

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" and together with its affiliates "the Group")

TRADING UPDATE FOR THE 21 WEEKS ENDED 24 AUGUST 2024

SALIENT FEATURES

- Group gross margin increased by more than 100 basis points for the 21 weeks ended 24 August 2024 ('current period') when compared to the 21 weeks ended 26 August 2023 ('prior period'), despite 3,5% lower sales as gross margins improved across all territories;
- Gross margin for TFG Africa increased by c.200 basis points for the current period against a decline in sales of 1,0% (like-for-like decline of 2,6%), mainly due to high clearance activity during the prior period and the late start to winter in South Africa;
- The result of the increased margin, despite the normalised sales activity, meant that TFG Africa achieved a record gross profit result (in rands) of c.R5,9 billion, up c.4% on the prior period;
- Group online sales grew by 7,8% and now contributes 10,8% to total sales; the growth largely attributable to growth of 42,7% in South Africa via our Bash platform;
- Cash sales now contribute 73,0% to total TFG Africa sales and 81,2% to total Group sales;
- TFG London's gross margin increased by c.150 basis points, with sales 12,4% (in GBP) lower, as continuing headwinds from low consumer confidence impacted non-food retail, particularly in the premium categories where our brands operate; and
- TFG Australia's sales were 3,9% (in AUD) lower as macro conditions continue to dampen consumer demand. However, gross margin improved by c.50 basis points.

TFG AFRICA PERFORMANCE UPDATE

Sales growth, compared to the prior period, was as follows:

	21 WEEKS ENDED 24 AUGUST 2024	CONTRIBUTION TO TFG AFRICA SALES
Clothing	-1,2%	72,1%
Homeware	2,7%	14,2%
Cosmetics	8,6%	2,8%
Jewellery	-0,2%	3,6%
Cellphones	-9,2%	7,3%
Total	-1,0%	100,0%

The lower sales growth of 1,0% must be seen against the aggressive inventory clearance activity in the prior period resulting from inventory build-up caused by load shedding in the beginning of the 2023 calendar

year. Sales growth compared to the opening 21-week period of the 2023 financial year, which removes the distorting impact of last year's clearance activity, was 16,5%, i.e., an annualised average growth rate of 7,9%.

With excess inventories cleared by September of last year, and with better trading into the second half of the 2024 financial year, gross margins normalised during the current period by c.200 basis points, despite the difficult trading conditions experienced throughout the market with inflation and living costs continuing to put pressure on consumer demand in discretionary categories. Whilst the late onset of winter in South Africa added pressure at the beginning of the current period, improved consumer sentiment provided some relief after the outcome of the South African elections.

Cash sales for the current period declined by 1,5%, contributing 73,0% to total sales, whereas credit sales increased by 0,5%. Average acceptance rates for new accounts increased to 20,1% compared to 17,5% for the second half of the prior financial year.

Online sales grew by 42,7% during the current period, now contributing 5,6% to total sales (3,9% during the prior period).

TFG Africa traded out of 3,632 stores at 24 August 2024, a net increase of 11 stores since 1 April 2024.

TFG LONDON PERFORMANCE UPDATE

TFG London was significantly impacted by inventory delays due to shipping disruptions in the Red Sea, high inflation and elevated interest rates. In addition, weak consumer demand drove an increased promotional environment. The focus of TFG London's management has been on growing the direct-to-consumer channel and the protection of gross margin, which improved by c.150 basis points.

The 12,4% sales decline (in GBP) is mainly the result of weak concession partner performance, with total own-store sales declining by 5,7%. Online sales contributed 41,7% to total sales, an increase of 160 basis points against the prior period.

TFG AUSTRALIA PERFORMANCE UPDATE

TFG Australia also suffered from the impact of persistently high inflation and elevated interest rates, with consumers continuing to remain under pressure, impacting demand. Despite a 3,9% contraction in sales (in AUD), management's focus on inventory management ensured an improvement in gross margin by c.50 basis points compared to the prior period.

Online sales increased 10,5% during the current period, and now contribute 8,8% to total sales (7,6% in the prior period).

GROUP PERFORMANCE UPDATE

Sales growth, compared to the prior period, in each of our business segments was as follows:

BUSINESS SEGMENT	21 WEEKS ENDED 24 AUGUST 2024	CONTRIBUTION TO GROUP SALES
TFG Africa (ZAR)	-1,0%	69,9%

TFG Australia (ZAR)	-5,5%	17,2%
TFG London (ZAR)	-12,7%	12,9%
Group (ZAR)	-3,5%	100,0%

OUTLOOK

Whilst trade remains inconsistent, indicating a consumer still under pressure, the outlook for the remainder of the 2025 financial year is likely to improve in line with both the outlook for the coming interest rate cutting cycle and the benefits in South Africa of a potentially stronger rand from the post-election political environment. Management continues to focus on both margin improvement and cost control, including ensuring ongoing realisation benefits from key strategic projects including distribution, ecommerce, and manufacturing, as well as progress in achieving the expected returns on investments from the Jet and Tapestry acquisitions.

In the UK, the trading outlook remains uncertain, but there are some positive indicators emerging in the macro environment with lower inflation and interest rates expected. We maintain our focus on delivering gross margin gains as well as developing efficiency through the TFG London platform.

In Australia, we are cautiously optimistic that the interest rate cutting cycle will have a beneficial impact on the consumer.

Shareholders are advised that the financial information on which this trading update is based, including any forecast or estimate financial information contained herein, has not been audited, reviewed or reported on by the Group's external auditors and is the responsibility of the board of directors of TFG.

The Group's financial results for the six months ending 30 September 2024 will be released on SENS on or about 8 November 2024.

Cape Town
4 September 2024

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