

10 March 2022

Topps Tiles Plc (the "Group")

Acquisition of Pro Tiler Ltd & Q2 Trading Update

Topps Tiles, the UK's leading tile specialist, announces the acquisition of 60% of the issued share capital of Pro Tiler Ltd ("Pro Tiler"), an online specialist supplier of tiling-related consumables and equipment to trade customers, and a trading update for the second quarter of the financial year ending 1 October 2022.

Acquisition of Pro Tiler

The Group has acquired 60% of the issued share capital of Pro Tiler, an online specialist supplier of tiling-related consumables and equipment to trade customers (the "Initial Acquisition"). The Group and Pro Tiler have also agreed put and call options relating to the purchase by the Group of the remaining 40% of the issued share capital of Pro Tiler, which are exercisable from March 2024 (the "Subsequent Acquisition", and together with the Initial Acquisition, the "Acquisition").

Pro Tiler is a recognised and respected brand within the tiling market which operates three online businesses: protilertools.co.uk, northantstools.co.uk and premiumtiletrim.co.uk. Pro Tiler was established in 2010 by Andy Bucknall, his wife Wendy, and their two sons Sam and Todd. Andy, Sam and Todd all previously worked as professional tilers and are well respected within the industry. As part of this transaction, Andy and Wendy will retire from the business while Sam and Todd will continue to run the day-to-day operations of Pro Tiler.

Pro Tiler has delivered rapid growth in recent years through an expansion of its product range and a focus on high quality service, which has enabled it to serve an increasingly wide customer base. In the financial year ended 31 March 2021, Pro Tiler reported turnover of £9.3 million and profit before tax of £1.1 million¹. In the current year, the business has continued to grow and the turnover in the twelve months to 31 January 2022 was £11.9 million. Pro Tiler is expected to benefit from the Group's buying scale, flexible supply chain and financial resources to support its further growth.

Consideration of £5.3 million (plus a £0.3 million closing adjustment) was paid in cash on completion of the Initial Acquisition for 60% of the issued share capital of the business. The Group intends to acquire the remaining 40% of the issued share capital from March 2024, based on an agreed multiple of profits for the 12 month period to March 2024. Consideration for the Initial Acquisition was financed from the Group's existing cash balances.

The acquisition of Pro Tiler is a significant development in the Group's growth strategy and an important first step into operating a specialist online business alongside its award winning omni-channel Retail business and Commercial brands. The Board expects the Acquisition of Pro Tiler to be accretive to adjusted earnings in the current financial year and beyond².

Q2 Trading update

Retail trading in the second quarter to date has progressed well, with sales for the first nine weeks growing by 18.2% on a two year like-for-like basis and 45.6% on a one year like-for-like basis (against a period of trading restrictions last year).

	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22 first 9 weeks
Two-year Retail like-for-like sales	+13.0%	-23.1%	+12.9%	+21.7%	+21.0%	+18.2%
One-year Retail like-for-like sales	+19.9%	-17.3%	+131.0%	+3.0%	+1.0%	+45.6%

Retail gross margins have also improved following management actions on pricing, our costs remain well controlled despite significant inflation and operating cash flows are in line with expectations. The Group is confident of delivering adjusted profit before tax in line with its expectations for the year as a whole.

Our Commercial business has continued to deliver encouraging sales growth, the order book is strong and we remain confident that we will deliver an improved performance in the Commercial business this year.

Rob Parker, Chief Executive, said: *"Pro Tiler is a well-respected brand with a strong customer service ethic, which fits closely with our core values. The acquisition of an online specialist supplier to trade customers complements our omni-channel Retail business and Commercial brands. It also moves us closer to our 20% market share goal of '1 in 5 by 2025' while maintaining our specialism of tiling and related products. I look forward to working with Sam and Todd Bucknall and helping them to take this successful business forward into the next stage of its growth. The development of our digital offer remains an important area of focus for the Group and we have plans in place to expand this further in 2022.*

"Trading for the year to date is in line with our plan and we are confident of delivering performance in line with our expectations."

The Group will announce its interim results for the 26 weeks to 2 April 2022 on 24 May 2022.

(1) Unaudited financial information: For the year to 31 March 2021, Pro Tiler delivered revenue of £9.3 million (FY20: £4.4 million) and a profit before tax of £1.1 million (FY20: £0.4 million). Pro Tiler's gross assets as at 31 March 2021 were £3.2 million (31 March 2020: £1.0 million).

(2) The accounting for the Acquisition will be under IFRS 3. As required under this Standard, the consideration for the Subsequent Acquisition will be expensed as employee remuneration over a two-year period as opposed to being part of the acquisition accounting due to certain requirements placed on Sam and Todd Bucknall to remain employed by the Group during this period. This income statement expense and any fair value adjustments will be excluded from adjusted profits over this time period.

For further information please contact:

Topps Tiles Plc

Rob Parker, CEO

0116 282 8000

Stephen Hopson, CFO

Citigate Dewe Rogerson

Kevin Smith

020 7638 9571

Ellen Wilton

Notes to editors

Topps Tiles Plc is the UK's largest specialist supplier of tiles and associated products, targeting the UK domestic refurbishment and commercial market and serving a retail and trade customer base from 314 nationwide Retail stores, 5 Commercial showrooms and three trading websites: www.toppstiles.co.uk, www.parkside.co.uk and www.stratatiles.co.uk.

Since opening its first store in 1963, Topps has maintained a simple operating philosophy - inspiring customers with unrivalled product choice and providing exceptional levels of customer service. For further information on the Group, please visit <http://www.toppstilesplc.com/>