

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 Q4 FY2022 AND FURTHER TRADING STATEMENT FOR THE TWELVE MONTHS ENDED 31 MARCH 2022

TRADING UPDATE FOR Q4 FY2022

#### SALIENT FEATURES

- Solid performance in all operating territories continued into Q4 FY2022 with Group retail turnover growth of 23,7% compared to Q4 FY2021;
- Another record quarter turnover performance from TFG Africa in terms of Rands achieved with retail turnover growth of 16,1% in Q4 FY2022 compared to Q4 FY2021 (like-for-like retail turnover growth of 11,5%), which is indicative of further, significant market share gains;
- Strong cash retail turnover growth for TFG Africa of 18,0% for Q4 FY2022 compared to Q4 FY2021 and 35,9% for the 12 months ended 31 March 2022. Cash retail turnover now contributes 71,1% to total TFG Africa retail turnover;
- Above expectation performance from TFG Australia, with retail turnover growth of 11,5% (AUD) in Q4 FY2022 compared to Q4 FY2021 in the wake of the lifting of most of the lockdown restrictions in November 2021, although remaining border restrictions were only lifted mid-March 2022;
- TFG London accelerated its improved performance trajectory in Q4 FY2022 with retail turnover growth of 91,6% (GBP) compared to Q4 FY2021;
- Group online retail turnover growth of 11,7% for the 12 months ended 31 March 2022, contributing 10,2% (FY2021: 12,0%) to total Group retail turnover;
- Continued investment in growth through organic investments (including over 300 store openings for the Group in FY2022), an increase in omnichannel investments and penetration in all territories and manufacturing capacity in Africa through strategic acquisitions, as previously announced.

#### OPERATING CONTEXT

##### POST-COVID-19 RECOVERIES

The Group continued its strong post-COVID-19 recovery during the fourth quarter of FY2022. All of the Group's outlets delivered strong trading performance as economic activity resumed in the wake of reduced restrictions on movement and travel. In South Africa, the restrictions remained at adjusted Level 1 during the quarter and the National State of Disaster was terminated on 4 April 2022. In Australia, the COVID-19 numbers accelerated significantly since January 2022, but the earlier stringent restrictions have not been reinstated. On 24 February 2022 the UK became the first major Western government to end all legal COVID-19 restrictions in England.

##### KWAZULU-NATAL ('KZN') CIVIL UNREST

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 KZN province and parts of the Gauteng province. The Group reopened 174 of these stores by the end of March 2022. The remainder of the stores will only reopen from April 2022 onwards and 2 stores will not be reopened. SASRIA payments of R540 million have been received to date, while the Business Interruption claim is expected to be finalised by the end of 2022 calendar year.

#### ESKOM LOAD SHEDDING

TFG Africa lost a further 82,000 trading hours during the quarter due to the implementation of load shedding across all provinces in South Africa.

#### TFG AFRICA PERFORMANCE UPDATE

TFG Africa's retail turnover grew by 16,1% during Q4 FY2022 compared to the same period in the previous financial year. This is a pleasing and record Rand turnover performance and indicative of further, significant market share gains, despite the highly competitive retail environment and the increasing pressure on the consumer wallet. All merchandise categories grew retail turnover during Q4 FY2022 compared to the same period in the prior year. Retail turnover growth was favourably supported by the Group's strong localised, quick response clothing supply chain and sourcing model, which provided valuable insulation against international supply chain disruptions while at the same time improving TFG Africa's apparel margins.

TFG Africa's like-for-like retail turnover growth has been particularly pleasing with growth of 11,5% in Q4 FY2022 and was achieved at planned product margins.

The growth in TFG Africa's retail turnover compared to the same periods in the previous financial year in the respective merchandise categories were as follow:

Merchandise category	Q1 April to June 2021	Q2 July to Sept 2021	Q3 Oct to Dec 2021	Q4 Jan to March 2022
Clothing	124,7%	37,2%	20,5%	20,2%
Homeware	65,4%	19,5%	26,4%	17,4%
Cosmetics	80,5%	(7,5%)	(4,7%)	4,5%
Jewellery	198,4%	2,6%	7,6%	6,1%
Cellphones	40,6%	8,3%	(1,9%)	1,8%
Total TFG Africa	107,6%	28,0%	17,3%	16,1%

Merchandise category	H1 April to Sept 2021	H2 Oct 2021 to March 2022	FY2022	FY 2022 Contribution to TFG Africa retail turnover
Clothing	72,2%	20,4%	38,4%	75,1%
Homeware	38,5%	22,6%	29,0%	7,4%
Cosmetics	23,5%	(1,3%)	8,2%	3,2%
Jewellery	49,0%	7,0%	21,3%	4,8%
Cellphones	22,5%	(0,2%)	9,4%	9,5%
Total TFG Africa	59,5%	16,0%	32,3%	100,0%

Cash retail turnover for Q4 FY2022 grew by 18,0% compared to the same period in the previous financial year and by 35,9% for the full year (R21,5 billion). Cash retail turnover contributed 71,1% to TFG Africa's total retail turnover for the 12-month period.

Given the strong cash turnover growth and the prevailing economic conditions we remain cautiously conservative with our credit lending criteria and the retail debtors' book remains conservatively provided. Average approval rates for new accounts in H2 FY2022 increased marginally compared to H1 FY2022 as customer payments and therefore credit book performance continued to exceed expectation. For Q4 FY2022 credit retail turnover grew by 11,3% compared to the same period in the previous financial year and grew by 24,2% for the full financial year on the back of better than expected payments from our credit customers and continued improvements on the book quality. Provisioning levels have been retained given the ongoing pressure on the South African consumer.

Online retail turnover for Q4 FY2022 grew by 13,5% despite a high base in the same quarter in FY2021. For the 12-month period, online retail turnover contributed 3,1% to total TFG Africa retail turnover and the Group's omnichannel retail strategy remains a priority.

Post COVID-19, TFG Africa continued to accelerate store growth and store optimisation due to organic opportunities and favourable market related rental agreements that were secured with landlords. TFG Africa opened 274 new stores during the year in locations where its brands were previously not adequately represented.

#### TFG AUSTRALIA PERFORMANCE UPDATE

TFG Australia saw significant retail turnover growth as multiple state governments across Australia relaxed COVID-19 restrictions to allow greater freedom of movement for citizens. Retail turnover for Q4 FY2022 grew by 11,5% (AUD) compared to Q4 FY2021 and 14,5% (AUD) in H2 FY2022 compared to the same period in the previous financial year. For the full year, retail turnover grew by 24,0% (AUD). Like-for-like growth of 15,8% was achieved, which was very pleasing.

Online retail turnover for the full year grew by 26,9%, (AUD) now contributing 9,3% (AUD) to total TFG Australia retail turnover.

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

	Q1 April to June 2021	Q2 July to Sept 2021	Q3 Oct to Dec 2021	Q4 Jan to March 2022
Retail turnover movement - AUD denominated	130,5%	(16,6%)	16,9%	11,5%

	H1 April to Sept 2021	H2 Oct 2021 to March 2022	FY2022
Retail turnover movement - AUD denominated	39,2%	14,5%	24,0%

During the past year, despite the Government COVID-enforced restrictions, TFG Australia continued its organic expansion and opened 43 new outlets, including a further 12 concessions. At the year-end, TFG Australia was trading from 576 outlets.

#### TFG LONDON PERFORMANCE UPDATE

TFG London's performance continued to improve as borders opened, the recommencement of formal events and as employers encouraged their staff to

return to the office in most cases for at least part of the working week. Increased footfall and growing demand for our key categories have supported strong sales in the region. Q4 FY2022 delivered retail turnover growth of 91,6% (GBP) compared to the same quarter in the previous financial year. For the full year, retail turnover grew by 57,3% (GBP).

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

	Q1 April to June 2021	Q2 July to Sept 2021	Q3 Oct to Dec 2021	Q4 Jan to March 2022
Retail turnover movement - GBP denominated	103,6%	41,8%	25,5%	91,6%

	H1 April to Sept 2021	H2 Oct 2021 to March 2022	FY2022
Retail turnover movement - GBP denominated	65,6%	50,5%	57,3%

Online retail turnover from TFG London's own sites grew 21,3% (GBP) in Q4 FY2022 off a high base during the same quarter in FY2021, while retail turnover via third party online channels was purposely restricted and grew by only 0,1% (GBP). For the full year, online retail turnover grew 13,8% (GBP) and contributed 45,2%(GBP) (FY2021: 62,5%) to TFG London's total retail turnover.

#### GROUP PERFORMANCE UPDATE

Overall, the Group delivered a robust performance during Q4 FY2022 with Group retail turnover growth of 23,7% compared to the same period in the previous financial year with all divisions reporting high double-digit growths. Group cash retail turnover for Q4 FY2022 grew by 26,9%, contributing 81,7% to total retail turnover for the three-month period. Group credit retail turnover grew by 11,3% during Q4 FY2022 when compared to the same quarter in the previous financial year. Online retail turnover for the Group grew by 12,1% (TFG Africa: 13,5%) for Q4 FY2022 compared to the same period in the previous financial year.

For the 12 months to 31 March 2022, total Group retail turnover grew by 31,6% compared to the same period in the previous financial year, demonstrating the Group's strong recovery from the COVID-19 disruptions. Group cash retail turnover grew by 33,6% compared to the same period in the previous financial year, contributing 79,9% (FY2021: 78,7%) to total Group retail turnover for the 12 months to 31 March 2022.

Group online retail turnover grew by 11,7% (12 months to 31 March 2021: 33,4%) for the 12-month period, contributing 10,2% (FY2021: 12,0%) to total Group retail turnover evidencing the continued strong online demand for all our brands.

#### OUTLOOK

The Group will continue to invest in its key strategic initiatives to further strengthen its differentiated business model, which has proven to be resilient and has consistently delivered superior growth in all its operating territories. Further, the Group made progress on its key strategic objectives and its speciality brand business portfolio which

remains very well positioned for further organic and inorganic growth, supported by a strong Group balance sheet.

Operationally, in light of the current macroeconomic conditions, there will be a continued focus on further improving gross profit margins, expense control, working capital management and disciplined capital allocation.

Trade since the year-end has been encouraging across all three of our trading territories. For the trading month of April 2022, TFG Africa had retail turnover growth of 17,1%, TFG London had growth of 62,3% (GBP) and TFG Australia had growth of 10,9% (AUD), all compared to April 2021.

As announced on SENS on 7 March 2022, the Company entered into a sale and purchase agreement to acquire the entire issued share capital of Tapestry Home Brands Proprietary Limited ('Tapestry'). Tapestry is a prominent direct-to-consumer, vertically integrated designer, manufacturer and omnichannel cash retailer of home furnishings serving consumers' living and sleeping needs, targeting the middle to upper LSM markets. The transaction will provide TFG with exposure to new products and categories as well as new customers that will complement the current TFG customer base in existing categories. The transaction is in line with TFG's stated strategy of vertical integration in key product categories, to protect and improve margins, and the continued development of its quick response local manufacturing capability. The transaction is subject to the fulfilment of a number of conditions precedent, one being approval from the relevant competition authorities and the Takeover Regulation Panel.

FURTHER TRADING STATEMENT FOR THE TWELVE MONTHS ENDED 31 MARCH 2022  
Shareholders are referred to the trading statement released on SENS on 25 April 2022 and are advised that the Group's basic and diluted headline earnings per share for the year ended 31 March 2022 are expected to be within the following ranges:

	Reported	Expected	
	Year ended 31 March 2021	Year ended 31 March 2022	
	Cents	Cents	%
Basic headline earnings per ordinary share	197,9	995,4 to 1 015,2	403,0% to 413,0%
Diluted headline earnings per ordinary share	197,2	991,9 to 1 011,6	403,0% to 413,0%

Basic and diluted earnings per share are expected to be within the following ranges:

	Reported	Expected	
	Year ended 31 March 2021	Year ended 31 March 2022	
	Cents	Cents	%
Basic earnings per ordinary share	-614,0	859,6 to 921,0	240,0% to 250,0%
Diluted earnings per ordinary share	-611,8	856,5 to 917,7	240,0% to 250,0%

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 territories during the 12 months ended 31 March 2021 ('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 R709,0 million in the prior period specifically affected basic earnings per share and diluted earnings per share;
- The R2,7 billion after tax non-cash impairment of the carrying values of TFG London's goodwill and intangible assets in the prior period specifically affected basic earnings per share and diluted earnings per share;
- The civil unrest experienced in the current period in South Africa in July 2021, as previously reported; and
- The Group's continued strong trading performance across all 3 our main territories in Q3 FY2022, as previously reported, and in Q4 FY2022, as reported above.

#### ANNUAL FINANCIAL RESULTS

Shareholders are advised that the Group expects to release its annual financial results for the 12 months ended 31 March 2022 on SENS on Friday, 10 June 2022.

A live webcast of the annual financial results presentation will be broadcast at 10:00 am (SAS) on Friday, 10 June 2022. A registration link for the webcast will be available on the Company's website at [www.tfglimited.co.za](http://www.tfglimited.co.za). The slides for the annual financial results presentation will be made available on the Company's website prior to the commencement of the webcast. A delayed version of the webcast will be available later the same day.

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

Cape Town  
20 May 2022

Sponsor:  
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