumstances.	Not applicable.
Pensions			
Provides appropriate post-employment benefits (or cash equivalent).	Executive Directors are eligible to participate in the defined contribution pension scheme. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may be permitted to take a cash supplement instead of contributions to a pension plan.	Contributions of up to the rate available to the majority of the workforce (currently 5% of salary).	Not applicable.
All Employee Share Schemes			
To create alignment with the Group and promote a sense of ownership.	Executive Directors are entitled to participate in a tax-qualifying all employee SAYE scheme under which they may make monthly savings contributions over a period of three or five years linked to the grant of an option over the Company's shares with an option price, which can be at a discount of up to 20% to the market value of shares at grant. Executive Directors are also entitled to participate in any HMRC-approved plans that may be introduced by the Company for all colleagues.	Participation limits are those set by the UK tax authorities from time to time.	Not subject to performance measures in line with HMRC practice.

Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
Annual bonus			
Rewards performance against annual targets, which support the strategic direction of the Group.	Awards are based on annual performance against key financial and/or strategic and ESG targets. Pay-out levels are determined by the Committee after the year-end based on performance against those targets. The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance. 30% of any bonus payable will be deferred into shares for two years under the Topps Tiles Plc 2023 Share Plan. Dividend equivalents may be paid in respect of a vested deferred bonus award by reference to the value of dividends payable during the award's vesting period. Malus and clawback provisions apply.	The maximum bonus opportunity for an Executive Director will not exceed 125% of salary.	Targets are set annually reflecting the Company's Strategy and are aligned with key performance indicators. Up to 70% of the maximum bonus will be based on financial objectives, which may include, but are not limited to, profit, cash/debt, revenue, and ROCE. The balance will be assessed against non-financial objectives, which may include, but are not limited to, strategic, personal and ESG metrics, which are aligned with the Company's business and ESG strategies. **Financial Metrics** There is no fixed minimum payment at threshold performance, with 50% of the maximum potential and 100% of the maximum potential being paid out for target and stretch performance respectively, with scaled vesting in between. **Non-financial Metrics** Vesting of the awards based on non-financial objectives will be determined by the Committee's assessment of the extent to which the non-financial targets have been met which may, if appropriate, be based on threshold, target and stretch levels of performance with scaled vesting in between.

Directors' Remuneration Report
continued

Purpose and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
LTIP			
To incentivise Executive Directors, and to deliver genuine performance-related pay, with a clear line of sight for Executives and direct alignment with Shareholders' interests.	Long-term incentive awards are granted under the Topps Tiles Plc 2023 Share Plan scheme rules. Under the LTIP, awards of nil cost share options or conditional shares may be made. While there is no current intention to do so, awards may (technically) be settled in full or in part in cash at the discretion of the Committee (for example, in respect of shares that would otherwise be sold to satisfy tax withholding requirements or in response to local law constraints). The vesting of awards will be subject to the achievement of specified performance conditions, ordinarily measured over a period of at least three years. Dividend equivalents may be paid on shares that vest in connection with LTIP awards by reference to the value of dividends payable during the award's vesting period (and holding period where relevant). A two-year post-vesting holding period will apply to shares awarded, which will require Executives to ordinarily retain any shares vesting (net of tax) until the fifth anniversary of grant. Malus and clawback provisions apply.	The normal maximum award is 100% of salary in respect of a financial year. Under the share plan rules, the overall maximum opportunity that may be granted in respect of a financial year is 200% of salary. The normal maximum award limit will only be exceeded in exceptional circumstances, such as the recruitment or retention of an Executive Director. The market value of the shares subject to an award is based on the three-day average share price immediately after the Company's Quarter four trading statement unless the Committee determines otherwise.	Relevant performance measures are set that reflect business performance. Specific disclosures on the performance measures that have been set in any given year are provided in the relevant Directors' Remuneration Report for that year. The Committee retains discretion to adjust the vesting outcome of any LTIP award to reflect the underlying financial performance of the Company, notwithstanding the extent to which the specific performance targets applicable to the award have been met. Performance measures and their weighting (where there is more than one measure) are reviewed annually to maintain appropriateness and relevance. For achievement of threshold, no more than 10% of the maximum opportunity will vest. There will usually be straight-line vesting between threshold and maximum performance.

In-employment and Post-employment Shareholding Requirement

Executive Directors are subject to a shareholding requirement to build and maintain a shareholding in Topps Tiles equivalent to 200% of salary for the Chief Executive Officer and the Chief Financial Officer.

The Executive Directors will be subject to a two-year post-employment shareholding requirement of 200% of salary (or the actual holding on departure, if lower).

Legacy Incentive Plans

The Executive Directors retain existing, in flight LTIP awards granted under the previous Remuneration Policy, the "2021 awards" and the "2022 awards". These awards are subject to performance conditions based on the final year performance period to FY24 and FY25, respectively. The awards will be allowed to vest on the terms on which they were granted, subject to achievement of the applicable performance targets.

Malus and Clawback Provisions of Annual Bonus and LTIP Awards

The Committee has the right to reduce, cancel or impose further conditions on annual bonus awards in respect of the financial year starting on or after 30 September 2023, and any outstanding LTIP awards, or to claw back amounts from participants within a period of two years following the payment of any annual bonus and vesting of any deferred bonus and LTIP awards, if an act or omission or a failure to apply reasonable skill and judgement leads to a material loss to the Group, or serious reputational damage to the Group, or a material misstatement of the Company's financial results, or if there has been a material failure of risk management by the Company. Malus and clawback may also apply in instances of corporate failure, discovery of serious misconduct and/or error of calculation and may also apply in instances of unreasonable failure to protect the interest of employees and customers.

Explanation of Performance Measures Chosen for the Incentive Schemes

Performance measures are selected that are aligned with the performance of the Group and the interests of Shareholders. Stretching performance targets are set each year for the annual bonus and long-term incentive awards. When setting these performance targets, the Committee will take into account a number of different reference points, which may include the Company's business plans and strategy and the economic environment. Full vesting will only occur for what the Committee considers to be a stretching performance.

The annual bonus can be assessed against financial and non-financial objectives as determined by the Committee. Bonuses are currently based on adjusted profit before tax, strategic objectives and ESG targets, which are aligned to delivering the overall business strategy and encourage behaviours, which facilitate profitable growth and the future development of the business.

Long-term performance measures are chosen by the Committee to provide a robust and transparent basis on which to measure the Company's performance over the longer term and to provide alignment with the business strategy. They are selected to be aligned with the interests of Shareholders and to drive business performance, while not encouraging excessive risk-taking. LTIP awards are currently based on the earnings per share targets being met at the end of the performance period, providing an assessment of the overall financial performance of the business, and rewarding sustainable long-term performance.

The Committee retains the ability to adjust the targets or set different performance measures for the annual bonus and share awards if events occur (such as a change in Strategy, a material acquisition and/or a divestment of a Group business or a change in prevailing market conditions), which cause the Committee to determine that the original measures or targets are no longer appropriate and that amendment is required so that they achieve their original purpose.

Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the deferred bonus and 2013 and 2023 LTIP scheme.

Directors' Remuneration Report
continued

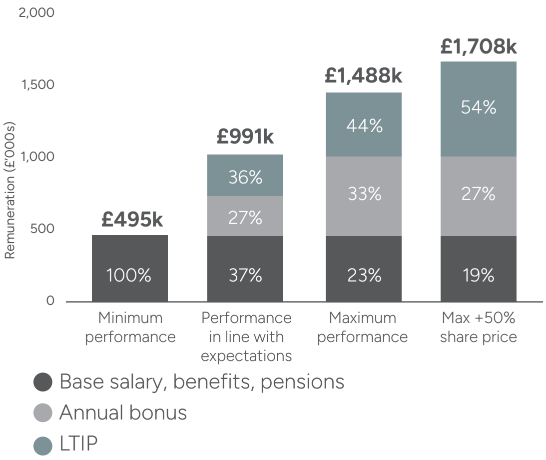
Committee Discretion in Operation of the Annual Bonus and 2023 Share Plan

The Committee operates under the powers it has been delegated by the Board. In addition, it complies with rules that are either subject to shareholder approval or approval from the Board. These rules provide the Committee with certain discretions which serve to ensure that the implementation of the Policy is fair, both to the individual Executive Director and to shareholders. The Committee also has discretion to set components of remuneration within a range, from time to time. The extent of such discretion is set out in the relevant rules. To ensure the efficient administration of the annual bonus and LTIP, the Committee will apply certain operational discretions. These include, but are not limited to, the following:

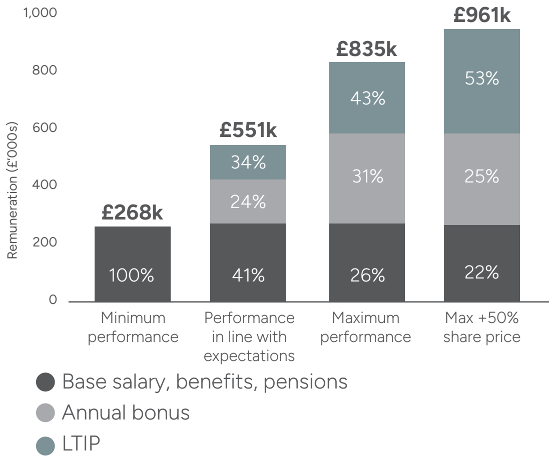
- Selecting the participants in the plans;
- Determining the timing of grants of awards and/or payments;
- Determining the quantum of awards and/or payments (within the limits set out in the Policy);
- Determining the choice of (and adjustment of) performance measures and targets for each incentive plan in accordance with the Policy and the rules;
- Determining the extent of vesting based on the assessment of performance and discretion relating to measurement of performance in certain events such as a change of control or reconstruction;
- Overriding formulaic annual bonus and LTIP vesting outcomes, taking account of overall or underlying Company performance;
- Whether malus and clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which they shall be applied;
- Making appropriate adjustments required in certain circumstances, for instance for changes in capital structure;
- Determining "good leaver" status for incentive plan purposes and applying the appropriate treatment; and
- Undertaking the annual review of weighting of performance measures and setting targets for the annual bonus and LTIP award, where applicable, from year to year.

Illustrations of Application of Remuneration Policy for FY24

R Parker



S Hopson



In illustrating the potential reward for 2024, assumptions have been made as detailed below.

	Fixed Pay	Annual Bonus	LTIP
Minimum performance	Fixed elements of remuneration only – base salary (being the salary as of 1 October 2023), benefits as disclosed in the single figure table on pages 127 to 128 for the year FY23 and pension of 5% of salary.	No bonus.	No LTIP vesting.
Performance in line with expectations		62.5% of salary awarded for achieving target performance across both financial and non-financial measures.	50% of maximum award vesting (equivalent to 50% of salary) for achieving target performance*.
Maximum performance		125% of salary awarded for achieving maximum performance across both financial and non-financial measures.	100% of maximum award vesting (equivalent to 100% of salary) for achieving maximum performance*.
Maximum performance plus share price growth		125% of salary awarded for achieving maximum performance across both financial and non-financial measures. (A share-based bonus would be worth more if share price growth occurred).	100% of maximum award vesting for achieving maximum performance plus an assumption for share price growth (50% increase).

* LTIP awards are included in these scenarios at face value with no share price movement included

Non-Executive Directors

Purpose and Link to Strategy	Approach of the Company
Set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.	Fees are normally reviewed annually. Fees paid to Non-Executive Directors for their services are approved by the Board. Fees may include a basic fee and additional fees for further responsibilities (for example, chairing the Board Committees, holding the office of Senior Independent Director, other additional responsibilities, or a temporary increase in time commitment). Fees are based on the level of fees paid to Non-Executive Directors serving on the boards of similar-sized UK listed companies and the time commitment and contribution expected for the role. Typically, any fee increase will be in line with the wider workforce. Fee increases may be awarded above this level in certain circumstances such as (but not limited to): • where there has been a change in market practice; • where there has been a change in the size and complexity of the Company; or • where there has been an increase in the Non-Executive Director's time commitment to the role. Overall fees paid to Non-Executive Directors will remain within the limits set by the Company's Articles of Association. Non-Executive Directors cannot participate in any of the Company's share incentive schemes and are not eligible to join the Company's pension scheme. Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, travel costs (including any tax incurred thereon) or other benefits that may be appropriate.

Directors' Remuneration Report
continued

Approach to Recruitment Remuneration

The Policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the Strategy effectively for the benefit of Shareholders. When appointing a new Executive Director, the Committee seeks to ensure that arrangements are in the best interests of the Company and not to pay more than is appropriate.

The Committee will take into consideration a number of relevant factors, which may include the calibre of the individual, the candidate's existing remuneration package, and the specific circumstances of the individual including the jurisdiction from which the candidate was recruited.

When appointing a new Executive Director, the Committee will typically align the remuneration package with the above Policy for existing Directors. The Committee may include other elements of pay that it considers are appropriate; however, this discretion is capped and is subject to the principles and the limits referred to below.

- Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. For new Executive Director hires, the Committee has the flexibility to set the salary at a below-market level initially and to realign it over the following years as the individual gains experience in the role. In exceptional circumstances, the Committee may agree to pay above-market levels to secure or retain an individual who is considered by the Committee to possess significant and relevant experience that is critical to the delivery of the Group's strategy.
- Benefits will be provided in line with the above Policy.

The pension contribution (or cash allowance in lieu thereof) will be set in line with the maximum rate provided to other below Board colleagues (which is currently 5%).

Other elements may be included in the following circumstances:

- an interim appointment being made to fill an Executive Director role on a short-term basis;
- if exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis;
- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance; and
- if the Executive Director will be required to relocate in order to take up the position, it is the Company's Policy to allow reasonable relocation, travel, and subsistence payments. Any such payments will be at the discretion of the Committee and may include sums to cover the tax payable thereon.

The Committee may also alter the performance measures, performance period and vesting period of the annual bonus and deferred bonus, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the following Directors' Remuneration Report.

The maximum level of variable remuneration that may be granted (excluding "buyout" awards as referred to below) is 325% of salary.

The Committee may make payments or awards in respect of appointing an Executive Director to "buyout" remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors, including any performance conditions attached to the forfeited arrangements and the time over which they would have vested.

The Committee will generally seek to structure buyout awards or payments on a like-for-like basis to the remuneration arrangements forfeited. Any such payments or awards are limited to the expected value of the forfeited awards. Where considered appropriate, such special recruitment awards will be liable to forfeiture or "malus" and/or "clawback" on early departure.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share plans. If necessary, and subject to the limits referred to above, buyout awards may be granted outside of these plans as permitted under section 9.4.2 (2) of the Listing Rules, which allows for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms.

Fees payable to a Chair or Non-Executive Director will be in line with the Fee Policy in place at the time of appointment.

Service Contracts

It is the Company's Policy that Executive Directors are offered permanent contracts of employment with no more than a 12-month notice period. Under an event of contract termination, any severance payment would be subject to negotiation but would take the length of service and prevailing notice period into account.

Company Policy also states that Non-Executive Directors should have contracts of services with an indefinite term providing for a maximum of six months' notice. The role of Chair is also Non-Executive, with an indefinite term contract and a maximum of six months' notice.

These contracts are available for inspection, upon request from the Company Secretary at the Groups registered office.

In accordance with the Corporate Governance Code 2018, all Directors offer themselves for annual re-election by Shareholders. The date of appointment of each Non-Executive Director who served during the year is set out in the table below.

Non-Executive Director	**Original Date of Appointment to Board**	**Date of Letter of Appointment**	**Total Length of Service**
Darren Shapland	19/03/2015	26/02/2015	8 years and 8 months
Paul Forman	01/07/2023	17/05/2023	0 years and 4 months
Keith Down	02/02/2015	02/02/2015	8 years and 9 months
Diana Breeze	01/02/2021	23/11/2020	2 years and 9 months
Kari Daniels	01/04/2021	23/11/2020	2 years and 7 months

Payments for Loss of Office

The principles on which the determination of payments for loss of office will be approached are set out below:

	Policy	
Payment in lieu of notice	The Company has discretion to make a payment in lieu of notice. Such a payment would be calculated by reference to basic salary and shall include compensation for any employer pension contributions for the unexpired period of notice. The payment may also include compensation for benefits and pension for the period. If the participant is terminated within six months of a Change of Control, the Payment in Lieu, (as defined in the Service Agreement) shall include any bonus or commission payments, contractual benefits, and holiday entitlement they would have received during the period for which the Payment in Lieu is made.	
Annual bonus	**"Bad leaver"**	**"Good leaver"**
	Annual bonus awards will normally lapse in their entirety in the event an individual is no longer employed or serving their notice period at the time of pay-out. Unvested deferred bonus awards held by leavers will ordinarily be forfeited on cessation of employment.	If the participant leaves due to death, illness, injury, disability, redundancy, sale of their employer or other reasons at the discretion of the Committee, a bonus may become payable at the discretion of the Committee. Where the bonus is payable, the Committee retains discretion as to whether it is prorated by reference to the period worked during the year, or whether all is payable in cash, or whether part of it is deferred either in cash or as deferred bonus awards. Deferred bonus awards held by leavers will ordinarily vest on the normal timetable. The Committee can permit early vesting at its discretion. Shares acquired under deferred bonus awards will ordinarily continue to be subject to the post-employment shareholding requirement unless the Committee determines otherwise at its discretion.

Directors’ Remuneration Report
continued

	Policy	
LTIP	**“Bad leaver”**	**“Good leaver”**
	Unvested LTIP awards held by leavers will ordinarily be forfeited on cessation of employment.	If the participant leaves due to death, illness, injury, disability, redundancy, sale of their employer or any other reason at the discretion of the Committee, any unvested awards will ordinarily continue to be capable of vesting at the normal vesting date (or, exceptionally and at the Committee’s discretion, at an earlier date). In either case, the extent of vesting will be determined by the Committee taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, subject to prorating by reference to the period of time elapsed from the start of the performance period to the date of cessation relative to the full performance period (although the Committee may disapply (in full or in part) time prorating if it considers it appropriate to do so). Where the Committee determines that awards shall vest at the date of cessation, performance shall be assessed on such basis as the Committee considers appropriate over the curtailed performance period. Once vested, awards held by leavers may then be exercised during such period as the Committee determines. The post-vesting holding period for LTIP awards granted from the date of the AGM in January 2020 onwards, and the post-employment shareholding requirement for awards granted on or after 1 October 2023, will ordinarily continue to apply irrespective of employment status unless the Committee determines otherwise at its discretion. Awards that have already vested at the date of cessation may be exercised for such period as the Committee determines.
Mitigation	The Committee’s practice is that if an Executive Director’s employment is terminated, any compensation payment will be calculated in accordance with normal legal principles, including the application of mitigation to the extent appropriate to the circumstances of the termination.	
All employee share plans	Payments may be made either in the event of a loss of office or a change of control under the all-employee share plans, which are governed by the rules and the legislation relating to such tax-qualifying plans. There is no discretionary treatment for leavers or on a change of control under these schemes. In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement, and legal fees.	

	Policy
Post-cessation shareholding requirements	LTIP awards granted after the AGM in January 2020 will be subject to their applicable post-vesting holding period and awards (if any) retained on departure will not ordinarily be accelerated. Deferred bonus and LTIP awards granted on or after 2 October 2022 will be subject to a two-year post-cessation shareholding requirement of 200% of salary (or the actual level of holding on departure, if lower). Shares purchased by the Executives through their own funds (or which have been acquired through the vesting of earlier LTIP grants) will not be subject to the post-cessation shareholding requirement.

Where a buyout award is made under section 9.4.2 (2) of the Listing Rules, then the leaver provisions would be determined at the time of the award.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing contractual, statutory, or legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Where the Committee retains discretion, it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance. Where applicable, the Committee may impose additional conditions on the vesting or exercise of incentive awards as appropriate, taking into account the circumstances of the Executive's departure.

There is no entitlement to any compensation in the event of a Non-Executive Director's appointment being terminated.

Treatment on a Change of Control or Other Corporate Events

The extent to which unvested deferred bonus and LTIP awards will vest on a change of control or other corporate events will be determined in accordance with the rules of the deferred bonus and LTIP scheme.

Deferred bonus and LTIP awards will normally vest early on a takeover, merger, winding-up or other relevant corporate event. The Committee will determine the level of vesting of LTIP awards taking into account the extent to which the performance conditions are satisfied over the curtailed performance period (on such basis as the Committee determines appropriate) and, unless the Committee determines otherwise, time prorating by reference to the period of time elapsed from the start of the performance period to the date of the relevant corporate event relative to the full performance period.

Alternatively, the Committee may provide that deferred bonus and LTIP awards shall be automatically exchanged for new awards over shares in another company (for example, an award over shares in the new holding company following an internal reorganisation).

The Committee may adjust the number of shares under any deferred bonus and LTIP award, or the performance conditions applicable to such awards, in the event of a variation in the share capital of the Company or on the occurrence of any other events (such as a demerger or rights issues) that impact the Company's share price.

A full or pro rata time-based bonus may be awarded on a change of control, and this may be paid either at the time of the change of control or on the normal payment date, either in cash or in part cash part deferred shares at the Committee's discretion.

Existing Contractual Arrangements

The Committee retains discretion to make any remuneration payment or payment for loss of office outside the Policy in this report:

- where the terms of the payment were agreed before the Policy came into effect;
- where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company; and
- to satisfy contractual commitments under legacy remuneration arrangements.

For these purposes, "payments" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Directors' Remuneration Report
continued

Policy for the Remuneration of Employees More Generally

Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of the business strategy and should be sufficient to attract, retain and motivate high-calibre employees.

When determining the remuneration arrangements for Executive Directors, the Committee takes into consideration, as a matter of course, the pay and conditions of employees throughout the Group. In particular, the Committee is kept informed on:

- salary increase for the general employee population;
- benefit and pension policies;
- overall spend on annual bonus; and
- participation levels in the annual bonus and share plans.

The Group has various ways of engaging employees collectively, as teams and one-to-one, which provide a forum for employees to express their views on the Company's executive and wider employee reward policies.

External Appointments

The Committee recognises that Executive Directors may be invited to become non-executive directors in other companies and that these appointments can enhance their knowledge and experience to the benefit of the Company.

Subject to the pre-agreed conditions, and with the prior approval of the Board, each Executive Director is permitted to accept one appointment as a Non-executive Director in another listed company. The Executive Director is permitted to retain any fees paid for such service.

Statement of Consideration of Shareholder Views

The Committee is committed to an ongoing dialogue with Shareholders and welcomes feedback on Directors' remuneration. Prior to the current Policy being formally put to Shareholders at the AGM in January 2023, the Committee engaged with major Shareholders and institutional bodies setting out the proposals and rationale for the changes.

Imperial Central, Slough, Berkshire, by Langham Homes (Parkside)

Annual Report on Remuneration

Single Figure Table (Audited Information)

The tables below detail the total remuneration receivable by each Director for the 52-week period ended 30 September 2023 and the 52-week period ended 1 October 2022.

2022/23	Salary and fees £'000	Benefits £'000	Annual bonus £'000	LTIP £'000	Pension £'000	Other £,000	Total remuneration £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors									
R Parker, CEO	**420**	**31**	**308**	**111**	**21**	**1**	**892**	**473**	**419**
S Hopson, CFO	**240**	**3**	**176**	**56**	**12**	**4**	**491**	**259**	**232**
Non-Executive Directors									
D Shapland	**136**	**3.5**	**–**	**–**	**–**	**–**	**139.5**	**139.5**	**–**
P Forman	**11**	**–**	**–**	**–**	**–**	**–**	**11**	**11**	**–**
K Down	**51**	**–**	**–**	**–**	**–**	**–**	**51**	**51**	**–**
D Breeze	**48**	**0.5**	**–**	**–**	**–**	**–**	**48.5**	**48.5**	**–**
K Daniels	**45**	**0.5**	**–**	**–**	**–**	**–**	**45.5**	**45.5**	**–**

2021/22	Salary and fees £'000	Benefits £'000	Annual bonus £'000	LTIP £'000	Pension £'000	Other £,000	Total remuneration £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors									
R Parker, CEO	412	42	198	64	18	2	736	474	262
S Hopson, CFO	220	16	106	–	10	–	352	246	106
Non-Executive Directors									
D Shapland	133	1.5	–	–	–	–	–	134.5	–
K Down	50	–	–	–	–	–	–	50	–
D Breeze	47	–	–	–	–	–	–	47	–
K Daniels	44	0.5	–	–	–	–	–	44.5	–

Directors’ Remuneration Report
continued

The figures in the single figure tables are derived from the following:

Salary and fees	The amount of salary/fees received in the relevant period.
Benefits	The taxable value of benefits received in the relevant period. These are principally life insurance, income protection, private medical insurance, company car or car allowance, and fuel allowance. In the case of the Non-Executive Directors, taxable expenses are shown as being paid by way of benefits.
Pension	The pension figure represents the cash value of Company pension contributions paid to Stephen Hopson as part of the Company’s defined contribution scheme and the cash supplement taken in lieu of contributions to the pension plan in respect of Rob Parker.
Annual bonus	The annual bonus earned in respect of the period will have 70% of the total amount payable as a cash payment and 30% of the total amount payable deferred into shares for a two-year period. A description of performance against the objectives that applied for the relevant period is provided on page 129.
LTIP	The LTIP figure for the period 2022/23 represents the awards granted in December 2020. The vesting of these awards is based on Adjusted EPS for the financial year 2022/23. This scheme vested at 26.9% with an adjusted EPS of 4.49p The LTIP figure for the period 2021/2022 represents the awards granted in December 2019 for Rob Parker. The awards were based on cumulative EPS performance over three financial years to 26 September 2020 due to the impact of COVID-19. Remco exercised downward discretion and this award vested at 25%.
Other	This includes the value of SAYE scheme options granted during the relevant period.

Chief Executive Pay Ratio

The tables below compare the single total figure of remuneration for the Chief Executive with that of the Company’s colleagues who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of its UK colleague population, giving the ratios and underlying remuneration levels at those percentiles that were used to calculate the ratios.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY23	**Option A**	**39:1**	**34:1**	**27:1**
FY22	Option A	36:1	31:1	23:1
FY21	Option A	36:1	32:1	23:1
FY20	Option A	23:1	21:1	16:1

	25th percentile	Median	75th percentile
Salary	£20,468	£20,885	£28,967
Total remuneration	£23,094	£25,912	£33,131

The remuneration figures used for the colleague at each quartile were determined using reference data on the 30 September 2023 for FY23. The Company chose Option A as this provides the most accurate method for calculating the CEO pay ratio. Option A determines a full-time equivalent (‘FTE’) for all relevant colleagues in the performance period across the three percentile groups.

There has been a slight increase in the ratios this year but this is reflective of the increase in pay-outs for the variable element of the CEO package, particularly LTIP, which the wider workforce does not receive, back to a level closer to the market benchmark. The approach to fixed pay remains in line with our approach to the wider workforce.

While none of the three employees identified at the 25th, 50th and 75th percentiles are eligible to receive LTIP awards, all three received a bonus within the year and are invited to participate in the all-employee share plans on the same terms as the CEO.

Individual Elements of Remuneration (Audited Information)

Base Salary and Fees

Base salaries for individual Directors are reviewed annually by the Committee and the Committee considered the base salary levels by reference to external benchmarks, facilitated by its remuneration adviser. In line with the Remuneration Policy, salaries are generally increased in line with any increase awarded to the wider workforce, which was 5%, effective from 1 October 2023. Accordingly, the CEO's salary moved to £441,252 and the CFO's salary moved to £252,000.

	Base salary 2 October 2022	**Base salary 1 October 2023**	% increase
R Parker – CEO	£420,240	**£441,252**	5.0%
S Hopson – CFO	£240,000	**£252,000**	5.0%

During the Period, as part of the change in the Chair and future recruitment needs the fees were reviewed in line with market benchmarks. With effect from the 1 October 2023 increases were applied to the NEDs base fee and the Committee Chair's, Senior Independent Director, and Employee Engagement Director additional fees.

The Chair's fee remains unchanged.

Details of the current fee Policy for the Non-Executive Directors are set out in the table below:

	Fees 2 October 2022	**Fees 1 October 2023**	% increase
Chair's fee	£135,795	**£135,795**	–
Non-Executive Directors' basic fee	£42,024	**£44,500**	5.89%
Additional fees			
Senior Independent Director	£3,000	**£7,000**	133%
Committee Chair	£6,000	**£7,000**	17%
Employee Engagement Director	£3,000	**£3,500**	17%

Note: The Chair waived the Committee Chair's fee for the Nomination and Governance Committee

Total Pension Entitlements

During the year, the Company pension benefit represented 5% of salary for the Executive Directors (taken as cash in lieu of contributions to the pension plan in the case of the CEO).

Annual Bonus (Audited Information)

For the Period, the maximum annual bonus opportunity was 125% of salary. To encourage behaviours that facilitate profitable growth and future development of the business, up to 70% of salary could be earned based on adjusted PBT performance and up to 30% of salary could be earned for the achievement of strategic business and ESG objectives to drive the delivery of the strategic plan. Aligned to the Remuneration Policy change last year, 30% of any bonus awarded will be deferred into shares for a period of two years for the Executive Directors.

Directors' Remuneration Report
continued

The following table sets out the performance outcome relative to targets and the resulting bonus pay-out to the Executive Directors for FY23.

Targets	Weighting	Threshold (at which 17.5% of minimum bonus is earned)	Target (at which 50% of on target bonus is earned)	Stretch (at which 100% of maximum bonus is earned)	Actual Performance	Executive Director bonus earned as a percentage of salary
Adjusted profit before tax[1]	87.5%	£10.5m	£12m	£15m	£12.5m	51.3%
Strategic objectives:	37.5%					22.1%
Increase in Group market share (%)	9.4%	19%	19.5%	20%	22.1%	9.4%
Profits from new businesses (excl. amortisation) (£m)	9.4%	0.5	1.0	1.5m	<£0.5m	0%
Reduction in colleague turnover with less than three months service (%)	9.4%	0.5%	1.5%	2.5%	0.9%	3.4%
Reduction in Group tile waste (%)	9.4%	2.0%	6.0%	10%	12.1%	9.4%
Total bonus earned						**73.4%**

1 Adjusted PBT as defined in the Financial Review section of this report

70% was paid in cash in November 2023 for the Executive Directors and 30% deferred into shares with a vesting of two years.

Long-Term Incentives (Audited Information)

Awards Vesting in Respect of the Financial Year

Adjusted EPS 2022/2023	Percentage of the award that will vest
3.16 pence	10%
Greater than 3.16 pence but less than 7.89 pence	Determined between 10% and 100%
7.89 pence	100%

Adjusted EPS is defined as stated in the Company's accounts for the relevant financial period excluding exceptional items. The adjusted EPS at the end of the period was 4.49 pence. This resulted in 26.9% of the award vesting.

Awards Granted During the Financial Year (Audited Information)

For the 52-week period ended 30 September 2023, the following awards were granted to Executive Directors in December 2022.

	Type of award	Percentage of salary	Number of shares	Face value at grant[1]	% of award vesting at threshold	Performance period
R Parker	Nil-cost option	100%	988,103	£420,240	10%	3 years
S Hopson	Nil-cost option	100%	564,308	£240,000	10%	3 years

1 Valued using a share price of 42.53 pence based on the average three-day share price ending on 7 October 2022

The vesting of these awards will be based on adjusted EPS for the financial year FY25 (adjusted EPS 2025):

Adjusted EPS 2024/2025	Percentage of the award that will vest
3.46 pence	10%
Greater than 3.46 pence but less than 6.92 pence	Determined between 10% and 100%
6.92 pence	100%

These targets were based on adjusted profit before tax of between £10 million and £20 million for the financial year 2024/2025, excluding exceptional items and subject to such adjustments as the Board in its discretion determines are fair and reasonable.

Notwithstanding the EPS 2025 target above, the extent to which the awards will vest will be subject to the Committee's assessment of the quality of earnings over the performance period. The Committee may reduce the extent to which the award would otherwise vest if the Committee determines that the EPS for 2025 achieved is not consistent with the Company's overall underlying financial performance, taking into account such factors as the Committee considers appropriate, including market share, margin performance, net debt, overall returns to Shareholders and Shareholder value creation.

Long-Term Incentives for FY24

LTIP Awards

The maximum LTIP opportunity will remain at 100% of salary, with the percentage of the award vesting for threshold performance remaining at 10% of salary.

The vesting of these awards will be based on Adjusted EPS for the financial year 2025/26 (Adjusted EPS 2026).

The Remuneration Committee considers that the stretch target is challenging in the light of the growth environment and current business expectation.

Adjusted EPS 2025/2026	Percentage of the award that will vest
4.35 pence	10%
Greater than 4.35 pence but less than 7.65 pence	Determined on a straight-line basis between 10% and 100%
7.65 pence	100%

These targets are based on an Adjusted PBT of between £12.5 million and £22 million for the financial year 20256/2026, excluding exceptional items and subject to such adjustments as the Board in its discretion determines are fair and reasonable. The targets take account of the 2023 increase in the rate of Corporation Tax to 25% from 19%.

EPS is defined as stated in the Company's accounts for the relevant financial period excluding exceptional items and subject to such adjustments as the Board, in its discretion, determines are fair and reasonable.

Notwithstanding the EPS 2026 target above, the extent to which the awards will vest will be subject to the Committee's assessment of the quality of earnings over the performance period. The Committee may reduce the extent to which the award would otherwise vest if the Committee determines that the EPS for 2026 achieved is not consistent with the Company's overall underlying financial performance, taking into account such factors as the Committee considers appropriate, including market share, margin performance, net debt, overall returns to Shareholders and Shareholder value creation.

All Colleague Share Plans

The Executive Directors may participate in the Company's all colleague share plans, the Topps Tiles Plc SAYE Scheme ('SAYE Scheme') and the Topps Tiles Plc Share Incentive Plan ('SIP'), on the same basis as other colleagues.

Directors' Remuneration Report
continued

The SAYE Scheme provides an opportunity to save a set monthly amount (currently up to £500) over three years towards the exercise of a discounted share option, which is granted at the start of the three years.

The SIP provides an opportunity for colleagues to buy shares from their pre-tax remuneration up to the limit permitted by the relevant tax legislation (currently £1,800 per year). No matching shares are awarded.

Options and awards under these plans are not subject to performance conditions.

The following SAYE options were granted to the Executive Directors during the financial year ended 30 September 2023.

	Type of award[1]	Number of shares	Face value at grant[2]
R Parker	Three-year discounted share option	9,493	£4,467
S Hopson	Three-year discounted share option	47,468	£22,310

1 In accordance with the scheme rules, the options are granted with an exercise price set at a discount of 20% to the market value of a share when the invitations to acquire the option are issued. For the awards granted in 2022/2023, the share price at the date of invitation was 37.9 pence and the exercise price is 48 pence per share. In accordance with the scheme rules, the exercise of the options is not subject to any performance condition.

2 The face value of the award is calculated by multiplying the number of shares under option by the market value of a share on the date of grant (being 47 pence for these options granted on 1 February 2023.)

Statement of Directors' Shareholding and Share Interests (Audited Information)

In order to further align the Executive Directors' long-term interests with those of Shareholders and in accordance with the Remuneration Policy, the Committee introduced shareholding guidelines, effective from the 2017 AGM and revised effective from the 2020 AGM, which required that Executive Directors build up a shareholding of 200% salary. The table below sets out the number of shares held, or potentially held, (including by connected persons where relevant) as of 30 September 2023.

	Shareholding guidelines	Shareholding (as % of salary)
R Parker	200%	125%
S Hopson	200%	0%

The interests of each Executive Director of the Company as of 30 September 2023 were as follows:

	Shares			Options				
Directors	Shares owned (as at 1 October 2022)	Total shares owned (as of 30 September 2023)	Type	Options exercised during the year	Vested but not exercised options	Unvested options, subject to performance conditions	Unvested options, not subject to performance conditions	Total options (as at 30 September 2023)
Executive Directors								
R Parker	736,264	965,280						
	n/a	–	LTIP	432,693	152,137	2,490,445	n/a	2,642,582
	n/a	–	SAYE	n/a	n/a	n/a	37,785	37,785
S Hopson	–	–						
	n/a	–	LTIP	–	n/a	1,338,417	n/a	1,338,417
	n/a	–	SAYE	n/a	n/a	n/a	47,468	47,468
Non-Executive Directors								
D Shapland	200,000	200,000		n/a	n/a	n/a	n/a	n/a
P Forman	n/a	140,000		n/a	n/a	n/a	n/a	n/a
K Down	n/a	n/a		n/a	n/a	n/a	n/a	n/a
D Breeze	n/a	n/a		n/a	n/a	n/a	n/a	n/a
K Daniels	n/a	n/a		n/a	n/a	n/a	n/a	n/a

Note: Directors' shareholdings include shares held by their closely associated persons where relevant

No changes in the Directors' shareholdings have occurred between 30 September 2023 and the date of this report.

Payments Made to Former Directors during the Period (Audited Information)

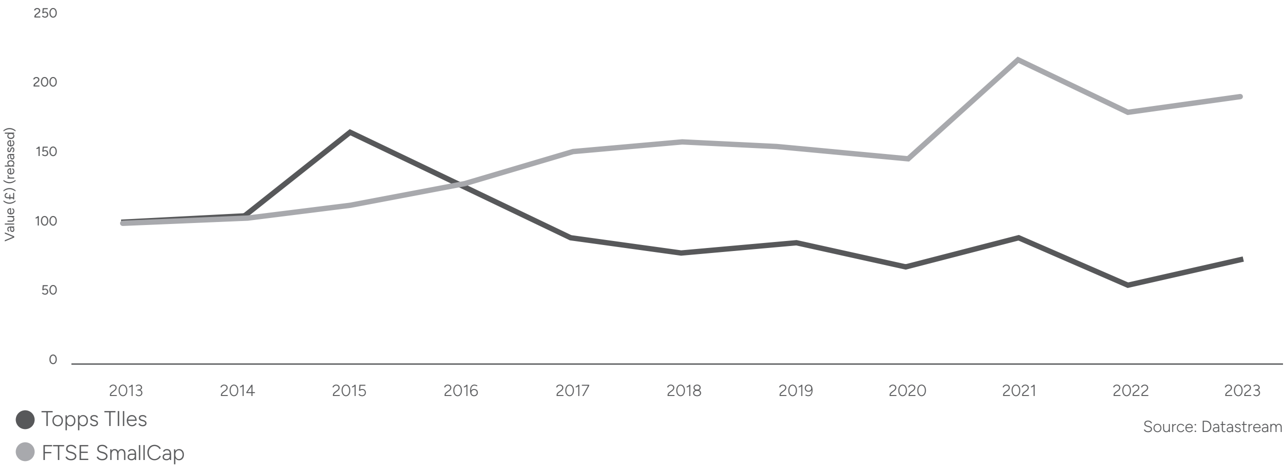
No payments were made to former directors during the Period.

Payments for Loss of Office Made During the Period (Audited Information)

No payments for loss of office were made in the Period to any Director of the Company.

Performance Graph

The graph below shows the TSR performance for the Company's shares in comparison to the FTSE SmallCap Index for the ten years to 30 September 2023. For the purposes of the graph, TSR has been calculated as the percentage change during the ten-year period in the market price of the shares, assuming that dividends are reinvested. The graph shows the value, by the end of the 2022/2023 financial year, of £100 invested in the Group over the last ten financial years compared with £100 invested in the FTSE SmallCap Index, which the Directors believe is the most appropriate comparative index, given the nature of the index and the companies within it.



Historical Chief Executive Remuneration Outcomes

The table below shows details of the total remuneration and annual bonus and LTIP vesting (as a percentage of the maximum opportunity) for the Chief Executive over the last ten financial years.

	Total Remuneration £'000	Annual Bonus as a % of maximum opportunity	LTIP as a % of maximum opportunity
52-week period ended 30 September 2023	**892**	**58.7%**	**26.9%**
52-week period ended 1 October 2022	736	48%	25%
52-week period ended 2 October 2021	673	55%	–
52-week period ended 26 September 2020	403	–	–
52-week period ended 28 September 2019	541	16%	–
52-week period ended 29 September 2018	538	14%	–
52-week period ended 30 September 2017	765	9%	87%
52-week period ended 2 October 2016	1,180	67%	100%
52-week period ended 3 October 2015	2,027	83%	100%
52-week period ended 27 September 2014	849	99%	n/a

Directors' Pay Annual Change in Relation to All Colleagues

The table below sets out in relation to salary, taxable benefits, and annual bonus the percentage change in remuneration for all Directors compared to the wider workforce. For these purposes, the wider workforce includes all colleagues in the Group.

Annual Pay Change in Relation to All Employees

	FY23 vs FY22			FY22 vs FY21			FY21 vs FY20			FY20 vs FY19		
Percentage change	**Salary**	**Taxable benefits**	**Annual bonus**	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus	Salary	Taxable benefits	Annual bonus
Executive Directors												
R Parker	**1.9%**	**(26.2)%**	**55.6%**	1.0%	35.5%	(10)%	14.3%	3.4%	n/a	31.6%	11.1%	(100.0)%
S Hopson	**9.1%**	**(81.3)%**	**66.0%**	17.6%	6.7%	(1.0)%	n/a	n/a	n/a	n/a	n/a	n/a
Non-Executive Directors												
D Shapland[1]	**2.3%**	**133.3%**	**n/a**	0.7%	(33.0)%	n/a	7.5%	(25.0)%	n/a	(5.5)%	(66.7)%	n/a
K Down	**2.0%**	**n/a**	**n/a**	2.0%	–	n/a	14.3%	–	n/a	(4.5)%	(100.0)%	n/a
D Breeze	**2.1%**	**n/a**	**n/a**	56.7%	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a
K Daniels	**2.3%**	**–**	**n/a**	100.0%	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a
P Forman[2]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wider workforce	**7.4%**	**0.1%**	**6.5%**	7.2%	15.6%	(3.5)%	19.4%	4.7%	89.1%	(4.9)%	12.8%	(24.4)%

1 Left September 2023

2 Started July 2023

Executive Directors' Remuneration from External Non-Executive Roles

During the Period, neither Rob Parker nor Stephen Hopson received remuneration from Non-Executive roles.

Spend on Pay

The following table sets out the percentage change in dividends and the overall expenditure on pay (as a whole across the organisation):

	52-week period ended 30 September 2023	53-week period ended 1 October 2022	Percentage change
Dividends and share buybacks	**3.6 pence per share**	3.6 pence per share	0%
Overall expenditure on pay	**£55,468,732**	£57,097,000	(2.9)%

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Committee is composed of the Company's independent Non-Executive Directors, Diana Breeze (Chair), Keith Down and Kari Daniels. The Company Secretary attends the meetings as secretary to the Committee.

The role of the Committee is to:

- Set and keep under review the Remuneration Policy for the Executive Directors and Chair;
- Determine the remuneration of the Executive Directors, members of the Executive Committee and Chair, including short-term and long-term incentives, in line with the Remuneration Policy;
- Recommend and monitor the level and structure of remuneration for senior management;
- Approve the design of and determine targets for performance-related pay schemes and approve the payments made under them;
- Review the design of all share incentive plans and for those in place and determine what awards will be made; and
- Oversee any major changes in colleague benefits structures throughout the Company or Group.

Attendees and Advisers

Other regular attendees at meetings are the Chair, the CEO, the HRD and the Committee's external advisers.

The CEO is consulted on the remuneration of those who report directly to him and of other senior management.

The Committee recognises and manages conflicts of interest when receiving views from executive directors and other attendees. No Director or colleague is present or takes part in discussions in respect of matters relating directly to their own remuneration.

The executive compensation business of Alvarez & Marsal ("A&M") has acted as an independent adviser since August 2020.

Adviser	Details of appointment	Fees paid by the Company for advice to the Committee and basis of charge	Other services provided to the Company in the 52-week period ended 30 September 2023
Alvarez & Marsal	Appointed by the Committee in August 2020	£38,175 (excluding VAT)	None
		Charged on a time/cost basis or fixed fee dependent on the nature of the project.	

A&M is a signatory to the Remuneration Consultant's Code of Conduct, which requires their advice to be impartial, and A&M confirmed their compliance with the Code to the Committee. A&M has not carried out any other work for the Company during the year. Based on the above, the Committee is satisfied that the advice is independent and objective.

Statement of Voting at Last AGM

The following table sets out actual voting in respect of the resolution to approve the Directors' Remuneration Report at the Company's AGM on (18 January 2023). For further information on resolutions at the last AGM please refer to the Corporate Governance section.

Resolution	Votes for	% of vote	Votes against	% of vote	Discretion	% of vote	Votes withheld
Approve Remuneration Report	3,069,570	58.15%	6,977,229	41.85%	–	–	47,413
Approve Remuneration Policy	97,890,037	61.16%	62,156,763	38.84%	–	–	47,412

Approval

This report was approved by the Board on 14 December 2023 and signed on its behalf by:

DIANA BREEZE
Chair of the Remuneration Committee

14 December 2023

Our Financials

Briks™ Charcoal Terrazzo, Complements™ Cast Iron Straight Edge Trim

Independent Auditor's Report to the Members of Topps Tiles Plc

Opinion

We have audited the financial statements of Topps Tiles Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 September 2023 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the Directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the Directors' going concern assessment;
- Making enquiries of the Directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Group's and the parent company's future financial performance;
- Challenging the appropriateness of the Directors' key assumptions in their cash flow forecasts, as described in note 2 A, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the Directors' consideration of severe but plausible scenarios. This included assessing the viability of mitigating actions within the Directors' control;
- Testing the accuracy and functionality of the model used to prepare the Directors' forecasts;
- Assessing the historical accuracy of forecasts prepared by the Directors;
- Assessing and challenging key assumptions and mitigating actions put in place in response to the inflationary climate;
- Considering the consistency of the Directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the Directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

In relation to Topps Tiles Plc's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Director's considered it appropriate to adopt the going concern basis of accounting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Inventory valuation (Group) Inventory represents a material asset within the balance sheet and there is a risk that inventory may not be valued at the lower of cost and net realisable value ('NRV'). The Group provides against the carrying value of inventory when it is anticipated that NRV will be below cost. For the determination of provisions inventories are classified into three categories being 'continuing', 'discontinued' and 'expected to be discontinued', the largest category of which relates to discontinued stock. Given that the determination of the provision requires significant estimation we consider this area to be a key audit matter. Specifically as to whether the provisions held against the above categories of inventories are valued accurately and that inventory is carried at the lower of cost and expected sale proceeds.	Our audit procedures included, but were not limited to: • Gaining an understanding of the Group's accounting policy and considering its compliance with IAS 2; • Obtaining an understanding of the design and implementation of the key controls in the recording of the inventory provision; • Examining inventory write offs included within the Consolidated Statement of Profit or Loss during the financial period; • Reviewing the accuracy of past estimates of net realisable value by considering whether inventory held at the prior year end was sold at or above cost, or if at a loss that this was reflected in the provision held; • Obtaining and assessing the mechanical accuracy of the model including verifying the completeness and accuracy of input data; • Challenging and corroborating key assumptions applied by management in calculating the inventory provision; • Performing detailed substantive testing to assess the accuracy of management's current estimate of net realisable value by comparing cost to the current selling price; and • Reviewing and challenging the disclosures made by management in relation to the key estimates and the inventory provision. **Our observations** The results of our audit work were satisfactory, and we conclude that the level of inventory provision is appropriate.

Independent Auditor's Report to the Members of Topps Tiles Plc continued

Key Audit Matter	How our scope addressed this matter
Lease accounting (Group) The Group has a significant leasing portfolio consisting of both retail stores and warehouse properties. The application of IFRS 16 across a large estate is complex and gives rise to a significant risk of material misstatement. Lease information is held within a separate IT system and the input of source data into the system is largely manual. IFRS 16 Leases involves a significant element of judgement and estimation derived from a number of key assumptions such as the lease term and the identification and measurement of capital restoration costs incorporated within right of use assets. Given the magnitude of the balances and as a result of the judgement and estimation involved we have designated the completeness and valuation of lease liabilities and right of use assets as a Key Audit Matter.	Our audit procedures included, but were not limited to: • Gaining an understanding of the Group's accounting policy and considered its compliance with IFRS 16; • Performing a walkthrough of management's process for identifying leases, inputting them into the lease software (Horizon) and calculating the ROU asset and lease liability, to assess the design and implementation of controls; • Agreeing the list of leases within Horizon to the listing maintained by the property team and the list of stores included on the Topps Tiles website to ensure completeness of the underlying data; • Agreeing the critical terms of lease contracts on a sample basis to Horizon to confirm the accuracy of the data input; • Understanding and challenging the appropriateness of assessing the accuracy of the key estimates used by management in calculating lease liabilities. On a sample basis, for new leases entered into during the period or for any lease modifications or extensions, we confirmed that the lease term assumptions were appropriate; • Recalculating the lease liability and right of use asset for a sample of new leases entered into during the period or for any lease modifications or remeasurements ensuring that the system is calculating the accounting impact for each lease accurately and in line with the requirements of IFRS 16; • Evaluating managements assessment regarding the level of capital restoration costs incorporated within Right of Use Assets. Testing a sample of dilapidation and exit cost charges for premises exited in the period; • Testing a sample of lease payments made in the year; and • Reviewing and challenging the disclosures made by management in relation to the key estimates and lease accounting, as well as the judgement taken that no extensions or break clauses are to be exercised. **Our observations** We are satisfied that the significant assumptions utilised in the valuation of the lease liabilities, as noted above, are appropriate. Our testing did identify some input errors in respect to our procedures around critical terms however no material exceptions were identified and we are satisfied that the valuation and accuracy of the lease liabilities and right of use assets is appropriate.

Key Audit Matter	How our scope addressed this matter
Recoverability of store based assets (Group) At each reporting date, an assessment is performed as to whether there are any indicators of impairment within property, plant and equipment and right-of-use assets in accordance with the requirements of IAS 36. The assessment considers both internal and external factors. Should indicators be identified then a more detailed exercise is conducted to assess those assets' recoverable amounts. In the current period largely as a result of wider Macroeconomic trends, reflected in early trading results for FY24, the Group concluded that an impairment review should be performed across the whole store estate, excluding newly opened stores. For the purposes of impairment assessments, the Group determines each store to be a cash generating unit ("CGU"). Recoverable amounts are determined with reference to the value in use of individual stores using forecasts that align with the Board approved three-year plan. The forecasts include assumptions around cash flow forecasting, long term growth rates, discount rates and the allocation of central costs. Our risk assessment has determined that the carrying value of store assets include a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements overall.	Our audit procedures included, but were not limited to: • Gaining an understanding of the Group's accounting policy and considered its compliance with IAS 36; • Obtaining an understanding of the design and implementation of the key controls in the assessing impairment indicators and the impairment review; • Assessing the mechanical accuracy of the impairment model; • Assessing whether the assumptions used in the forecasts were in line with our knowledge of the business and the industry; • Performing sensitivity analysis to assess whether reasonable possible changes in key inputs lead to materially different outcomes; and • Reviewing and challenging the disclosures made by the Group in relation to the key estimates and the impairment review. **Our observations** We are satisfied that the key assumptions utilised in the impairment review performed, as noted above, are appropriate. No material exceptions were noted in our testing to confirm the valuation of the store assets.
Carrying value of subsidiary undertakings and intercompany receivables (Parent company) The main assets of the Company relate to the investments in subsidiary undertakings and intercompany receivables from subsidiaries. The parent company investments are presented in note 4, and intercompany receivables are presented in note 5 to the Company financial statements. Annually the Company considers whether impairment indicators exist. Where such indicators are identified a more in depth impairment review is conducted taking in to account the carry value of net assets of each investment or if the carrying value is not supported by the net assets of the investment management prepare a discounted cashflow forecasts for each relevant subsidiary. Intercompany receivables are recovered through a group-wide repayment plan that demonstrates how each balance will be settled. For the parent company financial statements, this is considered to be the area that had the greatest focus in our overall audit and therefore has been designated as a Key Audit Matter.	Our audit procedures included, but were not limited to: • Challenging the Company's impairment indicators assessment; • Evaluating the investment carrying value for indicators of impairment by comparing the carrying amount of the investment to the net assets, net of all intercompany balances, of the relevant subsidiaries; • Where the carrying value of the investment was not supported by the net assets of the subsidiary, we examined the impairment review prepared by the Company. Challenging the assumptions such as growth rates, discount rates and underlying assumptions within the budgets which comprised discounted cashflow forecasts for each relevant subsidiary; and • Considering the recoverability of all remaining intercompany receivables alongside the impairment review for investments. **Our observations** Following the impairment of investments in two subsidiaries, as disclosed in note 4 and the impairment of an intercompany loan, see note 5, we are satisfied that the carrying values of the Company's investments in its subsidiaries and intercompany receivables are materially correct.

Independent Auditor's Report to the Members of Topps Tiles Plc continued

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

Overall materiality	£625,000
How we determined it	5% of Adjusted Profit Before Tax
Rationale for benchmark applied	Adjusted profit before tax was selected as the basis of materiality. This is considered the primary measure by which stakeholders and the market assess the performance of the Group. In coming to this judgement, we also considered profit before tax as an alternative benchmark, however, adjusting for volatile and one-off transactions gives a more accurate representation of the underlying trading performance of the Group.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £375,000, which represents 60% of overall materiality. In determining performance materiality, we considered the fact that this is our first year as auditor, together with a number of other factors such as the history of misstatements detected in previous years, and the effectiveness of the control environment.
Reporting threshold	We agreed with the Directors that we would report to them misstatements identified during our audit above £18,750 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£563,000
How we determined it	0.9% net assets
Rationale for benchmark applied	The Company does not trade, with its main operations being that of a holding company, we believe that the net assets are the primary measure used by shareholders in assessing the performance of the entity and is a generally accepted auditing benchmark. Materiality was capped as a component entity at £139,000.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £83,000, which represents 60% of the allocated component materiality. In determining performance materiality, we considered the fact that this is our first year as auditor, together with a number of other factors such as the history of misstatements detected in previous years, and the effectiveness of the control environment.
Reporting threshold	We agreed with the Directors that we would report to them misstatements identified during our audit above £4,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the Directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our Group audit scope included an audit of the Group and the parent company financial statements. Based on our risk assessment, all significant components of the Group, including the parent company, were subject to full scope audit performed by the Group audit engagement team. Full scope procedures were performed for Topps Tiles Plc, Topps Tiles (UK) Limited, Multi-Tile Limited, Topalpha (Warehouse) Limited, Parkside Ceramics Limited and Pro Tiler Limited. Topps Tiles Distribution Limited was subject to specified audit procedures on prescribed balances associated with defined audit risks. All other entities were subject to analytical procedures at the group level.

The components within the scope of our work accounted for 100% of the Group's revenue, 100% of the Group's adjusted profit before tax, 99% of the Group's total assets and 99% of the Group's net assets.

The Group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

We also considered the reporting of the impact of climate change on the Group, where appropriate (for example on the determination of useful economic lives of assets or consideration of climate change within future cash flow forecasts for asset impairments).

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

Independent Auditor's Report to the Members of Topps Tiles Plc continued

- Strategic Report or the Directors' Report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Topps Tiles Plc's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 90;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 90;
- Directors' statement on fair, balanced and understandable, set out on page 113;
- Board's confirmation that it has carried out a robust assessment of the e-merging and principal risks, set out on page 105;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems, set out on page 105; and;
- The section describing the work of the audit committee, set out on pages 108 to 113.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 123, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, consumer rights laws, and data protection.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the parent company, the industry in which they operate, and the structure of the Group, and considering the risk of acts by the Group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the Directors, management and, where appropriate, those charged with governance, as to whether the Group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut off assertion), and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the members on 18 January 2023 to audit the financial statements for the year ending 30 September 2023 and subsequent financial periods. The period of total uninterrupted engagement is 1 year.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

Our audit opinion is consistent with our additional report to the Audit Committee.

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

JENNIFER BIRCH
(Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Two Chamberlain Square,
Birmingham, B3 3AX

14 December 2023

Consolidated Statement of Profit or Loss

For the 52 weeks ended 30 September 2023

	Notes	**52 weeks ended 30 September 2023 £'000**	52 weeks ended 1 October 2022 £'000
Group revenue	3	**262,714**	247,241
Cost of sales		**(123,466)**	(111,818)
Gross profit		**139,248**	135,423
Distribution and selling costs*		**(93,800)**	(89,746)
Other operating expenses		**(6,846)**	(5,953)
Administrative costs		**(21,493)**	(19,827)
Marketing and online costs		**(6,582)**	(5,495)
Other income*	14	**579**	430
Group operating profit		**11,106**	14,832
Finance income	6	**408**	123
Finance costs	6	**(4,699)**	(4,010)
Profit before taxation	4	**6,815**	10,945
Taxation	7	**(2,896)**	(1,754)
Profit for the Period		**3,919**	9,191
Profit is attributable to:			
Owners of Topps Tiles Plc		**3,206**	9,005
Non-controlling interests		**713**	186
		3,919	9,191

* Other income has been reclassified from Distribution and Selling costs, see note 14 for more details

All results relate to continuing operations of the Group.

Earnings per ordinary share:	Notes	**52 weeks ended 30 September 2023 £'000**	52 weeks ended 1 October 2022 £'000
– Basic	9	**1.63p**	4.60p
– Diluted	9	**1.61p**	4.55p

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 30 September 2023

	52 weeks ended 30 September 2023 £'000	52 weeks ended 1 October 2022 £'000
Profit for the period	**3,919**	9,191
Total comprehensive income for the period is attributable to:		
Owners of Topps Tiles Plc	**3,206**	9,005
Non-controlling interests	**713**	186
	3,919	9,191

Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	**2023 £'000**	2022 £'000
Non-current assets			
Goodwill	10	**2,101**	2,101
Intangible assets	11	**4,755**	5,423
Property, plant and equipment	12	**19,306**	20,888
Deferred tax assets	15	**68**	114
Right-of-use assets	14	**80,921**	88,545
Other financial assets	14	**1,847**	1,947
		108,998	119,018
Current assets			
Inventories	16	**36,351**	38,605
Other financial assets	14	**327**	542
Trade and other receivables	17	**5,284**	5,901
Derivative financial instruments	21	**74**	518
Cash and cash equivalents	18	**23,368**	16,241
		65,404	61,807
Total assets		**174,402**	180,825
Current liabilities			
Bank loans	19	**–**	–
Trade and other payables	20	**(45,066)**	(43,650)
Lease liabilities	14	**(15,649)**	(18,187)
Current tax liabilities		**(368)**	(1,152)
Provisions	22	**(5,865)**	(352)
		(66,948)	(63,341)
Net current liabilities		**(1,544)**	(1,534)
Non-current liabilities			
Lease liabilities	14	**(78,853)**	(84,741)
Provisions	22	**(2,213)**	(3,694)
Total liabilities		**(148,014)**	(151,776)
Net assets		**26,388**	29,049
Equity			
Share capital	23	**6,556**	6,556
Share premium	24	**2,636**	2,636
Own shares	25	**(112)**	(415)
Merger reserve	28	**(399)**	(399)
Share-based payment reserve	29	**6,035**	5,162
Capital redemption reserve	30	**20,359**	20,359
Accumulated losses		**(11,869)**	(7,319)
Capital and reserves attributable to owners of Topps Tiles Plc		**23,206**	26,580
Non-controlling interests		**3,182**	2,469
Total equity		**26,388**	29,049

The accompanying notes are an integral part of these financial statements.

The financial statements of Topps Tiles Plc, registered number 3213782, on pages 158 to 200 were approved by the Board of Directors and authorised for issue on 14 December 2023. They were signed on its behalf by:

ROB PARKER
STEPHEN HOPSON
Directors

Consolidated Statement of Changes in Equity

For the 52 weeks ended 30 September 2023

	Share capital £'000	Share premium £'000	Own shares £'000	Merger reserve £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Accumu-lated losses £'000	Non-controlling interest £'000	Total equity £'000
Balance at 2 October 2021 as originally presented	6,555	2,625	(1,216)	(399)	4,642	20,359	(6,992)	–	25,574
Correction of error (net of tax)	–	–	–	–	–	–	(618)	–	(618)
Restated balance at 2 October 2021[1]	6,555	2,625	(1,216)	(399)	4,642	20,359	(7,610)	–	24,956
Profit and total comprehensive income for the period	–	–	–	–	–	–	9,005	186	9,191
Dividends	–	–	–	–	–	–	(8,015)	–	(8,015)
Issue of share capital	1	11	–	–	–	–	–	–	12
Own shares purchased in the period	–	–	(207)	–	–	–	–	–	(207)
Own shares issued in the period	–	–	1,008	–	–	–	(699)	–	309
Credit to equity for equity-settled share-based payments	–	–	–	–	520	–	–	–	520
Acquisition of non-controlling interest on business combination	–	–	–	–	–	–	–	2,283	2,283
Balance at 1 October 2022	**6,556**	**2,636**	**(415)**	**(399)**	**5,162**	**20,359**	**(7,319)**	**2,469**	**29,049**
Profit and total comprehensive income for the period	–	–	–	–	–	–	3,206	713	3,919
Dividends	–	–	–	–	–	–	(7,462)	–	(7,462)
Own shares issued in the period	–	–	303	–	–	–	(303)	–	–
Credit to equity for equity-settled share-based payments	–	–	–	–	873	–	–	–	873
Current tax on share-based payment transactions	–	–	–	–	–	–	1	–	1
Deferred tax on share-based payment transactions	–	–	–	–	–	–	8	–	8
Balance at 30 September 2023	**6,556**	**2,636**	**(112)**	**(399)**	**6,035**	**20,359**	**(11,869)**	**3,182**	**26,388**

1 During the prior year, management re-evaluated the impact of the IFRIC guidance released during the prior year relating to accounting for cloud-based SaaS arrangements. This guidance was incorrectly applied in prior years, resulting in costs associated with a cloud-based SaaS being capitalised and not expensed as incurred in the consolidated statement of profit or loss. As at 2 October 2021, Accumulated Losses were understated by £618,000

Consolidated Cash Flow Statement

For the 52 weeks ended 30 September 2023

	Notes	**52 weeks ended 30 September 2023 £'000**	52 weeks ended 1 October 2022 £'000
Cash flow from operating activities			
Profit for the period		**3,919**	9,191
Taxation	7	**2,896**	1,754
Finance costs	6	**4,699**	4,010
Finance income	6	**(408)**	(123)
Group operating profit		**11,106**	14,832
Adjustments for:			
Depreciation of property, plant and equipment	12	**5,024**	5,609
Depreciation of right-of-use assets	14	**18,157**	18,212
Amortisation of intangible assets	11	**767**	500
Loss on disposal of property, plant and equipment		**224**	394
Gain on sublease		**(240)**	(88)
Impairment of property, plant and equipment	12	**91**	240
Impairment of right-of-use assets	14	**346**	1,473
Gain on lease disposal		**(100)**	(1,544)
Share option charge	27	**873**	520
Increase in earn out liability and other provisions	22	**3,780**	1,581
Non-cash loss/(gain) on derivative contracts	21	**444**	(455)
(Increase)/decrease in trade and other receivables		**761**	(1,080)
(Increase)/decrease in inventories		**2,255**	(4,362)
Increase/(decrease) in payables		**1,079**	(5,603)
Cash generated from operations		**44,567**	30,229
Interest paid		**(161)**	(354)
Interest received on operational cash balances		**305**	58
Interest element of lease liabilities paid	14	**(4,176)**	(3,626)
Taxation paid		**(3,301)**	(3,453)
Net cash generated from operating activities		**37,234**	22,854
Investing activities			
Interest received on sublease assets	14	**58**	65
Receipt of capital element of sublease assets		**555**	493
Purchase of property, plant and equipment	12	**(4,017)**	(3,090)
Direct costs relating to right-of-use assets		**(133)**	–
Purchase of intangibles	11	**(99)**	(115)
Proceeds on disposal of property, plant and equipment		**25**	183
Acquisition of subsidiary, net of cash acquired		**–**	(3,968)
Net cash used in investment activities		**(3,611)**	(6,432)
Financing activities			
Payment of capital element of lease liabilities		**(18,841)**	(19,601)
Dividends paid	8	**(7,462)**	(8,015)
Financing arrangement fees	19	**(200)**	–
Proceeds from issue of share capital	23	**–**	12
Purchase of own shares	25	**–**	(207)
Receipt on disposal of own shares		**7**	309
Repayment of bank loans	19	**–**	(468)
Net cash used in financing activities		**(26,496)**	(27,970)
Net decrease in cash and cash equivalents		**7,127**	(11,548)
Cash and cash equivalents at the beginning of the period		**16,241**	27,789
Cash and cash equivalents at the end of the period	18	**23,368**	16,241

Notes to the Financial Statements

For the 52 weeks ended 30 September 2023

1 General Information

Topps Tiles Plc is a public limited company, limited by shares, incorporated and domiciled in the United Kingdom and registered in England under the Companies Act 2006. The address of the registered office is given on page 209. The nature of the Group's operations and its principal activity are set out in the Directors' Report on page 119.

These audited financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Adoption of New and Revised Standards

In the current period there were no new or revised standards and interpretations adopted that have a material impact on the financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards Adopted in Current Period

The following new and revised standards and interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

- IAS 16 Property, Plant and Equipment (Amendment): Proceeds Before Intended Use.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment): Onerous Contracts – Cost of Fulfilling a Contract.
- IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework.
- Annual Improvements to IFRSs (2018–2020 cycle).

2 Accounting Policies

The principal accounting policies adopted are set out below.

A) Basis of Accounting

The financial statements of Topps Tiles Plc have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the disclosure guidance and transparency rules sourcebook of the United Kingdom's Financial Conduct Authority. On 31 December 2020, IFRS as adopted by the European Union at that date, was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board.

The following accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

B) Going Concern

At the time of approving the financial statements, the Board is required to formally assess that the business has adequate resources to continue in operational existence and as such can continue to adopt the going concern basis in preparing the financial statements. This assessment has been done over a period of three years, and therefore covers the requirement to consider going concern for a period of not less than 12 months from the date of signing the financial statements.

When considering the going concern assertion, the Board reviews several factors including a review of risks and uncertainties, the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans, along with a detailed review of more pessimistic trading scenarios that are deemed severe but plausible. The two downside scenarios modelled include a moderate decline in sales and a more severe decline in sales, which result in much lower sales and gross profit than the base scenario, resulting in worse profit and cash outcomes. The more severe downside scenario modelled this year was based on a prolonged period of macroeconomic stress in the UK, lasting for more than one year, with sales in FY24 falling 20% year on year in our main brand, Topps Tiles, as well as a two percentage point year on year decline in gross margins in FY24. The more severe downside scenario assumes the Topps Tiles business recovers back to FY23 levels of sales and gross margins by FY26. This scenario also assumes that variable costs would reduce in line with sales, and also includes direct mitigating cost reduction actions, which would be taken if such a downturn occurred.

2 Accounting Policies continued

The Group has already taken a number of actions to strengthen its liquidity over the recent years, and the scenarios start from a position of relative strength. The going concern review also outlined a range of additional mitigating actions that could be taken in a severe but plausible trading scenario. These included, but were not limited to, savings on store colleague costs, savings on central support costs, reduced marketing activity, a reduction of capital expenditure, management of working capital and suspension of the dividend. The Group's cash headroom and covenant compliance was reviewed against current lending facilities in both the base case and the severe but plausible downside scenarios. The current lending facility, of £30.0 million, was refinanced in October 2022 and expires, at the earliest, in October 2026.

In all scenarios, the Board has concluded that there is sufficient available liquidity, with no utilisation of the current lending facility, and sufficient covenant headroom for the Group to continue to meet all of its financial commitments as they fall due for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

C) Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquisition, and the equity interest issued by the Group in exchange for control of the acquisition. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except for items that fall within scope of the exceptions prescribed by IFRS 3.

D) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

E) Financial Period

The accounting period is drawn up to a Saturday within seven days of 30 September resulting in financial periods of either 52 or 53 weeks.

Throughout the financial statements, Directors' Report and Strategic Report, references to 2023 mean "at 30 September 2023" or the 52 weeks then ended; references to 2022 mean "at 1 October 2022" or the 52 weeks then ended.

F) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2 Accounting Policies continued

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units, to which goodwill has been allocated, are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill of £15,080,000 written off to reserves under UK GAAP prior to 1998 has not been reinstated and will not be included in determining any subsequent profit or loss on disposal.

G) Revenue Recognition

Revenue is measured at the transaction price received or receivable and represents amounts receivable for goods in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue from the sale of goods is recognised on the collection or delivery of goods, when all the following conditions are satisfied:

- the Group has satisfied its performance obligations to external customers, being the date goods are collected from store or received by the customers; and
- the customer has obtained control of the goods being transferred.

These conditions are met, predominantly, at the point of sale. The exceptions to this are for: goods ordered in advance of collection, where revenue is recognised at the point that the goods are collected; sales of goods that result in award credits for customers (see below); and web sales, where revenue is recognised at the point of delivery.

Sales of goods that result in award credits for customers, under the Company's Trader Loyalty Scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value being the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction, but is deferred and recognised as revenue when the award credits are redeemed and the Company's performance obligations have been satisfied.

The level of sales returns is closely monitored by management, and as such, the Group holds a refund liability in the Consolidated Statement of Financial Position to provide for the expected level of returns. The expected level of returns is an estimate based on historic returns data, expressed as a percentage of sales, limited by an average total sales value for the number of days available to return goods, stated in the Company's return policies. The sales value of the expected returns is recognised within Accruals, with the cost value of the goods expected to be returned recognised as a current asset within Inventories.

All elements of revenue that are considered variable, such as customer rebate arrangements and the Trader Loyalty Scheme, are recognised as revenue to the extent they are highly probable not to reverse.

2 Accounting Policies continued

H) Intangible Assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at the fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at costs less accumulated amortisation.

Costs that are directly associated with identifiable software products controlled by the Group, and that will generate economic benefits beyond one year are recognised as intangible assets. These intangible assets are stated at cost less accumulated amortisation and impairment losses, and are amortised over four years.

Brands acquired by the Group are stated at cost less amortisation and impairment losses, and are amortised over their useful economic life. The Pro Tiler brand has an expected useful economic life of ten years.

I) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, less estimated residual value, over their estimated useful lives, on the following bases:

Freehold and long leasehold buildings	2% per annum on cost on a straight-line basis
Short leasehold land and buildings	over the period of the lease
Fixtures and fittings (which includes computer equipment)	over 10 years on a straight-line basis, except for the following: four years for computer equipment on a straight-line basis or five years for display stands on a straight-line basis, as appropriate
Plant and Machinery	over 10 years on a straight-line basis
Motor vehicles	25% per annum on a reducing balance basis

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising on the disposal or retirement of an asset, is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the Consolidated Statement of Profit or Loss.

J) Impairment of Tangible, Intangible and Right-of-Use Assets

At each period-end, the Group reviews the carrying amounts of its tangible, intangible, and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. This includes considering the impact, if any, arising from climate change. Environmental leadership is built into the Group's overall strategy and the impact of this is considered within current financial plans and forecasts.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2 Accounting Policies continued

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. An impairment loss recognised for goodwill is not reversed.

K) Inventories

Inventories are stated at the lower of cost and net realisable value, and relate solely to finished goods for resale, net of supplier rebates. Cost is derived using the average cost method and includes an attributable proportion of distribution overheads based on normal levels of activity. Net realisable value represents the estimated selling price, less costs to be incurred in marketing, selling and distribution. Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. The net replacement value of inventories is not considered materially different from that stated in the consolidated statement of financial position.

L) Taxation

The tax expense represents the sum of current tax and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 Accounting Policies continued

M) Foreign Currency

The individual financial statements of each Group company are presented in pounds sterling (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentational currency for the consolidated financial statements.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of transactions. At each period-end, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of profit or loss for the period.

N) Leases

Leases in which the Group is a lessee

The Group leases assets that consist of properties, vehicles and equipment. Rental contracts are typically made for fixed periods but may have extension options or break options to maximise operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group assesses whether a contract is, or contains, a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of property leases the Group determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised. The Group considers the lease term to be the non-cancellable period and in assessing this applies the definition of a contract and determines the period for which the contract is enforceable.

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

The Group has elected to take advantage of the following recognition exemptions and account for lease payments as an expense on a straight-line basis over the lease term, or another systematic basis for the following two types of leases:

- leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset;
- leases where the underlying asset has a low value when new – this election can be made on a lease-by-lease basis.

For leases where the Group has not taken the short-term lease recognition exemption, and there are any changes to the lease term or the lease is modified, the Group accounts for the lease as a new lease.

Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment comprises an element of capital and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2 Accounting Policies continued

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoraton costs.

After lease commencement, the Group measures right-of-use assets using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. The lease liability is also remeasured to reflect changes in:

- the lease term (using a revised discount rate);
- the assessment of a purchase option (using a revised discount rate);
- the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); and
- future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are matched by adjustments to the right-of-use asset.

Lease modifications may also prompt remeasurement of the lease liability unless they are determined to be separate leases.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The capital element of payments related to leases are presented under cash flow from financing activities in the Consolidated Cash Flow Statement, and the interest element of payments presented under cash flow from operating activities.

2 Accounting Policies continued

Leases in which the Group is a lessor

At lease inception, lessors will determine whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is considered to be the case, then the lease is recognised as a finance lease, if not then it is recognised as an operating lease. As part of this assessment, the Group considers certain factors such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the recognition exemption, then it classifies the sub-lease as an operating lease.

The Group recognises a small number of sub-leases as finance leases, resulting in recognition of a finance lease receivable, being equal to the net investment in the lease. The Group recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

There will be no change to the accounting for the remaining subleases, which continue to be accounted for as operating leases, and income from these leases will continue to be recognised on a straight-line basis over the term of the lease.

O) Retirement Benefit Costs and Employee Profit Sharing

For defined contribution schemes, the amount charged to the statement of profit or loss in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Employee profit sharing costs are classified as distribution and selling costs and administrative costs.

P) Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" ('FVTPL'), financial assets "at fair value through other comprehensive income" ('FVOCI'), and financial assets carried at "amortised cost". The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial Assets at FVTPL

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. Transactional costs of financial assets carried at FVTPL are expensed in the Consolidated Statement of Profit or Loss. The Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied, such as discounted cash flows and assumptions regarding market volatility. Financial assets at FVTPL are subsequently measured at fair value, with net gains and losses, including any interest or dividend income being recognised in profit or loss.

2 Accounting Policies continued

Trade and Other Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

Other receivables that have fixed or determinable payments that are not quoted in an active market are initially recognised at fair value and then carried at amortised cost, using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets and liabilities classified as at FVTPL.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for financial assets.

For all other financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. The Group will write-off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances including credit card receipts not yet cleared and deposits. All cash equivalents have an original maturity of three months or less.

2 Accounting Policies continued

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities that are classified as FVTPL relate to derivatives that are not designated and effective as a hedging instrument. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other Financial Liabilities

Other financial liabilities, including trade and other payables as well as borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability, and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative Financial Instruments

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates.

The Group uses foreign exchange forward contracts to manage its foreign currency risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies, approved by the Board of Directors, on the use of financial derivatives.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each period-end date. The resulting gain or loss is recognised in profit or loss immediately. The fair values are determined with reference to the market prices available from the market on which the instruments involved are traded.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Q) Share-Based Payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black–Scholes model.

The Group provides employees with the ability to purchase the Group's ordinary shares at 80% of the current market value through the operation of its Sharesave scheme. The Group records an expense, based on its estimate of the 20% discount related to shares expected to vest on a straight-line basis over the vesting period.

2 Accounting Policies continued

R) Non GAAP Measures

Alternative Performance Measures ('APMs')

Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive suitable APMs. As set out on pages 46 to 47, APMs are used as management believe these measures provide additional useful information on the trends, performance and position of the Group. These measures are used for performance analysis by the Board. The APMs are not defined by IFRS and, therefore, may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS measurements.

Adjusted Profit Before Tax

Included within Profit before Taxation are certain items, which are not deemed to be reflective of the underlying operating performance of the Group. The Group's management uses adjusted profit before tax as a performance measure, to plan for, control and assess the performance of the Group. Adjusted profit before tax excludes the effect of one-off, non-trading and volatile items, allowing stakeholders to understand results across years in a more consistent manner.

In determining whether an item should be presented as adjusted, the Group considers items that are significant either because of their size or their nature, and which are non-recurring or do not reflect the underlying trading performance of the Group.

S) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

T) Supplier Income

Amounts receivable from suppliers are initially held on the balance sheet within the cost of inventory and recognised within the income statement once the contractual terms of the supplier agreements are met and the corresponding inventory has been sold.

Volume rebates and price discounts are recognised in the income statement as a reduction in cost of sales, in line with the recognition of the sale of a product.

U) Other Operating Expenses

Included within Other Operating Expenses is depreciation, amortisation and property related costs that relate to the operation of the Group's trading activities .

V) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described previously, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Accounting Policies continued

Critical Accounting Judgements

The key accounting judgements used in the financial statements are as follows:

Lease Terms

IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options and break clauses, which can significantly affect the amount of lease liabilities and right-of-use assets recognised.

At the commencement date of a property lease, the Group normally determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised and it is not reasonably certain that the Group will continue in occupation for any period beyond the lease term.

For property leases, the key factors that are normally the most relevant are the profitability of the leased store, the future plans of the business, and whether there are any penalties associated with exercising an option.

Key Sources of Estimation Uncertainty

The significant accounting estimates with a significant risk of material change to the carrying amounts of the assets and liabilities within the next financial period, are discussed below:

Inventory Provision

The Group provides against the carrying value of inventories where it is anticipated that net realisable value ('NRV') will be below costs. For the determination of NRV provisions, inventories are classified into three broad categories, being continuing, discontinued and expected to be discontinued. The key estimate within the inventory provision relates to the lines that are expected to be discontinued within the coming financial year as well as an estimate around the write-off rate of said discontinued inventory, which is derived from historic experience. The gross carrying value of inventory categorised as expected to be discontinued is £2.2 million, against which provision of £0.3 million has been recognised. The provisions held are based upon the experience of write-offs in the preceding financial year. Analysis has shown that once inventory is discontinued, the likelihood of write off significantly increases. For inventory identified as "to be discontinued within 12 months" an increase in the expected write off rate of 20% would result in increased provisions of approximately £0.4 million.

Store Impairment

Each store is evaluated for indicators of impairment in line with IAS 36. Where impairment triggers are identified, the determination of whether impairment exists involves key estimates including pre-tax discount rate, long-term growth rate and cash flow forecasts – see note 14 for further details. Judgements have also been taken in respect of the Group's definition of mature stores which has been determined to be four years. No reasonable possible change to the definition of a mature store would result in a materially different outcome

Earn-Out Provision

Contingent amounts payable to selling Shareholders who continue to be employed by the Group, but which is automatically forfeited upon termination of employment, is classified as remuneration for post-combination services and is recorded in the Consolidated Statement of Profit or Loss. The contingent payment is satisfied in cash.

The contingent amounts treated as remuneration for post-combination services is recognised in accordance with IAS 19 (revised) Employee Benefits and has been recorded as earn-out liability payable in the Consolidated Statement of Financial Position. At each balance sheet date, the Group revises its estimate for the contingent amounts payable. The impact of the revision is recognised in the Consolidated Statement of Profit or Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Consolidated Statement of Financial Position.

Estimates have been made around the expected future performance of Pro Tiler Limited, that have been used in the calculation of the earn-out provision. The expected payout is based on a multiple of EBITDA. The carrying value of the earn-out provision is £5,635,000. A 10% increase in expected EBITDA earned from the reporting date, to the earn-out maturity date, would result in a £274,000 higher liability at the reporting date. See note 22 for further details.

3 Group Revenue

An analysis of Group revenue is as follows:

	52 weeks ended 30 September 2023 £'000	52 weeks ended 1 October 2022 £'000
Revenue from the sale of goods	**262,714**	247,241
Total revenue	**262,714**	247,241

The Group trades in three related sectors, which are Omni-Channel, Commercial and Online Pureplay. The Board receives monthly financial information at this level and uses this information to monitor performance, allocate resources and make operational decisions. These sectors are considered to meet the aggregation criteria as set out in IFRS 8 since the nature of the products, customer base and distribution methods are consistent with each other and have similar economic characteristics. The Group sells tiles and tile-associated products in each of these sectors, predominantly to UK-based retail, trade and commercial customers, and offers a range of delivery and collection options for orders.

Revenue can be split by the following geographical regions:

	52 weeks ended 30 September 2023 £'000	52 weeks ended 1 October 2022 £'000
UK	**262,315**	246,866
EU	**267**	240
Rest of World	**132**	135
Total	**262,714**	247,241

Revenue can be split into the following business areas:

	52 weeks ended 30 September 2023 £'000	52 weeks ended 1 October 2022 £'000
Topps Tiles	**230,905**	227,069
Parkside	**9,369**	10,874
Online Pure Play	**22,440**	9,298
Total	**262,714**	247,241

The Group's revenue is driven by the consolidation of individual small value transactions and as a result, Group revenue is not reliant on a major customer or group of customers.

4 Profit Before Taxation

Profit before taxation for the period has been arrived at after charging/(crediting):

	Notes	**52 weeks ended 30 September 2023 £'000**	52 weeks ended 1 October 2022 £'000
Depreciation of property, plant and equipment	12	**5,024**	5,609
Depreciation of right-of-use assets	14	**18,157**	18,212
Operating lease costs not within the scope of IFRS 16 – low value and short-term rentals		**3,235**	2,201
Impairment charge of property, plant and equipment	12	**91**	240
Impairment charge of right-of-use assets	14	**346**	1,473
Loss on disposal of property, plant and equipment and intangibles	12	**224**	394
Amortisation of intangibles	11	**767**	500
Staff costs	5	**61,052**	57,096
Exchange losses/(gains) recognised in profit or loss		**970**	(1,060)
Cost of inventories recognised as an expense		**119,103**	108,622
Write-down of inventories to net realisable value		**3,393**	4,254

In the reporting of financial information, the Group uses certain measures that are not required under IFRS, the generally accepted accounting principles ('GAAP') under which the Group reports.

Adjusted profit before tax excludes the effect of one-off or fluctuating items, allowing stakeholders to understand results across years in a more consistent manner. The Group's management uses adjusted profit before tax as a key performance indicator and a measure by which the Chief Operating Decision Maker, collectively the Board, to plan for, control and assess the performance of the Group.

4 Profit Before Taxation continued

The reconciliation of Adjusted Profit Before Tax to Statutory Profit Before Tax is as follows:

	Notes	**52 weeks ended 30 September 2023 £'000**	52 weeks ended 1 October 2022 £'000
Adjusted Profit Before Tax		**12,514**	15,597
Property			
Vacant property and closure costs		**(1,098)**	(1,657)
Right-of-use asset impairment and lease exit gains and losses		**192**	(650)
Business development			
Pro Tiler Tools deal costs		**(5)**	(242)
Pro Tiler Tools share purchase expense	22	**(4,054)**	(1,581)
Tile Warehouse set-up costs		**(11)**	(522)
Restructuring and other one-off costs		**(723)**	–
Statutory Profit Before Tax		**6,815**	10,945

Property-related costs includes impairment charges or impairment reversals of right-of-use assets, derecognition of lease liabilities where we have exited a store, one-off gains and losses through sub-lets as well as costs relating to the store closure programme, which ended in 2022.

Business development costs includes charges relating to the acquisition of Pro Tiler, including the cost associated with the purchase of the remaining 40% of shares, which we expect to make from March 2024. Other costs include charges incurred in the set-up of Tile Warehouse as well as restructuring costs. Restructuring costs relate to Board-approved decisions such as business closures or major organisational changes.

Analysis of the Auditor's remuneration is provided below:

	52 weeks ended 30 September 2023 £'000	52 weeks ended 1 October 2022 £'000
Fees payable to the Company's Auditors with respect to the Company's annual accounts	**155**	111
Fees payable to the Company's Auditors and their associates for other audit services to the Group:		
Audit of the Company's subsidiaries pursuant to legislation	**221**	262
Total audit fees	**376**	373
Total non-audit fees	**–**	–
Total fees payable to the Company's Auditors	**376**	373

5 Staff Costs

The average monthly number of persons employed by the Group in the UK during the accounting period (including Executive Directors) was:

	52 weeks ended 30 September 2023 Number employed	52 weeks ended 1 October 2022 Number employed
Selling and distribution	**1,388**	1,390
Administration	**360**	361
	1,748	1,751

The average monthly number of persons (full-time equivalents) employed by the Group in the UK during the accounting period (including Executive Directors) was:

	52 weeks ended 30 September 2023 Number employed	52 weeks ended 1 October 2022 Number employed
Selling and distribution	**1,303**	1,311
Administration	**354**	355
	1,657	1,666

	2023 £'000	2022 £'000
Their aggregate remuneration comprised:		
Wages and salaries (including LTIP, see note 27)	**55,261**	51,585
Social security costs	**4,654**	4,472
Other pension costs (see note 26b)	**1,137**	1,039
	61,052	57,096

Details of Directors' emoluments are disclosed on pages 124 to 147. The Group considers key management to be the Directors only. Employee profit sharing of £8.5 million (2022: £7.9 million) is included in the above, and comprises sales commission and bonuses.

The total charge for share-based payments recognised during the year was £0.9 million (2022: £0.5 million).

6 Finance Income and Finance Costs

	52 weeks ended 30 September 2023 £'000	52 weeks ended 1 October 2022 £'000
Finance income		
Bank interest receivable	**350**	58
Interest income from finance lease receivables	**58**	65
	408	123
Finance costs		
Interest on bank loans and overdrafts	**(523)**	(384)
Interest payable on lease liabilities	**(4,176)**	(3,626)
	(4,699)	(4,010)

No finance costs have been capitalised in the period, or the prior period.

7 Taxation

	52 weeks ended 30 September 2023 £'000	52 weeks ended 1 October 2022 £'000
Current tax – charge for the period	**2,768**	2,577
Current tax – adjustment in respect of prior periods	**74**	–
Deferred tax – (credit)/charge for the period (note 15)	**(64)**	360
Deferred tax – adjustment in respect of prior periods (note 15)	**118**	(1,183)
Total tax charge	**2,896**	**1,754**

7 Taxation continued

The charge for the period can be reconciled to the profit per the statement of profit or loss as follows:

	52 weeks ended 30 September 2023 £'000	52 weeks ended 1 October 2022 £'000
Continuing operations:		
Profit before taxation	**6,815**	10,945
Tax at the UK corporation tax rate of 22.0% (2022: 19.0%)	**1,499**	2,080
Expenses that are not deductible in determining taxable profit	**1,165**	8
Other movements	**–**	391
Fixed asset differences (non-deductible expenses)	**24**	657
Remeasurement of deferred tax for changes in tax rates	**16**	–
Non-taxable income	**–**	(199)
Adjustment in respect of prior periods	**74**	(1,183)
Adjustments to tax charge in respect of prior periods – deferred tax	**118**	–
Tax expense for the period	**2,896**	1,754

In the period, the Group has recognised a corporation tax credit directly to equity of £1,000 (2022: £nil) and a deferred tax credit to equity of £8,000 (2022: £nil) in relation to the Group's share option schemes.

The adjustment of £1,183,000 in respect of prior periods in the prior year, arises from the correction of errors and adjustments arising from the finalisation of tax computations.

The Group continues to fully provide within current tax liabilities and other creditors for a historic tax claim relating to EU loss relief in relation to the closed Dutch business of £1,017,000 (2022: £988,000).

The applicable UK Corporation tax rate to end of March 2023 was 19%, with 25% being applicable from 1st April 2023. The blended statutory rate for the period is 22%.

8 Dividends

Amounts recognised as distributions to equity holders in the period:

	52 weeks ended 30 September 2023 £'000	52 weeks ended 1 October 2022 £'000
Final dividend for the period ended 1 October 2022 of £0.026 (2021: £0.031) per share	**5,104**	6,057
Interim dividend for the period ended 30 September 2023 of £0.012 (2022: £0.01) per share	**2,358**	1,958
Total dividend paid in the period	**7,462**	8,015
Proposed final dividend for the period ended 30 September 2023 of £0.024 (2022: £0.026) per share	**4,716**	5,093

The proposed final dividend for the period ended 30 September 2023 is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

9 Earnings Per Share

The calculation of earnings per share is based on the earnings for the financial period attributable to equity Shareholders and the weighted average number of ordinary shares.

	52 weeks ended 30 September 2023	52 weeks ended 1 October 2022
Weighted average number of issued shares for basic earnings per share	**196,681,818**	196,681,007
Weighted average impact of treasury shares for basic earnings per share	**(381,300)**	(1,099,370)
Total weighted average number of shares for basic earnings per share	**196,300,518**	195,581,637
Weighted average number of shares under option	**2,973,070**	2,165,790
For diluted earnings per share	**199,273,588**	197,747,427

	52 weeks ended 30 September 2023 £'000	52 weeks ended 1 October 2022 £'000
Profit after tax for the period attributable to the parent	**3,206**	9,005
Adjusting items	**5,599**	3,005
Adjusted profit after tax for the period attributable to the parent	**8,805**	12,010
Earnings per ordinary share – basic	**1.63p**	4.60p
Earnings per ordinary share – diluted	**1.61p**	4.55p
Earnings per ordinary share – adjusted*	**4.49p**	6.14p

* Adjusted earning per share is an adjusted performance measure used by the Group's management to plan for, control and assess the performance of the Group

The calculation of the basic and diluted earnings per share used the denominators as shown above for both basic and diluted earnings per share. The number of potentially exercisable shares is 2,973,070 (2022: 2,165,790), refer to note 27 for further details.

Adjusted earnings per share were calculated after adjusting for the post-tax impact of the following items: vacant property and closure costs of £943,000 (2022: £1,402,000), right-of-use asset impairment and lease exit gains and losses of £150,000 gain (2022: £540,000 loss), Pro Tiler Tools deal costs of £5,000 (2022: £242,000), Pro Tiler Tools share purchase expense of £4,053,000 (2022: £1,581,000), Tile Warehouse set up costs of £11,000 (2022: £423,000), restructuring and other one-off costs of £618,000 (2022: £nil) and a deferred tax charge in respect of previous periods of £119,000 (2022: £1,183,000 credit).

10 Goodwill

	£'000
Cost	
At 1 October 2022	5,450
At 30 September 2023	**5,450**
Accumulated impairment losses	
At 1 October 2022	3,349
At 30 September 2023	**3,349**
Carrying amount	
At 30 September 2023	**2,101**
At 1 October 2022	2,101

The Group acquired 60% of Pro Tiler Limited during the prior year and recognised £2,100,657 of goodwill relating to this purchase and this is considered to be the lowest level that cashflows can be separately identified. The carrying value of impairment losses relates to the goodwill recognised on the acquisition of Parkside Ceramics Limited in 2017 and Strata Tiles Limited in 2019, that were written down to £nil in a prior year.

Where a balance exists, the Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following years. The growth rate applied does not exceed the average long-term growth rate for the relevant markets.

The recoverable amounts are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The Group anticipates that its ambition to become carbon neutral across Scopes 1 & 2 by 2030 will likely result in a level of additional cost being incurred to achieve this in future years. Analysis to quantify the level of increased cost is ongoing, and there is currently no specific estimate of cost incorporated into the future cash flows used in the assessment for goodwill impairment. The key assumptions underlying the anticipated future cash flows are prudent, so an increase in future costs associated with meeting climate targets should not materially impact the Group's current year assessment of recoverable amounts. Management estimates discount rates based on the Group's weighted average cost of capital. The growth rates of 1.5% (2022: 1.5%) are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. Discounted cash flows were calculated using a pre-tax rate of 17.2%.

No reasonable possible changes to key assumptions would lead to an impairment scenario.

Notes to the Financial Statements continued

For the 52 weeks ended 30 September 2023

11 Intangible Assets

	Brand £'000	Customer relationships £'000	Software £000	Total £'000
Cost				
Restated at 2 October 2021[1]	1,064	1,042	1,175	3,281
Additions	–	–	115	115
Acquisition of subsidiary undertaking	5,341	–	–	5,341
Disposal	–	–	(5)	(5)
At 1 October 2022	6,405	1,042	1,285	8,732
Additions	–	–	99	99
At 30 September 2023	**6,405**	**1,042**	**1,384**	**8,831**
Accumulated amortisation				
At 2 October 2021	1,064	1,042	707	2,813
Amortisation charge for the period	292	–	208	500
Disposal	–	–	(4)	(4)
At 1 October 2022	1,356	1,042	911	3,309
Amortisation charge for the period	542	–	225	767
At 30 September 2023	**1,898**	**1,042**	**1,136**	**4,076**
Carrying amount				
At 30 September 2023	**4,507**	**–**	**248**	**4,755**
At 1 October 2022	5,049	–	374	5,423

1 During the prior year, management re-evaluated the impact of the IFRIC guidance released during the prior year relating to accounting for cloud-based SaaS arrangements. This guidance was incorrectly applied in prior years, resulting in costs associated with a cloud-based SaaS being capitalised and not expensed as incurred in the consolidated statement of profit or loss. As at 2 October 2021, Intangible Assets were overstated by £775,000

In the prior year, the Group acquired 60% of Pro Tiler Limited and recognised £5,341,000 brand value relating to this purchase. The carrying value of impairment losses relates to the brand and trademarks recognised on the acquisition of Parkside Ceramics Limited in 2017 and Strata Tiles Limited in 2019, that were written down to nil in a prior year.

Software is amortised on a straight-line basis over its estimated useful life of four years.

The Pro Tiler brand is amortised over a period of ten years on a straight-line basis.

Amortisation is included within Other Operating Expenses within the Consolidated Statement of Profit or Loss.

12 Property, Plant and Equipment

	Land and buildings					
	Freehold and long leasehold £'000	**Short leasehold £'000**	**Fixtures and fittings £'000**	**Motor vehicles £'000**	**Plant and machinery £'000**	**Total £'000**
Cost						
At 2 October 2021	1,304	1,553	86,409	36	–	89,302
Additions	–	252	2,775	–	63	3,090
Disposals	–	(130)	(2,291)	(142)	(8)	(2,571)
Acquisition of subsidiary undertakings	–	–	82	215	246	543
At 1 October 2022	1,304	1,675	86,975	109	301	90,364
Reclassification[1]	–	(114)	114	–	–	–
Additions	–	–	4,005	–	12	4,017
Disposals	–	–	(5,770)	(35)	–	(5,805)
Transfer to right-of-use asset	–	(297)	–	–	–	(297)
At 30 September 2023	**1,304**	**1,264**	**85,324**	**74**	**313**	**88,279**
Accumulated depreciation						
At 2 October 2021	289	1,005	64,315	13	–	65,622
Charge for the period	26	98	5,454	15	16	5,609
Impairment charge	–	(3)	243	–	–	240
Eliminated on disposals	–	(95)	(1,894)	(3)	(3)	(1,995)
At 1 October 2022	315	1,005	68,118	25	13	69,476
Reclassification[1]	–	6	(6)	–	–	–
Charge for the period	26	23	4,920	18	37	5,024
Impairment charge	–	–	91	–	–	91
Eliminated on disposals	–	–	(5,548)	(8)	–	(5,556)
Transfer to right-of-use asset	–	(62)	–	–	–	(62)
At 30 September 2023	**341**	**972**	**67,575**	**35**	**50**	**68,973**
Carrying amount						
At 30 September 2023	**963**	**292**	**17,749**	**39**	**263**	**19,306**
At 1 October 2022	989	670	18,857	84	288	20,888

[1] During the period, £114,000 of cost and £6,000 of accumulated depreciation has been reclassified from short leasehold to fixtures and fittings for presentational purposes

Cumulative finance costs capitalised in the cost of tangible fixed assets amount to £nil (2022: £nil). Contractual commitments for the acquisition of property, plant and equipment are detailed in note 26. During the period, the Group has continued to review the performance of its store portfolio and the Group has provided for the net book value of assets in relation to three additional stores (2022: 15 stores) that are impaired. The carrying value of these assets have been impaired in the period due to forecast sales performance being inadequate to ensure that future expected cash flows support the carrying values of their property, plant and equipment. An increase in the provision of £91,000 for the period (2022: £240,000 increase in the provision) is included within Other Operating Expenses. All assets classified as property, plant and equipment are UK based.

13 Subsidiaries

A list of all subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 4 to the Company financial statements.

14 Leases

As a lessee

Right-of-use assets included in the Consolidated Statement of Financial Position were as follows:

	Land and buildings £'000	Equipment £'000	Total £'000
At 2 October 2021	**93,834**	**1,584**	**95,418**
Additions	9,521	1,882	11,403
Acquisition of subsidiary undertakings	2,155	–	2,155
Disposals	(746)	–	(746)
Depreciation	(17,084)	(1,128)	(18,212)
Impairment	(1,473)	–	(1,473)
At 1 October 2022	**86,207**	**2,338**	**88,545**
Additions	9,113	1,950	11,063
Disposals	(416)	(3)	(419)
Transfer from property, plant and equipment	235	–	235
Depreciation	(16,811)	(1,346)	(18,157)
Impairment	(346)	–	(346)
At 30 September 2023	**77,982**	**2,939**	**80,921**

During the period, the Group has continued to review the performance of its store portfolio and the Group has provided for the net book value of assets in relation to four stores (2022: 14 stores) that are impaired. The carrying value of these assets has been impaired in the period due to forecast sales performance being inadequate to ensure that future expected cash flows support the carrying values of their right-of-use assets. An increase in the provision of £346,000 for the period (2022: £1,473,000 increase in the provision) is included within other operating expenses.

Lease liabilities included in the Consolidated Statement of Financial Position were as follows:

	Land and buildings £'000	Equipment £'000	Total £'000
At 2 October 2021	**(109,778)**	**(1,560)**	**(111,338)**
Additions	(9,429)	(1,860)	(11,289)
Acquisition of subsidiary undertakings	(2,155)	–	(2,155)
Disposals	2,227	–	2,227
Interest	(3,573)	(53)	(3,626)
Repayment of lease liabilities	22,010	1,243	23,253
At 1 October 2022	**(100,698)**	**(2,230)**	**(102,928)**
Additions	(9,278)	(1,904)	(11,182)
Disposals	764	3	767
Interest	(4,043)	(133)	(4,176)
Repayment of lease liabilities	21,848	1,169	23,017
At 30 September 2023	**(91,407)**	**(3,095)**	**(94,502)**

14 Leases continued

The maturity analysis of the lease liabilities is as follows:

	2023 £'000	2022 £'000
Current	**(15,649)**	(18,187)
Non-current	**(78,853)**	(84,741)
	(94,502)	(102,928)

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	2023 £'000	2022 £'000
Less than one year	**21,339**	21,787
One to five years	**59,554**	61,484
More than five years	**38,269**	44,396
Total undiscounted lease liability	**119,162**	127,667

The following amounts have been recognised in the Consolidated Statement of Profit or Loss:

	Land and buildings 2023 £'000	**Equipment 2023 £'000**	**Total 2023 £'000**
Depreciation of right-of-use assets	**16,811**	**1,346**	**18,157**
Impairment of right-of-use assets	**346**	**–**	**346**
Interest expense	**4,043**	**133**	**4,176**
Expenses relating to short-term leases	**–**	**104**	**104**
Holdover lease expense	**2,660**	**471**	**3,131**

	Land and buildings 2022 £'000	Equipment 2022 £'000	Total 2022 £'000
Depreciation of right-of-use assets	17,084	1,128	18,212
Impairment of right-of-use assets	1,473	–	1,473
Interest expense	3,573	53	3,626
Expenses relating to short-term leases	–	57	57
Holdover lease expense	1,764	433	2,197

The total cash outflow for leases in scope of IFRS 16 during the financial period was £23.0 million (2022: £23.2m). Cash outflow for leases outside the scope of IFRS 16 was £3.2 million (2022: 2.2m).

As a lessor

Lease income from lease contracts in which the Group acts as a lessor is as below:

	2023 £'000	2022 £'000
Lease income (from operating leases)	**579**	430
Finance income (from finance leases)	**58**	65

The Group leases out a small number of properties, some of which are classified as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Notes to the Financial Statements continued

For the 52 weeks ended 30 September 2023

14 Leases continued

In order to manage the risk associated with any rights retained in the underlying leased assets, the Group ensures that appropriate due diligence is undertaken in advance of formalising a lease arrangement with a lessee.

The carrying value of lease receivables is considered to be materially reflective of their fair value.

The following table sets out a maturity analysis of operating lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2023 £'000	2022 £'000
Less than one year	**87**	214
One to five years	**–**	87
More than five years	**–**	–
Total undiscounted lease payments receivable	**87**	301

Some of the properties that the Group leases out are classified as finance leases. These are shown as other financial assets on the Consolidated Statement of Financial Position.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted finance lease payments to be received after the reporting date:

	2023 £'000	2022 £'000
Less than one year	**391**	599
One to five years	**1,594**	1,317
More than five years	**401**	800
Total undiscounted lease payments receivable	**2,386**	2,716
Less: unearned finance income	**(205)**	(227)
Less: expected credit loss provision	**(7)**	–
Present value of minimum lease payments receivable	**2,174**	2,489
Current	**327**	542
Non-current	**1,847**	1,947
	2,174	2,489

Reclassification of Lease Income and Finance Lease Income

During the period, the Group has reclassified income received as a lessor set out in the table above from distribution and selling costs into other income on the face of the Consolidated Statement of Profit or Loss. There is an increase in distribution and selling costs of £579,000 (2022: £430,000) and a corresponding entry into other income of £579,000 (2022: £430,000). There is no net impact on the 2023 or 2022 operating profit as presented, however, the updated presentation more clearly discloses the income received where the Group acts as a lessor from both operating and finance leases.

There is no impact on the Consolidated Statement of Financial Position or the Consolidated Cash Flow Statement.

Impairment

At the end of the financial year, the carrying value of assets, including right-of-use lease assets, was assessed against their recoverable amount determined by reference to their value in use. Assets and expected cash flows were assessed at the lowest identifiable level of cash-generating unit ('CGU') where the expected cash inflows and outflows of each CGU were expected to be independent of those incurred by other CGUs. Individual retail stores are considered to be separate CGUs, which includes income from click and collect orders. Pro Tiler Limited is treated as a separate CGU as described in Note 10 and no impairment has been recognised.

The Group has determined that the macro-economic challenges in the first eight weeks of the new financial year are an indicator for potential impairment across the store estate. As a consequence, all stores, except for those deemed immature, have been assessed for impairment, leading to an impairment to the value of Right-Of-Use Assets of £346,000 in the current year. Any further weakening of trading performance against the Group's forecasts further into FY24 is likely to lead to additional impairments being recognised.

14 Leases continued

The impairment reviews include management's assessment of current economic factors, such as rises in inflation, interest rates and macro-economic challenges.

The value-in-use calculations require the application of a number of assumptions. The key assumptions used in the estimation of recoverable amounts are set out below:

Assumption	Value	Sensitivity
Pre-tax discount rate	This is calculated by reference to the weighted average cost of capital of the Group. At the year-end, the pre-tax discount rate applied to forecast cash flows was 17.6% (2022: 14.6%).	An increase in pre-tax discount rate of 115bps (2022: 500bps) at year-end would lead to an additional £0.1 million impairment in the year.
Long-term growth rate	This is the average growth rate used to extrapolate cash flows beyond the budget period. At the year-end, a long-term growth rate of 1.5% (2022: 1.5%) was applied.	No reasonable possible change to this assumption would lead to an impairment scenario.
Cash flow forecasts	Cash flows are derived from extrapolation of trading performance of identified CGUs. Key assumptions include: – expected year-on-year growth in cash contributions for stores; and – expected cash flow associated with the replacement of leased assets expected to be incurred on the maturity of lease terms for existing leases.	No reasonable possible change to this assumption would lead to an impairment scenario.

15 Deferred Tax Assets

The following are the deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior reporting period:

	Property-related items £'000	Accelerated tax depreciation £'000	Share-based payments £'000	Intangible assets £'000	Total £'000
Restated at 2 October 2021[1]	668	(435)	331	–	564
Charge to income	(149)	(29)	(255)	73	(360)
Credit in respect of previous periods	–	1,183	–	–	1,183
Recognition on acquisition of subsidiary	–	–	–	(1,273)	(1,273)
At 1 October 2022	**519**	**719**	**76**	**(1,200)**	**114**
Charge to income	**(178)**	**47**	**76**	**119**	**64**
(Debit)/Credit in respect of previous periods	**(13)**	**(132)**	**73**	**(46)**	**(118)**
Credit to equity	**–**	**–**	**8**	**–**	**8**
At 30 September 2023	**328**	**634**	**233**	**(1,127)**	**68**

1 During the prior year, management re-evaluated the impact of the IFRIC guidance released during the prior year relating to accounting for cloud-based SaaS arrangements. This guidance was incorrectly applied in prior years, resulting in costs associated with a cloud-based SaaS being capitalised and not expensed as incurred in the consolidated statement of profit or loss. As at 2 October 2021, Deferred Tax Assets were understated by £157,000

A UK corporation rate of 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The deferred tax asset at 30 September 2023 has been calculated at 25% (2022: 25%).

16 Inventories

	2023 £'000	2022 £'000
Goods for resale	**36,351**	38,605

Goods for resale includes a net realisable value provision of £2,224,000 (2022: £1,851,000). Write-downs of inventories to net realisable value amounted to £3,393,000 (2022: £4,254,000) and were recognised as an expense during the period, included within cost of sales in the Consolidated Statement of Profit or Loss.

17 Trade and Other Receivables

	2023 £'000	2022 £'000
Amounts falling due within one year		
Amounts receivable for the sale of goods	**2,209**	3,469
Allowance for expected credit losses	**(86)**	(306)
Other debtors and prepayments	**3,161**	2,738
	5,284	5,901

The Directors consider that the carrying amount of trade and other receivables at 30 September 2023 and 1 October 2022 approximates to their fair value on the basis of discounted cash flow analysis.

Credit Risk

The Group's principal financial assets are bank balances and cash, trade receivables and lease receivables.

The Group considers that it has no significant concentration of credit risk. The majority of sales in the business are cash-based sales in the stores.

Total trade receivables (net of expected credit losses/doubtful debts) held by the Group at 30 September 2023 amounted to £2.1 million (2022: £3.2 million). These amounts mainly relate to sundry trade account generated sales. In relation to these sales, the average credit period taken is 38 days (2022: 48 days) and no interest is charged on the receivables.

The Group will write-off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

Included in the Group's trade receivable balance are debtors with a carrying amount of £0.4 million (2022: £nil), which are past due at the reporting date for which the Group has not provided provisions for impairment as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Expected loss rates are based on historical loss experience, adjusted to reflect information about current conditions and reasonable forecasts around future economic conditions.

The allowance for expected credit losses/allowance for doubtful debts was £86,000 by the end of the period (2022: £306,000).

17 Trade and Other Receivables continued

The following is a reconciliation of changes in the allowance for expected credit losses:

	Total £'000
At 2 October 2021	279
Created in the year	310
Utilisation of provision	(16)
Release of provision	(267)
At 1 October 2022	**306**
Created in the year	177
Utilisation of provision	(142)
Release of provision	(255)
At 30 September 2023	**86**

18 Cash and Cash Equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits net of bank overdrafts, where there is a right of offset, with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. A breakdown of significant bank and cash balances by currency is as follows:

	2023 £'000	2022 £'000
Sterling	**23,028**	15,543
US dollar	**327**	391
Euro	**13**	307
Total cash and cash equivalents	**23,368**	16,241

Cash and cash equivalents are in the scope of the expected credit loss model under IFRS 9, however, balances are held with recognised financial institutions and, therefore, the expected impairment loss is considered to be minimal.

19 Bank Loans

	2023 £'000	2022 £'000
Bank loans (all sterling)	**–**	–

	2023 £'000	2022 £'000
The borrowings are repayable as follows:		
On demand or within one year	**–**	–
	–	–
Less: total unamortised issue costs	**(200)**	–
	(200)	–

The Directors consider that the carrying amount of the bank loan at 30 September 2023 and 1 October 2022 approximates to its fair value since the amounts relate to floating rate debt.

19 Bank Loans continued

The following is a reconciliation of changes in financial liabilities to movement in cash from financing activities:

	Lease liabilities £'000	Current borrowings £'000	Non-current borrowings £'000	Unamortised issue costs £'000
As at 2 October 2021	**111,338**	**–**	**–**	**(106)**
Repayment of lease liabilities	(23,253)	–	–	–
Non-cash movement – lease additions and disposals	9,062	–	–	–
Non-cash movement – leases acquired with business combination	2,155			
Interest accrued on lease liabilities	3,626	–	–	–
Debt acquired through company acquisition	–	(468)	–	–
Repayment of debt	–	468	–	–
Amortisation of issue costs	–	–	–	106
As at 1 October 2022	**102,928**	**–**	**–**	**–**
Repayment of lease liabilities	(23,017)	–	–	–
Non-cash movement – Lease additions and disposals	10,415	–	–	–
Interest accrued on lease liabilities	4,176	–	–	–
Amortisation of issue costs	–	–	–	100
As at 30 September 2023	**94,502**	**–**	**–**	**100**

At 30 September 2023, the Group had a revolving credit facility of £30.0 million, expiring in October 2026 with an option to extend for a further one year. As at the financial period-end £nil of this was drawn (2022: £nil), leaving £30.0 million of undrawn committed banking facilities. The loan facility contains financial covenants, which are tested on a bi-annual basis. The Group did not breach any covenants in the period.

20 Trade and Other Payables

	2023 £'000	2022 £'000
Amounts falling due within one year		
Trade payables	**19,457**	17,388
Other payables	**6,560**	6,106
Accruals	**14,408**	14,486
Refund liability	**1,286**	1,131
Deferred income	**1,037**	1,001
Contract liabilities	**2,318**	3,538
	45,066	43,650

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.
The average credit period taken for trade purchases is 48 days (2022: 41 days). No interest is charged on these payables.

20 Trade and Other Payables continued

The Directors consider that the carrying amount of trade payables at 30 September 2023 and 1 October 2022 approximates to their fair value on the basis of discounted cash flow analysis.

Deferred income relates to consideration for trader loyalty points earned but not yet redeemed. The value of deferred income as at 1 October 2022 that was recognised as revenue for the 52 weeks ended 30 September 2023 was £825,759.

Contract liabilities relate to deposits received from customers for orders not yet fulfilled. These deposits are recognised in revenue when the ownership of goods is transferred to the customer, typically when the goods are delivered to, or collected by, the customer. The contract liabilities outstanding at 30 September 2023 is expected to be recognised in revenue over the next 12 months. These contracts for the supply of goods do not contain a significant financing element. The value of contract liabilities as at 1 October 2022 that was recognised as revenue for the 52 weeks ended 30 September 2023 was £3,359,115.

21 Financial Instruments

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2021. The capital structure of the Group consists of cash and cash equivalents disclosed in note 18 and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 23 to 25, notes 28 to 30 and in the Consolidated Statement of Changes in Equity.

The Group is not subject to any externally imposed capital requirements.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2P to the financial statements.

Categories of Financial Instruments

Carrying value and fair value	**2023 £'000**	2022 £'000
Financial assets		
Amortised cost (including cash and cash equivalents)	**27,664**	21,893
Fair value through profit and loss	**74**	518
Financial liabilities		
Amortised cost	**134,927**	142,039

Financial assets at amortised cost comprises lease receivables, amounts receivable for the sale of goods, cash and cash equivalents.

Financial assets at fair value through profit and loss comprises the fair value of forward currency contracts, which are mandatorily measured at fair value.

Financial liabilities at amortised cost comprises lease liabilities, accruals, trade and other payables.

Notes to the Financial Statements continued

For the 52 weeks ended 30 September 2023

21 Financial Instruments continued

The Group considers itself to be exposed to risks on financial instruments, including market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to mitigate the effects of these risks by using derivative financial instruments to hedge these risk exposures economically. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risk arising on the import of goods.

Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		**Liabilities**	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Euro	**118**	339	**4,384**	4,282
US dollar	**373**	394	**545**	414

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to the currency of China, India, Brazil and Turkey (US dollar currency) and to various European countries (euro) as a result of inventory purchases. The following table details the Group's sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies. Ten per cent represents management's assessment of the reasonably possible change in foreign exchange rates, based on historic volatility. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where sterling strengthens 10% against the relevant currency.

	2023 £'000	2022 £'000
Profit or loss movement on a 10% strengthening in sterling against the euro	**388**	358
Profit or loss movement on a 10% strengthening in sterling against the US dollar	**16**	2
Profit or loss movement on a 10% weakening in sterling against the euro	**(474)**	(438)
Profit or loss movement on a 10% weakening in sterling against the US dollar	**(19)**	(2)

21 Financial Instruments continued

Currency Derivatives

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group uses foreign currency forward contracts in the management of its exchange rate exposures. The contracts are denominated in US dollars and euros. Hedge accounting is not applied.

At the balance sheet date, the total notional amounts of outstanding forward foreign exchange contracts that the Group has committed to are as below:

	2023 £'000	2022 £'000
Forward foreign exchange contracts	**16,160**	12,229

These arrangements are designed to address significant exchange exposures for the first half of 2024 and are renewed on a revolving basis as required.

At 30 September 2023, the fair value of the Group's currency derivatives is a gain of £73,733 (2022: gain of £518,177).

Losses of £444,444 have been included in cost of sales during the period (2022: £455,171 gain).

Interest Rate Risk Management

The Group is not exposed to interest rate risk on debt as the Group has no bank borrowings but the Group is exposed to fluctuations in interest rates on deposited funds. Funds are managed and deposited in line with the Group's Treasury Policy, which is reviewed by the Board annually. Several factors are considered when making decisions around deposits, including, but not limited to, interest rate, counterparty credit rating and deposit term.

Had the Bank of England base rate been 1% higher or lower throughout the year, the Group's interest income on deposited funds would have been higher or lower by £118,340 and (£103,770).

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. Management have considered the counterparty risk associated with the cash and derivative balances and do not consider there to be a material risk. The Group has a policy of only dealing with creditworthy counterparties. Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

The carrying amount of financial assets recorded in the financial statements, which is net of expected credit losses, represents the Group's maximum exposure to credit risk.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

21 Financial Instruments continued

Liquidity and Interest Risk Tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The table includes both interest and principal cash flows.

2023	Less than 1 month £'000	1–3 months £'000	3 months to 1 year £'000	1–5 years £'000	5+ years £'000	Total £'000
Non-interest bearing	**41,711**	**–**	**–**	**–**	**–**	**41,711**
Lease liabilities	**1,121**	**4,466**	**15,753**	**59,553**	**38,269**	**119,162**

2022	Less than 1 month £'000	1–3 months £'000	3 months to 1 year £'000	1–5 years £'000	5+ years £'000	Total £'000
Non-interest bearing	39,111	–	–	–	–	39,111
Lease liabilities	1,443	5,218	15,126	61,484	44,396	127,667

The Group is financed through a £30.0 million (2022: £39.0 million) revolving credit facility, of which £nil (2022: £nil) was utilised. At the balance sheet date, the total unused amount of financing facilities was £30.0 million (2022: £39.0 million).

The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instruments that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

2023	Less than 1 month £'000	1–3 months £'000	3 months to 1 year £'000	1–5 years £'000	5+ years £'000	Total £'000
Foreign exchange forward contracts payments	**(2,580)**	**(5,342)**	**(8,238)**	**–**	**–**	**(16,160)**
Foreign exchange forward contracts receipts	**2,553**	**5,373**	**8,307**	**–**	**–**	**16,233**

2022	Less than 1 month £'000	1–3 months £'000	3 months to 1 year £'000	1–5 years £'000	5+ years £'000	Total £'000
Foreign exchange forward contracts payments	(2,147)	(4,440)	(5,642)	–	–	(12,229)
Foreign exchange forward contracts receipts	2,293	4,595	5,642	–	–	12,530

21 Financial Instruments continued

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The fair values are, therefore, categorised as Level 2 (2022: Level 2), based on the degree to which the fair value is observable. Level 2 fair value measurements are those derived from inputs other than unadjusted quoted prices in active markets (Level 1 categorisation) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

22 Provisions

	2023 £'000	2022 £'000
Dilapidations provision	**2,443**	2,465
Earn out liability	**5,635**	1,581
	8,078	4,046
Current	**5,865**	352
Non-current	**2,213**	3,694
	8,078	4,046

	Dilapidations provision £'000	Earn out liability £'000	Total £'000
At 1 October 2022	**2,465**	**1,581**	**4,046**
Created in the year	318	3,946	4,264
Unwind of discount	144	108	252
Utilisation of provision	(484)	–	(484)
At 30 September 2023	**2,443**	**5,635**	**8,078**

The dilapidations provision represents management's best estimate of the Group's liability under its property lease arrangements based on past experience and is expected to be utilised over the lease term of the various properties (average of 14 years, which includes an estimation of future renewals after the current leases end). The Group's methodology for the calculation of the dilapidations provision takes the following information into account:

- Average expected future dilapidations cost per property.
- The number of properties exposed to possible dilapidations claims.
- The likelihood of lease renewal at maturity.

For each reporting period, the Group reviews the calculations and amends the input estimates based on the most recent data and forecasts.

The earn out liability represents remuneration costs in relation to the purchase of the remaining 40% of Pro Tiler Limited. Estimates have been made around the expected future performance of Pro Tiler Limited, which at 30 September 2023 are higher than estimates made for the interim reporting as at 1 April 2023, as a result of an improvement in trading performance.

The cash outflow associated with the earn out provision is expected to be made in FY24.

23 Share Capital

	2023 Shares	2022 Shares	2023 £'000	2022 £'000
Allotted, issued and fully paid ordinary shares of 3.33p (2022: 3.33p)				
At the start of the period	**196,681,818**	196,662,131	**6,556**	6,555
Issued in the period	**–**	19,687	**–**	1
At the end of the period	**196,681,818**	196,681,818	**6,556**	6,556

During the period, the Group issued nil (2022: 19,687) ordinary shares with a nominal value of £nil (2022: £656) under share option schemes for an aggregate cash consideration of £nil (2022: £12,600).

The authorised share capital of the Group is £8,000,000 (2022: £8,000,000), which consists of 240,000,000 ordinary shares (2022: 240,000,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

24 Share Premium

	2023 £'000	2022 £'000
At the start of the period	**2,636**	2,625
Premium on issue of new shares	**–**	11
At the end of the period	**2,636**	2,636

25 Own Shares

	2023 £'000	2022 £'000
At the start of the period	**(415)**	(1,216)
Acquired in the period	**–**	(207)
Disposed of on issue in the period	**303**	1,008
At the end of the period	**(112)**	(415)

A subsidiary of the Group holds 204,474 (2022: 796,486) shares with a value of £112,443 acquired for an average price of £0.55 per share (2022: £414,676 acquired for an average price of £0.52 per share) and, therefore, these have been classed as own shares. These shares are held in an employee benefit trust.

26 Financial Commitments

a) Capital Commitments

At the end of the period there were capital commitments contracted of £62,972 (2022: £nil).

b) Pension Arrangements

The Group operates a defined contribution pension scheme for colleagues. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £1,136,512 (2022: £1,039,000). At the period-end, the Group holds outstanding contributions of £259,571 (2022: £235,604).

27 Share-Based Payments

The Group operates three (2022: four) share option schemes in relation to Group colleagues; these are the employee share purchase plans, the 2013 Long-term Incentive Plan and the 2020 Restricted Stock Unit Plan.

Employee Share Purchase Plans

Employee share purchase plans are open to almost all colleagues and there are no specific vesting conditions other than the requirement for continued colleague service. The share plans provide for a purchase price equal to the average market price over the three days prior to the date of grant, less 20%. The shares can be purchased during a two-week period, each financial period. The shares purchased are generally placed in the employee share savings plan for a three or five-year period.

Movements in share-based payment plan options are summarised as follows:

	2023		2022	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at the beginning of the period	**4,436,192**	**0.51**	4,940,443	0.50
Issued during the period	**3,671,524**	**0.38**	1,668,414	0.53
Expired during the period	**(639,628)**	**0.51**	(164,442)	0.52
Forfeited during the period	**(1,702,738)**	**0.47**	(1,380,846)	0.50
Exercised during the period	**(11,594)**	**0.49**	(627,377)	0.51
Outstanding at the end of the period	**5,753,756**	**0.44**	4,436,192	0.51
Exercisable at the end of the period	**474,317**	**0.60**	–	–

During the financial period, the Group granted 3,671,524 share options under the existing share option scheme due to vest in April 2025 with a fair value of £619,717.

The inputs to the Black–Scholes Model for the employee three-year Employee Share Purchase Plans issued in the year are as follows:

Three-year plan		
Weighted average share price	– pence	48.90
Weighted average exercise price	– pence	37.92
Expected volatility	– %	58.56
Expected life	– years	3.20
Risk-free rate of interest	– %	3.28
Dividend yield	– %	7.36

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years (2022: three years).

The weighted average remaining contractual life of the share options outstanding at the end of the period is 2.17 years (2022: 1.91 years).

The exercise price for share options under the share save scheme range from 37.92 pence to 60.35 pence.

The weighted average share price at the date of exercise of options exercised during the year ended 30 September 2023 is 45 pence (2022: 55 pence).

27 Share-Based Payments continued

2013 Long-term Incentive Plan

Long-term Incentive Plans have been granted to senior management and have a vesting period of three years. Vesting is subject to achievement of certain performance conditions, which are detailed in the Remuneration Report.

Movements in the 2013 Long-term Incentive Plan options are summarised as follows:

	2023		2022	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at the beginning of the period	**6,932,436**	**–**	6,565,167	–
Issued during the period	**3,303,427**	**–**	2,231,740	–
Forfeited during the period	**(1,410,172)**	**–**	(1,681,100)	–
Exercised during the period	**(462,693)**	**–**	(183,371)	–
Outstanding at the end of the period	**8,362,998**	**–**	6,932,436	–
Exercisable at the end of the period	**229,583**	**–**	540,142	–

During the financial period, the Group granted 3,303,427 share options under the existing share option scheme due to vest in December 2025 with a fair value of £1,259,332.

The inputs to the Black–Scholes model are as follows:

Weighted average share price	– pence	49
Weighted average exercise price	– pence	Nil
Expected volatility	– %	58.66
Expected life	– years	3.00
Risk-free rate of interest	– %	3.28
Dividend yield	– %	8.37

Expected volatility for the additional share options was determined by calculating the historical volatility of the Group's share price over the previous one, two and three years (2022: one, two and three years).

The weighted average remaining contractual life of share options outstanding at the end of the period is 7.97 years (2022: 7.80 years).

The weighted average share price at the date of exercise of options exercised during the year ended 30 September 2023 is 48.93 pence (2022: 39.75 pence).

27 Share-Based Payments continued

2020 Restricted Stock Plan

Under the plan a number of share options were granted to management level colleagues across the Group. There are three sets of options, which are due to vest in December 2023, December 2024 and December 2025. One set of options vested in December 2021.

Movements in the 2020 Restricted Stock Plan options are summarised as follows:

	2023		2022	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at the beginning of the period	**515,724**	**–**	459,845	–
Issued during the period	**319,106**	**–**	229,348	–
Forfeited during the period	**(114,120)**		(124,828)	
Exercised during the period	**(115,203)**	**–**	(48,641)	–
Outstanding at the end of the period	**605,507**	**–**	515,724	–

During the financial period, the Group granted 319,106 share options under the new share option scheme due to vest in December 2025, with a fair value of £121,651.

The inputs to the Black–Scholes model are as follows:

Weighted average share price	– pence	49
Weighted average exercise price	– pence	Nil
Expected volatility	– %	58.66
Expected life	– years	3.00
Risk-free rate of interest	– %	3.28
Dividend yield	– %	8.37

Expected volatility for the additional share options was determined by calculating the historical volatility of the Group's share price over the previous one, two and three years.

The weighted average remaining contractual life of share options outstanding at the end of the period is 8.36 years (2022: 8.56 years).

In total, the Group recognised a total expense of £872,825 (2022: £519,500 expense) relating to share-based payments.

28 Merger Reserve

The merger reserve arose on pre-2006 acquisitions.

29 Share-based Payment Reserve

The share-based payment reserve has arisen on the fair valuation of save-as-you-earn schemes, long-term incentive plans and restricted stock plans.

30 Capital Redemption Reserve

The capital redemption reserve arose on the cancellation of treasury shares and as a result of a share reorganisation in 2006.

31 Non-Controlling Interests

Non-controlling interests hold 40% of Pro Tiler Limited. During the reporting period, profit attributable to non-controlling interests is £0.7 million. No dividends have been paid to non-controlling interests in the period to 30 September 2023. Net assets of Pro Tiler Limited at 30 September 2023 is £3.6 million.

32 Related Party Transactions

MS Galleon AG is a related party by virtue of their 29.8% shareholding (58,569,649 ordinary shares) in the Group's issued share capital (2022: 29.9% shareholding of 58,569,649 ordinary shares).

At 30 September 2023, MS Galleon AG is the owner of Cersanit, a supplier of ceramic tiles with whom the Group made purchases of £1,302,861 during the year, which is 1.1% of cost of goods sold (2022: purchases of £1,253,296 during year, which is 1.1% of cost of goods sold).

An amount of £278,815 was outstanding with Cersanit at 30 September 2023 (2022: £113,718).

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note, in accordance with the exemption available under IAS 24.

Company Balance Sheet

As at 30 September 2023

	Note	2023 £'000	2022 (restated)[1] £'000
Non-current assets			
Investments	4	**9,448**	8,727
Prepayments		**100**	–
Current assets			
Debtors	5	**201,841**	175,731
Cash at bank and in hand		**18**	7,921
Creditors: amounts falling due within one year	6	**(144,627)**	(124,521)
Net current assets		**57,232**	59,131
Non-current liabilities			
Provisions	7	**(5,635)**	(1,581)
Total liabilities		**(150,262)**	(126,102)
Net assets		**61,145**	66,277
Capital and reserves			
Called-up share capital	8	**6,556**	6,556
Share premium account		**2,636**	2,636
Own shares	9	**(112)**	(415)
Share-based payment reserve	10	**6,569**	5,696
Capital redemption reserve	11	**20,359**	20,359
Other reserve	12	**6,200**	6,200
Profit and loss account		**18,937**	25,245
Total Shareholders' funds		**61,145**	66,277

1 See note 2(l) for an explanation of the prior year restatement, as a consequence of a change in accounting policy.

The Company made a profit after tax for the financial period ended 30 September 2023 of £1,457,000 (2022: £8,745,000).

The financial statements on pages 201 to 211 were approved by the Board of Directors on 14 December 2023 and signed on its behalf by:

ROB PARKER
STEPHEN HOPSON
Directors

Company Statement of Changes in Equity

For the 52 weeks ended 30 September 2023

Company	Called-up share capital £'000	Share premium account £'000	Own shares (restated)[1] £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account (restated)[1] £'000	Total £'000
Balance at 2 October 2021 as originally presented	6,555	2,625	–	5,176	20,359	6,200	29,585	70,500
Change in accounting policy	–	–	(1,216)	–	–	–	(4,371)	(5,587)
Balance at 2 October 2021 (restated)[1]	**6,555**	**2,625**	**(1,216)**	**5,176**	**20,359**	**6,200**	**25,214**	**64,913**
Profit for the period	–	–	–	–	–	–	8,745	8,745
Dividend paid to equity Shareholders	–	–	–	–	–	–	(8,015)	(8,015)
Own shares purchased in the period	–	–	(207)	–	–	–	–	(207)
Own shares issued in the period	–	–	1,008	–	–	–	(699)	309
Issue of new shares	1	11	–	–	–	–	–	12
Credit to equity for equity-settled share-based payments	–	–	–	520	–	–	–	520
Balance at 1 October 2022 as originally presented	6,556	2,636	–	5,696	20,359	6,200	30,315	71,762
Change in accounting policy	–	–	(415)	–	–	–	(5,070)	(5,485)
Balance at 1 October 2022 (restated)[1]	**6,556**	**2,636**	**(415)**	**5,696**	**20,359**	**6,200**	**25,245**	**66,277**
Profit for the period	–	–	–	–	–	–	1,457	1,457
Dividend paid to equity Shareholders	–	–	–	–	–	–	(7,462)	(7,462)
Own shares issued in the period	–	–	303	–	–	–	(303)	–
Issue of new shares	–	–	–	–	–	–	–	–
Credit to equity for equity-settled share-based payments	–	–	–	873	–	–	–	873
Balance at 30 September 2023	**6,556**	**2,636**	**(112)**	**6,569**	**20,359**	**6,200**	**18,937**	**61,145**

[1] See note 2(l) for an explanation of the prior year restatement, as a consequence of a change in accounting policy

Notes to the Company Financial Statements

For the 52 weeks ended 30 September 2023

1 General Information and Basis of Accounting

Topps Tiles Plc is a public limited company, limited by shares, incorporated and domiciled in the United Kingdom and registered in England under the Companies Act 2006. The address of the registered office is given on page 209.

The financial statements of Topps Tiles Plc have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') issued by the Financial Reporting Council ('FRC'). These financial statements have also been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under that Standard:

i. The requirements of IFRS 7 Financial Instruments: Disclosures;
ii. The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
   a. Paragraph 79(a)(iv) of IAS 1; and
   b. Paragraph 73(e) of IAS 16 Property, Plant and Equipment.
iii. The requirements of IAS 7 Statement of Cash Flows;
iv. The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
v. The requirements of paragraphs 10(d), 10(f), 40(a), 40(b), 40(c), 40(d) and 134 to 136 of IAS 1 Presentation of Financial Statements;
vi. The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
vii. IFRS 2 Share-Based Payments in respect of Group settled share-based payments;
viii. Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods; and
ix. Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Where relevant, equivalent disclosures have been given in the Group financial statements, of which the Company's results are included.

The financial statements have been prepared under the historical cost convention. Comparative data is for the period ended 1 October 2022.

Adoption of New and Revised Standards

In the current period there were no new or revised standards and interpretations adopted that have a material impact on the financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards Adopted in Current Period

The following new and revised standards and interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

- IAS 16 Property, Plant and Equipment (Amendment): Proceeds Before Intended Use.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment): Onerous Contracts – Cost of Fulfilling a Contract.
- IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework.
- Annual Improvements to IFRSs (2018–2020 cycle).

Notes to the Company Financial Statements continued

For the 52 weeks ended 30 September 2023

2 Accounting Policies

The principal accounting policies adopted are set out below. These policies have been applied consistently unless stated otherwise.

A) Going Concern

At the time of approving the financial statements, the Board is required to formally assess that the business has adequate resources to continue in operational existence and as such can continue to adopt the going concern basis in preparing the financial statements. This assessment has been done over a period of three years, and therefore covers the requirement to consider going concern for a period of not less than 12 months from the date of signing the financial statements.

When considering the going concern assertion, the Board reviews several factors including a review of risks and uncertainties, the ability of the Group to meet its banking covenants and operate within its banking facilities based on current financial plans, along with a detailed review of more pessimistic trading scenarios that are deemed severe but plausible. The two downside scenarios modelled include a moderate decline in sales and a more severe decline in sales, which result in much lower sales and gross profit than the base scenario, resulting in worse profit and cash outcomes. The more severe downside scenario modelled this year was based on a prolonged period of macroeconomic stress in the UK, lasting for more than one year, with sales in FY24 falling 20% year on year in our main brand, Topps Tiles, as well as a two percentage point year-on-year decline in gross margins in FY24. The more severe downside scenario assumes the Topps Tiles business recovers back to FY23 levels of sales and gross margins by FY26. This scenario also assumes that variable costs would reduce in line with sales and also includes direct mitigating cost reduction actions, which would be taken if such a downturn occurred.

The Group has already taken a number of actions to strengthen its liquidity over the recent years, and the scenarios start from a position of relative strength. The going concern review also outlined a range of additional mitigating actions that could be taken in a severe but plausible trading scenario. These included, but were not limited to, savings on store colleague costs, savings on central support costs, reduced marketing activity, a reduction of capital expenditure, management of working capital and suspension of the dividend. The Group's cash headroom and covenant compliance was reviewed against current lending facilities in both the base case and the severe but plausible downside scenarios. The current lending facility, of £30.0 million, was refinanced in October 2022 and expires at the earliest in October 2026.

In all scenarios, the Board has concluded that there is sufficient available liquidity, with no utilisation of the current lending facility, and sufficient covenant headroom for the Group to continue to meet all of its financial commitments as they fall due for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

B) Financial Period

The accounting period is drawn up to a Saturday within seven days of 30 September resulting in financial periods of either 52 or 53 weeks.

Throughout the financial statements, Directors' Report and Strategic Report, references to 2023 mean "at 30 September 2023" or the 52 weeks then ended; references to 2022 mean "at 1 October 2022" or the 52 weeks then ended.

C) Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

D) Investments

Fixed asset investments are shown at cost less provision for impairment.

2 Accounting Policies continued

E) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract, whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" ('FVTPL'), financial assets "at fair value through other comprehensive income" ('FVOCI'), and financial assets carried at "amortised cost". The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Trade and Other Receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are initially recognised at fair value and then carried at amortised cost, using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets and liabilities classified as at FVTPL.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The loss allowances for intercompany financial assets are based on assumptions on risk of default and expected loss rates. The Company recognises an allowance for expected credit losses based on the difference between contractual cashflows due in accordance with the contract and all the cash flows that the Company expects to receive.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. The Company will write-off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2 Accounting Policies continued

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash within three months and are subject to an insignificant risk of changes in value.

Derecognition of Financial Assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities that are classified as FVTPL relate to derivatives that are not designated and effective as a hedging instrument. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

F) Dividends

Dividends payable are recorded in the financial statements in the year in which they are approved by the Company's Shareholders.

Dividends receivable are recorded in the financial statements in the year in which they are declared by subsidiary undertakings.

G) Finance Income and Finance Costs

Interest receivable or payable is recognised on accrual basis.

H) Share-Based Payments

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the share-based payment is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. Fair value is measured by use of the Black–Scholes model.

The Company provides employees with the ability to purchase the Company's ordinary shares at 80% of the current market value through the operation of its Sharesave scheme. The Company records an expense, based on its estimate of the 20% discount related to shares expected to vest on a straight-line basis over the vesting period.

2 Accounting Policies continued

I) Employee Benefit Trust

The Group holds own shares via an Employee Benefit Trust. The Company accounts for the Employee Benefit Trust as an Intermediate Payment Arrangement, with the Trust considered an agent of the Company. Consideration paid for the equity instruments is recognised as a deduction against equity, as own shares, until such time that the equity instruments vest unconditionally with employees. During the period, the Company changed its accounting policy to account for the Employee Benefit Trust as an agent of the Company rather than a separate subsidiary entity of the Company. The change in accounting policy allows own shares to be presented more consistently with the consolidated Group financial statements, aiding understandability for readers of the Company's financial statements. The impact of the accounting policy change is as follows:

Impact on the Company Balance Sheet	2022 as previously reported £'000	Impact of change in accounting policy £'000	2022 restated £'000
Debtors	181,216	(5,485)	175,731
Net assets	71,762	(5,485)	66,277
Own shares	–	(415)	(415)
Profit and loss account	30,315	(5,070)	25,245
Total shareholders' funds	71,762	(5,485)	66,277

Impact on the Company Balance Sheet	2021 as previously reported £'000	Impact of change in accounting policy £'000	2021 restated £'000
Own shares	–	(1,216)	(1,216)
Profit and loss account	29,585	(4,371)	25,214
Total shareholders' funds	70,500	(5,587)	64,913

J) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies previously described, above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying the Company's Accounting Policies

The Directors have concluded that there are no critical areas of accounting judgement in the application of the Company's accounting policies in the current period.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the period-end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below:

Recoverability of Intercompany Balances

The Directors consider that the recoverability of intercompany balances is a key source of estimation uncertainty. The Company recognises an allowance for expected credit losses based on the difference between contractual cashflows due in accordance with the contract and all the cash flows that the Company expects to receive. The Company assesses a repayment plan for all intercompany balances when evaluating the cash flows that the Company expects to receive. Refer to note 5 for details of the expected credit losses recognised. There is no reasonable possible change to scenarios within the payment plan that would lead to a materially different outcome.

Carrying Value of Investments

The Company considers whether investments in subsidiary undertakings are impaired. Where an indication of impairment is identified, the recoverable value of the cash-generating units ('CGUs') is assessed. Due to the pervasive indicators for impairment described in note 14 of the Consolidated Financial Statements, an impairment review was undertaken for all investments held by the Company. Refer to note 4 for details.

3 Profit For the Period

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the period. Topps Tiles Plc reported a profit for the financial period ended 30 September 2023 of £1,457,000 (2022: £8,745,000).

The Auditor's remuneration for services to the Company was £155,000 for audit-related work (2022: £111,000 for audit-related work). Fees relating to non-audit work totalled £nil (2022: £nil); see note 4 to the Group financial statements for further details.

The Company had no employees other than the Directors (2022: same), whose remuneration is detailed on pages 124 to 147.

The Company paid dividends of £7,462,000 during the financial period, detailed in note 8 of the Group Financial Statements.

4 Investments

	£'000
Cost and net book value at 2 October 2021	**2,682**
Acquisition of subsidiary	5,525
Movement in share options granted to colleagues	520
Cost and net book value at 1 October 2022	**8,727**
Movement in share options granted to colleagues	873
Impairment of investments in subsidiaries	(152)
Cost and net book value at 30 September 2023	**9,448**

During the period, the Company undertook an assessment of the carrying values of investments and recognised an impairment of £152,000 (2022: £nil) against two of the Company's non-trading investments that had insufficient net assets. The following were subsidiaries that the Company has investments in, both as at 30 September 2023 and 1 October 2022, except for Topps Group Limited that was incorporated in the current period:

Subsidiary undertaking	% of issued shares held	Principal activity
Topalpha Limited*	100%	Property management and investment
Topalpha (Warehouse) Limited	100%	Property management and investment and provision of warehousing services
Topalpha (Stoke) Limited	100%	Property management and investment
Tiles4less Limited*	100%	Intermediate holding company
Topps Tiles (UK) Limited	100%	Retail and wholesale of ceramic tiles, wood flooring and related products
Topps Tiles Holdings Limited*	100%	Intermediate holding company
Topps Tile Kingdom Limited	100%	Intermediate holding company
Multi Tile Limited	100%	Retail and wholesale of ceramic tiles, wood flooring and related products
Topps Tiles Distribution Limited	100%	Wholesale and distribution of ceramic tiles, wood flooring and related products
Multi-Tile Distribution Limited	100%	Intermediate holding company
Topps Tiles IP Company Limited	100%	Ownership and management of Group intellectual property
Topps Tiles Employee Benefit Trust*	100%	Employee benefit trust
Strata Tiles Limited*	100%	Architectural ceramic sales and distribution
Parkside Ceramics Limited*	100%	Commercial distribution of ceramic and porcelain tiles, natural stone and related products
Pro Tiler Limited*	60%	Online specialist supplier of tiling-related consumables and equipment to trade customers
Topps Group Limited*	100%	Dormant company

* Held directly by Topps Tiles Plc

4 Investments continued

The investments are represented by ordinary shares.

All undertakings are incorporated in Great Britain and are registered and operate in England and Wales.

The registered address of all of the above entities (excluding Strata Tiles Limited and Parkside Ceramics Limited) is Thorpe Way, Grove Park, Enderby, Leicestershire LE19 1SU.

The registered address of Strata Tiles Limited and Parkside Ceramics Limited is Barnsdale Way, Enderby, Leicestershire LE19 1SN.

For the year ended 30 September 2023, the subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Company guarantees all outstanding liabilities to which the subsidiary companies are subject.

Subsidiary undertaking	**Company registration number**
Topalpha Limited	03150850
Topalpha (Stoke) Limited	03714868
Tiles4less Limited	04123146
Topps Tiles Holdings Limited	05840669
Topps Tile Kingdom Limited	01697061
Topps Tiles Distribution Limited	05236219
Multi-Tile Distribution Limited	05008512
Topps Tiles IP Company Limited	05235969
Pro Tiler Limited	07154275
Strata Tiles Limited	04501077
Topps Group Limited	14457743

5 Debtors

	2023 £'000	2022 (restated)[1] £'000
Amounts owed by subsidiary undertakings	**200,228**	174,184
Prepayments	**149**	38
Other debtors	**1,464**	1,509
	201,841	175,731

1 See note 2(l) for an explanation of the prior year restatement as a consequence of a change in accounting policy.

Amounts owed by subsidiary undertakings are interest free, repayable on demand and not subject to any security.

During the Period, the Company undertook a review of intercompany receivables and assessed them for likely recoverability. An increase in credit risk was identified for one receivable with no possibility of recovery, resulting from a change in aggregate exposure to intercompany debt. As a result, a lifetime expected credit loss has been provided for, to the value of £1.3 million (2022: £nil).

Notes to the Company Financial Statements continued

For the 52 weeks ended 30 September 2023

6 Creditors: Amounts Falling Due Within One Year

	2023 £'000	2022 £'000
Trade and other creditors	**339**	272
Amounts owed to subsidiary undertakings	**143,812**	121,811
Accruals	**476**	2,438
	144,627	124,521

Amounts owed to subsidiary undertakings are interest free, repayable on demand and not subject to any security.

7 Provisions

The earn out liability is for the purchase of Pro Tiler and is all due in March 2024.

	2023 £'000	2022 £'000
Earn out liability	**5,635**	1,581
Current	**5,635**	–
Non-current	**–**	1,581

Refer to the note 22 in the Consolidated Group Financial Statements for details on the earn out liability.

8 Called Up Share Capital

	2023 Shares	2022 Shares	**2023 £'000**	2022 £'000
Allotted, issued and fully paid ordinary shares of 3.33p (2022: 3.33p)				
At the start of the period	**196,681,818**	196,662,131	**6,556**	6,555
Issued in the period	**–**	19,687	**–**	1
At the end of the period	**196,681,818**	196,681,818	**6,556**	6,556

The authorised share capital of the Group is £8,000,000 (2022: £8,000,000), which consists of 240,000,000 ordinary shares (2022: 240,000,000).

During the period, the Group issued and allotted nil (2022: 19,687) ordinary shares with a nominal value of £nil (2022: £656) under share option schemes for an aggregate cash consideration of £nil (2022: £7,294).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During the year, dividends of £7,462,000 (2022: £8,015,000) were paid. See note 8 of the consolidated financial statements for further details.

During the period nil shares were purchased by Topps Tiles Employee Benefit Trust on behalf of the Group (2022: 375,480).

9 Own Shares

	2023 £'000	2022 (restated)[1] £'000
At the start of the period	**(415)**	(1,216)
Acquired in the period	**–**	(207)
Disposed of on issue in the period	**303**	1,008
At the end of the period	**(112)**	(415)

1 See note 2I for an explanation of the prior year restatement, as a consequence of a change in accounting policy

The Group holds 204,474 (2022: 796,486) own shares with a value of £112,443 acquired for an average price of £0.55 per share (2022: £414,676 acquired for an average price of £0.52 per share. Market value of these shares at 30 September 2023 was £98,965. These shares are held in an Employee Benefit Trust and are typically used to facilitate employee shareholdings under remuneration schemes, on the advice of the Company. Share purchases are funded by payments made by the Company to the Employee Benefit Trust.

10 Share-Based Payment Reserve

The share-based payment reserve has arisen on the fair valuation of save-as-you-earn schemes, long-term incentive plans and restricted stock plans.

11 Capital Redemption Reserve

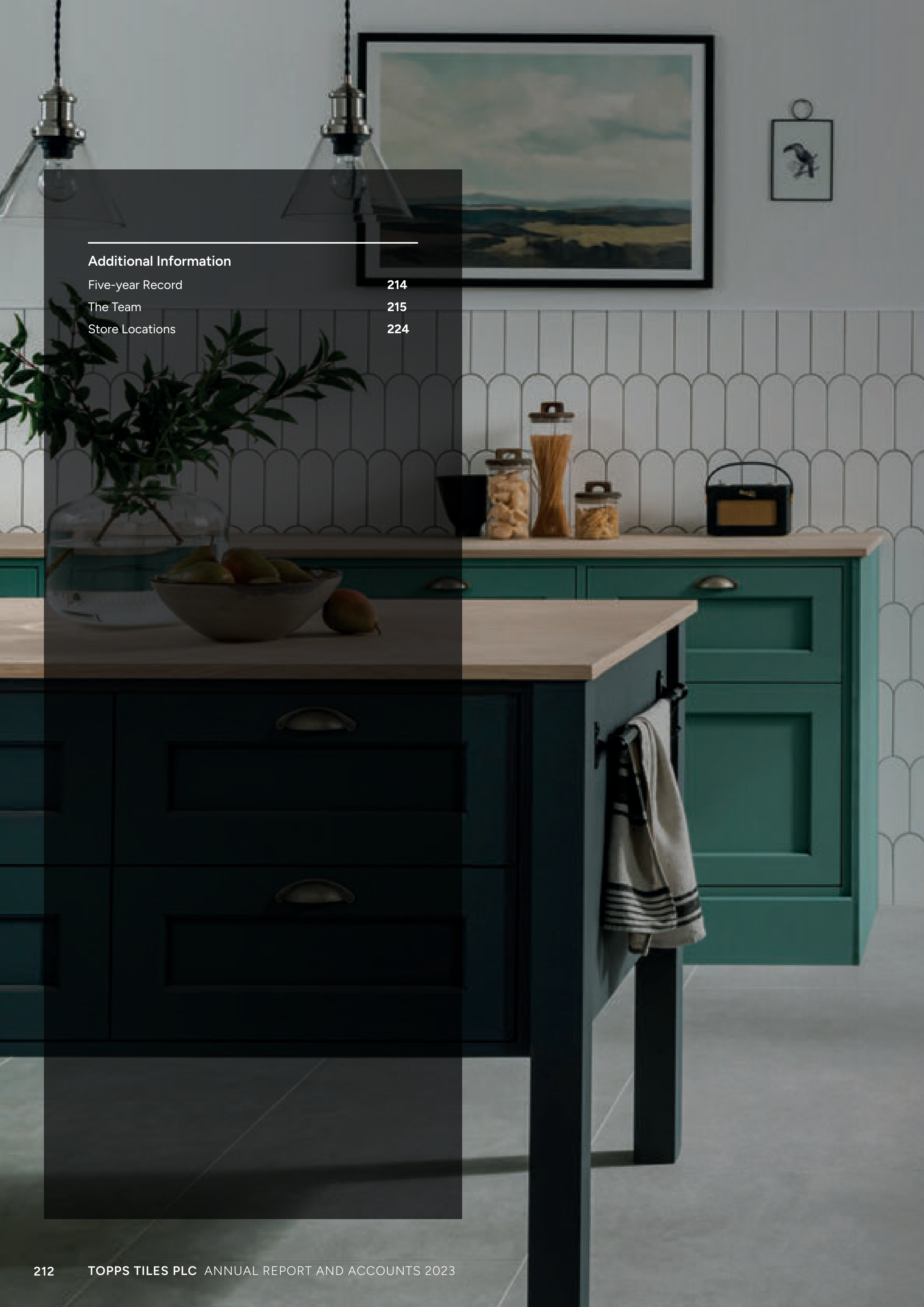
The capital redemption reserve arose on the cancellation of treasury shares and as a result of a share reorganisation in 2006.

12 Other Reserves

The other reserves comprise an unrealised gain arising on the disposal of certain trademarks to a subsidiary company.

13 Controlling Party

The Company has no individual controlling party.



Additional Information

Essen™ Grey, Blossom™ Snow,
Complements™ Matt White Straight Edge Trim

Five-year Record

Unaudited

	52 weeks ended 28 September 2019 (restated)[1] £'000	52 weeks ended 26 September 2020 (restated)[1] £'000	53 weeks ended 2 October 2021 (restated)[1] £'000	52 weeks ended 1 October 2022 £'000	**52 weeks ended 30 September 2023 £'000**
Group revenue	219,197	192,813	227,997	247,241	**262,714**
Group operating profit/(loss)	12,989	(6,141)	18,026	14,832	**11,106**
Profit/(loss) before taxation	12,181	(9,925)	13,955	10,945	**6,815**
Total equity	29,938	13,958	24,956	29,049	**26,388**
Basic earnings per share	5.03p	(4.16)p	5.47p	4.60p	**1.63p**
Dividend per share	3.40p	Nil	3.10p	3.60p	**3.60p**
Dividend cover	1.48x	n/a	1.76x	1.28x	**0.45x**
Average number of employees	2,089	2,001	1,847	1,751	**1,748**
Share price (period-end)	66.60p	51.40p	65.60p	38.50p	**48.40p**

All figures quoted are inclusive of continued and discontinued operations.

The Team

A

Aadil Mulla
Aaron Booth
Aaron Butler
Aaron Gauntlett
Aaron Goodman
Aaron Hunter
Aaron James
Aaron Osei-Tutu
Aaron Powell
Aaron Ryan
Abdul Khaem
Abhishek Sharma
Abigail Magan
Adam Connor
Adam Cosgrove
Adam Crowe
Adam Fekecs
Adam Gilkes
Adam Heffer
Adam Howes
Adam Ireland
Adam Malik
Adam Nuttall
Adam Pike
Adam Shearsmith
Aderemi Adediran
Adie Danvers
Adrian Gibbons
Adrian Gower
Adrian Haynes
Agit Kunduru
Agnieszka Kozera
Agnieszka Skrzypczak
Aidan Dawes
Aimee Gallagher
Aislin McCormack
Akshey Vadgama
Alain Gouro
Alan Clayfield
Alan Maxwell
Alan Saunders
Aleena Kulasy
Aleksandr Lagowski
Alesha White
Alex Di Pace
Alex Griffiths
Alex Hancock
Alex Russell
Alex Saunter
Alex Whitmore
Alexander Abram
Alexander Handley
Alexander Mills
Alexander Shepherd
Alexander Thompson
Alexander Walton
Alexander Williams
Alexandra Plowman
Alexandros Poupazis
Alexandru Soim
Ali Berjaoui
Ali Rahmati
Alice Walker
Alisha Millward
Alison Mazzei-Foster
Alissa Yeoell
Ally McLean
Allysha Byrne
Amaan Riaz
Amal Bathia
Amanda Brogan
Amanda Lyon
Amanda Plumb
Amanda Smyth
Amanpreet Singh
Amelia Foster
Amelia Gohil
Amelia Jordan
Amman Afzal
Amy McDaid
Amy Reynolds
Amy Swanson
Amy Wirtz
Andre Jeronimo
Andrea Moon
Andrew Burt
Andrew Carter-Riley
Andrew Clapp
Andrew Collins
Andrew Davis
Andrew Fenner
Andrew Goodman
Andrew Habbick
Andrew Harrison
Andrew Hawker
Andrew Hawkins
Andrew Haynes
Andrew James
Andrew Jones
Andrew Kineton
Andrew Oliver
Andrew Playfoot
Andrew Reilly
Andrew Ribbons
Andrew Robson
Andrew Roseby
Andrew Shaw
Andrew Sparks
Andrew Tibbetts
Andrew Warne
Andrew Waterfield
Andrew Wathan
Andrew Woodier
Andrian Joe-Anand
Andrius Matusevicius
Aneta Akwe
Aneta Pawlowska
Angela Capp
Angela Cooke
Angela George
Ankit Mahes
Ann Karas
Anna Gosden
Anna Hibberd
Anna Mironiuk
Anna Skoczylas
Anna-Marie Putt
Anthony Cattell
Anthony Chamberlain
Anthony Daly
Anthony Davies
Anthony Dolan
Anthony Dunsmore
Anthony Gilbert
Anthony Lyth
Anthony Molyneux
Anthony Reynolds
Anthony Taylor
Antony Belham
Antony Blabey
Anub Varghese
Anwar Marshall
Archie Paterson
Arif Aswat
Aron Hoff
Aruna Mistry
Ashish Kumar
Ashish Patel
Ashley Bennett
Ashley Burke
Ashley Cutler
Ashley Harwood
Ashley Hegarty
Ashley Hughes
Ashley Leggett
Ashley Mansfield
Asim Khan
Astone Davids
Athina Sesay
Atul Patel
Ava Johns

B

Bailey Aldred
Bailey Bottwood
Bailey Thorington
Barbara Connor
Barbara Smith
Barinder Singh
Baris Perez
Barry Beaver
Barry Gilbert
Beata Skoczylas
Ben Chapman
Ben Gaby
Ben Howard
Ben Johnson
Ben Murphy
Ben Wright
Benito Garrod
Benjamin Hale
Benjamin Hawes
Benjamin Rich
Beverley Orton
Bhupinder Singh
Billy Stout
Blake Ladeinde
Bolaji Adeyanju
Bonita Wright
Brad Kingsford
Bradley Hargraves
Bradley Quaye
Bradley Rockell
Brandon Abels
Brandon Battle
Brandon Casey
Brandon Lodge
Brandon Smith
Brendan Flynn
Brett O'Harrow
Brett Simkiss
Brittany Davies
Brody Martin
Bronnagh Stephenson
Bruce Fielding
Bruce Garrod
Bruno Bernasconi
Bryn Lewis
Buffy Harding-Attwood
Byron Tree

The Team
continued

C
Caitlin Pipes
Caitlin Timbrell
Calla Stevenson
Callum Gove
Callum Jackson
Calvin Christopher
Cameron Fox
Cameron Mapstone
Cameron Rushbrook
Campbell Marr
Cara Massey
Carl Ainsworth
Carl Courtney
Carl Whatley
Carla Sinnott
Carlos Alford Maestre
Carlos Chowdhury
Carol Beattie
Carol Hawkes
Carol Hobbs
Carol Isherwood
Carrie Peckston
Casey Dyson
Cassius Mpame
Catherine Doulton
Catherine Parry
Catherine Platt
Chakib Ayoub
Chantelle Gurney
Charjuan Knight
Charlene Clack
Charlene Walpole
Charles Hopper
Charles Rollins
Charles Taylor
Charlie Almond
Charlie Cox
Charlie Rock
Charlie Turnbull Philips
Charlotte Baldwin
Charlotte Bessent
Charlotte Jackson
Charlotte Lammin
Charlotte Self
Charlotte Warby
Chelsea Goodeve
Chelsea Iannaccone
Chetna Shah
Chirag Shah
Chloe Brent
Chloe Hall
Chloe Jackson
Chloe Rozier
Chloe Singleton
Chloe Smith
Chris Foster
Christian D'Agostino
Christian Dos Santos de freitas
Christian McCarthy
Christine Taylor
Christopher Bailey
Christopher Bass
Christopher Bentley
Christopher Bodicoat
Christopher Bowden
Christopher Bree
Christopher Brown
Christopher Burrows-Simpson
Christopher Butler
Christopher Collins
Christopher Cooper
Christopher Curtis
Christopher D'Arts
Christopher Edwards
Christopher Farren
Christopher Fath
Christopher Green
Christopher Harrison
Christopher Heyes
Christopher Holland
Christopher Hope
Christopher Howe
Christopher Lowson
Christopher MacFarlane Leach
Christopher Moore
Christopher Nicholls
Christopher Nottle
Christopher Percival
Christopher Pinnock
Christopher Potter
Christopher Sansby
Christopher Slocombe
Christopher Sylvester
Christopher Taylor
Christopher Turley
Christopher Wells
Ciaran Kennedy
Ciaran Morgan
Clair Jeffries
Claire Cape
Claire Egan
Claire Herridge
Claire Lewis
Claire Ralphs
Claire Reilly
Clare Barden
Clifford Adams
Clifford Tomlinson
Cole Storer
Colin Clarke
Colin Harvey
Colin Markham
Colin Petch
Colin Rymer
Colin Smith
Connagh Latham
Conner Ockenden
Connor Driver
Connor Gane
Connor Garrow
Connor Hills
Connor Thompson
Conor Wallis
Conrad Cassidy
Conrad Harrup
Cora Morrison
Corey Fowler
Courteney Colville
Courtney Maglone-Gillies
Craig Dolling
Craig Green
Craig Johnson
Craig Lewis
Craig McPike
Craig Murphy
Craig Reed
Craig Richards
Craig Shaughnessy
Craig Stothers
Cristian Olaru

D
Daisy Garnett
Damian Dudek
Damiano Seresini
Dan Bevan
Dane Grant
Danial Holloway
Daniel Bath
Daniel Berkes
Daniel Brace
Daniel Brain
Daniel Chambers
Daniel Colk
Daniel Cox
Daniel Fallows
Daniel Foster
Daniel Geoghegan
Daniel Gilham
Daniel Gillett
Daniel Harper
Daniel Horrocks
Daniel Jenkins
Daniel Jones
Daniel Little
Daniel Loft
Daniel McLean
Daniel Milner
Daniel Moyse
Daniel Musguin
Daniel Pimm
Daniel Poile
Daniel Roberts
Daniel Rowe
Daniel Rowlands
Daniel Sewell
Daniel Stevens
Daniel Thornley
Daniel Turner
Daniel Varney
Daniel Willows
Daniella Winstone
Danielle Noyes
Danielle O'Mara
Daniel-Paul Petrut
Darius Bright
Darnelle Riley
Darren Buglass
Darren Doughty
Darren Ealden
Darren Finnegan
Darren Harper
Darren Jones
Darren Mencarini
Darren Mitchell
Darren Morgan
Darren Smith
Darren Square
Darren Wagg
Darren Young
Darron Soos
Darryl Swithenbank
David Augustus
David Baxter
David Coupland
David Fletcher
David Fox-Matthews
David Hance
David Hatton
David Henderson

David Hill
David Hooper
David Hope
David Hussey
David Jackson
David Kavanagh
David Kershaw
David Kettlewell
David Knight
David MacArtney
David McGinnes
David Miller
David Morrison
David Mouland
David Oliver
David Reynolds
David Sheehy
David Simms
David Sinclair
David Thomasson
David Thompson
David Webb
David Wilson
Dayne Dewsbury
Dean Jones
Dean Marshall
Dean Rodger
Dean Titchen
Dean Turner
Debbie Potts
Debra Bandghiree
Declan Baker
Decland Speede
Deividas Korsakas
Demi Harris
Demi-leigh Hansen
Denis O'Brien
Denis Tekkwo
Dennis Jovellanos
Dennis Winterburn
Denzil Johns
Desmond Alleyne
Devindren Govender
Devonte Marshall
Dharmika Shah
Diana Breeze
Diana Lei
Diana Savchenko
Dino Tate
Dipal Parikh
Doina Mesina
Dolton Gordon
Dominic D'Souza
Dominic Hardman
Dominic Reilly
Donald Magullian
Douglas Nicol
Dylan Allen
Dylan Burrows
Dylan Roberts
Dylan Worley

E

Eamonn Walsh
Eddy Hyde
Edward Goldman
Eesha Manick
Egor Lavrenyuk
Elaine Johnson
Elise Ford
Elizabeth Fay
Elizabeth Innes
Elizabeth Lee
Elizabeth Sutton
Ella Jones
Ellie Jordan
Elliot Burton
Elliott Brown
Elliott Browne
Elliott Davis
Ellis Molyneux
Elsie Bird
Elvis Mwesigwa
Emily Connelly
Emily Gardiner
Emily Lenham
Emily Lenton
Emily Mansell
Emma Fitzpatrick
Emma Gotch
Emma Greenfield
Emma Hammond
Emma Russo
Emma Shaw
Emmanuel Abaidoo Baffo
Emmanuel Melford-Rowe
Emran Mannan
Enrikas Kvietinskas
Erandika Senevirathna
Eren Ucman
Erikas Mazeikis
Ermiyas Girma
Esme Sparrow
Ethan O'Grady
Euan Preece
Eugenia Grigoruta
Evan Davies
Eve Roots
Eve Ruckwood
Eve White
Ewa Maj
Ewelina Szreder-Politowska
Ezra Deans

F

Fahim Islam
Faizar Ali
Fallon Clemson
Farin Nihal Nishad
Fay Blackwell
Felipe West
Filip Rozmyslowicz
Filipe Albarraque
Filipe Franco
Finley Loughlin
Frances Aylward
Francesca Barratt
Frank Hibbert
Fraser Lockley

G

Gabriel Semedo
Gareth Fogden
Garnet Hardy
Gary Bloomfield
Gary Davies
Gary Gear
Gary Gee
Gary Gledhill
Gary Nash
Gary Tipler
Gary Williams
Gavin Bennett
Gavin Collins
Gavin Magwood
Gavin Winter
Gelson De Jesus Do Nascimento
Gemma Bircham
Gemma Davies
Gemma Stephens
Gena Mitchell
Geoffrey Greenwood
Geoffrey Thomas
George Astill
George Birkley
George Griffin
George Newton
George Wicks
Georgia Harding
Georgia Miles
Georgia Robinson
Georgina Duffy
Geraint Griffiths
Gergo Poroszlai
Gergo Urszuly
German Ramirez Marin
Ghulam Bashir
Gillian Grace
Girish S Nair
Glenn Davies
Glenn Elgy
Glenn Smith
Gokhan Karadogan
Gordon Dalglish
Grace Emery
Gracjan Draheim
Graham Brown
Graham Clark
Graham Foster
Graham Hitchin
Graham Livingstone
Graham Vance
Grant Humphreys
Grant Smith
Grazvydas Garbacenokas
Gregory McHugh
Grenville Davies
Gurinder Chana
Guy Gorenski

H

Hana Alexandria
Hannah Booth
Hannah Emmott
Hari McDermott
Haroon Younus
Harriet Buckley
Harriet Goodacre
Harriet Hartley
Harrison Leesmith
Harry Biggs
Harry Page
Harry Williams
Harvey Ketnor
Harvey King
Hayden Hart
Hayden Mason
Hazel Millington
Helen Gosling
Helen Meredith
Hilary Colgan

The Team
continued

Holly Ballinger
Holly Dawson
Holly Meager
Holly Nettleton
Holly Peck
Holly Skerritt
Hugh Butler

I

Iain Arnott
Iain Black
Ian Ashton
Ian Barber
Ian Bird
Ian Bloomfield
Ian Croton
Ian Fraser
Ian Marshall
Ian McNeish
Ian Merry
Ian Smithson
Ian Sykes
Igors Koselevs
Ildiko Barta
Ilia Kirilov
Isaac Lees
Isaiah Khaoya
Ishaq Ahmed
Ismail Abdisalam
Ivan Paitoo

J

Jacek Skubisz
Jack Beesley
Jack Dellow
Jack Ellis
Jack Fairburn
Jack Gallagher
Jack Garton
Jack Hill-Jones
Jack Holyoake
Jack Jones
Jack Lester
Jack Mixture
Jack O'Neill
Jack Overton
Jack Relfe
Jack Rolph
Jack Sharpe
Jack Veall
Jack Walters
Jacob Allan
Jacob Hayward
Jacob Machin
Jacob Powell
Jacqueline Desborough-Morehead
Jade Clements
Jade Girgensons-Coates
Jade Stone
Jadzia Webb
Jailuene Witterick Peake
Jake Carter
Jake Shopland
Jake Starling
Jake Wescott
Jake Woods
Jakob Godwin
Jakub Jackowski
James Barnett
James Beaumont
James Biesty
James Cameron
James Carroll
James Charles
James Cutler
James Daniel Calvert
James Harvey
James Heard
James Hollis
James Howard
James Hyland
James Joyce
James Little
James McGuigan
James Morgan
James O'Driscoll
James Patston
James Peters
James Robertson
James Rolfe
James Saunders
James Snuggs
James Steeples
James Tatton
James Taylor
James Thatcher
James Watton
James White
James Wolstenholme
Jamie Austin
Jamie Calow
Jamie Cardall
Jamie Copland
Jamie Kelly
Jamie Martin
Jamie Ormrod
Jamie Sia
Jamie Thornton
Jamie Wenborn
Jamie Whitear
Janaka Alahapperuma
Jane Williams
Janet Lee
Janis Cirulis
Jared Hammond
Jarvis Toon
Jasbir Singh
Jason Barker
Jason Bloxham
Jason Clarke
Jason Coupland
Jason Ealden
Jason Ellison
Jason Frith
Jason Nelson
Jason Trawford
Jason Wale
Jasper Kanachowski
Jaspreet Sandhu
Javeed Parkar
Jay Gale
Jay Gurney
Jay Tinsley
Jayde Cheyne
Jayden Chapple
Jayden Croft
Jayesh Kantibhai Mistry
Jayne Lowndes
Jayne Young
Jaytan Vadher
Jeannie Johnston
Jennifer Buddington
Jennifer Flowers
Jennifer Glover
Jennifer Gregory
Jennifer Seabrook
Jennifer Wall
Jenny Inkson
Jessica Hatton
Jessica Jarman
Jessica Sawyer
Jessica Turner
Jessica Wood
Jo Adamson
Joana Oakes
Joanna Jones
Joanne Cox
Joanne Elton
Joanne Steer
Joao Degouveia
Jodie Jones
Joe Dwyer
Joe Mathews
Joe Smith
Joe Whalley
Joel Barker
Joel Bray
Johann Thompson
John Bourke
John Burton-Simm
John Harris
John Hennessy
John McLaren
John McLarty
John Moat
John Morris
John Page
John Shaw
John Sweet
John Thompson
John Turnham
Jon O'Neill
Jon Paul Hughes
Jon Reynolds
Jon Roulstone
Jonatan Muti
Jonathan Bradshaw
Jonathan Brett
Jonathan Davis
Jonathan East
Jonathan Hall
Jonathan Pinchbeck
Jonathan Sorrell
Jonathan Wallace
Jonathan Wiles
Jonathan Williams
Jonathon Turner
Jonathon Wynder
Jordan Ferguson
Jordan Haig
Jordan Hodder
Jordan Lindsay
Jordan Lowes
Jordan Matthews
Jordan Sagun
Jordan Scarbrow
Joseph Daly
Joseph Deevey
Joseph Durham
Joseph Gregorace
Joseph Haughney

Joseph Hay
Joseph Haynes
Joseph Hopper
Joseph Jones
Joseph Lewis
Joseph Marriott
Joseph Marsden
Josephina Lane
Joshua Brown
Joshua Burgess
Joshua Carroll
Joshua Coulton
Joshua Crombie
Joshua Hall
Joshua Hubbard
Joshua McCourtie
Joshua Norbury
Joshua Partridge
Joshua Rapley
Josiah Andrew-Razemba
Josie Colehan
Juan Oliveira McDowell
Judith Duncan
Julia Kerr
Julie Brachtvogel
Julie Mitchell
Julie Poolford
Julie Wood
Julija Graumane
Jullah Jabbi
Junior Oji
Justin Marlow
Justin Smalley
Justin Wilson
Justine Bowman
Justyna Logozna-Lisowska
Juttinder Digpal

K

Kai Sylvester
Kajetan Marcinek
Kajus Gavenas
Kamaljit Atkar
Kamaljit Singh
Kamaljit Thandi
Kamlesh Shah
Karan Gill
Karen Dodds
Karen Kelly
Kari Daniels
Karl Lusardi
Karl Reeves
Karl White
Kate Floyd-Jewell
Katherine Jackson
Katherine Toomassi
Kathryn Pell
Katie Brindley-Hughes
Katie Hill
Katie Wright
Katy Todd
Kavita Vaghela
Kay Dwelly
Kayleigh Downs
Kealey Yearsley
Keeleigh Kaizer
Keely Powell
Kehnide Olayiwola
Keiran Brain
Keiran Ling
Keiron Pybus
Keith Ambrose
Keith Down
Keith Fitzpatrick
Keith Stewart
Kellie Figueiredo
Kelly Blount
Kelly Curran
Kelly Edwards
Kelly Savile
Kelly Stewart
Kenneth Ostler
Kenneth Owen
Kerri Maguire
Kerrie Burcham
Kerry Hurst
Kerry McAuliffe
Kevan Richardson
Kevin Atherton
Kevin Bingham
Kevin Downie
Kevin Fitzsimons
Kevin Fox
Kevin Frampton
Kevin Hardy
Kevin Rabbatt
Kevin Thorne
Kieran Barnes-Warden
Kieran Brown
Kieran Gardiner
Kieran Morgan
Kieran Scott
Kieran Young
Kieron Clarke
Kim Jones
Kim Macgregor
Kim Moriarty
Kimberley Terry
Kimberley Vieira
Kirk Irvine
Kirk Randall
Kirk Taylor
Kirsten Cummings
Kirstie Leonard
Kirsty Harris
Kirti Patel
Kouakou Ange Davis
Kranthi Billakanti
Kristian Creese
Kristian Moore
Kristian Prosser
Kristian Pryor
Krystle Milan
Krzysztof Zielinski
Kurt Folkes
Kurt Page
Kye Harman
Kyle Batley
Kyle Crichton
Kyle Hardie
Kyle Lawrence
Kyle Martin
Kyle Northern-Neal
Kyle Rigby
Kyle Welford
Kyran Andrews
Kyran Read

L

Laney Taylor
Latifah Spence
Laura Alder-Rose
Laura Buckley
Laura James
Laura Johnson
Laura Li
Laura Madigan
Laura Racey
Lauren Clinton
Lauren Munro
Lauren Sinnott
Lauren Smith
Laurence Bird
Lawrence Boi
Lawrence Devello-Waters
Leah Collings
Leah Sains
Leanne Curry
Lee Brightman
Lee Butcher
Lee Elsom
Lee Fish
Lee Galloway
Lee Holyoake
Lee Hutchinson
Lee Myers
Lee Woodman
Leighton Davies
Lenny Finch
Leon Park
Leon Pryce
Lesley Willcox
Levi Baker
Lewis Elkin
Lewis Hill
Lewis Vilbro
Liam Bantin
Liam Ellis
Liam Hook
Liam Hunt
Liam Lishman
Liam Nutting
Lianne Harrison
Libby Field
Lily Gardner
Lily Yeo
Linda Sleath
Lindsay Bond
Lindsay Bray
Lindsey Flint
Linta Iftikhar Khan Zakir
Lisa Algar
Lisa Holmes
Lisa McNeil
Lloyd Allen
Lloyd Blanks
Lois Bettinson
Lorna Hetherington
Lorraine Cummings
Louie Best
Louie Walker
Louis Robinson
Louis Spaett
Louise Bunting
Louise Cox
Louise Groves
Louise Henbest
Lucia Garces
Lucy Jenner
Lucy Rock
Lucy Swain
Lukasz Pirga

The Team
continued

Luke Abraham
Luke Barefield
Luke Colclough
Luke Kerr
Luke Kirkman
Luke McNally
Luke O'Connor
Luke Roberts
Luke Saunders
Luke Stratford
Luke Woodward
Lynne Meldrum
Lynsey Smart

M

Macaulay Kirk
Macauley Thomas
Madeline Pipes
Magdalena Chodynicka
Mahesh Wara
Maisie Bell
Malgorzata Bitrycka
Mandy Antenbring
Manjit Ahluwalia
Manraj Sandhu
Marc Cutting
Marc Davies
Marc Harris
Marcin Kupczyk
Marcus Bullock
Margaret Lawrie
Margarita Starcea
Maria Lacramioara Lacatusu
Marie Hudson
Mariia Kosonohova
Marisa Mclune
Mark Allman
Mark Bray
Mark Brown
Mark Burgess
Mark Cain
Mark Campbell
Mark Chantler
Mark Coe
Mark Hughes
Mark Hunter
Mark Johnston
Mark Keymer
Mark MacIver
Mark Owen
Mark Palmer
Mark Pancott
Mark Rogers
Mark Sloan
Mark Tennant
Mark Waldock
Mark Williams
Mark Woodyatt
Mark Wordley
Mark Wright
Marshall Brewin
Marta Miszczak
Martin Brown
Martin Oliver
Martin Osborne
Martin Pickard
Martin Sweet
Martin Williams
Martin Wys
Martina Way
Martine Robinson
Martyn Spring
Marwan Osman
Mathew Miller
Matt Attwood
Matt Malloy
Matthew Atkinson
Matthew Barcas
Matthew Buckett
Matthew Fisher
Matthew Foster-Smith
Matthew Grainger
Matthew Green
Matthew Hearst
Matthew Holland
Matthew Lindsay
Matthew Lynch
Matthew Martin
Matthew McManus
Matthew Moore
Matthew Nichols
Matthew Ponsford
Matthew Ralfs
Matthew Richards
Matthew Sadler
Matthew Shute
Matthew Stevenson
Matthew Vinters
Matthew Whitlock
Matthew Winstanley
Matthew Woodhouse
Matthew Wright
Mattia Galassi
Max Turnbull Philips
Meda Halilaj
Medea Antal
Megan Boyle
Megan Robinson-Green
Megan Walsh
Megan Watts
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N

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Oz Masaya

P

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Philip Stocks
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Phillip Gilbert
Phillip Rickard
Phillipa Hewitt
Portia Boehmer

R

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Radoslaw Naruszewicz
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Ragin Shah
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Rajan Toora
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Roman Dobney
Romans Petuhovs
Romany Andrew
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Rory Reeves
Rosanna Bastable
Rose Bola
Rose Davey
Ross Ashbrook

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continued

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Ross Leitch
Ross Pannatt
Ross Sloan
Rostyslav Kravets
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Roxanne Daly
Roxanne Morris
Roxanne Seurre
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Ryan Farquhar
Ryan French
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Ryan Henson
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Ryan Kemp
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Ryan Needham
Ryan OConnor
Ryan Randall
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Ryan Saba
Ryan Sykes-Devlin
Ryan Wade
Ryan Wallace

S

Sally Cook
Sally Hope-Davis
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Sam Bucknall
Sam Davis
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Samantha Gray
Samantha Jackson
Samantha Leavis
Samantha Stewart
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Samuel Knowles
Samuel Reffold
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Sarah Kite
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Shane Trim
Shanee Gately
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Shannon Dewdney
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Silviu Oltean
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Simon Green
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Simon Marks
Simon McDonald
Simon Meider
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Simon Roberts
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Simon Witham
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Simranjeet Bagga
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Siobhan Ashman
Slavka Ivan
Sonia Doktorska
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Sophie Ogunbadejo
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Sophie Sylvester
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Spencer Day
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Steffan Midwinter
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Sukhvinder Dheandsa
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Summer Hubbard
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Syed Ahsan
Syed Basit Naqvi
Sylwia Wygachiewicz
Szabolcs Szudar

T

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Tanya Dix
Tchomba shomali
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Terry Morris
Terry Salisbury
Teslim Sodiq
Theophilus Danquah
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Thomas Fuller-Winterburn
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Tracey Waterman
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Troy Miller
Tsekani Barzey
Tyler King
Tyler Nossent
Tyler Porter
Tynikka Bruce

U

Udo Jungbecker
Uwais Ikleriya

V

Valentin Ivan
Valerie Doherty
Victor Newton
Victoria Anne Rooke
Victoria Cunday
Vikash Patel
Vilius Meilus
Vincent Bonner
Vincent Hole
Vinod Joshi
Vishal Depala
Volney Vales

W

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Wendy Martindale
William Aires
William Bailey
William Halfhide
William Harman
William James Renton
William Lantsbery
William Pollock
William Short
William Swain
Wyn Dunn-Davies

Y

Yunus Ahmed
Yvonne Burgess

Z

Zach Waterfield
Zara Warner
Zephanjah Sharman
Zoe Fox
Zoe Gilbert
Zoe Harcus
Zoe Hollocks
Zoe Stevens
Zuheb Mukhtar

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Bow
Brentford
Brixton
Bromley Common
Catford Bromley Rd
Charlton
Cheam
Chingford
Croydon
Croydon Purley
Dagenham
Dartford
Denham
Dorking
East Sheen
Eltham
Enfield
Epsom
Fulham Topps
Hayes Topps
Hemel Hempstead
Highgate
Hounslow
Ilford
Ilford Seven Kings
Kings Cross
Leyton
New Southgate
North Finchley
Old Kent Road
Orpington
Penge
Raynes Park
Redhill
Romford
Ruislip
Sevenoaks
Shoreditch
South Bermondsey
Southall
St Albans
Staples Corner
Sunbury upon Thames
Surbiton
Uxbridge
Waltham Cross
Wandsworth
Wembley
Wimbledon

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Binley
Boston
Burton upon Trent
Cannock
Chesterfield
Coventry Tile Hill
Derby Osmaston
Doncaster
Enderby
Erdington
Fenton
Grantham
Grimsby
Hinckley
Kettering Baron
Kidderminster
Kings Norton
Leamington Spa
Leicester Thurmaston
Lichfield
Lincoln Outer Circle
Long Eaton
Loughborough
Mansfield
Nantwich
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Northwich
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Nottingham Poulton
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Redditch
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Stoke
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Widnes
Wigan
Workington
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Belfast Newtownabbey
Dundee
Edinburgh
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Glasgow
Hillington
Inverness
Irvine
Kirkcaldy
Shawfield
Sighthill
Stirling
Wishaw

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Barnstaple
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Bexhill
Bicester
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Brentwood
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Cambridge
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Chelmsford
Chelmsford Springfield
Cheltenham
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Cribbs Causeway
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Erith
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Folkestone
Frome
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Gloucester
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Great Yarmouth
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Harlow
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Launceston
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Maidstone Langley
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Reading Rose Kiln Lane
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