

THE FOSCHINI GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1937/009504/06
Ordinary share code: TFG
ISIN: ZAE000148466
Preference share code: TFGP
ISIN: ZAE000148516
("TFG" or "the Company")

TRADING UPDATE FOR Q3 FY2022 AND THE NINE MONTHS ENDED DECEMBER 2021

SALIENT FEATURES:

- Strong performance in Q3 FY2022 with Group retail turnover growth of 17,3% compared to Q3 FY2021, with significant growth over the important Black Friday period (growth of 19,3% in November 2021 compared to November 2020) and over the festive period (growth of 19,8% in December 2021 compared to December 2020);
- TFG Africa delivered strong retail turnover growth of 17,3% in Q3 2022 compared to Q3 FY2021 (with growth of 13,9% in November 2021 compared to November 2020, and with December 2021 pleasingly exceeding expectation with growth of 23,0% compared to December 2020);
- Cash retail turnover growth for TFG Africa of 16,6% for Q3 FY2022 compared to Q3 FY2021 and 41,6% for the nine months to December 2021. Cash retail turnover now contributes approximately 70,8% to total TFG Africa retail turnover for the nine months to December 2021;
- TFG London's performance continued to improve in Q3 FY2022 with retail turnover growth of 25,5% (GBP) compared to Q3 FY2021;
- TFG Australia's retail turnover growth of 16,9% (AUD) in Q3 FY2022, compared to Q3 FY2021 (and against a Q2 FY2022 decline in retail turnover of 16.6% due to severe lockdown measures), showed a strong trade rebound as lockdown restrictions were eased in most states by November;
- Group online retail turnover growth of 17,8% for the nine months to December 2021 off a very high base in the comparable prior period; and
- Continued investment in growth through organic investments (including a further 127 store openings in TFG Africa in Q3 FY2022, an increase in manufacturing capacity and strategic IT projects); and through acquisitions as previously announced.

OPERATING CONTEXT

The Group continued its strong post-COVID-19 recovery during the third quarter of FY2022 which was supported by the global vaccine drive and easing of lockdown restrictions. The majority of the Group's outlets delivered strong trading performance as economic activity resumed. In South Africa, the restrictions were eased to adjusted Level 1 from 1 October 2021. Additional travel restrictions were implemented globally after the Omicron variant was identified in November 2021 leading to many foreign visitors cancelling their planned trips to South Africa and abroad. In Australia, the vaccination rate has reached almost 90% which has led to the easing of restrictions by most state governments. In respect of New South Wales and Victoria, the two most significant states

in Australia, stores reopened on 11 October 2021 and 30 October 2021 respectively.

As previously announced on the JSE Stock Exchange News Service ('SENS'), 198 South African stores were looted and damaged to varying degrees by the civil unrest experienced in the KwaZulu-Natal province and parts of the Gauteng province. The Group reopened 166 of these stores by the end of December 2021 with a further 6 stores planned to reopen by March 2022. The remainder of the stores will only reopen from April 2022 onwards due to the extensive structural damage caused.

Despite the continued challenging trading environment, the Group continued to invest in growth opportunities. As announced on SENS on 2 December 2021, the Group acquired Quench (Pty) Ltd ('Quench'), a digital, on-demand shopping platform and last mile delivery provider. The addition of Quench to TFG's existing portfolio of brands will further position TFG as the leading omni-channel retailer in Africa.

TFG AFRICA UPDATE

TFG Africa's retail turnover grew by 17,3% during Q3 FY2022 compared to the same period in the previous financial year. This is a pleasing performance and indicative of the continued post-COVID-19 recovery of the business. Festive period retail turnover exceeded expectations with strong customer demand for the Group's products. All merchandise categories grew retail turnover compared to the same quarter in the previous financial year, except for the most discretionary category, cosmetics, and cellphones, largely due to international supply chain disruptions. Pleasingly, the Group's localized clothing supply chain and sourcing model provided effective insulation against international supply chain disruptions in this important category.

TFG Africa's like-for-like retail turnover growth has been particularly encouraging with growth of 5,5% in November and 11,2% in December. November retail turnover was supported by a robust Black Friday (c.R422m this financial year compared to c.R341m in the previous financial year) while the week before Christmas delivered c.R380m more retail turnover than in the previous financial year.

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

Merchandise category	Q1 April to June 2021	Q2 July to Sept 2021	H1 April to Sept 2021	Q3 Oct to Dec 2021	Nine months April to Dec 2021	Contribution to TFG Africa retail turnover for the 9 months April to Dec 2021
Clothing	124,7%	37,2%	72,2%	20,5%	43,7%	76,1%
Homeware	65,4%	19,5%	38,5%	26,4%	32,9%	7,2%

Cosmetics	80,5%	-7,5%	23,5%	-4,7%	9,2%	3,1%
Jewellery	198,4%	2,6%	49,0%	7,6%	26,7%	4,7%
Cellphones	40,6%	8,3%	22,5%	-1,9%	12,2%	8,9%
Total TFG Africa	107,6%	28,0%	59,5%	17,3%	37,2%	100,0%

Cash retail turnover for Q3 FY2022 grew by 16,6% compared to the same period in the previous financial year and by 41,6% for the nine months ended December 2021. Cash retail turnover contributed 70,8% to total TFG Africa retail turnover for the nine months to December 2021.

As average approval rates for new accounts have normalised, credit retail turnover for Q3 FY2022 grew by 19,2% compared to the same period in the previous financial year. For the nine months to December 2021 the growth in credit retail turnover was 27,8% (behind the growth in cash retail turnover) as overall credit retail turnover continues to be purposely restricted by stringent acceptance criteria in line with the prevailing economic conditions.

Online retail turnover for Q3 FY2022 grew by 23,6% compared to the same quarter in FY2021. Online retail turnover contributed 3,2% to total TFG Africa retail turnover for Q3 FY2022 (Q3 FY2021: 3,6%).

TFG AUSTRALIA UPDATE

TFG Australia continued to see strong retail turnover growth as multiple state governments across Australia relaxed COVID-19 restrictions to allow greater freedom of movement for citizens by November 2021.

Retail turnover growth for Q3 FY2022 was strong at 16,9% (AUD), with online retail turnover growth of 43,1% (AUD) compared to the same quarter in the previous financial year. Driving the Q3 FY2022 retail turnover growth was a record retail turnover performance in November with this trend continuing into the festive period.

For the nine months to December 2021, online retail turnover contributed 9,9% to total TFG Australia retail turnover.

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

	Q1 April to June 2021	Q2 July to Sept 2021	H1 April to Sept 2021	Q3 Oct to Dec 2021	Nine months April to Dec 2021
Retail turnover movement (%) - AUD denominated	130,5%	-16,6%	39,2%	16,9%	28,7%

TFG LONDON UPDATE

TFG London's performance continued to improve with customer demand for key categories starting to recover, but the recovery was dampened in

December when the UK government announced a move to 'Plan B' measures to help slow the spread of the Omicron variant.

The growth in TFG London's retail turnover compared to the same period in the previous financial year was as follows:

	Q1 April to June 2021	Q2 July to Sept 2021	H1 April to Sept 2021	Q3 Oct to Dec 2021	Nine months April to Dec 2021
Retail turnover movement (%) - GBP denominated	103,6%	41,8%	65,6%	25,5%	48,2%

In-store retail turnover performed well and grew by 53,7% in Q3 FY2022 when compared to the same quarter in the previous financial year.

Online retail turnover from TFG London's own sites grew 5,5% in Q3 FY2022 off a high base during the same quarter in FY2021, while retail turnover from third party online channels declined by 4,3%. In total, the contribution of online retail turnover for the quarter was at 43,8% (Q3 FY2021: 54,1%).

GROUP PERFORMANCE UPDATE

Overall, the Group delivered a strong performance during Q3 FY2022 with Group retail turnover growth of 17,3% compared to the same period in the previous financial year with all divisions delivering high double-digit turnover growth. Group cash retail turnover for Q3 FY2022 grew by 16,8%, contributing 79,4% to total retail turnover for the three-month period. Group credit retail turnover grew by 19,2% during Q3 FY2022 when compared to the same quarter in the previous financial year. Online retail turnover for the Group grew by 10,3% (TFG Africa: 23,6%) for Q3 FY2022 compared to the same period in the previous financial year.

For the nine months to December 2021, total Group retail turnover grew by 37,3% compared to the same period in the previous financial year supported by the easing of lockdown restrictions and subsequent increase in consumer activity. Group cash retail turnover grew by 40,0% compared to the same period in the previous financial year, contributing 79,2% (comparable prior period: 77,7%) to total Group retail turnover for the nine months to December 2021.

Group online retail turnover grew by 17,8% for the nine-month period, contributing 9,9% (comparable prior period: 11,5%) to total Group retail turnover.

OUTLOOK

Although the trading environment across all three our main territories is expected to remain challenging, we are encouraged by the trading performance in Q3 FY2022. This level of performance has continued in the first few weeks of January 2022 and has led, amongst other key categories, to record retail turnover in the kidswear and school

clothing categories for TFG Africa, largely due to Jet's first meaningful contribution to these categories.

The Group remains very well positioned to benefit from the continued post-COVID-19 recovery and growth in all territories in which we operate.

We remain committed to the prioritisation of our strategic investments in technology, local sourcing, store expansion and brands. We are confident with the strength of our balance sheet which enables us to capitalise on organic and inorganic growth opportunities and we will continue with our strong focus on expense control, working capital management and focused capital allocation.

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

Cape Town
21 January 2022

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