

THE FOSCHINI GROUP LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number 1937/009504/06)  
Share code: TFG  
ISIN: ZAE000148466  
("TFG")

TRADING UPDATE FOR Q2 FY2022 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2021 AND  
UPDATED TRADING STATEMENT

TRADING UPDATE FOR Q2 FY2022 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2021

#### SALIENT FEATURES

- Solid performance in Q2 FY2022 with Group retail turnover growth of 18,0% compared to Q2 FY2021, notwithstanding the impact of the civil unrest in South Africa and the government-enforced lockdowns in Australia;
- Robust performance from TFG Africa in Q2 FY2022 with retail turnover growth of 28,0% compared to Q2 FY2021;
- Cash retail turnover growth for TFG Africa in Q2 FY2022 of 37,1% compared to Q2 FY2021. Cash retail turnover now contributes 69,9% to total TFG Africa retail turnover and 79,1% to total Group retail turnover;
- Continued market share gains in Mens and Womens categories according to the Retail Liaison Committee (increase in market share of 4,8% for H1 FY2022 compared to H1 FY2021);
- TFG London's performance continued to improve in Q2 FY2022 with retail turnover growth of 41,8% compared to Q2 FY2021, well ahead of management expectation;
- TFG Australia's comparable store retail turnover growth remains strong in "open" states, exceeding expectation. Overall, however, Q2 trade was severely impacted by lockdowns in the two key States where in excess of 21 000 trading days were lost; and
- Group online retail turnover grew 19,3% in Q2 FY2022 off a significantly high base in Q2 FY2021, contributing 11,7% (Q2 FY2021: 11,5%) to total Group retail turnover.

#### OPERATING CONTEXT

The Group continued its post-COVID-19 recovery during the second quarter of FY2022 with strong trade across the majority of the Group's outlets. This performance was achieved despite the impact of the civil unrest in South Africa during July 2021, and the severe lockdown restrictions experienced in Australia during the second quarter of FY2022.

As previously announced on the JSE Stock Exchange News Service ('SENS') on 16 July 2021, 2 August 2021 and 7 October 2021, 198 South African stores were looted and damaged to varying degrees by the civil unrest experienced in the KZN province and parts of the Gauteng province. The Group reopened 145 of these stores by the end of September 2021 with a further 22 stores reopening by December 2021. The remainder of the stores will only reopen from 2022 onwards due to the extensive structural damage caused. The Group estimates that retail turnover in excess of R600 million will be lost for the full 2022 financial year as a result of the civil unrest.

In TFG Australia, further lockdowns and restrictions impacted the business during Q2 FY2022, with an estimated 43,5% of its trade days lost during this period as State Governments attempted to curb the spread of the COVID-19 Delta variant. At the end of the quarter the two significant Australian states, New South Wales and Victoria, as well as New Zealand, were still in lockdown. Both of these Australian states have a roadmap to reopen non-essential retail with restrictions once a 70-80% vaccination target has been reached. For New South

Wales, stores reopened on 11 October 2021, while Victoria is planned to open from 30 October 2021.

The remaining lockdown restrictions in England were relaxed from 19 July 2021 and demand for TFG London products has continued to exceed expectation, an indication that consumer confidence and footfall in the UK retail market is recovering.

Because of substantial impacts of the various government-enforced lockdowns in the previous financial year, financial comparisons in this trading update for H1 FY2022 are also provided against the first half of the 2020 financial year (i.e. April 2019 to September 2019), unless otherwise stated. This provides more meaningful comparative analysis of the Group's trading performance.

#### TFG AFRICA PERFORMANCE UPDATE

In TFG Africa, customer demand for the Group's products continued to grow with retail turnover exceeding expectation, especially when the civil unrest is taken into account. Retail turnover growth was 28,0% in Q2 FY2022 (compared to Q2 FY2021), supported by JET (acquired from 25 September 2020). Excluding Jet, retail turnover grew a pleasing 8,1%\* compared to the same quarter in FY2021.

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

TFG Africa's like-for-like retail turnover growth (which by definition excludes Jet) has been particularly strong with growth of 15,4% for Q2 FY2022 (compared to Q2 FY2021).

The growth / (decline) in TFG Africa's retail turnover compared to the same period in both FY2021 and FY2020 in the respective merchandise categories was as follows:

Merchandise category	Q2 FY2022 vs. Q2 FY2021*	Q2 FY2022 Contribution to TFG Africa retail turnover*
Clothing	37,2%	73,6%
Homeware	19,5%	7,6%
Cosmetics	(7,5%)	3,2%
Jewellery	2,6%	5,0%
Cellphones	8,3%	10,6%
Total TFG Africa	28,0%	100,0%

\*including JET

Retail turnover growth for the cosmetics merchandise category was impacted by supplier stock shortages, whereas retail turnover growth for the cellphones merchandise category is off an artificially high base in Q2 FY2021 due to the impact of COVID-19-related demand for work-from-home product categories.

Merchandise category	H1 FY2022 vs. H1 FY2021*	H1 FY2022 vs. H1 FY2020*	H1 FY2022 Contribution to TFG Africa retail turnover*
Clothing	72,2%	27,9%	74,6%
Homeware	38,5%	24,7%	7,3%
Cosmetics	23,5%	(18,8%)	3,2%
Jewellery	49,0%	(12,1%)	4,6%
Cellphones	22,5%	44,0%	10,3%
Total TFG Africa	59,5%	24,3%	100,0%

\*including JET

Cash retail turnover for Q2 FY2022 grew by 37,1% compared to the same quarter in FY2021 and contributed 69,9% to TFG Africa's retail turnover for the six months ended September 2021.

Credit retail turnover for Q2 FY2022 grew by 10,6% compared to the same quarter in FY2021 but declined by 12,6% compared to the same quarter in FY2020. For the six months ended 30 September 2021, credit turnover grew by 35,3% compared to the same period in FY2021, but declined by 11,7% compared to the same period in FY2020. Average approval rates for new accounts have normalised at c.25% in H1 FY2022 (H1 FY2021: c.10%), but overall credit retail turnover continues to be purposely restricted by stringent acceptance criteria in line with the prevailing economic conditions.

Online retail turnover for Q2 FY2022 grew by 6,7% compared to the same quarter in FY2021. Online retail turnover contributed 3,0% to total TFG Africa retail turnover for Q2 FY2022 (Q2 FY2021: 3,6%).

TFG Africa opened 54 new stores during the quarter while 24 stores were closed. At the end of the quarter, TFG Africa traded from 3 001 stores, up from 2 929 as at 31 March 2021.

#### TFG LONDON PERFORMANCE UPDATE

TFG London's performance continues to improve as they recover from COVID-19 lockdown restrictions that were in place for the last 20 months. Since the lifting of the last remaining restrictions in July 2021, the demand for key categories has also started to improve, with recovery showing better-than-expected results.

The growth / (decline) in TFG London's retail turnover compared to the same period in FY2021 and FY2020 was as follows:

	Q2 FY2022 vs. Q2 FY2021	H1 FY2022 vs. H1 FY2021	H1 FY2022 vs. H1 FY2020
Retail turnover growth - GBP denominated	41,8%	65,6%	(27,4%)

Online retail turnover from TFG London's own sites had strong growth of 33,9% in Q2 FY2022 compared to the same quarter in FY2021, while retail turnover from third party online channels also grew by 22,6%. In total, online retail turnover for TFG London increased by 29,0% compared to the same quarter in FY2021 with the contribution of online retail turnover for the quarter now at 43,0% (Q2 FY2021: 47,3%).

TFG London opened 3 new outlets during the quarter while 47 outlets were closed in line with expectation. At the end of the quarter, TFG London traded from 718 outlets.

#### TFG AUSTRALIA PERFORMANCE UPDATE

Despite lockdown restrictions impacting store trade, online retail turnover for Q2 FY2022 continued to grow strongly by 57,8% compared to the same quarter in FY2021, contributing 17,8% to total TFG Australia retail turnover for Q2 FY2022 (Q2 FY2021: 9,4%).

The growth / (decline) in TFG Australia's retail turnover compared to the same period in FY2021 and FY2020 was as follows:

	Q2 FY2022 vs. Q2 FY2021	H1 FY2022 vs. H1 FY2021	H1 FY2022 vs. H1 FY2020
Retail turnover growth - AUD denominated	(16,6%)	39,2%	1,8%

TFG Australia opened 11 new outlets during the quarter while 1 outlet was closed. At the end of the quarter, TFG Australia had 575 outlets.

#### GROUP PERFORMANCE UPDATE

Overall the Group continued to build on the strong performance of the first quarter, notwithstanding the disruption mentioned above, and delivered growth in Q2 FY2022 of 18,0% compared to the same quarter in FY2021 (excluding Jet +5,0%)\*. For the six months ended 30 September 2021, the Group delivered growth of 51,8% compared to the same period in FY2021 (excluding Jet +34,3%)\* and 12,2% compared to the same period in FY2020 (excluding Jet -0,9%)\*.

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

Online retail turnover delivered excellent growth in Q2 FY2022 of 19,3% compared to the same quarter in FY2021. The contribution of online retail turnover to total retail turnover for the quarter was 11,7% (Q2 FY2021: 11,5%).

#### UPDATED TRADING STATEMENT

Further to the TFG trading statement which was published on SENS on 7 October 2021, we are providing an update on the guidance on the Group's expected results for the six months ended 30 September 2021 ('current period').

Shareholders are advised that earnings per share ('EPS'), diluted EPS, headline earnings per share ('HEPS') and diluted HEPS for the current period compared to the six months ended 30 September 2020 ('prior period') are expected to be within the ranges reflected below:

	Reported	Expected	
	Six months ended 30 September 2020	Six months ended 30 September 2021	
	Cents	Cents	%
Basic earnings per ordinary share	161,5	302,0 to 334,3	87,0% to 107,0%
Diluted earnings per ordinary share	161,0	301,1 to 333,3	87,0% to 107,0%
Basic headline earnings per ordinary share	(91,0)	384,0 to 402,2	522,0% to 542,0%

Diluted headline earnings per ordinary share	(90,8)	383,2 to 401,3	522,0% to 542,0%
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	Restated <sup>^</sup>	Expected	
	Six months ended 30 September 2020	Six months ended 30 September 2021	
	Cents	Cents	%
Basic earnings per ordinary share	147,7	289,5 to 333,8	96,0% to 126,0%
Diluted earnings per ordinary share	147,3	288,7 to 332,9	96,0% to 126,0%
Basic headline earnings per ordinary share	(83,3)	384,8 to 401,5	562,0% to 582,0%
Diluted headline earnings per ordinary share	(83,1)	383,9 to 400,5	562,0% to 582,0%

<sup>^</sup> As required by IAS 33, the basic and diluted weighted average number of shares for the prior corresponding period have been adjusted retrospectively to account for the bonus element arising from the rights issue

The expected earnings ranges have been impacted, inter alia, by the following:

- The COVID-19 pandemic and the related government-enforced lockdowns and related store closures in all 3 of our main trading jurisdictions during the prior period, as previously reported;
- The dilution arising from the successfully concluded rights offer, as announced on SENS on 11 August 2020;
- The acquisition of certain commercially viable stores and selected assets of JET in South Africa (effective 25 September 2020) and in Botswana, the Kingdom of Eswatini, Lesotho and Namibia (effective on various dates in December 2020 and January 2021). The inclusion of a bargain purchase gain on acquisition of R694,3 million in the prior period specifically affected basic EPS and diluted EPS; and
- The civil unrest experienced in the current period in South Africa in July 2021.

The information contained in this announcement, including estimated financial information, is the responsibility of the board of directors of TFG and has not been audited, reviewed or reported on by the Group's external auditors.

The Group's financial results for the six months ended 30 September 2021 will be released on SENS on or about 11 November 2021.

#### PRO FORMA INFORMATION

Pro forma management account information for Jet was used in this announcement for illustrative purposes only to provide an indicative retail

turnover growth for the Group and for TFG Africa excluding the acquired Jet stores.

Jet retail turnover for the relevant period below relating to the acquired Jet stores was 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 retail turnover numbers used were:

TFG Africa	Q2 FY2022 (July to Sept 2021)	Q2 FY2021 (July to Sept 2020)	Growth
	Rm	Rm	%
TFG Africa retail turnover including Jet	6 392,7	4 993,8	28,0
Less: Jet retail turnover <sup>#</sup>	1 016,2	22,1	
TFG Africa retail turnover excluding Jet	5 376,5	4 971,7	8,1

Group	Q2 FY2022 (July to Sept 2021)	Q2 FY2021 (July to Sept 2020)	Growth
	Rm	Rm	%
Group retail turnover including Jet	9 008,0	7 631,0	18,0
Less: Jet retail turnover <sup>#</sup>	1 016,2	22,1	
Group retail turnover excluding Jet	7 991,8	7 608,9	5,0

Group	H1 FY2022 (Apr to Sept 2021)	H1 FY2021 (Apr to Sept 2020)	Growth
	Rm	Rm	%
Group retail turnover including Jet	19 022,1	12 530,0	51,8
Less: Jet retail turnover <sup>#</sup>	2 218,6	22,1	
Group retail turnover excluding Jet	16 803,5	12 507,9	34,3

Group	H1 FY2022 (Apr to Sept 2021)	H1 FY2020 (Apr to Sept 2019)	Growth
	Rm	Rm	%
Group retail turnover including Jet	19 022,1	16 955,2	12,2
Less: Jet retail turnover <sup>#</sup>	2 218,6		
Group retail turnover excluding Jet	16 803,5	16 955,2	(0,9)

# The adjustment is based on management accounts. The Group is satisfied with the quality and completeness of these unaudited management accounts.

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 using the accounting policies in place for the year ended 31 March 2021.

Cape Town  
29 October 2021

Sponsor:  
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