

THE FOSCHINI GROUP LIMITED
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Share code: TFG - TFGP
ISIN: ZAE000148466 - ZAE000148516
("TFG")

TRADING UPDATE FOR Q3 FY2021 AND THE NINE MONTHS TO 26
DECEMBER 2020

SALIENT FEATURES:

- TFG Africa Q3 FY2021 turnover growth of 14,7% (excluding Jet flat on prior year);
- Cash turnover growth for TFG Africa of 36,5% for Q3 FY2021 and 8,5% for the nine months to 26 December 2020. Cash turnover now contributes approximately 68,5% to total TFG Africa turnover;
- Further approvals received for the acquisition of the remainder of Jet's operations in Africa;
- Continued focus on cost containment;
- Gearing further reduced; and
- Group online turnover for the nine months to 26 December 2020 contributed 12,0% (comparable prior period: 8,1%) to total Group turnover.

BACKGROUND

The devastating impacts of the COVID-19 pandemic continue to be felt across the globe. Many countries, including our three main territories, South Africa, the United Kingdom (UK) and Australia, are experiencing second waves of the pandemic, with governments in these countries being left with no alternative but to impose further lockdown restrictions to protect its citizens and curb the spread of the virus.

In South Africa, the country reverted to adjusted Level 3 restrictions from 29 December 2020. In the UK, following the second national lockdown from 5 November to 2 December 2020, a third national lockdown was announced on 4 January 2021. In Australia, different states and territories have different levels of restrictions based on the specific number of positive cases in each region.

While the government-enforced lockdowns are required to protect peoples' lives, they also impact the countries' economies, increase unemployment, place further strain on already impacted consumers and force store closures.

Despite the ongoing challenges described above, the Group continued seeking growth opportunities, and acquired the Jet business in South Africa, effective 25 September 2020 and the Jet businesses in Botswana, the Kingdom of Eswatini, Lesotho and Namibia at various effective dates in December 2020 and

January 2021. Consequently, the results below include Jet, unless otherwise indicated.

TFG AFRICA UPDATE

TFG Africa's turnover grew by 14,7% during Q3 FY2021 compared to the same period in the previous financial year. Excluding the newly acquired Jet business, turnover for the quarter declined by 0,7%*, a satisfactory performance in difficult trading conditions and against a record high November Black Friday and November month in the previous financial year. All merchandise categories grew turnover compared to the same quarter in the previous financial year, except for the most discretionary categories, cosmetics and jewellery.

* Pro forma management account numbers used to calculate an indicative turnover growth

TFG Africa's like-for-like turnover growth (which by definition excludes Jet) has been particularly encouraging with growth of 5,3% in October and 0,8% in December. November turnover was against a record Black Friday (c.R515m) recorded in the previous financial year (this financial year c.R341m), which led to a like-for-like turnover decline in November of 10,2% being reported as we ensured compliance with several COVID-19 requirements, including the restriction on the number of customers in store and curtailed operational hours.

The growth / (decline) in TFG Africa's turnover compared to the same period in the previous financial year in the respective merchandise categories were as follow:

Merchandise category	Total turnover (decline) / growth Q1 April to June 2020	Total turnover (decline) / growth Q2 July to Sept 2020	Total turnover (decline) / growth H1 April to Sept 2020	Total turnover (decline) / growth Q3 Oct to Dec 2020	Total turnover (decline) / growth for the nine months April to Dec 2020	Contribution to TFG Africa turnover for the 9 months April to Dec 2020
Clothing	(41,4%)	(9,5%)	(25,7%)	16,0%	(7,8%)	72,6%
Homeware	(25,0%)	4,9%	(10,0%)	16,3%	0,3%	7,5%
Cosmetics	(51,5%)	(18,7%)	(34,3%)	(4,3%)	(22,2%)	3,9%
Jewellery	(70,3%)	(15,1%)	(41,0%)	(13,0%)	(28,9%)	5,1%

Cellphones	5,1%	29,6%	17,6%	39,0%	25,4%	10,9%
Total TFG Africa	(38,4%)	(5,8%)	(22,1%)	14,7%	(6,6%)	100,0%

Cash turnover for Q3 FY2021 grew by 36,5% compared to the same period in the previous financial year and by 8,5% for the nine months to 26 December 2020. Cash turnover contributed 68,5% to total TFG Africa turnover for the nine months to 26 December 2020.

Credit turnover for Q3 FY2021, purposely restricted by stringent and reduced acceptance criteria, declined by 18,9% compared to the same period in the previous financial year and by 28,3% for the nine months to 26 December 2020.

Online turnover, contributing 3,6% to total TFG Africa turnover for the nine months to 26 December 2020, continues to exceed expectation with growth of 114,1% for Q3 FY2021 and 133,7% for the period 1 May to 26 December 2020 (we were not permitted to do online deliveries during the government-enforced lockdown in April 2020).

TFG AUSTRALIA UPDATE

TFG Australia continued to experience government-enforced lockdowns and restrictions throughout Q3 FY2021, in response to area-specific COVID-19 outbreaks.

Despite the extensive lockdowns in the State of Victoria in the month of October 2020, turnover growth for Q3 FY2021 exceeded management's expectation at 0,4% (AUD), with online turnover growth of 48,2% (AUD) compared to the same quarter in the previous financial year. For the nine months to 26 December 2020, online turnover contributed 9,9% to total TFG Australia turnover.

Supporting the Q3 FY2021 turnover growth, was a period of minimal disruption experienced in November and the start of December, which contributed to an improvement in consumer confidence and a strong sales trend into Christmas.

Although turnover declined 15,5% in October, due to extensive lockdowns and the associated store closures in the State of Victoria, it recovered strongly during November and December with growth of 6,4% and 9,5%, respectively. The like-for-like turnover growth showed a similar trend with a decline of 3,2% in October, followed by excellent growth of 3,7% and 6,8% during November and December.

The growth / (decline) in TFG Australia's turnover compared to the same period in the previous financial year was as follow:

	Q1 April to June 2020	Q2 July to Sept 2020	H1 April to Sept 2020	Q3 Oct to Dec 2020	Nine months April to Dec 2020
Retail turnover movement (%) – AUD denominated	(42,4%)	(12,4%)	(26,9%)	0,4%	(16,2%)

TFG LONDON UPDATE

The performance of TFG London continues to be negatively impacted by government-enforced national lockdowns with the segment losing c.40% of its trading hours during the nine months to December 2020 as a result of enforced store closures. Furthermore, the strong consumer association of our TFG London's brands with occasion and formal workwear has resulted in reduced overall levels of consumer demand as social mixing and in-office attendance continue to remain largely prohibited. As a result, whilst traffic to TFG London's online channels has held firm, and their operations robust throughout, they have not been able to adequately compensate for the lost sales from physical outlets.

With the announcement of the third national lockdown on the 4th of January 2021, we do not expect to see a near term recovery in occasion and formal workwear sales. This said, we have seen no shift in consumer sentiment away from our underlying brands, and with pent up demand for social gatherings, insolvencies in our competitor set, and the cost reductions achieved in store rentals and at head office, TFG London is well positioned for recovery once the vaccine rollout is further advanced.

The decline in TFG London's turnover compared to the same period in the previous financial year was as follow:

	Q1 April to June 2020	Q2 July to Sept 2020	H1 April to Sept 2020	Q3 Oct to Dec 2020	Nine months April to Dec 2020
Retail turnover movement (%) – GBP denominated	(68,5%)	(41,9%)	(56,2%)	(41,4%)	(50,8%)

Online turnover performance from TFG London's own sites continue to outperform weaker department store channels with growth of 11,6% (GBP) for Q3 FY2021 and growth of 5,0% (GBP) for the nine months to 26 December 2020. The contribution of online turnover to TFG London's total turnover for the nine-month period was 57,6% (30,9% in the comparable period last year).

GROUP PERFORMANCE UPDATE

Overall the Group delivered a solid performance during Q3 FY2021 with Group turnover growth of 5,5% compared to the same period in the previous financial year (TFG Africa and TFG Australia growing by 14,7% and 0,4% respectively as above). Group cash turnover for Q3 FY2021 grew by 14,1% (TFG Africa: 36,5%), contributing 79,9% to total turnover for the three-month period. Group credit turnover declined by 18,9% during Q3 FY2021 when compared to the same quarter in the previous financial year.

Online turnover for the Group continued to excel with growth of 32,3% (TFG Africa: 114,1%) for Q3 FY2021 compared to the same period in the previous financial year.

For the nine months to 26 December 2020, total Group turnover declined by 13,3% compared to the same period in the previous financial year (excluding Jet: -17,5%*) due to the impact of lockdowns in April and May in all our countries of operation, and subsequent periods of lockdowns in the UK and Australia as previously reported. Group cash turnover declined by 7,9% compared to the same period in the previous financial year, contributing 78,2% (comparable prior period: 73,6%) to total Group turnover for the nine months to 26 December 2021.

* Pro forma management account numbers used to calculate an indicative turnover growth

Group online turnover grew by 28,2% (comparable prior period: 2,9%) for the nine-month period, contributing 12,0% (comparable prior period: 8,1%) to total Group turnover.

Continued focus on cost control has ensured that trading expenses for the nine months remain well below the comparable prior period.

The Group's debt equity position continues to improve owing to strong cash generation, working capital optimization, deliberate paying down of debt and the successful rights offer concluded in July 2020.

JET

As was announced on SENS on 25 September 2020 and 5 November 2020, the Group acquired certain commercially viable stores and selected assets of Jet in South Africa, effective 25 September 2020. The integration of these 382 Jet stores in South Africa has been progressing according to plan. The most critical business integration areas including IT, Human Resources and Finance are being monitored on a weekly basis and are anticipated to be completed within the planned budgets and timeframes.

Shareholders are hereby notified that since our interim results announcement on 5 November 2020, we have also successfully concluded the acquisition of Jet in Botswana (14 stores), the Kingdom of Eswatini (6 stores), Lesotho (8 stores) and Namibia (15 stores) following the fulfillment or waiver, as the case may be, of all the conditions precedent in respect of the transactions in the respective countries.

The acquisition of Jet resulted in the preservation of employment for c.5 000 Jet staff. In these challenging times, where every job is critical, the creation and preservation of jobs continues to be a priority for us.

STRATEGIC UPDATE

Although the trading environment across all three our main territories is expected to remain challenging, we are confident that our strategic investments, both previous and current, into digital transformation; e-commerce platforms; vertical quick response local supply chain capacity; and product, brand and category diversification, will continue to benefit the Group into the future.

We will continue to adapt and strengthen our business through continued prudent cost savings measures and the responsible management of cash resources and liquidity in response to the uncertain trading environment, whilst prioritising measures to protect our employees, customers and other stakeholders.

PRO FORMA INFORMATION

Pro forma management account information for Jet was used in this announcement for illustrative purposes only to provide an indicative turnover growth for the Group and for TFG Africa excluding the acquired Jet stores.

Jet turnover for the period 25 September to 26 December 2020 relating to the acquired Jet stores were removed as if the acquisition did not take place.

This pro forma information, because of its nature, may not be a fair reflection of the Group's results of operations,

financial position, changes in equity or cash flows. There are no events subsequent to the reporting date which require adjustment to the pro forma information.

The pro forma management account turnover numbers used were:

TFG Africa	Q3 Oct to Dec 2020	Q3 Oct to Dec 2019	Growth
	Rm	Rm	%
TFG Africa turnover including Jet	8 849,8	7 713,4	14,7%
Less: Jet turnover [#]	1 193,1		
TFG Africa turnover excluding Jet	7 656,7	7 713,4	(0,7%)

Group	Q3 Oct to Dec 2020	Q3 Oct to Dec 2019	Growth
	Rm	Rm	%
Group turnover including Jet	12 246,2	11 610,9	5,5%
Less: Jet turnover [#]	1 193,1		
Group turnover excluding Jet	11 053,1	11 610,9	(4,8%)

TFG Africa	Nine months April to Dec 2020	Nine months April to Dec 2019	Growth
	Rm	Rm	%
TFG Africa turnover including Jet	17 121,0	18 333,0	(6,6%)
Less: Jet turnover [#]	1 215,3		
TFG Africa turnover excluding Jet	15 905,7	18 333,0	(13,2%)

Group	Nine months April to Dec 2020	Nine months April to Dec 2019	Growth
	Rm	Rm	%
Group turnover including Jet	24 776,2	28 566,0	(13,3%)
Less: Jet turnover [#]	1 215,3		
Group turnover	23 560,9	28 566,0	(17,5%)

excluding Jet			
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The adjustment is based on management accounts. The Group is satisfied with the quality of these management accounts which are unaudited.

The directors are responsible for compiling the pro forma financial information in accordance with the JSE Limited Listings Requirements and in compliance with the SAICA Guide on Pro Forma Financial Information. The underlying information used in the preparation of the pro forma financial information has been prepared applying the accounting policies in place for the year ending 31 March 2021.

Shareholders are advised that this trading update has not been reviewed or reported on by the Company's external auditors.

Cape Town
19 January 2021

Sponsor:
UBS South Africa Proprietary Limited