

# TFG RESULTS PRESENTATION

For the half-year ended  
30 September 2022



We inspire our customers to live their best lives





# Agenda

**01**

Overview and Highlights

**02**

Financial Review

**03**

Segmental Performance

**04**

Strategy and Outlook



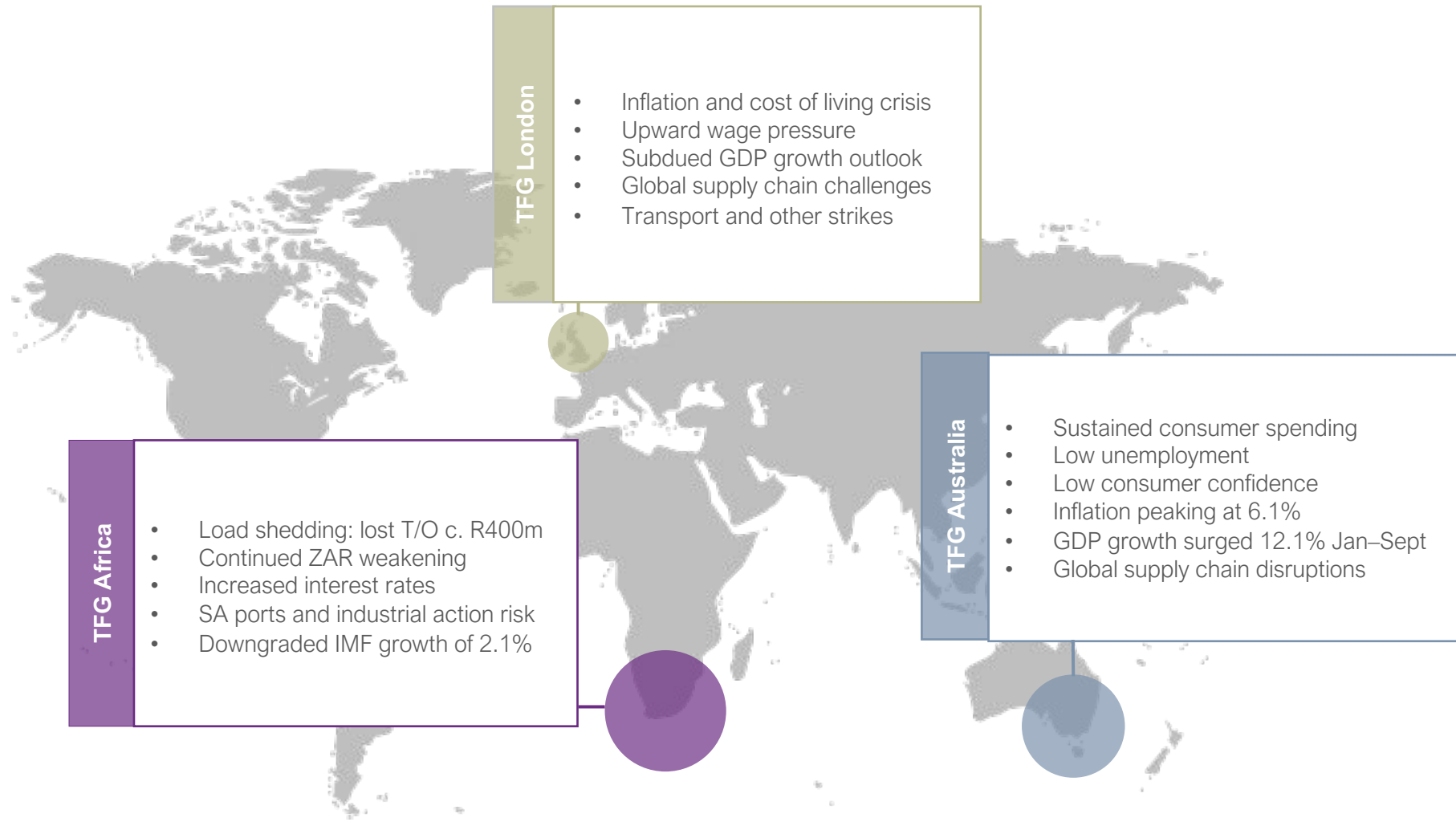


# 01

## OVERVIEW AND HIGHLIGHTS

Anthony Thunström  
Group CEO





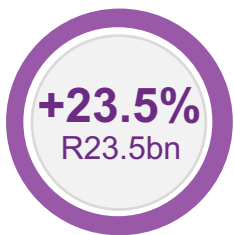


# Group highlights

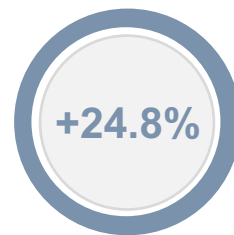
## Performance and Progress

### Strong group results

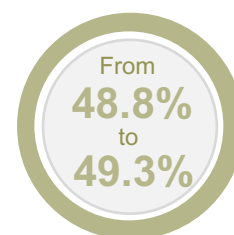
#### Turnover



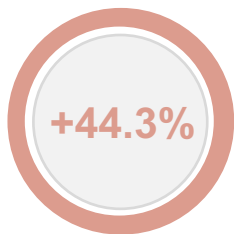
#### Gross Profit



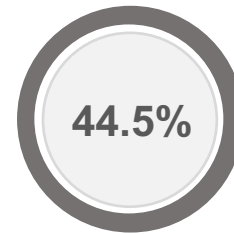
#### Group Margin growth



#### Profit



#### Earnings per share



#### Cash operating profit



### Exceptional segmental performance

- Group Turnover up 23,5% (LFL 11,4%)
- Africa up 16,9%
- Australia up 48,7%
- London up 21,2%

### And significant transformational investments

Tapestry acquisition concluded and integrated



Bash platform launched in beta



Record store openings – 159 for H1



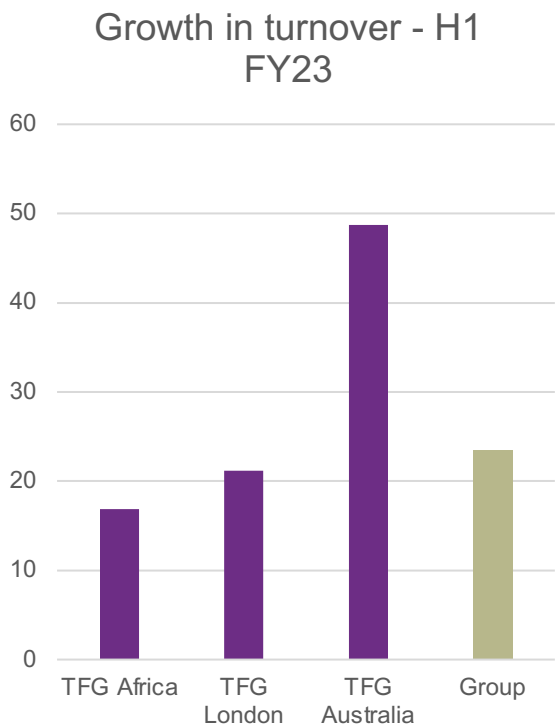
c. 1m new Rewards Customers



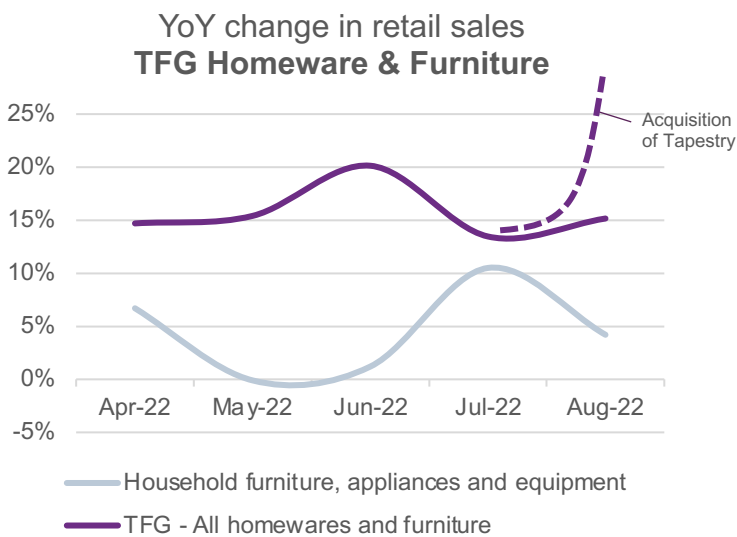


# Group turnover growth

Continued market share gains recorded



## TFG Africa – outperformance in key categories



Sources: TFG and StatsSA P62421: Retail Trade Sales at current prices by type of retailer

### UK

- Occasionwear and Workwear outperforming post Covid
- Refreshed business model producing superior results
- UK platform business model ready to scale

### Australia

- Record growth with favorable tailwinds
- Smartwear and Occasionwear outperforming post Covid



# Delivering on our strategy

Clear and focused investment in key transformative initiatives

## B

## O

## L

## T

## S

### Build out

diversified, high brand equity businesses, both organically and inorganically

- ✓ Acquired Tapestry and adding R2,7bn turnover pa
- ✓ Launched new brands Anatomy and Luella
- ✓ Scaling Redbat, Relay, Union Denim, RFO
- ✓ Added 159 new stores

### Optimise

our sourcing mix and supply chain efficiency

- ✓ Expanded Midrand DC due to additional volumes
- ✓ Commenced build of new Riverfields mega-DC to provide greater scale and efficiencies
- ✓ Expanded local production into new categories

### Leverage

our assets: customer data, store footprint, talent and product assortment

- ✓ c. 1m new rewards customers
- ✓ Launched TFG branded MVNO product
- ✓ MoreTyme launched
- ✓ Installation of 600 Tymbank kiosks

### Transform

into a true omnichannel retailer and platform play

- ✓ Migrated to next-gen e-commerce platform
- ✓ Launched Bash.com
- ✓ Significantly improved online availability
- ✓ Click & Collect at c. 45%

### Sustain

ourselves and our stakeholders into the future

- ✓ >6200 jobs and workplace opportunities
- ✓ Rolling out TFG Integrated Energy Plan
- ✓ Launched Sustainable Fashion Incubator
- ✓ Established the TFG Data Science Fellowship



Strategic acquisition to transform our homeware and furniture business

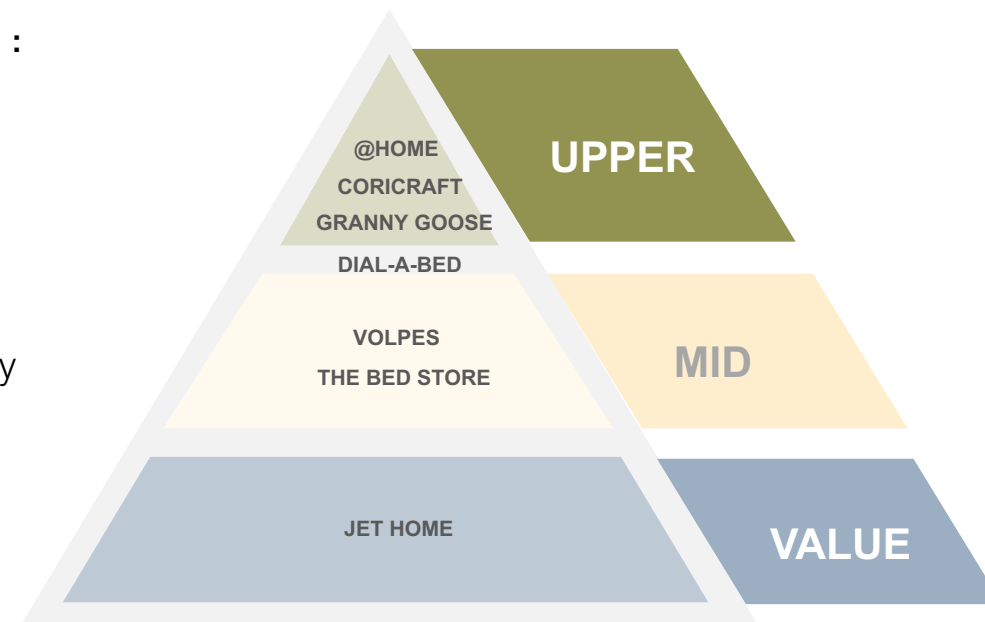


## R A T I O N A L E :

- Historically under-indexed in homeware
- Scalable, vertically integrated business
- Best-in-class working capital and retail metrics
- Strong management team with proven track record

## S I N C E A C Q U I S I T I O N :

- Successfully integrated the businesses into TFG
- 17 new stores by November
- Introduced TFG credit to all Tapestry stores



R2bn

R10bn

P Y

2 0 2 7



From strength to supercharged

PLANNED  
ANNUALISED  
TURNOVER

**R2,7bn**

ON OUR  
INVESTMENT OF

**R2,1bn**

GENERATING  
EBITDA OF

**R430m**

## ORGANIC GROWTH

- Planning c. 100 stores over the next 3 years
- Leveraging Group scale and capabilities to secure flagship new locations

## SYNERGIES

- Trialing local manufacture of @home sofas and realising 20-25% cost efficiencies

And the best is yet to come...

## GROUP MUSCLE

- Leveraging TFG's 29m Rewards customer base
- Scaling TFGs market leading Credit offering
- Offering customers even more choice in homeware and furniture on the Bash app
- Introducing value-added services





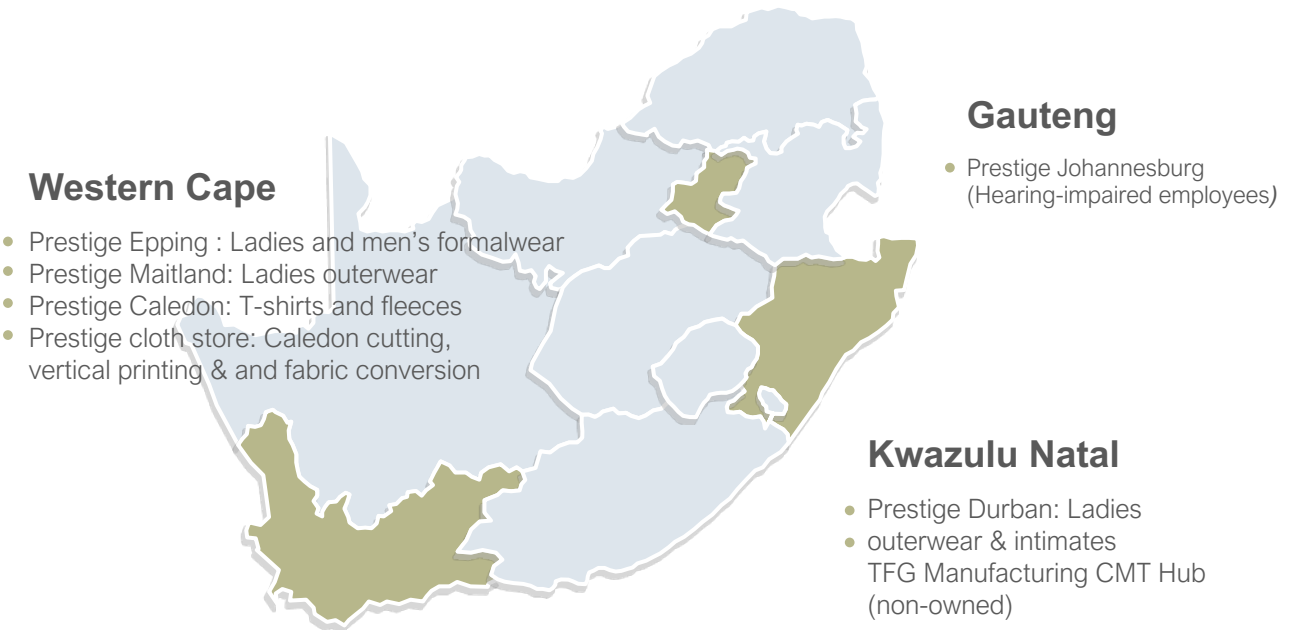
Doubling down on our competitive advantage

## Demonstrated benefits – Own manufacturing versus other suppliers

1 year rolling to end September 2022  
(TFG Africa)

Sales at full price	▲ 4.7% increase
Stock days	▼ 17% reduction
GP% by brand	▲ Up to +9.3%
Margin benefit	▲ R220m increase

## Strategic hubs under development and current capabilities per hub



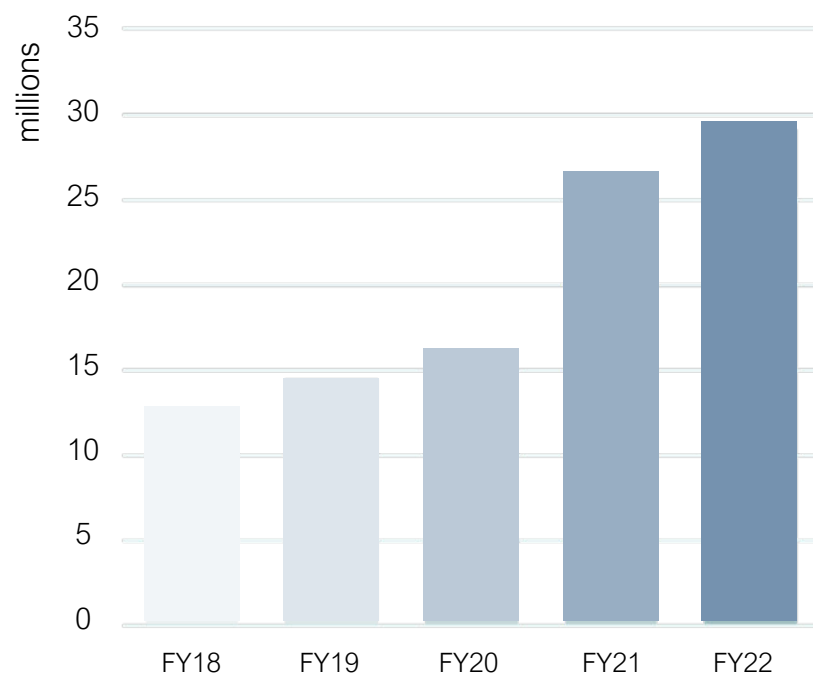
## New capabilities

- 4 vertically integrated Tapestry homeware factories
- Mattresses
- Upholstered furniture
- Household textiles
- Duvets & pillows
- Cotton Traders factory

1 in 2 South Africans are TFG Rewards Members

## Rewards customer base

FY18 to FY22



**+925k**  
New members YTD



9 out of 10 members  
are cash rewards

## Rewards v Non-rewards customers

Oct 2021 – Sept 2022

**+60%** Average  
sales value

**+15%** Average basket  
size - units

**+1%** Gross margin  
advantage



Progressive improvement in our e-commerce fundamentals

### Group online turnover

ANNUALISED  
TURNOVER

**R5bn**

H1 CONTRIBUTION

**8,9%**

to retail turnover



### Africa

ANNUALISED  
TURNOVER

**R1,3bn**

H1 : **+19%** YOY



myTFGworld  
Online Shopping

### Pursuing operational excellence

**25%** Orders delivered in under 48 hours

**30%** Increase in availability

In South Africa we're:  
#2 shopping app on Android  
11<sup>th</sup> most downloaded app in any category

Big e-tail has checked in to South Africa

Interest in SHEIN reaches new heights  
Daily app downloads, worldwide



Source: apptopia.com

Ventureburn

NEWS STARTUPS VENTURE CAPITAL CRYPTO EVENTS DIRECTORIES

SUBSCRIBE

# How to get your retail business ready for the Amazon effect



Globally, Amazon dominates online sales and has driven enormous disruption in the e-commerce market. Photo: Supplies/Ventureburn

With Amazon readying itself to launch in South Africa in February 2023, forward-thinking local retailers and e-tailers are gearing up their businesses to leverage the country's R30 billion per year e-commerce market.





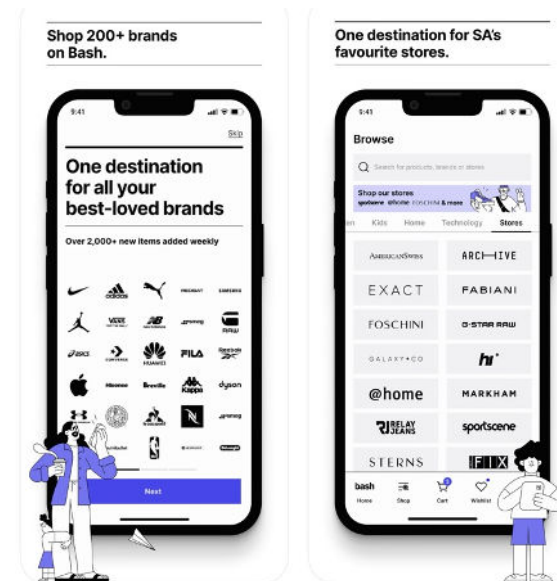
# Say hi to Bash

A new fashion & lifestyle shopping platform for a growing community of connected buyers in South Africa.

Bash launched in beta in June in under 8 months versus an industry average of 18-24 months

One home for all of TFG's brands

Leverages our extensive product catalogue, brands and customers in creating a world-class omni-channel experience



Over 200+ brands on the app in more than 400 categories

At full launch we'll offer more than 100,000 SKUs

Watch this space!

R1,3bn

R10bn



Better for all our stakeholders

We have 3 ambitious sustainability goals built around



**FASHION THAT CONNECTS**  
People and their passion



**FASHION THAT SHARES**  
The benefit of enterprise



**FASHION THAT RESTORES**  
Our relationship with nature

**H1 people and their passion highlights:**

**6200+**  
Jobs and workplace  
opportunities

New diversity and  
inclusion metric:  
**74%**  
of employees feel they  
belong at TFG



**Data Science & Leadership Fellowship**  
For Young South Africans



02

## FINANCIAL REVIEW

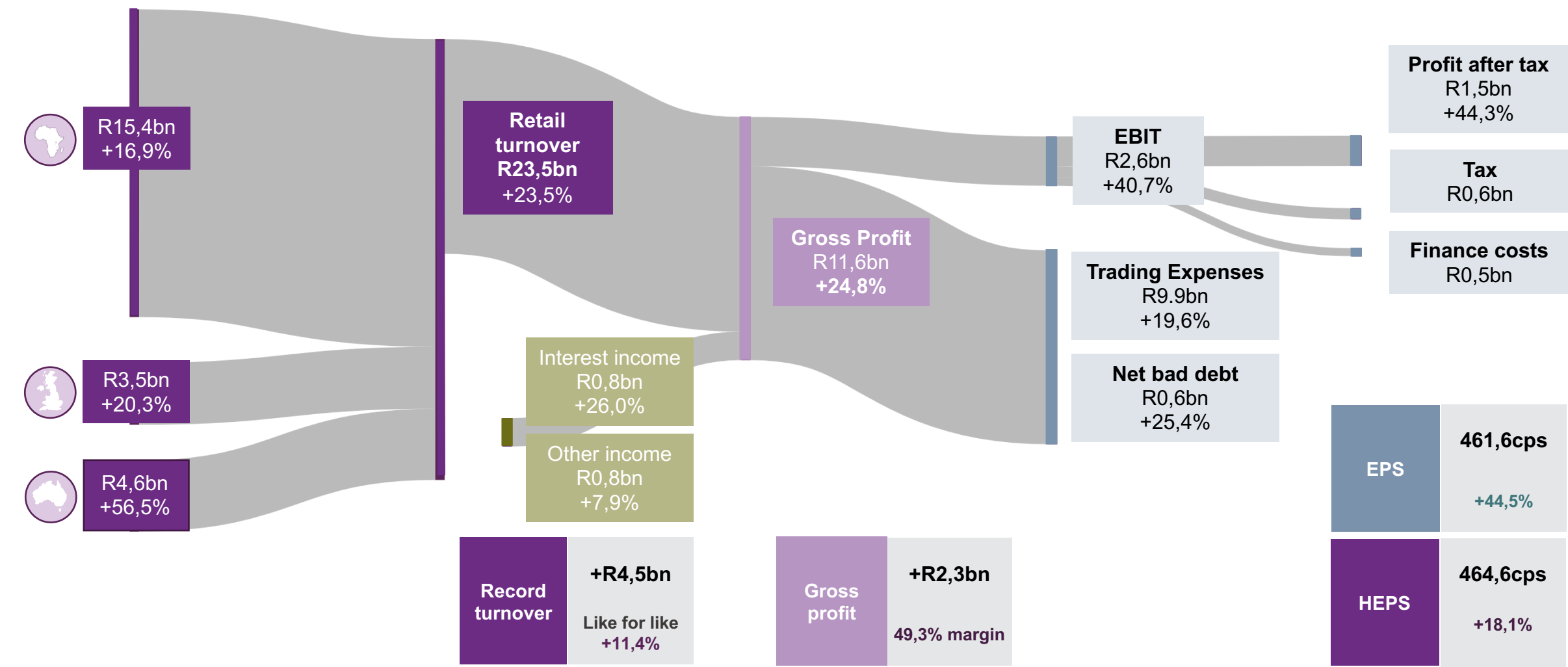
Bongiwe Ntuli  
Group CFO



TF  
G

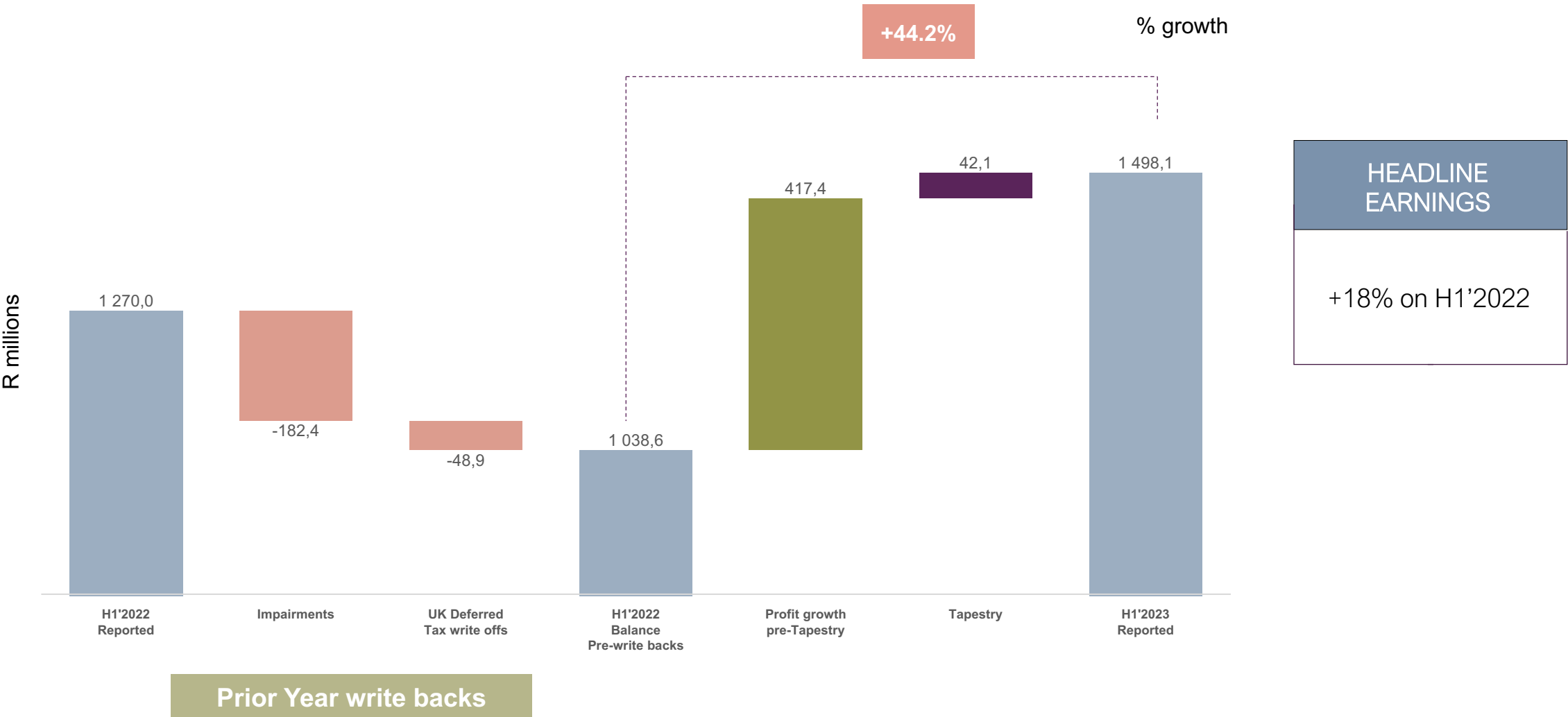
# Group Performance

Headline earnings of R1,5bn; up 17,9% on H1'2022; EPS up 44,5%



# Group | Headline earnings

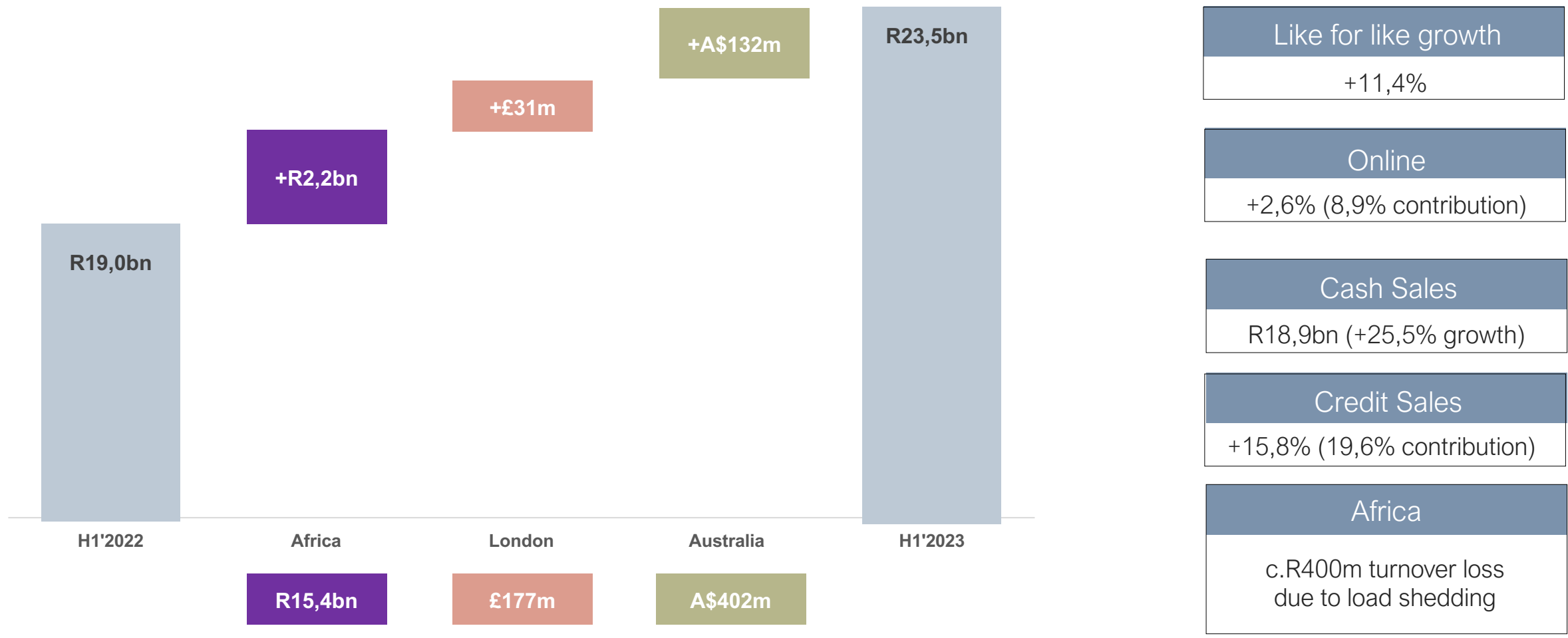
Impairments and Deferred tax rate change impacts prior year earnings



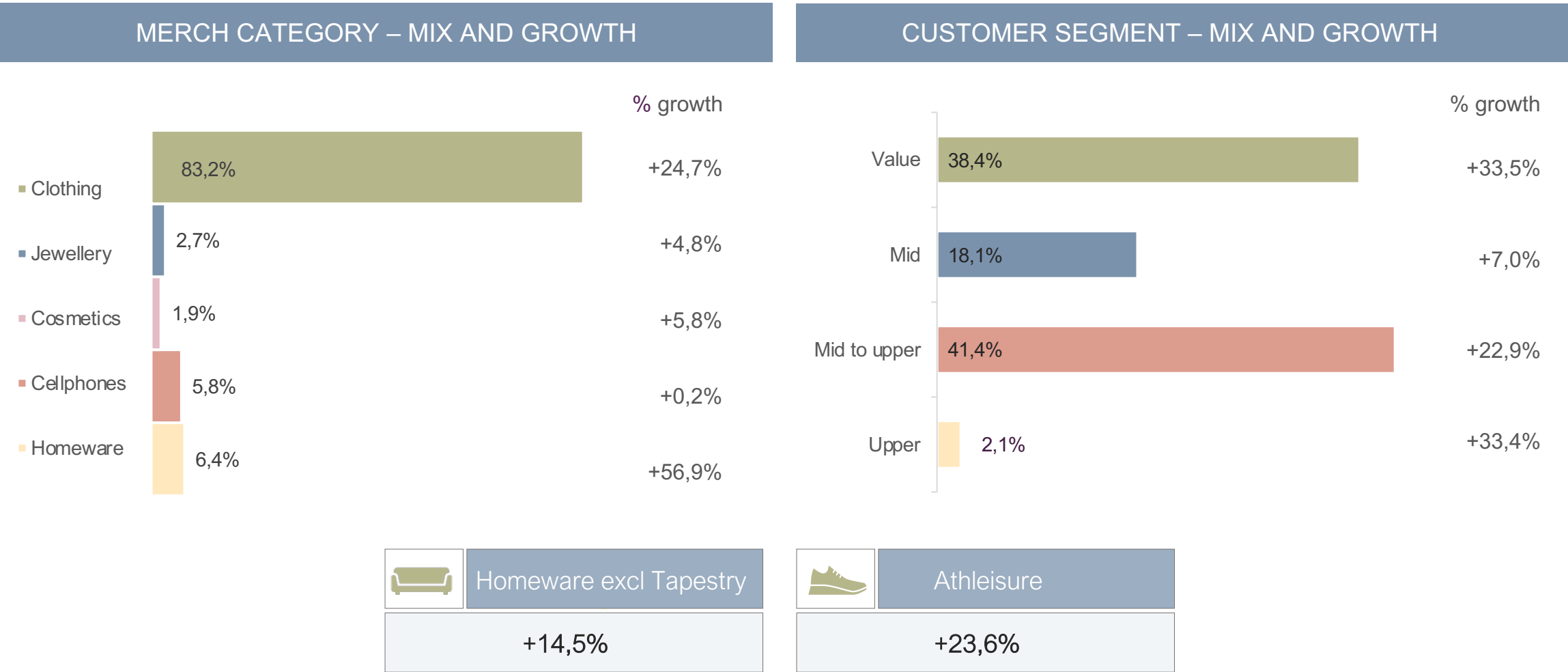


# Group | Retail turnover

Record high 6 months at R23,5bn; up 23,5%



Growth in all categories and customer segments



# Group | Gross profit

Gross Margin +50bps; gross profit +24.7% ~ additional **R2,3bn** banked

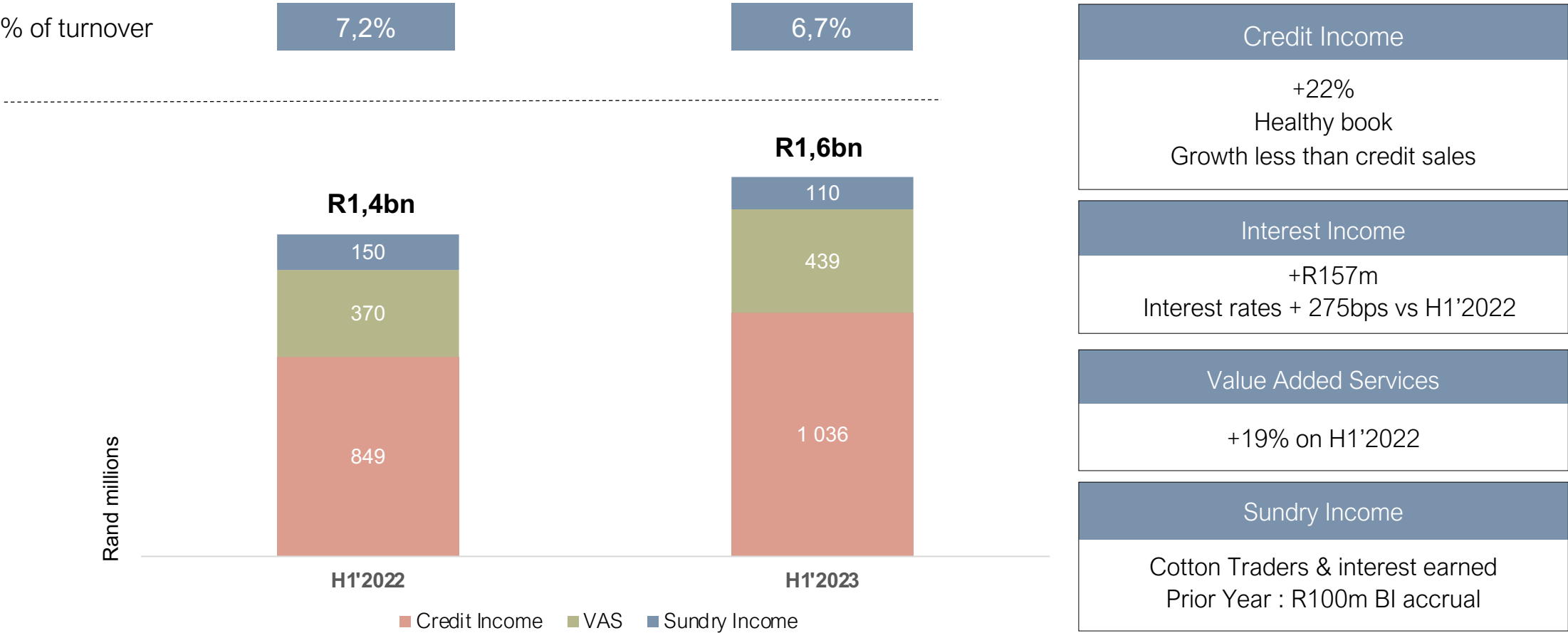


Group
49,3% +R2,3bn
Africa
42,0% (43,4% H1'2022) +R0,8bn (R6,5bn)
UK
57,5% (58,6% H1'2022) +R307m (R2,0bn)
Australia
67,8% (63,6% H1'2022) +R1,2bn (R3,1bn)



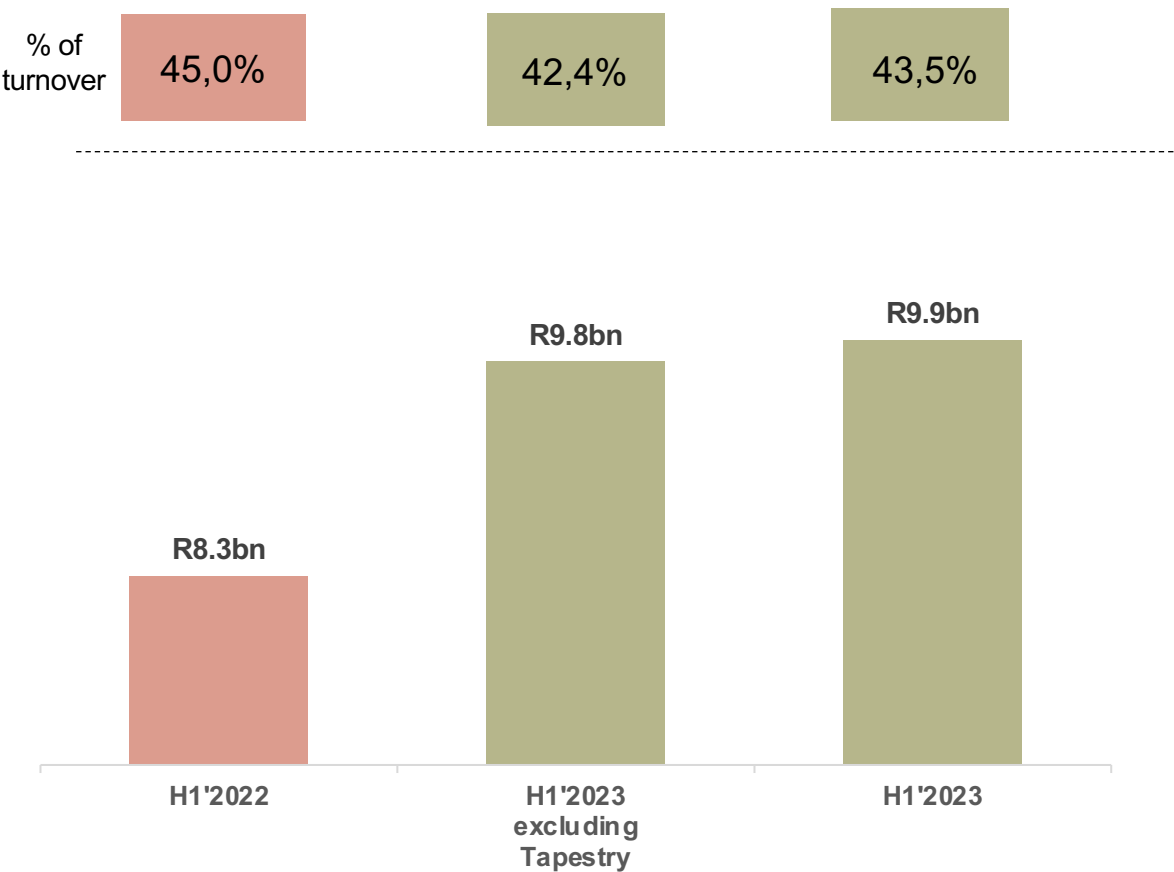
# Group | Other income

14% up on last year



# Group | Trading expenses

Decrease 260bps in base business despite continued investment

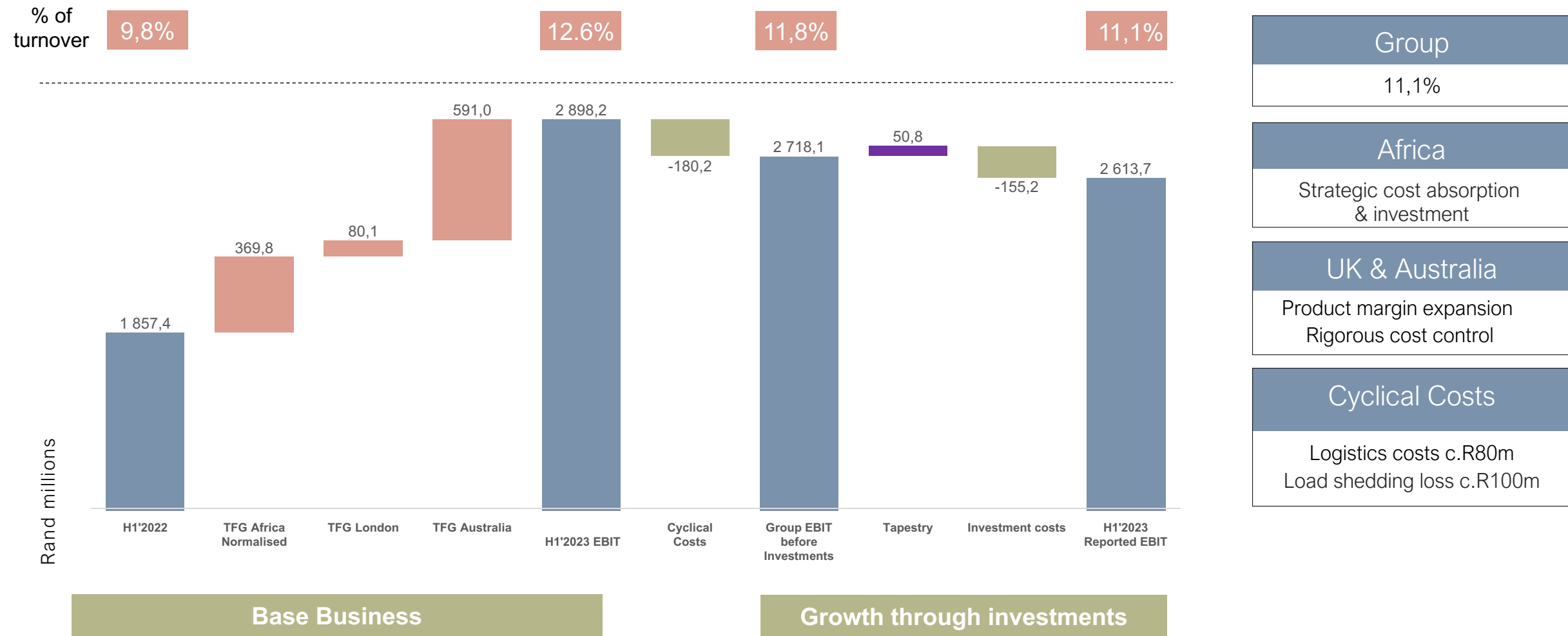


\* Excluding IFRS 16 costs

<b>Employment</b> R4,2bn (R3,3bn H1'2022) 17,7% of turnover (17,1% H1'2022)	<b>Occupancy*</b> R2,6bn (R2,3bn H1'2022) 10,9% of turnover (12,0% H1'2022)
<b>Depreciation*</b> R464m (R416m H1'2022) 2,0% of turnover (2,2% H1'2022)	<b>Other costs</b> R3,1bn (R2,6bn H1'2022) 13,0% of turnover (13,7% H1'2022)
<b>Tapestry</b> +R149m 36,4% of Tapestry turnover	
<b>eCommerce</b> R380m (R200m H1'2022) 1,6% of total turnover	

# Group | EBIT margin evolution

EBIT up R756m on H1'2022 (+41%)





# Group | Key Balance Sheet metrics

Net Debt : Driven by organic (stores) and inorganic (acquisition of Tapestry)



**Healthy Debtors Book**

**R7,1bn**

H1'2022: R6,5bn  
H1'2021: R6,8bn

**Gross Inventory**

**R13,6bn**

H1'2022: R9,7bn  
H1'2021: R8,4bn

**Net Debt \***

**R6,9bn**

H1'2022: R0,8bn  
H1'2021: R2,3bn



**Debtors Days^**

**H1'2023: 265**

H1'2022: 300  
H1'2021: 341

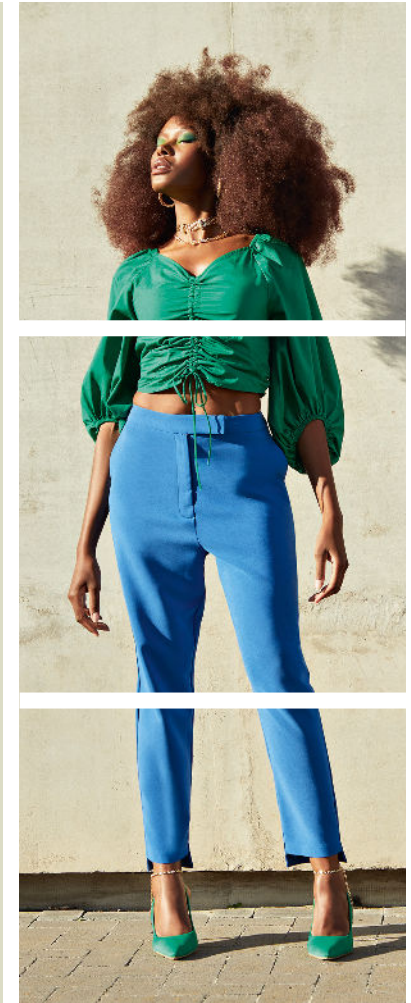
**Inventory Days\*\***

**H1'2023: 154**

H1'2022: 140  
H1'2021: 181

## Investing for Growth

- Tapestry Acquisition (R2.1bn)
- +R900 (10.7%) growth in gross book
- Stock ahead of Black Friday and 2H new store openings (204 in Africa )
- Tapestry Inventory of c.R640m
- R934m capex : Stores +Logistics (DCs) & Technology (incl E.Comm)
- H1 : 159 new stores + 51 revamps (excl Tapestry), FY c.350 stores, generating c.R2.9bn annualized



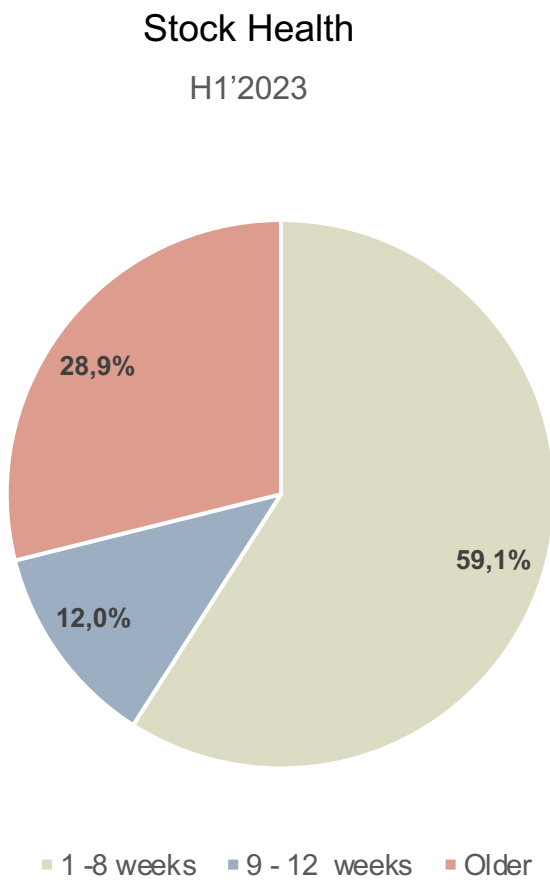
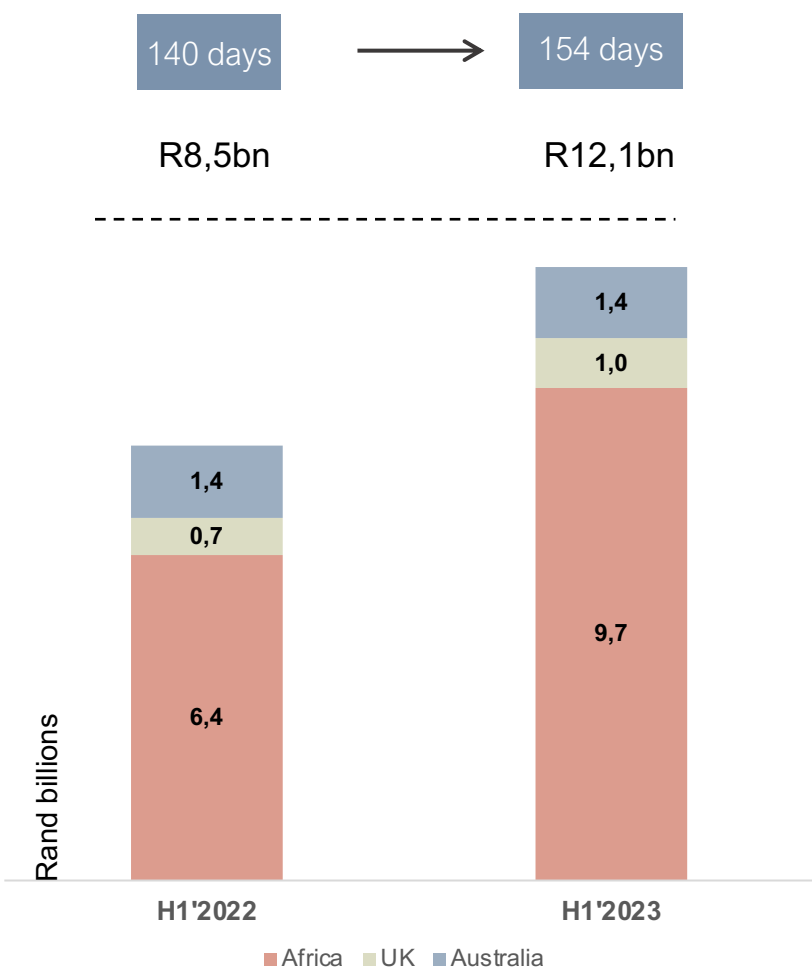
\*Excluding IFRS 16

\*\* Calculated on rolling 12 months COS and average stock

^Calculated on rolling 12 months credit sales and average net debtors' balance

# Group | Inventory

Stock growth of 29,3% vs March 22 year end



Conservative provisioning

**R1,5bn (10,8%)**  
 H1'2022: R1,1bn (11,8%)  
 Stock fresh

Merchandise Inflation

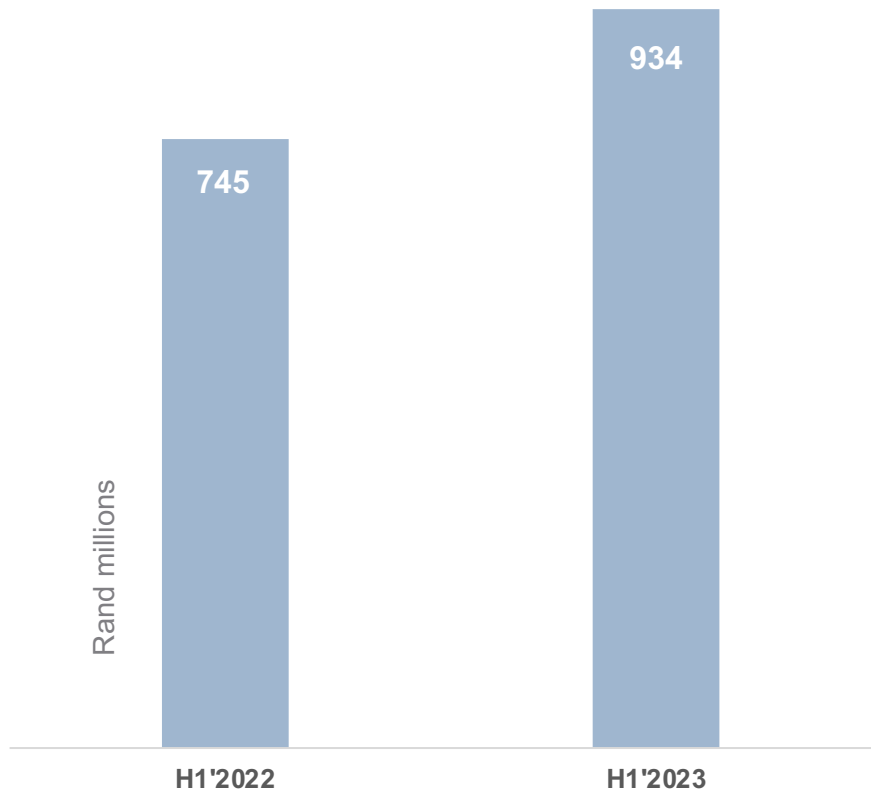
**c.14%**

Group

**+29.3%**  
 • 22.7% growth excl. Tapestry  
 • Strategic stock buys ahead of price increases  
 • Stock build-up ahead of peak trade and c.350 new stores

# Group | Capital Expenditure

Investment throughout the cycle

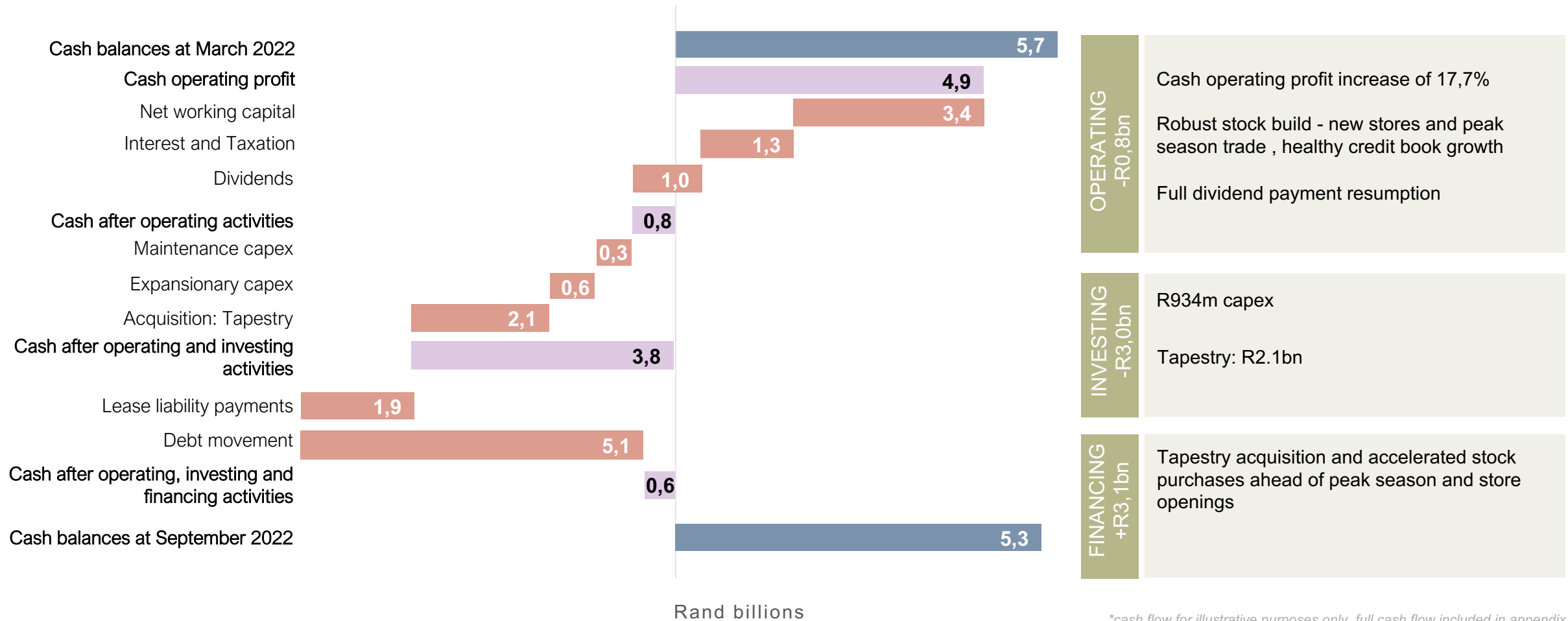


%	H1'2023	H1'2022
Expansion capex to turnover	2,4	2,5
Maintenance capex to turnover	1,6	1,6
Total capex to turnover	3,8	4,1

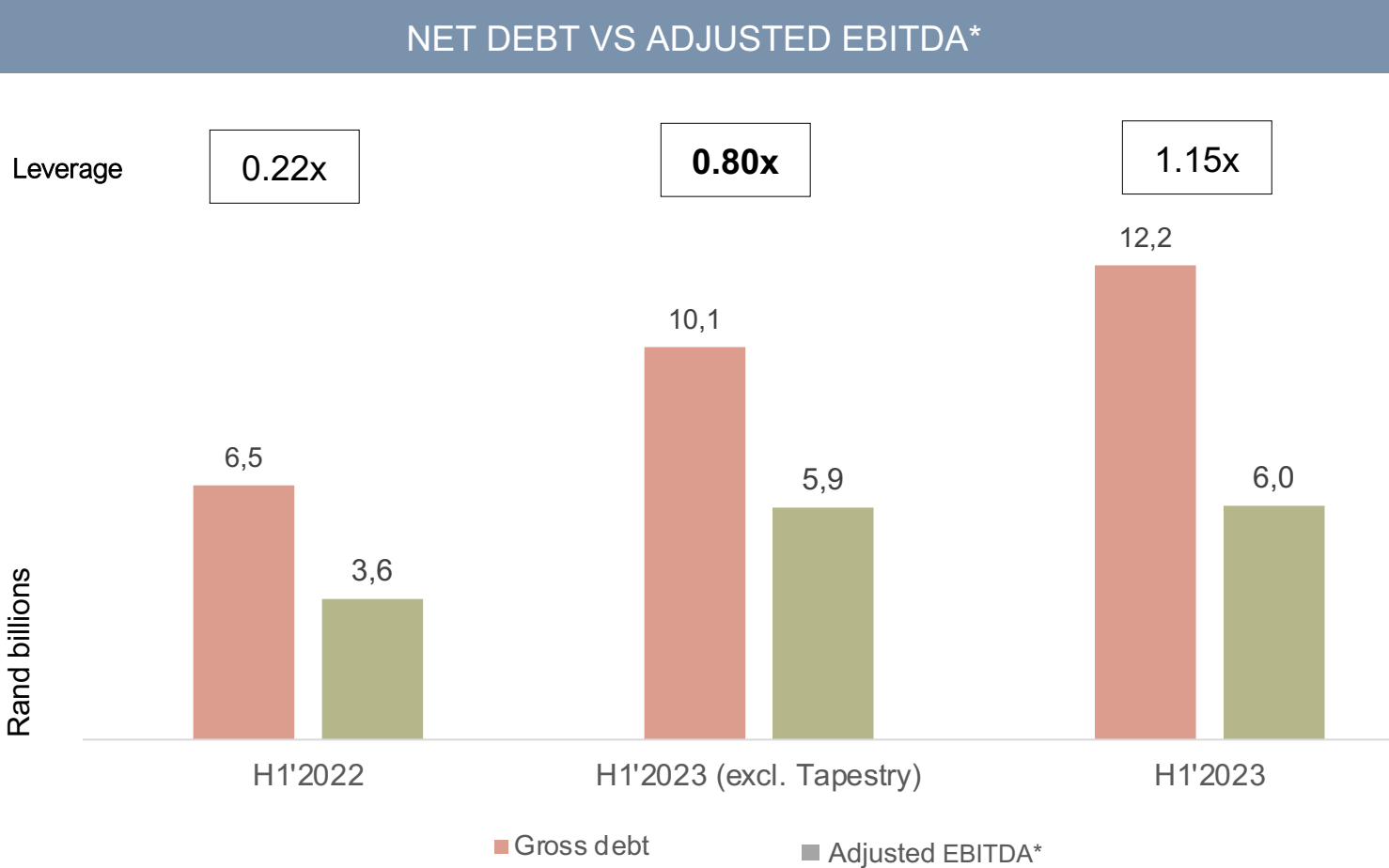
<b>New Outlets</b> <b>R346m</b> + 159 new stores YTD c.R0.3bn new turnover	<b>Strategic upgrades (revamps)</b> <b>R228m</b> 11,4% like for like turnover growth
<b>Manufacturing</b> <b>R39m</b> c.15m local QR units c.R220m margin benefit annualised	<b>Logistics</b> <b>R67m</b> Building capacity to sustain volume growth
<b>IT Expansion</b> <b>R72m</b> New Stores, Ecommerce	<b>IT Maintenance</b> <b>R113m</b> Hardware replacement

# Group | Cash Flow

R4.9bn cash operating profit; up 17.7 % on LY







\*EBITDA reflects a rolling 12 months excluding IFRS 16, acquisition costs and UK impairment

Total facilities
R14,4bn (R30bn pre-approved facility)

Available cash
R5,3bn

Interest cover
8.1x

Weighted average debt cost
6.41%

# 03

## SEGMENTAL PERFORMANCE: TFG AFRICA

Bongiwe Ntuli  
Group CFO



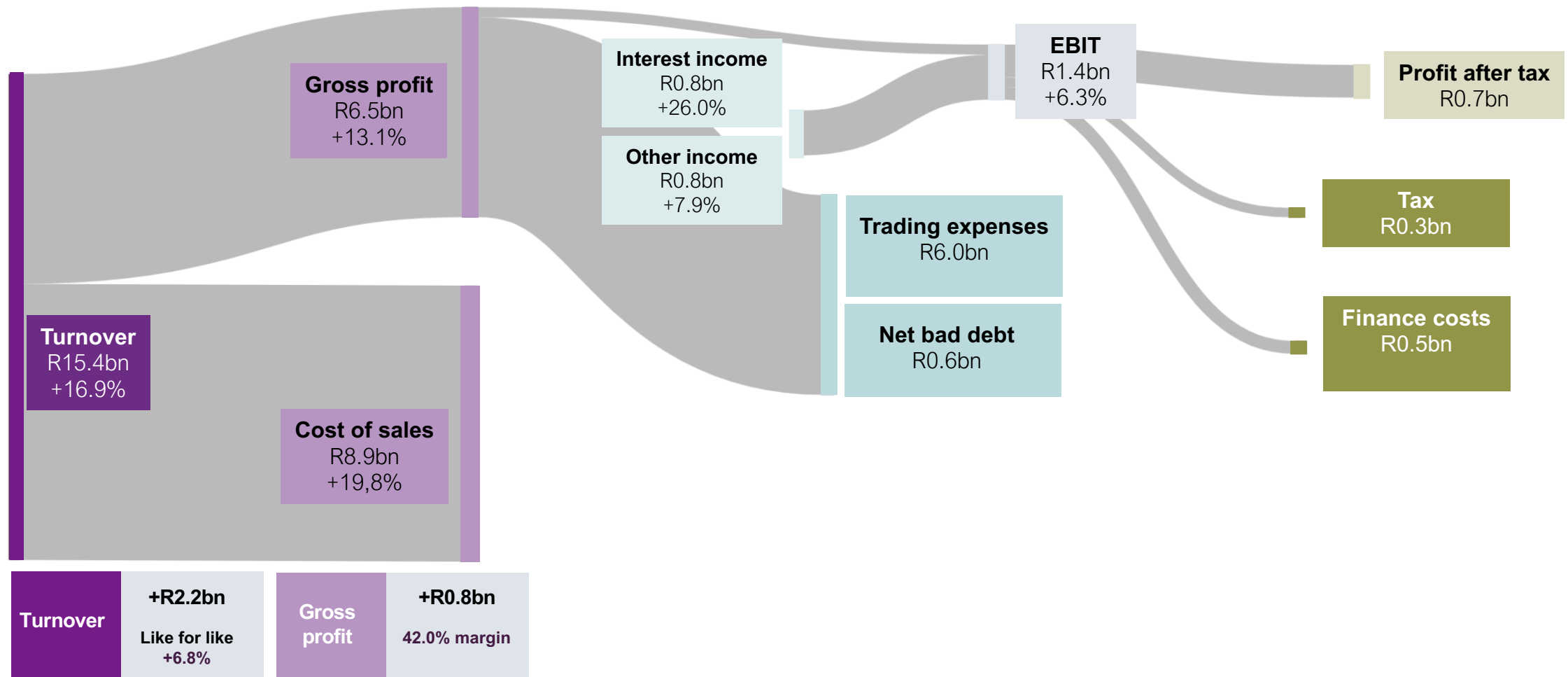
## PROUDLY SA JEWELLERY PRODUCTION

- 140k units locally produced at a retail selling price c.R700m
- Robust clearances
- Every month over 10,000 South African Brides celebrate their special moment with our proudly South African Diamond rings



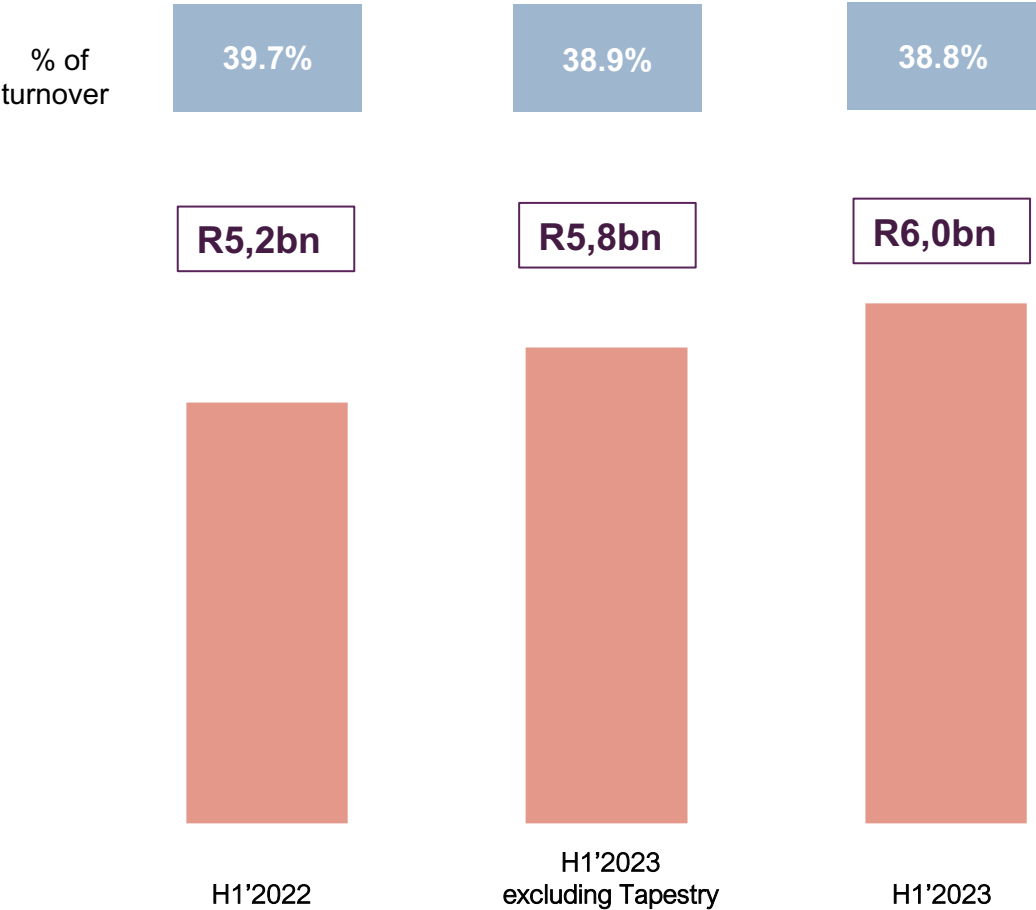
# Africa | Performance highlights

Turnover growth ahead of market at +16.9%

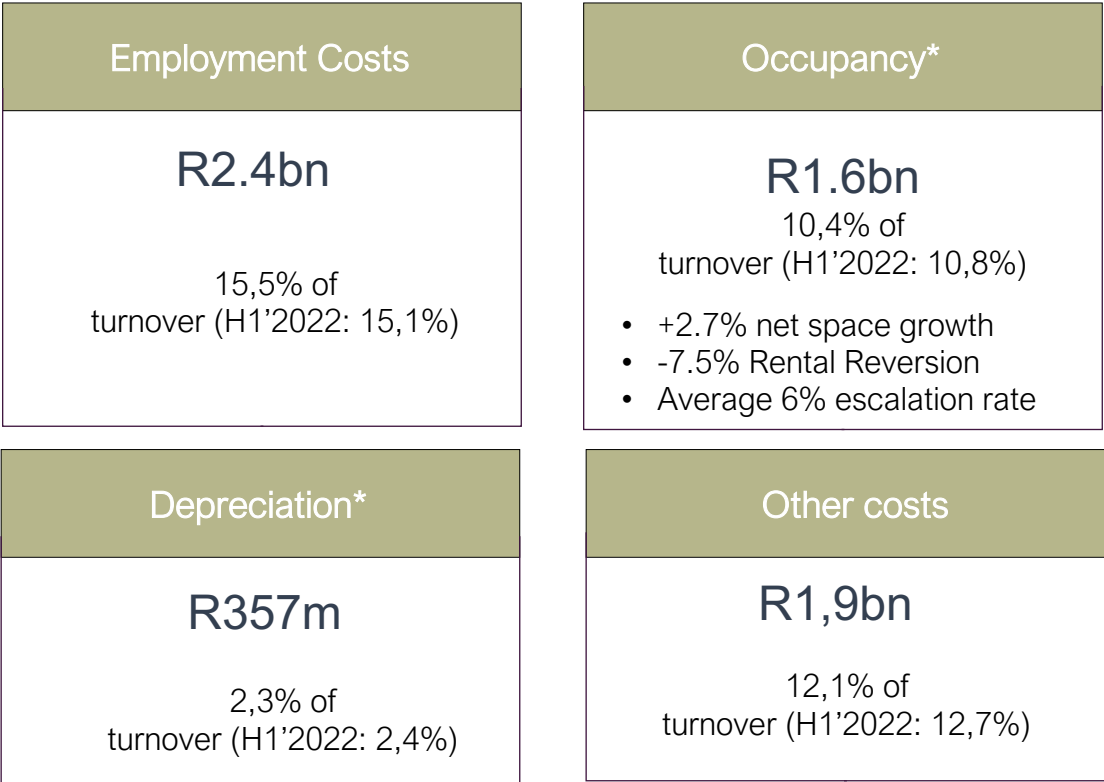


# Africa | Trading expenses

Relentless focus on costs, decrease 90bps



- Sales growth of **16.9%** ahead of expense growth of 14,3%
- Store expansion related growth and other cost inflation

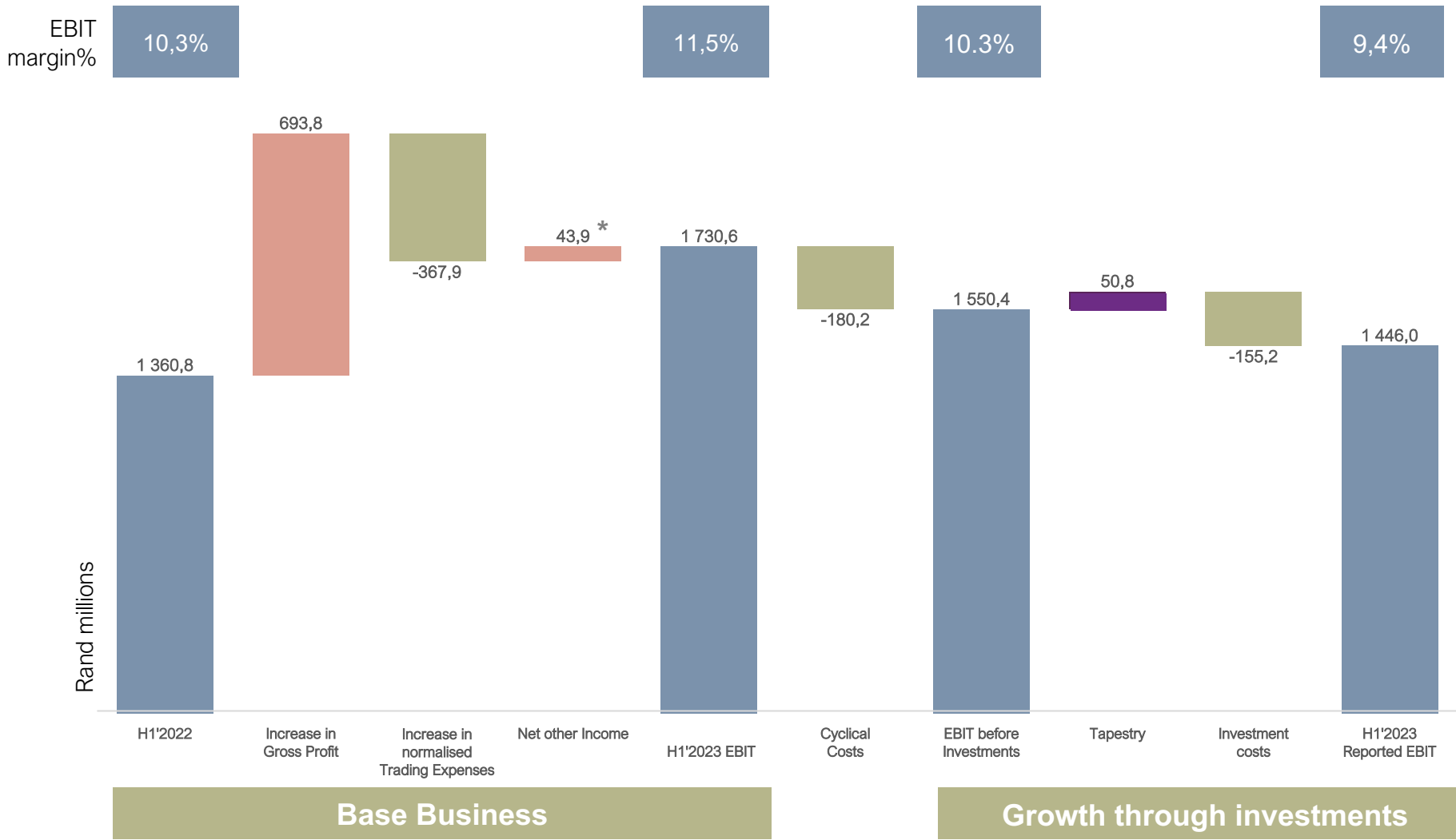


\* Excluding IFRS 16 costs



# Africa | EBIT evolution

Base business EBIT margin of 11,5%



**Gross Profit**

13,1% increase on prior year to R6.5bn

**Cyclical Costs**

Logistics costs c.R80m  
Load shedding margin loss c.R100m

**Investment costs**

eCommerce +R102m  
Manufacturing +R47m (new production lines and training)

\* Includes Other income and Net Bad Debt



### Cautiously optimistic despite:

- Eskom load shedding
- Inflationary pressures
- Freight rate and exchange rate pressures
  - But adequate covers in place
  - Continued value/price engineering

### Continued expense optimisation

Drive **margin expansion** in line with economic conditions

### Disciplined capital allocation



03

SEGMENTAL  
PERFORMANCE:  
TFG AFRICA CREDIT

Jane Fisher  
Group Director

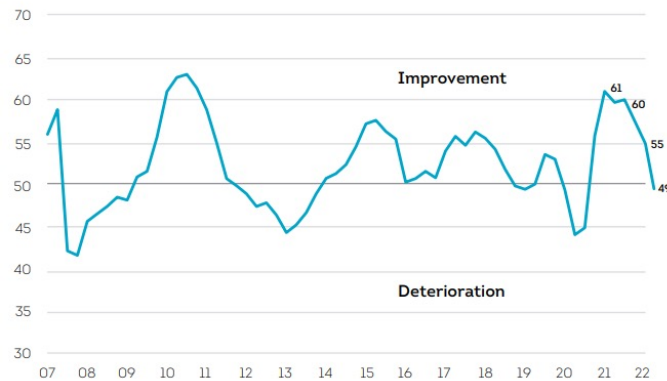


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# Transunion Consumer Credit Index Q2 2022

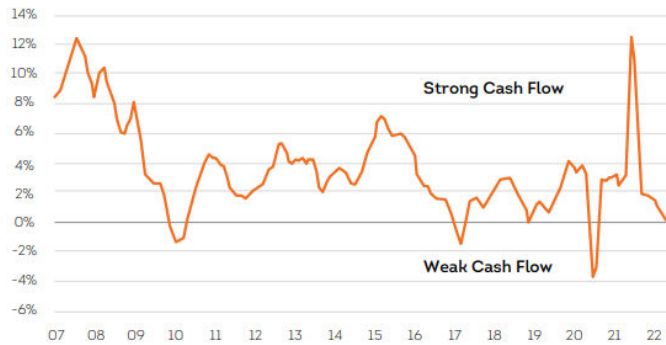
Index at its lowest level since Q3 2020

**TransUnion SA Consumer Credit Index**



**ETM: Household Cash Flow**

NDCPI-adj. household deposits & disposable income, avg y/y % change



TransUnion, ETM, Macro Advisors, Macrobond

**TransUnion: Accounts in Default**

3m Arrear Acc/Total Accounts, y/y % change



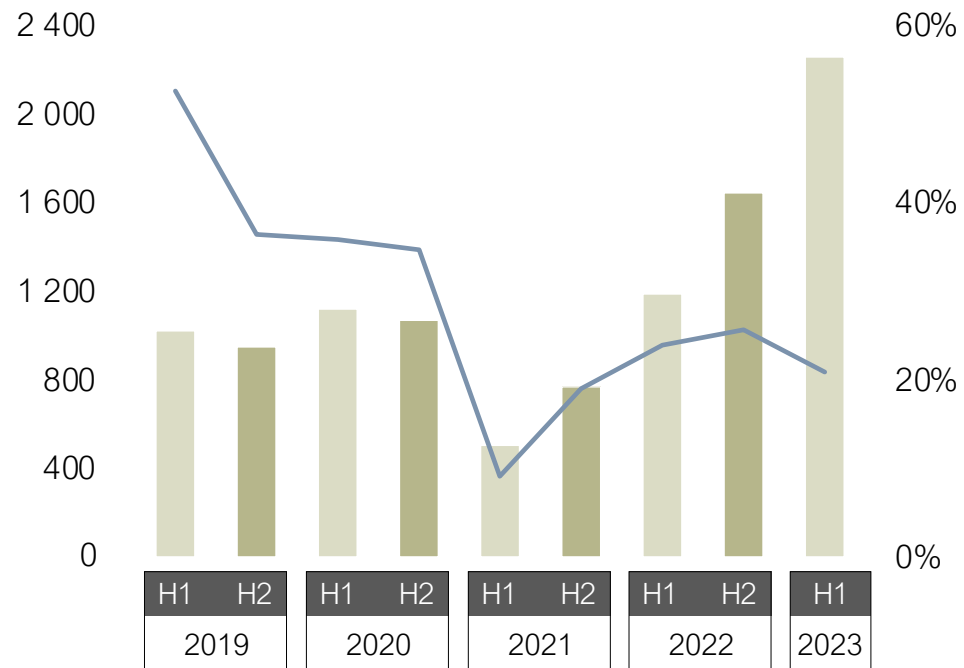
TransUnion, ETM, Macro Advisors, Macrobond

- The TransUnion Consumer Credit Index fell by six points to 49 during Q2 of 2022, now at it's lowest level since Q3 2020
  - Household cash flow outlook remains constrained
  - Cost of debt has increased due to increases in the repo rate
  - New credit defaults rose 1% year on year

# Credit demand

Demand continues to exceed expectations

## NEW ACCOUNTS VOLUME IN '000



## KEY PERFORMANCE INDICATORS

### Applications

**+90%**

FY22 H1: +136%

### Approval rates

**c. 21%**

FY22 H1 : c.25%

### Account base

**2,7 million**

SEP '21 : 2.5 million

### Gross book

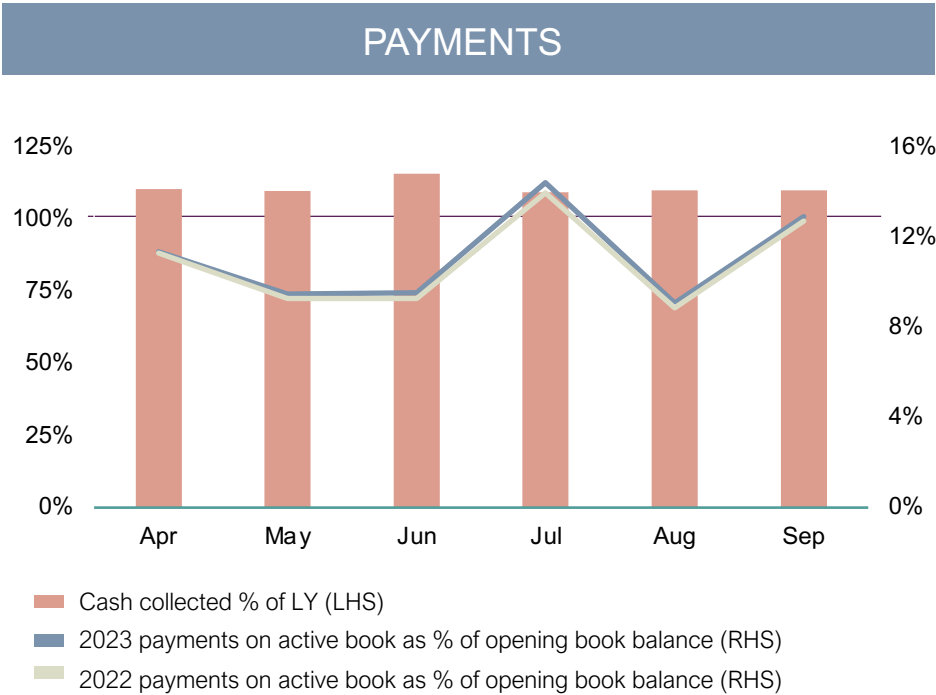
**R8,9bn**

SEP '21 : R8,1bn



# Credit performance

Robust payment behaviour



### KEY PERFORMANCE INDICATORS

Overdue	Impairment	Net bad debt
12,8%	20,1%	12,4%
MAR '22: 12,8%	MAR '22: 19,1%	MAR '22: 11,3%
SEP '21 : 14,4%	SEP '21 : 20,0%	SEP '21 : 11,6%

# Credit EBIT summary

Growth in base drives increase in profitability

	TFG AFRICA H1 FY 2023 (Rm)	TFG AFRICA H1 FY 2022 (Rm)	TFG AFRICA % CHANGE
Income	1 036,3	848,6	22,1%
Net bad debt	(622,5)	(496,3)	25,4%
Credit costs	(294,6)	(280,3)	5,1%
<b>EBIT</b>	<b>119,2</b>	<b>72,0</b>	<b>65,5%</b>



Income

22% YoY

- Healthy growth of active accounts and debtors book
- 275bps of repo rate increases since last year

Net bad debt

25% YoY

- Larger book due to new account growth naturally results in an increase in provision expense

Credit costs

5% YoY

- Costs well contained and below inflation

## TymeBank

- First kiosk installed in-store end of July
- Over **500** kiosks installed to date – **600** kiosks to be operational by end November
- Circa **70,000** co-branded debit cards opened in-store
- MoreTyme available as payment option at all stores from August



## Tapestry acquisition

- Implementation of credit into Tapestry key success factor
- Cross-shopping for existing TFG customers to be available from mid November



## TFG Mobile Network

- MVNO launched September
- TFGconnect recharge vouchers available at till points, on-line or via USSD
- Will offer choice between prepaid and monthly subscriptions
- Buy TFG airtime and data using cash, debit or credit cards or on the TFG account
- Evaluating other recharge channels
- Exclusive rewards for TFG account holders and TFG Rewards members
- Airtime and data can be used to incentive customer payment behaviour
- Focus to date has been on training and roll-out in- store



03

SEGMENTAL  
PERFORMANCE:  
TFG LONDON

Justin Hampshire  
CEO TFG London

Matt Wilson  
CFO TFG London



# Performance highlights: TFG London

Increased profitability from redesigned business model

EBIT  
margin %

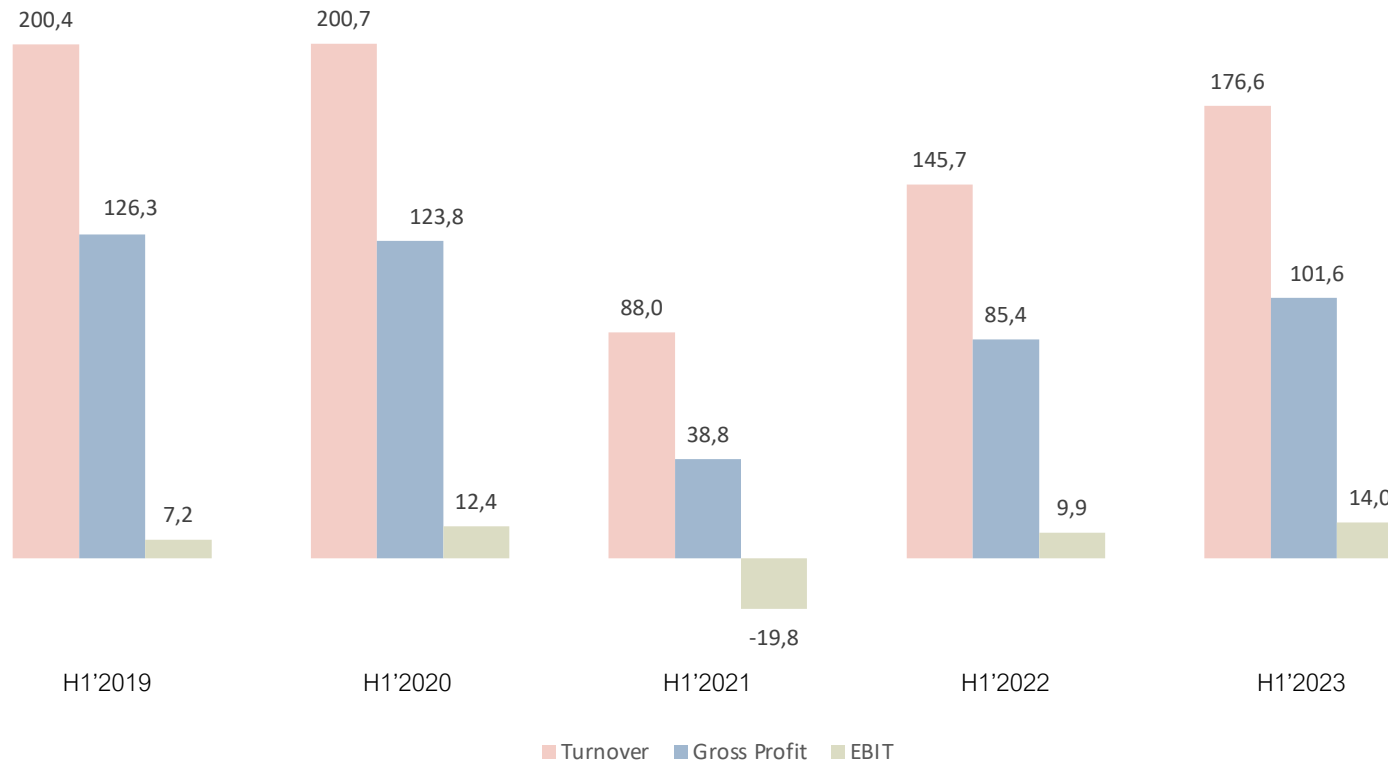
3.6%

6.2%

(22.5%)

6.8%

8.0%



## Turnover

+£30,9m, +21,2%

## Gross profit

+£16,1m, +18,9%  
57.5% margin (H1'2022:58,6%)

## Trading expenses

49.6% of Turnover  
(H1'2022: 51,8%)

## EBIT

£14,0m  
EBIT margin: 8,0%

## New own stores

3 stores  
9 concessions





Strong first half performance driven by higher quality earnings and competitive landscape with improving bricks and mortar contribution

Positive cash generation with more normalised stock profile driven by improving freight backdrop

Second half outcome dependant on key trading periods through black Friday, Christmas and end of season sale

Increasing pressure on consumers driven by energy and other cost price inflation with a higher degree of uncertainty than usual at this point





03

SEGMENTAL  
PERFORMANCE:  
**TFG AUSTRALIA**

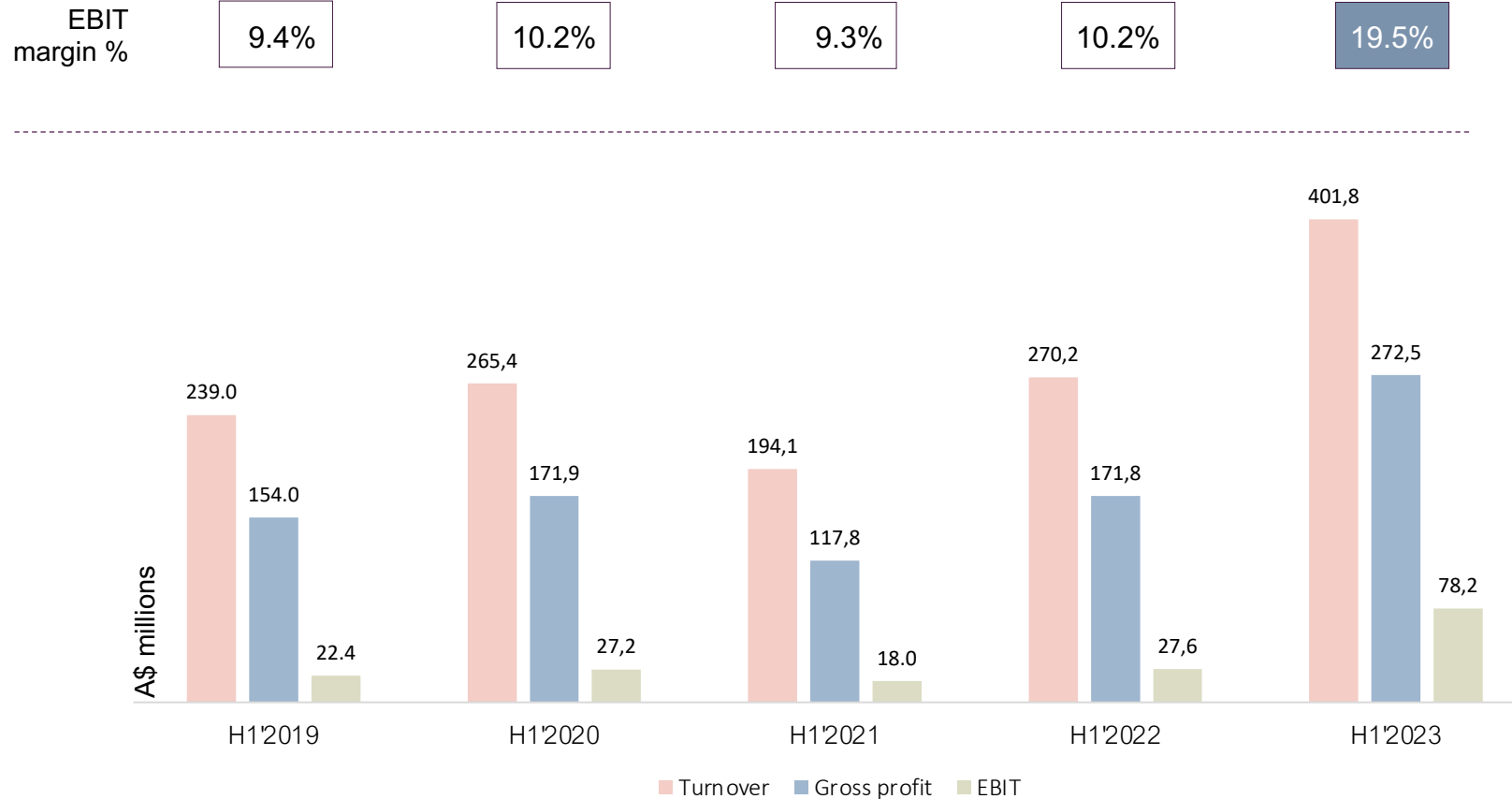
Gary Novis  
CEO TFG Australia

Dean Zanapalis  
CFO TFG Australia



# Performance highlights: TFG Australia

Buoyant trade after lifting of COVID restrictions



## Turnover

Sales up A\$131,6m, +48,7%  
Comp Store Growth +18,5%

## COVID closures

Currently - No lost trade days  
H1'2022 – Lost 50% of Aug & Sept

## Gross Profit

67,8% (H1'2022: 63,6%)  
ASP A\$45 (H1'2022: A\$42)

## EBIT

A\$78,2m  
(H1'2022: A\$27,6m)

## Stores

11 new stores





## STRATEGY

### Remains unchanged and on track

- Continue existing Brands growth strategy: Australia and New Zealand
- Continue investment in Johnny Bigg USA (online site)
- Continue to build on the Digital Hub - Centre of Excellence
- Complete re-platforming ERP and digital platforms – due end of FY23

## OUTLOOK

### Positive

- Remain on track for a great result for the year
- Strong start to H2

# 04

## STRATEGY & OUTLOOK

Anthony Thunström  
Group CEO

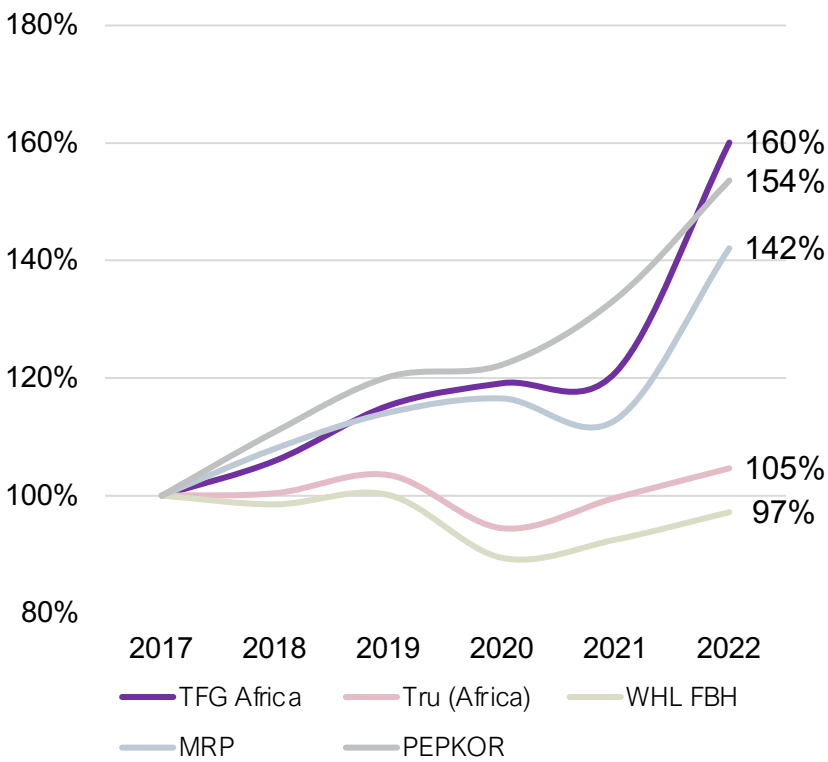




# Our growth formula

How we do it, and our runway for the future

Indexed comparison of competitor turnover - Africa



<h1>1</h1> <p>Data-led location strategies</p> <p><b>More stores in better locations</b></p> <p>We are using enhanced data driven insights from external sources to select and price location opportunities</p>	<h1>2</h1> <p>Build out of new brands and businesses</p> <p><b>New opportunities within our heartland</b></p> <p>TFG has the DNA, leadership depth, experience and track record of launching and scaling successful new brands</p>	<h1>3</h1> <p>Customer value maximization through Rewards and VAS</p> <p><b>Offering our customers more than they expected</b></p> <p>Rewards customers are proven to represent significantly higher value and more addressable with value-added services</p>	<h1>4</h1> <p>Diversification from new verticals</p> <p><b>Greater share of consumers' wallets</b></p> <p>Looking towards new verticals and adjacencies for complementary growth opportunities</p>
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# Stores, stores and more stores!

Unprecedented store development and resilience

## ROLL-OUTS

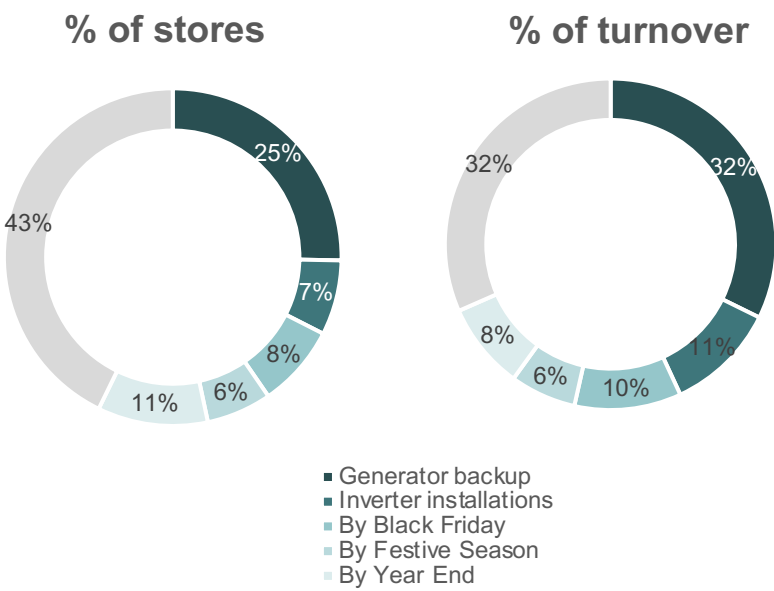
- c. 350 new stores
- R2,9bn annualised turnover



## RESILIENCE



Back-up power roll out to 57% of stores protects 68% of turnover



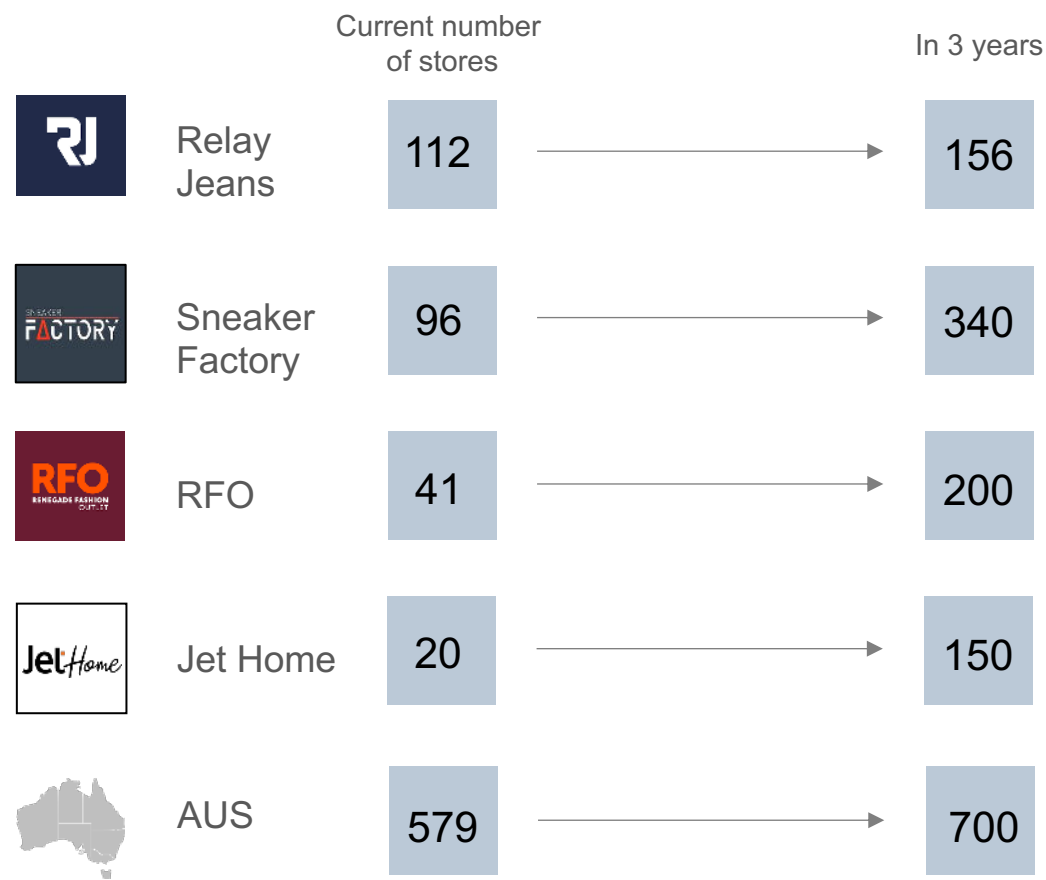
### Additionally

- Mobile POS deployed across a number of priority stores to enable trade during loadshedding
- Landlords actively engaged about alternative and emergency power options

# Stores, stores and more stores!

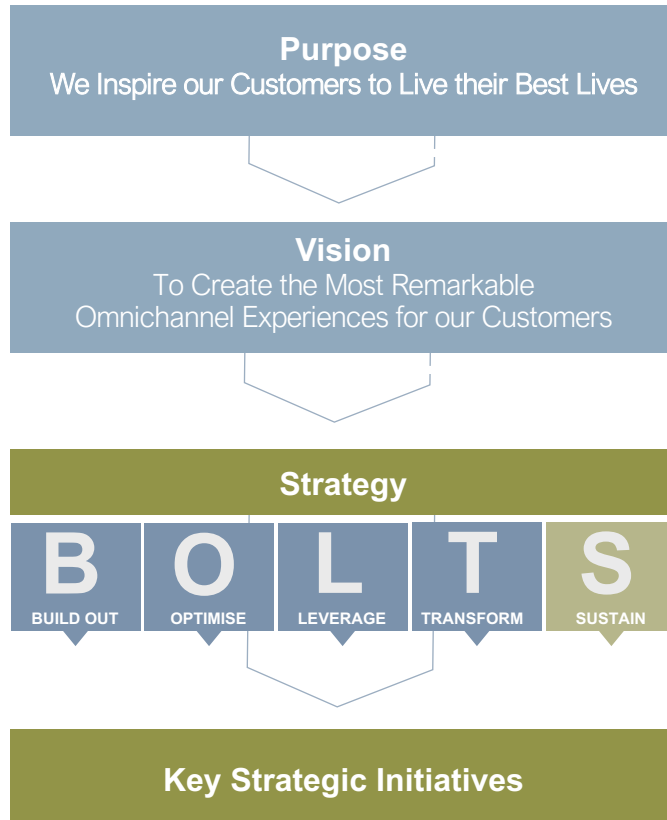
High brand equity businesses ready to build out their footprint in new locations

- Most of our brands have significant expansion capacity
- Similar and better expected returns
- Diversity in fashionability and product categories means that cannabalisation does not represent the same risk as for other retailers

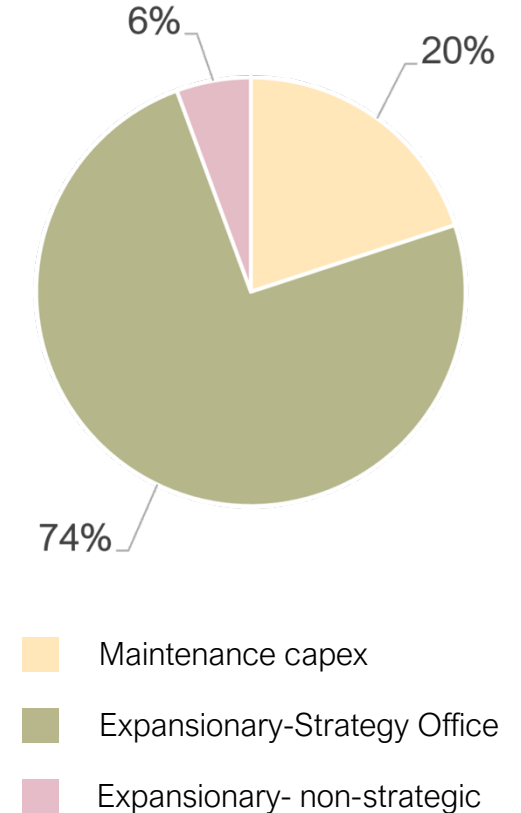


# Executing our transformative strategy at scale

The Group's Strategy Office integrates our planning and execution across our business



- The Group's aspiration is supported by an ambitious program of transformative projects, M&A pipeline and integration capabilities
- The Group has established a dedicated function to provide oversight and execution certainty over all key strategic projects
- Cross-functional remit to ensure that we achieve our vision of becoming the leading true omni-channel retailer



# Outlook: Strong start to H2

Best positioned through cyclical headwinds



## Current performance

- First 5 weeks turnover up 25,4% on FY22, (18,2% ex Tapestry)
- Expecting continued robust trade from our Australia business
- London showing early but compelling return on re-positioning

## Dividends

- Conscious of current global environment
- Strong pipeline of organic and inorganic opportunities
- Maintaining the same cash dividend per share



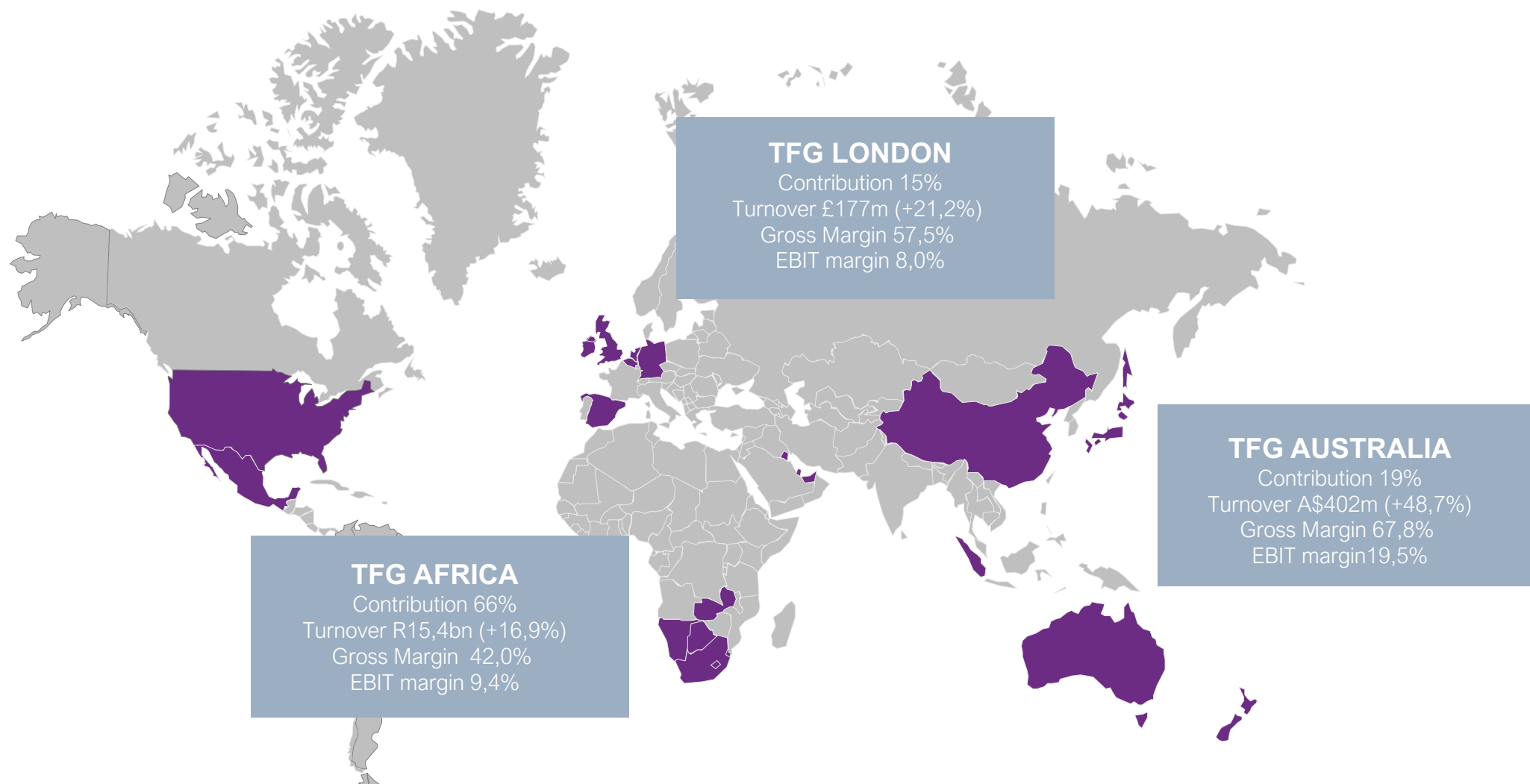
## APPENDIX





## Geographical Mix

TFG Turnover +23,5%, Gross Margin expands to 49,3% and EBIT Margin 11,1%



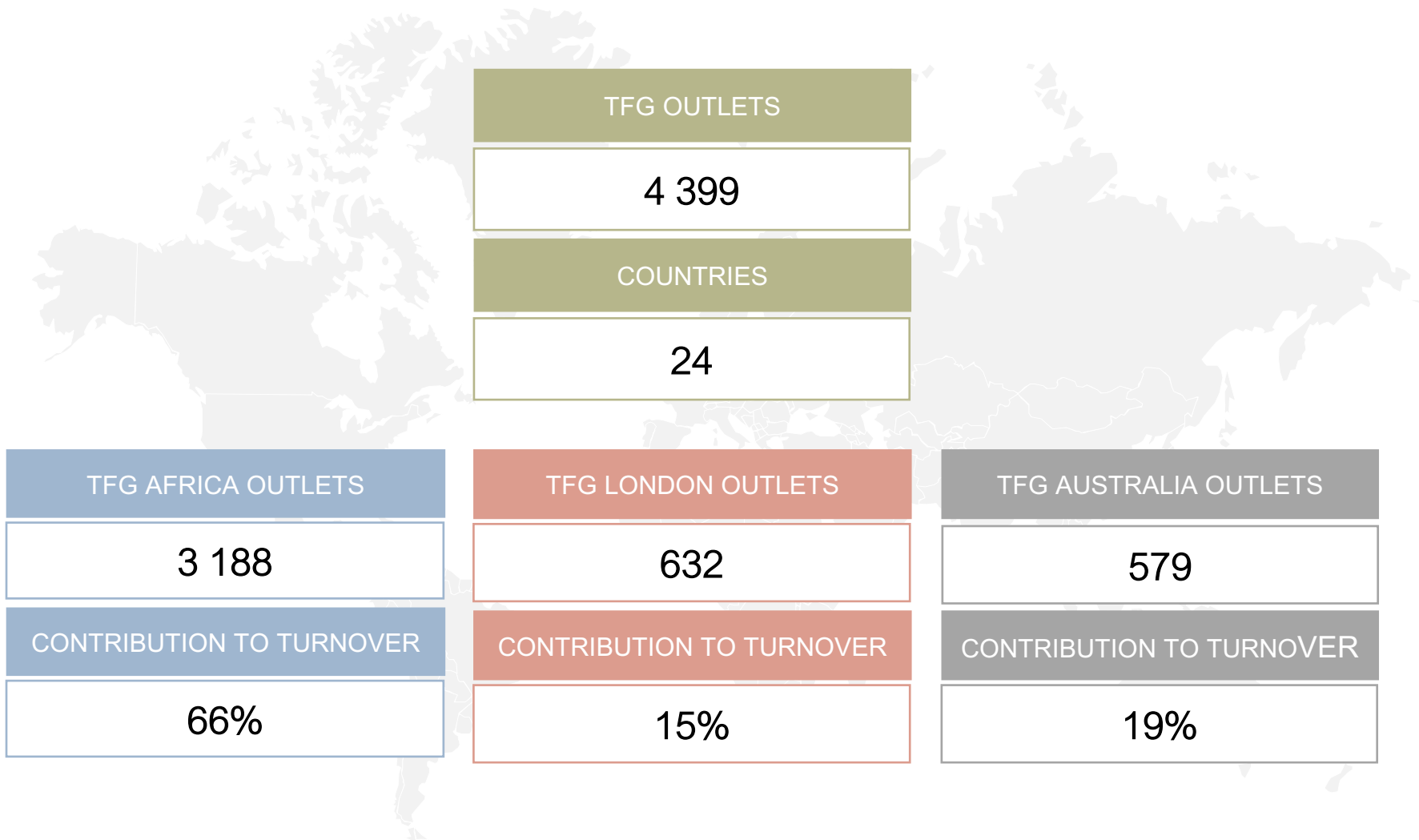
	TFG AFRICA H1'2023	TFG AFRICA H1'2022	% change	TFG AFRICA FY22
Income (Rm)	1 036,3	848,6	22,1%	1 742.9
Net bad debt (Rm)	(622,5)	(496,3)	25,4%	(983.8)
Credit costs (Rm)	(294,6)	(280,3)	5,1%	(584.4)
EBIT (Rm)	<b>119,2</b>	<b>72,0</b>	<b>65,5%</b>	<b>174.7</b>
Number of applications	2 257 431	1 187 082	90,2%	2 830 773
Accept rates	20,9%	23,9%		24.9%
Number of new accounts	472 195	283 508	66,6%	704 403
Number of customers ('000)	2 743,3	2 485,0	10,4%	2 588.0
Credit turnover (Rm)	4 599,6	3 971,6	15,8%	8 737.6
Credit sales growth %	16,4%	35,3%		24.2%
Credit sales % of total TFG Africa sales	29,8%	30,1%		28.9%
Gross debtors' book (Rm)	8 942.1	8 077,5	10,7%	8 670.8
Overdue values % to debtors' book	12,8%	14,4%		12.8%
Buying position %	82,3%	79,2%		82.4%
Gross bad debt write-off year-on-year (decline)/ growth	(9,6%)	20,6%		(20.9%)
Recoveries year-on-year growth	12,7%	14,8%		7.7%
Net bad debt as % of gross debtors' book (12-month rolling)	12,4%	11,6%		11.3%
Net bad debt write-off as % of credit transactions (12-month rolling)	8,6%	15,2%		10.4%
Allowance for impairment at reporting date year-on-year growth/ (decline)	11,6%	(29,0%)		(4.2%)
Allowance for impairment as % of gross debtors' book	20,1%	20,0%		19.1%



## OUR FOOTPRINT







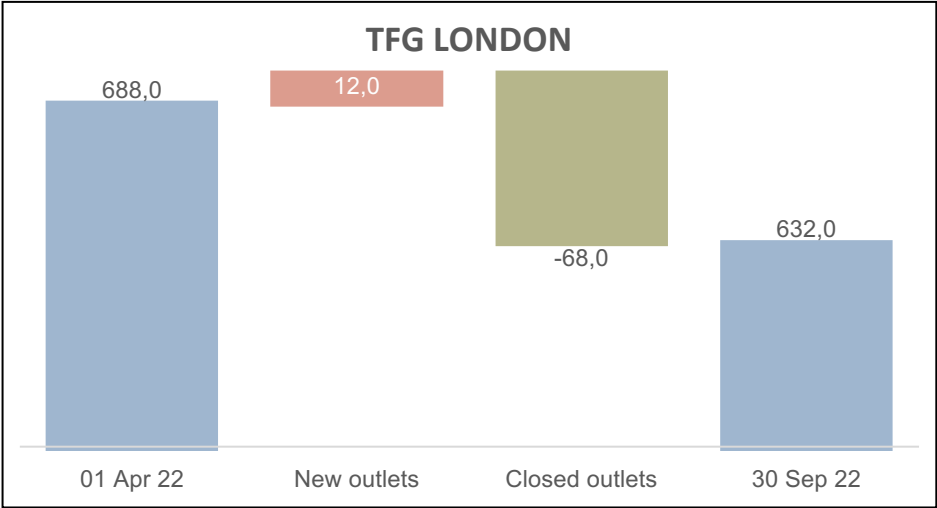
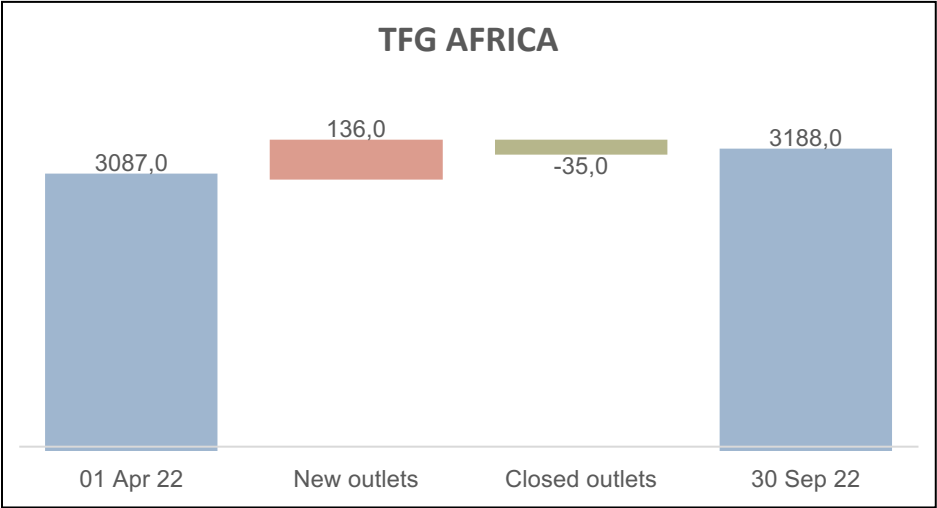


# Footprint movement since 1 April 2022



3 087  
Apr 22

3 188  
Sep 22

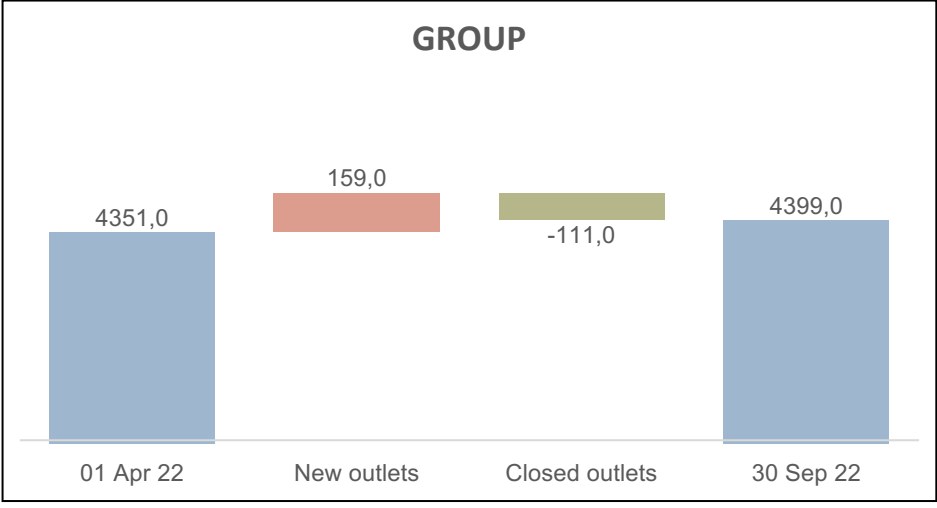
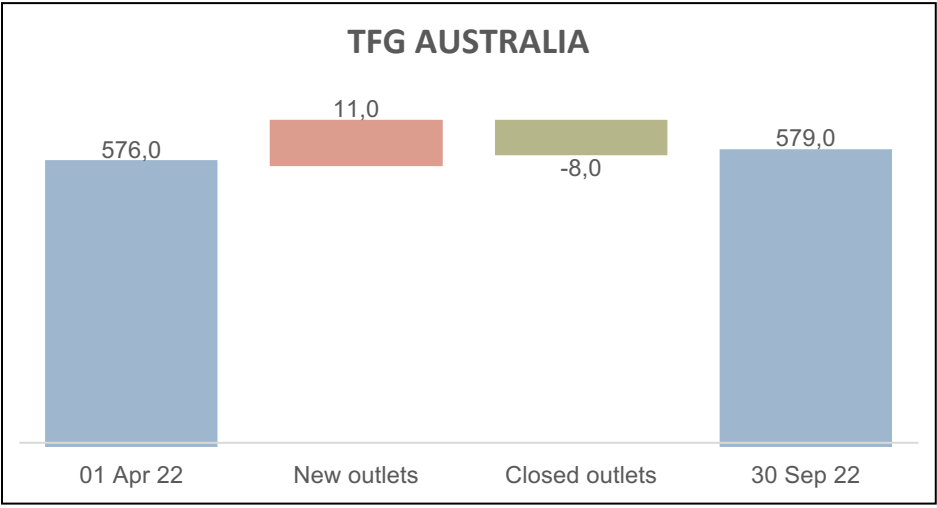


688  
Apr 22

632  
Sep 22

576  
Apr 22

579  
Sep 22



4 351  
Apr 22

4 399  
Sep 22