

THE FOSCHINI GROUP LIMITED
 Reg. No.: 1937/009504/06
 Share code: TFG - TFGP
 ISIN: ZAE000148466 - ZAE000148516
 ("TFG")

TRADING UPDATE FOR THE FIRST 22 WEEKS OF THE 2021 FINANCIAL YEAR AND TRADING STATEMENT FOR THE 6 MONTHS ENDING 30 SEPTEMBER 2020

This trading update should be read in conjunction with the trading updates published on SENS on 15 May 2020, 18 June 2020 and 13 July 2020. These updates provide further background with regard to store closures and store re-openings in the Group's three main territories due to government-enforced lockdowns because of the global COVID-19 pandemic.

Group

Trading conditions across all three of the Group's major territories, South Africa, the United Kingdom and Australia, continue to be challenging. With all three of these territories in economic recession following the effects of COVID-19, consumer spending has been under significant pressure, exacerbated by further job losses and social distancing rules. In South Africa, continued electricity load shedding has further impacted on the country's economy (approximately 15,000 trading hours have been lost to load shedding during the months of May to August). In Australia, trade has been impacted by the re-introduction of lockdown measures in certain of the states. The UK stores started re-opening from mid-June, with a very slow ramp up as the social distancing rules and European restrictions remain largely in force.

Against this backdrop, the Group's retail turnover for the 22 weeks ended 29 August 2020 declined by 29,7% compared to the same period in the previous financial year. Customers continue to prefer online shopping with growth in e-commerce turnover for the Group of 29,7% for the 22 weeks compared to the same period in the previous financial year.

The retail turnover decline in each of the Group's business divisions during the 22-week period ended 29 August 2020, compared to the same period in the previous financial year, was as follows:

Business division	Currency	Total retail turnover decline	Contribution to Group retail turnover

TFG Africa*	R	(26,4%)	65,2%
TFG London#	£	(58,1%)	15,8%
TFG Australia*	A\$	(28,3%)	19,0%
Group*	R	(29,7%)	100,0%

* Given the number of store closures at various periods during the 22 weeks ended 29 August 2020, providing a comparable retail turnover number for the period is not considered to be meaningful.

TFG London trades, inter alia, through department store concessions. As concessions by nature change floor space on a continuous basis, a comparable retail turnover number is not calculated.

TFG Africa

TFG Africa's retail turnover for the 22 weeks ended 29 August 2020 declined 26,4% compared to the same period in the previous financial year. While trade has improved in line with the easing of lockdown restrictions, it remains volatile. Homewares and cellphones, comprising nearly 23% of TFG Africa's retail turnover, have however consistently showed turnover growth since the re-opening of stores on 1 May 2020. Online turnover, comprising 4,5% of TFG Africa's turnover, continues to exceed management's expectation with growth in excess of 100%, for the 22 weeks compared to the same period in the previous financial year.

The change in turnover compared to the same period in the previous financial year in the respective merchandise categories was as follows:

Merchandise category	Total retail turnover (decline) / growth *				Contribution to TFG Africa retail turnover (1 April - 29 August)
	1 April - 27 June	July	August	1 April - 29 August	
Clothing	(41,4%)	(18,4%)	(5,3%)	(30,2%)	68,9%
Homeware	(25,0%)	6,5%	1,8%	(13,2%)	8,6%
Cosmetics	(51,5%)	(29,8%)	(16,7%)	(39,9%)	3,9%
Jewellery	(70,3%)	(20,1%)	(10,2%)	(46,8%)	4,6%
Cellphones	5,1%	25,6%	32,0%	14,8%	14,0%
Total	(38,4%)	(13,2%)	(2,2%)	(26,4%)	100,0%

* Given the number of store closures at various periods during the 22 weeks ended 29 August 2020, providing a comparable retail turnover number for the period is not considered to be meaningful.

Cash retail turnover for the 22 weeks ended 29 August 2020 declined 18,0% compared to the same period in the previous financial year. Merchandise deflation for the same period was 3,7%.

TFG Africa credit

TFG continues to deliberately maintain a significantly restricted credit appetite, with accept rates falling further down to below 15%. This policy is expected to remain in place while the macro economic conditions remain negative. As a result, credit retail turnover for the 22 weeks ended 29 August 2020 has contracted by 37,9% for the first 5 months compared to the same period in the previous financial year.

Following the reopening of our stores, cash collections continue to be ahead of management's expectation; however they are still below pre-pandemic levels.

TFG London

TFG London's pound sterling-denominated retail turnover for the 22 weeks ended 29 August 2020 declined 58,1% compared to the same period in the previous financial year. UK stores began to gradually re-open from June 15th following government guidelines. However, at the end of August, nearly all central London stores remained closed given the very significantly reduced footfall, which largely relies on tourists and office workers. It remains unclear as to when the majority of our UK consumers will return to working from their offices or attending social events, both of which have a direct bearing on the demand for our UK brands. Online turnover from TFG London's own branded websites however increased by 11,9% for the 22-week period compared to the same period in the previous financial year.

	1 April - 27 June	July	August	1 April - 29 August
Retail turnover movement (%) - GBP denominated	(68,5%)	(42,1%)	(37,8%)	(58,1%)

TFG Australia

TFG Australia's Australian dollar-denominated retail turnover for the 22 weeks ended 29 August 2020 declined 28,3% compared to the same period in the previous financial year. E-commerce turnover growth for the period was strong at 68,2% compared to the same 22 weeks in the previous financial year.

All stores were closed on 27 March 2020 in response to COVID-19 Government restrictions and regulations on social distancing. The re-opening of stores commenced end April, and all stores across Australia and New Zealand were reopened by the end of May.

Trade in this business segment has continued to be impacted by individual states having different levels of restrictions based on the number of active COVID-19 cases.

During August, Government restrictions resulted in store closures in both New Zealand and Victoria. New Zealand had 17 stores closed for 2 weeks, however these have subsequently re-opened. Victoria has had 84 stores closed from 2 August. These stores remain closed and the Victoria State Government anticipates lifting the lockdown regulations by the end of October.

	1 April - 27 June	July	August	1 April - 29 August
Retail turnover movement (%) - AUD denominated	(42,4%)	1,7%	(23,8%)	(28,3%)

Strategic initiatives in dealing with COVID-19

The impact of the COVID-19 pandemic remains dynamic and continues to evolve at different stages throughout the different jurisdictions within which we operate. We are adapting our business as effectively as possible to deal with the dynamic environment within which we operate and continue to make significant progress in respect of our cost saving initiatives through our previously announced Business Optimisation project. As previously announced, we have continued to access Government funding, where available to us, in each of our territories of operation.

The successfully concluded rights offer will insulate the balance sheet during this time of global economic uncertainty and allow us to further execute on the company's growth strategy and vision for the future.

Trading statement

As per paragraph 3.4(b) of the JSE Limited Listings Requirements, shareholders are advised that the Group's interim financial results for the six months ending 30 September 2020 are likely to be at least 20% lower than those reported for the six months ended 30 September 2019, as follows:

	Reported	Expected minimum difference	
	6 months ended 30 September 2019	6 months ended 30 September 2020	
	Cents	Cents	%
Basic earnings per ordinary share	533,4	-106,7	-20,0
Basic headline earnings per ordinary share	526,7	-105,3	-20,0
Diluted earnings per ordinary share	530,6	-106,1	-20,0
Diluted headline earnings per ordinary share	523,9	-104,8	-20,0

Further guidance will be provided when management has a reasonable degree of certainty over the expected earnings numbers and prior to the release of the interim financial results ending 30 September 2020, which is expected to be on or about 5 November 2020.

The forecast financial information on which this trading update and trading statement is based has not been reviewed and reported on by the company's external auditors.

Cape Town
15 September 2020

Sponsor:
UBS South Africa Proprietary Limited