Topps Tiles

ANNUAL REPORT AND ACCOUNTS
FOR THE 53-WEEK PERIOD ENDED 2 OCTOBER 2021

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STRATEGIC REPORT

OUR GOVERNANCE

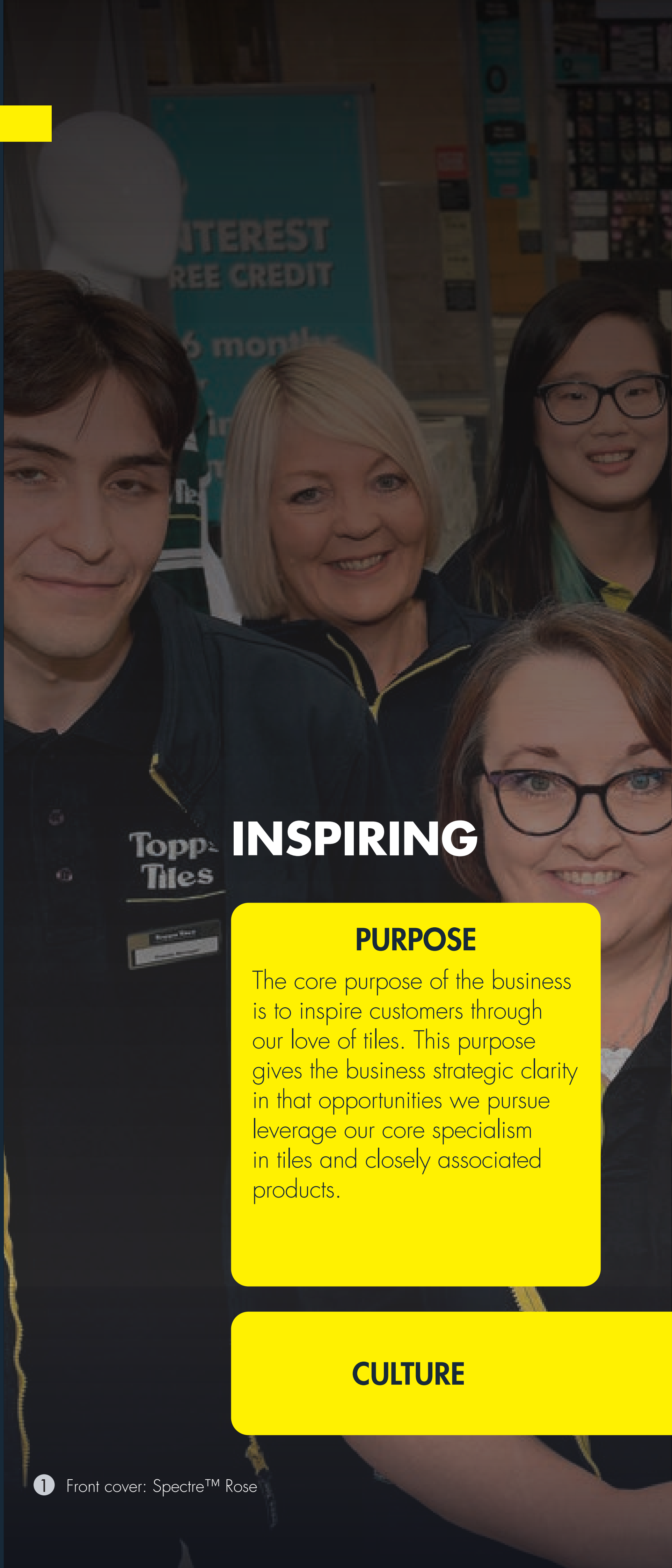
OUR FINANCIALS

ADDITIONAL INFORMATION

Corporate: www.toppstilesplc.com

Retail: www.toppstiles.co.uk

Commercial: www.parkside.co.uk
www.stratatiles.co.uk



INSPIRING

PURPOSE

The core purpose of 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 core specialism in tiles and closely associated products.

CULTURE

1 Front cover: Spectre™ Rose

TOPPS TILES GROUP

THE UK'S LARGEST TILE SPECIALIST

CUSTOMERS THROUGH OUR LOVE OF TILES

GOAL

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

ONE-IN-FIVE BY 2025

* Market is the combined commercial and domestic market for tiles, adhesives and grouts in the UK.

GROUP GROWTH STRATEGY

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' way.

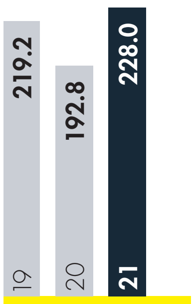
2 Inside front cover: Topps Tiles Retail colleagues in store

HIGHLIGHTS

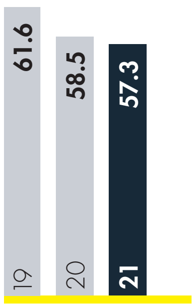
Topps Tiles Plc ("Topps", "Topps Tiles", "the Group" or "the Company"), the UK's largest tile specialist, announces its annual financial results for the 53 weeks ended 2 October 2021.

STATUTORY MEASURES

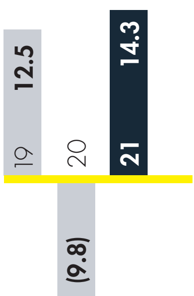
Group Revenue (£m)
Year-on-Year: **+18.3%**



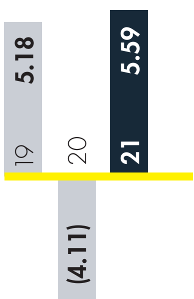
Gross Margin (%)
Year-on-Year: **(1.2) ppts**



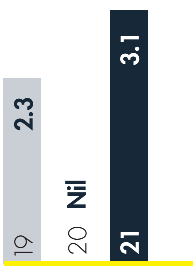
Profit/(Loss) Before Tax (£m)
Year-on-Year: **+£24.1m**



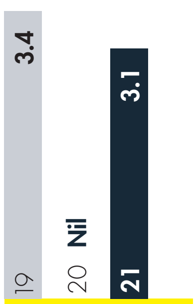
Basic Earnings Per Share (p)
Year-on-Year: **+9.70 pence**



Final Dividend Declared (p)
Year-on-Year: **+3.1 pence**

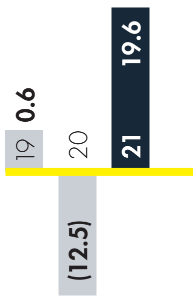


Total Dividend Declared (p)
Year-on-Year: **+3.1 pence**

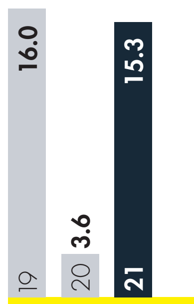


ADJUSTED MEASURES

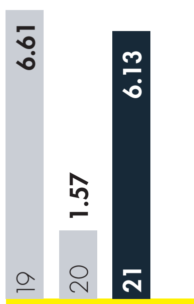
Retail Like-for-Like Revenue Year-on-Year[1] (%)
Year-on-Year: **+32.1ppts**



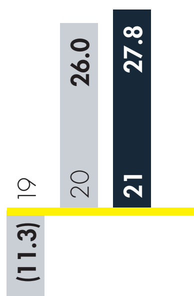
Adjusted Profit Before Tax[2] (£m)
Year-on-Year: **+325.0%**



Adjusted Earnings Per Share[3] (p)
Year-on-Year: **+290.4%**



Adjusted Net Cash/(Debt)[4] (£m)
Year-on-Year: **+£1.8m**



Notes

1. Retail like-for-like revenue is defined as sales from online and stores that have been trading for more than 52 weeks. In 2021, like-for-like revenue was £216.6 million (2020: £182.3 million), with an average of 331 stores included in the weekly calculation.
2. Adjusted profit before tax excludes the impact of items that are either one-off in nature or fluctuate significantly from year to year.
3. Adjusted earnings per share is adjusted for the items outlined in the financial review, plus the impact of corporation tax.
4. Adjusted net cash/(debt) is defined as cash and cash equivalents, less bank loans, before unamortised issue costs (notes 18 and 19). It excludes lease liabilities under IFRS 16.

1 Everscape™ Inara™ Concrete

2 Atro™ White

3 In-store design advice area

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- Record year of revenue for the Group
- Group market share goal of '1 in 5 by 2025' with good progress made in the year
- Success in strategic initiatives of expanding value offer, launch of innovative new products and further strengthening our award-winning digital offer
- Commercial revenue recovering with H2 sales growth of 55%
- Launch of new environmental goal of being carbon balanced by 2030

FINANCIAL SUMMARY

- Retail like-for-like sales up 19.6% despite trade restrictions throughout Q2
- Gross margins of 57.3% (FY20 58.5%), reflecting increased investment into value and higher shipping costs
- Strong recovery in adjusted profit before tax to £15.3 million (FY20 £3.6 million)
- Underlying net cash generation of £12.5 million including £(10.7) million of one-offs from 53rd week and deferred VAT repayment
- Business well capitalised with strong balance sheet – £27.8 million net cash at year end
- Strong returns on invested capital – Group ROCE has increased from 13.1% in FY19 to 17.5% in FY21
- Dividend reinstated based on two times full year adjusted EPS cover

CURRENT TRADING AND OUTLOOK

- Trading remains robust with two-year Retail like-for-like sales growth of 18.4% in first eight weeks (one-year Retail like-for-like sales down 0.7% against strong comparative period last year)
- Continued trading headwinds from reduced consumer confidence, global supply chain challenges and cost inflation
- Growth strategy, flexible supply chain and balance sheet strength provide confidence and platform for growth

CHAIRMAN'S STATEMENT

> The Group has managed very well over the last 18 months in some of the most demanding conditions of recent times."
>
> **Darren Shapland**
> Chairman

Introduction
Welcome to the 2021 Annual Report for the Topps Tiles Group. At the end of a second year, which has been significantly impacted by Covid-19, it feels like an appropriate time to reflect on how the business has coped with the unprecedented challenges it has faced over the last period. Overall, I feel that the Group has managed very well over the last 18 months, in some of the most demanding conditions of recent times. Our stores have faced significant disruption for extended periods, including, in this financial year, being shut to our homeowner customers for the whole of the second quarter, and, when we have been able to trade unrestricted, managing to cope operationally with extremely high levels of customer demand. In addition, we have faced challenges across global supply chains, the 'pingdemic', shortages of labour, and the end of the Brexit transition period on New Year's Eve last year. The two key challenges around product and people have been central to much of our thinking over the last year and will remain so as we move forward.

Against this backdrop, the Group has retained its key focus on providing excellent service to our customers and, as a result, delivered its highest ever level of revenue in a financial year. Given this achievement, my keenest sense is that of gratitude to the people who work throughout the Group – in our Retail stores, logistics operation, support office and Commercial business – for their effort and commitment. I believe that the quality of our people and the culture of the business have been key to the successful navigation of this period and are the essential building blocks of our current and future success.

Purpose, Goal and Strategy
The core purpose for the business is to inspire customers through our love of tiles. This purpose gives the business great strategic clarity in that the opportunities we pursue leverage our core specialism in tiles and closely associated products. It also includes the emotional connection that our colleagues and customers have to our products – tiles are more than building materials, they are decorative products that help our customers express their personality through their home.

Our new goal for the business was launched last year, which is to grow our share of the combined commercial and domestic market for tiles, adhesives and grouts to 20% – accounting for £1 in every £5 spent on these products in the UK. This is a substantial market, worth nearly £1 billion, and therefore represents the opportunity to deliver significant growth. Our aim is to achieve this by 2025 and we have made progress this year, growing our share to approximately 17.6% in periods where we were able to trade without restrictions.

Within our omni-channel Retail business, Topps Tiles, we are focused on the UK domestic tile market and our strategy of "Great Experience, Great Product and Great Value" will ensure that we stay focused on these three key pillars of our competitive advantage. Our Commercial businesses, Parkside and Strata, have a strategy of "Disrupt and Construct" – disrupt the existing commercial tile sector and construct a market-leading business. The commercial market remains under pressure following the closure of key sectors, but we remain committed to our goal of market leadership.

A new area within our strategy this year is the addition of "Environmental Leadership". In this report, we are launching our new environment goal of being carbon balanced as an organisation by 2030, ten years ahead of the BRC's net zero by 2040 target and 20 years before the UK Government's target for 2050. This is an exciting challenge for the business, which will guide our colleagues in their decision making over the next few years as we seek to minimise our impact on the planet and lead the thinking in this area across our industry. I am delighted that Rob Parker, our Chief Executive, will take accountability for this at Board level. Please see the Strategic Report for much more information on this subject.

Performance
In a year containing two further lockdowns, our performance has been strong. Revenues were up 18.3% against last year and adjusted profit before tax was up from £3.6 million last financial year to £15.3 million this year. Statutory profit before tax was £14.3 million compared to a statutory loss before tax of £9.8 million last year, which included the impairment of our commercial assets. Our balance sheet also remains strong, with adjusted net cash at year end of £27.8 million, up slightly against £26.0 million at the start of the year, and we have available headroom against our banking facilities of £66.8 million. A full discussion of our financial performance can be found in the Financial Review section of this Report.

Dividend

We suspended the dividend at the Interims stage of FY20 due to the uncertainty caused by the pandemic. Since then, we have been carefully reviewing the Group's financial performance and balance sheet position, as well as considering the wider social and economic environment. As indicated at this year's Interim results, the Board is readopting our policy of a two times dividend cover, such that approximately 50% of post-tax adjusted earnings are remitted back to Shareholders.

This year, we are recommending that a dividend is paid based on the adjusted profits of the entire financial year (not just the second half) and therefore the Board is recommending a final dividend for the year of 3.1 pence per share (2020: zero). Therefore, dividend cover for the year on an adjusted earnings per share basis is two times (2020: n/a).

Board and Leadership Changes

Following Rob Parker's appointment as Chief Executive last year, this year has seen more changes around the Board table. In November, Stephen Hopson joined the Group as CFO and, later in the year, we welcomed two new independent Non-Executive Directors, Diana Breeze and Kari Daniels. Stephen has extensive experience across both the retail and commercial sectors, including in the building materials industry. Both Diana and Kari are Executive Directors in other businesses – Diana is currently Group HR Director at Bunzl, and Kari is CEO of Tesco Ireland – each with wide-ranging experience in their fields. Diana has taken on the Chair of the Remuneration Committee and Kari has taken the role of Employee Engagement Director. Keith Down has taken the role of Senior Independent Director in addition to his existing role as Chair of the Audit Committee. Please refer to the Governance section of this Annual Report for further information about the various Board Committees.

Diana and Kari replaced Claire Tiney and Andy King, who both served for nine years on the Board. Once again, I would like to place on record my thanks to both Claire and Andy for their substantial contribution over the years.

Within the Executive management team, our Commercial Managing Director Brian Linnington has retired and, as of 1 October 2021, our Deputy Managing Director for the Commercial business, Dan Little, has been appointed to replace him. Given our focus on developing our people, the Board was delighted that Dan was appointed to the role, given 20 years of experience in the Group, and we are confident that Dan is the best candidate to lead the Commercial business moving forward. After ten outstanding years with the Group in various roles across Buying, Operations and, most recently, creating and then leading the Commercial team, Brian will be much missed, and we wish him a long and happy retirement.

Corporate Governance

In line 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. As described above, we have seen several changes in the composition of the Board during the last two years and I am pleased that the Board continues to function well and has made good progress in its development plan. The wide range of senior level experience with significant sector expertise contained on the Board has served us well through what has been a challenging business environment. With the appointment of Diana and Kari to the Board, we are now compliant with the recommendations from the Hampton-Alexander Review, which recommended that women should make up at least one-third of Board members.

Our People

Topps Tiles is a customer service-based business and, as a result, our people are at the heart of our organisation. We provide training and development programmes for all colleagues, and clear and open communication across the business is a key aspect of our culture and our success – no more so than in the current period, when the ability to meet face-to-face has been regularly challenged.

The business operates a successful engagement forum, TeamTalk, with Board representation to ensure colleagues' views are represented at Board level, in line with best practice.

Last year, I called out our warehouse colleagues for particular praise, given they were a key group who continued to work throughout the crisis, even when our stores and offices were shut. This year, it has been very clear to me that all colleagues across the Group have delivered extraordinary levels of effort and commitment. We take pride in listing the name of every colleague in this Annual Report, starting on page 158, and on behalf of the Board, I would like to thank them again.

Summary

The business has performed extremely well through the last two years. We have a strong balance sheet, good cash generation and a growth strategy that continues to be the right one for the Group. We are taking good steps towards delivering our market share goal, which will deliver value to our Shareholders, employees, suppliers, customers and wider society. Although there are undoubtedly challenges ahead, particularly in areas such as global supply chains, resourcing and inflation, I conclude by returning to my opening point: our business and its management team have coped very well with the significant challenges of recent years, and I therefore look forward to the forthcoming period with a sense of confidence that the Topps Tiles Group is well positioned to deliver sustainable value in the future.

Darren Shapland
Non-Executive Chairman

INVESTMENT CASE

REASONS TO INVEST

1 ATTRACTIVE MARKET DYNAMICS

Topps Tiles Group operates in a large market worth over £1 billion, with stable long-term demand and minimal disruption from alternative technologies. We are the clear market leader but still only account for c.17.6% of what is a fragmented market, giving us lots of headroom to grow.

Read more about our market on pages 10 to 11

2 AMBITIOUS GROWTH STRATEGY

Our goal is to deliver a 20% market share by 2025 through expansion in new product areas, expanding our range in our value offer and through building a scale business in Commercial. Our stores have relatively low sales densities and we already have national coverage, allowing significant upside potential.

Read more about our Strategy on pages 15 to 25

3 STRONG BALANCE SHEET

We have exited the pandemic with cash on the balance sheet, no debt and headroom of £66.8 million against our banking facilities. This allows the business to invest for growth.

Read more about our financial performance on pages 28 to 33

4 GOOD CASH GENERATION

We generate high-quality profits that convert to cash well due to high gross margins, negative working capital and low capital expenditure requirements.

Read more about our financial performance on pages 28 to 33

5 ENVIRONMENTAL LEADERSHIP

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

Read more about Environmental Leadership on pages 20 to 21

OUR STRENGTHS

1 OMNICHANNEL CUSTOMER PROPOSITION

Our multi award-winning retail website has approximately three times the web traffic of the 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 an advantage over online competitors.

Read more about our Retail strategy on pages 22 to 23

2 NATIONWIDE COVERAGE

We are the only tile distributor in the UK to offer full national coverage, trading from 313 retail locations to offer unrivalled convenience for trade customers and allowing the whole UK population to access our products in person.

Read more about our Channels on pages 12 to 13

3 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, 74% of which are exclusive to us.

Read more about our Leading Product Strategy on pages 16 to 17

4 WORLD-CLASS CUSTOMER SERVICE

Our customers are often buying a product that is unfamiliar to them, requiring a high level of support, and we are proud that our overall satisfaction scores of >85% are world class.

Read more about our Leading People Strategy on pages 18 to 19

STRATEGIC REPORT

CONTENTS

The content of this Strategic Report meets the content requirements of the Strategic Report as set out in s414a of the Companies Act 2006. This Strategic Report and Chairman'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.

1 Everscape™ Enis™ Black Slate Modular

MARKETPLACE

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 renovation, maintenance and improvement of residential properties, and the commercial market includes commercial building projects in their many forms, as well as new build residential property, including housebuilding and apartment blocks.

An external survey of the tile market is published by Mintel in September each year. It covers the whole of the UK tile market, based on manufacturer and supplier data. The September 2021 report estimates the 2020 total market at £327.0 million at MSP (manufacturers' selling prices), down from £375.5 million in 2019, with a projection for 2021 at £385.2 million, an increase of 17.8% year-on-year, and 2.5% higher than the pre-pandemic market size.

The decline in 2020 was due to Covid-19, which, as the Mintel report notes, had a rapid and strong impact on both supply and demand as the economy closed down in the first half of the year. However, the decline across the whole of 2020 was far less severe than initially thought – in the previous year's report, Mintel's forecast for 2020 was £285.8 million – with strong demand returning in the second half of the year.

Domestic Tile Market
The domestic tile market, like much of the UK economy, has been extremely volatile over the past two years. In normal times, a home improvement project is generally regarded as discretionary spend and therefore consumer confidence is seen as a good indicator of future growth. However, due to the pandemic, there are other factors influencing levels of demand. Following the initial national lockdown in March 2020, the market has been extremely robust, with a wave of domestic home improvement work and a rediscovery of the love of the home. This has been driven by a number of factors: the increased amount of time people are spending in their home; a diversion of discretionary spend from other areas such as holidays into home improvement; significant levels of excess savings built up during the various lockdowns; increased housing transactions driven by stamp duty cuts and very low interest rates; and increased house prices, again partly driven by Government policy.

During FY21, consumer confidence improved dramatically from a low of -33 in November 2020 to a high of -7 in July 2021, reaching pre-pandemic levels, before falling back to -13 in September 2021 (source: GFK).

UK housing prices can also be a useful indicator of our market. In a rising market, home owners tend to feel more affluent and are more confident in spending money on their homes. During the year, UK house prices grew very rapidly, with the average price of a house in the UK at £237,528 (FY20: £218,947) (source: Nationwide). By September 2021, average house prices were 10% higher than the previous year.

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. After a subdued period in the second half of FY20, housing transactions started the year at more normal levels. However, the cut in stamp duty announced in July 2020 had a significant impact with large numbers of transactions going through in March 2021 (the original taper date) and June 2021 (the revised taper). Overall, transactions for the year were 1.55 million, 57% higher than FY20 (source: HMRC).

Construction output for private housing repair, maintenance and improvement (RMI) increased by 21.1% across the period on a value, non-seasonally adjusted prices basis (FY20: declined by 12.4%) (source: ONS). By the year end, the private housing RMI market had recovered to above the levels seen before the pandemic.

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 more commoditised products, in large quantities, in short timescales, but at lower prices. Although the focus for our commercial business is on customers in the former category, where we can leverage our access to differentiated product through our supplier relationships, the Group's buying advantage and stock-holding position also supports volume sales.

The commercial tile market was hit hard by Covid-19 and, unlike the domestic sector, has yet to recover 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.

Construction output for the private commercial sector declined by 7.2% across the period on a value, non-seasonally adjusted basis (FY20: declined by 15.6%) (source: ONS).

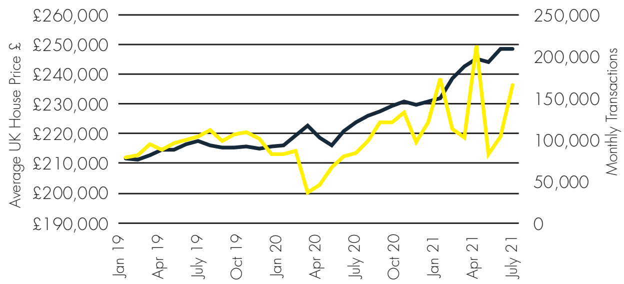
1 Linear Dove Matt

2 Brada Storm Rigid Core LVT and Zellica™ Antique White

3 Everscape™ Alrosa Travertine

KEY STATISTICS

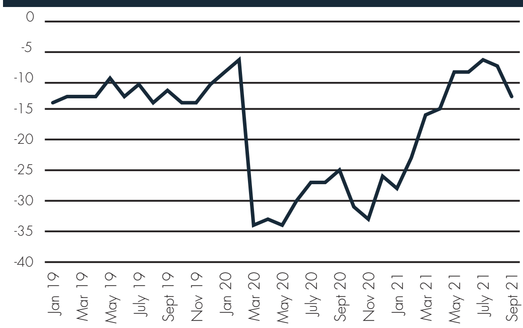
UK House Prices and Transactions



Source: Nationwide, HMRC

● House Prices ● Transactions

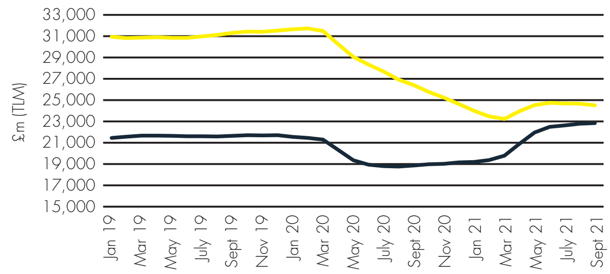
Consumer Confidence



Source: GFK

● Consumer Confidence (3 month Average)

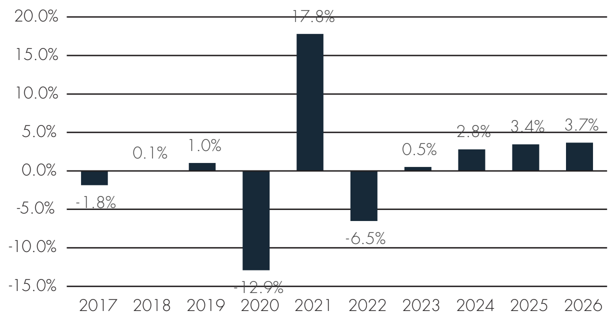
Building Materials Market Size



Source: ONS

● Private Housing RMI ● Private Commercial New Work

Mintel: UK Ceramic Tile Market (YoY%)



Source: Mintel

UK SPECIALIST WITH KEY FOCUS ON GROWTH

Topps Tiles is the largest tile specialist in the UK. The majority of revenues are generated from the retail market for the renovation, maintenance and improvement of UK homes. Over recent years, the business has diversified and expanded into the commercial tile market, which approximately doubled the size of our addressable market while staying within our core specialism of tiles. The commercial market includes tiles supplied for both new build and refurbishment of commercial premises across sectors such as leisure, transport, retail and office buildings, and new build residential housing. Both the Retail and Commercial operations within the Group derive benefit from the scale of the business, the specialist focus of our business model and our passion for tiles. We enjoy a competitive advantage in sourcing differentiated products from around the world that we can access on an exclusive basis and deliver world-class customer service through our store network, award-winning digital platforms and Commercial sales teams.

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. Owning as much of the post-manufacture supply chain as possible is a key aspect of our business model and an important source of competitive advantage. Our buying scale and customer reach allow 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 also includes our 150,000 sq ft warehouse in Leicester and a fleet of 21 commercial vehicles. This gives us an unrivalled control over our inventory and delivery capability.

PRODUCT INNOVATION

We inspire our customers with a market-leading product range, 74% of which is exclusive to us. We achieve this by working collaboratively with our key suppliers to develop new ranges; with Topps Tiles providing the customer insight into emerging style trends and the manufacturer providing the technical knowledge and production capability. Technology is an important aspect of modern tile production with innovations such as digital printing and new glaze technologies allowing a much greater variety of patterns and finishes. We have made full use of these new technologies in recent years to further enhance the breadth and quality of our market-leading tile range.

PEOPLE

At our heart, we are a customer service-based business and, as a result, our people are one of our most important assets. We aim to provide our customers with high-quality advice and inspiration, and to do this successfully we need highly engaged specialist teams in store and in our direct sales force that can engage with our customers and truly inspire them. Technical knowledge and a strong service ethic are paramount, and we invest significant amounts of time and effort in training our people every year.

CHANNELS

We operate multiple channels to market to provide all our customers with access to our market-leading product range and service in the most convenient format for them.

Retail

For our omni-channel Retail 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 313 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. This flexibility means Topps Tiles stores can be found in a wide variety of locations including high streets, retail parks, trade parks and on main arterial roads on routes to larger shopping destinations. Our store portfolio operates predominantly on a leased basis with an average unexpired lease term of less than four years, giving us flexibility to manage the portfolio.

Retail customers very often choose to use our website to conduct initial research into their projects or to maximise convenience by using this as a payment channel. The vast majority of our customers will use our website at some stage in their purchase journey with us. We are continually innovating our digital offer and our website is multi-award winning. Social media is very important to us as this provides an opportunity to create a community of influencers and traders with an interior design focus.

Trade customers – independent tile fitters contracted by customers to complete their domestic tiling projects – are a vital sales channel for our Retail business.

Our trade customers now account for approximately 57% of our Retail sales. In some cases, we may not have a direct relationship with the homeowner, which is why our relationship with our trade customers is very important to us.

These relationships are built on the basis of our specialist credentials, our ability to provide excellent technical knowledge and a range of specialist products, which ensures we cater for all of our traders' needs.

Commercial
In the Commercial market, we serve the client through our team of high-quality salespeople. These creative, friendly 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.

Our salespeople are supported by our sales support teams, who provide quotes and general support with logistics and delivery.

Our Commercial business is also supported by a small physical presence in key markets, for example our Clerkenwell Sustainability and Design Studio, which is a creative hub for the design community, where designers, architects, clients, and our representatives can come together for innovative conversations on their latest projects.

In addition, our Commercial business is very active in the digital space, with considerable social media engagement with the designer and architect community.

BRAND

The tile market has very few recognised product brands and in the absence of these pointers for customers, the business brand becomes very important.

Retail
Topps Tiles is the UK's leading specialist tile retailer with 85% prompted awareness with consumers who have recently purchased or who are about to purchase tiles. Topps Tiles' focus is on driving consideration with the decision maker and resulting in increased sales from both homeowners and traders. Our customers tell us they want inspirational service at all points of contact and quality "on-trend" products at a range of price levels that they can buy conveniently.

Commercial
The Parkside and Strata brands already have significant heritage in the Commercial sector. We are continuing to build these brands and, over time, our ambition is to become the market leader in Commercial.

VALUE FOR CUSTOMERS AND CLIENTS

Retail
We deliver value to our Retail customers by combining differentiated products with excellence in customer service, the convenience of a nationwide store network and a world-class website. This is combined with competitive pricing to ensure that all of our customers receive great value.

Commercial
We deliver value to our Commercial clients by providing access to a wide range of manufacturers' products, often on an exclusive basis. We combine this with friendly, efficient and professional customer service, significant environmental credentials and our Group scale, which allows us to offer advantaged pricing and often advantaged availability.

1 Klarity™ Light Oak

STRATEGY AND PROGRESS

"This result demonstrates the success of our growth strategy and is a good step towards the achievement of our goal."

Rob Parker
Chief Executive

Summary of Performance

2021 was a record-breaking year for the Topps Tiles Group. Our revenue of £228.0 million or £223.7 million on a 52-week basis, was the highest we have ever achieved, and Retail like-for-like sales growth was 19.6%. This was an excellent result, particularly given that our stores were closed to our homeowner customers for just over three months between January and April due to Covid-related Government restrictions.

Our performance was supported by a buoyant home improvement market during this period; however, we believe this result also demonstrates the success of our growth strategy and is a good step towards the achievement of our goal of accounting for £1 in every £5 spent across the UK tile market by 2025 ("1 in 5 by 2025"). The year started very well, with like-for-like growth in our Retail business of 19.9% in the first quarter, building further on the strength of the final quarter of the previous financial year. Commercial sales were also strong and gross margins were in line with our targets. On 19 December 2020, the new 'Tier four' restrictions came into effect for large parts of England, which quickly turned into a new national lockdown early in the new year. As a result of further changes to regulations, from 5 January to 11 April 2021, all our stores in England were closed to homeowners, with registered traders allowed to enter the store to visit the trade counter only and no browsing permitted. Broadly the same restrictions were in place in Wales, Scotland and Northern Ireland.

This period of trading disruption had a substantial impact on sales, which were more than £20 million lower in Q2 than Q1. Retail like-for-like sales were down 17.3% in the second quarter and commercial projects once again slowed, particularly in the hospitality and leisure sectors. Adjusted profit before tax in the first half was £5.1 million (2020: £1.2 million; 2019: £7.0 million[1]) including *c.*£4.4 million of business rates relief.

Operationally, the business responded with great flexibility to the trading restrictions. Online sales were up 135% in the second quarter compared to last year, and our Retail website delivered record weekly performances for revenue, orders, website traffic and conversion. Our supply chain once again shifted from a focus on bulk picks for store replenishment to a focus on single picks for direct customer deliveries. Our Commercial business shifted its focus into sectors that were less impacted by the lockdown, which offset the majority of the decline in hospitality and leisure.

The trading period since reopening on 12 April 2021 was extremely strong. In Q3, Retail like-for-like sales on a two-year basis were up 18.5% in the 11 weeks after reopening, and that strengthened to 21.7% growth in the final quarter. On a one-year basis, Retail like-for-like sales were also in growth in Q4, up 3.0% against a comparative period last year, which saw a strong bounce back in sales following the initial national lockdown. Commercial sales in the second half were up 55% year-on-year, and forward indicators are encouraging as we move into the new financial year.

Profitability rebounded strongly in the second half. Adjusted profit before tax was £10.2 million (2020: £2.4 million; 2019: £7.0 million[1]), driven by the strong sales performance, with lower gross margins (2021: 57.1%; 2020: 57.7%; 2019: 62.0%) due to higher shipping costs, our investment into value and product mix changes, and well controlled operating costs. No government support was included in our second half adjusted profit before tax.

In aggregate, the business delivered £15.3 million of adjusted profit before tax (2020: £3.6 million; 2019: £14.0 million[1]).

Our balance sheet has remained strong throughout the year following the move into a net cash position in FY20, and we finished the year with £27.8 million of adjusted net cash, with headroom against our banking facilities of £66.8 million. The net cash inflow of £1.8 million includes £10.7 million of outflows relating to the timing of the 53rd week and deferred VAT repayments, meaning the underlying increase in cash was £12.5 million in the year. With the strong performance in both profit and cash, we are proposing the resumption of dividend payments to Shareholders with a final dividend payment of 3.1 pence per share.

Note 1: The Group's adjusted profit before tax in 2019 excluded Commercial trading losses of £1 million in each half of the year. From 2020, Commercial trading was included in adjusted profit. The Commercial losses in 2019 have been included in the figures quoted above to aid comparability over the three year period.

OUR STRATEGY

Core Purpose, Goal and Strategy
The core purpose of the Group is to inspire customers through our love of tiles. This gives us a very clear focus on our chosen specialism and encourages all of our colleagues to be passionate about the products we sell. We operate in a large market. In 2019, the value of the UK market for tiles, adhesives and grouts was around £950 million, and the market for all the products we sell was significantly over £1 billion. Last year, we announced a new goal for the business based on our market share across both the domestic and commercial markets, and encompassing tiles, adhesives and grouts. The goal is to account for £1 in every £5 spent on tiles and associated products in the UK by 2025: '1 in 5 by 2025'. A 20% market share would represent a significant increase from our estimated 2019 market share of 17% and would require an outperformance of the market by around 3.5% per year between 2020 and 2025. In 2021, we recognise that some competitors who did not face physical restrictions on trading are likely to have gained some share over the lockdown period, particularly generalist DIY stores and pure play online operators. We estimate that our market share in 2021 in periods where we were allowed to trade without restrictions was c.17.6%, representing a good initial step towards our goal, although the circumstances of the year make it particularly difficult to measure. However, our sales performance in the period when we traded free of restrictions gives us confidence in the longer-term ambition of achieving our goal. Our strategy to deliver our goal in our Retail and Commercial businesses has been underpinned by our Group strategies of "Leading Product" and "Leading People", which are described in the following sections. However, this year has also seen an important expansion of our strategy, with the inclusion of a new element "Environmental Leadership". We aim to be ambitious and lead our market in this area, working with manufacturers to bring products to market that will help our customers reduce their environmental impact on the world. We will also reduce the direct impact of the Group on the environment, mainly through reductions in our carbon emissions.

OUR STRATEGY

LEADING PRODUCT

1 Kanzi™ Natural

As the UK's leading tile specialist, our expertise in the ranging, sourcing and procurement of tiles on a global basis is a core part of our competitive advantage. We work with carefully selected manufacturing partners around the world to develop and produce differentiated products that are innovative, of high quality and exclusive to Topps Tiles. We protect the intellectual property and design assets we create through partner exclusivity and design registration. With the integration of the Parkside and Strata commercial brands, we are able to leverage these core strengths across both sides of the business.

Progress and Outlook

This has been an extremely testing year for all supply chains and we have had to rely on the strength and flexibility of our supplier relationships and our logistics teams more than ever. During the various periods of restrictions and releases, sales volumes have been volatile. In addition, securing supply has, at times, been challenging, with uncertainty around the availability of product and shipping capacity as well as significant increases in the costs of both shipping and transportation. We are well placed to deal with this uncertain environment due to our scale and expertise, including our global sourcing capability. We also leverage our relationships with key suppliers to secure stock. Our strategic supplier base accounts for *c.*70% of our purchases (2020: 80%) reflecting sourcing changes as a result of supply chain disruption, and particularly our reduced exposure to the Far East.

Despite the challenges, we have been able to maintain a continuity of supply to our business. We took the decision to maintain a higher level of inventory than historical averages, which, we believe, gives us a significant advantage over our competitors. We ended the year with £32.8 million of inventory across the stores and central warehouse; £3.4 million more than last year. Our 150,000 sq ft warehouse in Leicester forms a key part of the robustness of our supply chain.

We decided early in the year not to slow down the flow of new product into our Retail business, despite stores trading being disrupted, and delivered 52 new product introductions in the year. Of these new products, more than one-third (38%) were design-led by us in collaboration with key supply partners: 74% of our retail ranges are either own brand or exclusive to us and this remains key to our product differential.

Highlights of the year included Everscape™, our 2cm porcelain outdoor range, which was doubled in size to 35 lines, including grouts, trims, pedestals and primers; the launch of luxury vinyl tiles into 50 stores and online; the development of new products with high recycled content and antibacterial properties; and entirely new brands, such as DEX™, our new tools range.

In our Commercial business, we continue to expand our product offering into different sectors, for example for use in swimming pools, dry fix products (largely suitable for transport hubs) and luxury vinyl tiles. Our Commercial business now has access to over 8,500 lines from over 160 suppliers globally.

Technical authority is a further key aspect of differential in our market and we are leaders in this field, working closely with our strategic supplier base to set exacting standards on quality and performance. We have our own in-house technical team to meet the demands of our broader customer base and offer key technical information and on-demand support across all channels through our dedicated in-house testing facilities and quality control.

2 Kanzi™ Natural and Catania™ Violet

2

LEADING PEOPLE

The Group's success is underpinned by the quality and commitment of our colleagues. This ensures excellence in both service to our customers and clients, and in the support provided to store teams by our Leicester support office, supply chain and field teams. Our Leading People initiative is about having the best people, leading the best people, and is focused on three key areas of engagement, capability and wellbeing.

Progress and Outlook
Our focus on colleague engagement has been more important than ever through the disruption of the last two years. Our annual MyVoice staff survey gives colleagues the chance to have their say about the Company, its leadership, their work and wellbeing. We had an excellent response in what was a difficult period operationally and for the country, with 81% of colleagues responding in FY21 (up 11 ppts from last year), and 80% of colleagues positively engaged with the business (up 6 ppts from last year). We were also ranked 12th in the annual Retail Week and Glassdoor survey of best retailers to work for in the UK.

We invest in capability through formal training programmes and through the development opportunities we provide; 50% of vacancies across the Group are filled internally, enabling us to offer progression within the business as well as retain the technical skills of store colleagues.

As we continue to focus on an culture that is open, supportive, transparent and dedicated to the wellbeing of all of our colleagues, we are concentrating on five aspects of wellbeing: physical, mental, social, career and financial. There was a particular emphasis this year on mental and physical wellbeing, including further training for our 48 mental health first aiders, 'Tea and Talk' sessions and a Company-wide scheme to 'March forward', which encouraged our colleagues to get physically active during the month of March, whilst raising money for our corporate charity, Macmillan Cancer Support.

The recruitment and retention of colleagues has become an ever more important priority for the Group, particularly with well-documented shortages of labour across the UK economy and many people re-evaluating their career and life choices following the pandemic. Drivers, especially heavy goods vehicle drivers, are in particularly short supply and, at times this year, we have relied more on contract drivers than we would like, which adds cost and can reduce the reliability of our service. We have increased our efforts to recruit directly in this area, and emphasised the strength of our overall employment offer to current and future colleagues. As a result, we are starting the new financial year in a better position than we finished the last one. Recruitment and retention of high-quality staff remains one of the top priorities for the Group.

What our customers say:

"Photographs cannot do these tiles justice because the scattered holographic tiles look so different in different lights – sometimes they are silver, at others yellow, orange or pink. The tiler said they were easy to work with and that he would definitely be using them in his own bathroom when he moves. I am thrilled with the end result."

Spectre™ Sky

CASE STUDY

LONG SERVERS

Topps Tiles Group continues to be recognised nationally as a great employer, ranked 12th in UK retail by Glassdoor, based on reviews submitted by colleagues.

At the end of the year, more than a fifth of colleagues had clocked up more 11 years' service (350 colleagues), with ten individuals with more than 30 years' service.

One such colleague in the latter group is Raj Surani, who this year marked 40 years with the Company.

Having joined the company in 1981 after spotting an advert in one of our Leicester stores, he has managed a number of stores over the decades but still has no intention of leaving!

"A big part of that is the family feel – we're a big company but we still work in small teams and that's why you stay close to people you work with," he said.

"It says a lot that there are so many long servers but it's the way of the company and its success – if you look after your people they look after you. We had 38 stores when I first started, I could never have imagined that we would end up with nearly ten times that at one point, but that's the ambition of the business – and when you work for the best, why would you want to go anywhere else?

"It's grown and developed over the years, the things we sell have changed many times, and there's always something new to learn, but we're here to make customers' projects come to life. It's not rocket science, but we are very, very good at it."

Junior Buyer Kevan Richardson feels the same way after 25 years with the business.

He said: "I have seen the estate go from 30 to 300 stores, technology shape the way we work and, most importantly, I have seen the way Topps has kept that family feel.

"From the way our teams work with each other to the personable approach of our Executive management team, I have always felt a part of something and long may that continue!"

Store Manager Andy Waterfield, who joined Topps in 1985, said: "I have traders who have followed me from store to store because they know I have the knowledge and I enjoy helping them; I've even had a few of my assistant managers who have gone on to be tilers and come to me for their tiles and advice.

"It has changed so much over the years, both in tiles and in technology, but we've always had that family feel and I've always loved service customers and the buzz you get when you get the sale."

Warehouse operative Keith Rudkin retired this year after 25 years with Topps. He also recalled many fond memories of a quarter of a century of working. "It's always felt like Topps is a second family to me. It's important to get on with your colleagues, sometimes you spend more time with them than you do with your family, and I've made plenty of friends over the years. I'll miss the place in a funny way, there's been a lot of good times," he said.

1 Raj Surani, Thurmaston store Deputy Manager

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OUR STRATEGY

ENVIRONMENTAL LEADERSHIP

For many years, Topps Tiles has been focused on its environmental impact and, for the last two years, we have had a cross-functional Sustainability Council, involving colleagues from all areas of the organisation, driving change through the business. Significant progress has already been made on the use of LED lighting in stores, waste reduction, recycling tiles and pioneering investments into greater recycled content in tiles and other products through manufacturing partnerships.

It has, however, become very clear that all businesses need to do much more and we have challenged ourselves to set a stretching ambition for our business. Our ambition is to lead our marketplace in environmental credentials and, specifically, we intend to become carbon balanced as a business by 2030. This will mean we will have measured, reduced and, where required, offset our carbon emissions to net zero by 2030, ten years ahead of the BRC retail industry ambition of being Net Zero by 2040.

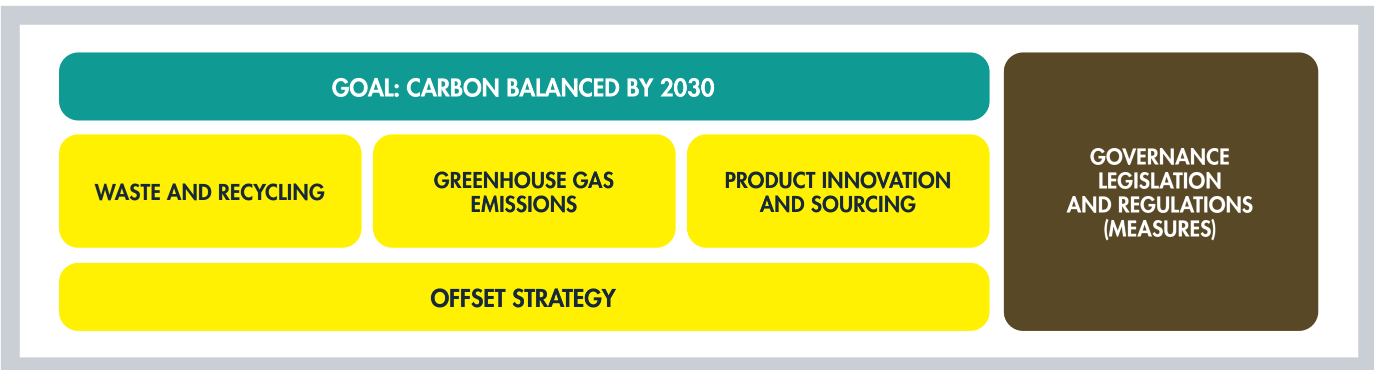
We have a growing partnership with the World Land Trust and are working with them to understand our current status and build our plans to minimise our impact on the environment in the future.

The 2030 target is near enough to create personal ownership within our management team and is a realistic goal that will motivate our colleagues. The nine-year time horizon means Topps Tiles will lead our market in many aspects of sustainability.

Our strategy to drive environmental leadership and achieve our goal has five main elements:

- Ensure we have the right governance in place to deliver the goal, meet the legislative requirements and regulations. Also, we must ensure we are measuring our environmental impact and have a road map to the goal;
- Work with partners to minimise waste and drive recycling and the use of recycled materials;
- Eliminate as much as possible our current carbon emissions (our focus will be on Scope 1 and 2, whilst working with our business partners to influence and reduce the Scope 3 emissions);
- Drive product innovation to increase the use of recycled materials in tiles and related products, and use strategic sourcing to minimise our environmental impacts; and
- Use high-quality and auditable carbon offsets to balance our remaining emissions as part of the pathway to being carbon balanced by 2030.

Topps Tiles has established a new governance structure to support the carbon balanced goal. Rob Parker, Chief Executive, will lead the strategy at a Board level, chair our steering group, and work with the Audit Committee to ensure appropriate measures and KPI tracking is in place. Dan Little, Managing Director of our Commercial business, will continue to create the link between the steering group and the cross-functional Sustainability Council. The Sustainability Council will continue to work on reducing our environmental impact across all areas of the organisation.



CASE STUDY

CRIATERRA (PARKSIDE)

Criaterra is a zero-waste tile made from 100% natural materials with a 90% energy saving over ceramic products.

The wall tile challenges the conventions of production and design and is 100% biodegradable, taking a bold step to product circularity.

Criaterra is entirely made from natural materials, entirely recyclable and entirely biodegradable: a true zero-waste wall tile. Using up to 70% upcycled content from quarry waste (stone powders), clays and plant fibres, the wall tile uses a low temperature process that reduces greenhouse gases and takes 90% less energy than conventional ceramics.

Under the principle of Circular Earth Technology, Criaterra starts with 100% raw materials, even natural pigments, with up to 70% of these materials post-industrial recycled. The tile is then made with a patented process that replaces conventional high temperature firing for a 90% reduction in energy use and a 92% reduction in greenhouse gas emissions. Thermally efficient (600% that of concrete), Criaterra also provides energy savings in use. At the end of life, it can be recycled or degraded back into the earth as nutrients.

PRASIANO (PARKSIDE)

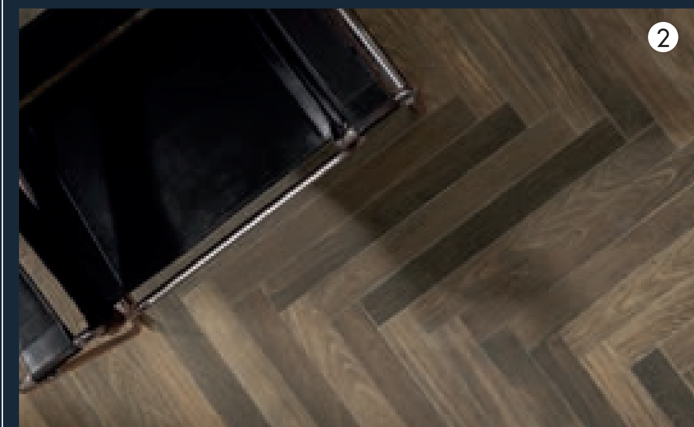
Prasiano was created with the vision of being a more durable, sustainable and cost-effective option to real wood, while still being stylish with a premium feel. With 55% recycled content, Prasiano is a great option for customers who are looking for a more sustainable product than real wood look.

The tiles have a solid wood effect that is a mix of two colours: Oak and Pewter. The rectified finish allows the tiles to be laid with smaller grout joints, therefore replicating real wood as closely as possible.

1 Criaterra

2 Prasiano

1



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OUR STRATEGY

RETAIL

Last year, we launched a new strategy in our omni-channel Retail business – "Great Experience, Great Product and Great Value" and we made substantial progress within the year, delivering an excellent overall result. We strive to ensure that the journey for all of our customers starts and ends with a great customer service experience – whether in-store, online or both – and we complement this with a range of market-leading products supported by our Leading Product initiative. Ultimately, these are combined to deliver great value to our customers.

Progress and Outlook

The Retail business had an excellent year, delivering sales of £219.4 million over 53 weeks (£215.3 million on a 52-week basis; 2020: £185.3 million). The experience we offer our customers is central to our offer. The majority of our customers shop infrequently for tiles, which means that when they do, they value our advice and expertise, whether in a store or online. Overall, despite our stores being closed to homeowners for a quarter of the year, our customer satisfaction scores remained at world-class levels. Our overall satisfaction score for the year was 88.4% (2020: 88.5%) and we were delighted to win The Tile Association's 2021 award for Excellence in National Retail. Our digital offer also provides a great experience to our customers and, this year, this was evidenced by a significant number of awards, recognising the quality of our offer, as follows:

- Winner of 'The Mastermind' award at the Adobe Experience Maker Awards
- B2C Ecommerce Website of the Year at the UK Digital Growth Awards
- Global DIY, Home, Furniture and Interior Design eCommerce Website of the Year at the Global eCommerce Awards 2021
- Best Use of Search B2C award at the European Search Awards
- Best Wholesale and Trade eCommerce and Best B2B eCommerce site at the Ecommerce Awards 2021
- We were also ranked as one of the Top 50 retailers in the UK in Internet Retailing's annual "RetailX Top 500" report, ranking retail websites across all sectors in the UK

Our performance online has continued to be very strong. Our Retail website had 12.3 million unique visitors in the year, up 31% against 2019, which we believe is approximately three times the level of our next biggest competitor. On social media, our Facebook and Instagram impressions were up 184% year-on-year. On Pinterest, we have an engaged audience of over 900 thousand people, up from 600 thousand at half year. Across Facebook, Instagram, Pinterest and YouTube channels, social media continues to become an increasingly important area of focus.

Our customer base splits into two distinct but related groups – professional fitters (trade) and homeowners. Trade customers represent 57% of our total sales (2020: 55%) and provide a vital link to homeowners who prefer to transact through their fitter rather than with us directly. During the second quarter, this link was especially valuable as only registered traders were able to enter our stores due to lockdown restrictions. Our stores remain central to our omni-channel offer and driving customer convenience., particularly for our trade customers. Almost every customer visits a store at some point in their purchase journey, and almost all customers use the website at some stage too. We offer the ability to collect online orders from stores, and approximately 30% of online sales are collected.

We have continued to review our store footprint, identifying areas of overlap and taking opportunities to consolidate stores where these exist, to enhance store profitability and returns. During the year, we have closed 31 stores, opened two new stores and relocated two stores, finishing the year with 313 Retail stores (2020 year end: 342 stores). We continue to target a core estate size of approximately 300 stores, having reduced the size of the estate from 372 units at the end of 2017. The reduction in store numbers has helped to drive incremental profits as we are able to transition sales from a closed store to other stores in the area. We continue to actively manage our store estate, and our relatively short unexpired lease term to the next break opportunity of 3.3 years (2020: 3.4 years) provides us with good flexibility within our portfolio. Removing stores which are strategically important (where we have proactively taken longer terms to secure our tenure) from that calculation reduces the average unexpired lease term to break to 3.0 years (2020: 3.3 years). Of the 49 non-trading stores in the estate during 2021, 30 were disposed by year end, and 15 others have lease breaks in 2022.

This year, we have also made substantial progress within our value offer. In our 2020 strategy review, we identified an opportunity to take a greater share of the market for lower priced tiles, specifically one million square metres of tiles with a selling price of under £20 per square metre. As a result, we launched our 'Get the Look for Less' ranges, which we have extended further over time and from which we have seen good success in the year. We have also maintained keen pricing for essentials ranges, including bulk deals for trade customers, and delivered some compelling promotions, including 'up to 50%' off sales.

We are trialling a new 'Topps Tiles Clearance' concept, which gives us the opportunity to offer even better value to customers, whilst allowing us to clear discontinued lines and mixed batch stock, within the overall Topps Tiles brand. At the end of the year, we had converted eight stores to this format with resulting like-for-like sales growth in excess of the overall estate.

CELEBRATING SUCCESS

Topps Tiles Group's Retail and Commercial brands have been filling the trophy cabinet this year, winning national and international awards.

The Retail brand Topps Tiles was awarded the national Excellence in National Retail Winner 2021 by The Tile Association at its annual TTA awards.

Chief Executive, Rob Parker, was there to accept the award as Topps Tiles was recognised for "continuing as leading innovators of design, quality, and inspiration in the UK tile industry".

The award showcases Topps' focus on its Retail business strategy of Great Product, Great Experience, Great Value.

Alongside this national award, the Group's Retail website has picked up **seven** major gongs.

The Retail website www.toppstiles.co.uk won the **Global eCommerce Awards 2021 award for Global DIY, Home, Furniture and Interior Design eCommerce Website of the Year**, alongside website development partner Tom&Co.

The judges said: "The customer feedback programme provided by this next winning entrant impressed the panel. They all thought that this was a fantastic way to keep the visibility of the brand during such a tough year. Topps Tiles' physical approach of providing a home visualiser tool was also viewed as a fantastic way to help people make the right buying choices".

The website also won the **B2C Ecommerce Website of the Year** at the UK Digital Growth Awards, which recognise and reward outstanding website design and digital campaigns in the UK.

Topps' Retail website was recognised for its award-winning user experience and exceptional omni-channel shopping journey. 'B2C Ecommerce website of the year' was an incredibly tough category with a high volume of submissions, with the site against nine other shortlisted companies such as Halfords, PAUL, Perfume Direct & Cartridge People.

Thirdly, the Retail website won the **Adobe Experience Maker Award** for 'The Mastermind' Category.

This award is a prestigious and global recognition of the omni-channel shopping experience across all channels, including online and stores, to enable customers to buy anytime, anywhere, with the help of Adobe solutions.

The Retail website is also proud to have won '**Best Use of Search B2C award**' at the European Search Awards, alongside our search partner Impression, who are now one of the best in Europe due to winning this award! This award shows that we are one of the best retailers in Europe for how we implement Google advertising, to drive traffic to our website and ultimately increasing footfall in stores. This was a tough category and Topps Tiles was up against nine other shortlisted nominees with entries from 44 European countries.

Topps Tiles is also ranked as one of the **top 50 online retailers** in the UK (by Internet Retailing). This showcases our excellent customer and website experience.

Lastly, we most recently took home two awards at the **E-commerce Awards 2021,** which were Best B2B eCommerce site and Best Wholesale and Trade E-commerce.

TileMyHome

Our new and market-leading visualisation tool, TileMyHome, launched in January 2021. Our innovative tool allows customers to view our beautiful tiles in their own home settings – it's as simple as taking a picture! Topps Tiles is one of only five retailers who has access to the wall tile function, meaning customers can get a real-life image of what their complete room will look like.

TileMyHome uses intuitive image recognition to identify floors and walls, allowing customers to lay any tile of their choice within the image of their own home and includes amazing functionality to change laying patterns and add grout.

But we don't stop there! Our development roadmap means we are constantly updating TileMyHome, bringing the latest developments to our customers first, keeping Topps ahead of the market and giving our customers the most inspirational experience possible.

OUR STRATEGY

COMMERCIAL

Parkside and Strata

The commercial tile market is significant and fragmented – at around 45% of the overall UK tile market, in a normal year it is worth in excess of £400 million, with no company having a significant share – and with our entry into this market in 2017 we approximately doubled the size of our addressable market whilst maintaining our specialism in tiles and related products. Our entry started with the acquisition of the Parkside business in September 2017, and in April 2019 we purchased the Strata business, which was complementary to Parkside. Our strategy of "Disrupt and Construct" means that we plan to 'disrupt' the existing fragmented competitive landscape and put in place the building blocks to 'construct' a new market leader. Our tile expertise, supplier relationships, size and scale as a Group is central to this plan – giving us the resources to recruit a talented sales team, invest in market-leading pricing and access the broadest range of products, often on an exclusive basis.

Progress and Outlook

We are continuing to build the capability and proposition of our Commercial business. There are now 59 colleagues in the business (2020: 52), including a sales force of 29 (2020: 26). We are establishing a strong reputation for quality and reliability with high levels of loyalty across different customer groups such as architects, designers and contractors.

Performance over the course of the year has varied, based on conditions in the various market sectors we service. Sales in the first half of £4.1 million were down 10% year-on-year, with a significant impact from the Covid-related disruption in key sectors such as hospitality and leisure during that time period. Sales in the second half were up 55% year-on-year, to finish the year at £8.6 million, 15% higher than 2020. This is a significant outperformance of the market, which was down 7.2% (source: ONS). Trading losses in the year were £1.6 million (2020: £1.9 million trading loss); however, our Commercial business is scaled to construct a market leader and we continue to invest in people and resources to enable to grow significantly as key sectors fully reopen.

Environmental leadership is particularly important in the commercial market and we have made significant progress this year. Our Commercial business is now ISO14001 accredited, externally certifying that we have an effective environmental management system, we are leading the Group environmental engagement with the World Land Trust, we have launched new packaging for our samples made from 100% recycled and 100% recyclable material, we have worked with suppliers on launch of innovative new products such as Criaterra, a zero-waste tile made with 100% natural materials with a 90% energy saving over ceramic products, and we have relaunched our Clerkenwell showroom as a Sustainability and Design Studio, where we can showcase all of the innovative work we are doing in this area to our architect and designer client base.

At the end of the year, there are some positive signs for the recovery of key commercial market sectors such as travel and leisure, and our order bay is at its highest ever level. As a result, we are optimistic that next year our sales will materially move forward and trading losses will continue to narrow as we construct an industry-leading business.

The TTA honoured Parkside with the Wall Tile of the Year Award for Spectre

Recognised for the way it 'explores the interaction of light on different surfaces', Spectre, an exclusive ceramic wall tile collection from Parkside, fought off fierce competition to be named the Wall Tile of the year 2021. Dan Little, Commercial Managing Director accepted the award.

1 London Marriott Hotel, Kensington (Parkside)

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. Specific measures include:

FINANCIAL KPIS

Group Revenue Growth Year-on-Year

18.3%

2020: (12.0)%
YoY: +30.3 ppts

How We Calculate This
Total Group revenues.

Retail Like-for-Like Sales Growth Year-on-Year*

19.6%

2020: (12.5)%
YoY: +32.1 ppts

How We Calculate This
Sales from retail online and retail stores that have been trading for more than 52 weeks.

Group Gross Margin

57.3%

2020: 58.5%
YoY: (1.2) ppts

How We Calculate This
Group gross profit divided by Group revenue.

Adjusted Profit Before Tax*

£15.3m

2020: £3.6m
YoY: 325.0%

How We Calculate This
Group profit before tax, excluding items that are either one-off in nature or fluctuate significantly from year to year.

Adjusted Earnings Per Share*

6.13p

2020: 1.57p
YoY: 290.4%

How We Calculate This
Group earnings per share, adjusted for items that are either one-off in nature or fluctuate significantly from year to year, including the impact of corporation tax.

Adjusted Net Cash*

£27.8m

2020: £26.0m
YoY: +£1.8m

How We Calculate This
Cash and cash equivalents less bank loans, before unamortised issue costs. It excludes lease liabilities under IFRS 16.

Inventory Days

123

2020: 134
YoY: (11)

How We Calculate This
Inventory value divided by cost of sales multiplied by 365 days.

1 London Marriott Hotel, Kensington (Parkside)

NON-FINANCIAL KPIS

Retail Customer Overall Satisfaction Score

88.4%

2020: 88.5%
YoY: (0.1) ppts

How We Calculate This
Calculated from responses we receive through our TileTalk customer feedback programme in Retail[1].

Colleague Turnover

31.2%

2020: 28.8%
YoY: 2.4 ppts

How We Calculate This
Total number of leavers in a period divided by average number of employees in a period, multiplied by 100.

Carbon Emissions Per Store (tonnes per annum)

27.2

2020: 24.7
YoY: 10.1%

How We Calculate This
Actual electricity and gas consumed[2].

Number of Retail Stores at year end*

313

2020: 342
YoY: (29)

How We Calculate This
Number of retail stores open as at 2 October 2021

1. 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 5 in the scale of 1–5, where 1 is highly dissatisfied, and 5 is highly satisfied.
2. 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. The comparative period in 2020 includes a period of complete store closure due to Covid-19, resulting in lower emissions per store. Carbon emissions per store in 2019 were 32.0 tonnes per annum.

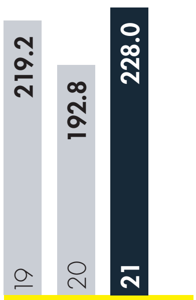
* As defined in the Financial Review.

2 Everscape™ Enis™ Black Slate Modular and Enis™ Black Slate

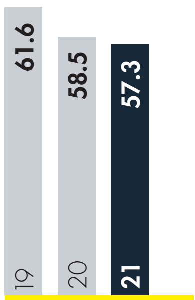
FINANCIAL REVIEW

> "A solid platform from which to deliver sustainable long-term growth."
>
> **Stephen Hopson**
> Chief Financial Officer

Group Revenue (£m)
Year-on-Year: **+18.3%**



Gross Margin (%)
Year-on-Year: **(1.2) 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 the prior year, we fully excluded the impact of IFRS 16 from adjusted profit. In 2021, 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, significant transactions such as sale and lease backs, and one-off gains and losses through sub-lets.

Analysis of movements from adjusted profit to statutory profit are detailed below, noting that we have updated the presentation of adjusting items to include the impact of IFRS16 in both periods, restating the 2020 comparative to be on a consistent basis:

	2021 £m	2020 £m
Adjusted profit before tax	**15.3**	3.6
Property		
– Impairment of property, plant and equipment	**(1.0)**	(1.8)
– Vacant property and closure costs	**(2.1)**	(0.9)
– Store closure impairments and lease gains and losses	**(0.2)**	(5.0)
– IFRS 16 BAU adjustments*	**nil**	0.4
	(3.3)	(7.3)
Commercial		
– Commercial impairment of goodwill, intangibles and property, plant and equipment**	**nil**	(5.6)
	nil	(5.6)
Other		
– Costs related to business restructure	**nil**	(0.5)
– Business rates relief from April to September 2021***	**2.3**	nil
	2.3	(0.5)
Statutory profit / (loss) before tax	**14.3**	(9.8)

* In the prior year, we treated the total impact of IFRS 16 as an adjusting item; in the current year, we have taken the impact of IFRS 16 business as usual into our adjusted profit.

** In the prior year, we impaired commercial goodwill, intangibles and property, plant and equipment, recognising the risk of a slower growth profile following the impact of Covid-19 on sectors that the Parkside and Strata businesses serve.

*** In the second half year, we have included a normal level of business rates expense within our adjusted profit to improve comparison with the prior year. Business rates relief of £6.7 million was received over the full year, including £2.3 million in the second half, which we estimate is significantly lower than the negative profit impact of trading restrictions during the year as a whole.

1 Nando's Coventry (Parkside)

FINANCIAL REVIEW

Statement of Financial Performance

Revenue

Total revenue for the period ended 2 October 2021 increased by 18.3% to £228.0 million (2020: £192.8 million, 2021 on a comparable 52 week basis: £223.7 million). Revenue in the year was impacted by trading restrictions related to the Covid-19 pandemic in the second quarter, when homeowners were unable to go inside our stores and registered traders were only allowed to enter to visit the trade counter. The prior year was materially impacted by temporary store closures in the third quarter, also relating to the pandemic. In addition, there was a net closure of 29 Retail stores in the year.

Retail like-for-like sales were 19.6% higher than the prior year, which consisted of a 2.0% increase in the first half of the financial period and a 39.8% increase in the second half. The growth in the second half was comparing against a period that included a full store lockdown in 2020 during the first wave of the pandemic.

On a two-year basis, Retail like-for-like sales were up 6.3% against 2019, including a decline of 4.5% in the first half (which included the lockdown in the early part of 2021) and then very strong growth of 17.4% in the second half (which compares two periods without trading restrictions).

Sales to our Commercial customers were up 15% year-on-year to £8.6 million, with growth of 55% in the second half year as key sectors began to open up for business.

Gross Margin

Total gross margin was 57.3%, a decrease from 58.5% in the prior year.

Gross margin in the Retail business decreased from 59.2% in the prior year to 58.1% in the current year. This was driven by a continued focus on pricing competitiveness, changes in product mix, customer mix and NPD, and increased shipping costs, which became particularly significant in the second half year. Partially offsetting these downward pressures, there were lower expenses from stock provisions and delivery than in the prior year. The impact of foreign exchange movements on cost of goods sold this year was immaterial.

Operating Expenses

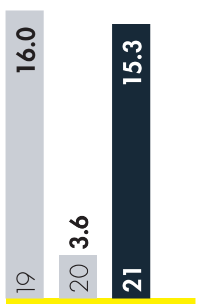
Operating expenses were £112.4 million compared to £118.8 million in FY20; however, the year-on-year change is distorted as a result of significant one-off expenses in the prior year relating to the adoption of IFRS16 and the impairment of Commercial assets. On an adjusted basis, operating expenses increased from £108.4 million in FY20 to £111.4 million in FY21.

The movement in adjusted operating costs is explained by the following key items:

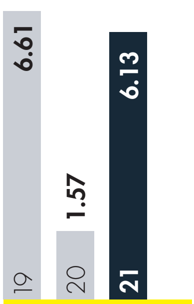
- Underlying cost increases of £1.5 million, consisting of increases in the National Living Wage (£0.6 million), supply chain increases due to higher volumes and subcontractor costs (£2.3 million), employee profit share (£4.0 million) and other costs (£0.2 million) offset by lower costs due to fewer stores (£3.7 million) and the annualisation of cost reductions implemented in the previous year (£1.9 million);
- The reversal of the majority of the holiday pay accrual from the end of the prior year had the impact of decreasing adjusted operating costs by £3.6 million year-on-year;
- The impact of including IFRS 16 in adjusted operating costs is a decrease in costs of £3.3 million year-on-year;
- Changes in Government support have increased adjusted operating costs by £6.3 million year-on-year; and
- The 53rd week in this accounting period increased costs by £2.1 million.

In FY20, our adjusted profit included £10.7 million of government support (through the Coronavirus Job Retention Scheme ("CJRS") £5.3 million, business rates relief £4.7 million and local authority Covid-19 grants of £0.7 million). In FY21, adjusted profit included £4.4 million of government support from business rates relief. The Company has repaid all CJRS support relating to FY21. Business rates relief of £6.7 million was received over the full year, including £2.3 million in the second half, which we estimate is significantly lower than the negative profit impact of trading restrictions during the year as a whole.

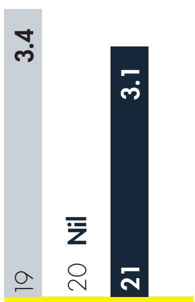
Adjusted Profit Before Tax (£m)
Year-on-Year: **+325.0%**



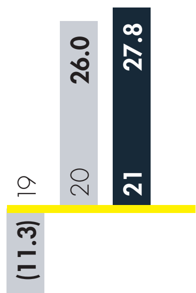
Adjusted Earnings Per Share (p)
Year-on-Year: **+290.4%**



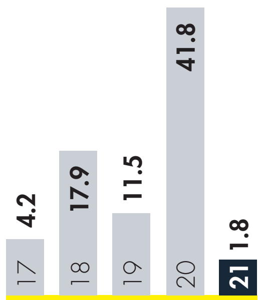
Total Dividend Declared (p)
Year-on-Year: **n/a**



Adjusted Net Cash/(Debt) (£m)
Year-on-Year: **+£1.8m**



Free Cash Flow (£m)
Year-on-Year: **(95.7)%**



Financing

Interest on bank loans and overdrafts, net of bank interest receivable, was £0.4 million (2020: £0.8 million). In 2020, the business moved to a net cash position, in part due to the sale and leaseback of our head office and central warehouse buildings for £18.1 million, and interest costs have fallen as we have repaid all outstanding loans and facilities in the year.

Total net Financing costs of £4.1 million (2020: £3.8 million) include £3.7 million of costs relating to IFRS16.

Profit Before Tax

Profit before tax was £14.3 million (2020: £9.8 million loss).

Excluding the adjusting items detailed above, profit before tax was £15.3 million (2020: £3.6 million). The Group adjusted profit before tax margin was 6.7% (2020: 1.9%).

Tax

The effective rate of corporation tax for the period was 23.6% (2020: 18.4%).

1 Getting advice in-store

2 New Look, Sheffield (Parkside)

Earnings Per Share

Basic earnings per share were 5.59 pence (2020: loss of 4.11 pence). Diluted earnings per share were 5.52 pence (2020: loss of 4.11 pence). Excluding adjusting items, adjusted earnings per share were 6.13 pence (2020: 1.57 pence).

Dividend and Dividend Policy

Following consideration of the financial position and performance of the Group, the Board has decided to propose the resumption of dividend payments and to readopt the previous policy of paying approximately half of adjusted EPS as dividends. Moving forward, the interim dividend would be set at approximately one-third of the prior full year dividend. The Group will evaluate its capital allocation policy in the coming year.

This year, the Board is recommending to Shareholders a final dividend of 3.1 pence per share, which will cost £6.1 million. The shares will trade ex-dividend on 23 December 2021 and, subject to approval at the Annual General Meeting, the dividend will be paid on 31 January 2022.

FINANCIAL REVIEW

Statement of Financial Position

Capital Expenditure

Capital expenditure in the period amounted to £4.7 million (2020: £4.4 million excluding freehold acquisition in the prior year); an increase of 7% year-on-year.

Key investments are as follows:

- New retail stores £1.0 million – four new openings (including two relocations) (2020: £1.3 million)
- Store improvements, merchandising and maintenance £0.8 million (2020: £0.9 million)
- LED store improvement programme £2.3 million (2020: £0.6 million)
- Central office refurbishment nil (2020: £1.3 million)
- Group IT developments (including website) £0.3 million (2020: £0.3 million)
- Other expenditure £0.3 million (2020: nil)

In the prior year, we also purchased two freehold properties for £2.3 million.

The Board expects capital expenditure in the year ahead to be between £6 million and £7 million, which 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.

Acquisitions and Disposals

During the year, we disposed of three freehold properties for £2.1 million, two of which were held for sale at the end of 2020. In the prior year, we entered into a sale and leaseback arrangement for our head office and central warehouse buildings for a price of £18.1 million before costs (£17.9 million net of costs).

At the period end, the Group held two freehold or long leasehold sites, with a total carrying value of £1.0 million (2020: five freehold or long leasehold sites valued at £3.1 million). The carrying value is based on the historic purchase cost and capital expenditure less accumulated depreciation.

Inventory

Inventory at the period end was £32.8 million (2020: £29.3 million) representing 123 days turnover (2020: 134 days turnover). The higher levels of stock at year end reflect a decision to hold additional stock in light of supply chain challenges. Stock days in 2020 were higher than normal due to lower sales following lockdown restrictions.

Cash Flow

On a statutory basis, net cash from operating activities was £26.7 million, compared to £51.0 million in the prior year period.

The table below analyses changes in adjusted net cash flow and has been prepared on a post-IFRS 16 basis, with 2020 values restated to aid comparability:

	2021 £m	2020 £m
Cash generated by operations before WC movements	**47.0**	35.1
Changes in working capital	**(14.6)**	20.8
Interest including interest element of Lease Liabilities	**(4.2)**	(3.9)
Tax	**(1.5)**	(1.0)
Net cash from operating activities	**26.7**	51.0
Capital expenditure excluding investments	**(4.7)**	(4.4)
Freehold and leasehold investments	**–**	(2.3)
Disposals	**2.1**	18.6
Payment of capital element of lease liabilities	**(23.0)**	(21.5)
Other	**0.7**	0.4
Free cash flow	**1.8**	41.8
Dividends	**0.0**	(4.5)
Change in adjusted net cash	**1.8**	37.3
Adjusted net cash at end of period	**27.8**	26.0

Adjusted net cash increased by £1.8 million (2020: £37.3 million). This increase included a £10.7 million negative impact within working capital caused by two specific factors, which are not representative of the underlying cash performance of the period:

- the change of the financial year end due to the 53rd trading week, resulted in a £7.0 million cash outflow in the final days of the period as a result of the timing of supplier payment runs and our payroll; and
- we repaid VAT of £3.7 million deferred from 2020 as part of the Government's Covid-19 support package.

Working capital also includes an outflow due to stock movements of £3.4 million as we chose to hold higher levels of key stock lines as part of our response to the global supply chain challenges.

Cash and cash equivalents at the period end were £27.8 million (2020: £31.0 million) with nil borrowings (2020: £5.0 million), resulting in adjusted net cash of £27.8 million (2020: £26.0 million).

Return on Capital Employed

As a result of strong cash generation as well as the store consolidation programme, over the two year period from 2019 to 2021, the Group's lease adjusted return on capital employed (LAROCE) has improved from 13.1% to 17.5%, whilst lease adjusted capital employed has reduced by £43 million.

1 Cliq™ Hot Pink

Banking Facilities

The Group has a £39.0 million revolving credit facility in place, which is committed to July 2023 (2020: £39.0 million). At the year end, none of this was drawn (2020: nil). During 2021, we repaid £5.0 million and cancelled a further £5.0 million of credit facilities through the Coronavirus Large Business Interruption Loan Scheme and none of these facilities remain active at the end of the period (2020: £5.0 million drawn). As a result, the Group had £39.0 million of undrawn committed banking facilities at the end of the financial year.

Current Trading and Outlook

In the first eight weeks of the new financial year, trading has remained robust. However, macroeconomic indicators such as consumer confidence have softened and global supply chain challenges and cost inflation will continue to provide trading headwinds. Against this backdrop, Retail like-for-like sales have increased by 18.4% on a two-year basis and decreased by 0.7% on a one-year basis. We remain confident that our market-leading Retail offer and Commercial growth strategy, along with our flexible supply chain and balance sheet strength, give us a solid platform from which to deliver sustainable long-term growth.

Rob Parker
Chief Executive

Stephen Hopson
Chief Financial Officer
10 December 2021

What our customers say:

"These are the best Blue tiles I've found at the fraction of the cost of similar 'artisan' tiles elsewhere. The glaze is a proper Blue glaze – NOT a printed blue. Like real Lapis Lazuli. The uneven artisan quality of the tile and glazing gives a wonderful classy sheen. The patterns are diverse enough to look different. Personally, I can't recommend these tiles enough!"

Lampas™ Marine Pattern Tile

RISKS AND UNCERTAINTIES

Understanding and managing the risks faced by the business has never been more important than during the last two years, with the impact of Covid-19 on our people, our customers, our suppliers and our ability to trade, together with increasing risks surrounding our supply chain. Although the most severe disruption from the pandemic appears to be abating, substantial uncertainty remains around the outlook, and this uncertainty is likely to continue for some time to come.

The Group's risk review framework operates as follows:

- An annual strategic risk workshop, which is attended by the Audit Committee Chair, Head of Internal Audit and key senior members of the management team including the Executive Committee;
- The production of a key risks register, which is prepared based on a combination of likelihood and impact; and
- A quarterly update in the Board pack, which includes a summary of the key risks identified, combined with mitigants and agreed actions.

Risks	Impact	Mitigation	Status
SUPPLY CHAIN – SHORT-TERM PRESSURE AND LONG-TERM OUTLOOK			
Current global supply chain pressures are restricting the availability of stock for sale, as well as adding additional cost pressure into cost of goods and shipping. In the longer term, this may result in the consolidation of the supplier base, with global sourcing impacted by environmental factors.	Sales may be impacted by items being out of stock due to an inability to secure capacity on ships, drivers or warehouse space, or stock being held in factories or at port. Where resources can be secured, we may see material increases in supply chain costs, decreasing our profit margins.	Our buying scale has to date helped ensure we secure factory capacity and appropriate supply chain resources. Our internal warehousing and logistics operations have proved agile enough to deal with additional stock. We will review the appropriateness of passing on additional cost pressures to consumers.	N
MACROECONOMIC AND CONSUMER CONFIDENCE			
The general economic climate and specifically consumer confidence are important to Topps and events that may affect these factors present a financial risk to the business. Topps faces a specific short-term risk that the tile market normalises following the recent home improvement boom, and levels of inflation are increasing across many sectors in the economy.	Over the long term, consumers need to feel confident to invest money into their homes and there are some material uncertainties in the outlook. Despite the well-documented increase in consumer spending on the home since the start of the pandemic, any normalisation of the tile market or drop in consumer confidence is likely to result in a market contraction year-on-year. Inflationary cost increases in operating expenditure may put pressure on profit margins.	The business is in a strong position to face any market contraction. A material improvement in liquidity over the last 18 months has resulted in a strong net cash position with no debt. We have an unused revolving credit facility of £39 million, which is committed to Summer 2023. This strong financial foundation, combined with tight control of costs, allows the Group to greater withstand short-term trading pressures. Macroeconomic indicators are reviewed as part of monthly Board pack. Early signs of adverse trends would be responded to with revised business plans and reduced levels of investment.	↑

Risks	Impact	Mitigation	Status
CORPORATE REPUTATION – SUSTAINABILITY			
In line with all businesses, we have a responsibility to focus on sustainability and minimise our impact on the environment and our communities. If we do not do this successfully, there is a risk of further legislation, regulation, taxation and significant reputational damage to the business.	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. Some of the most relevant aspects for our business are reducing greenhouse gas emissions, minimising waste and increasing recycling, driving product innovation to increase the amount of recycled content used in tiles and related products, ensuring we have the right governance in place to deliver our goal, and using high-quality carbon offsets where necessary.	The Group has launched a new area within our strategy called 'Environment Leadership' with a new goal of being carbon balanced by 2030. Our CEO Rob Parker takes responsibility for this element of the strategy, and our partners The World Land Trust are supporting us to understand our current status and build plans to minimise our impact on the environment in the future. We believe we are well placed to lead the thinking in this area across our industry.	⇔
DELIVERY OPTIMISATION			
We may fail to offer compelling and commercially viable delivery propositions that meet the needs of all our customer groups.	A failure to offer a reliable delivery service to both retail, trade and commercial customers could have a negative effect on our reputation and future sales.	Supply chain development remains a key area of focus for the Group strategy, with the aim of achieving best-in-class delivery in our sector. We hold ongoing reviews with our third-party direct delivery partners to ensure we offer the optimum service to all our customer groups.	⇔
ATTRACTING AND RETAINING TALENT/LOSS OF KEY PERSONNEL			
The exit of individuals key to the delivery of our strategy or the inability to find new talent to support the delivery of our growth agenda.	The failure to recruit or retain key individuals could impact on the ability of the business to deliver its strategic objectives. Attracting talent is increasingly difficult due to the low levels of unemployment and higher wage inflation.	We focus hard on recruiting the right people, ensuring we have excellent on-boarding and training programmes to help us both attract and retain the right talent to the business. We provide a range of flexible benefits, both financial and non-financial, to provide a balanced employer brand, which we believe is attractive to colleagues.	↑

KEY:

↑ Risk has increased ↓ Risk has decreased ⇔ No change N New risk

RISKS AND UNCERTAINTIES

Risks	Impact	Mitigation	Status
COVID-19 – FURTHER TRADING RESTRICTIONS			
There may be further trading restrictions due to Covid-19, which might impact the business and disrupt trading or impact our people or our customers.	The second national lockdown included the closure of tile showrooms with a material disruption to trading. A further potential key risk to the business would come from any closure of our central warehouse facilities, in particular if store operations were restricted.	We have remained agile throughout our supply chain over the last two years and traded reasonably successfully through the various lockdowns. We have well established Covid-19 protocols, which could be activated if the situation changes again for the worse. In the event of a loss of the warehouse due to a Covid-19 outbreak, we have contingency warehousing facilities available and could divert inbound stock from the port. More generally, the strength of the Group's balance sheet provides resilience to help us withstand any periods of disruption.	↔
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 would be likely to result in an operational impact, which would adversely affect sales and ultimately profits. The loss of commercial or customer data could result in reputational damage to the Company and/or fines.	The Company uses modern systems and the latest network and security protocols to protect against attack or breaches of security. A disaster recovery server provision is in place and the majority of our servers now operate on virtualised technology. Access rights only allow colleagues access to data that they need. Two strategic cybersecurity partners are in place, both providing updates of current cyberthreats. Virus outbreak response plans are in place.	↔
APPROPRIATE CUSTOMER OFFER			
The Group may fail to maximise profitability by ensuring it has a customer offer that has a broad appeal to wide range of customers.	The impact of not having the optimum customer offer would be the business losing competitiveness with performance declining over time due to issues with product, price or people.	The business routinely reviews its competitive position and performance against peers to the extent possible. We conduct an annual strategy review, which allows for a more thorough analysis of longer-term indicators.	↔
VALUE EROSION THROUGH M&A			
M&A activity that does not deliver to expectation.	The risk that M&A does not deliver the benefits we expect and/or creates significant distraction for the business leading to a decline in the core business.	Establish a clear strategic rationale for any further M&A and combine this with very clear plans for post-acquisition including central controls established as a priority (for example financial controls).	↔

Risks	Impact	Mitigation	Status
MAJOR REPUTATIONAL DAMAGE			
The Topps brand is a very important part of our competitive advantage. Possible areas of impact could be due to a failure in our core processes around our products, our stores, our supply chain (including ethical sourcing) or our people.	Whilst impacts from reputational damage could be wide ranging the most likely impact would be financial resulting from damage to our brand and consequent loss of sales.	Governance and internal controls are the key mitigants against reputational damage. Good levels of business knowledge and well qualified and professional support teams along with transparency at Executive level are also important. We continue to review macro environment for changes – both explicit (regulatory) and implicit (custom and practice or consumer expectations). Clear protocols have been established surrounding crisis management including alerts for senior managers to minimise damage from a major incident. Regulatory compliance continues to strengthen under a regime of continuous review through the Company Secretary.	↔
DELIVERY OF COMMERCIAL STRATEGY			
The Group has sought to increase its addressable market by expansion into the commercial tiles market as an important focus for future growth.	A failure to deliver the commercial strategy will reduce future growth opportunities.	Covid-19 has adversely impacted growth in the commercial business with the market in decline and new project investment significantly slowed. Despite this backdrop, the Group remains confident that its 'disrupt and construct' strategy remains appropriate and that this can ultimately build a market-leading business.	↔
STORE PORTFOLIO			
We may not have the optimum property strategy for the UK market, including the risk of losing key stores, which contribute a material amount of Group earnings.	We may overexpand the store estate leading to reduced levels of profitability. Alternatively, the loss of a multiple number of top performing stores or stores in the wrong areas could cause a material impact on the Company's profitability.	We perform detailed reviews of our estate looking at drive times, profit contribution and competitor store estates. FY22 marks the final year of a store closure programme, driven from the output of these reviews. These reviews give us confidence that we have the right estate going forwards to maximise sales and ensure we have the right balance of security of tenure in our biggest contributing stores and flexibility in the smaller turnover stores.	↓

The Directors will continue to monitor all of the key risks and uncertainties and the Board will take appropriate actions to mitigate these risks and their potential outcomes.

KEY:

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

SUSTAINABILITY
ENVIRONMENT

The Topps Tiles Group has been working hard to reduce our environmental impact for some years, however this year we have taken two significant steps towards our ambition to lead the marketplace in this area: first, by explicitly incorporating Environmental Leadership within our overall Group strategy; and second, by launching our goal of becoming carbon balanced by 2030.

SUSTAINABILITY: ENVIRONMENT

Action Area	What	Link to SDGs*
Waste and Recycling	• Zero landfill • Reducing waste in supply chain • Less paper and plastic • No energy waste	11
GHG Emissions	• Renewables electricity and green offset gas source • Influencing upstream and downstream scope 3 • Greener company vehicles and transport	7, 13
Product Innovation and Sourcing	• Greater use of recycled materials • Sourcing from energy efficient suppliers • Nearer sourcing reducing freight impacts • Longer lasting, harder wearing surfaces	9, 12

This means measuring, reducing and, where required, offsetting carbon emissions to net zero by 2030, ten years ahead of the BRC retail industry ambition of being net zero by 2040.

We believe the key to achieving this within the nine-year timeframe is creating a sense of personal ownership within our colleague and management teams, along with leading our market in many aspects of sustainability.

To support this, we have partnered with the World Land Trust, which is already helping us drive forward our environmental aspirations with a powerful but simple approach of Measure, Reduce and Offset.

Our strategy to drive Environmental Leadership and achieve our goal has five key elements:

1. Governance
We recognise the importance of putting the right governance in place with the appropriate senior representation to allow it to be effective. Our Chief Executive, Rob Parker, will lead the strategy at a Board level and chair our Environmental Leadership steering group. Dan Little, Managing Director Commercial, will continue to create the link between the steering group and the Sustainability Council, a cross-functional team that was established in 2019 to champion initiatives and issues in sustainability. As part of this element, Rob will lead efforts to clearly measure our environmental impact and define a road map towards our goal.

2. Minimise Waste and Maximise Recycling
Topps has for many years recognised the importance of reducing the amount of waste products that end up in landfill and we focus hard on making continual improvements. See page 41 for an update on progress in this area.

3. Reduce Carbon Emissions
After measuring our carbon emissions in a detailed way, the next part of the strategy is to eliminate them as far as possible. See pages 39 and 43 for more details on progress in the last year.

4. Drive Product Innovation and The Use of Recycled Materials
The Group can play an important role offering our customers an increasing choice of products with high recycled content. Working with expert manufacturers and leveraging our buying scale we are innovating through our new product launches, and have been encouraged by progress in this area. Please refer to the case studies on page 21 and page 41 which outline some of the recent products we have brought to the market which offer customers products which are manufactured using innovative sustainable processes.

What our customers say:

"Beautiful to look at, and even more beautiful in my kitchen. The colour is different in different lights, and they look like they cost a lot more than I paid. I particularly like the fact they're bigger than metro tiles, but same style. I am so pleased with these tiles."

Attingham™ Seagrass Tile

5. High Quality and Auditable Carbon Offsets

The final step of the Measure, Reduce and Offset approach will be to balance our remaining emissions as part of the pathway to being carbon balanced by 2030. Working with World Land Trust has been an essential part in this strategy to measure in an auditable way the progress we are making and, following reduction strategies, will allow us to balance our remaining emissions with high quality carbon offset solutions.

We have also referenced the UN's Sustainability Development Goals (SDGs) for alignment, ensuring the Group is focusing in areas which are also international priorities.

Total carbon emissions in FY21 were 9,012 tonnes CO_2 (2020: 8,805 tonnes, 2019 11,704 tonnes), carbon emissions per store were 27.2 tonnes per annum (2020: 24.7 tonnes per annum, 2019 32.0 tonnes per annum). The comparative period in 2020 includes a period of complete store closure due to Covid-19, resulting in lower emissions per store.

We calculate these results based on the actual electricity and gas consumed (energy carbon emissions have been compiled in conjunction with our electricity and gas suppliers), multiplied by emissions factors approved by the Environment Agency. Vehicle emissions have been calculated by our in-house transport team based on mileage covered multiplied by manufacturer quoted emission statistics.

Transport and Company Vehicles

This year has continued to be impacted by disruption from the pandemic where we have had to evolve our outbound transport model to support business growth and the demand for delivery to customers' homes direct from our warehouse. We registered a significant increase in deliveries via our new pallet carrier, meaning that many orders are fulfilled on shared resource, on vehicles which are largely full from collection to delivery. This is more efficient and reduces the overall level of emissions compared to the previous method of delivery, which involved more deliveries via our store network. Another benefit of this change is that we also make a number of smaller store deliveries via our pallet carrier, which accounts for c.5% of store deliveries each week.

Our transport fleet (including the use of sub-contractors) covered a total of 3.72 million kilometres using 1.25 million litres of fuel, an increase of 23.3% and 21.9% respectively against 2020 due to significant periods of complete lockdown in the prior year. Against 2019, kilometres driven have risen by 0.4% and litres of fuel used have increased by 1.1%, compared to sales growth between those periods of approximately 4%. To support our business, we have introduced new route planning systems with the aim of reducing miles travelled in the coming year. We are also trialling CNG (compressed natural gas) and LNG (liquefied natural gas) options that could reduce emissions by up to 30% in the future.

Company vehicles also include the company cars leased across the organisation for sales and support staff. Fuel efficiency continues to improve generally and we continue to champion the use of video meetings where possible to continue to drive down company car mileage, with CO_2 tonnes from company cars falling by 43% from 2020 and 65% from 2019.

SUSTAINABILITY
ENVIRONMENT

Supply Chain and Product Sourcing

As a Group, we focus on creating and building long-term strategic relationships with manufacturing partners, enabling us to develop product ranges which are truly innovative and supplied on an exclusive basis. The scale of our business means we maintain these relationships and now source directly from more than 160 factories throughout the world.

As a trusted retailer and supplier to commercial projects, our clients expect our products to be ethically sourced and therefore we look beyond our internal operation and ask for complete transparency across our supply base. Our supply chain can be complex but we are committed to ensuring all our suppliers adhere to the highest standards of ethics, are able to demonstrate safe working conditions and are treating workers with dignity and respect. As a Group we have a commitment to respecting human rights and identifying, investigating, engaging and remediating any issues uncovered.

Our suppliers are required to comply with the Topps Responsible Sourcing Code and confirm their acceptance of its provisions. This code has been designed to be ethical, auditable, and achievable and is in place to promote good working practices. The Code represents our fundamental expectations of our supply partners in relation to responsible sourcing. Compliance is underpinned by way of contractual obligation and audit process. Suppliers applying this code are expected as a minimum to comply with national and other applicable local laws.

We are working closely with Intertek, the leading Quality Assurance Experts who have started independent third-party auditing where there is any product or geographical risks. At times during the pandemic it has been difficult to get access to certain factories but to support this, we have ensured that there has still been a level of due diligence taking place during this period.

Where third party auditing has not been able to take place, we have ensured that factories have completed self-assessment questionnaires where the results have been verified by Intertek's local offices.

In 2015, the Modern Day Slavery Act came in to force and Topps Tiles is committed to this act ensuring that no forms of modern day slavery enter the Group business and its supply chains. We believe that training in this area is important, and there is heightened awareness across the organisation on being able to identify the risks of modern day slavery.

* Our Responsible Sourcing Code of Conduct and Modern Day Slavery Statement can be found on our website at www.toppstilesplc.com under Corporate Responsibility.

World Land Trust (WLT) assists individuals and organisations in quantifying their carbon footprint and, where appropriate, offsetting their unavoidable emissions. We ask that organisations and individuals seeking to offset their emissions through the Carbon Balanced programme follow **three steps**:

Measure: WLT can assist individuals and organisations in quantifying their current emissions through a free emissions audit.

Reduce: We urge people to take steps to reduce their carbon footprint and can offer information on how to reduce your emissions.

Offset: Whilst every effort must be made to reduce emissions at source, some emissions may be unavoidable, at least in the short-term. Through Carbon Balanced habitat conservation and restoration projects, the WLT can help you offset these unavoidable emissions.

World Land Trust works with project partners to protect some of the world's most threatened habitats.

Recycling and Waste
Reducing the amount of waste sent to landfill continues to be a focus across the business and we are pleased to report continued improvements in this area. As a Group, we continue to work with our suppliers to improve the sustainability of tile collections and continue with our long-term commitment to support production of tiles with high recycled content. This unique technology has the potential to revolutionise tile production in the future utilising waste materials and reducing gas consumption.

Waste is collected from across our store network to be sorted into different categories, much of which is recycled, including cardboard, shrink-wrap, polythene, wooden packaging, scrap metal and repairable wooden pallets.

We use own vehicle fleet to bring our cardboard waste back to our Leicester distribution centre where it is bulk recycled and in the past year have recycled 60 tonnes of cardboard through this operation (+13% year on year), we also recycled 49 tonnes of polythene (+9% year on year), both increases recognising increased trading over the period. We have continued to reduce printing paper leaflets brochures for stores, including this annual report which was a primarily digital version for the first time in November 2020. We continue to work with our store waste partner, Biffa Waste Recycling for other recyclable material in a separate collection to general waste.

Our store uniform supplier, Murray Uniforms, works to recycle our used uniforms into fibres which are used to manufacture upholstery, insulation and building materials. As of 1 October 2021 Murray sent zero returned uniforms to landfill. All Murray deliveries and collections are now (since July 2021) made on a Carbon Neutral Basis.

Our Distribution Centre also centrally recovers cementitious waste product (such as adhesive and grout) from all stores where it is sent on for specialised end-of-life processing. We collect damaged tiles from our stores and in partnership with Green4life we have recycled 26% of our tiles returned in this way. This is a decrease on the previous year as the pandemic restricted our ability to recycle more of our tile waste. The tiles are diverted to a local quarry to be crushed and used as a composite of aggregate. The Company is a member of the On-pack Recycling Label scheme which delivers a simple, consistent and UK-wide recycling message. As members of the scheme, all our suppliers will place these specific clear recycling symbols on all of our own brand products. This enables our customers to recycle more packaging correctly. It also enables local authorities to recycle more and in turn will minimise our environmental footprint.

CASE STUDY

REGENR8

Topps Tiles continues to invest in working with manufacturing partners to bring more sustainable products to the UK market place.

Regenr8 is a range of high quality adhesives, fit for any tiling project, that have been specially developed to use Ecosand. This is an inhouse developed composition of recycled waste materials that replaces natural sand in the product without impacting product performance.

Regenr8 has been certified by greenspec PASS as a sustainable building product. Greenspec commented "We think that any replacement of dredged or excavated sand with a recycled material makes an important contribution to sustainable construction". Regenr8 meets the requirements for greenspec, as it uses post-consumer recycled materials in substitution of resource degrading components.

The post-consumer recycled material (Ecosand) used to replace sand is recycled and sourced from an ISO 9001 accredited UK waste recycler.

Renenr8 will be sold exclusively through Topps Tiles stores and is available to the specification and construction sectors through Parkside and Strata Commercial sales.

Strategic Report

1 Hemington (Parkside)

SUSTAINABILITY
ENVIRONMENT

What our customers say:

"They have made our front path look amazing. Many people stop to admire them. The colours are quite unusual and the design quite dominant they really make a statement positioned next to an area of plain tiles."

Grosvenor™ Beige/Blue Tile

Property
We are continuously reviewing new ways to reduce the environmental footprint of our property estate and this year, significant steps have been taken in three main areas.

LED lighting has been rolled out across our estate, including a £2.3 million investment in 2021. Our Leicester support office is fully lit with LEDs, with occupancy sensors in all areas to reduce energy costs. Across our stores network, the LED lighting roll out was virtually completed in 2021, with the programme aiming to deliver 2,007 tonnes of annual CO_2 savings as well as reduced maintenance across the estate.

All of our stores have automatic smart energy meters installed which allows us to closely monitor and analyse gas and electricity use. We are currently in the initial stages of looking at ways of reducing our amounts of heating and cooling through improved systems and operation.

Finally, another way of reducing waste is to reuse, and over the last 18 months we have actively been using fixtures and fittings from closed stores to fit out new stores, resulting in less waste and cost savings.

Electrical and Emissions
The UK Waste Electrical and Electronic Equipment (WEEE) Regulations were introduced in 2007 with the aim of reducing the amount of electrical and electronic equipment ending up in landfill. Our stores offer a like-for-like take back service, whereby customers can return their old product to any store when purchasing a new one. These electrical products are then collated at our distribution centre and sent for recycling. We work proactively with our all our suppliers to ensure that they take into consideration the principles of sustainable development, in particular, the optimum use of raw materials, water, the efficient use of energy and also minimising the amount of waste as a result of the supply chain and manufacturing process. This is now a key part of the supplier evaluation and audit process.

SUSTAINABILITY
SOCIAL

SUSTAINABILITY: SOCIAL (PEOPLE)

Action Area	What	Link to SDGs*
Colleague Experience	• My Voice – Annual Survey – Pulse Survey • Onboarding and induction processes • Further identification and recognition of "Moments that matter" through the employee lifecycle • Wellbeing wheel – Mental, physical, career, social and financial health support • Topps Superstars, Virtual Huddles, Celebrating Success • Mental health first aiders	8 3
Colleague Voice	• Team Talk increase influence and involvement • Listening forums • Diversity and inclusion: focus on gender and ethnicity – building strategy, focus on IWD, increasing number of female managers • My Voice – Annual Survey – Pulse Survey • Tea and Talk – for colleagues to promote mental wellbeing and support each other	5
Apprentices	• Plan to maximise use of levy: – Leadership: Masters level/CMI accredited – Functional apprenticeships – Early careers	4
Remuneration	• Reward review • Store colleagues' reward review	
Charity	• Macmillan Cancer Support – Relaunch charity champions – Achieved Mac'Million £1 million fundraising target • Pennies online – able to take microdonations on our Retail website • Supporting Leicestershire Cares	

Our Charity Partnerships
Topps Tiles Group has continued to support charity throughout the year, including live and virtual fundraising events, promotion of our digital charity box in stores and the success of reaching our fundraising target.

As a Group, we were delighted to reach our "Mac'million", raising a total of £1 million for Macmillan Cancer Support in the final year of our partnership with the charity.

Our generous customers contributed more than £130,000 via Pennies, the digital charity box, which asks customers to round up their purchase to the nearest whole £1, with the "change" donated to charity.

We have also continued our membership of Leicestershire Cares in recognition of the work they do locally to align businesses with worthy causes, although the Covid-19 pandemic meant we were unable to undertake our usual team challenge events.

Macmillan Cancer Support and Pennies Digital Charity Box
The partnership between Topps Tiles and Macmillan Cancer Support began at the start of 2015 with a Company-generated £500,000 target for five years. This was reached during FY18, one year ahead of schedule.

In 2019 colleagues voted to extend the partnership by an additional two years and doubled the target to £1 million. This milestone was reached in summer 2021.

Despite the challenges of social distancing and the pandemic, colleagues continued with fundraising events, including a socially distanced Tour de Topps cycling event, which raised more than £5,500 as colleagues collectively cycled nearly 14,000 miles, various raffles (conducted online) and smaller in-store events including the annual Macmillan World's Biggest Coffee Morning.

Leicestershire Cares
Although the pandemic stalled our team challenges during this year, our membership continued with Leicestershire Cares and in September 2021 we were delighted to be presented with a certificate in recognition of our contribution and support over the past five years.

Next Year
In autumn 2021, Topps Tiles colleagues were polled for their choice of a new charity partner for the next five years.

Four charities were shortlisted across a range of genres, all of which aligned with various aspects of Group culture.

Read more about our charity partner at www.toppstilesplc.com/community-charity

From our Charity Partners:

MACMILLAN CANCER SUPPORT:

Due to the impact of Covid-19, we know that this is the most worrying time in recent history to get a cancer diagnosis. There are approximately 50,000 people in the UK living with undiagnosed cancer because of the pandemic and the NHS is a long way from resolving the cancer treatment backlog. Our support is needed more than ever, which is why we are so thrilled with the fundraising we have received from Topps Tiles this year, during such a challenging time.

In this final year of our partnership together, Topps Tiles has reached the incredible milestone of raising £1 million for Macmillan Cancer Support. This is an amazing achievement thanks to the dedication of colleagues and the generosity of Topps Tiles customers. Colleagues have taken on a socially distanced Tour de Topps challenge, got behind the World's Biggest Coffee Morning, volunteered as Telephone Buddies to provide emotional support to people living with cancer, and much more. The support we have received from Topps Tiles this year has made a real difference, helping Macmillan to do whatever it takes to provide vital emotional, practical and financial support to people affected by cancer when they need it most.

Over the last year, our city and county have been hit hard by Covid-19 and the lockdown. It has been a time of hardship and struggle for many communities, families and young people. Yet it has also been a time of people coming together, offering support and showing the real meaning of community. For Leicestershire Cares, the support that Topps Tiles has continued to give us during the last year has helped us to make a real difference. It enabled us to distribute "bags of hope" to over 1,700 families and young people who were isolated, struggling and in danger of being left behind, and to provide a range of online and safe distance support to vulnerable young people.

Lynda Thomas CBE
Chief Executive

PENNIES:

Pennies and Topps Tiles first partnered in 2015, to offer customers shopping in stores the option to round-up their purchases, adding a simple digital micro-donation for charity when they pay by card. Since then, £820,000 has been raised from two million individual donations – a milestone reached in the past 12 months.

That's two million times a Topps Tiles customer has pressed a button on the card machine to add a tiny donation (on average just 37p). Two million small gestures of generosity from customers. Two million times they've made a difference.

We're hugely proud of our partnership, where DIYers and tradespeople alike have understood the impact of a few pence from day one. In the past 12 months, we have worked with the team to develop new opportunities for customers to make micro-donations, which we hope to launch very soon. We can't wait to see how much more can be raised, and what a huge difference we can collectively make for the causes that Topps' colleagues and customers care about most.

We're also thankful for the support Topps Tiles continue to provide to Pennies, a charity driving the micro-donation movement in the UK. Long-term partners like you allow us to keep growing and to make a difference for many more charities year after year.

Alison Hutchinson CBE
CEO Pennies

LEICESTERSHIRE CARES:

The fact that during very challenging times, Topps Tiles were still willing to step up and give back, says a lot about their genuine commitment to community development and making our city and county a better and fairer place for all. We are looking forward to building on our partnership in the coming year so, together, we can do our best to ensure nobody is left behind.

Kieran Breen
CEO Leicestershire Cares

SECTION 172 COMPANIES ACT 2006

Building positive relationships through strong engagement, collaboration and dialogue with our stakeholders is vital to the delivery of our strategy. The Board is well informed about the views of stakeholders, through a range of engagement mechanisms. These are designed to ensure that the Board takes account of stakeholders in its own decision making and can be sure that stakeholder interests are being actively considered at all levels of the Company's management in line with the Board's strategic leadership.

More about key stakeholders and how we engage with them and consider them in our decision making is set out below.

Decision Making for the Long Term

- The Board's three-year plan sets the strategy over the longer term. It is reviewed annually, with progress monitored in monthly reports and regular reviews. To ensure appropriate oversight of decisions likely to have an impact over the long term, certain key decisions are reserved matters requiring Board approval.
- This is strengthened through clear reporting lines and sharing of management information and KPIs with the Board and regular contact between members of the Board and Senior Executives.
- Standing agenda points and standing papers, ensure stakeholder issues are considered regularly by the Board.
- The Board has set a new long-term goal of 20% market share by 2025.

Colleagues

- As a leading consumer brand and challenger in the commercial market, our colleagues are fundamental to the successful delivery of our strategy, as we continue to work to enhance our reputation for providing high-quality products and excellent customer service.
- We have a range of initiatives and activities to take into account colleague interests upon which the Board receives regular updates and is regularly consulted. See pages 18 and 19 for more on our colleagues.
- A member of the Board, Kari Daniels, is 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 the Board is kept informed on colleague matters through a range of other reports, including monthly Board updates on colleague matters, feedback from our "MyVoice" colleague engagement programme, our annual colleague survey and direct contact with colleagues through visits to stores.
- This year, with the Board's support, we maintained our focus on diversity and inclusion and, additionally, made mental health an area of focus.

Suppliers, Customers, and High Standards of Business Conduct

- High standards of business conduct, serving our customers and working with our suppliers are fundamental to the delivery of our strategy.
- We have a range of initiatives and activities aimed at fostering high standards of business conduct and good business relationships with our suppliers and customers upon which the Board receives regular updates and is regularly consulted. See pages 18 to 19 for more on our colleagues.
- Monthly Board reports cover customer service quality and developments with product and customer service initiatives.
- We worked closely with our suppliers to overcome challenges in the supply chain and maintain stock availability for our customers (many of whom are traders who rely on our having stock to serve their customers).
- We strengthened our approach to business conduct with the creation of a new role Head of Internal Audit.

The Community and the Environment

- Being a responsible member of our community and minimising our impact on the environment is increasingly valued by our customers. A positive response to these challenges is a source of competitive advantage that will support our long-term sustainable growth. The Board is highly engaged with ESG topics and considers them integral to the Board's work on strategy.
- We have a range of initiatives and activities to take into account the community and the environment upon which the Board receives regular updates and is regularly consulted. See pages 44 and 45 for more on our commitment to our community and see pages 38 to 43 for more on our commitment to the environment.
- This year, the Board strengthened our commitment to the environment and community, setting an ambition to be carbon balanced by 2030 and designating CEO Rob Parker as the Board's lead on matters of sustainability.

Shareholders

- As owners of our Company, we rely on the support of Shareholders and their views are important to us. We want to enable them to understand our strategy and performance and benefit from the successful delivery of our strategy.
- The Board actively considers the views and interests of Shareholders in its decision making, supported by guidance on s172 of the Companies Act 2006 included with every Board agenda.

1 Colleagues at the in-store display of mosaic tiles

- The Chairman and Executive Directors regularly reach out to larger and institutional Shareholders through a combination of personal contact and formal presentations and roadshows. Shareholder feedback along with details of movements in our Shareholder base is regularly reported to and discussed by the Board, to understand the views of our Shareholders.
- Due to Covid-19, this year we held our Annual General Meeting 'behind closed doors'. To ensure Shareholders could still ask questions, we provided a facility for Shareholders to ask questions in advance.
- Despite Covid-19 restrictions, we ran a full programme of Shareholder engagement events during the year.

Section 172 and Covid-19

This year, Covid-19 has been a particular area of focus. With the health and safety of our customers and employees paramount, and with our response to Covid-19 having the potential to affect Shareholders and the wider community (in the form of the 'public purse'), the Board has received monthly updates on the Group's response to Covid-19 and has been consulted on key decisions, including:

- Store opening arrangements during periods of lockdown.
- Investment in Covid-19 safety measures ranging from PPE to adapting the store, office and warehouse environments to protect our customers and those colleagues who have to come into work and providing the technology to facilitate effective homeworking for those employees who can work at home.
- Paying full sick pay to isolating colleagues.
- Repaying furlough payments relating to FY21.
- Forgoing payment of an interim dividend to preserve cash.

Accordingly, the Board, both individually and together, consider that it has acted in the way it considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172 (1) (a–f) of the Companies Act 2006 in the decisions taken during the Period.

GOING CONCERN AND VIABILITY STATEMENT

Going Concern
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 a more pessimistic trading scenario that was deemed severe but plausible. The more pessimistic trading scenario was based on a further national lockdown related to the Covid-19 pandemic during quarter two of FY22 that would see our Retail stores closed to homeowners for a further three months.

The Group has already taken a number of actions to strengthen its liquidity since the start of the Covid-19 pandemic, including the sale and leaseback of the Group's head office and central warehouse buildings in Enderby in June 2020. The going concern review also outlined a range of other 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 scenario. The current lending facility was refinanced in July 2018 and expires in July 2023. In all scenarios, the Board have concluded that there is sufficient available liquidity and 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 continue to adopt the going concern basis in preparing the financial statements.

Long-term Viability
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 four years for the following reasons:

- This is the basis on which the current strategic financial plans have been prepared, based on our goal of delivering '1 in 5 by 2025'; and
- 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 extension of loan facilities concluded in the period and the principle 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 global supply chain pressure, reduction in consumer confidence, additional Covid-related restrictions and major reputational damage from cybersecurity 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 four years. 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 four years.

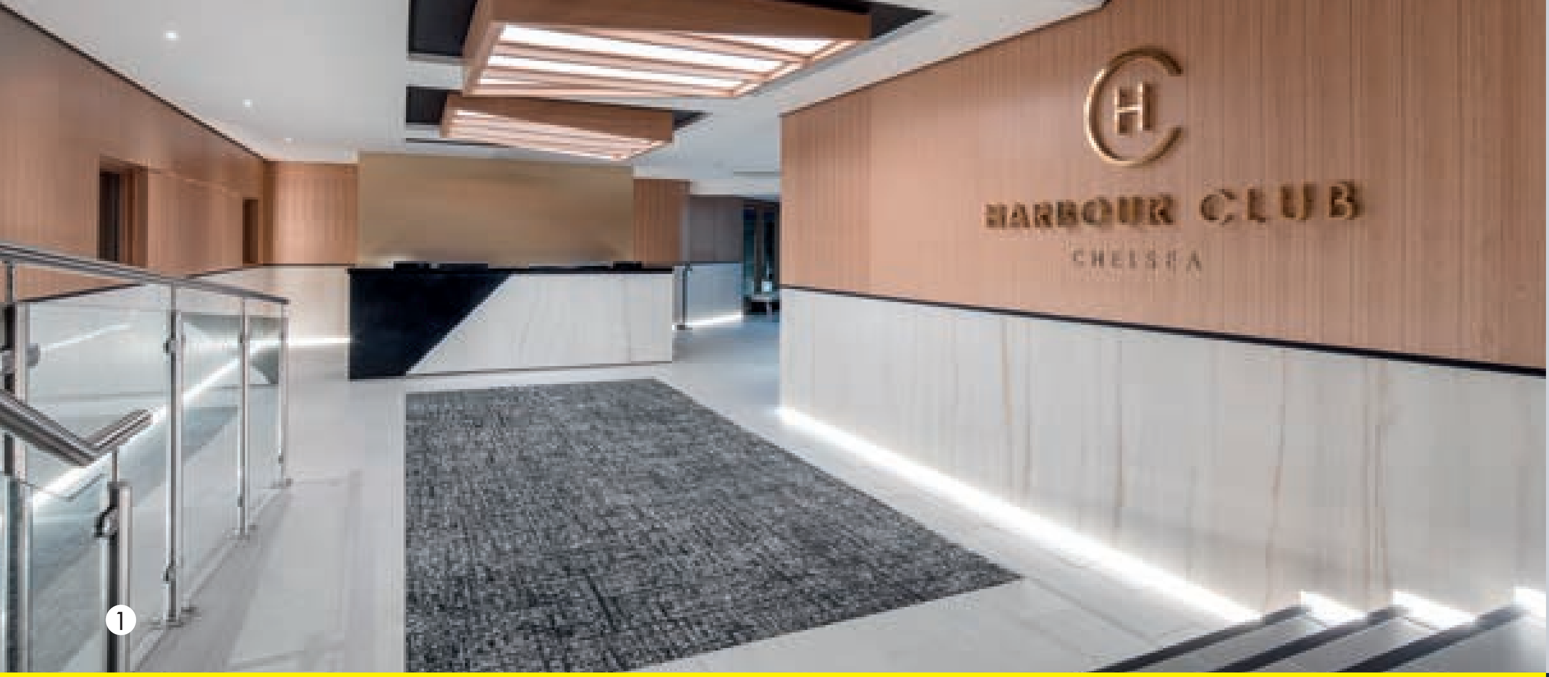
Based on this review, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meets its liabilities, as they fall due, for the next four years.

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 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 page 12.
- 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 20 and pages 38 to 43;
  - Colleagues on pages 18 and 19;



1 Harbour Club, Chelsea (Parkside)

- – Gender diversity on page 72;
- – Social matters on pages 44 to 45;
- – Respect for human rights on page 72; and
- – Anti-corruption and anti-bribery matters on page 62.

- Where principal risks have been identified in relation to any of the matters listed above, these can be found on pages 34 to 37, 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 26 and 27.
- The Financial Review section on pages 28 to 33 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 Chairman'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 Chairman'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 Tiles Plc and to its subsidiary undertakings when viewed as a whole.

Annual General Meeting

The Annual General Meeting for the period to 2 October 2021 will be held on 19 January 2022.

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

10 December 2021

OUR GOVERNANCE

CONTENTS

1 Sylvan™ Graphite Antibacterial Tile

BOARD OF DIRECTORS

COMMITTEE MEMBERSHIP KEY:

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

Darren Shapland
Non-Executive Chairman
Chair of the Nomination and Governance Committee

Committee Membership
N

Darren joined the Board in March 2015. He has over 30 years of retail and consumer experience, having held senior financial and operational positions within the Burton Group, Arcadia and Kingfisher. Darren was Chief Financial Officer at J Sainsbury Plc between 2005 and 2010. He was also Non-Executive Chairman of Sainsbury's Bank from 2006 to 2013 and Chief Executive Officer of Carpetright Plc from 2012 to 2013.

Rob Parker
Chief Executive

Rob joined the Board in 2007, serving as Chief Financial Officer until 2019 when he was appointed to the role of Chief Executive. Rob's previous roles before joining the Group included senior finance roles with the Boots Group and Savers Health & Beauty Ltd. Rob is accountable for Group Strategy, leadership of the Executive team, and Chairs the Group Health and Safety and Environmental Committees.

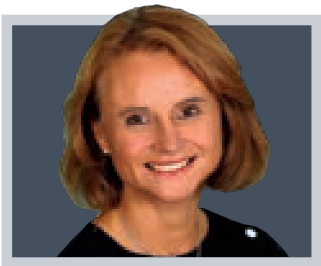
Stephen Hopson
Chief Financial Officer

Stephen joined the Board in November 2020 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 he was responsible for Investor Relations among other functions. Stephen is a CIMA-qualified management accountant and holds an MBA. He is accountable for all areas of finance, IT and Group legal matters.

Keith Down
Senior Independent Non-Executive Director and Chair of the Audit Committee

Committee Membership
A N R

Keith joined the Board in February 2015. A chartered accountant, Keith is currently the group finance director of Selfridges Group, having held this post since July 2018. He was previously the Chief Financial Officer of Dunelm Group Plc, Go-Ahead Group Plc and JD Wetherspoons Plc.



Diana Breeze
Non-Executive Director,
Chair of the Remuneration
Committee

Committee Membership
A N R

Diana joined the Board in February 2021. An experienced HR Director, Diana has broad experience across the retail and consumer, logistics and property sectors. Since 2019, Diana has been Group HR Director at Bunzl and has previously held senior management positions with Land Securities, J Sainsbury and Accenture.

Kari Daniels
Non-Executive Director,
Employee Engagement
Director

Committee Membership
A N R

Kari joined the Board in April 2021. An experienced retail and consumer sector Chief Executive, Kari is currently Chief Executive of Tesco Ireland. Before joining Tesco, Kari held senior management positions at Johnson Wax, Wella and Superdrug.

Alistair Hodder
Company Secretary

Alistair was appointed Head of Legal and Company Secretary in June 2018. An experienced General Counsel and Head of Legal, Alistair started his legal career in private practice at national law firm Pinsent & Co. Before joining Topps Tiles, Alistair was Head of Legal at National House-Building Council.

THE COMPANY

Topps Tiles Plc
Registration Number
3213782

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

Secretary
Alistair Hodder

London Stock Exchange Symbol
TPT

The Group
Comprises Topps Tiles Plc and all subsidiary companies.

OUR ADVISERS

Auditor
Pricewaterhouse Coopers LLP
Donington Court
Pegasus Business Park
Castle Donington, DE74 2UZ

Bankers
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Registrars
Link Group
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One London Wall
London, EC2Y 5EB

Financial PR Advisers
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26 Southampton Buildings
London, WC2A 1AN

Brokers
Peel Hunt LLP
100 Liverpool Street
London
EC2M 2AT

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

EXECUTIVE COMMITTEE

Rob Parker
Chief Executive

Stephen Hopson
Chief Financial Officer

Richard Carter
Manging 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.

Dan Little
Managing Director of Commercial

Appointed Managing Director of Commercial in October 2021, succeeding Brian Linnington. An LLM graduate holding an MSc in Property, Dan has 20 years of retail, property, health and safety, and sales business experience, having held the roles of Surveyor, Head of Estates and Property Director before joining the Commercial Division in 2020 as Deputy Managing Director.

Brian Linnington stepped down as Managing Director of Commercial on 30 September 2021.

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, Supply Chain and Sales for Brakes UK, part of the Sysco Organisation, where she was responsible for the people agenda for the UK and approximately 7,000 colleagues. Linda has more than 29 years in operational leadership and HR leadership across FMCG and retail for such organisations as Boots International, Molson Coors and United Biscuits. Linda 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 progress to the position of Buying Director, after joining Topps Tiles as a Buyer in 2005.

CORPORATE GOVERNANCE REPORT

"I am pleased to present our Corporate Governance Report for the period ending 2 October 2021."

Darren Shapland
Chairman

Dear Shareholder
I am pleased to present our Corporate Governance Report for the period ending 2 October 2021 (the "Period").

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 year, the Board prioritised adjusting the Group's businesses to successfully meet the challenges and uncertainties resulting from the Covid-19 pandemic. The Board took the prudent decision to suspend dividend payments and I am pleased that our performance over the full year meant we have been able to resume dividend payments.

Although the Covid-19 pandemic has been unprecedented, we have continued to focus on the development and delivery of our strategy and are confident in the Group's ability to successfully manage short-term uncertainty and deliver our strategy over the long term. As a result of Covid-19 restrictions, the Board held some meetings online and I am pleased that we can return to mainly holding in-person meetings during 2022.

We are clear that good governance is essential to the successful delivery of our strategy and sustainable success over the long term, and the Board is committed to meeting the highest standards for all stakeholders.

UK Corporate Governance Code
Throughout the period, the Company has complied fully with the principles of the UK Corporate Governance Code 2018, including both the principles and the more detailed provisions, as reported. More on how the main principles and detailed provisions have been applied are set out below and in the Strategic Report, Directors' Remuneration Report and Audit Committee Report.

Annual General Meeting
Shareholders receive more than 20 working days' notice of the Annual General Meeting ("AGM") and ordinarily, all Directors will be present at the meeting. The Board would like to thank Shareholders for their engagement and support throughout the year.

2021 Annual General Meeting
Covid-19 restrictions significantly impacted the way we had to conduct our AGM this year. On 6 January 2021, England entered a third national lockdown. With the safety of our colleagues, Shareholders and other attendees being of paramount importance, we followed the best practice guidance at the time, as well as the applicable lockdown regulations, and held a closed meeting at our Head Office in Leicester. We provided the facility for Shareholders to submit questions in advance and voting was by proxy.

2022 Annual General Meeting
For our next Annual General Meeting in January 2022, we are keen to welcome Shareholders in person. However, the safety and wellbeing of our colleagues, Shareholders and other attendees continues to be of paramount importance. We are, therefore, proposing to hold the Annual General Meeting at our Head Office in Leicester and are asking Shareholders who wish to attend register their intention to attend in advance. Should the situation change such that we consider it is no longer possible for Shareholders to attend the meeting, we will notify Shareholders of any changes to the arrangements on our website and a public announcement via RNS. For more on this, see the Notice of Annual General Meeting. The Annual General Meeting is typically a good opportunity for Shareholders to meet with the Directors and ask questions. To ensure that Shareholders have an opportunity to engage with the Board, the Board will be pleased to answer questions proposed in advance of the Meeting.

Each substantive issue considered at the Annual General Meeting is the subject of a separate resolution. This year, the Board is again encouraging Shareholders to vote online by proxy. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This 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 Annual General Meeting. The results will be published on our website www.toppstilesplc.com, and they will also be released to the London Stock Exchange via a Regulatory Information Service.

Please see the Notice of Annual General Meeting for details of the resolutions,when and how to vote and how to ask a question in advance.

CORPORATE GOVERNANCE REPORT

Share Capital Management Resolutions

There was strong support from Shareholders for most of the resolutions put to the meeting in January 2021. However, whilst most of the proposed resolutions were passed, with majorities over 98%, resolution 10 (Directors' Authority to Allot Shares), which was an ordinary resolution, passed with a majority of less than 80% (receiving votes in favour of 74.25%), resolutions 11 (Disapplication of Pre-emption Rights – General) and 12 (Disapplication of Pre-emption Rights – Specific) and 13 (Authority to Make Market Purchases of Shares), which were special resolutions requiring a 75% majority, did not receive sufficient support to be passed (receiving votes in favour of 74.35%, 74.34% and 74.36% respectively).

In accordance with provision 4 of the UK Corporate Governance Code (the "Code"), the Board consulted and engaged with Shareholders to understand and discuss concerns over these resolutions. These resolutions are considered routine practice for the UK listed companies and are within the Investment Association's Share Capital Management Guidelines. The Board is aware, however, that some overseas investors have a policy of not supporting these kinds of authorities, owing to concerns regarding potential dilution of their shareholdings. The views of all Shareholders are important to the Company, and the Board will continue to engage with relevant Shareholders on this topic.

Dialogue and being available to Shareholders

The Board maintains a 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 Chairman and Senior Independent Director, as well as the Company Secretary, who is available to discuss any questions that they may have concerned the running of the Company.

The Directors build on a mutual understanding of objectives between the Company and its institutional Shareholders, with annual presentations and regular communications over the year. In addition, I write to major Shareholders each year and meet with many of them to discuss the Company and its governance. Financial information is published on the Company's website www.toppstilesplc.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 all analysts' research relating to the Company are circulated to Directors upon publication. The Company receives a monthly Investor Relations report, which includes an analysis of the Company's Shareholder register.

Division of Responsibilities

Chairman and Chief Executive

The Chairman leads the Board and ensures its effectiveness. Darren Shapland was independent on appointment and remains so as assessed against the criteria set out in provision 10 of the Code.

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

Non-Executive Directors

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

Keith Down was appointed as the Senior Independent Director with effect from 20 January 2021. As Senior Independent Director, Keith acts as a sounding board for the Chairman 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 without the Chairman present annually to discuss the Chairman's performance and any other matters as required. The Non-Executive Directors provide constructive challenge, strategic guidance and appraise Executive Directors' performance using against agreed performance targets.

The Non-Executive Directors and Chairman meet regularly without the Executive Directors present to review the performance of the Executive Directors against such agreed performance targets.

Time Commitment

When making new appointments, the Board carefully considers the competing demands on candidates' time. Before the appointment, candidates are required to disclose any significant commitments along with the estimated 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 by video 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 Chairman 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. 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. Darren Shapland 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 Non-Executive Director. Kari Daniels is responsible for Employee Engagement.

Reserved matters

Certain defined matters are reserved for the Board including:

- Investor relations
- Approval of Financial Statements and circulars
- Approval of operating and capital expenditure budgets
- Approval of the Strategy and business plan
- Approval of corporate transactions and changes to capital structure, core activities or listing status
- Key policies including Modern Slavery and Ethical Trading, Anti-Bribery, Health and Safety and Diversity
- Directors' appointments
- Corporate Governance
- Key external and internal appointments
- Pensions and employee incentive

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CORPORATE GOVERNANCE REPORT

Board Composition

As announced in September 2020, Stephen Hopson was appointed Chief Financial Officer with effect from 2 November 2020. As announced on 26 November 2020 and updated on 17 June 2021, Andy King stood down from the Board on 20 January 2021, Diana Breeze joined the Board as a Non-Executive Director on 1 February 2021, Kari Daniels joined the Board as a Non-Executive Director on 1 April 2021 and Claire Tiney stood down from the Board on 16 June 2021.

	Appointed	Independent			Audit	Nomination and Governance	Remuneration
Darren Shapland	19-03-15	Yes	Non-Executive	Board Chair	I	C	I
Rob Parker	10-04-07		Executive	Chief Executive	I	I	I
Stephen Hopson	02-11-20		Executive	Chief Financial Officer	I	I	I
Keith Down	02-02-15	Yes	Non-Executive	Senior Independent Director	C	M	M
Diana Breeze	01-02-21	Yes	Non-Executive		M	M	C
Kari Daniels	01-04-21	Yes	Non-Executive	Employee Engagement Director	M	M	M

KEY:

C Chair

M Member

I Invitation – may attend at the invitation of the Chair

Board Meetings

The Board held 12 scheduled meetings during the Period, based on an annual plan agreed with the Chairman, including an annual Strategy review.

Ahead of each meeting, the Directors are given up-to-date information about trading performance, the Group's overall financial position and its achievement against the prior year, budgets and forecasts.

Regular items at Board meetings include updates on health and safety, sustainability, diversity and inclusion, the Group's financial position performance against KPIs and progress towards strategic objectives. Members of the Executive team are regularly invited to attend to update the Board concerning their specific responsibilities and are invited to give feedback to the Board.

At Board meetings, the Chairman 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 as necessary; the Chairman 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 Executives and visit stores.

Attendance at Scheduled Board and Board Committee Meetings

	D Shapland	R Parker	S Hopson	K Down	D Breeze	K Daniels
Board of Directors	12 12	12 12	12 12	12 12	8 8	5 6
Audit Committee	I	I	I	4 4	2 3	2 2
Remuneration Committee	I	I	I	4 4	3 3	1 2
Nomination and Governance Committee	2 2	I	I	2 2	1 1	0 0
	100%	100%	100%	100%	93%	80%

KEY:

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

Diana Breeze and Kari Daniels joined during the year and were unable to attend a small number of meetings due to prior commitments during their first year of appointment.

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:

- **Darren Shapland:** an experienced Board Chair, with over 30 years of retail and consumer experience. Darren sets the agenda for meetings in consultation with Rob Parker our Chief Executive, Stephen Hopson our Chief Financial Officer and Alistair Hodder our Company Secretary, chairs the meetings and promotes a culture of openness and debate, including inviting the Executive Directors and the NEDs to debate and challenge the Group's Strategy.
- **Rob Parker:** a qualified accountant with over 14 years of Board experience, Rob has led the Group through the challenges of Covid-19. Rob formulates and proposes the strategic direction of the Group and incorporate this into business plans for regular discussion and agreement by the Board and 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 plan.
- **Keith Down:** a qualified accountant and experienced Chief Financial Officer, with substantial retail and consumer experience. Keith will continue to chair the Audit Committee and as Senior Independent Director, Keith will provide a sounding board for the Chairman and serve as an intermediary for the other Directors when necessary and be available to Shareholders.
- **Diana Breeze:** an experienced HR Director, with 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 retail and consumer experience to contribute to the Board, as well as acting as Employee Engagement Director.

Independence

The Board reviews the independence of Non-Executive Directors on an ongoing basis. None of the circumstances set out in provision 10 of the Code apply and the Board is satisfied that all Non-Executive Directors remain independent.

Re-election

All Directors are subject to annual re-election at the Annual General Meeting in January 2022.

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.

Development

Board members are responsible for their own development but are provided 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 timetable for regular updates concerning areas including the economy, the market, corporate governance, and developments in remuneration practice.

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CORPORATE GOVERNANCE REPORT

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 our website.

BOARD

- Investor relations.
- Approval of Financial Statements and circulars
- Approval of operating and capital expenditure budgets
- Approval of the Strategy and business plan
- Approval of corporate transactions 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
- Pensions and employee incentives

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

- 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

- Board structure
- Board evaluation
- Board, Committee, and senior executive appointments
- Board, Committee and senior executive succession and development plans
- Diversity 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

This year, as well as addressing the immediate challenges of Covid-19 and reviewing our strategy to achieve our new goal (20% market share by 2025), we continued to focus on Environment, Social and Governance ("ESG"). We identified several key topics as areas of priority for delivery and strengthened governance.

Each ESG topic is reviewed by the Board on an annual basis, with a report from the Company Secretary or relevant member of the Executive, to brief on developments over the year and agree on priorities for the coming year and beyond.

1 Busca™ Silver Bevel and Prossimo™

Environment	Last year we created a Sustainability Council, which meets quarterly to coordinate Group-wide activity, consolidate improvements, identify opportunities, agree on priorities, and develop KPIs to measure performance. This year, we built on the work on the Council, committing to key targets including carbon balanced by 2030, and strengthened governance with Rob Parker our Chief Executive being designated as the Director responsible for Board-level leadership and giving regularly scheduled reports to Board.
Social	Last year we launched new initiatives on diversity and inclusion, with a data-driven approach to better understanding our workforce and set appropriate goals and KPIs for senior executive performance objectives, to promote equality at work and provide a link to executive accountability. This year, we built on this, making gender diversity and mental health particular areas of focus and strengthened governance with Rob Parker our Chief Executive being designated as the Director responsible for Board-level leadership on diversity and inclusion, and giving regularly scheduled reports to Board. For more on our approach to social matters, see pages 44 and 45.
Governance	Last year we embedded ESG. This year, we reviewed and agreed on our strategy to respond to developments in the field of transparency in supply chains (where reporting requirements have become more stringent), Climate-Related Financial Disclosures (which will require additional disclosures in our Annual Report on FY22) and on audit and governance reforms (which we expect to impact significantly on the role of the Audit Committee and the audit process). Each has a dedicated working group led by a member of the Board or the Company Secretary, with regular reports on progress to the Board or Audit Committee. In addition, the Board took action to address points raised in the annual Board evaluation (for more on this, see page 67) and continued to monitor the Group's response to Brexit and Covid-19.

CORPORATE GOVERNANCE REPORT

Board Effectiveness
We consider Board effectiveness in our internal Board evaluation review. We aimed to stimulate the Board's thinking on how members of the Board can carry out their role and encourage them to focus on continually improving their effectiveness. The review process was aligned with the FRC Code on Board Effectiveness. We believe that our Board is a strong team that works well together. As always, there is scope to improve our effectiveness further. Last year, we agreed on several actions and have reported on progress on pages 67 and 68, and this year we again agreed on several actions and will report on progress next year.

Risk Review
We carry out a robust assessment of the Company's emerging and principal risks through our risk review process. For more on this, see pages 34 to 37.

Culture, Purpose and Values
Our 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 18 and 19.

Section 172
Alistair Hodder, 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 46 and 47.

Fair, Balanced, Understandable
The Board has reviewed the contents of this Annual Report and considers it fair, balanced, understandable, and an accurate representation of the Company's current position, performance, business model and strategy. The basis for this view is that the Directors are provided with the relevant information to perform their duties and have access to members of management, as they require. The Board meets regularly and is given adequate time to probe debate and challenge business performance. The Board has received a report from the Audit Committee concerning the financial results and based on that, has approved the final accounts for the period. Having gained a thorough understanding of the business, each member of the Board has also had the opportunity to review and influence this report and as such has concluded in line with the statement above.

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. Following a review of the approach to Internal Audit, this year we strengthen our approach with the appointment of a Head of Internal Audit.

The Group has established internal control and risk management systems concerning the process for preparing the consolidated financial statements. Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. 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.

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 factories supplying our retail business, and we have focused on rolling out the Code to suppliers of our commercial businesses. Covid-19 restrictions have made it more difficult to monitor compliance as factory visits have been restricted. However, we have continued to work closely with leading Quality Assurance experts, Intertek, to identify risks within our supply chain. This work is centred around regional risks in the building and construction sector, and their work is targeted based on an audit process aimed at determining which areas are subject to the highest risk.

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 an anti-bribery policy, which all colleagues are required to adhere to and to enforce an effective system of control, through our dedicated Internal Audit team. The team works to a plan agreed with the Audit Committee and reports progress to the Audit Committee on a twice-yearly basis.

Darren Shapland
Non-Executive Chairman
10 December 2021

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CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE REPORT

"I am pleased to present the Audit Committee's report for the year ended 2 October 2021. The report sets out the Committee's work in relation to financial reporting, internal audit, risk management and oversight of the external audit process."

Keith Down
Chair of the Audit Committee

Other Members:

Diana Breeze
Kari Daniels

Meetings Held:

4

FY21 KEY ACHIEVEMENTS:

- Oversight of decisions concerning the accounting treatment of Government support payments.
- Oversight of improvements in the approach to the management and reporting of stock provisions.
- Oversight of ongoing improvements to the implementation of IFRS 16.
- Oversight of the ongoing work to simplify the Group's legal structure and reduce complexity.
- Oversight of a review of the Internal Audit function, including the creation of a new Head of Internal Audit role, to strengthen the function.

AREA OF FOCUS FY22:

- Oversight of work to deliver an improved Internal Audit function.
- Oversight of the completion of the transition of IFRS 16 to business as usual.
- Oversight of the work to simplify the Group's legal structure.
- Oversight of the implementation of new processes and reporting concerning the requirements from the Task Force on Climate-related Financial Disclosures.
- Oversight of development of the Group's response to further Audit and corporate governance reforms.

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 independent Non-Executive Directors Keith Down (Chair), Diana Breeze and Kari Daniels. Their qualifications are detailed on pages 52 and 53. The Chair has relevant experience, being a qualified Chartered Accountant, a former Chief Financial Officer of a listed company and a serving Chief Financial Officer of a non-listed company.
The Chief Executive Officer, Chief Financial Officer and the Chair of the Board may attend meetings by invitation.

Role of the Audit Committee

The Audit Committee considers the nature and scope of the audit process (both internal and external) to ensure that the programme is aligned to key risks and where necessary any particular risk areas and its effectiveness. It also monitors, reviews, and approves the internal audit programme, and receives internal audit reports regularly to review the effectiveness of its work. The Committee meets with the external Auditors and considers the Annual Financial Statements before making its recommendations to the Board. The Committee reviews and monitors the external Auditor's independence and objectivity and the effectiveness of the audit process.

The Committee is also responsible for ensuring that arrangements are in place to enable staff, in confidence, to raise any concerns about possible improprieties in matters of financial reporting or other issues.

The Audit Committee Chair, in conjunction with the Company Secretary, conducts an annual internal evaluation of the Committee's processes during the Period. The conclusion was that the Committee is functioning well, in accordance with its Terms of Reference and corporate governance practice providing appropriate assurance to the Board.

The Work of the Audit Committee

The Committee is responsible for the robust assessment of the Company's principal strategic risks, which include those to its business model, future performance, solvency, and liquidity. The Committee, with support from senior operational managers, performs this process. The Committee reviews the strategic risk schedule on a half-yearly basis to ensure that any actions that have been identified are being progressed; additionally, the Board receives quarterly updates. It also reviews the Group's system of internal control by reference to an Internal Controls Framework assessment and reports its findings quarterly to the Board.

The Audit Committee provides advice to the Board on whether the Annual Report is fair, balanced, and understandable and provides the necessary information Shareholders require to assess the Company's performance, business model and strategy. In doing so, the following activities have been addressed specifically:

- Review of Principal Strategic Risks – the Committee conducts an annual review of principal strategic risks and invites 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. In addition, these risks are regularly reviewed and monitored at Board meetings. In the current year, the review of risks has had a particular focus on Covid-19 and supply chain, and their impact on Group operations.
- Review of Poor-performing Stores – as part of both the half-year and full year-end review process, poorly performing stores are considered, and any related impairments and/or property provisions are provided for. Management will then follow up with detailed action plans to either improve store performance or seek an exit solution. The Audit Committee also reviews progress towards these plans at the following review. The Audit Committee also reviews and approves the discount rate calculations used to discount these provisions.
- Review of IFRS 16 Implementation – the Group has applied IFRS 16 'Leases' since 2020 and the Audit Committee has reviewed the approach taken, and the development of processes to enable IFRS 16 to become a standard part of routine monthly accounting. The Committee continues to review its approach to reporting to allow a balanced view between comparison to years prior to 2020 (calculated on a pre-IFRS 16 basis), and the final statutory reported financials.
- Review of Inventory – ensuring that inventory is correctly valued is a key area of focus for the Audit Committee. The finance function performs ongoing detailed checks of supplier invoices by comparing to system prices, and management conducts a regular review of any products sold, or likely to be sold, below the original cost price. Inventory provisions are prepared in accordance with these reviews. The Audit Committee reviews the output of these reviews and approves the provisions included in the Annual Report.
- 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 look-forward test basis and a four-year look-forward basis. The conclusions of those reviews are included in the Strategic Report.
- Annual Review of the Group Tax and Treasury Policy – performed annually and published on the Company's website.
- Monitoring the Group's compliance with Accounting Standards – with a particular focus on new accounting standards, such as IFRS 16 (accounting for leases). The Committee reviews all material judgemental accounting areas such as loyalty accounting and all items considered to be adjusting to support external understanding of underlying performance.

Auditors

We selected PricewaterhouseCoopers LLP as Auditors following a tendering exercise carried out in 2018, confirming the appointment at the AGM in January 2019. A resolution will be proposed at the Annual General Meeting in January 2022 to reappoint PricewaterhouseCoopers LLP as the Auditors.

The scope of the external audit of the 2021 Annual Report and Accounts was presented by the external Auditor to the Committee in May 2021 so that the Committee could discuss and challenge the audit plan and understand the key elements. The Committee considers the effectiveness of the external Auditor during the year and, with input from management, reviews its performance after the year-end audit has been completed. In undertaking this assessment, the Committee considers:

- The experience and expertise of the Auditor;
- The completion of the agreed external audit plan;
- The content, quality of insights and added value of external audit reports;
- The robustness and perceptiveness of the external Auditor in their handling of key accounting and audit judgements; and
- The interaction between management and the Auditor.

The Committee also reviews the independence of the Company's external Auditors.

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 non-audit services to the Company during the Period.

During the year, our Auditors have specifically focused on the implementation of IFRS 16 'Leases' and also the development of enhanced stock provisioning methodology.

The audit fee for the statutory audit of the Company's consolidated financial statements and audit-related services for the Period is £303,000. (2020: £233,000).

CORPORATE GOVERNANCE REPORT

NOMINATION AND GOVERNANCE COMMITTEE REPORT

"As Chair of the Nomination and Governance Committee, I am pleased to present the Committee's report for the year ended 2 October."

Darren Shapland
Chair of the Nomination and Governance Committee

Other Members:

Diana Breeze
Keith Down
Kari Daniels

Meetings Held:

2

FY21 KEY ACHIEVEMENTS:

- Board succession and development; supporting the successful induction of Stephen Hopson as Chief Financial Officer, Diana Breeze as Non-Executive Director and Chair of the Remuneration Committee, and Kari Daniels as Non-Executive Director and Employee Engagement Director, resulting in one-third of the Board being female.
- Executive succession and development plans, including planning for the succession of the role of Managing Director of Commercial Director, with the appointment of Dan Little.
- After making ESG an area of focus for FY21, continuing to support the development of the approach to ESG.
- Oversight of the development of the Company's Strategy on Diversity and Inclusion.
- 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; planning actions to respond to points raised in the evaluation feedback.

AREA OF FOCUS FY22:

- The Committee will continue to develop Board and Executive succession plans with a particular focus on ethnic and gender diversity, monitor developments in and delivery of each of the key ESG topics and review the approach to Board and Committee evaluation.

The Committee

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

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

Role of the Committee

The principal responsibilities of the Committee are to regularly review the structure, diversity, size and composition of the Board, 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, ensures plans are in place for orderly succession to both the Board and senior management positions, oversees the development of a diverse pipeline for succession and diversity, on which our policy is included in the Directors' Report, and oversees the delivery of high standards of corporate governance.

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. To this end, the internal promotion of our Dan Little to the Executive Committee as Managing Director of Commercial was a welcome development.

Board Evaluation

Each year there is a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chairman and individual Directors. The evaluation provides an opportunity to highlight areas for further development. In FY19 we carried out an externally facilitated evaluation, and we aim to do this every three years. This year, an internal evaluation was undertaken.

Last year's evaluation found a positive approach to corporate responsibility, culture and values, strong retail knowledge and willingness to ask challenging questions with the right balance between challenge and support. We noted improvements in the way the Board has worked together, in particular, to address the challenges of Covid-19 while maintaining focus on the Company's long-term strategy. The evaluation highlighted some areas for attention in FY21, which we addressed, as reported below:

Key FY20 Board evaluation findings	Actions taken
Long-term strategy	We reviewed and refreshed the approach to the Annual Strategy planning session; placing much more emphasis on data analysis and external expertise to inform the Board's discussion of and decision making on strategy, supported by a more rigorous approach to the ongoing review of progress.
Commercial market	The Managing Director of Commercial briefs the Board on developments twice annually and has been supported in reviewing elements of the Commercial strategy and strengthening the Commercial sales team with key hires.
Sustainability	We set a key target (carbon balanced) and strengthened our Governance with Rob accountable at Board level and Chairing the Environmental Committee.
Diversity	We achieved our aim of meeting the one-third target for female participation on the Board and have identified ethnic diversity as an area for future attention at the Board level.
Induction	Stephen, Diana and Kari were supported with a formal induction programme, which received positive feedback.

This year's evaluation followed significant changes in Board composition. I am pleased that the results reflected well on the actions we had taken in response to last year's evaluation and continued to reflect a positive view on the performance of the Board and Committees. The evaluation did highlight for attention the need for additional focus on some areas, as reported overleaf.

1 Tarpley™ Grey

CORPORATE GOVERNANCE REPORT

FY21 Key Findings and Actions

FY21 Board evaluation findings	Actions planned
Projects We identified a need to build on recent improvements in the way we review the effectiveness of and learn from the outcomes of our major projects and investments.	We will review and strengthen the projects and investments review process.
Board evaluation We identified a need to have a better external perspective in our Board evaluation process, with better analysis and the capability to compare ourselves vs our peer group.	We will review and strengthen the Board evaluation process.
Diversity and Inclusion We identified a need to build on recent improvement in our work on Diversity and Inclusion, to place more emphasis on the whole senior management team and on ethnic diversity.	We will review and strengthen the Board's approach to ensuring diversity and inclusion in the Board and senior management team.

1 Klarity™ Light Oak and Hartley™ White

2 Catania™ Violet

Board Evaluation Process

STEP 1
Alistair Hodder, our Company Secretary, agrees on the programme objectives and areas of focus with the Board Chair and Committee Chairs. Questions are benchmarked against the FRC Guidance to Board Effectiveness, and Board members are consulted.

STEP 2
Board and Committee members complete the questionnaires, with multi-choice questions and comment boxes.

STEP 3
Alistair compiles the results and summarises the comments, which are discussed with the relevant Chair, together with proposed actions.

STEP 4
The results are presented to the Board and Committee members, for discussion and agreement and the relevant Chair follows up on the finding to agree on appropriate actions.

1 Abrasio™ Steel

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 53-week period ended 2 October 2021(the "Period"). The Corporate Governance Report forms part of this report.

Principal Activities
The principal activity of the Group is the retail 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 ended 2 October 2021 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 Chairman's Statement on page 04, the Strategic Report on page 10, and the Corporate and Social Responsibility statement on page 71, which form part of the Directors' Report.

The future prospects of the Group are highlighted in both the Chairman'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 26 and 27.

The Company conducts an annual strategic risk discussion with the Chairman 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 53-week period ended 2 October 2021 are set out on pages 100 to 135. The Group's profit for the period from continuing operations, after taxation, was £10,904,000 (2020: loss of £8,018,000).

As a result of the challenges we have faced this year, we announced at the interim stage that there would be no interim dividend this year. Following careful consideration, and for the reasons given in the Chairman's Statement, the Board is recommending the payment of a final dividend of 3.1 pence per share, totalling £6,057,000 (2020: no dividend was paid).

Board of Directors
The Directors, who served throughout the year, were as follows:

D Shapland
Non-Executive Chairman

R Parker
Chief Executive

S Hopson
Chief Financial Officer
(appointed 2 November 2020)

K Down
Senior Independent
Non-Executive Director

A King
Non-Executive Director (stepped down 20 January 2021)

D Breeze
Non-Executive Director
(appointed 1 February 2021)

K Daniels
Non-Executive Director
(appointed 1 April 2021)

C Tiney
Senior Independent
Non-Executive Director
(stepped down 16 June 2021)

Although not required by the Company's Articles of Association, in line with good Corporate Governance, all the Directors will all retire voluntarily and offer themselves for re-election at the Annual General Meeting in January 2022. For the Directors' biographical details, see pages 52 and 53.

The Board considers that the contribution of each of the Directors standing for election is important to the Company's long-term sustainable success. For more on this, see the Corporate Governance Report on pages 55 to 69.

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. The Articles of Association 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. Copies are 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.

Voting at the Annual General Meeting
Given the uncertainty around whether Shareholders will be able to attend the Annual General Meeting, this year the Board is again encouraging Shareholders to vote online by proxy, appointing me, as the Chair of the meeting, as their proxy regardless of whether you plan to attend in person. This will ensure that your vote will be counted even if attendance at the meeting is restricted or you are unable to attend. Voting by proxy 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 Annual General Meeting. Shareholders will be asked to consider and vote on the resolutions set out in the Notice of Annual General Meeting. The results will be published on our website www.toppstilesplc.com and they will also be released to the London Stock Exchange via a Regulatory Information Service. Please see the Notice of Annual General Meeting and the notes on page 149 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 80, as of 2 October 2021, the Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, of the following disclosable interests in its issued share capital.

	Number	% held
MS Galleon AG	38,992,750	20.0
Aberforth Partners LLP	21,469,861	10.9
Williams S K M Esq	18,093,950	9.3
AXA Investment Managers SA	19,213,670	9.8
Premier Miton Group plc	10,400,143	5.3
MI Chelverton UK Equity Growth Fund	10,000,000	5.1
Invesco Asset Management	9,790,934	5.0
Ninety One UK Limited	9,591,601	4.9
Standard Life	7,783,246	4.0
M&G Plc	7,707,530	4.0

In accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, between the end of the Period and the date of the notice of the Annual General Meeting, we have been informed on 12 October 2021, the holding of MS Galleon AG increased to 41,234,924 shares, 21.1%.

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' Sharesave, share bonus, approved and unapproved share option schemes, since the flotation in 1997.

The total number of options held by employees, including Directors, is 10,367,859 (2020: 12,845,842).

As described in note 27, employee share purchase plans 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 offer period fell between 11 and 25 January 2021 and the offer price to employees was 46.29 pence.

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 80.

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 is 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 a Director 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.

Carbon Reporting

As detailed in the Corporate Social Responsibility statement, our primary energy consumption is electricity used across our store estate. Energy for in-store lighting is a significant source of carbon emissions. We continue to invest in new technology, including low energy lighting, to reduce our carbon emissions.

	2021		2020	
	CO_2 (Tonnes)	**CO_2 (Tonnes)/ Store**	CO_2 (Tonnes)	CO_2 (Tonnes)/ Store
Electricity	**2,669**	**8.1**	3,223	9.0
Gas and oil	**2,928**	**8.8**	2,656	7.4
Commercial fleet	**3,282**	**9.9**	2,694	7.5
Company cars	**133**	**0.4**	232	0.6
Total	**9,012**	**27.2**	8,805	24.7

The above carbon emissions data covers the Period of this Annual Report. It has been compiled from data from our energy suppliers (based on the energy consumed multiplied by Environment Agency approved emissions factors) and for vehicle emissions, from our in-house transport team (based on mileage covered multiplied by manufacturers' published emissions data).

Charitable and Political Contributions

The Group has designated charitable partners; Macmillan Cancer Support and Leicestershire Cares. Across the Group's business, colleagues engage in numerous fundraising activities, which are documented in the Corporate Social Responsibility statement of this report. During the period, the Group made no monetary charitable donations and no political contributions.

Corporate Social Responsibility

The Company has a long-standing Corporate Social Responsibility agenda covering Community, Charity, the Environment and Our People. Details of our current Corporate Social Responsibility activities are in the Corporate Social Responsibility statement.
We take the impact of our business on our environment extremely seriously and have included a range of environmental metrics above and we pay particular attention to labour standards and factory conditions.

DIRECTORS' REPORT

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, see page 62.

Diversity
The Nomination and Governance Committee reviews the balance of skills, knowledge, and experience on the Board regularly. The Board recognises the importance and benefits of diversity in our organisation. We appoint on merit, against objective criteria and with due regard for the benefits of diversity. As noted in the Governance Report, this year diversity and inclusion continued to be an area of focus and we are pleased that our Board is now one third female.

Our workforce at the Period-end date comprises:

	2021			2020		
	Male	**Female**	**Total**	Male	Female	Total
Directors	**4**	**2**	**6**	5	1	6
Senior managers	**12**	**3**	**15**	10	3	13
Other employees	**1,254**	**429**	**1,683**	1,374	472	1,846
Total employees	**1,270**	**434**	**1,704**	1,389	476	1,865
% of total	**75%**	**25%**		74%	26%	

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. Should a colleague become disabled, we aim to continue to support their training and career development where we can do so, making reasonable adjustments.

Colleague Consultation
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, electronic announcements, the Company magazine and "TeamTalk", a Company-wide forum for colleagues to discuss matters that affect them and the Company. Regular forums are held at local and national levels to ensure that employee representatives are consulted quarterly on matters affecting them.

Financial Risk Management, Objectives and Policies
The Group is exposed to interest rate risk, currency risk and credit risk. Information regarding our approach to managing these risks is contained in note 21 to the Financial Statements. The Group's approach to risk management is explained in the Strategic Report.

Employee and Stakeholder Engagement
The Company has several programmes of stakeholder engagement. These are detailed in the Governance Report on page 55 and Section 172 Statement on page 46.

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 PricewaterhouseCoopers LLP as the Company's Auditors will be proposed at the forthcoming Annual General Meeting.

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 International Financial Reporting Standards ("IFRSs") as adopted by the European Union 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 IFRSs as adopted by the European Union 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
10 December 2021

DIRECTORS' REMUNERATION REPORT

> On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the 53 weeks ended 2 October 2021."
>
> **Diana Breeze**
> Chair of the Remuneration Committee

Remuneration Committee
The Committee held four scheduled meetings during the Period, based on an annual plan agreed with the Chair of the Committee. In addition, the Committee met to consider the impact of Covid-19 on remuneration.

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 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, Chairman and senior management. For more on the role of the Committee, see below under '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 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 53 weeks ended 2 October 2021 (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) Regulations 2008 as amended, the UKLA Listing Rules and the 2018 UK Corporate Governance Code (the "Code"). The report is split into three parts:

1. This annual statement, from the Chair of the Remuneration Committee.
2. The annual Directors' Remuneration Report, 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 Remuneration Report (excluding the Directors' Remuneration Policy) is subject to an advisory Shareholder vote at the AGM in January 2022.
3. The Directors' Remuneration Policy (the "Policy"), which was approved by Shareholders in January 2020.

Remuneration Framework
Over the course of 2019, the Committee undertook a detailed review of the then current Policy to ensure it supported our remuneration principles, which are to:

- attract and retain the best talent;
- drive behaviours that support the Group's Strategy and business objectives which are developed in the long-term interests of the Company and its Shareholders;
- reward senior management appropriately for their personal and collective achievements;
- provide incentives that help to maintain commitment over the longer term and align the interests of senior management with those of Shareholders;
- ensure 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;
- ensure the overall remuneration structure is simple and clear, and that employees understand how their performance is linked to reward;
- maintain appropriate proportions of fixed and performance-related pay, to help to drive performance over the short and longer term, maintain a flexible cost base, and avoid creating incentives for excessive risk taking; and
- achieve consistency with the general remuneration philosophy applied to the Group's employees as a whole.

A number of small changes to reflect developing market best practice, the Code and investor expectations were approved by our Shareholders at the AGM in January 2020 with almost 99% of votes in favour. In line with best practice, we plan to review the Policy during 2022 and invite Shareholders to approve the Policy together with any proposed amendments, at the AGM in January 2023.

Performance in FY21 and Remuneration Outcomes

As reported last year, given the ongoing Covid-19 pandemic and the continued impact of local lockdowns, coupled with the broader impact on the economy, for FY21 the Committee initially only confirmed the annual bonus targets for the first half of the year. Targets for the second half were subsequently confirmed, as the outlook for the year became more certain.

No payments were made to the Executive Directors at the half year point. The level of adjusted profit before tax to trigger payment of a bonus was met. In view of this, and taking into account of the resumption of dividend payments as announced on 10 December 2021, the Remuneration Committee considered it appropriate to approve payment under the Annual Bonus Plan to the Executive Directors at the end of the year of £220,000 to Rob Parker and £106,563 to Stephen Hopson. This was based on, for H1, 5% in respect of profit targets and 15% in respect of strategic targets (total 20%) and for H2, 80% in respect of profit targets and 10% in respect of strategic targets (total 90%) in each case a percentage of the base salary earned over the applicable half-year period, as reported in detail below under Annual Bonus.

Note: Stephen Hopson joined part way through the Period. His payment for H1 was reduced pro-rata.

The Long-Term Incentive Plan ("LTIP") awards granted in December 2018 were based upon performance over the three financial years to September 2021. The awards required cumulative adjusted earnings per share ("EPS") over the period to be at least 22.04p for 25% vesting, increasing to 23.76p for full vesting of the awards. Actual cumulative EPS was 14.31p; therefore, the 2018 LTIP awards lapsed in full.

Remuneration Decisions for FY22

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 Executive Directors would generally be awarded an increase in base salary from October 2021 of 3% in line with the wider workforce. Accordingly, the CEO's salary moved to £412,000. However, the benchmarking indicated that the CFO's salary was below the benchmark. Accordingly, after noting that Stephen had made a strong start in his first year, the Committee approved a phased increase in Stephen's base salary to £220,000 from 1 October 2021 and £240,000 from 1 October 2022 to bring his salary in line with the benchmark.

Annual Bonus

Given the continuing Covid-19 pandemic, which may have an impact on the business's ability to trade, coupled with the potential impact it may still have on the economy, this year the Committee has again only confirmed the targets for the first half of the year and will confirm the targets for the second half once the outlook becomes more certain. No payments will be made to Executive Directors until the end of the year. The Committee will closely monitor the situation through the year and reserves the right to make appropriate adjustments to the targets. The strategic objectives for FY22 include an ESG measure, based on increasing colleague engagement.

Long-Term Incentive Plan

During FY22, the Committee intends to grant LTIPs to the Executive Directors with a maximum opportunity of 100% of salary. These levels are unchanged from previous years. Given the challenge in setting targets for the LTIP in light of the ongoing economic uncertainty around Covid-19, the Committee has determined that it will again be appropriate for these awards, that the performance condition will require target levels of EPS to be met at the end of the performance period (i.e. 2023/24) rather than setting cumulative EPS targets covering all three years. This change of practice was introduced during 2020/21 and brought the approach in line with that adopted by the vast majority of companies that set EPS targets. 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, but with a higher Adjusted Profit threshold of £12 million. Full details of the performance targets are detailed on page 86. 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 period and that there is no windfall gain as a result of share price movement.

Committee Changes During the Period

As announced on 26 November 2020 and updated on 17 June 2021, Andy King stepped down on 20 January 2021, I joined the Board and the Committee on 1 February 2021, Kari Daniels joined the Board and the Committee on 1 April 2021, and on 16 June 2021, Claire Tiney stepped down from the Board and as Chair of the Committee, and I succeeded her in that role.

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 Annual General Meeting. I will be pleased to any answer questions proposed, 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
10 December 2021

DIRECTORS' REMUNERATION REPORT

Annual Report on Remuneration

Single Figure Table (Audited Information)

The tables below detail the total remuneration receivable by each Director for the 53-week period ended 2 October 2021 and the 52-week period ended 26 September 2020.

2020/21	Salary and fees £'000	Benefits £'000	Pension £'000	Annual bonus £'000	LTIP £'000	Other £'000	Total remuneration £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors									
R Parker, CEO, full year	**408**	**31**	**23**	**220**	**–**	**1**	**683**	**463**	**220**
S Hopson, CFO from 2 November 2020	**187**	**15**	**9**	**107**	**–**	**4**	**322**	**215**	**107**
Non-Executive Directors									
D Shapland, full year	**132**	**1.5**	**–**	**–**	**–**	**–**	**133.5**	**133.5**	**–**
A King, to 20 January 2021	**15**	**–**	**–**	**–**	**–**	**–**	**15**	**15**	**–**
K Down, full year	**49**	**–**	**–**	**–**	**–**	**–**	**49**	**49**	**–**
C Tiney to 16 June 2021	**34**	**–**	**–**	**–**	**–**	**–**	**34**	**34**	**–**
D Breeze from 1 February 2021	**30**	**–**	**–**	**–**	**–**	**–**	**30**	**30**	**–**
K Daniels from 1 April 2021	**22**	**–**	**–**	**–**	**–**	**–**	**22**	**22**	**–**

2019/20	Salary and fees £'000	Benefits £'000	Pension £'000	Annual bonus £'000	LTIP £'000	Total remuneration £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors								
R Parker (for the full year as CFO and then CEO)	350	30	29	–	–	409	409	–
M T M Williams (as CEO to 29 November 2019)	68	5	8	–	–	81	81	–
Non-Executive Directors								
D Shapland	120	2	–	–	–	122	122	–
A King	42	1	–	–	–	43	43	–
K Down	42	–	–	–	–	42	42	–
C Tiney	43	–	–	–	–	43	43	–

Note: for 2019/20, Rob Parker's base salary and pension payments and the Non-Executive Directors fees were reduced by 20% for four months (April to July). As reported last year, this was to align with the workforce subject to furlough.

Note: The figures for MTM Williams do not include payments between December 2019 and May 2020, after stepping down as a Director.

The figures in the single figure tables above 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, fuel allowance and the value of SAYE scheme options granted during the relevant period. The value attributable to Sharesave scheme options is calculated on the following basis: This represents the total amount of the 20% discount applied to the SAYE grant made during the year: monthly contribution x 12 × 3 years × 20%/80%. 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 is the cash value of the bonus earned in respect of the period. A description of performance against the objectives that applied for the relevant period is provided on page 78.
LTIP	The LTIP figure for the period 2020/21 represents the awards granted in December 2018. The awards were based on cumulative EPS performance over three financial years to 2 October 2021 and lapsed in full. The LTIP figure for the period 2019/20 represents the awards granted in December 2017. The awards were based on cumulative EPS performance over three financial years to 26 September 2020 and lapsed in full.

Chief Executive Pay Ratio

The tables below compare the single total figure of remuneration for the Chief Executive with that of the Company's employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of its UK employee 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
FY21	**Option A**	**36:1**	**32:1**	**23:1**
FY20	Option A	23:1	21:1	16:1

	25th percentile	50th percentile	75th percentile
Salary	£16,154.87	£18,939.70	£25,407.07
Total remuneration	£19,194.99	£21,343.76	£29,365.05

The remuneration figures for the employee at each quartile were determined with reference to the financial year ended 2 October 2021 for FY21 (and for the financial year ended 26 September 2020 for FY20). The Company chose Option A as this provides the most accurate method for calculating the CEO pay ratio. The increase in the percentage ratios is accounted for by the resumption in FY21 of bonus payments to the CEO and wider management team and the lower ratio at the 75th percentile compared to the median and 25th percentile, reflects the payment of bonus to management grade roles.

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 consultant. In line with the Remuneration Policy, salaries are generally increased in line with any increase awarded to the wider workforce, which was 3%, effective from 1 October. This was the case for Rob Parker. However, the benchmarking indicated that the CFO's salary was below the benchmark. Accordingly, after noting that Stephen had made a strong start in his first year, the Committee approved a phased increase in Stephen's base salary to £220,000 from 1 October 2021 and £240,000 from 1 October 2022 to bring his salary in line with the benchmark.

	Base salary 1 October 2020	Base salary 1 October 2021	% increase
R Parker – CEO	£400,000	**£412,000**	3
S Hopson – CFO	£200,000	**£220,000**	10

During the Period, as part of the process for the appointment of two new NEDs, NEDs' fees were reviewed in line with market benchmarks. With effect from 1 February 2021, a small increase was applied to the base NED fee and the Committee Chair's additional fee, and the additional fees for the Senior Independent Director and Employee Engagement Director were set at half the level of the Committee Chair's additional fees. There was no change to Chairman's fee.

The Non-Executive Directors' fees are also reviewed annually and in line with the Director's Remuneration Policy, they are generally increased in line with any increase awarded to the wider workforce. Accordingly, an increase of 3% was applicable from 1 October 2021; however, this was applied to the base fees only.

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

	Fees 1 October 2020	Fees 1 February 2021	% increase	Fees 1 October 2021	% increase
Chairman's fee	£129,254	£129,254	–	**£133,132**	3
Non-Executive Directors' basic fee	£39,332	£40,000	1.7%	**£41,200**	3
Additional fees					
Senior Independent Director	n/a	£3,000	n/a	**£3,000**	–
Employee Engagement Director	£5,493	£3,000	(55.5)	**£3,000**	–
Committee Chair	£5,493	£6,000	9.2	**£6,000**	–

Note: the Chairman waives the Committee Chair's fee for the Nomination and Governance Committee.

Note: prior to 1 February, the Senior Independent Director's additional fee had not been separated from other additional fees paid, therefore, the figure for Senior Independent Director as of 1 October 2021 is not given.

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).

DIRECTORS' REMUNERATION REPORT

Annual Bonus

For the Period, the maximum annual bonus opportunity was 100% of salary. To encourage behaviours which facilitate profitable growth and future development of business, up to 80% of salary could be earned based on adjusted PBT performance and up to 20% of salary could be earned for the achievement of individual objectives specifically delivering the strategic plan. Targets were split into H1 and H2 targets with payment based on a percentage of the base salary earned over the applicable half year period, as detailed below.

The following table sets out the bonus pay-out to the Executive Directors for 2020/21.

	Weighting	Threshold	Stretch	Actual performance	Executive Director bonus earned as a percentage of salary
H1					
H1 Adjusted PBT	80%	£4m	£10m	£5.1m	5%
H1 Strategic objectives:					
Customer satisfaction	5%	82.8%	90.0%	88%	4%
Commercial sales (stretch target)	5%	–	£1.32m	£0.32m	2%
Group operating expenditure reduction (stretch target)	5%	–	£1.0m	£0.7m	4%
Delivery of new HR system	5%	n/a	n/a	Delivered	5%
Total (as a % of base salary for H1)					**20%**
H2					
H2 Adjusted PBT	80%	£4m	£10m	£10.2m	80%
H2 Strategic objectives:					
Customer satisfaction	5%	85%	92%	89.9%	3
Commercial sales (stretch target)	5%	–	£1.79m	–	–
Group operating expenditure reduction (stretch target)	5%	–	£1.5m	£0.4m	3
Tiles meterage sales	5%	10%	20%	18.6%	4
Total (as a % of base salary for H2)					**90%**

Adjusted PBT as defined in the Financial Review section of this report.

The bonuses were paid in cash in November 2021. Note: Stephen Hopson joined part way through the Period. His payment for H1 was reduced pro-rata to his base salary earned over H1.

Annual Bonus for FY22

The maximum annual bonus opportunity for FY22 financial year remains 100% of salary. Up to 20% of salary will continue to be focused upon achievement of individual objectives specifically delivering the strategic plan and 80% will be based on challenging adjusted PBT targets. The strategic objectives for FY22 are a mix of financial and non-financial measures, which act to bind the senior management together to common objectives, based on improvements in various measures of sales performance and including an ESG measure, based on increasing colleague engagement. As outlined in the Chair's Annual Statement on page 04, for FY22, the Committee has finalised the financial targets for first half of the year and will confirm those for the second half when the outlook becomes more certain. The Committee considers that the actual annual bonus targets are commercially sensitive and should therefore remain confidential to the Company at this stage. However, the Committee will continue to disclose how the bonus pay-out delivered relates to performance against the targets on a retrospective basis.

Long-Term Incentives (Audited Information)

Awards Vesting in Respect of the Financial Year

The LTIP awards granted in December 2018 were based on cumulative adjusted EPS targets over the three financial years to 26 September 2021. The performance targets for the awards were as follows:

Cumulative Adjusted EPS for the period 2018/19 to 2020/21	Percentage of the award that will vest
22.04 pence	25%
Greater than 22.04 pence but less than 23.76 pence	Determined on a straight-line basis between 25% and 100%
23.76 pence	100%

Adjusted EPS is defined as stated in the Company's accounts for the relevant financial period excluding exceptional items. Cumulative EPS over the three-year period was 14.31 pence. This resulted in 0% of the award vesting.

Awards Granted During the Financial Year

(Audited Information)

For the 53-week period ended 2 October 2021, the following awards were granted to Executive Directors in December 2020.

	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%	827,301	£400,000	10%	3 years
S Hopson	Nil-cost option	100%	413,650	£200,000	10%	3 years

1. Valued using a share price of 48.35 pence based on the average three-day share price ending on 2 October 2020.

The vesting of these awards will be based on Adjusted EPS for the financial year 2022/23 (Adjusted EPS 2023):

Adjusted EPS 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%

These targets are based on PBT of between £8 and £20 million, excluding exceptional items and subject to such adjustments as the Board in its discretion determines are fair and reasonable.

Notwithstanding the EPS 2023 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 2023 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 FY22

LTIP Awards

The maximum LTIP opportunity will remain at 100% of salary; however, the proportion of the award vesting for threshold performance is set at 10% of salary.

The vesting of these awards will be based on Adjusted EPS for the financial year 2023/24 (Adjusted EPS 2024):

The Remuneration Committee considers that the stretch target is challenging in the light of the growth environment and current business expectation.

Adjusted EPS 2024	Percentage of the award that will vest
4.38 pence	10%
Greater than 4.38 pence but less than 7.85 pence	Determined on a straight-line basis between 10% and 100%
7.85 pence	100%

These targets are based on an Adjusted PBT of between £12 million and £21.5 million for the financial year 2023/24, 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 planned increase in the rate of Corporation Tax to 25% from 19%, starting in 2023.

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 2024 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 2024 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 Employee Share Plans

The Executive Directors may participate in the Company's all employee 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 employees.

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 employees 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 2 October 2021:

	Type of award[1]	Number of shares	Face value at grant[2]
R Parker	3yr Discounted share option	7,776	£4,898
S Hopson	3yr Discounted share option	38,880	£24,494

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 2020/21, the share price at the date of invitation was 57.87 pence and the exercise price is 46.29p 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 63 pence for these options granted on 1 February 2021).

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 2 October 2021:

	Shareholding guidelines	Shareholding (as % of salary)
R Parker	200%	148%
S Hopson	200%	12%

The interests of each Executive Director of the Company as of 2 October 2021 were as follows:

	Shares		Options					
Directors	Shares owned (as at 26 Sept 2020)	Total shares owned as of 2 October 2021	Type	Options exercised during the year	Vested options	Unvested options, subject to performance conditions	Unvested options, not subject to performance conditions	Total options as at 2 October 2021
Executive Directors								
R Parker	502,893	552,893						
	n/a	n/a	LTIP	–	616,063	1,831,113	n/a	2,447,176
	n/a	n/a	SAYE	n/a	n/a	n/a	40,542	40,542
S Hopson	–	–						
	n/a	n/a	LTIP	–	–	413,650	n/a	413,650
	n/a	n/a	SAYE	n/a	n/a	n/a	38,880	38,880
Non-Executive Directors								
D Shapland	140,000	200,000		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.

The following changes in the Directors' shareholdings have occurred between 2 October 2021 and the date of this report:

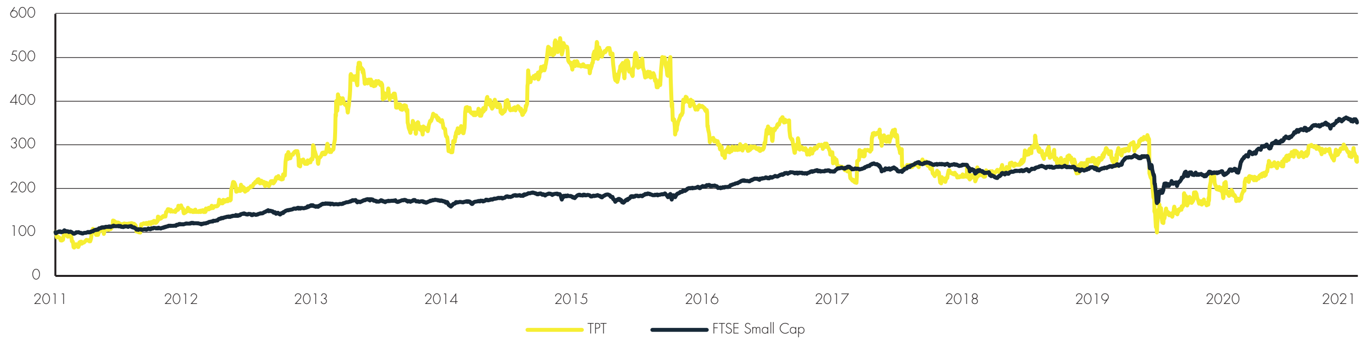
Nil

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 Small Cap Index for the ten years to 2 October 2021. 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 2020/21 financial year, of £100 invested in the Group over the last ten financial years compared with £100 invested in the FTSE Small Cap Index, which the Directors believe is the most appropriate comparative index.



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
53-week period ended 2 October 2021	683	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%	86.7%
52-week period ended 2 October 2016	1,180	67%	100%
53-week period ended 3 October 2015	2,027	83%	100%
52-week period ended 27 September 2014	849	99%	n/a
52-week period ended 28 September 2013	564	46.3%	n/a
52-week period ended 29 September 2012	579	35.2%	n/a

Note: the figure for the period ended 26 September 2020 are aggregated for Rob Parker who succeeded Matthew Williams as CEO on 29 November 2019. Individually, their total remuneration in the CEO role during the year ending 26 September 2020 was £81K (Matthew Williams) and £322K (Rob Parker).

Directors' Pay Annual Change in Relation to All Employees

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 employees in the Group.

	FY21 vs FY20			FY20 vs FY19		
Percentage change	**Salary**	**Taxable benefits**	**Annual bonus**	Salary	Taxable benefits	Annual bonus
Executive Directors						
R Parker	**14.3%**	**3.4%**	**n/a**	31.6%	(11.2)%	(100)%
S Hopson	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a
Non-Executive Directors						
D Shapland	**7.5%**	**(25)%**	**n/a**	(5.6)%	(66.7)%	n/a
K Down	**14.3%**	**–**	**n/a**	(4.6)%	(100)%	n/a
D Breeze	**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
Wider workforce	**19.4%**	**4.7%**	**89.1%**	(4.9)%	12.8%	(24.4)%

Note: for Darren Shapland, Rob Parker and Keith Down, the increase in FY21 compared to FY20, reflects a voluntary temporary reduction in salary for part of FY20 (April– July) to align with members of the workforce subject to furlough. In addition, in FY20 Rob did not receive the CEO level salary for the full year (being appointed during the year). In addition, Keith Down's NED fees were increased during FY21 as noted and explained on page 77. For Stephen, Diana and Kari, as this is the first year of their appointment, there is no comparative data.

DIRECTORS' REMUNERATION REPORT

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):

	53-week period ended 2 October 2021	52-week period ended 26 September 2020	Percentage change
Dividends and share buybacks	**3.1 pence per share**	0 pence per share	n/a
Overall expenditure on pay	**£57,955,000**	£49,638,000	16.75%

Note: the increase spend on pay reflects a resumption of bonus payments and National Living Wage increases.

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. As noted in the Statement from the Chair of the Remuneration Committee, Andy King stepped down on 20 January 2021, Diana Breeze joined the Board and the Committee on 1 February 2021, Kari Daniels joined the Board and the Committee on 1 April 2021 and, on 16 June 2021, Claire Tiney stepped down from the Board and was succeeded as Chair of the Committee by Diana Breeze (who has more than 12 months, experience as a member of the Remuneration Committee of HM Land Registry).

The role of the Committee is to:

- Set and keep under review the Remuneration Policy for the Executive Directors and Chairman;
- Determine the remuneration of the Executive Directors and Chairman, 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 employee benefits structures throughout the Company or Group.

Advisers

The Committee is assisted in its work by the CEO and CFO. The CEO is consulted on the remuneration of those who report directly to him and of other senior management. No Executive Director or employee is present or takes part in discussions in respect of matters relating directly to their own remuneration.

The executive compensation business of Aon plc ("Aon") has acted as an independent adviser since March 2016. David Tuch, formerly our principal adviser at Aon, moved to become a Managing Director at Alvarez & Marsal during the previous financial year and we have continued to work with David following this change.

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 53-week period ended 2 October 2021**
Alvarez & Marsal	Appointed by the Committee in August 2020	£49,269 (excluding VAT) Charged on a time/cost basis or fixed fee dependent on the nature of the project.	None

Alvarez & Marsal is a member of the Remuneration Consultants Group and adheres to its Code of Conduct. The Remuneration Committee is therefore satisfied that the advice received from A&M during the year has been objective and independent.

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 Annual General Meeting on 20 January 2021:

Resolution	**Votes for**	**% of vote**	**Votes against**	**% of vote**	**Discretion**	**% of vote**	**Votes withheld**
Approve Remuneration Report	149,428,977	98.2%	2,739,212	1.8%	0.0	0.0	15,031

The following table sets out the actual voting in respect of the resolution to approve the Directors' Remuneration Policy at the Company's Annual General Meeting on 22 January 2020:

Resolution	**Votes for**	**% of vote**	**Votes against**	**% of vote**	**Discretion**	**% of vote**	**Votes withheld**
Approve Directors' Remuneration Policy	131,671,974	98.64%	1,716,113	1.29%	87,329	0.07%	43,952

Directors' Remuneration Policy

This part of the report sets out the Directors' Remuneration Policy, which was approved by Shareholders at the Annual General Meeting on 22 January 2020 and remains in force for a three-year period from that date.

The Role of the Committee in Reviewing the Remuneration Policy

The Directors' Remuneration Policy was approved by Shareholders at the AGM held in January 2020 (approximately 99% of votes cast being in favour) and became effective from that date for a three-year period. The approved policy can be found in last year's annual report and on the Company's website. The text set out below is included to assist with the understanding of the Annual Report on Remuneration for the 53 weeks ended 2 October 2021. In addition, the scenario chart on page 86 has been updated to reflect current remuneration levels. There are no proposals to amend the Directors' Remuneration Policy at the 2022 AGM.

Executive Directors

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 employees 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 (e.g. 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.	Not applicable.
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 which 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.

DIRECTORS' REMUNERATION REPORT

Purpose and link to Strategy	Operation	Maximum opportunity	Performance measures
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 an HMRC tax-qualifying Share Incentive Plan ("SIP") and any other HMRC-approved plans that may be introduced by the Company for all employees.	Participation limits are those set by the UK tax authorities from time to time.	Not subject to performance measures in line with HMRC practice.
ANNUAL BONUS			
Rewards performance against annual targets which support the strategic direction of the Group.	Awards are based on annual performance against key financial targets and/or the delivery of personal/strategic objectives. 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.	The maximum bonus opportunity for an Executive Director will not exceed 100% of salary.	Targets are set annually reflecting the Company's Strategy and are aligned with key performance indicators. Up to 20% of the bonus may be based on strategic measures and/or individual performance. The balance will be assessed against key financial performance metrics of the business. **Financial metrics** There is no minimum payment at threshold performance and all of the maximum potential will be paid out for maximum performance, with scaled vesting in between. **Non-financial or individual metrics** Vesting of the strategic awards will apply based on the Committee's assessment of the extent to which a strategic metric has been met.

Purpose and link to Strategy	Operation	Maximum opportunity	Performance measures
LONG TERM INCENTIVE PLAN ("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 LTIP, approved by Shareholders on 23 January 2013. 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). For awards granted from the date of AGM in January 2020 onwards, a post-vesting holding period will apply, which will require Executives to ordinarily retain any shares vesting (net of tax) until the fifth anniversary of grant.	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 4 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.

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.

Recovery and Withholding of Annual Bonuses and LTIP Awards

The Committee has the right to reduce, cancel or impose further conditions on unvested or unexercised LTIP awards, or to claw back amounts from participants within a period of two years following the vesting of any LTIP awards, if there has been a material misstatement of the Company's financial results, a material failure of risk management by the Company or if there has been serious reputational damage to the Company as a result of the participant's misconduct or otherwise. In respect of LTIP awards granted from the date of the AGM in January 2020 onwards, clawback may also apply in instances of corporate failure, discovery of serious misconduct and/or error of calculation. For up to two years following the payment of any annual bonus, the Committee may require the repayment of some or all of the annual bonus 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 Group's financial statements.

DIRECTORS' REMUNERATION REPORT

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.

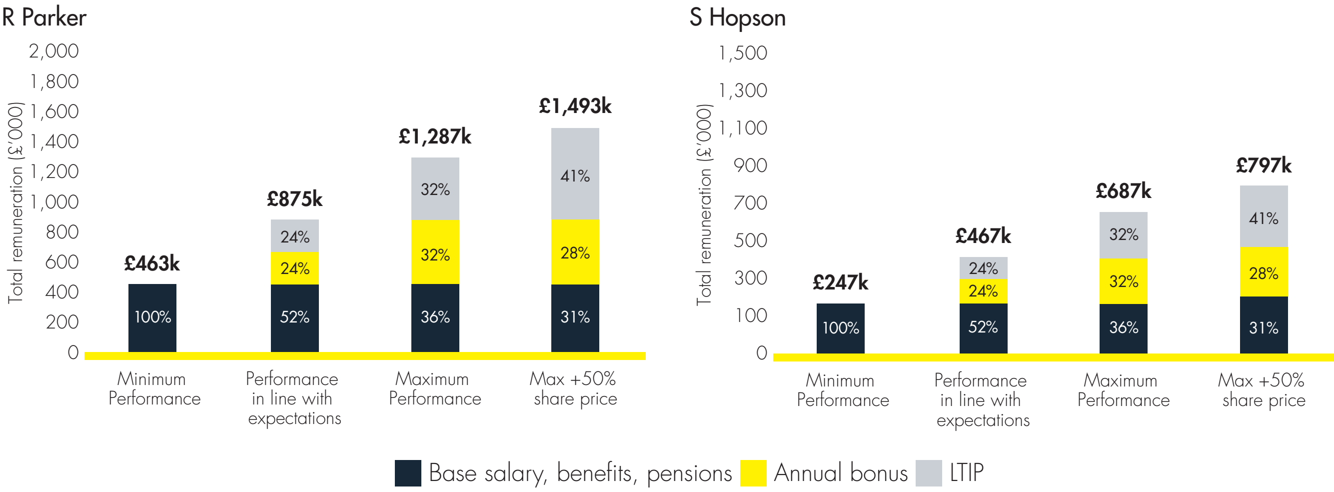
The annual bonus can be assessed against financial and individual/strategic measures as determined by the Committee. Bonuses are currently based on adjusted profit before tax and strategic targets. The Committee considers that profit before tax is a key performance metric for the annual bonus and specific strategic objectives – which are aligned to delivering the overall business strategy and encourage behaviours, which facilitate profitable growth and the future development of the business – are also included.

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 challenging cumulative earnings per share targets, 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 LTIP scheme.

Illustrations of Application of Remuneration Policy for 2021/22



In illustrating the potential reward, 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 2021), benefits as disclosed in the single figure table on page 76 for the year 2020/21 and pension of 5% of salary.	No bonus.	No LTIP vesting.
Performance in line with expectations		50% of salary awarded for achieving target performance.	50% of maximum award vesting (equivalent to 50% of salary) for achieving target performance.*
Maximum performance		100% of salary awarded for achieving maximum performance.	100% of maximum award vesting (equivalent to 100% of salary) for achieving maximum performance.*
Maximum performance plus share price growth		100% of salary awarded for achieving maximum performance.	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 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.

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. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.
- 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 employees (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 Chairman 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, 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 200% of salary.

The Committee may make payments or awards in respect of appointing an employee to "Buy out" 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.

DIRECTORS' REMUNERATION REPORT

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 a 12-month notice period. Under an event of contract termination, any severance payment would be subject to negotiation but would be with regard to length of service and prevailing notice period.

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 Chairman is also Non-Executive, with an indefinite term contract and a maximum six months' notice.

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.
Annual bonus	This will be at the discretion of the Committee on an individual basis and the decision as to whether or not to award a bonus in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the bonus period in question. Any bonus amounts paid will typically be pro rated for time in service during the bonus period and will, subject to performance, be paid at the usual time (although the Committee retains discretion to pay the bonus earlier in appropriate circumstances).
LTIP	The extent to which any unvested award will vest will be determined in accordance with the rules of the LTIP. Unvested awards will normally lapse on cessation of employment. However, if the participant leaves due to death, illness, injury, disability, sale of their employer or any other reason at the discretion of the Committee, any unvested awards will continue to be capable of vesting at the normal vesting date (or, exceptionally and at the Committee's discretion, at cessation). 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 will continue to apply irrespective of employment status unless the Committee, in exceptional circumstances, determines otherwise. 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.
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. 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 a 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 LTIP awards will vest on a change of control or other corporate events will be determined in accordance with the rules of the LTIP scheme.

LTIP awards will vest early on a takeover, merger, winding-up or other relevant corporate event. The Committee will determine the level of vesting 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 pro rating to reflect 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 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 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.

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.

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.

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 2020, the Committee engaged with major Shareholders and institutional bodies setting out the proposals and rationale for the changes.

Approval
This report was approved by the Board on 10 December 2021 and signed on its behalf by:

Diana Breeze
Chair of the Remuneration Committee
10 December 2021

OUR FINANCIALS

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1 Harrods Luxury Rooms (Strata)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPPS TILES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Topps Tiles Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 2 October 2021 and of the group's profit and the group's cash flows for the 53 week period then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and accounts (the "Annual Report"), which comprise: Consolidated statement of financial position and company balance sheet as at 2 October 2021; consolidated statement of financial performance, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and company statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2 A) to the financial statements, the group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted a full scope audit over Topps Tiles UK as the main trading entity within the group
- Where other entities contributed to a greater than 10% total of the financial statement line items, these balances were selected to be in-scope
- All audit testing has been performed by the UK Group Engagement Team and with the same members of Topps Tiles management
- Our scoping resulted in coverage of 96% of revenue, and 96% of total assets

Key audit matters

- Inventory carrying value (group)
- Modifications to lease agreements (group)
- Recoverability of the company's investments in subsidiary undertakings (parent)

Materiality

- Overall group materiality: £680,000 (2020: £455,000) based on 5% of profit before tax.
- Overall company materiality: £620,000 (2020: £410,000) based on 1% of total assets.
- Performance materiality: £510,000 (group) and £465,000 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Recoverability of the company's investments in subsidiary undertakings is a new key audit matter this year. Impact of covid-19, which was a key audit matter last year, is no longer included because of the reduced impact on the financial statements in the current year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Inventory carrying value (group) Refer to matters considered by the Audit Committee within the Corporate Governance Report on page 65 and the Critical Accounting Judgements and Key Sources of Estimation Uncertainty within the Group Accounting Policies. The valuation of inventory involves estimate in recording provisions for stock losses or obsolete inventory. The significant judgements and assumptions as applied when calculating the provisions are: • the unidentified stock losses (shrinkage) at a store level; • slow moving stock, i.e. stock which has not been sold within the last 13 months; • specific provisions recognised for stock classified as 'to be discontinued' ie stock which is expected to be discontinued in future periods and therefore require an estimate of expected inventory write downs and realisable amounts; and • specific provisions recognised for stock classified as 'discontinued' inventory which require an estimate of expected inventory write downs and realisable amounts.	We examined inventory write-offs in the financial period to ensure they are consistent with the key assumptions used in the inventory provision model at the year-end; We tested the integrity of the provision model to ensure that it was using the underlying data correctly and calculating provision amounts accurately; We challenged the provision levels applied to 'to be discontinued' stock and verified this to movements in the year; We challenged management's assumptions on identification of 'discontinued' inventory lines and corroborated that suppliers had been notified by the buying team. We also independently challenged the completeness of the 'at risk' lines based on our understanding of the nature of the group's inventory; and We tested the unsold report for stock lines not sold in the last 13 months and performed a reasonableness check of the aged balance compared to the inventory provision. Misstatements identified from our work were largely corrected by management leaving an immaterial uncorrected position. Overall we concluded that the key estimates and judgements used by management to assess inventory carrying value were supportable and no material exceptions arose from our work.
Modifications to lease agreements (group) Refer to matters considered by the Audit Committee within the Corporate Governance Report on page 65 and the Critical Accounting Judgements and Key Sources of Estimation Uncertainty within the Group Accounting Policies. The Group adopted IFRS 16 from 29 September 2019 utilising the modified retrospective approach and so the prior year included the first set of financial statements under this standard. During the current year there has been a substantial number of modifications made to existing leases resulting in a high number of additions and disposals of leases and right of use assets. Management have made certain estimates and judgements including the assessment of lease term and discount rate applied to the leases.	We have tested the completeness of management's model by comparing the leases to the listing maintained by the property team and also by performing testing over the rent expense books and records to ensure modifications have been adequately captured; We have reviewed the accuracy of the underlying data by tracing a sample of leases back to underlying lease agreements; We have recalculated the accounting entries for a sample of leases and confirmed management's IT system is performing this calculation accurately; We have considered other assumptions used by management to be appropriate, including ensuring the leases meet the definition of a lease under IFRS 16 and that the lease term is accurate; and We have reviewed the disclosures in the financial statements, and we are satisfied that they are consistent with the evidence obtained and compliant with IFRS 16. Misstatements identified from our work were largely corrected by management leaving an immaterial uncorrected position. Overall we concluded that the key estimates and judgements used by management for lease liabilities and right of use assets were supportable and material exceptions arising from our work have been corrected.
Recoverability of the company's investments in subsidiary undertakings (parent) Refer to page 142 - Note 4 Investments. Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the income statement. Judgement is required in this area, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable value, being the higher of fair value less cost of disposal or the net present value of future cash flows which are estimated based on the continued use of the asset in the business.	We evaluated management's determination of whether any indicators of impairment existed by comparing the carrying value of investments in subsidiary undertakings to the market capitalisation of the group at the period end date and post year-end and by comparing the performance of the group in the year to previous budgets and agreed that no impairment assessment is necessary. We agreed the net assets of the underlying indirect investments, net of all intercompany balances, to their respective statutory financial statements. As the net asset value described above was sufficient to support the carrying value of the investment, no impairment charge was required.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is structured with one segment. The Group financial statements are a consolidation of fourteen legal entities within this segment, comprising the Group's operating business and centralised business functions.

In establishing the overall approach to the Group audit, we identified one legal entity: Topps Tiles UK Limited, which, as the main trading legal entity in the Group, required an audit of its complete financial information due to its financial significance to the Group.

Further specific audit procedures over central functions including the Group consolidation, share based payments, application of IFRS 16, equity and taxes were performed.

All audit procedures were performed by the Group Engagement Team. The scoping above gave us the evidence we needed for our opinion on the Group financial statements as a whole.

The parent company is comprised of one legal entity which was subject to a full scope audit for the purposes of the Parent Company financial statements.

Materiality

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 in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	**Financial statements – company**
Overall materiality	£680,000 (2020: £455,000).	£620,000 (2020: £410,000).
How we determined it	5% of profit before tax	1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	As the company does not trade, with its main operations being that of a holding company, we believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity,and is a generally accepted auditing benchmark. Materiality level has been capped at the 90% of the group materiality.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The materiality allocated across components was £465,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.
Our performance materiality was 75% of overall materiality, amounting to £510,000 for the group financial statements and £465,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £34,400 (group audit) (2020: £22,750) and £34,400 (company audit) (2020: £20,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPPS TILES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We have evaluated management's base case and a "severe but plausible" downside scenario going concern model, challenged key assumptions included within the forecasted cash flows and assessed the appropriateness of the severity applied;
- We have agreed underlying assumptions to supporting data or market evidence and checked the integrity of managements model by agreeing key underlying data to source documents and validating the group and company's continuing liquidity;
- We have performed a full review and recalculaton of all debt covenants to ensure that these will not be breached during the forecast period;
- We have provided a challenge to management, in relation to forecast growth rates within the forecasts in particular the commercial market;
- We have understood the other potential cost saving/cash-preserving options which are available to management to utilise, should they be required; and
- We have reviewed the disclosure included within the financial statements to verify that this provides adequate detail of the scenarios considered and draws out the conclusions in order to support the use of the going concern basis

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 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have 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 directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 2 October 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

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 and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, 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 and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPPS TILES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment regulations, and relevant tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of journals with unexpected account combinations and management bias in significant accounting estimates and judgements.. Audit procedures performed by the engagement team included:

- Discussions with management, including internal legal counsel, over consideration of known or suspected instances of non-compliance with laws , regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to inventory provisioning; and
- Identifying and testing higher risk journal entries, in particular any journal entries posted with unexpected account combinations.
- Considerations of any impact on the financial statements on the climate change strategy being implemented by management.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 30 January 2019 to audit the financial statements for the year ended 28 September 2019 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 28 September 2019 to 2 October 2021.

Andrew Lyon
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

10 December 2021

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE 53 WEEKS ENDED 2 OCTOBER 2021

	Notes	**53 weeks ended 2 October 2021 £'000**	52 weeks ended 26 September 2020 £'000
Group revenue	3	**227,997**	192,813
Cost of sales		**(97,297)**	(80,001)
Gross profit		**130,700**	112,812
Distribution and selling costs		**(83,591)**	(80,971)
Other operating expenses		**(6,100)**	(10,105)
Administrative costs		**(18,100)**	(23,178)
Sales and marketing costs		**(4,564)**	(4,587)
Group operating profit/(loss)		**18,345**	(6,029)
Finance income	6	**87**	101
Finance costs	6	**(4,158)**	(3,901)
Profit/(loss) before taxation	4	**14,274**	(9,829)
Taxation	7	**(3,370)**	1,811
Profit/(loss) for the period		**10,904**	(8,018)
Profit/(loss) is attributable to:			
Owners of Topps Tiles Plc		**10,876**	(7,966)
Non-controlling interests		**28**	(52)
		10,904	(8,018)

All results relate to continuing operations of the Group.

	Notes	**53 weeks ended 2 October 2021**	52 weeks ended 26 September 2020
Earnings per ordinary share:			
– Basic	9	**5.59p**	(4.11)p
– Diluted	9	**5.52p**	(4.11)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 53 WEEKS ENDED 2 OCTOBER 2021

	53 weeks ended 2 October 2021 £'000	52 weeks ended 26 September 2020 £'000
Profit/(loss) for the period	**10,904**	(8,018)
Total comprehensive income/(expense) for the period is attributable to:		
Owners of Topps Tiles Plc	**10,876**	(7,966)
Non-controlling interests	**28**	(52)
	10,904	(8,018)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 2 OCTOBER 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Goodwill	10	**–**	–
Intangible assets	11	**1,243**	916
Property, plant and equipment	12a	**23,680**	27,170
Investment properties	12b	**–**	–
Other financial assets	14	**2,335**	2,749
Deferred tax assets	15	**407**	1,406
Right-of-use assets	14	**95,418**	106,258
		123,483	138,499
Current assets			
Assets classified as held for sale	12c	**–**	1,786
Inventories	16	**32,758**	29,337
Other financial assets	14	**518**	873
Trade and other receivables	17	**4,538**	3,567
Cash and cash equivalents	18	**27,789**	31,018
		65,603	66,581
Total assets		**188,686**	205,080
Current liabilities			
Bank loans	19	**–**	(4,981)
Trade and other payables	20	**(47,425)**	(58,446)
Lease liabilities	14	**(19,521)**	(25,520)
Current tax liabilities		**(2,027)**	(1,114)
Provisions	22	**(353)**	(462)
		(69,326)	(90,523)
Net current liabilities		**(3,723)**	(23,942)
Non-current liabilities			
Lease liabilities	14	**(91,817)**	(98,636)
Provisions	22	**(1,969)**	(1,867)
Total liabilities		**(163,112)**	(191,026)
Net assets		**25,574**	14,054
Equity			
Share capital	23	**6,555**	6,548
Share premium	24	**2,625**	2,492
Own shares	25	**(1,216)**	(1,483)
Merger reserve		**(399)**	(399)
Share-based payment reserve		**4,642**	3,965
Capital redemption reserve		**20,359**	20,359
Accumulated losses		**(6,992)**	(17,400)
Capital and reserves attributable to owners of Topps Tiles Plc		**25,574**	14,082
Non-controlling interests		**–**	(28)
Total equity		**25,574**	14,054

The accompanying notes are an integral part of these financial statements.

The financial statements of Topps Tiles Plc, registered number 3213782, on pages 100 to 135 were approved by the Board of Directors and authorised for issue on 10 December 2021. They were signed on its behalf by:

Rob Parker
Stephen Hopson
Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 53 WEEKS ENDED 2 OCTOBER 2021

	Share capital £'000	Share premium £'000	Own shares £'000	Merger reserve £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Accumulated losses £'000	Non-controlling interest £'000	Total equity £'000
Balance at 29 September 2019	**6,548**	**2,490**	**(1,548)**	**(399)**	**3,962**	**20,359**	**(4,783)**	**(2)**	**26,627**
Loss and total comprehensive expense for the period	–	–	–	–	–	–	(7,966)	(52)	(8,018)
Dividends	–	–	–	–	–	–	(4,484)	–	(4,484)
Issue of share capital	–	2	–	–	–	–	–	–	2
Own shares issued in the period	–	–	65	–	–	–	(65)	–	–
Credit to equity for equity-settled share-based payments	–	–	–	–	3	–	–	–	3
Deferred tax on share-based payment transactions	–	–	–	–	–	–	(2)	–	(2)
Acquisition of non-controlling interest on business combination	–	–	–	–	–	–	(100)	26	(74)
Balance at 26 September 2020	**6,548**	**2,492**	**(1,483)**	**(399)**	**3,965**	**20,359**	**(17,400)**	**(28)**	**14,054**
Profit and total comprehensive income for the period	–	–	–	–	–	–	10,876	28	10,904
Dividends	–	–	–	–	–	–	–	–	–
Issue of share capital	7	133	–	–	–	–	–	–	140
Own shares issued in the period	–	–	267	–	–	–	(267)	–	–
Credit to equity for equity-settled share-based payments	–	–	–	–	677	–	–	–	677
Deferred tax on share-based payment transactions	–	–	–	–	–	–	(47)	–	(47)
Acquisition of non-controlling interest on business combination	–	–	–	–	–	–	(154)	–	(154)
Balance at 2 October 2021	**6,555**	**2,625**	**(1,216)**	**(399)**	**4,642**	**20,359**	**(6,992)**	**–**	**25,574**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 53 WEEKS ENDED 2 OCTOBER 2021

	53 weeks ended 2 October 2021 £'000	52 weeks ended 26 September 2020 £'000
Cash flow from operating activities		
Profit/(loss) for the period	**10,904**	(8,018)
Taxation	**3,370**	(1,811)
Finance costs	**4,158**	3,901
Finance income	**(87)**	(101)
Group operating profit/(loss)	**18,345**	(6,029)
Adjustments for:		
Depreciation of property, plant and equipment	**6,268**	7,145
Depreciation of right-of-use assets	**20,508**	21,080
Amortisation of intangible assets	**186**	477
Loss on disposal of property, plant and equipment	**1,736**	338
Loss/(gain) on sublease	**134**	(150)
Impairment (reversal)/charge of property, plant and equipment	**(604)**	1,155
Fair value adjustment for asset held for sale	**–**	558
Impairment of right-of-use assets	**2,402**	5,411
Impairment of goodwill	**–**	3,104
Impairment of intangible assets	**–**	1,687
Gain on lease disposal	**(2,563)**	(388)
Receipt of lease incentives	**–**	173
Loss on disposal of investment properties	**–**	483
Share option charge	**677**	3
Decrease in trade and other receivables	**7**	252
(Increase)/decrease in inventories	**(3,421)**	1,589
(Decrease)/increase in payables	**(11,209)**	18,990
Cash generated by operations	**32,466**	55,878
Interest paid	**(468)**	(856)
Interest element of lease liabilities paid	**(3,728)**	(3,033)
Taxation paid	**(1,535)**	(999)
Net cash from operating activities	**26,735**	50,990
Investing activities		
Interest received	**11**	20
Interest received on sublease assets	**76**	81
Receipt of capital element of sublease assets	**629**	343
Purchase of property, plant and equipment	**(4,221)**	(6,290)
Purchase of intangibles	**(513)**	(417)
Proceeds on disposal of property, plant and equipment	**2,096**	18,552
Acquisition of subsidiary, net of cash acquired	**(154)**	(74)
Net cash (used in)/generated from investment activities	**(2,076)**	12,215
Financing activities		
Payment of capital element of lease liabilities	**(23,026)**	(21,452)
Dividends paid	**–**	(4,484)
Proceeds from issue of share capital	**133**	2
Drawdown of bank loans	**–**	20,000
Repayment of bank loans	**(4,995)**	(45,000)
Net cash used in financing activities	**(27,888)**	(50,934)
Net (decrease)/increase in cash and cash equivalents	**(3,229)**	12,271
Cash and cash equivalents at beginning of period	**31,018**	18,747
Cash and cash equivalents at end of period	**27,789**	31,018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 2 OCTOBER 2021

1 General Information
Topps Tiles Plc is a public company, limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 53. The nature of the Group's operations and its principal activity are set out in the Directors' Report on page 70.

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 that may impact the accounting for future transactions and arrangements.

Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

Amendments to IFRS 16 – Covid-19 concessions

2 Accounting Policies
The principal accounting policies adopted are set out below.

A) Basis of Accounting
These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements have been prepared on the historical cost basis, except for the revaluation of derivative financial instruments and investment property. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

B) Going Concern
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 a more pessimistic trading scenario that was deemed severe but plausible. The more pessimistic trading scenario was based on a further national lockdown related to the Covid-19 pandemic during quarter 2 of FY22 that would see our Retail stores closed to homeowners for a further three months.

The Group has already taken a number of actions to strengthen its liquidity during the Covid-19 pandemic, including the sale and leaseback of the Group's head office and central warehouse buildings in Enderby in June 2020. The going concern review also outlined a range of other 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 scenario. The current lending facility was refinanced in July 2018 and expires in July 2023. In all scenarios, the Board have concluded that there is sufficient available liquidity and 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 continue 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.

2 Accounting Policies continued

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively; and
- assets that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Contingent consideration is recognised at fair value at the date of acquisition. Subsequent changes in contingent consideration, which has been classified as an asset or liability, which does not result from a measurement period adjustment is accounted for in accordance with IFRS 9 where the asset or liability is a financial instrument, and in accordance with IAS 37 in all other cases.

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 where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of financial performance 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 2021 mean "at 2 October 2021" or the 53 weeks then ended; references to 2020 mean "at 26 September 2020" 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.

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.

2 Accounting Policies continued

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 sales return provision in the Consolidated Statement of Financial Position to provide for the expected level of returns. 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.

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.

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, up to 50 years on a straight-line basis
Fixtures and fittings	over 10 years, except for the following: four years for computer equipment or five years for display stands, as appropriate
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 Financial Performance.

Non-current assets are classified as held for sale if the assets are available for immediate sale in their present condition and the sale is highly probable. After reclassified as held for sale, the assets are measured at the lower of their carrying value and fair value less costs to sell.

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.

Recoverable amount is the higher of fair value less costs to sell 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.

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.

2 Accounting Policies continued

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 the tax currently payable 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 financial performance 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.

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 financial performance, 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.

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 financial performance for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of financial performance for the period.

N) Leases

The following policies apply subsequent to the date of initial application of IFRS 16, 29 September 2019.

Leases in which the Group is a Lessee

The Group leases assets which 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.

2 Accounting Policies continued

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; and
- 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 taken 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.

From 29 September 2019, 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.

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;
- 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
- restoration 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.

On transition to IFRS 16 on 29 September 2019, the Group has reclassified 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 sub-leases, 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.

Sale and Leaseback

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. On entering into a sale and leaseback transaction, the Group determines whether the transfer of the assets qualifies as a sale (satisfying a performance obligation in IFRS 15 "Revenue from Contracts with Customers"). Where the transfer is a sale and providing the transaction is on market terms than the previous carrying amount of the underlying asset is split between:

- a right-of-use asset arising from the leaseback (being the proportion of the previous carrying amount of the asset that relates to the rights retained); and
- the rights in the underlying asset retained by the buyer/lessor at the end of the leaseback.

The Group recognises a portion of the total gain or loss on the sale. The amount recognised is calculated by splitting the total gain or loss into:

- an unrecognised amount relating to the rights retained by the seller/lessee; and
- a recognised amount relating to the buyer/lessor's rights in the underlying asset at the end of the leaseback.

The leaseback itself is then accounted for under IFRS 16.

O) Retirement Benefit Costs

For defined contribution schemes, the amount charged to the statement of financial performance 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.

P) Finance Costs

Finance costs of debt are recognised in the statement of financial performance over the term of the debt at a constant rate on the carrying amount.

Q) 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.

2 Accounting Policies continued

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 Financial Performance. 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 of loss.

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 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 and deposits, less bank overdrafts, which are repayable on demand where there is a right of offset. All cash equivalents have an original maturity of three months or less.

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.

2 Accounting Policies continued

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 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 by 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.

R) Share-Based Payments

The Group has applied the requirements of IFRS 2 "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.

S) Trade Payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

T) Operating Costs

Restructuring costs relate to Board-approved decisions such as business closures or major organisational changes. Operating profit is stated after charging/(crediting) restructuring costs but before investment income and finance costs.

Employee profit sharing costs are classified as distribution and selling costs and administrative costs.

U) 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.

V) 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.

W) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Investment properties are not depreciated.

2 Accounting Policies continued
The Group obtains independent valuations for its investment properties and, at the end of the reporting period, the fair value of each property is updated, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Directors consider information for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

X) Government Grants
The Group applies IAS 20 "Accounting for Government Grants and Disclosures of Government Assistance" when accounting for government grants. A government grant is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to it, and that the grant will be received. Government grants are recognised in the Consolidated Statement of Financial Performance on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The Group has chosen to present government grants netted off against the related expense.

Y) Reserves
The merger reserve arose on pre-2006 acquisitions. The Directors do not consider this to be distributable as at 2 October 2021 (2020: same).

The share-based payment reserve has arisen on the fair valuation of save-as-you-earn schemes and long-term incentive plans. The Directors consider this to be distributable as at 2 October 2021 (2020: same).

The capital redemption reserve arose on the cancellation of treasury shares and as a result of a share reorganisation in 2006. The Directors do not consider this to be distributable as at 2 October 2021 (2020: same).

Z) Critical Accounting Judgements and Key Sources of Estimation Uncertainty
In the application of the Group's accounting policies, which are 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 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.

Leases are regularly reviewed on a lease-by-lease basis and will be revalued if it becomes likely that a break clause or option to extend the lease is exercised.

2 Accounting Policies continued

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:

Incremental Borrowing Rate

Under IFRS 16, the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, adjusted to take into account the risk associated with the length of the lease that ranges between 1 and 20 years. The Group uses the lessee's incremental borrowing rate for all property and equipment leases.

Due to the size of the Group's lease portfolio, the discount rate is considered to be a significant judgement with estimation, ranging between 2.17% and 3.09% dependent on the length of the lease term.

Store Impairment

During the period, the Group has continued to review the performance of its store portfolio. Each store is tested for impairment in line with IAS 36, and the key estimates involved relate to the pre-tax discount rate, long-term growth rate, and cash flow forecasts – see note 14 for further details.

Inventory Provision

The Group provides against the carrying value of the inventories held where it is anticipated that net realisable value (NRV) will be below cost. The key estimate involves an assessment of discontinued lines and lines in the process of being discontinued, and the level of expected clearance before lines are removed from sale. A 10% change in the level of provision against these lines would lead to a change in the provision of £255,000.

Climate Change

Climate change is a global challenge and an emerging risk to businesses, people and the environment across the world. We have a role to play in limiting warming by improving our energy management, reducing our carbon emissions and by helping our customers do the same. Growing awareness of climate change and changing customer demands will provide impetus for business growth as we provide more environmentally sustainable products that use higher levels of recycled materials in production and reduce carbon emissions. As a result, in our view climate change does not represent a material estimation uncertainty. For further detail see the Sustainability section of the Strategic Report.

3 Revenue

An analysis of Group revenue is as follows:

	53 weeks ended 2 October 2021 £'000	52 weeks ended 26 September 2020 £'000
Revenue from the sale of goods	**227,997**	192,813
Total revenue	**227,997**	192,813

The Group has one reportable segment in accordance with IFRS 8 "Operating Segments", which encompasses the Topps Tiles Group revenue generated instore and online from retail and commercial customers. The Board receives monthly financial information at this level and uses this information to monitor performance, allocate resources and make operational decisions. All revenue is derived from sales in the UK.

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/(Loss) Before Taxation

Profit/ (loss) before taxation for the period has been arrived at after charging/(crediting):

	53 weeks ended 2 October 2021 £'000	52 weeks ended 26 September 2020 £'000
Depreciation of property, plant and equipment	**6,268**	7,145
Depreciation of right-of-use assets	**20,508**	21,080
Impairment (reversal)/charge of property, plant and equipment	**(604)**	1,155
Fair value adjustment for asset held for sale	**–**	558
Impairment of right-of-use assets	**2,402**	5,411
Loss on disposal of property, plant and equipment	**1,736**	338
Amortisation of intangibles	**186**	477
Impairment of intangibles	**–**	1,687
Impairment of goodwill	**–**	3,104
Loss on disposal of investment properties	**–**	483
Staff costs (see note 5)	**57,955**	49,638
Furlough income received	**–**	(5,228)
Government grants received	**–**	(700)
Exchange losses recognised in profit or loss	**145**	94
Write-down of inventories recognised as an expense	**4,598**	4,331
Cost of inventories recognised as an expense	**92,554**	75,573

During the year, the business disposed of three freehold properties (2020: three freehold properties).

Analysis of the Auditor's remuneration is provided below:

	53 weeks ended 2 October 2021 £'000	52 weeks ended 26 September 2020 £'000
Fees payable to the Company's Auditors with respect to the Company's annual accounts	**74**	49
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	**229**	184
Total audit fees	**303**	233
Total non-audit fees	**–**	–
Total fees payable to the Company's Auditors	**303**	233

A description of the work of the Audit Committee is set out on page 64 and includes an explanation of how Auditor's objectivity and independence is safeguarded when non-audit services are provided by the Auditors.

5 Staff Costs

The average monthly number of persons employed by the Group in the UK during the accounting period (including Executive Directors) was:

	53 weeks ended 2 October 2021 Number employed	52 weeks ended 26 September 2020 Number employed
Selling	**1,533**	1,661
Administration	**314**	340
	1,847	2,001

The average monthly number of persons (full-time equivalents) employed by the Group in the UK during the accounting period (including Executive Directors) was:

	53 weeks ended 2 October 2021 Number employed	52 weeks ended 26 September 2020 Number employed
Selling	**1,455**	1,573
Administration	**283**	332
	1,738	1,905

	2021 £'000	2020 £'000
Their aggregate remuneration comprised:		
Wages and salaries (including LTIP, see note 27)	**52,348**	44,865
Social security costs	**4,498**	3,779
Other pension costs (see note 26b)	**1,109**	994
	57,955	49,638

Details of Directors' emoluments are disclosed on pages 76 to 82. The Group considers key management to be the Directors only. Employee profit sharing of £8.3 million (2020: £4.3 million) is included in the above and comprises sales commission and bonuses.

6 Finance Income and Finance Costs

	53 weeks ended 2 October 2021 £'000	52 weeks ended 26 September 2020 £'000
Finance income		
Bank interest receivable	**11**	20
Interest income from finance lease receivables	**76**	81
	87	101
Finance costs		
Interest on bank loans and overdrafts	**(430)**	(868)
Interest payable on lease liabilities	**(3,728)**	(3,033)
	(4,158)	(3,901)

No finance costs have been capitalised in the period, or the prior period.

Interest on bank loans and overdrafts represents gains and losses on financial liabilities measured at amortised cost. There are no other gains or losses recognised in respect of financial liabilities measured at amortised cost.

7 Taxation

	53 weeks ended 2 October 2021 £'000	52 weeks ended 26 September 2020 £'000
Current tax – debit/(credit) for the period	**2,418**	(48)
Current tax – adjustment in respect of previous periods	**–**	134
Deferred tax – debit/(credit) for the period (note 15)	**1,234**	(2,028)
Deferred tax – adjustment in respect of previous periods (note 15)	**145**	42
Effect of tax rate change on opening balance (note 15)	**(427)**	89
	3,370	(1,811)

The charge for the period can be reconciled to the profit/(loss) per the statement of financial performance as follows:

	53 weeks ended 2 October 2021 £'000	52 weeks ended 26 September 2020 £'000
Continuing operations:		
Profit/(loss) before taxation	**14,274**	(9,829)
Tax at the UK corporation tax rate of 19.0% (2020: 19.0%)	**2,712**	(1,868)
Expenses that are not deductible in determining taxable profit	**11**	966
Other movements	**(36)**	(49)
Fixed asset timing differences	**739**	(1,104)
Difference between IFRS 2 and corporation tax relief	**–**	(7)
(Reduction)/increase in UK corporation tax rate	**(29)**	91
Non-taxable income	**(172)**	(17)
Tax effect of adjustment in respect of prior periods	**145**	177
Tax expense for the period	**3,370**	(1,811)

In the period, the Group has recognised a corporation tax credit directly to equity of £nil (2020: £nil) and a deferred tax charge to equity of £46,701 (2020: £1,622) in relation to the Group's share option schemes.

The Group continue to fully provide within current tax liabilities for a historic tax claim relating to EU loss relief in relation to the closed Dutch business of £988,000 (2020: £957,000).

8 Dividends

Amounts recognised as distributions to equity holders in the period:

	53 weeks ended 2 October 2021 £'000	52 weeks ended 26 September 2020 £'000
Final dividend for the period ended 26 September 2020 of £nil (2019: £0.023) per share	**–**	4,484
Interim dividend for the period ended 2 October 2021 of £nil (2020: £nil) per share	**–**	–
	–	4,484
Proposed final dividend for the period ended 2 October 2021 of £0.031 (2020: £nil) per share	**6,057**	–

The proposed final dividend for the period ended 2 October 2021 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.

	53 weeks ended 2 October 2021 Number	52 weeks ended 26 September 2020 Number
Weighted average number of issued shares for basic earnings per share	**196,508,867**	196,443,323
Weighted average impact of treasury shares for basic earnings per share	**(1,344,844)**	(1,472,264)
Total weighted average number of shares for basic earnings per share	**195,164,023**	194,971,059
Weighted average number of shares under option	**2,274,713**	–
For diluted earnings per share	**197,438,736**	194,971,059

	53 weeks ended 2 October 2021 £'000	52 weeks ended 26 September 2020 £'000
Profit/(loss) for the period	**10,904**	(8,018)
Adjusting items	**1,067**	11,076
Adjusted profit for the period	**11,971**	3,058
Earnings per ordinary share – basic	**5.59p**	(4.11)p
Earnings per ordinary share – diluted	**5.52p**	(4.11)p
Earnings per ordinary share – adjusted	**6.13p**	1.57p

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 2,274,713 (2020: 1,758,101 anti-dilutive shares).

Adjusted earnings per share were calculated after adjusting for the post-tax impact of the following items: rates relief from April 2020 to September 2021 £1,839,000 benefit (2020: £nil), impairment of property, plant, equipment and movement in onerous lease provision of £1,202,000 (2020: £1,781,000), vacant property costs for stores closed as part of store reduction programme of £1,704,000 (2020: £771,000), IFRS 16 one-off changes including the impairment of closure programme stores of £nil (2020: £2,474,000), commercial impairment £nil (2020: £5,618,000) and restructuring costs £nil (2020: £432,000).

10 Goodwill

	£'000
Cost	
At 29 September 2019	3,349
At 26 September 2020	3,349
At 2 October 2021	**3,349**
Accumulated impairment losses	
At 29 September 2019	245
Impairment losses in the period	3,104
At 26 September 2020	3,349
At 2 October 2021	**3,349**
Carrying amount	
At 2 October 2021	**–**
At 26 September 2020	–

The balance of goodwill remaining was written down to £nil in the prior period. The carrying value previously held arose on the acquisition of Parkside Ceramics Limited in 2017 and Strata Tiles Limited in 2019. The balance related to two cash-generating units (CGUs). Goodwill of £1,216,000 (Parkside Ceramics Limited) related to one CGU, with the balance of £1,888,000 (Strata Tiles Limited) relating to another CGU.

Where a balance exists, the Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

10 Goodwill continued

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. Management estimates discount rates based on the Group's weighted average cost of capital. The growth rates of 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. In the prior period, discounted cash flows were calculated using a pre-tax rate of 16.5%.

11 Intangible Assets

	Brand £'000	Customer relationships £'000	Software £'000	Total £'000
Cost				
At 29 September 2019	1,064	1,042	1,020	3,126
Additions	–	–	417	417
At 26 September 2020	**1,064**	**1,042**	**1,437**	**3,543**
Additions	–	–	513	513
At 2 October 2021	**1,064**	**1,042**	**1,950**	**4,056**
Accumulated amortisation and impairment				
At 29 September 2019	87	184	192	463
Amortisation charge for the period	106	167	204	477
Impairment charge in the period	871	691	125	1,687
At 26 September 2020	1,064	1,042	521	2,627
Amortisation charge for the period	–	–	186	186
At 2 October 2021	**1,064**	**1,042**	**707**	**2,813**
Carrying amount				
At 2 October 2021	**–**	**–**	**1,243**	**1,243**
At 26 September 2020	–	–	916	916

The brand and customer relationships additions occurred on the acquisition of Parkside Ceramics Limited on 31 August 2017 and the acquisition of Strata Tiles Limited on 18 April 2019. These balances were written down to £nil in the prior period.

Software is amortised over its estimated useful life of four years. Amortisation is included within administrative costs within the Consolidated Statement of Financial Performance.

12a Property, Plant and Equipment

	Land and buildings				
	Freehold and long leasehold £'000	Short leasehold £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 29 September 2019	15,352	1,823	91,997	74	109,246
Additions	2,651	57	3,433	–	6,141
Disposals	(14,047)	(314)	(8,627)	(2)	(22,990)
Reclassified to assets held for sale (note 12c)	(2,344)	–	–	–	(2,344)
At 26 September 2020	1,612	1,566	86,803	72	90,053
Additions	–	174	4,020	27	4,221
Disposals	(308)	(187)	(4,414)	(63)	(4,972)
At 2 October 2021	**1,304**	**1,553**	**86,409**	**36**	**89,302**
Accumulated depreciation					
At 29 September 2019	2,761	1,128	58,428	64	62,381
Charge for the period	164	113	6,865	3	7,145
Provision of impairment	–	109	1,046	–	1,155
Eliminated on disposals	(2,657)	(263)	(4,876)	(2)	(7,798)
At 26 September 2020	268	1,087	61,463	65	62,883
Charge for the period	31	111	6,120	6	6,268
Reversal of impairment	–	(84)	(520)	–	(604)
Eliminated on disposals	(10)	(109)	(2,748)	(58)	(2,925)
At 2 October 2021	**289**	**1,005**	**64,315**	**13**	**65,622**
Carrying amount					
At 2 October 2021	**1,015**	**548**	**22,094**	**23**	**23,680**
At 26 September 2020	1,344	479	25,340	7	27,170

Cumulative finance costs capitalised in the cost of tangible fixed assets amount to £nil (2020: £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 as the fixtures and fittings within these stores cannot be reused in other locations, the Group have provided for the net book value of the assets in relation to the seven stores (2020: 16) that are impaired. The carrying value of these assets has been fully provided for in the period, with a decrease in the provision of £604,000 in the period (2020: £1,155,000 increase in the provision) included within other operating expenses.

All assets classified as property, plant and equipment are UK based.

12b Investment Properties

At fair value	£'000
At 29 September 2019	1,233
Disposal	(1,233)
At 26 September 2020	–
At 2 October 2021	**–**

On 11 May 2020, the Group completed the sale of its only investment property to support the ongoing liquidity of the Group as the Covid-19 pandemic unfolded.

12c Assets Classified as Held for Sale

	2021 £'000	2020 £'000
Freehold properties reclassified from property, plant and equipment	–	2,344
Fair value adjustment for asset held for sale	–	(558)
Assets classified as held for sale	–	1,786

Two freehold properties were purchased in the prior year and subsequently reclassified as held for sale on 1 August 2020 in accordance with IFRS 5 "Non-current Assets Held For Sale and Discontinued Operations". The sale of both properties was completed in October 2020. There was no gain or loss on disposal of these assets.

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 only 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 transition: 29 September 2019	113,878	3,818	117,696
Additions	17,779	541	18,320
Disposals	(3,267)	–	(3,267)
Depreciation	(19,591)	(1,489)	(21,080)
Impairment	(5,411)	–	(5,411)
At 26 September 2020	**103,388**	**2,870**	**106,258**
Additions	14,876	204	15,080
Disposals	(3,010)	–	(3,010)
Depreciation	(19,018)	(1,490)	(20,508)
Impairment	(2,402)	–	(2,402)
At 2 October 2021	**93,834**	**1,584**	**95,418**

Lease liabilities included in the Consolidated Statement of Financial Position were as follows:

	Land and buildings £'000	Equipment £'000	Total £'000
At transition: 29 September 2019	(124,414)	(3,831)	(128,245)
Additions	(20,803)	(528)	(21,331)
Disposals	3,934	35	3,969
Interest	(2,960)	(73)	(3,033)
Repayment of lease liabilities	22,958	1,526	24,484
At 26 September 2020	**(121,285)**	**(2,871)**	**(124,156)**
Additions	(15,220)	(201)	(15,421)
Disposals	5,213	–	5,213
Interest	(3,678)	(50)	(3,728)
Repayment of lease liabilities	25,192	1,562	26,754
At 2 October 2021	**(109,778)**	**(1,560)**	**(111,338)**

14 Leases continued

The maturity analysis of the lease liabilities is as follows:

	2021 £'000	2020 £'000
Current	**(19,521)**	(25,520)
Non-current	**(91,817)**	(98,636)
	(111,338)	(124,156)

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	2021 £'000	2020 £'000
Less than one year	**22,912**	26,810
One to five years	**64,116**	68,449
More than five years	**47,582**	52,274
Total undiscounted lease liability	**134,610**	147,533

The following amounts have been recognised in the Consolidated Statement of Financial Performance:

	Land and buildings 2021 £'000	Equipment 2021 £'000	Total 2021 £'000
Depreciation of right-of-use assets	**19,018**	**1,490**	**20,508**
Impairment of right-of-use assets	**2,402**	**–**	**2,402**
Interest expense	**3,678**	**50**	**3,728**
Expenses relating to short-term leases	**96**	**–**	**96**
Holdover lease expense	**857**	**–**	**857**

	Land and buildings 2020 £'000	Equipment 2020 £'000	Total 2020 £'000
Depreciation of right-of-use assets	19,591	1,489	21,080
Impairment of right-of-use assets	5,411	–	5,411
Interest expense	2,960	73	3,033
Expenses relating to short-term leases	93	98	191
Holdover lease expense	928	–	928
Gain from sale and leaseback	(1,134)	–	(1,134)

The total cash outflow for leases during the financial period was £26.8 million (2020: £24.5 million).

As a Lessor

Lease income from lease contracts in which the Group acts as a lessor is as below:

	2021 £'000	2020 £'000
Lease income (from operating leases)	**413**	193
Finance income (from finance leases)	**76**	81

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.

14 Leases continued

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2021 £'000	2020 £'000
Less than one year	**214**	111
One to five years	**300**	82
More than five years	**–**	–
Total undiscounted lease payments receivable	**514**	193

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 lease payments to be received after the reporting date:

	2021 £'000	2020 £'000
Less than one year	**582**	948
One to five years	**1,511**	1,686
More than five years	**1,048**	1,350
Total undiscounted lease payments receivable	**3,141**	3,984
Less: unearned finance income	**(288)**	(362)
Present value of minimum lease payments receivable	**2,853**	3,622
Current	**518**	873
Non-current	**2,335**	2,749
	2,853	3,622

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 cashflows 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.

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 cashflows was 14.8%.	An increase in pre-tax discount rate of 500bps at year-end would result in an increase in value of impairments of £0.3 million.
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% was applied.	A decrease in the long-term growth rate of 150bps at year-end would result in an increase in value of impairments of £0.1 million.
Cash flow forecast	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 cashflows associated with the replacement of leased assets expected to be incurred on the maturity of lease terms for existing leases.	CGU cash flows are expected to grow in each year up to perpetuity. A reduction of 200bps to the forecast cash flow growth rates would lead to an increase in impairment for the year of £0.3 million. A 10% increase in expected cash flows associated with the replacement of leased assets at the end of lease terms would increase impairments for the period by £0.3 million.

15 Deferred Tax Liabilities/(Assets)

The following are the deferred tax liabilities/(assets) 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	Stock provisions £'000	Intangible assets £'000	Total £'000
At 29 September 2019	(706)	1,018	(124)	(7)	310	491
(Credit)/charge to income	(70)	(1,646)	34	–	(348)	(2,030)
Charge in respect of previous periods		42	–	–	–	42
Effect of tax rate change on opening balance	107	(56)	–	–	38	89
Charge to equity	–	–	2	–	–	2
At 26 September 2020	**(669)**	**(642)**	**(88)**	**(7)**	**–**	**(1,406)**
(Credit)/charge to income	149	1,340	(262)	7	–	1,234
Charge in respect of previous periods	48	97	–	–	–	145
Effect of tax rate change on opening balance	(196)	(203)	(28)	–	–	(427)
Charge to equity	–	–	47	–	–	47
At 2 October 2021	**(668)**	**592**	**(331)**	**–**	**–**	**(407)**

A UK corporation rate of 25% (effective 1 April 2025) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax (asset)/liability at 2 October 2021 has been calculated at 25% (2020: 19%).

16 Inventories

	2021 £'000	2020 £'000
Goods for resale	**32,758**	29,337

Goods for resale includes a net realisable value provision of £1,575,000 (2020: £2,261,000). Write-downs of inventories to net realisable value amounted to £4,598,000 (2020: £4,332,000) and were recognised as an expense during the period, included within cost of sales in the Consolidated Statement of Financial Performance.

17 Trade and Other Receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Amounts receivable for the sale of goods	**1,829**	2,139
Allowance for expected credit losses	**(279)**	(155)
Other debtors and prepayments		
– Rent and rates	**1,089**	124
– Other	**1,899**	1,459
	4,538	3,567

The Directors consider that the carrying amount of trade and other receivables at 2 October 2021 and 26 September 2020 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 and trade 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 2 October 2021 amounted to £1.3 million (2020: £2.0 million). These amounts mainly relate to sundry trade account generated sales. In relation to these sales, the average credit period taken is 55 days (2020: 58 days) and no interest is charged on the receivables.

17 Trade and Other Receivables continued

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 £nil (2020: £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 allowance for expected credit losses/allowance for doubtful debts was £279,000 by the end of the period (2020: £155,000). Given the minimal receivable balance, the Directors believe that there is no further credit provision required in excess of the allowance for expected credit losses/allowance for doubtful debts.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and accrued income.

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:

	2021 £'000	2020 £'000
Sterling	**27,064**	28,862
US dollar	**495**	1,701
Euro	**230**	456
Total cash and cash equivalents	**27,789**	31,018

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

	2021 £'000	2020 £'000
Bank loans (all sterling)	**(106)**	4,866

	2021 £'000	2020 £'000
The borrowings are repayable as follows:		
On demand or within one year	**–**	5,000
Less: total unamortised issue costs	**(106)**	(134)
	(106)	4,866
Issue costs to be amortised within 12 months	**36**	115
Amount due for settlement within 12 months	**–**	4,981

19 Bank Loans continued

The Directors consider that the carrying amount of the bank loan at 2 October 2021 and 26 September 2020 approximates to its fair value since the amounts relate to floating rate debt.

The average interest rates paid on the loan were as follows:

	2021 %	2020 %
Loans	**–**	2.11

The Group borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

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 29 September 2019	128,245	–	30,000	(238)
Repayment of bank loan	–	(1,000)	(44,000)	–
Drawdown of bank loan	–	6,000	14,000	–
Repayment of lease liabilities	(24,484)	–	–	–
Additions/disposals of lease liabilities	17,362	–	–	–
Interest accrued on lease liabilities	3,033	–	–	–
Issue costs incurred in the year	–	–	–	(22)
Amortisation of issue costs	–	–	–	126
As at 26 September 2020	**124,156**	**5,000**	**–**	**(134)**
Repayment of bank loan	–	(5,000)	–	–
Drawdown of bank loan	–	–	–	–
Repayment of lease liabilities	(26,754)	–	–	–
Additions/disposals of lease liabilities	10,208	–	–	–
Interest accrued on lease liabilities	3,728	–	–	–
Issue costs incurred in the year	–	–	–	(98)
Amortisation of issue costs	–	–	–	126
As at 2 October 2021	**111,338**	**–**	**–**	**(106)**

The Group has a revolving credit facility to June 2023 of £39.0 million. As at the financial period end, £nil of this was drawn (2020: £nil). The loan facility contains financial covenants, which are tested on a bi-annual basis. The Group did not breach any covenants in the period.

During the year, the Group repaid the remaining £5.0 million loan relating to the Coronavirus Large Business Interruption Loan Scheme ('CLBILS'), which facilitated access to finance for medium-sized and larger businesses affected by the coronavirus outbreak. The Group had a credit facility to June 2021 of £10.0 million, which has now expired.

At 2 October 2021, the Group had available £39.0 million (2020: £44.0 million) of undrawn committed banking facilities.

20 Trade and Other Payables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Trade payables	**17,439**	22,450
Other payables	**8,823**	15,537
Accruals	**15,840**	15,543
Deferred income	**956**	1,039
Contract liabilities	**4,367**	3,877
	47,425	58,446

The 2020 contract liabilities have been restated by £776,000 to reallocate VAT to other payables.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 47 days (2020: 63 days). No interest is charged on these payables.

The Directors consider that the carrying amount of trade payables at 2 October 2021 and 26 September 2020 approximates to their fair value on the basis of discounted cash flow analysis.

Accruals includes provisions for customer returns of £1,105,000 (2020: £1,129,000).

Deferred income relates to consideration for trader loyalty points earned but not yet redeemed. The value of deferred income as at 26 September 2020 that was recognised as revenue for the 53 weeks ended 2 October 2021 was £620,000.

Contract liabilities relate to deposits received from customers for orders not yet fulfilled. The value of contract liabilities as at 26 September 2020 that was recognised as revenue for the 53 weeks ended 2 October 2021 was £3,458,000.

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 2020. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, 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 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 2Q to the financial statements.

Categories of Financial Instruments

	Carrying value and fair value 2021 £'000
Financial assets	
Amortised cost (including cash and cash equivalents)	**32,192**
Fair value through profit and loss	**63**
Financial liabilities	
Amortised cost	**153,440**

	Carrying value and fair value Restated 2020 £'000
Financial assets	
Amortised cost (including cash and cash equivalents)	36,624
Fair value through profit and loss	23
Financial liabilities	
Amortised cost	182,787

The 2020 financial liabiltiies have been restated by £776,000 to include VAT from contract liabilities.

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	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Euro	**238**	456	**2,876**	5,891
US dollar	**495**	1,701	**155**	608

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to the currency of China, India and Brazil (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.

	2021 £'000	2020 £'000
Profit or loss movement on a 10% strengthening in sterling against the euro	**240**	494
Profit or loss movement on a 10% strengthening in sterling against the US dollar	**31**	99
Profit or loss movement on a 10% weakening in sterling against the euro	**(293)**	(604)
Profit or loss movement on a 10% weakening in sterling against the US dollar	**(38)**	(121)

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.

At the balance sheet date, the total notional amounts of outstanding forward foreign exchange contracts that the Group has committed to are as below:

	2021 £'000	2020 £'000
Forward foreign exchange contracts	**10,867**	3,575

These arrangements are designed to address significant exchange exposures for the first half of 2022 and are renewed on a revolving basis as required.

At 2 October 2021, the fair value of the Group's currency derivatives is a gain of £63,006 within other debtors and prepayments (note 17) (2020: gain of £23,417 within other debtors and prepayments (note 17)).

Gains of £39,589 have been included in cost of sales during the period (2020: £65,097 gain).

21 Financial Instruments continued

Interest Rate Risk Management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. Due to the reduced level of floating rate borrowings and the current low level of interest rates, management have not deemed it necessary to implement measures that would mitigate this risk. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

During the year, no bank interest was due on the Group revolving credit facility, the interest payable on note 6 is relating to the unutilised commitment fee on the facility.

	50 basis points increase in interest rates		**50 basis points decrease in interest rates**	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
(Loss) or profit	**–**	(146)	**–**	146

The Group's sensitivity to interest rates mainly relates to the revolving credit facility.

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. Trade receivables are minimal, consisting of a number of sundry trade accounts; further information is provided in note 17.

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 without taking account of the value of any collateral obtained.

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.

Liquidity and Interest Risk Tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows (and on the assumption that the variable interest rate remains constant at the latest fixing level of nil (2020: 2.11%) of financial liabilities based on the earliest date on which the Group can be required to pay). The table includes both interest and principal cash flows.

2021	**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	**42,102**	**–**	**–**	**–**	**–**	**42,102**
Lease liabilities	**1,956**	**4,844**	**16,112**	**64,116**	**47,582**	**134,610**
Variable interest rate instruments	**–**	**–**	**–**	**–**	**–**	**–**

2020	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	53,530	–	–	–	–	53,530
Lease liabilities	2,134	6,541	18,134	68,449	52,274	147,532
Variable interest rate instruments	22	44	5,182	149	–	5,397

The 2020 non-interest bearing liabilities have been restated by £776,000 to include VAT from contract liabilities

21 Financial Instruments continued

Fair Value of Financial Instruments

The Group is financed through a £39.0 million (2020: £39.0 million) revolving credit facility, of which £nil (2020: £nil) was utilised. At the balance sheet date, the total unused amount of financing facilities was £39.0 million (2020: £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.

2021	**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	**(2,099)**	**(1,862)**	**(6,906)**	**–**	**–**	**(10,867)**
Foreign exchange forward contracts receipts	**2,094**	**1,875**	**6,962**	**–**	**–**	**10,931**

2020	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	(1,091)	(1,436)	(1,048)	–	–	(3,575)
Foreign exchange forward contracts receipts	1,098	1,441	1,059	–	–	3,598

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 (2020: 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

	2021 £'000	2020 £'000
Dilapidations provision	**2,322**	2,209
Redemption liability	**–**	120
	2,322	2,329
Current	**353**	462
Non-current	**1,969**	1,867
	2,322	2,329

	Dilapidations provision £'000	**Redemption liability £'000**	**Total £'000**
At 27 September 2020	**2,209**	**120**	**2,329**
Created in the year	517	40	557
Utilisation of provision	(379)	(160)	(539)
Release of provision in the period	(25)	–	(25)
At 2 October 2021	**2,322**	**–**	**2,322**

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 ten years, which includes an estimation of future renewals after the current leases end).

The discount rate used to calculate the present value of property provisions is 5.5% (2020: 6.0%). A 10% reduction in discount rate would lead to an increase in property provisions of £54,000 (2020: £53,000).

The Group purchased the remaining shares of Strata Tiles Limited during the period, therefore the redemption liability provision has been fully utilised.

23 Share Capital

	2021 Shares	2020 Shares	2021 £'000	2020 £'000
Allotted, issued and fully paid ordinary shares of 3.33p (2020: 3.33p)				
At the start of the period	**196,443,323**	196,440,971	**6,548**	6,548
Issued in the period	**218,808**	2,352	**7**	–
At the end of the period	**196,662,131**	196,443,323	**6,555**	6,548

During the period, the Group issued 218,808 (2020: 2,352) ordinary shares with a nominal value of £7,294 (2020: £78) under share option schemes for an aggregate cash consideration of £140,037 (2020: £2,100).

The authorised share capital of the Group is £8,000,000 (2020: £8,000,000), which consists of 240,000,000 ordinary shares (2020: 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

	2021 £'000	2020 £'000
At start of the period	**2,492**	2,490
Premium on issue of new shares	**133**	2
At end of the period	**2,625**	2,492

25 Own Shares

	2021 £'000	2020 £'000
At start of the period	**(1,483)**	(1,548)
Disposed of on issue in the period	**267**	65
At end of the period	**(1,216)**	(1,483)

A subsidiary of the Group holds 1,259,275 (2020: 1,470,517) shares with a nominal value of £1,216,479 acquired for an average price of £0.97 per share (2020: £1,482,487 acquired for an average price of £1.01 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 £nil (2020: £nil).

b) Pension Arrangements

The Group operates a defined contribution pension scheme for employees. 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 £1,109,000 (2020: £994,000). At the period end, the Group holds outstanding contributions of £203,595 (2020: £216,673).

c) Lease Commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021		2020	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
– Within 1 year	**–**	**–**	23	–
– Within 2–5 years	**–**	**–**	–	–
– After 5 years	**–**	**–**	–	–
	–	**–**	23	–

27 Share-Based Payments

The Group operates four (2020: three) share option schemes in relation to Group employees; these are the employee share purchase plans, the 2013 Long Term Incentive Plan, the 2020 Long Term Incentive Plan and the 2020 Restricted Stock Unit Plan.

Employee Share Purchase Plans

Employee share purchase plans are open to almost all employees and there no specific vesting conditions other than the requirement for continued employee 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:

	2021		2020	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	**4,339,091**	**0.59**	4,752,154	0.61
Issued during the period	**3,058,326**	**0.46**	1,634,712	0.60
Expired during the period	**(749,549)**	**0.74**	(169,344)	1.27
Forfeited during the period	**(1,451,424)**	**0.55**	(1,878,431)	0.59
Exercised during the period	**(256,001)**	**0.62**	–	–
Outstanding at end of the period	**4,940,443**	**0.50**	4,339,091	0.59
Exercisable at end of the period	**–**	**–**	440,975	0.70

During the financial period, the Group granted 3,058,326 share options under the existing share option scheme due to vest in April 2024 with a fair value of £603,132.

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	63.00
Weighted average exercise price	— pence	46.30
Expected volatility	— %	40.48
Expected life	— years	3.0
Risk-free rate of interest	— %	–0.0703
Dividend yield	— %	3.65

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years (2020: three years).

The weighted average remaining contractual life of the share options outstanding at the end of the period is 2.23 years (2020: 1.93 years).

The exercise price for share options under the share save scheme range from 43 pence to 127 pence.

The weighted average share price at the date of exercise of options exercised during the year ended 2 October 2021 is 13.67 pence (2020: nil 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:

	2021		2020	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	**6,617,309**	**–**	7,791,387	–
Issued during the period	**2,949,924**	**–**	2,110,791	–
Forfeited during the period	**(2,822,392)**	**–**	(3,236,692)	–
Exercised during the period	**(179,674)**	**–**	(48,177)	–
Outstanding at end of the period	**6,565,167**	**–**	6,617,309	–
Exercisable at end of the period	**723,513**	**–**	903,188	–

During the financial period, the Group granted 2,949,924 share options under the existing share option scheme due to vest in December 2023 with a fair value of £1,431,156.

The inputs to the Black–Scholes model are as follows:

Weighted average share price	— pence	55
Weighted average exercise price	— pence	Nil
Expected volatility	— %	41.29
Expected life	— years	3.00
Risk-free rate of interest	— %	–0.05
Dividend yield	— %	4.18

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 (2020: one, two and three years).

The weighted average remaining contractual life of share options outstanding at the end of the period is 7.72 years (2020: 7.64 years).

The weighted average share price at the date of exercise of options exercised during the year ended 2 October 2021 is 64.75 pence (2020: 67.09 pence).

2020 Long Term Incentive Plan

Under the plan, a number of share options were granted to management level employees across the Group. These options were due to vest in December 2020 subject to the achievement of certain performance criteria; however, these have not been met.

Movements in 2020 Long Term Incentive Plan options are summarised as follows:

	2021		2020	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	**1,889,443**	**–**	2,402,648	–
Forfeited during the period	**(1,889,443)**	**–**	(513,205)	–
Outstanding at end of the period	**–**	**–**	1,889,443	–

The weighted average remaining contractual life of share options outstanding at the end of the period is nil years (2020: 5.62 years)

27 Share-Based Payments continued

2020 Restricted Stock Plan

Under the plan, a number of share options were granted to management level employees across the Group. There are three sets of options that are due to vest in December 2021, December 2022 and December 2023.

Movements in 2020 Restricted Stock Plan options due to vest in December 2021 are summarised as follows:

	2021		2020	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	**–**	**–**	–	–
Issued during the period	**76,628**	**–**	–	–
Outstanding at end of the period	**76,628**	**–**	–	–

During the financial period, the Group granted 76,628 share options under the new share option scheme due to vest in December 2021 with a fair value of £40,419.

The inputs to the Black–Scholes model are as follows:

Weighted average share price	— pence	55
Weighted average exercise price	— pence	Nil
Expected volatility	— %	57.54
Expected life	— years	1.00
Risk-free rate of interest	— %	–0.07
Dividend yield	— %	4.18

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.

Movements in 2020 Restricted Stock Plan options due to vest in December 2022 are summarised as follows:

	2021		2020	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	**–**	**–**	–	–
Issued during the period	**153,329**	**–**	–	–
Outstanding at end of the period	**153,329**	**–**	–	–

During the financial period, the Group granted 153,329 share options under the new share option scheme due to vest in December 2022 with a fair value of £77,565.

The inputs to the Black–Scholes model are as follows:

Weighted average share price	— pence	55
Weighted average exercise price	— pence	Nil
Expected volatility	— %	46.34
Expected life	— years	2.00
Risk-free rate of interest	— %	–0.06
Dividend yield	— %	4.18

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.

27 Share-Based Payments continued

Movements in 2020 Restricted Stock Plan options due to vest in December 2023 are summarised as follows:

	2021		2020	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	**–**	**–**	–	–
Issued during the period	**229,888**	**–**	–	–
Outstanding at end of the period	**229,888**	**–**	–	–

During the financial period, the Group granted 229,888 share options under the new share option scheme due to vest in December 2023 with a fair value of £111,530.

The inputs to the Black–Scholes model are as follows:

Weighted average share price	— pence	55
Weighted average exercise price	— pence	Nil
Expected volatility	— %	41.29
Expected life	— years	3.00
Risk-free rate of interest	— %	–0.05
Dividend yield	— %	4.18

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 9.21 years (2020: 5.62 years),

In total, the Group recognised a total expense of £677,287 (2020: £3,290 expense) relating to share-based payments.

28 Related Party Transactions

MS Galleon AG is a related party by virtue of their 20.0% shareholding (38,992,750 ordinary shares) in the Group's issued share capital (2020: 18.9% shareholding of 36,926,580 ordinary shares).

At 2 October 2021, MS Galleon AG is the owner of Cersanit, a supplier of ceramic tiles with whom the Group made purchases of £460,000 during the year, which is 0.5% of cost of goods sold (2020: purchases of £142,000 during year, which is 0.2% of cost of goods sold).

An amount of £60,000 was outstanding with Cersanit at 2 October 2021 (2020: £nil). All transactions were conducted on commercial arm's length terms.

S.K.M Williams is a related party by virtue of his close family relationship with key management in the prior year. In 2021 S.K.M. Williams had a 9.3% shareholding of 18,160,278 ordinary shares in the Group's issued share capital (2020: 10.1% shareholding of 19,660,278 ordinary shares).

At 2 October 2021 S.K.M. Williams was the landlord of one property leased to Multi Tile Limited, a trading subsidiary of Topps Tiles Plc, for £61,000 (2020: one property for £59,000 per annum).

No amounts were outsanding with S.K.M. Williams at 2 October 2021 (2020: £nil). The lease agreement on all properties are operated on commercial arm's length terms.

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.

The remuneration of the Board of Directors, who are considered key management personnel of the Group, was £1.2 million (2020: £1.0 million) including share-based payments of £nil (2020: £nil). Further information about the remuneration of the individual Directors is provided in the Remuneration Report on pages 76 to 82.

COMPANY BALANCE SHEET
AS AT 2 OCTOBER 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Investments	4	**2,682**	2,005
Right-of-use assets	8	**–**	647
Current assets			
Debtors	5	**137,275**	142,814
Cash at bank and in hand		**19,479**	11,618
Creditors: amounts falling due within one year	6	**(88,936)**	(89,013)
Provisions	7	**–**	(120)
Net current assets		**67,818**	65,299
Non-current liabilities			
Lease liabilities	8	**–**	(169)
Provisions	7	**–**	–
Total liabilities		**(88,936)**	(89,302)
Net assets		**70,500**	67,782
Capital and reserves			
Called-up share capital	9	**6,555**	6,548
Share premium account		**2,625**	2,492
Share-based payment reserve		**5,176**	4,499
Capital redemption reserve		**20,359**	20,359
Other reserve	10	**6,200**	6,200
Profit and loss account		**29,585**	27,684
Equity Shareholders' funds		**70,500**	67,782

The Company made a profit after tax for the financial period ended 2 October 2021 of £1,901,000 (2020: £5,287,000).

The financial statements of the company, on pages 136 to 145, were approved by the Board of Directors on 10 December 2021 and signed on its behalf by:

Rob Parker
Stephen Hopson
Directors

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 53 WEEKS ENDED 2 OCTOBER 2021

Company	Called-up share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Balance at 29 September 2019	**6,548**	**2,490**	**4,496**	**20,359**	**6,200**	**26,881**	**66,974**
Profit for the period	–	–	–	–	–	5,287	5,287
Dividend paid to equity Shareholders	–	–	–	–	–	(4,484)	(4,484)
Issue of new shares	–	2	–	–	–	–	2
Credit to equity for equity-settled share-based payments	–	–	3	–	–	–	3
Balance at 26 September 2020	**6,548**	**2,492**	**4,499**	**20,359**	**6,200**	**27,684**	**67,782**
Profit for the period	–	–	–	–	–	1,901	1,901
Dividend paid to equity Shareholders	–	–	–	–	–	–	–
Issue of new shares	7	133	–	–	–	–	140
Credit to equity for equity-settled share-based payments	–	–	677	–	–	–	677
Balance at 2 October 2021	**6,555**	**2,625**	**5,176**	**20,359**	**6,200**	**29,585**	**70,500**

The other reserves comprise an unrealised gain arising on the disposal of certain trademarks to a subsidiary company. At 2 October 2021, the Directors consider the other reserves of £6,200,000 to remain non-distributable.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 2 OCTOBER 2021

1 General Information and Basis of Accounting

Topps Tiles Plc is a private limited company, limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 53.

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

  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 that is a party to the transaction is wholly owned by such a member

v) The requirements of paragraphs 10(d), 10(f), 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"

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 26 September 2020.

2 Accounting Policies

The principal accounting policies adopted are set out below. These policies have been applied consistently, other than where new policies have been adopted.

A) Going Concern

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 a more pessimistic trading scenario that was deemed severe but plausible. The more pessimistic trading scenario was based on a further national lockdown related to the Covid-19 pandemic during quarter 2 of FY22 that would see our Retail stores closed to homeowners for a further three months.

The Group has already taken a number of actions to strengthen its liquidity during the Covid-19 pandemic, including the sale and leaseback of the Group's head office and central warehouse buildings in Enderby in June 2020. The going concern review also outlined a range of other 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 scenario. The current lending facility was refinanced in July 2018 and expires in July 2023. In all scenarios, the Board have concluded that there is sufficient available liquidity and covenant headroom for the Company 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 continue 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 2021 mean "at 2 October 2021" or the 53 weeks then ended; references to 2020 mean "at 26 September 2020" 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 Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for financial assets.

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.

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.

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 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 is 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.

G) Finance Income and Finance Costs

Interest receivable or payable is recognised on accrual basis.

H) Share-Based Payments

The Company has applied the requirements of IFRS 2 "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.

I) Leases

The following policies apply subsequent to the date of initial application of IFRS 16, 29 September 2019.

Leases in which the Company is a Lessee

The Company 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 Company 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 Company 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 Company 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 Company recognises right-of-use assets and lease liabilities for most leases.

The Company 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; and
- 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 Company has taken short-term lease recognition exemption and there are any changes to the lease term or the lease is modified, the Company accounts for the lease as a new lease.

2 Accounting Policies continued

From 29 September 2019, 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 Company. 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.

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;
- 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
- restoration costs.

After lease commencement, the Company 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.

J) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are 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.

2 Accounting Policies continued

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:

Incremental Borrowing Rate

Under IFRS 16, the Company recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate, adjusted to take into account the risk associated with the length of the lease. The incremental borrowing rate used by the Company is therefore considered to be a significant judgement.

Recoverability of Intercompany Balances

The Directors consider that the recoverability of intercompany balances is a key source of estimation uncertainty. The Company makes an estimate of the recoverable amount of amounts receivable to group undertakings by performing an annual review of net assets and cash flows for those group companies and have concluded all intercompany receivables remain recoverable at the period end.

The Company considers whether investments in subsidiary undertakings are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash-generating units ('CGUs').

Climate Change

Climate change is a global challenge and an emerging risk to businesses, people and the environment across the world. We have a role to play in limiting warming by improving our energy management, reducing our carbon emissions and by helping our customers do the same. Growing awareness of climate change and changing customer demands will provide impetus for business growth as we provide more environmentally sustainable products that use higher levels of recycled materials in production and reduce carbon emissions. As a result, in our view climate change does not represent a material estimation uncertainty. For further detail see the Sustainability section of the Strategic Report.

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 2 October 2021 of £1,901,000 (2020: £5,287,000).

The Auditor's remuneration for services to the Company was £73,750 for audit-related work (2020: £49,000 for audit-related work). Fees relating to non-audit work totalled £nil (2020: £nil); see note 4 to the Group financial statements for further details.

The Company had no employees other than the Directors (2020: same), whose remuneration is detailed on page 76.

4 Investments

	£'000
Cost at 29 September 2019	7,154
Acquisition of subsidiary	75
Movement in share options granted to employees	3
Impairment of investments in subsidiaries	(5,227)
Cost at 26 September 2020	**2,005**
Acquisition of subsidiary	154
Movement in share options granted to employees	677
Impairment of investments in subsidiaries	(154)
Cost at 2 October 2021	**2,682**

4 Investments continued

The following were subsidiaries that the Company has investments in, both as at 2 October 2021 and 26 September 2020:

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 I.P 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

* Held directly by Topps Tiles Plc

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, United Kingdom.

The registered address of Strata Tiles Limited and Parkside Ceramics Limited is Barnsdale Way, Enderby, Leicestershire, LE19 1SN, United Kingdom.

For the year ended 2 October 2021, 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 I.P Company Limited	05235969

5 Debtors

	2021 £'000	2020 £'000
Amounts owed by subsidiary undertakings	**135,844**	140,418
Prepayments	**22**	48
Other debtors	**1,409**	2,348
	137,275	142,814

Amounts owed by subsidiary undertakings are interest free, repayable on demand and not subject to any security.

6 Creditors: Amounts Falling Due Within One Year

	2021 £'001	2020 £'000
Trade and other creditors	**550**	9,393
Amounts owed to subsidiary undertakings	**85,448**	76,188
Accruals	**2,938**	2,952
Lease liabilities	**–**	480
	88,936	89,013

Amounts owed to subsidiary undertakings are interest free, repayable on demand and not subject to any security.

7 Provisions

The Company purchased the remaining shares of Strata Tiles Limited during the period, therefore the redemption liability provision has been fully utilised.

8 Leases

As a Lessee

Right-of-use assets included in the Balance Sheet were as follows:

	Equipment £'000
At transition: 29 September 2019	1,114
Additions	86
Depreciation	(553)
At 26 September 2020	**647**
Disposals	(453)
Depreciation	(194)
At 2 October 2021	**–**

Lease liabilities included in the Balance Sheet were as follows:

	Equipment £'000
At transition: 29 September 2019	(1,106)
Additions	(87)
Interest	(19)
Repayment of lease liabilities	563
At 26 September 2020	**(649)**
Disposals	471
Interest	(2)
Repayment of lease liabilities	180
At 2 October 2021	**–**

The maturity analysis of the lease liabilities is as follows:

	2021 £'000	2020 £'000
Current	**–**	(480)
Non-current	**–**	(169)
	–	(649)

8 Leases continued

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	2021 £'000	2020 £'000
Less than one year	**–**	482
One to five years	**–**	174
More than five years	**–**	–
Total undiscounted lease liability	**–**	656

The following amounts have been recognised in the profit and loss account:

	Equipment 2021 £'000
Depreciation of right-of-use assets	**194**
Interest expense	**2**

	Equipment 2020 £'000
Depreciation of right-of-use assets	553
Interest expense	19

The total cash outflow for leases during the financial period was £180,000 (2020: £563,000).

9 Called-Up Share Capital

	2021 £'000	2020 £'000
Allotted, issued and fully paid 196,662,121 (2020: 196,443,323) ordinary shares of 3.33p each (2020: 3.33p)	**6,555**	6,548

During the period, nil shares were purchased by Topps Tiles Employee Benefit Trust on behalf of the Group (2020: nil).

During the period, the Group issued and allotted 218,808 (2020: 2,352) ordinary shares with a nominal value of £7,294 (2020: £78) under share option schemes for an aggregate cash consideration of £140,037 (2020: £2,100).

10 Other Reserves

The other reserves comprise an unrealised gain arising on the disposal of certain trademarks to a subsidiary company.

ADDITIONAL INFORMATION

CONTENTS

* Unaudited

1 Everscape Inara Concrete

FIVE-YEAR RECORD
UNAUDITED

	52 weeks ended 30 September 2017 £'000	52 weeks ended 29 September 2018 £'000	52 weeks ended 28 September 2019 £'000	52 weeks ended 26 September 2020 £'000	**53 weeks ended 2 October 2021 £'000**
Group revenue	211,848	216,887	219,197	192,813	**227,997**
Group operating profit/(loss)	17,889	13,735	13,333	(6,029)	**18,345**
Profit/(loss) before taxation	16,999	12,688	12,475	(9,829)	**14,274**
Total equity	23,553	26,663	30,232	14,054	**25,574**
Basic earnings per share	6.98p	5.00p	5.18p	(4.11)p	**5.59p**
Dividend per share	3.40p	3.40p	3.40p	Nil	**3.10p**
Dividend cover	2.05x	1.47x	1.52x	n/a	**1.8x**
Average number of employees	2,030	2,114	2,089	2,001	**1,847**
Share price (period end)	75.50p	62.90p	66.60p	51.40p	**65.60p**

All figures quoted are inclusive of continued and discontinued operations.

NOTICE OF ANNUAL GENERAL MEETING

STATEMENT FROM THE CHAIRMAN OF THE BOARD

Dear Shareholder

Annual General Meeting

I am pleased to inform you that the Annual General Meeting ("A**nnual General Meeting**", "**AGM**" or the "**Meeting**") of Topps Tiles Plc ("**Topps Tiles**" or the "**Company**") will be held at 09.30 a.m. on Wednesday 19 January 2022 at our Head Office, Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU.

Notice of the Annual General Meeting, including the proposed resolutions and explanatory notes is set out below.

Covid-19, meeting arrangements, voting and engagement with Shareholders

We are keen to welcome Shareholders in person to our 2022 Annual General Meeting, particularly given the constraints we faced in 2021 due to the COVID-19 pandemic. At present, we expect that it will be possible under the UK Government's guidelines to allow attendance in person. However, the safety and wellbeing of our Shareholders and colleagues continues to be of paramount importance. We are therefore proposing to hold the Annual General Meeting at our Head Office, Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU and to welcome the maximum number of Shareholders we are able to, within safety constraints and in accordance with Government guidelines.

To ensure the safety and wellbeing of our Shareholders and colleagues, we ask that Shareholders who wish to attend register their intention to attend as soon as practicable and in any case, no later than 09.30 a.m. on 12 January 2022, via email to AGM@toppstiles.co.uk. Please include your name as shown on the Company's Register of Members.

Given the constantly evolving nature of the situation, we want to ensure that we are able to adapt these arrangements efficiently to respond to changes in circumstances. On this basis, should the situation change such that we consider that it is no longer possible for Shareholders to attend the meeting, we will make alternative arrangements and we will notify Shareholders of the change on our website and a public announcement via a Regulatory Information Service. Should we have to change the arrangements in this way, it is likely that we will not be in a position to accommodate Shareholders beyond the minimum required to hold a quorate meeting which will be achieved through the attendance of employee Shareholders. Any updates to the position will be included on our website at http://www.toppstilesplc.com/) ("**Website**") and announced through a Regulatory Information Service.

Please monitor the Company's website (http://www.toppstilesplc.com/) and regulatory news announcements for any updates.

The Annual General Meeting is typically a good opportunity for Shareholders to meet with the Directors, where they can provide an update on the Company's business and answer Shareholders' questions. To ensure that Shareholders have an opportunity to engage with the Board, this year the Board will be pleased to answer questions proposed in advance of the Meeting. Please see the notes on the following pages for details of when and how to ask questions in advance

Given the uncertainty around whether Shareholders will be able to attend the Annual General Meeting the Board strongly recommends Shareholders to vote online by proxy, appointing me, as the Chair of the meeting, as your proxy regardless of whether you plan to attend in person. This will ensure that your vote will be counted even if attendance at the meeting is restricted or you are unable to attend.

Voting on all of the resolutions to be proposed at the Meeting will be conducted by way of a poll rather than a show of hands. This 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 Annual General Meeting. Shareholders will be asked to consider and vote on the resolutions set out in the Notice of Annual General Meeting below. The results will be published on our website www.toppstilesplc.com and they will also be released to the London Stock Exchange via a Regulatory Information Service. Please see the notes below for detail of when and how to vote by proxy.

Communications

We encourage Shareholders to receive their copy of the Annual Report and Accounts online. Therefore in accordance with the articles of association and unless a Shareholder requests otherwise, the Company communicates with its Shareholders by publishing information (including statutory documents, such as the Annual Report and Accounts) ("**Shareholder Communications**") on its Website.

In accordance with this policy, Topps Tiles Plc has published the Annual Report and Accounts 2021 on the Website. For those Shareholders who are opted in to receive paper copies of any Shareholder Communications, a copy of the Annual Report and Accounts 2021 has been sent by post.

Any Shareholders wishing to receive paper copies of Shareholder Communications should advise our Registrars, Link Group, on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.).

Website

Our corporate website (www.toppstilesplc.com) provides more information about Topps Tiles including:

- a copy of our full Annual Report and Accounts; and
- all our latest news and regulatory announcements.

Recommendation

The Directors of the Company consider that all of the resolutions to be proposed at the Meeting are in the best interests of the Company and its Shareholders as a whole and are most likely to promote the success of the Company for the benefit of the Shareholders as a whole. The Directors unanimously recommend that Shareholders vote in favour of all of the proposed resolutions as they intend to do in respect of their own beneficial holdings currently amounting to 0.38% of the issued share capital of Topps Tiles.

Darren Shapland

Chairman, Topps Tiles Plc

NOTICE OF ANNUAL GENERAL MEETING

Notice

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**Annual General Meeting**", the "**AGM**" or the "**Meeting**") of Topps Tiles Plc (the "**Company**") will be held on Wednesday 19 January 2022 at 09.30 a.m. our Head Office, Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU for the following purposes:

Ordinary Business

To consider and vote on the following resolutions, 1– 11 (inclusive), which will be proposed as Ordinary Resolutions:

1. To receive, consider and adopt the Company's audited financial statements for the financial period ended 2 October 2021, together with the Directors' Report and the Auditors' Report on those accounts (collectively the "**Annual Report and Accounts**").
2. To declare a final dividend of 3.1 pence per ordinary share for the financial period ended 2 October 2021 payable on 31 January 2022.
3. To approve the Directors' Remuneration Report for the financial period ended 2 October 2021 which is set out on pages 74 to 89 within the Annual Report and Accounts (excluding the Directors' Remuneration Policy which is which is set out on pages 83 to 89).
4. To re-elect Darren Shapland as a Director of the Company.
5. To re-elect Robert Parker as a Director of the Company.
6. To re-elect Stephen Hopson as a Director of the Company.
7. To re-elect Keith Down as a Director of the Company.
8. To elect Diana Breeze as a Director of the Company, who having been appointed since the last Annual General Meeting offers herself for election in accordance with the Company's articles of association.
9. To elect Kari Daniels Director of the Company, who having been appointed since the last Annual General Meeting offers herself for election in accordance with the Company's articles of association.
10. To re-appoint PricewaterhouseCoopers LLP as the auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next general meeting at which the Annual Report and Financial Statements are laid before the Company.
11. To authorise the Directors to determine the remuneration of the auditors.

Special Business

To consider and vote on the following resolutions, which in the case of resolution 12 will be proposed as an Ordinary Resolution and in the case of resolutions 13 to 16 (inclusive), will be proposed as Special Resolutions:

12. THAT, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "**Act**"):

    a. to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £2,185,354 (such amount to be reduced by the nominal amount of any allotments or grants made under paragraph (b) below in excess of £2,185,354); and further:

    b. to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £4,370,707 (such amount to be reduced by the nominal amount of any allotments or grants made under paragraph (a) above) in connection with an offer by way of rights issue:

        i. in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and

        ii. to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever, provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

13. THAT, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are empowered to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 12 above (in accordance with section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with section 573 of the Act), in each case as if section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:

    a. the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 12, by way of a rights issue only):

        i. in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and

        ii. to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

    b. the allotment, otherwise than pursuant to sub-paragraph (a) above, of equity securities up to an aggregate nominal value equal to £327,803; and

    unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

14. THAT, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution the Directors be and they are empowered, in addition to the authorities and powers granted to the Directors pursuant to resolution 13, to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 12 above (in accordance with section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with section 573 of the Act), in each case as if section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be:

    a. limited to the allotment of equity securities up to an aggregate nominal value equal to £327,803; and

    b. used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and

    unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

15. THAT the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 3.33p each in the capital of the Company ("**Ordinary Shares**") provided that:

    a. the maximum number of Ordinary Shares hereby authorised to be purchased is 19,668,182 (representing 10% of the Company's issued Ordinary Share capital);

    b. the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 3.33p;

    c. the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share shall be an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such Ordinary Share is contracted to be purchased; and

    this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

16. THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Dated: 13 December 2021

By order of the Board

Alistair Hodder
Company Secretary

Registered Office:
Thorpe Way
Grove Park
Enderby
Leicestershire
LE19 1SU
Registered Number: 3213782

NOTICE OF ANNUAL GENERAL MEETING

NOTES

Entitlement to Attend and Vote

1. Pursuant to Part 13 of the Companies Act 2006 and to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at 09.30 a.m. on 17 January 2022 (or if the Annual General Meeting is adjourned, 48 hours before the time fixed for the adjourned Annual General Meeting) shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. In each case, changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
2. Shareholders wishing to attend the meeting, should this be possible, are asked to register their attendance as soon as practicable and in any case, no later than 09.30 a.m. on 12 January 2022, via email to AGM@toppstiles.co.uk. Please include your name as shown on the Company's Register of Members. Rules around capacity at the venue and changes in health and safety requirements may mean Shareholders cannot ultimately attend the meeting.
3. Given the uncertainty around whether Shareholders will be able to attend the Annual General Meeting, whether because the capacity at the venue does not allow for safety reasons related to COVID-19 restrictions or due to a change in the situation with the COVID-19 pandemic or a change to UK Government Guidelines, we recommend that all Shareholders vote online by proxy, appointing the Chair of the meeting as your proxy regardless of whether you plan to attend in person. This will ensure that your vote is counted even if attendance at the meeting is restricted or you or any other proxy you might appoint are unable to attend in person. See below for details of when and how to vote by proxy.
4. Voting by proxy will not prevent a member attending the Annual General Meeting and voting in person if the member wishes to do so, whether electronically or in person at the physical meeting should this be permitted under applicable COVID-19 restrictions.
5. All Shareholders are strongly encouraged to submit their voting instructions online by proxy appointing the Chair of the Meeting as their proxy. Only persons entered on the register of Shareholders at 09.30 a.m. on 17 January 2022 (or, if the Meeting is adjourned, at close of business on the day two days (excluding non-working days) prior to the adjourned Meeting) ("**Shareholders**") shall be entitled to attend and vote at the Meeting. Changes to the register of members after this date shall be disregarded in determining the rights of any person to vote at the Meeting.

Website Giving Information Regarding the Meeting

6. Information regarding the Meeting, including the information required by section 311A of the Act, can be found on our website at www.toppstilesplc.com.

Appointment of Proxies, Generally

7. A Shareholder is entitled to appoint one or more persons as proxies to exercise their rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them. However, given the uncertainty around whether shareholders will be able to attend the Annual General Meeting the Board strongly recommends you appoint the Chair of the Meeting as your proxy as, in certain circumstances, other proxies may not be permitted to attend on your behalf.
8. Shareholders can register their proxy appointment and give proxy instructions to vote:
   - online through www.Signalshares.com;
   - if a CREST member, by utilising the CREST online proxy appointment service;
   - by returning a Proxy Form by post.

   See below for notes on when and how to do this and please refer to the terms and conditions of the online services on their websites.
9. Given the uncertainty around attendance at the Annual General Meeting, whether because the capacity at the venue does not allow for safety reasons related to COVID-19 restrictions or due to a change in the situation with the COVID-19 pandemic or a change to UK Government Guidelines, we recommend that all Shareholders vote online by proxy, appointing the Chair of the meeting as your proxy.
10. **If you submit your proxy form online or by post, you must ensure that it reaches Link Group by 09.30 a.m. on 17 January 2022 in order for your vote to be counted**. Should you complete your proxy form online and then post a hard copy, the form that arrives last will be counted to the exclusion of instructions received earlier, whether online or posted.
11. A proxy does not need to be a Shareholder but must be duly appointed to represent a Shareholder. Shareholders can only appoint a proxy using the procedures set out in these notes, the notes to the Proxy Form and on the signalshares and Crest websites.
12. The appointment of a proxy will not prevent a Shareholder from attending and voting in person at the Meeting. Should a Shareholder do this, the votes at the Meeting will be counted to the exclusion of instructions received earlier, whether online or posted. **However, as noted above, given the uncertainty around whether Shareholders will be able to attend the Annual General Meeting the Board strongly recommends Shareholders to vote online by proxy, appointing the Chair of the meeting, as their proxy regardless of whether they plan to attend in person**. This will ensure that your vote will be counted even if attendance at the meeting is restricted or you are unable to attend.

13. If you are not a Shareholder of the Company but you have been nominated by a Shareholder of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.

Appointment of Proxies, Signalshares

14. Unless you are a CREST member, you are strongly encouraged to use the Electronic Proxy Appointment ("EPA") for the Annual General Meeting (even if you receive a paper proxy form). EPA enables Shareholders to lodge their proxy appointment by online means via a website provided by our Registrar, at www.signalshares.com. Full details of the procedures are given on that website.

15. For an online proxy appointment to be valid, the appointment must be received by Link Group no later than 09.30 a.m. on 17 January 2022 (or, if the Meeting is adjourned, no later than 48 hours before the time of any adjourned Meeting). Any online communication sent by a Shareholder to the Company or Link Group which is found to contain a virus will not be accepted by the Company but every effort will be made by the Company to inform the Shareholder of the rejected communication.

Appointment of Proxies, through CREST

16. CREST members who wish to appoint a proxy or proxies through the CREST online proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

- In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuers' agent (ID RA10) by the latest time for receipt of proxy appointments specified in this notice (09.30 a.m. on 17 January 2022). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

Appointment of Proxies, by Post

17. A Proxy Form is only available on request from our Registrars, Link Group, who will issue a Proxy Form free of charge to Shareholder who requests one. You can call them on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m. Monday to Friday excluding public holidays in England and Wales. Notes for completion can be found on the form and should be read carefully before it is completed. To be valid, the form of proxy must be completed, signed and sent to the offices of the Company's registrars, Link Group, Central Square, 10th Floor, 29 Wellington Street, Leeds, LS1 4DL together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, so as to arrive no later than 09.30 a.m. on 17 January 2022 (or, in the event that the Meeting is adjourned, no later than two working days before the time of any adjourned meeting). Please allow enough time to receive your Proxy Form by post, complete it and return it to Link Group.

Appointment of Proxies, by Joint Holders

18. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing Proxy Instructions

19. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of Proxy Appointment

20. A Shareholder may revoke a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to the Registrar at Link Group, Central Square, 10th Floor, 29 Wellington Street, Leeds, LS1 4DL. In the case of a Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. In either case, the revocation notice must be received by the Registrar no later than 09.30 a.m. on 17 January 2022. If you attempt to revoke your proxy appointment but the revocation is received after this time your original proxy appointment will remain valid unless you attend the Meeting and vote in person. **However, as noted above, given the uncertainty around whether Shareholders will be able to attend the Annual General Meeting the Board strongly recommends Shareholders to vote online by proxy, appointing the Chair of the meeting, as their proxy regardless of whether they plan to attend in person**.

Votes Withheld

21. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Companies and Other Shareholders (not being individuals)

22. A Shareholder that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (as described above); or by a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's Articles of Association (the "**Articles**") and the relevant provision of the Act.

Issued Shares and Total Voting Rights

23. As at the close of business on 7 December 2021, the Company's issued share capital comprised 196,681,818 ordinary shares of 3.33p each. Each Ordinary Share carries the right to one vote at a general meeting of the Company. No Ordinary Shares were held in treasury, but the Company's employee benefit trust holds 1,259,275 Ordinary Shares to which it has waived its voting rights. Accordingly, the total number of voting rights in the Company as at the close of business on 7 December 2021, is 195,422,543

Questions at the Meeting

24. Shareholders have the right to ask questions at the Meeting in accordance with section 319A of the Act

25. Shareholders are encouraged to submit questions via email to AGM@toppstiles.co.uk, by 09.30 a.m. on Monday 17 January 2022. Please include your name as shown on the Company's Register of Members. The Company must answer any question you ask relating to the business being dealt with at the Meeting unless:
    - answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; or
    - the answer has already been given on a website in the form of an answer to a question; or
    - it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

Website Publication of Audit Concerns

26. It is possible that, pursuant to requests made by one or more Shareholders under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website. Where a Shareholder or Shareholders wish to request the Company to publish audit concerns, such request be must be made by either sending
    - a request which states your full name and address to AGM@toppstiles.co.uk. Please state "AGM" in the subject line of the email; or
    - a hard-copy request which is signed by you and states your full name and address to the Company Secretary at Topps Tiles Plc, Topps Tiles, Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU.

Nominated Persons

27. Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under section 146 of the Act ("**nominee**"):

- the nominee may have a right under an agreement between the nominee and the member by whom he was appointed, to be appointed, or to have someone else appointed, as a proxy for the Meeting; or
- if the nominee does not have any such right or does not wish to exercise such right, the nominee may have a right under any such agreement to give instructions to the member as to the exercise of voting rights.

The right of a member under section 324 of the Act to appoint a proxy does not apply to a person nominated to enjoy information rights under section 146 of the Act.

Voting

28. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This 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 Annual General Meeting.

Members Rights

29. In accordance with section 338 of the Act, a member or members of the Company may (provided that the criteria set out in section 338(3) of the Act are met) require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at the Annual General Meeting, provided that: (a) the resolution must not be, if passed, ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); and (b) the resolution must not be defamatory of any person, frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must be authenticated by the person or persons making it, must identify the resolution of which notice is to be given and must be received by the Company not later than 6 weeks before the Annual General Meeting, or, if later, the time at which notice is given of the Annual General Meeting. (In the foregoing sentence, the terms "hard copy form", "electronic form" and "authenticated" bear their respective meanings set out in the Act in relation to a communication, or a document or information sent or supplied, to a company.)

30. In accordance with section 338A of the Act, a member or members of the Company may (provided that the criteria set out in section 338A(3) of the Act are met) require the Company to include in the business to be dealt with at the Annual General Meeting a matter (other than a proposed resolution) which may properly be included in the business of the Annual General Meeting, provided that the matter is not defamatory of any person, frivolous or vexatious. A request may be in hard copy form or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person or persons making it and must be received by the Company not later than 6 weeks before the Annual General Meeting, or, if later, the time at which notice is given of the Annual General Meeting. (In the foregoing sentence, the terms "hard copy form", "electronic form" and "authenticated" bear the respective meanings set out in the Act in relation to a communication, or a document or information sent or supplied, to a company.)

Further Information

31. Link Group maintain the Company's share register. They also provide a telephone helpline service on 0371 664 0300. If you have any queries about voting or about your shareholding, please contact Link Group. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

Documents on Display

32. The following documents are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the Annual General Meeting and will also be available for inspection at the place of the Annual General Meeting not less than 15 minutes prior to and during the meeting:

- copies of the executive directors' service contracts with the Company and any of its subsidiary undertakings; and
- letters of appointment of the non-executive directors.

33. Information regarding the Meeting, including the information required by section 311A of the Act, can be found at www.toppstilesplc.com. In addition, this information is available for inspection at the Company's registered office during normal business hours by prior appointment with the Company Secretary. Requests should be sent to AGM@toppstiles.co.uk.

Communication

34. You may not use any online address provided either in this Notice of Annual General Meeting or in any related documents (including the proxy form and the signalshares and Crest websites) to communicate with the Company for any purposes other than those expressly stated.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

THE ANNUAL GENERAL MEETING of the Company will be held at our Head Office, Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU on 19 January 2022 at 09.30 a.m.

By way of explanation of the proposed resolutions:

Ordinary Business

Resolution 1 (Receiving the Annual Report and Accounts)
The Directors are required to present to the Meeting the audited accounts and the reports of the Directors and the auditors for the financial period ended 2 October 2021; and Shareholders are invited to receive, consider and adopt them.

Resolution 2 Declaration of Final Dividend
A final dividend of 3.1 pence per Ordinary Share is recommended by the Directors for payment to shareholders on the register of members of the Company at 6.00 p.m. on 23 December 2021. Subject to approval by the Shareholders at the Annual General Meeting, the dividend will be paid on 31 January 2021. No interim dividend was declared which means the total dividend level will be 3.1 pence per Ordinary Share for the 53 weeks prior to 2 October 2021.

Resolution 3 (Directors' Remuneration Report)
The Remuneration Committee of the Board is seeking Shareholder approval for the Directors' Remuneration Report. The Company is required to seek Shareholder approval in respect of the contents of this report on an annual basis. The vote is an advisory one and the entitlement of a Director to receive remuneration is not conditional on it.

Resolutions 4 to 7
Re-election of Directors
Although not required by the Company's Articles, in line with good corporate governance (2018 UK Corporate Governance Code) Darren Shapland, Robert Parker, Stephen Hopson and Keith Down will retire voluntarily and offer themselves for re-election.

For biographical details of all Directors standing for re-election, see the Directors' Report.

The Board considers that the contribution of each of the Directors standing for re-election is important to the Company's long-term sustainable success. For more on this, see the Corporate Governance Report.

Resolutions 8 to 9
Election of Directors
Diana Breeze and Kari Daniels, who were appointed as Directors since the last Annual General Meeting, are offering themselves for appointment as Directors at the Meeting in accordance with the provisions of the UK Corporate Governance Code and also in accordance with the Company's articles of association.

For biographical details of all Directors standing for election, see the Directors' Report.

The Board considers that the contribution of each of the Directors standing for election is important to the Company's long-term sustainable success. For more on this, see the Corporate Governance Report.

Resolution 10
Appointment of Auditors
This resolution concerns the reappointment of PricewaterhouseCoopers LLP as auditors until the conclusion of the next general meeting at which accounts are laid, that is, the next Annual General Meeting.

Resolution 11
Auditors' Remuneration
This resolution authorises the Directors to fix the auditors' remuneration.

Special Business

Resolution 12
Directors' Power to Allot Shares
This resolution complies with guidance issued by the Investment Association and will, if passed, authorise the Directors to allot:

- relevant securities up to a maximum nominal amount of £2,185,354 which represents approximately one-third of the Company's issued ordinary shares (excluding treasury shares) as at the date of this notice. This maximum is reduced by the nominal amount of any equity securities allotted under the authority set out in paragraph (b) of resolution 12 in excess of £2,185,354; and
- in relation to a pre-emptive right issue only, equity securities (as defined by section 560 of the Act) up to a maximum nominal amount of £4,370,707 which represents approximately two-thirds of the Company's issued ordinary shares (excluding treasury shares) as at the date of this notice. This maximum is reduced by the nominal amount of any relevant securities allotted under the authority set out in paragraph (a) of resolution 12.

Therefore, the maximum nominal amount of relevant securities (including equity securities) which may be allotted under this resolution is £4,370,707.

As at the date of this notice, the Company does not have any treasury shares.

The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities.

Resolutions 13 and 14

Directors' Power to Issue Shares for Cash

Resolution 13 authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing Shareholders in proportion to their holdings). The relevant circumstances are where the allotment:

- takes place in connection with a rights issue or other pre-emptive issue;
- is limited to a maximum nominal amount of £327,803 representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as of 7 December 2021, being the latest practicable date before publication of this notice.

Resolution 14 authorises the Directors to allot further equity securities for cash in connection with acquisitions or other specified capital investments which are announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. This authority, which is in addition to the authority granted to the Directors pursuant to resolution 12 and is being sought in accordance with the Pre-Emption Group's Statement of Principles, is limited to a maximum nominal amount of £327,803 which represents approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 7 December 2021, being the latest practicable date before publication of this notice.

The Board confirms its intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with Shareholders, except in connection with an acquisition or specified capital investment as referred to above.

Treasury Shares

The Company may hold any shares it buys back "in treasury" and then sell them at a later date for cash rather than simply cancelling them. Any such sales are required to be made on a pre-emptive, pro rata basis to existing Shareholders unless Shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued ordinary shares on a non-pre-emptive basis, resolutions 13 and 14 will also give Directors power to sell ordinary shares held in treasury on a non-pre-emptive basis, subject always to the limitations noted above. As at the date of this notice, the Company does not have any treasury shares.

The Directors consider that the power proposed to be granted by resolutions 13 and 14 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

Unless revoked, varied or extended, the authorities conferred by resolutions 13 and 14 will expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

Resolution 15

Authority to Purchase Shares (Market Purchases)

This resolution authorises the Board to make market purchases of up to 19,668,168 ordinary shares (representing approximately 10% of the Company's issued ordinary shares as of 7 December 2021, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next Annual General Meeting of the Company or 15 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent annual general meetings.

The minimum price that can be paid for an ordinary share is 3.33p, being the nominal value of an ordinary share. The maximum price that can be paid is 5% over the average of the middle market prices for an ordinary share, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and Shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

As at 7 December 2021, being the latest practicable date before publication of this notice, there were outstanding awards under the Company's various share option schemes in respect of 10,367,859 ordinary shares in the capital of the Company, representing 5.27% of the Company's issued ordinary share capital. If the authority to purchase the Company's ordinary shares were exercised in full, the number of outstanding options would represent 5.86% of the Company's issued ordinary share capital following the repurchase of shares.

Resolution 16

Notice Period for General Meetings

The Companies (Shareholders' Rights) Regulations 2009 require the Company to call general meetings (other than annual general meetings) on at least 21 clear days' notice unless Shareholders approve a shorter notice period of not less than 14 clear days. Such approval was granted at last year's Annual General Meeting and this resolution therefore seeks to renew this approval. The approval will be effective until the Company's next Annual General Meeting, at which it is intended a similar resolution will be proposed. The Directors' intention is to only call general meetings on less than 21 days' notice where such shorter notice period would be in the interests of Shareholders as a whole.

THE TEAM

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Aadil Mulla
Aaron Campbell
Aaron Gauntlett
Aaron James
Aaron Osei-Tutu
Aaron Powell
Abdihakim Osman
Abdul Khaem
Abigail Stevenson
Abu Samad
Adam Connor
Adam Crowe
Adam Devine
Adam Gilkes
Adam Godfrey
Adam Heffer
Adam Holland
Adam Howes
Adam Jolly
Adam Nuttall
Adam Shearsmith
Adam Smolarek
Adam Stevens
Adam Woollam
Addam Marsh
Aderemi Adediran
Adrian Gower
Adrian Hoggard
Agnieszka Kozera
Agnieszka Rozmarynowska
Aidan Dawes
Aimee Gallagher
Aimee Kidby
Aisling McKenna
Ajani Agyeman
Akshey Vadgama
Alain Gouro
Alan Lamb
Alan Maxwell
Alan Saunders
Alan Sproston
Alessandro Tedeschi
Alex Bell
Alex Di Pace
Alex Watkins
Alexander Errington
Alexander Findley
Alexander Marks
Alexander Shepherd
Alexander Walton
Alexander Williams
Alice Beanland
Alisha Millward
Alison Bennett
Alison Mazzei-Foster
Alistair Hodder
Allan Busby
Allysha Byrne
Amanda Brogan
Amanda Lyon
Amanda Plumb
Amanda Samuel
Amar Trivedi
Amelia Foster
Amin Ali
Amman Afzal
Amy McDaid
Amy Swanson
Amy Wirtz
Ananthan Sivanesan
Andre Osei
Andrea Moon
Andrew Collins
Andrew Davis
Andrew Fenner
Andrew Habbick
Andrew Harrison
Andrew Hawker
Andrew Haynes
Andrew James
Andrew Jones
Andrew Oliver
Andrew Playfoot
Andrew Reilly
Andrew Roseby
Andrew Sansum
Andrew Shaw
Andrew Tibbetts
Andrew Warne
Andrew Waterfield
Andrew Wathan
Andrew Wilkinson
Andrew Woodier
Andrius Matusevicius
Andrzej Huczko
Aneta Kleczek
Angela Capp
Angela Cooke
Angela George
Ankit Mahes
Anna Hibberd
Anna Landi
Anna Merta
Anna Skoczylas
Annabelle Harris
Anna-Marie Putt
Annia Aissani
Annmarie Malone
Anthony Brown
Anthony Daly
Anthony Davies
Anthony Dolan
Anthony Gilbert
Anthony Lyth
Anthony Molyneux
Anthony Reynolds
Anthony Tarr
Anthony Taylor
Anton Dixon-Hird
Antony Belham
Antony Miles
Anub Varghese
Anwar Marshall
Arin Angliss
Aron Hoff
Arron Lincoln
Aruna Mistry
Asher Hodson
Ashley Batley
Ashley Burke
Ashley Cutler
Ashley Hegarty
Ashley Hughes
Ashley Katinas
Ashley Kiffin
Ashley Mansfield
Ashley Somerville
Astone Davids
Athina Sesay
Atul Patel
Austin Drage
Azim Ahmed

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Barbara Connor
Barbara Smith
Barri Barnes
Barry Beaver
Barry Gilbert
Barry Parker
Beata Skoczylas
Ben Adams
Ben Bright
Ben Howard
Ben Murphy
Benito Garrod
Benjamin Broom
Benjamin Champney
Benjamin Cunliffe
Benjamin Hale
Benjamin Hawes
Benjamin Rich
Bethanie Evans
Beverley Orton
Billy Stout
Billy Taylor
Blake Ladeinde
Bolaji Adeyanju
Bonita Flinthill
Bradley Brunson
Bradley Cox
Bradley Powell
Bradley Rockell
Brandon Abels
Brandon Calder
Brandon Fahey
Brandon Lodge
Brayan Pyzlowski
Brendan Flynn
Brett O'Harrow
Brett Simkiss
Brett Singers
Brian Linnington
Brian Morris
Bruce Fielding
Bruce Garrod
Bruce Gimbert
Bruno Bernasconi
Bryn Lewis
Bryn Slowley
Byron Tree

C
Caitlin Pipes
Callum Evans
Calvin Christopher
Cameron Oakey
Cameron Oldridge
Campbell Marr
Carl Ainsworth
Carl Courtney
Carl Fraser
Carl Whatley
Carla Sinnott
Carlos Alford Maestre
Carlos Chowdhury
Carol Beattie
Carol Hawkes
Carol Hobbs
Caroline Vernon-Sutton
Carolyn Paull
Casey Smith
Catherine Britton
Catherine Doulton
Chakib Ayoub
Chanel Sanganoo
Chantelle Gurney
Charjuan Knight
Charlene Walpole
Charles Hopper
Charles Kift
Charles Robbins
Charles Rollins
Charles Summers
Charles Taylor
Charlie Almond
Charlie Fletcher
Charlie Foster
Charlotte Cook
Charlotte Jackson
Charlotte Lammin
Chelsea Battle
Chelsea Long
Cheryl Vearncombe
Chester House

Chetna Shah
Chloe Hall
Chloe Jackson
Chloe Singleton
Chris Foster
Chris Pargeter
Christian D'Agostino
Christian McCarthy
Christian Southwell
Christine Berry
Christine Taylor
Christine Thistlethwaite
Christopher Bailey
Christopher Beeson
Christopher Bentley
Christopher Bowden
Christopher Bree
Christopher Burrows-Simpson
Christopher Butler
Christopher Carey
Christopher Collins
Christopher Cooper
Christopher Curtis
Christopher D'Arts
Christopher Edwards
Christopher Fath
Christopher Heyes
Christopher Holland
Christopher Howe
Christopher MacFarlane Leach
Christopher Merrick
Christopher Miskelly
Christopher Moore
Christopher Nicholls
Christopher Nottle
Christopher Perry
Christopher Potter
Christopher Ritchie
Christopher Samuel
Christopher Sansby
Christopher Sylvester
Christopher Turley
Christopher Wells
Clair Jeffries
Claire Chaffe
Claire Herridge
Claire Paterson
Claire Ralphs
Clare Barden
Clare Long
Clifford Tomlinson
Clive Harlow
Colin Clarke
Colin Dean
Colin Denson
Colin Harvey
Colin Markham
Colin Petch
Colin Rymer
Colin Smith
Colin Trenery
Connagh Latham
Conner Ockenden
Connor Bantin
Connor Flynn
Connor Gane
Connor Garrow
Connor Thompson
Conrad Cassidy
Conrad Harrup
Cora Morrison
Cory Frost
Courtney Maglone-Gillies
Craig Dolling
Craig Johnson
Craig Matthews
Craig Murphy
Craig Reed
Cristian Olaru
Cristina Cole
Crystal Wallace-Prince
Curtis Julien
Curtis Lee

D

Daisy Garnett
Damian Merritt
Damiano Seresini
Dan Bevan
Danial Holloway
Daniel Bath
Daniel Berkes
Daniel Brain
Daniel Chambers
Daniel Colk
Daniel Cox
Daniel Cross
Daniel Fairless
Daniel Fallows
Daniel Geoghegan
Daniel Hall
Daniel Harper
Daniel Jenkins
Daniel Jones
Daniel Lawrie
Daniel Little
Daniel McLean
Daniel Milner
Daniel Moyse
Daniel Musguin
Daniel O'Callaghan
Daniel Pimm
Daniel Poile
Daniel Roberts
Daniel Rowlands
Daniel Sewell
Daniel Sheppard-Brown
Daniel Thornley
Daniel Varney
Daniel Willows
Daniella Winstone
Danielle Noyes
Danielle O'Mara
Daniel-Paul Petrut
Danny Ostler
Danny Wilson
Dario Della Libera
Darius Bright
Darnelle Riley
Darren Doughty
Darren Field
Darren Finnegan
Darren Harper
Darren Mencarini
Darren Mitchell
Darren Morgan
Darren Shapland
Darren Square
Darren Wagg
Darren Young
Darron Kerr
Darron Soos
Darryl Lawson Innes
David Augustus
David Clare
David Clark
David Coupland
David Fletcher
David Fox-Matthews
David Green
David Hance
David Hatton
David Henderson
David Hicks
David Hill
David Hirst
David Hope
David Houston
David Hussey
David Jackson
David Jones
David Kavanagh
David Kershaw
David Kettlewell
David Knight
David Lane
David MacArtney
David Miller
David Murray
David Oliver
David Parcell
David Rendall
David Reynolds
David Sheehy
David Simms
David Sinclair
David Thomas
David Thomasson
David Thompson
David Townsley
David Webb
David Whitelaw
David Wilson
David Yallop
Davina Vitles
Dawid Arabski
Dawn Gale Curtis
Dean Jones
Dean Marshall
Dean Rodger
Dean Saunders
Dean Titchen
Deane Rhone
Debbie Marsh
Deborah Edwards
Debra Bandghiree
Declan Baker
Declan Minchew
Decland Speede
Deeandra Bellew
Deesha Bhatt
Deividas Korsakas
Denis O'Brien
Dennecia Gordon
Dennis Elford
Dennis Jovellanos
Dennis Winterburn
Denzil Johns
Dermott Reilly
Deryn Shipley
Desmond Alleyne
Devindren Govender
Dharmika Shah
Diana Breeze
Dilara Aydin
Dilawar Ali
Dionne Fryer
Dipal Parikh
Dolton Gordon
Dominic D'Souza
Dominic Hall
Dominic Reilly
Donald Magullian
Donna Tyrrell
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Douglas Nicol
Dylan Roberts

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THE TEAM

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Elliot Musk-Cooper
Elliott Brown
Elliott Davis
Elliott Maitland-Price
Ellysia Richards
Emily Connelly
Emily Davis
Emily Finch
Emily Gardiner
Emily Gibbons
Emily Lenton
Emily Mansell
Emma Anderson
Emma Gotch
Emma Greenfield
Emma Hilton
Emma Langley
Emma Shaw
Emmanuel Melford-Rowe
Emran Mannan
Erandika Senevirathna
Eren Ucman
Erik Persson
Erikas Mazeikis
Ermiyas Girma
Esme Sparrow
Euan Preece
Eugenia Grigoruta
Eve Ruckwood
Eve White
Ewelina Szreder-Politowska
Ezra Deans

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Faye Henderson
Felipe Franco
Felipe West
Filip Rozmyslowicz
Filipe Albarraque
Flynn Murphy
Fouche Lubbe
Frances Aylward
Francesca Corso
Francesca Harris
Frank Hibbert
Fraser Calder
Fraser Lockley
Freddie Jones

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Gabriel Cimpan
Gabriel Iacob
Gabriella Carvalho
Gareth Fogden
Garrat Willsher
Garry Crichton
Gary Bloomfield
Gary Curtis
Gary Davies
Gary Gear
Gary Gledhill
Gary Mayo
Gary Nash
Gary Tipler
Gary West
Gary Williams
Gavin Bennett
Gavin Collins
Gavin Dale
Gavin Magwood
Gavin Winter
Gemma Bircham
Gemma Davies
Gemma Stephens
Geoffrey Greenwood
Geoffrey Thomas
George Astill
George Birkley
George Dewis
George Groves
Georgia Harding
Georgia Miles
Georgina Duffy
Geraint Griffiths
Gergo Poroszlai
German Ramirez Marin
Gillian Grace
Glenn Davies
Glenn Elgy
Glenn Smith
Gokhan Karadogan
Govinda Ashna
Graham Brown
Graham Foster
Graham Hancock
Graham Hitchin
Graham Livingstone
Graham Vance
Grant Smith
Grazvydas Garbacenokas
Gregor Robson
Gregory McHugh
Grenville Davies
Gurinder Chana
Gurshaan Bance
Guy Gorenski

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Hana Alexandria
Hannah Booth
Hannah Emmott
Hannah Kennedy
Hannah Marlow
Hannah Pritchard
Harley White
Haroon Younus
Harriet Buckley
Harriet Goodacre
Harrison Cartey
Harry Biggs
Harry Brown
Harry Page
Hayden Mason
Haydn Young
Hazel Millington
Helen Gosling
Helen Hughes
Helen Meredith
Helen Walker
Holly Dawson
Holly Hayes
Holly Meager
Holly Peck
Holly Skerritt
Hope Armstrong
Hugh Ball
Hugh Butler
Hurais Afridi
Hussein Mohamed

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Iain Arnott
Ian Ashton
Ian Bloomfield
Ian Croton
Ian Fraser
Ian Marshall
Ian McNeish
Ian Merry
Ian Paterson
Ian Smithson
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Isaiah Khaoya
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Jack Ellis
Jack Fairburn
Jack Finlay
Jack Flannigan
Jack Gallagher
Jack Hill-Jones
Jack Holyoake
Jack Howard
Jack Laband
Jack Lloyd
Jack Millman
Jack O'Neill
Jack Relfe
Jack Sharpe
Jack Swann
Jack Veall
Jacob Allan
Jacob Hillman
Jacob Powell
Jacqueline Desborough-Morehead
Jade Clements
Jade Girgensons
Jade Stone
Jailuene Witterick Peake
Jake Carter
Jake Shopland
Jake Woods
James Barnett
James Beaumont
James Biesty
James Cameron
James Carpenter
James Chamberlain
James Charles
James Clifford
James Dixon
James Fox
James Hawker
James Heard
James Hollis
James Howard
James Hyland
James Journet
James Joyce
James McClary
James McGuigan
James Morgan
James O'Driscoll
James Pannett
James Patston
James Robertson
James Rolfe
James Saunders
James Snuggs
James Taylor
James Walker
James Watton
James Wolstenholme
Jamie Calow
Jamie Kelly
Jamie Martin
Jamie McCann
Jamie Ormrod
Jamie Sia
Jamie Thornton
Jamie Wenborn
Jamie Whitear

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Janaka Alahapperuma
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Jasimron Dehl
Jason Barker
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Jason Coupland
Jason Ealden
Jason Nelson
Jaspreet Sandhu
Javeed Parkar
Jay Davies
Jayde Cheyne
Jaye Mead
Jayeshkumar Naika
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Jedrzej Politowski
Jeffrey Coleman
Jeffrey Mann
Jennifer Balfour
Jennifer Buddington
Jennifer Flowers
Jennifer Glover
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Jennifer Seabrook
Jennifer Wall
Jenny Inkson
Jeremy Long
Jessica Cano
Jessica Challinor
Jessica Duncan
Jessica Hatton
Jessica Hinton
Jessica Jarman
Jessica Sawyer
Jessica Wood
Jo Adamson
Joana Oakes
Joanna Britton
Joanna Knapczyk
Joanne Cox
Joanne Elton
Jodie Croucher
Jodie Du-Hamel
Jodie Jones
Joe Dwyer
Joe Garraghan
Joe Guymer
Joe Mathews
Joe Raynsford
Joe Smith
Joe Walker
Joe Whalley
Joel Barker
Joel Bray
Jogendra Kalicharan
John Bourke
John Burton-Simm
John Capps
John Fawkes
John Harris
John Harrison
John Hennessy
John Hesp
John Hughes
John McLaren
John Moat
John Morris
John Page
John Shaw
John Stannard
John Thompson
Johnathan McCallum
Johnathon Humphries
Jon Davis
Jon O'Neill
Jon Paul Hughes
Jonatan Muti
Jonathan Boxall
Jonathan East
Jonathan Hall
Jonathan Hargreaves
Jonathan Impey
Jonathan Stearman
Jonathan Stone
Jonathan Wallace
Jonathan Wiles
Jonathan Williams
Jonathon Turner
Jonathon Underdown
Jordan Bannister
Jordan Byars
Jordan Edwards
Jordan Lindsay
Jordan Lowes
Jordan Scarbrow
Jordan Tift
Jordan Vinluan
Josef Kinski
Joseph Cox
Joseph Daly
Joseph Deevey
Joseph Durham
Joseph Gregorace
Joseph Hardman
Joseph Haughney
Joseph Haynes
Joseph Heath
Joseph Hopper
Joseph Lewis
Joseph Whittaker
Josephina Lane
Joshua Brown
Joshua Burgess
Joshua Crombie
Joshua Curtis
Joshua Elliott
Joshua Hobbs
Joshua Hubbard
Joshua Paton-Rolls
Joshua Rapley
Joshua Wright
Josiah Andrew-Razemba
Josie Colehan
Josie Walker
Juan Oliveira McDowell
Jude McGuigan
Judith Duncan
Juginder Gill
Julia Kerr
Julie Brachtvogel
Julie Mitchell
Julie Wood
Julieann Pemberton
Jullah Jabbi
Juned Ahmed
Junior Oji
Juris Kalnins
Justas Ramasauskas
Justin Marlow
Justine Bowman
Justyna Logozna-Lisowska
Juttinder Digpal

K

Kaissar Chtouki Resok
Kajetan Marcinek
Kamaljit Atkar
Kamaljit Thandi
Kamlesh Shah
Karen Dodds
Kari Daniels
Karis Hall
Karl English
Karl Lippiatt
Karl Lusardi
Karl Reeves
Karl Riley
Karl White
Katera Njillo Kombey
Katherine Blitz
Katherine Jackson
Kathryn Pell
Kathryn Simmons
Katie Brindley-Hughes
Katie Lunn
Katy Todd
Kayleigh Clemson
Kayleigh Pearson
Kayley Halliday
Kazi Mashud
Keaton Bayliss
Keeleigh Gibson
Keely Powell
Keith Ambrose
Keith Down
Keith Fitzpatrick
Keith Maggs
Keith Stanley
Kellie Eamer
Kelly Blount
Kelly Goodacre
Kelly Miller
Kelly Savile
Kelvin Lansdowne
Kenneth Ostler
Kenneth Owen
Kerri Atkinson
Kerrie Burcham
Kerry Hurst
Kerry McAuliffe
Kevan Richardson
Kevin Atherton
Kevin Baker
Kevin Bingham
Kevin Da Silva
Kevin Fox
Kevin Frampton
Kevin Hardy
Kevin Hooper
Kevin Nicol
Kevin Rabbatt
Kevin Thorne
Kieran Barnes-Warden
Kieran Fleet
Kieran Gardiner
Kieran Warwick
Kieron King
Kim Jones
Kim Moriarty
Kirk Irvine
Kirk Randall
Kirk Taylor
Kirsten Cummings
Kirstie Leonard
Kirsty Graham
Kirsty Harris
Kirsty Rice
Kirti Patel
Kouakou Ange Davis
Kranthi Billakanti
Kristian Catterall
Kristian Moore
Kristian Prosser
Kristian Pryor
Kristopher Allatson
Krystle Milan
Krzysztof Zielinski
Kurt Folkes
Kye Harman
Kyle Batley
Kyle Crichton
Kyle Foxon
Kyle Hardie

THE TEAM

Kyle Landy
Kyle Martin
Kyle Still
Kyle Welford
Kyran Andrews

L
Lance Cale
Laney Taylor
Laura Alder-Rose
Laura James
Laura Johnson
Laura Madigan
Laura Racey
Laura Smith
Lauren Munro
Lauren Riley
Lauryn Cotton
Layla Gearey
Leanne Curry
Lee Armstrong
Lee Butcher
Lee Clarke
Lee Eagling
Lee Fish
Lee Galloway
Lee Gibson
Lee Gladman
Lee Holyoake
Lee Hutchinson
Lee Jamieson
Lee Kent
Lee Read
Lee Woodman
Leighton Davies
Leon Day
Leon Pryce
Lesley Jasper
Lesley Willcox
Levar Gardiner
Lewis Adkins
Lewis Elkin
Lewis Harkins
Lewis Hill
Lewis Pilcher
Lewis Stone
Lewis Williams
Liam Bantin
Liam Corbett
Liam Ellis
Liam Flynn
Liam Hunt
Liam Lishman
Liam Rushen
Lianne Harrison
Libby Field
Lily Yeo
Linda Sleath
Lindsay Bond
Lindsey Flint
Lisa Algar
Lisa Cullen
Lisa France
Lisa Holmes
Lisete Carvalho
Lloyd Jackson
Lois Bettinson
Lola Halligan
Lorna Sullivan
Loucas Louca
Louis Spaett
Louise Bunting
Louise Cox
Louise Groves
Louise Henbest
Louise Reddell
Lucy Harper-Thompson
Lucy Jenner
Lucy Swain
Lukasz Pirga
Luke Barefield
Luke Day
Luke Harris
Luke Hogan
Luke Kerr
Luke McNally
Luke O'Connor
Luke Pitchen
Luke Potiphar-Trigwell
Luke Rodgers
Luke Saunders
Luke Wheeler
Luke Woodward
Lyndsey Farmer
Lynne Meldrum
Lynsey Smart

M
Macaulay Kirk
Madeline Pipes
Magdalena Chodynicka
Mahesh Wara
Maisie Bell
Malik Ahmed
Mandee Thompson
Mandy Antenbring
Manisha Patel
Marc Harris
Marc Holland
Marcin Kupczyk
Margaret Lawrie
Margarita Starcea
Maria Graham
Mark Allman
Mark Brown
Mark Burgess
Mark Campbell
Mark Chantler
Mark Coe
Mark Frisby
Mark Gasson
Mark Heath
Mark Hughes
Mark Hunter
Mark Johnston
Mark Keymer
Mark MacIver
Mark Matthews
Mark Owen
Mark Palmer
Mark Pancott
Mark Richardson
Mark Ridley
Mark Rogers
Mark Sloan
Mark Tennant
Mark Vaughan
Mark Waldock
Mark Walker
Mark West
Mark Woodyatt
Mark Wordley
Mark Wright
Marley Dixon
Marley Payne
Marshall Brewin
Martin Abel
Martin Brown
Martin Ellis
Martin Guest
Martin Oliver
Martin Osborne
Martin Pickard
Martin Turner
Martin Williams
Martina Way
Martine Robinson
Martyn Rizakous
Martyn Somerville
Martyn Spring
Mathew Buckett
Mathew Hampshire
Mathew Mitchell
Matt Attwood
Matt Malloy
Matthew Atkinson
Matthew Barcas
Matthew Fisher
Matthew Foster-Smith
Matthew Grainger
Matthew Hawley
Matthew Ingram
Matthew Lindsay
Matthew Lynch
Matthew Martin
Matthew McManus
Matthew Miller
Matthew Moore
Matthew Norris
Matthew Ralfs
Matthew Rowson
Matthew Stevenson
Matthew Tipler
Matthew Whitlock
Matthew Woodhouse
Matthew Wright
Mattia Galassi
Max Evans
Meera Assan
Megan Burrows
Megan Hammet
Megan Hawtin
Megan Walsh
Mehlika Kilic
Mehmet Asdoyuran
Melanija Nomgaude
Melissa Richmond
Mervyn Thorne
Mhairi Wade
Michael Beatty
Michael Boughton
Michael Buckley
Michael Butler
Michael Dinter
Michael Edwards
Michael Evans
Michael Finn
Michael Goodfield
Michael Hopper
Michael Humphrey
Michael Jones
Michael Kessler
Michael Lethbridge
Michael Lovelock
Michael McGarry
Michael Moss
Michael Quinn
Michael Sear
Michael Upton
Michael Van Sittert
Michael Wallace
Michael Wright
Michal Glinka
Michelle Astman
Michelle Cahill
Michelle Moore
Mike Booth
Minai Kanabar
Miroslaw Hebda
Mitchell Glover
Mkhonto Gumede
Mohammed Ali
Mohammed Hoque
Mohammed Jimale
Mohammed Khalid
Mohd Jaji

Mohsin Ahmed
Montana Mills
Morgan Marshall
Mr Topps (Retired)
Mubashir Uddin
Mudassor Raja
Muhammad Choudhury
Murdo Martin

N
Nancy Jacques
Naomi Baron
Narinder Chatha
Nasir Hussain
Nassim Keniza
Natalia Haugh
Natalia Zagrodnik
Natalie Milan
Natalie Paine
Natalino Danquah
Natasha Johnson
Nathalie Mpitu
Nathan Austin
Nathan Coulthard
Nathan Hughes
Nathan Kivell
Nathan Thorpe
Nauris Vinkelis
Neely Stuart
Neha Shah
Neil Anderson
Neil Homan
Neil Jeremy
Neil Jones
Neil Lutterloch
Neil Southgate
Neil Topping
Neil Williams
Niall Haughton
Nicholas Culley
Nicholas Gadd
Nicholas Lodge
Nicholas Stone
Nicholas Stubbs
Nicholas Taylor
Nicholaus Buchanan
Nick Meese
Nick Walch
Nicky Glenister
Nicola Brownley
Nicola Fletcher
Nicola Greenaway
Nicola Howlett
Nicola McWatt
Nicola Monk
Nicole Andrews
Nicole Colvin
Nida Naqvi
Nigel Fleming
Nigel Slaughter
Nikita Bedford
Nikolay Georgiev
Nisha Sodha
Nishit Shah
Nita Rajani
Nixaal Patel
Norberto Estrada
Norton Kudlatz
Numan Usman

O
Oliver Duggan
Oliver Hart
Oliver Howker
Olivia Dettmer
Olivia Hughes
Olivia Newsome
Oluwatoyosi Sobogun
Oscar Cork
Owen Tudor
Oz Masaya

P
Paige Armstrong
Paige Makepeace
Paige Morgan
Paresh Nagar
Parminder Garcha
Patrick Galvin
Patrick Howlett
Patrick Tompsett
Patryk Tralewski
Paul Baker
Paul Burkett
Paul Burrow
Paul Carr
Paul Cheetham
Paul Cowen
Paul Dalby
Paul Gee
Paul Haythorne
Paul Hubbard
Paul Irving
Paul Jenkinson-Finn
Paul Kelly
Paul Keymer
Paul Lee
Paul Mills
Paul Mitchell
Paul Nicholls
Paul Northern
Paul Noyes
Paul Semple
Paul Smith
Paul Starkey
Paul Thomas
Paul Tregaskis
Paul West
Paul Whittington
Paul Wilson
Pauline Harrison
Pawel Pudelko
Pawel Warych
Pele Elton
Perran Kelly
Perry Hodges
Peter Ambrose
Peter Callan
Peter Carr
Peter Charles
Peter Charters
Peter Gilmore
Peter Goulding
Peter Hanley
Peter Lees
Peter Little
Peter Smith
Peter Tedstone
Peter Turtle
Peter West
Peter White
Peter Young
Petronela Aidi
Phil Crawley
Philip Cranston
Philip Dunn
Philip Gallop
Philip Speed
Philip Stocks
Philippa Hill
Phillip Gilbert
Phillip Handley
Phillipa Hewitt
Pj Blunden
Poonam Patel
Poppy Parmenter
Poppy Turner
Portia Boehmer
Przemyslaw Swislocki

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Qasim Basharat

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Rachel Fletcher
Radoslaw Doktorski
Radoslaw Naruszewicz
Rahim Benson
Raj Sodha
Raj Surani
Rajan Toora
Rajesh Thanki
Rajiv Vadgama
Rajnish Gaur
Ramzan Bapu
Ratip Hassan
Ravi Kalyan
Rebeca Wallis
Rebecca Cole
Rebecca Godfrey
Rebecca Love
Rebecca Mills
Rebecca Moore
Rebecca Oblein
Reece Brewin
Reece Charlton
Reece Coppins
Reece Portsmouth
Rhiannon Holland
Rhys Baird
Ria Croft
Richard Adamson
Richard Arciero
Richard Austin
Richard Beaven
Richard Bleach
Richard Bourne
Richard Carter
Richard Clark
Richard Davies
Richard Eagland
Richard France
Richard Geare
Richard Greenwood
Richard Keane
Richard Lewis
Richard Napier
Richard Newbon
Richard Oates
Richard Oldale
Richard Palfrey
Richard Prescott
Richard Senior
Richard Small
Richard Sumner
Rickie Byrne
Rizwan Saleh
Rob Moody
Robbie Coleman
Robert Adams
Robert Black
Robert Buckley
Robert Chawner
Robert Collins
Robert Dennis
Robert Dunn
Robert George
Robert Hardie
Robert Howker
Robert Ireland
Robert Kroll
Robert Kweli
Robert Moss
Robert Myers
Robert Parker
Robert Prince

THE TEAM

Robert Spencer
Robert Tillotson
Robert Tsui
Robert Twiner
Robert Wyatt
Robin Stagg
Robin Williams
Rodolfo Ferraris
Roger Lazenby
Romans Petuhovs
Romany Andrew
Romualdas Maciulevicius
Rory Reeves
Rose Bola
Rosie Carney
Ross Ashbrook
Ross Langford
Ross Leitch
Ross Matthews
Ross Wilkins-Heath
Roxanne Daly
Roxanne Morris
Roxanne Seurre
Ryan Apark
Ryan Buston
Ryan Coleman
Ryan Dunn
Ryan Farquhar
Ryan French
Ryan Henson
Ryan Izard
Ryan Knauf
Ryan Lundberg
Ryan Needham
Ryan Randall

S

Sachin Gokani
Sahibjit Samra
Sally Cook
Sam Birch
Sam Davis
Sam Groves
Sam Mackenzie
Sam Randle
Sam Thomas
Samantha Davies
Samantha Gray
Samantha Leavis
Samantha Stewart
Sameer Jamdar
Samuel Atkinson
Samuel Knowles
Samuel Underwood
Sandra Ramsay
Sandra Van Spronsen
Sanjeev Pal
Sarah Darby
Sarah Dobson Da Silva
Sarah Jordan
Sarah Kite
Sarah McLure
Sarah Peters
Sasha Thornett
Satvinder Sandhu
Satyam Panday
Savio Coutinho
Scott Ahmad
Scott Andrews
Scott Birdseye
Scott Bond
Scott Gane
Scott Hopwood
Scott Jesson
Scott Keeton
Scott McCartney
Scott Morrison
Scott Niven
Scott Robinson
Scott Thirlaway
Sean Brandist
Sean Cahill
Sean Campbell
Sean Dare
Sean Gee
Sean McClafferty
Sean McLean
Seaneen Ahmed
Shabbir Bandali
Shafeek Mohamed
Shahid Mahmood
Shamara McKenzie-Rochester
Shane Bryan
Shane Lindsay
Shane Malone
Shane Mason
Shane Till
Shane Trim
Shanee Gately
Shannon Cochrane
Shannon Dewdney
Sharif Islam
Sharon Buckley
Sharon Papantoniou-Barrett
Sharon Whiting
Shaun Gordon
Shaun Owens
Shaun Pawsey
Shaun Sargeant
Sheena Smith
Sheralyn Tidball
Shrina Shah
Shylo Brookes
Sian Garvey
Sian Horrigan
Silvi Atanasova
Silvia Babescu
Silviu Oltean
Simon Badhams
Simon Beare
Simon Briggs
Simon Brookfield
Simon Chapman
Simon Chappell
Simon Farley
Simon Gold
Simon Green
Simon Grimmett
Simon Lasham
Simon Leslie
Simon Lewis
Simon Ly
Simon MacDonald
Simon Marks
Simon Meider
Simon Neal
Simon Roberts
Simon Webb
Simon Witham
Sinan Demir
Sinead Fisher
Siobhan Ashman
Sjofn Redman
Slavka Georgieva
Sonia Sapinska
Sophie Doggart
Sophie Pavey
Sophie Swann
Spencer Clifford
Spencer Day
Stefan Andronic
Stefan Clark-Carter
Stephanie Bannister
Stephanie Dinnis
Stephanie Hogben
Stephanie Kilner Roberts
Stephanie Nevett
Stephanie Shaw
Stephen Amos
Stephen Anthony
Stephen Boyd
Stephen Breslin Burn
Stephen Carr
Stephen Collins
Stephen Corkett
Stephen Edmonds
Stephen Edwards
Stephen Foote
Stephen Freeman
Stephen Harrington
Stephen Hopson
Stephen Kelly
Stephen Lacey
Stephen Lopes
Stephen Mabberley
Stephen Machin
Stephen Maidment
Stephen Osbourne
Stephen Riley
Stephen Seymour
Stephen Smith
Stephen Velvick
Stephen Watson
Steve Brown
Steve McLean
Steven Barrowcliffe
Steven Dyer
Steven Higgins
Steven Howells
Steven Ives
Steven Kane
Steven Kernot
Steven Souter
Steven Whitehead
Steven Wood
Stuart Allman
Stuart Barrett
Stuart Clarke
Stuart Corlett
Stuart Fletcher
Stuart Harris
Stuart Munton
Stuart Rees
Stuart Ross
Stuart Smith
Stuart Stevenson
Stuart Tannock
Stuart Whitby
Stuart Williams
Sukhdev Bains
Summer Ellison
Sunil Patel
Susan Law
Susanna Horwood
Suzanne Seymour
Syann Watkins
Sydnee Wilson
Sydney Bennett
Sydney Holt
Syed Shah
Sylwia Wygachiewicz
Szabolcs Szudar

T

Tahmid Islam
Tallon Poulton
Tammie O'Lone
Tanya Dix
Tanya Roberts
Tara Smith
Tarun Val
Tauseef Usman
Tejay Smith
Terence Cooper
Terry Morris
Terry Salisbury

Thairiece Taylor
Theophilus Danquah
Thomas Ashmore
Thomas Bedford
Thomas Caldicott
Thomas Darlaston
Thomas Evans
Thomas Fuller-Winterburn
Thomas Harris
Thomas Knight
Thomas Langston
Thomas Lee
Thomas McGeown
Thomas Murray
Thomas Otley
Thomas Ryan
Thomas Still
Thomas Utting
Thomas Wade
Tim Chatfield
Tim Glasson
Tim Richards
Timothy Bentley
Timothy Boardman
Timothy Hilton
Timothy Morgan
Timothy Tatlock
Tina Clark
Tina Hughan
Tina Willett
Toby Vennard
Todd Routledge
Tom Cheevers
Tom Fernley
Tom Newman
Toma Grasu
Tommy Elford
Tony Chandler
Tony Dumbleton
Tracey Salter
Tracey Turner
Tracey Waterman
Tracy Wearmouth
Travis Law
Troy Fearon
Troy Ledgerwood
Troy Miller
Tyler King
Tyler Nossent
Tyler Smith
Tyrone Bower

U

Udo Jungbecker
Umut Ortac

V

Valentin Ivan
Veronica Evett
Veronica Zudaire
Victoria Cunday
Vikki Garland
Vilius Meilus
Vinod Joshi
Viorica Grapa
Vishal Depala

W

Warren Pettersen
Wayne Joy
Wayne Randall
Wayne Taylor
Wendy Martindale
Wesley Appadoo
William Aires
William Bailey
William Barreda
William Buxton
William Foxley
William Goodwin
William Halfhide
William Harman
William Pollock
William Short
William Swain
William Timmins
Wyn Dunn-Davies

Y

Youssef Djeraoui
Yvonne Burgess
Yvonne Hardingham

Z

Zeeshan Zaffar
Zhanna Knight
Zoe Fox
Zoe Gilbert
Zoe Harcus
Zoe Stevens

STORE LOCATIONS

London
Acton
Battersea
Beckenham Topps
Beckton
Bow
Brentford
Brixton
Bromley Common
Catford Bromley Rd
Charlton
Cheam
Chingford
Colindale
Croydon
Croydon Purley
Dagenham
Dartford
Denham
Dorking
East Sheen
Eltham
Enfield
Epsom
Feltham
Fulham Topps
Hayes Topps
Hemel Hempstead
Highgate
Hounslow
Ilford
Ilford Seven Kings
Kings Cross
Leyton
New Southgate
North Finchley
Old Kent Road
Orpington
Park Royal Topps
Penge
Raynes Park
Redhill
Romford
Ruislip
Sevenoaks
Shoreditch
South Bermondsey
Southall
St Albans
Staples Corner
Sunbury upon Thames
Surbiton
Uxbridge
Waltham Cross
Wandsworth
Wembley
Willesden
Wimbledon

Midlands
Barnsley
Binley
Boston
Burton upon Trent
Cannock
Chesterfield
Coventry Tile Hill
Derby
Derby Osmaston
Doncaster
Enderby
Erdington
Fenton
Grantham
Grimsby
Kettering Baron
Kidderminster
Kings Norton
Leicester Thurmaston
Leamington Spa
Lichfield
Lincoln Outer Circle
Long Eaton
Loughborough
Mansfield
Nantwich
Newark
Newcastle-under-Lyme
Northwich
Nottingham Arnold
Nottingham Poulton
Nuneaton
Redditch
Sheffield
Shrewsbury
Solihull
Spalding
Stoke
Stratford upon Avon
Tamworth
Telford
West Bromwich
Worksop

North
Aintree
Anfield
Birkenhead
Blackburn
Blackpool
Bolton
Bury
Carlisle
Cheadle
Cheetham Hill
Chester
Darlington
Durham Dragonville
Gateshead
Harrogate
Huddersfield
Hull
Hyde
Leeds
Leeds Sheepscar
Macclesfield
Morecambe
Northallerton
Oldham
Ormskirk
Preston
Sale
Salford
Scarborough
Scunthorpe
Shipley
Snipe (Audenshaw)
St Helens
Stockport
Stockton
Tyneside
Wakefield Ings Road
Warrington
Widnes
Wigan
Workington
York Clifton Moor

Scotland and Northern Ireland
Aberdeen Wellington
Ayr
Belfast Boucher Road
Belfast Newtownabbey
Dundee
Edinburgh
Fort Kinnaird
Glasgow
Hillington
Inverness
Irvine
Kirkcaldy
Shawfield
Sighthill
Stirling
Wishaw

South
Abingdon
Andover
Amersham
Ashford
Aylesbury
Banbury
Barnstaple
Basildon
Basingstoke
Bath
Bedford Elms
Bexhill
Bicester
Bishops Stortford
Bodmin
Bognor Regis
Borehamwood
Bounds Green
Bournemouth
Bracknell
Braintree
Brentwood
Bridgwater
Brighton
Brighton Kemp Town
Bristol
Broadstairs
Burgess Hill
Bury St Edmunds
Byfleet
Camberley
Cambridge
Canterbury
Chelmsford
Chelmsford Springfield
Cheltenham
Chichester
Chippenham
Christchurch
Cirencester
Clacton on Sea
Clevedon
Colchester
Cribbs Causeway
Cromer
Didcot
Dorchester
Dover
East Molesey
Eastbourne
Egham
Erith
Evesham
Exeter Trusham Rd
Exmouth
Fareham Topps
Farnborough
Farnham
Folkestone
Frome
Gatwick
Glastonbury
Gloucester
Gravesend
Great Yarmouth
Guildford
Hailsham
Harlow
Havant
Hedgend

Hereford
High Wycombe
Horsham
Huntingdon
Ipswich
Isle of Wight
Isleworth
Kings Lynn
Launceston
Leighton Buzzard
Letchworth
Loughton
Lowestoft
Luton
Maidstone
Maidstone Langley
Market Harborough
Martlesham
Millbrook (Southampton)
Milton Keynes
Moreton in Marsh
Newbury
Newhaven
Newton Abbot
Northampton
Norwich
Norwich Hall Road
Oxford Cowley
Penzance
Peterborough
Plymouth
Poole
Portsmouth
Rayleigh
Reading
Reading Rose Kiln Lane
Ringwood
Rugby
Rustington
Salisbury
Saltash
Sittingbourne
Slough
Southend
St Neots
Stamford
Stevenage
Strood
Stroud
Sudbury
Sutton
Swindon
Taunton
Thetford
Thurrock
Tonbridge
Torquay
Truro
Tunbridge Wells
Uckfield
Waterlooville
Watford Imperial
Wellingborough
Welwyn Garden City
Weston Super Mare
Weymouth
Winchester
Witney
Woking
Wokingham
Worcester
Yeovil

Wales

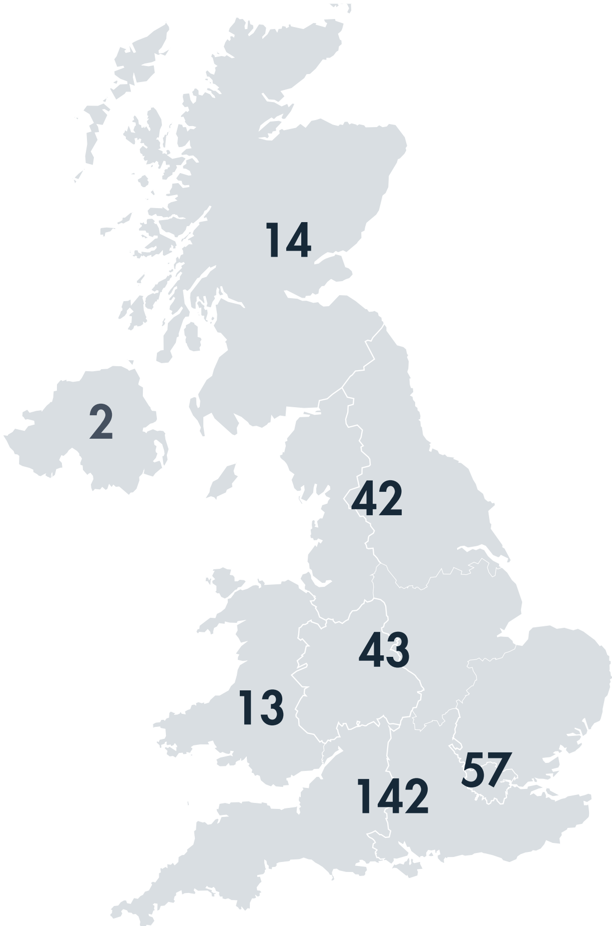
Bangor
Barry
Bridgend
Cardiff
Cardiff Newport Road
Carmarthen
Haverfordwest
Llanelli
Merthyr Tydfil
Newport
Rhyl
Swansea Cwmdu
Wrexham

Commercial Showrooms

Balham
Chelsea
Clerkenwell
Islington
Leicester
Notting Hill
Swerford

Our Retail Stores

Topps Tiles has **313** retail stores across the UK with a broad geographic reach, which means most customers require less than a 20-minute drive time to reach their local store.



1 Quarry Red, Quarry Red Bullnosed, Matrix Primrose Yellow

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Enderby, Leicestershire,
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