Agenda

- Overview – Matthew Williams
- Financial Performance – Rob Parker
- Strategy & Operations – Matthew Williams
## FY19 Overview

| Financial Performance | Like-for-like sales +0.6%, adj profit before tax £16.0m, flat YoY  
|                       | Net debt reduced by £4.9m YoY, down to £11.3m  
|                       | Dividend maintained at 3.4p (flat YoY), and 2x cover |
| Group | Core purpose of *inspiring customers through our love of tiles*  
|       | 86% of tile ranges are own brand or exclusive  
|       | Our specialism drives our competitive advantage – the best products combined with the very best customer service |
| Retail | Strategy of “Out Specialising the Specialists”  
|        | Customers at centre of strategy – top 3 of UK retailers for customer satisfaction  
|        | Customers utilise both stores and online in almost all cases |
| Commercial | Entry into commercial has doubled our addressable market  
|             | Strategy to disrupt market and construct a new market leader  
|             | Commercial sales of £4.9m (+133% YoY or +81% excl. Strata) |
Financial Performance

Rob Parker
Chief Financial Officer
Income Statement Highlights – Adjusted measures
52 weeks ended 28 September 2019

<table>
<thead>
<tr>
<th></th>
<th>FY 19</th>
<th>FY 18</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales - £m</td>
<td>214.3</td>
<td>214.8</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>Gross Profit - £m</td>
<td>132.9</td>
<td>131.7</td>
<td>+0.9%</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td>62.0%</td>
<td>61.3%</td>
<td>+70bps</td>
</tr>
<tr>
<td>Opex - £m</td>
<td>116.1</td>
<td>114.6</td>
<td>(1.3)%</td>
</tr>
<tr>
<td>Interest - £m</td>
<td>0.9</td>
<td>1.0</td>
<td>(10.0)%</td>
</tr>
<tr>
<td>PBT - £m</td>
<td>16.0</td>
<td>16.0</td>
<td>nil</td>
</tr>
<tr>
<td>Net Margin %</td>
<td>7.5%</td>
<td>7.4%</td>
<td>+0.1pp</td>
</tr>
<tr>
<td>EPS - pence</td>
<td>6.61</td>
<td>6.64</td>
<td>(0.5)%</td>
</tr>
</tbody>
</table>

- Sales increase of 0.6% on a LFL basis in a challenging trading environment
- Gross margin increase of 70bps, primarily as a result of continued benefits of scale and sourcing, 20 bps of the gain relates to reclassification of other income
- Continued focus on cost control
- Adjusted PBT of £16.0m, in line with the prior year

Note - Adjusted measures exclude several items which are either one off in nature or fluctuate significantly from year to year (such as some property related items) and trading losses from the Commercial business.
Adjusted Gross Margin Performance
52 weeks ended 28 September 2019

- Adjusted gross margin of 62.0%, +70bps yoy
- Trade mix stable at 56% YoY – no headwind
- +50 bps from continued benefits of scale and sourcing
- +20 bps from reclassification of other income

Note - Adjusted gross margin excludes impact of Commercial business
- Inflation of c.1.4% = £1.7m
- Regulatory cost of £0.5m from national living wage and pension changes
- Other includes supply chain £0.3m, depreciation £0.2m, reclassification of other income £0.5m
- Employee profit share decrease by £0.5m, due to challenging trading in the current year
- Average of 366 stores vs 372 in the prior year generating £1.5m reduction in costs
Balanced net debt reduction with continued investment and consistent shareholder returns

Dividend has been supported by reducing cover – policy is to maintain at broadly 2x

Gearing now <1x and net debt below value of freehold property
### Balance Sheet Highlights

**28 September 2019**

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2018</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goodwill/Intangibles - £m</strong></td>
<td>5.8</td>
<td>1.8</td>
<td>+4.0</td>
</tr>
<tr>
<td><strong>Freehold Property - £m</strong></td>
<td>13.8</td>
<td>14.2</td>
<td>(0.4)</td>
</tr>
<tr>
<td><strong>Fixed Assets - £m</strong></td>
<td>34.4</td>
<td>35.0</td>
<td>(0.6)</td>
</tr>
<tr>
<td><strong>Inventory - £m</strong></td>
<td>30.9</td>
<td>30.2</td>
<td>+0.7</td>
</tr>
<tr>
<td><strong>Debtors &amp; Creditors - £m</strong></td>
<td>(43.4)</td>
<td>(38.3)</td>
<td>(5.1)</td>
</tr>
<tr>
<td><strong>Borrowings - £m</strong></td>
<td>(30.0)</td>
<td>(30.0)</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Cash - £m</strong></td>
<td>18.7</td>
<td>13.8</td>
<td>+4.9</td>
</tr>
<tr>
<td><strong>Net Debt - £m</strong></td>
<td>(11.3)</td>
<td>(16.2)</td>
<td>+4.9</td>
</tr>
<tr>
<td><strong>Net Assets - £m</strong></td>
<td>30.2</td>
<td>26.7</td>
<td>+3.5</td>
</tr>
</tbody>
</table>

- Goodwill and intangibles increase relates to purchase of Strata
- The Group holds five freehold properties with a book value of £13.8m
- Inventory increase is driven by increase in key selling lines in the event of supply chain disruption immediately post the UK leaving the EU – to unwind in FY20
- Inventory days at 134 days (2018: 130), with creditor days at 89 (2018: 91)
- Net debt position reduced by £4.9m reflecting WC timing gains and underlying cash generation
Cash Flow Highlights
52 weeks ended 28 September 2019

<table>
<thead>
<tr>
<th></th>
<th>FY 19</th>
<th>FY 18</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Cash flows from operating activities (EBITDA)</td>
<td>+21.6</td>
<td>+23.0</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>+4.6</td>
<td>+2.5</td>
<td>+2.1</td>
</tr>
<tr>
<td>Interest</td>
<td>(0.9)</td>
<td>(1.1)</td>
<td>+0.2</td>
</tr>
<tr>
<td>Tax</td>
<td>(3.4)</td>
<td>(2.5)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Operations</td>
<td>+21.9</td>
<td>+21.9</td>
<td>nil</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(7.8)</td>
<td>(7.9)</td>
<td>+0.1</td>
</tr>
<tr>
<td>Strata Purchase</td>
<td>(2.8)</td>
<td>nil</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Proceeds from disposals</td>
<td>+0.2</td>
<td>+3.9</td>
<td>(3.7)</td>
</tr>
<tr>
<td>Investments</td>
<td>(10.4)</td>
<td>(4.0)</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Free Cashflow</td>
<td>+11.5</td>
<td>+17.9</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(6.6)</td>
<td>(6.6)</td>
<td>nil</td>
</tr>
<tr>
<td>Reduction/(increase) in net debt</td>
<td>+4.9</td>
<td>+11.3</td>
<td>(6.4)</td>
</tr>
</tbody>
</table>

- Cash generated from operations is flat yoy at £21.9m (including working capital benefits from year end timing)
- Key movements in investing activities were acquisition of Strata and prior year sale of freehold properties
- Free cash flow generation of £11.5m and a £4.9m reduction in net debt
Financials – Forward Guidance – FY20

- Commercial now included in adjusted financials – expected to be at approximately breakeven level
- Gross margin – retail expected to be broadly flat, continued commercial growth dilutes group margin by c.100bps (FY19 61.6%)
- Adjusted opex – expected to be between £122m and £123m (including between £5.5m and £6.0m of commercial costs)
- Capex – expected to be c.£6m-£7m for core capex plus a possible further £2.5m-£3.0m for a programme of LED lighting retrofit into all stores
- Working capital outflow of c.£7m due to year end timing (53rd week)
- Year end stores expected to reduce by around 10 due to continued programme of portfolio optimisation
- Dividend to continue to be based on approximately two times cover
- IFRS16 expected impact of c.£1m reduction in profit before tax (see appendix)
Strategy & Operations

Matthew Williams
Chief Executive Officer
Leading Product
Leading Product

- Our tile specialism is our key source of competitive advantage
- 40 new ranges launched, with over one third developed in-house
- 70% of ranges sourced through core supplier group
- 86% of ranges are own brand or exclusive
- Range extensions into outdoor and shower trays
- Commercial focused on exclusive collaborations and extended ranges
- Technical capability key for commercial success
Hero Range - Rhomba™

• Small format, rhombus shaped tile in a range of colour, patterns and textures
• Developed in-house and leverages three existing ranges for coordinated looks
• Focus on creating on trend geometric patterns
• Scores highly in terms of design and inspiration
• Launched Autumn 2019
Leading People
Leading People

• Focus on having the leading people in each of our markets and achieving this through great leadership of our people

• Colleague training and development achieved via e-learning platform “TheHub”

• Internal succession key metric – 58% of promotions to store management are internal

• Culture is key.... we are small teams with big ambitions who trust each other, celebrate success and put our customers at the heart of what we do
Leading People – Colleague case study

- Commercial Sales Manager - Denzil Johns
- 17 years service with Topps Group
- Started career in Topps as Store Manager
- Passion for interior design has been key to career
- Helped launch Boutique format and led most successful store
- Seconded to Area Manager role and other projects
- Transferred to Commercial in August 19 – now Strata Commercial Sales Manager
Retail
Topps Tiles
Inspirational Digital Experience

- New website launched start of October ‘19
  - Omni-channel capability – integrated with store systems
  - User experience – frictionless customer journey
  - Knowledge & inspiration – information and instant visualiser
- 90%+ of customers visit web site and store
- Design advice area brings digital experience into stores
Inspirational Digital Experience – Social Media

• Collaborating with social media influencers with a natural fit with our customer offer
• Creating a community of influencers and traders with interior design focus
• Instagram™ now at 37,000 followers (+130%)
• Broad social media platform – annual impressions of 12.7m (+96%)

WHY I’M ALWAYS LOOKING DOWN

I am addicted to tiles. Since I started writing En Brogue back in 2012, and as a result began obsessively taking pictures of my feet, tiles have become almost as big a part of my life as flat shoes. My husband arranged our 10th wedding anniversary holiday to a hotel in Sorrento specifically because it was famous for having over 30 different styles of blue and white tiles (he’s a keeper!). If I ever find myself in a public place with beautiful tiles, I have to take a shoefie. People even send me pictures on Instagram of their own feet standing on tiles they’ve spotted that they think I will like. And of course, I’ve incorporated bright patterned tiles into the interior design of my own house. They just give me so much joy!

Topps Tiles Victorian Flooring™ Newbury Terrazzo Tiles, £15.55 per tile (topps.co.uk), Top Picture Victorian Flooring™ Darlington Blue Tiles, £8.74 per tile (topps.co.uk).

My go-to for floor tiles has always been Topps Tiles. When we first started decorating our house I shopped around and was really impressed that Topps Tiles had so much on offer,
World Class Shopping Experience

- Tile Talk (customer feedback programme) overall satisfaction rating of 86% places us in top 3 of UK retailers

- 362 stores – key to advice, convenience and inspiration

- Continue programme of portfolio optimisation

- Lease flexibility important in order to respond to changing customer needs – average unexpired term of approximately 3 years

- Well invested store estate – 2 years into 3 year all store improvement programme
Outstanding Trader Experience

- Store relationship with traders remains key to loyalty
- Trend towards “do it for me” means trade act as a vital channel to the homeowner
- Trade customers account for 56% of sales
- 90,000 traders registered and earning points over last 12 months, +25% yoy
- Trade offer being strengthened through introduction of additional brands
Commercial
Parkside & Strata
Strategic Progress

- Entry into commercial has doubled our addressable market whilst staying within our specialism of tiles
- Strategy is to ‘disrupt’ the commercial tile market and ‘construct’ a market leadership position over the medium term
- Current market conditions remain subdued – ONS private commercial construction output -2.6% yoy
- Four design studios supporting experienced sales team
- Strata Tiles acquired in April 2019 – initial focus on integration
- Good progress in growing revenues and future pipeline – sales of £4.9m, +133% YoY or +81% excl Strata
- FY19 trading loss of £2.0m, target of broadly breakeven in FY20
Commercial Projects

David Lloyd Harbour Club

Lyttelton Arms

Juno Rooms

Arriva Offices
Case Study – One London Road, Staines

- Relationship formed with interior designer following collaboration at Clerkenwell Design Week 2018

- Topps own range, Regal, met or bettered the existing range on aesthetic, technical performance and price

- Foundry trims (Topps exclusive) combined to complete the look

- Stockholding represented an additional competitive advantage
Group Outlook

- **Current trading & Outlook**
  - General election announcement in late October further impacting consumer demand – in line with previous experience
  - Retail like-for-like revenue decrease of 7.2% over 8 weeks to 23 November 2019 (FY19: decrease of 1.9%)
  - Reduction in political uncertainty key to short term outlook improving

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*Market-leading retail offer and growing commercial operations give us a strong platform from which to deliver sustainable medium and long-term growth*
Appendix
Macro environment remains anodyne and therefore challenging

Source – Consumer confidence = GFK, UK house price = Nationwide, Housing transactions = HMRC
Commercial Market Backdrop

- Market indicator challenging over last 18 months – period of decline
- Year to September ‘19 is down 2.6% - but improving trend

Source – ONS constriction output data
IFRS 16 - Leases

- IFRS 16 will be adopted by the Group in the period ending 3 October 2020.
- As at transition date of 29 September 2019, the Group will recognise a right-of-use asset in the region of £125m, with a corresponding lease liability in the region of £130m.
- For the period ending 3 October 2020, the Group expects a reduction in Profit before taxation in the region of £1.0m, as a result of the adoption of IFRS 16.
- Illustration of impact of transition to IFRS based on FY19 summary Income Statement:

<table>
<thead>
<tr>
<th>Proforma Consolidated Statement of Financial Performance</th>
<th>Pre IFRS 16 for the period ended 28 September 2019 £'m</th>
<th>Remove estimated rent £'m</th>
<th>Include estimated depreciation £'m</th>
<th>Include estimated financing cost £'m</th>
<th>Post IFRS 16 estimated £'m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group revenue</td>
<td>219.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>219.2</td>
</tr>
<tr>
<td>Gross profit</td>
<td>135.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>135.0</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(121.7)</td>
<td>25.0</td>
<td>(23.4)</td>
<td>-</td>
<td>(120.1)</td>
</tr>
<tr>
<td>Group operating profit</td>
<td>13.3</td>
<td>25.0</td>
<td>(23.4)</td>
<td>-</td>
<td>14.9</td>
</tr>
<tr>
<td>Finance costs / Investment revenue</td>
<td>(0.8)</td>
<td>-</td>
<td>-</td>
<td>(2.6)</td>
<td>(3.4)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>12.5</td>
<td>25.0</td>
<td>(23.4)</td>
<td>(2.6)</td>
<td>11.5</td>
</tr>
</tbody>
</table>
Adjusting items include non-recurring property provision movements of £1.8m, vacant property costs of £1.1m, Commercial trading loss £2.0m and the benefit of £2.3m repayment of historic import duty.

Statutory PBT of £12.5m, 1.6% decrease.