A COMMON THREAD DRIVES US

2021

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

THE FOSCHINI GROUP LIMITED

SALIENT FEATURES

GROUP REVENUE
-7,5%

GROUP REVENUE DOWN 7,5% TO R35,6 BILLION

OPERATING LOSS
-R719,2 million

OPERATING LOSS BEFORE FINANCE COSTS OF R719,2 MILLION (MARCH 2020: OPERATING PROFIT BEFORE FINANCE COSTS OF R4,7 BILLION)

GROUP RETAIL TURNOVER
-6,7%

GROUP RETAIL TURNOVER DOWN 6,7% (EXCLUDING JET -13,0%)* TO R33,0 BILLION, BUT A STRONG RECOVERY IN H2 FY2021 WITH GROUP RETAIL TURNOVER GROWTH OF 11,2% (EXCLUDING JET -0,8%)* COMPARED TO H2 FY2020

STRONG CASH GENERATION
R9,4 billion

STRONG CASH GENERATION FROM OPERATIONS OF R9,4 BILLION (MARCH 2020: R8,3 BILLION)

GROUP ONLINE RETAIL TURNOVER
12,0%

GROUP ONLINE RETAIL TURNOVER NOW CONTRIBUTES 12,0% TO GROUP RETAIL TURNOVER WITH STRONG GROWTH FOR TFG AFRICA AND TFG AUSTRALIA AT 132,4%^ (ZAR) AND 58,1% (AUD) RESPECTIVELY

NET DEBT
R1,3 billion

REDUCTION IN NET DEBT FROM R8,4 BILLION (MARCH 2020 PRE-IFRS 16) TO R1,3 BILLION (MARCH 2021 PRE-IFRS 16)**

GROSS MARGIN
45,5%

GROSS MARGIN CONTRACTED TO 45,5% (MARCH 2020: 52,7%) MAINLY AS A RESULT OF DEALING WITH SEASONAL INVENTORY WHERE CLEARANCES WERE IMPACTED BY THE VARIOUS LOCKDOWNS

NON-CASH IMPAIRMENT
R2,7 billion

R2,7 BILLION AFTER TAX NON-CASH IMPAIRMENT OF THE CARRYING VALUES OF TFG LONDON'S GOODWILL AND INTANGIBLE ASSETS ON THE BACK OF THE IMPACT THE COVID-19 PANDEMIC HAS HAD ON THE TRADING ENVIRONMENT

HEADLINE EARNINGS PER SHARE
-80,8%

HEADLINE EARNINGS PER SHARE OF 197,9 CENTS DOWN 80,8% (MARCH 2020: 1 029,3 CENTS PER SHARE)

FINAL DIVIDEND
THE SUPERVISORY BOARD HAS DECIDED THAT IT WOULD BE PRUDENT NOT TO DECLARE A FINAL DIVIDEND AT THIS YEAR-END, BUT PLANS TO RESUME DIVIDENDS IN THE 2022 FINANCIAL YEAR (MARCH 2020: 335,0 CENTS PER SHARE FOR THE FULL YEAR)

BASIC EARNINGS PER SHARE
-166,3%

BASIC EARNINGS PER SHARE DOWN 166,3% TO A LOSS OF 614,0 CENTS PER SHARE (MARCH 2020: BASIC EARNINGS PER SHARE OF 925,7 CENTS PER SHARE)

ACQUISITION OF THE JET BUSINESS
ACQUISITION OF THE JET BUSINESS FOR A PURCHASE CONSIDERATION OF R385,3 MILLION WHICH RESULTED IN THE RECOGNITION OF A BARGAIN PURCHASE GAIN OF R709,0 MILLION

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

^ *Online retail turnover for the period 1 May 2020 to 31 March 2021. April has been excluded from this growth as we were not permitted to fulfil any online deliveries during the South African government-enforced lockdown in April 2020*.*

** *Pro forma information used to calculate net debt pre-IFRS 16.*

These results were prepared by the TFG Finance and Advisory department of The Foschini Group Limited, acting under supervision of Bongiwe Ntuli CA(SA), Chief Financial Officer (CFO) of The Foschini Group Limited.

COMMENTARY

SUCCESSFUL EXECUTION OF STRATEGIC MEASURES SUPPORTS GROUP PERFORMANCE DURING UNPRECEDENTED COVID-19 PANDEMIC – A PIVOTAL YEAR IN TFG'S STRATEGIC TRANSFORMATION

As a result of the COVID-19 pandemic, the past financial year was characterised by unprecedented global economic, political and social turmoil. Consumer sentiment, although in the process of recovering, has remained muted and spend remains suppressed.

As previously announced, most of the Group's 4 083 trading outlets across all our major trading territories – South Africa, the United Kingdom (UK) and Australia - were closed in the first month of our financial year (April 2020). In South Africa, 447 jewellery stores remained closed during the month of May 2020 due to the prevailing lockdown restrictions. Further lockdowns were experienced in certain states of Australia, in the UK and other international markets, which continued to adversely impact trade performance in these countries throughout our 2021 financial year.

While all three of our main territories continue to be impacted by COVID-19, TFG Africa and TFG Australia continued to trade strongly in Q4 FY2021.

The UK continues to be the hardest hit with no stores operating during Q4 FY2021. As previously advised, the third UK national lockdown (announced on 4 January 2021) was in place for the full fourth quarter of the financial year, with non-essential retail only reopening on 12 April 2021. In total, the UK lost approximately 50% of its available store trading hours during the past financial year and experienced severely depressed footfall and consumer confidence for the remainder of the year. Following the review of the carrying value of the investment in the fourth quarter, the impacts of the above-mentioned uncontrollable circumstances, coupled with the significant deterioration in the Weighted Average Cost of Capital (WACC) rates used, due to an increase in the business risk rates applied and confirmation of the closure of a number of department store concessions through which we had previously traded, a decision was taken to impair approximately 56% of the carrying values of TFG London's goodwill and intangible assets.

Despite the challenges described above, the Group, in line with its strategic intent, continues to invest for the long-term and to further strengthen its digital and local supply chain and manufacturing capabilities. Now that the UK has reopened for trading, most of our brands are currently trading above expectations as consumers start to return to stores.

FINANCIAL PERFORMANCE

Against this backdrop, the Group's retail turnover for the year ended 31 March 2021 decreased by 6,7% to R33,0 billion. Excluding the recently acquired Jet business, retail turnover for the year decreased by 13,0%*. Particularly encouraging, however, was the strong recovery in H2 FY2021 with Group retail turnover growth of 11,2% (excluding Jet -0,8%)* compared to H2 FY2020.

Cash retail turnover for the year ended 31 March 2021 decreased by 0,8% while credit retail turnover, which was purposely restricted by stringent and reduced acceptance criteria, decreased by 23,6%. Cash retail turnover now contributes 78,7% to total Group retail turnover.

Online retail turnover in TFG Africa and TFG Australia exceeded management's expectation with strong growth of 132,4%^ (ZAR) in TFG Africa and 58,1% (AUD) in TFG Australia for the year ended 31 March 2021. In the UK, however, online performance continues to be negatively impacted by weaker department store online channels. Online retail turnover from TFG London's own sites for the year ended 31 March 2021 increased by 9,1% (GBP) compared to the previous comparable period. For the year ended 31 March 2021, online retail turnover contributed 12,0% to total Group retail turnover, up from an 8,4% contribution in the comparative 12-month period.

Gross margin for the Group decreased by 7,2% to 45,5% due to increased promotional activity in response to challenging trading conditions, stock provisions and a change in product mix across all three segments. Additional stock provisions were taken in all three of our operating territories to deal with the impact that the various lockdowns had on the clearance of seasonal product, to ensure that the Group is well positioned going into the new financial year.

A significant effort from management teams across the three segments ensured that trading expenses for the year ended 31 March 2021 were curtailed. This was achieved through operational discipline and various cost savings initiatives, including business optimisation initiatives in TFG Africa and TFG London. The Group also benefited from various government relief measures related to COVID-19.

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

^ *Online retail turnover for the period 1 May 2020 to 31 March 2021. April has been excluded from this growth as we were not permitted to fulfil any online deliveries during the South African government-enforced lockdown in April 2020*.*

FINANCIAL PERFORMANCE continued

Headline earnings per share and basic earnings per share decreased by 80,8% and 166,3% respectively. Earnings performance was impacted by the COVID-19 pandemic and outlet closures as outlined previously, as well as, *inter alia*, by the following non-comparable events:

- 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 as well as acquisition costs of R16,8 million has impacted specifically on basic earnings per ordinary share and diluted earnings per ordinary share; and
- The R2,7 billion after tax non-cash impairment of the carrying values of TFG London's goodwill and intangible assets which has impacted specifically on basic earnings per ordinary share and diluted earnings per ordinary share.

STRONG STATEMENT OF FINANCIAL POSITION

The Group generated cash from operations of R9,4 billion for the year ended 31 March 2021, which is a very pleasing result. This was achieved through the focused preservation of cash resources and the responsible optimisation of working capital. This, together with the R3,8 billion successful rights offer, has supported the reduction in net debt from R8,4 billion (pre-IFRS 16)** at the end of March 2020 to R1,3 billion (pre-IFRS 16)** at the end of March 2021.

Ongoing focus on working capital management has also resulted in the Group's current ratio improving to 1,8 from 1,5 at year-end, with inventory balances reducing by c.R100,0 million since 31 March 2020 and inventory days reducing by 15 days to 169 days, notwithstanding the acquisition of Jet during the financial year.

SEGMENTAL PERFORMANCE UPDATE

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

Merchandise category	H1 April 2020 to Sept 2020	H2 Oct 2020 to March 2021	FY 2021	FY 2021 Contribution to TFG Africa retail turnover
Clothing	(25,7%)	24,4%	0,8%	71,8%
Homeware	(10,0%)	21,3%	6,5%	7,6%
Cosmetics	(34,3%)	(3,6%)	(18,2%)	3,9%
Jewellery	(41,0%)	(6,4%)	(22,0%)	5,2%
Cellphones	17,6%	48,2%	33,5%	11,5%
Total TFG Africa	(22,1%)	22,7%	1,6%	100,0%

Cash retail turnover, contributing 69,3% of TFG Africa's total retail turnover, grew by 19,0% when compared to the same period in the previous financial year, while credit retail turnover decreased by 23,6% when compared to the same period in the previous financial year. Product deflation for TFG Africa was -2,2%.

TFG Australia's retail turnover, contributing 17,9% to Group retail turnover, decreased by 7,1% (AUD) when compared to the same period in the previous financial year, while TFG London's retail turnover, contributing 12,7% to Group retail turnover, decreased by 49,7% (GBP) when compared to the same period in the previous financial year.

The retail turnover growth/(decline) when compared to the same period in the previous financial year in each of our business segments was as follows:

Business segment	H1 April 2020 to Sept 2020	H2 Oct 2020 to March 2021	FY 2021	FY 2021 Contribution to Group retail turnover
TFG Africa (ZAR)	(22,1%)	22,7%	1,6%	69,4%
TFG London (GBP)	(56,2%)	(42,8%)	(49,7%)	12,7%
TFG Australia (AUD)	(26,9%)	11,8%	(7,1%)	17,9%
Group (ZAR)	(26,1%)	11,2%	(6,7%)	100,0%

*** Pro forma information used to calculate net debt pre-IFRS 16.*

SEGMENTAL PERFORMANCE UPDATE continued

As was announced in the Group's trading statement on the Stock Exchange News Service (SENS) on 14 May 2021, TFG London was the hardest hit by stringent government-enforced lockdowns during the past financial year, with retail turnover for the 12-month period contracting by 49,7% on the previous year, as a result of mandatory store closures. In total, the UK lost approximately 50% of its available store trading hours during the past financial year.

The Phase Eight and Hobbs brands were particularly hard-hit by the pandemic, as these brands predominantly serve the occasion wear and formal workwear segments. These segments experienced reduced customer demand as socialising and in-office attendance remained largely prohibited.

In the lead up to the outbreak of the pandemic, TFG London was a strong and fast-growing business. In the report on the Global Powers of Luxury Goods 2020, Deloitte identified TFG London as the third fastest growing brand portfolio in the world, behind Richard Mille SA and Canada Goose Holdings Inc., with a three-year Compound Annual Growth Rate (CAGR) of 33% between 2016 and 2019.

The pandemic has not only directly impacted trading over the last financial year, but it has also had significant long-term ramifications on TFG London's department store partners, reducing TFG London's projected future cash flows. The increase in the level of uncertainties in the trading environment and the impact on future projected cash flows has negatively impacted the discount rates applied in assessing the carrying values. After reassessing the carrying values of the goodwill and intangible assets related to TFG London, a non-cash impairment of R2,7 billion after tax has been recognised.

Despite this reassessment, we consider the TFG London brands to have retained their brand equity during this period, and we are encouraged by current trade exceeding expectations since the reopening of non-essential retail in the UK on 12 April 2021, albeit with fewer physical stores and concession routes to market. We however continue to explore alternative routes to market. In addition, following completion of the final phase of portfolio integration to the single TFG London operating platform, the conclusion of the associated head office restructuring and the closure of 230 non-profitable stores and concessions, we are able to take the business forward with a more efficient infrastructure and an appropriately reduced cost base in place.

STORE PORTFOLIO

At 31 March 2021, the Group traded out of 4 284 outlets across 26 countries. During the year, 142 outlets were opened and 366 outlets closed, with outlet movement in the respective business segments as follows:

Outlets	**TFG Africa**	**TFG London**	**TFG Australia**	**Group**
Opening balance at 1 April 2020	**2 577**	**972**	**534**	**4 083**
New outlets	**55**	**59**	**28**	**142**
Jet acquisition	**425**	**–**	**–**	**425**
Closed outlets	**(128)**	**(230)**	**(8)**	**(366)**
Closing balance at 31 March 2021	**2 929**	**801**	**554**	**4 284**

The Group continued its focus on space rationalisation and the renegotiation of rentals. In TFG London the shift to turnover-based rentals and shorter lease terms continued.

CREDIT

The impact of the COVID-19 pandemic on trading activity and the decrease in new account initiatives, contributed to demand for new accounts decreasing by 41,9% year-on-year. Approval rates at 14,9% on average for the financial year reflect the conservative new account strategy. Demand did however improve by 50,1% in the second half of the financial year compared to the first half, as marketing activities were resumed and the level of government intervention to curb the spread of the COVID-19 pandemic was less severe. The average approval rate for the second half of the year increased to 19,0% (H2 2020: 9,1%) to stimulate responsible credit retail turnover and debtors' book growth.

The muted new account growth and the impact of the lockdown on store activity, resulted in credit sales decreasing by 23,6% year-on-year for the financial year. Credit sales now contribute 30,7% (March 2020: 40,9%) of total TFG Africa retail turnover.

The retail net debtors' book of R6,6 billion decreased by 14,5% year-on-year. The allowance for impairment as a percentage of the debtors' book remained stable at 20,7% (March 2020: 20,4%). As the COVID-19 pandemic is still ongoing, an overlay to account for the potential effects of the pandemic on credit losses was retained in the allowance for impairment.

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 period 25 September 2020 to 31 March 2021 relating to the acquired Jet stores were removed as if the acquisition did not take place.

Pro forma management account information for online retail turnover was also used in this announcement for illustrative purposes only to provide an indicative online retail turnover growth for TFG Africa excluding the month of April.

April has been excluded from this growth as we were not permitted to fulfil any online deliveries during the South African government-enforced lockdown in April 2020.

Pro forma information for net debt pre-IFRS 16 was also used in this announcement as this is a key metric within the Group's debt reporting.

This pro forma information, which is prepared for illustrative purposes and 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 retail turnover numbers used were:

Pro forma Group retail turnover, excluding Jet retail turnover:

Group	FY 2021 Rm	FY 2020 Rm	Growth %
Group retail turnover including Jet	**32 950,3^**	35 323,3^^	(6,7%)
Less: Jet retail turnover#	**2 228,0**		
Group retail turnover excluding Jet	**30 722,3**	35 323,3	(13,0%)

^ *Reviewed.*
^^ *Audited.*
# *The adjustment is based on management accounts. The Group is satisfied with the quality of these management accounts which are unaudited.*

Pro forma Group retail turnover, excluding Jet for H2 October to March 2021:

Group	H2 Oct 2020 to March 2021*** Rm	H2 Oct 2019 to March 2020**** Rm	Growth %
Full year Group retail turnover	**32 950,3^**	35 323,3^^	(6,7%)
Less: H1 Unaudited results previously published	**12 530,0**	16 955,2	
H2 October to March including Jet	**20 420,3**	18 368,1	11,2%
Less: Jet retail turnover#	**2 205,9**		
Group retail turnover excluding Jet	**18 214,4**	18 368,1	(0,8%)

^ *Reviewed.*
^^ *Audited.*
*** *H2 October 2020 to March 2021 numbers are unaudited and derived from deducting the unaudited half-year results previously published from the full-year published results of 31 March 2021.*
**** *H2 October 2019 to March 2020 numbers are unaudited and derived from deducting the unaudited half-year results previously published from the full-year published results of 31 March 2020.*
# *The adjustment is based on management accounts. The Group is satisfied with the quality of these management accounts which are unaudited.*

PRO FORMA INFORMATION continued

Pro forma TFG Africa online retail turnover:

TFG Africa	FY 2021 Rm	FY 2020 Rm	Growth %
TFG Africa online retail turnover for the period 1 April to 31 March##	**798,3**	366,4	117,9%
Less: TFG Africa online retail turnover in April#	**9,9**	27,1	
TFG Africa online retail turnover for the period 1 May 2020 to 31 March 2021	**788,4**	339,3	132,4%

 # The adjustment is based on management accounts. The Group is satisfied with the quality of these management accounts which are unaudited.
These numbers are unaudited and obtained from management accounts.

The pro forma net debt pre-IFRS 16 numbers were calculated using reviewed numbers from current and audited numbers from previously published results as follows:

	March 2021 Rm	March 2020 Rm
Total interest-bearing debt	**14 344,6^**	19 927,3^^
Less: Cash and cash equivalents	**4 843,2^**	2 969,1^^
Net debt	**9 501,4**	16 958,2
Less: Lease liabilities	**8 186,9^**	8 597,8^^
Net debt pre-IFRS 16	**1 314,5**	8 360,4

^ *Reviewed.*
^^ *Audited.*

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.

Deloitte & Touche has issued an unmodified reporting accountants' report on the pro forma financial information, which is available for inspection at the Company's registered office and on the Company's website at https://tfglimited.co.za/investor-information/financial-reports-and-presentations/.

SUPERVISORY BOARD UPDATES

As was announced on SENS previously, the following changes took place during the year.

- G H Davin, an independent non-executive director, was appointed as the Lead Independent Non-Executive Director with effect from 1 August 2020;
- R Stein, previously categorised as a non-executive director, was classified as an independent non-executive director effective 29 July 2020; and
- Certain changes were made to the various Board committees effective 1 August 2020.

OUTLOOK

Macroeconomic conditions in all territories in which we operate are likely to remain constrained, and changing customer needs will continue to disrupt traditional business models and accelerate digitalisation.

The impact of lockdown measures has further caused a structural shift in the way we conduct business and how our customers interact with us. This will determine how we operate and engage with our customers in future, where we invest and what, strategically, we prioritise.

However, the past year has also demonstrated that TFG remains resilient under extremely difficult and unprecedented circumstances.

We remain committed to the prioritisation of our strategic investments in digital transformation and localised quick response manufacturing. We are satisfied with the manner in which we have de-geared our statement of financial position, both as a result of the successful rights offer as well as from strong trading conditions since the reopening of the various economies in which we trade. We will continue with our strong focus on expense control and capital management.

We are well positioned to benefit from the expected recovery in the UK, which will be aided, to a large extent, by the extensive vaccine roll-out programme.

The Supervisory Board would like to take this opportunity to thank the management teams and employees of each of the business units for leading the Group through the pandemic and the challenging economic environments within which TFG operates.

RESULTS PRESENTATION WEBCAST

A live webcast of the result presentation will be broadcast at 10:00 am (SAS) on 10 June 2021. A registration link for the webcast will be available on the Company's website at www.tfglimited.co.za. The slides for the annual 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 on the same day.

FINAL ORDINARY DIVIDEND ANNOUNCEMENT

The Supervisory Board has decided that it would be prudent not to declare a final dividend at this year-end (March 2020: No final dividend). As previously communicated, the Supervisory Board had guided that dividends would only be resumed when appropriate to do so. Given the better than expected recent trade performance across the Group as well as the Group's strong statement of financial position, the Supervisory Board anticipates resuming dividend payments during the 2022 financial year, with a higher planned dividend cover of 2x (with reference to headline earnings per share). This remains subject to potential acquisition/organic growth opportunities.

PREFERENCE DIVIDEND ANNOUNCEMENT

Dividend no. 169 of 3,25% (6,5 cents per share) (gross) in respect of the six months ending 30 September 2021 has been declared from income reserves, payable on Monday, 20 September 2021 to holders of 6,5% preference shares recorded in the books of the company at the close of business on Friday, 17 September 2021. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 14 September 2021. The Foschini Group Limited preference shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 15 September 2021 and the record date, as indicated, will be Friday, 17 September 2021.

Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 15 September 2021 to Friday, 17 September 2021, both dates inclusive.

In terms of paragraph 11.17 of the JSE Listings Requirements, the following additional information is disclosed:

1) Local dividend tax rate is 20%;
2) The withholding tax, if applicable at the rate of 20%, will result in a net cash dividend per share of 5,20000 cents;
3) The issued preference share capital of The Foschini Group Limited is 200 000 shares at 10 June 2021; and
4) The Foschini Group Limited's tax reference number is 9925/133/71/3P.

Signed on behalf of the Supervisory Board.

M Lewis
Chairman

A E Thunström
Chief Executive Officer

Cape Town
10 June 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2021 Reviewed Rm	As at 31 March 2020 Audited Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**2 525,0**	2 937,4
Goodwill and intangible assets	**7 301,8**	9 738,5
Right-of-use assets	**6 967,8**	7 499,3
Investment (note 18)	**123,8**	–
Deferred taxation assets	**1 169,5**	1 228,2
	18 087,9	21 403,4
Current assets		
Inventory (note 4)	**8 331,5**	8 431,1
Trade receivables – retail	**6 636,9**	7 762,4
Other receivables and prepayments	**1 331,3**	1 490,4
Concession receivables	**39,3**	62,7
Cash and cash equivalents	**4 843,2**	2 969,1
Taxation receivable	**3,4**	39,6
	21 185,6	20 755,3
Total assets	**39 273,5**	42 158,7
EQUITY AND LIABILITIES		
Equity attributable to equity holders of The Foschini Group Limited	**17 211,0**	15 942,6
LIABILITIES		
Non-current liabilities		
Interest-bearing debt	**3 894,6**	5 480,3
Put option liability	**45,5**	54,2
Lease liabilities	**5 064,6**	5 596,8
Deferred taxation liabilities	**816,5**	1 087,2
Post-retirement defined benefit plan	**246,7**	228,6
	10 067,9	12 447,1
Current liabilities		
Interest-bearing debt	**2 263,1**	5 849,2
Trade and other payables	**6 382,3**	4 786,4
Lease liabilities	**3 122,3**	3 001,0
Taxation payable	**226,9**	132,4
	11 994,6	13 769,0
Total liabilities	**22 062,5**	26 216,1
Total equity and liabilities	**39 273,5**	42 158,7

CONDENSED CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2021 Reviewed Rm	Year ended 31 March 2020 Audited Rm	% change
Revenue (note 5)	**35 585,8**	38 476,5	
Retail turnover	**32 950,3**	35 323,3	(6,7)
Cost of turnover	**(17 960,0)**	(16 700,1)	
Gross profit	**14 990,3**	18 623,2	
Interest income (note 6)	**1 358,4**	1 759,7	
Other income (note 7)	**1 277,1**	1 393,5	
Net bad debt	**(1 222,4)**	(1 275,5)	
Trading expenses (note 8)	**(14 856,7)**	(15 816,2)	
Operating profit before acquisition costs, gain on bargain purchase and impairment of goodwill and brands	**1 546,7**	4 684,7	(67,0)
Acquisition costs (note 17)	**(16,8)**	–	
Gain on bargain purchase (note 17)	**709,0**	–	
Impairment of goodwill and brands (note 14)	**(2 958,1)**	–	
Operating (loss) profit before finance costs	**(719,2)**	4 684,7	(115,4)
Finance costs (note 9)	**(993,5)**	(1 335,4)	
(Loss) profit before tax	**(1 712,7)**	3 349,3	
Income tax expense	**(149,1)**	(905,5)	
(Loss) profit for the year	**(1 861,8)**	2 443,8	
Attributable to:			
Equity holders of The Foschini Group Limited	**(1 861,8)**	2 443,8	

	Year ended 31 March 2021 Reviewed	Year ended 31 March 2020 Reviewed	% change
Earnings per ordinary share (cents) – (note 11)			
Basic^	**(614,0)**	925,7	(166,3)
Diluted (basic)^	**(611,8)**	921,4	(166,4)

^ *As required by IAS 33, the prior year basic and diluted weighted average number of shares has been adjusted retrospectively to account for the bonus element arising from the rights issue.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2021 Reviewed Rm	Year ended 31 March 2020 Audited Rm
(Loss) profit for the year	**(1 861,8)**	2 443,8
Other comprehensive (loss) income:		
Items that will never be reclassified to profit or loss		
Actuarial gain on post-retirement defined benefit plan	**-**	14,7
Deferred tax on items that will never be reclassified to profit or loss	**-**	(4,1)
Items that are or may be reclassified to profit or loss		
Movement in effective portion of changes in fair value of cash flow hedges	**(402,1)**	212,8
Foreign currency translation reserve movements	**(281,3)**	1 103,8
Deferred tax on items that are or may be reclassified to profit or loss	**119,0**	(62,4)
Other comprehensive (loss) income for the year, net of tax	**(564,4)**	1 264,8
Total comprehensive (loss) income for the year	**(2 426,2)**	3 708,6
Attributable to:		
Equity holders of The Foschini Group Limited	**(2 426,2)**	3 708,6

SUPPLEMENTARY INFORMATION

	31 March 2021 Reviewed	31 March 2020 Reviewed
Net number of ordinary shares in issue (millions)	**323,4**	231,7
Weighted average number of ordinary shares in issue (millions)^	**303,2**	264,0

^ *As required by IAS 33, the prior year basic and diluted weighted average number of shares has been adjusted retrospectively to account for the bonus element arising from the rights issue.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of The Foschini Group Limited Rm
Equity at 31 March 2019 – audited	14 049,1
Total comprehensive income for the year	3 708,6
Profit for the year	2 443,8
Other comprehensive income	
Actuarial gain on post-retirement defined benefit plan	14,7
Movement in effective portion of changes in fair value of cash flow hedges	212,8
Foreign currency translation reserve movements	1 103,8
Deferred tax on movement in other comprehensive income	(66,5)
Share-based payments reserve movements	76,1
Dividends paid	(1 839,3)
Proceeds from sale of shares in terms of share incentive schemes	191,0
Shares purchased in terms of share incentive schemes	(242,9)
Equity at 31 March 2020 – audited	15 942,6

	Attributable to equity holders of The Foschini Group Limited Rm
Equity at 31 March 2020 – audited	**15 942,6**
Total comprehensive loss for the year	**(2 426,2)**
Loss for the year	**(1 861,8)**
Other comprehensive loss	
Movement in effective portion of changes in fair value of cash flow hedges	**(402,1)**
Foreign currency translation reserve movements	**(281,3)**
Deferred tax on movement in other comprehensive income	**119,0**
Share-based payments reserve movements	**220,4**
Share capital issued and share premium raised	**3 808,3**
Proceeds from sale of shares in terms of share incentive schemes	**2,9**
Shares purchased in terms of share incentive schemes	**(337,0)**
Equity at 31 March 2021 – reviewed	**17 211,0**

	Year ended 31 March 2021 Reviewed	Year ended 31 March 2020 Audited
Dividend per ordinary share (cents)		
Interim	**–**	335,0
Final	**–**	–
Total	**–**	335,0

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March 2021 Reviewed Rm	Year ended 31 March 2020 Audited Rm
Cash flows from operating activities		
Operating profit before working capital changes (note 10)	**6 523,7**	8 794,5
Decrease (increase) in working capital	**2 910,5**	(542,1)
Cash generated from operations	**9 434,2**	8 252,4
Interest income	**105,2**	24,4
Finance costs (note 9)	**(993,5)**	(1 335,4)
Taxation paid	**(396,6)**	(1 148,0)
Dividends received (note 18)	**34,8**	–
Dividends paid	**–**	(1 839,3)
Net cash inflows from operating activities	**8 184,1**	3 954,1
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	**(628,7)**	(1 119,4)
Proceeds from sale of property, plant and equipment and intangible assets	**10,8**	18,5
Business combination acquisition, net of cash acquired (note 17)	**(374,1)**	–
Investment in insurance arrangement (note 18)	**(127,0)**	–
Net cash outflows from investing activities	**(1 119,0)**	(1 100,9)
Cash flows from financing activities		
Shares purchased in terms of share incentive schemes	**(337,0)**	(242,9)
Proceeds from sale of shares in terms of share incentive schemes	**2,9**	191,0
(Decrease) increase in interest-bearing debt	**(5 076,4)**	1 948,3
Lease liability payments	**(3 491,7)**	(2 997,9)
Net proceeds from rights issue (note 11)	**3 808,3**	–
Net cash outflows from financing activities	**(5 093,9)**	(1 101,5)
Net increase in cash and cash equivalents during the year	**1 971,2**	1 751,7
Cash and cash equivalents at the beginning of the year	**2 969,1**	1 111,0
Effect of exchange rate fluctuations on cash held	**(97,1)**	106,4
Cash and cash equivalents at the end of the year	**4 843,2**	2 969,1

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

Year ended 31 March 2021	TFG Africa retail Reviewed Rm	Credit Reviewed Rm	TFG London Reviewed Rm	TFG Australia Reviewed Rm	Total Reviewed Rm
External revenue	**23 619,0**	**543,9**	**4 178,9**	**5 885,6**	**34 227,4**
External interest income	**105,2**	**1 253,2**	**–**	**–**	**1 358,4**
Total revenue*	**23 724,2**	**1 797,1**	**4 178,9**	**5 885,6**	**35 585,8**
External finance costs	**(380,9)**	**–**	**(58,1)**	**(2,7)**	**(441,7)**
External finance costs on lease liabilities	**(400,9)**	**–**	**(66,3)**	**(84,6)**	**(551,8)**
Depreciation and amortisation	**(596,3)**	**–**	**(141,1)**	**(120,2)**	**(857,6)**
Depreciation on right-of-use assets	**(2 073,7)**	**–**	**(404,6)**	**(940,0)**	**(3 418,3)**
Impairment of property, plant and equipment and intangible assets	**(29,6)**	**–**	**(144,8)**	**(8,9)**	**(183,3)**
Impairment of right-of-use assets	**(31,5)**	**–**	**(154,4)**	**(53,6)**	**(239,5)**
Impairment of trademarks and brands	**–**	**–**	**(1 253,5)**	**–**	**(1 253,5)**
Impairment of goodwill	**–**	**–**	**(1 704,6)**	**–**	**(1 704,6)**
Group loss before tax					**(1 712,7)**
Segmental profit (loss) before tax	**1 802,0**	**45,6**	**(4 235,1)**	**674,8**	**(1 712,7)**

Year ended 31 March 2020	TFG Africa retail Audited Rm	Credit Audited Rm	TFG London Audited Rm	TFG Australia Audited Rm	Total Audited Rm
External revenue	23 285,1	640,2	7 330,9	5 460,6	36 716,8
External interest income	24,4	1 735,3	–	–	1 759,7
Total revenue*	23 309,5	2 375,5	7 330,9	5 460,6	38 476,5
External finance costs	(695,7)	–	(44,8)	(8,6)	(749,1)
External finance costs on lease liabilities	(414,6)	–	(89,5)	(82,2)	(586,3)
Depreciation and amortisation	(562,9)	–	(165,2)	(100,4)	(828,5)
Depreciation on right-of-use assets	(1 850,9)	–	(394,6)	(754,6)	(3 000,1)
Impairment of property, plant and equipment	(25,9)	–	(29,8)	–	(55,7)
Impairment of right-of-use assets	(79,1)	–	(102,2)	(8,0)	(189,3)
Group profit before tax					3 349,3
Segmental profit before tax	2 296,5	539,1	137,7	452,1	3 425,4
Reconciling items to Group profit before tax					
Share-based payments					(76,1)

* *Includes retail turnover, interest income and other income.*

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS continued

Year ended 31 March 2021	TFG Africa retail Reviewed Rm	Credit Reviewed Rm	TFG London Reviewed Rm	TFG Australia Reviewed Rm	Total Reviewed Rm
Segment revenue					
South Africa	**21 763,7**	**1 755,6**	**–**	**–**	**23 519,3**
Rest of Africa	**1 162,2**	**41,5**	**–**	**–**	**1 203,7**
United Kingdom and Ireland	**–**	**–**	**1 069,1**	**–**	**1 069,1**
Australia	**–**	**–**	**1,1**	**5 043,3**	**5 044,4**
Rest of the World	**–**	**–**	**498,8**	**310,0**	**808,8**
E-commerce**	**798,3**	**–**	**2 609,9**	**532,3**	**3 940,5**
Total segment revenue*	**23 724,2**	**1 797,1**	**4 178,9**	**5 885,6**	**35 585,8**
Segment non-current assets					
South Africa					**8 102,5**
Rest of Africa					**330,0**
United Kingdom and Ireland					**2 982,4**
Australia					**5 122,4**
Rest of the World					**257,3**
Total segment non-current assets***					**16 794,6**

Year ended 31 March 2020	TFG Africa retail Audited Rm	Credit Audited Rm	TFG London Audited Rm	TFG Australia Audited Rm	Total Audited Rm
Segment revenue					
South Africa	21 814,8	2 305,1	–	–	24 119,9
Rest of Africa	1 128,3	70,4	–	–	1 198,7
United Kingdom and Ireland	–	–	3 962,5	–	3 962,5
Australia	–	–	16,5	4 939,1	4 955,6
Rest of the World	–	–	1 053,5	231,4	1 284,9
E-commerce**	366,4	–	2 298,4	290,1	2 954,9
Total segment revenue*	23 309,5	2 375,5	7 330,9	5 460,6	38 476,5
Segment non-current assets					
South Africa					7 116,7
Rest of Africa					235,5
United Kingdom and Ireland					7 039,1
Australia					5 375,8
Rest of the World					408,1
Total segment non-current assets***					20 175,2

* *Includes retail turnover, interest income and other income.*
** *E-commerce sales is revenue earned throughout the world in which the segments operate.*
*** *Non-current assets consist of property, plant and equipment, right-of-use assets, goodwill and intangible assets.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The provisional condensed consolidated financial statements for the year ended 31 March 2021 are prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, IAS 34 *Interim Financial Reporting* and the requirements of the Companies Act of South Africa, No. 71 of 2008, as amended. The accounting policies and methods of computation applied in the preparation of these provisional condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements except as noted otherwise. These results were prepared by the TFG Finance and Advisory department acting under supervision of Bongiwe Ntuli CA(SA), CFO of The Foschini Group Limited.

2. During the year, the Group adopted the following accounting standard amendment:

- COVID-19-Related Rent Concessions (amendment to IFRS 16)

Refer to note 15 for the impact of the adoption of the amendment to IFRS 16.

3. These condensed financial statements incorporate the financial statements of the company, all its subsidiaries and all entities over which it has operational and financial control.

	Year ended 31 March 2021 Reviewed Rm	Year ended 31 March 2020 Audited Rm
4. INVENTORY		
Inventory at year-end	**8 331,5**	8 431,1
Inventory losses in the current year amounted to R291,4 million (March 2020: R304,6 million).		
5. REVENUE		
Retail turnover	**32 950,3**	35 323,3
Interest income (note 6)	**1 358,4**	1 759,7
Other income (note 7)	**1 277,1**	1 393,5
	35 585,8	38 476,5
Retail turnover consists of:		
Cash sales*	**25 915,6**	26 114,7
Credit sales*	**7 034,7**	9 208,6
	32 950,3	35 323,3
* *Retail turnover included in the revenue disclosed under segmental reporting for TFG Africa retail includes both cash and credit sales. For the TFG London and TFG Australia segments, revenue only includes cash sales.*		
Retail turnover per merchandise category consists of:		
Clothing	**26 495,2**	29 049,8
Homeware	**1 745,6**	1 638,8
Cosmetics	**887,4**	1 084,8
Jewellery	**1 195,3**	1 582,4
Cellphones	**2 626,8**	1 967,5
	32 950,3	35 323,3
6. INTEREST INCOME		
Trade receivables – retail	**1 253,2**	1 735,3
Sundry**	**105,2**	24,4
	1 358,4	1 759,7

*** Sundry primarily relates to bank interest income earned.*

	Year ended 31 March 2021 Reviewed Rm	Year ended 31 March 2020 Audited Rm
7. OTHER INCOME		
Value-added services	**698,7**	738,8
Collection cost recovery and service fees	**543,9**	640,2
Sundry income	**34,5**	14,5
	1 277,1	1 393,5
8. TRADING EXPENSES		
Net occupancy costs^	**(127,3)**	(685,6)
Occupancy costs	**(4 170,8)**	(4 269,8)
Occupancy costs lease reversal	**4 043,5**	3 584,2
Depreciation on right-of-use assets	**(3 418,3)**	(3 000,1)
Depreciation and amortisation	**(857,6)**	(828,5)
Employee costs	**(5 816,7)**	(6 311,6)
Other operating costs	**(4 636,8)**	(4 990,4)
	(14 856,7)	(15 816,2)

^ *Net occupancy costs include occupancy costs and occupancy costs lease reversal. Occupancy costs refers to costs associated with the rental of property leases. Occupancy costs lease reversal refers to the costs associated with property leases that are accounted for under the IFRS 16 standard. Included within the occupancy costs line is COVID-19 rent concessions amounting to R469,3 million. Refer to note 15 for further details relating to the COVID-19 rent concessions.*

	Year ended 31 March 2021 Reviewed Rm	Year ended 31 March 2020 Audited Rm
9. FINANCE COSTS		
Finance costs on lease liabilities	**(551,8)**	(586,3)
Interest-bearing debt	**(441,7)**	(749,1)
	(993,5)	(1 335,4)
10. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
(Loss) profit before tax	**(1 712,7)**	3 349,3
Finance costs (note 9)	**993,5**	1 335,4
Operating (loss) profit before finance costs	**(719,2)**	4 684,7
Interest income – sundry	**(105,2)**	(24,4)
Dividends received	**(34,8)**	–
Non-cash items	**7 382,9**	4 134,2
Depreciation and amortisation	**874,7**	843,0
Depreciation on right-of-use assets	**3 418,3**	3 000,1
Share-based payments	**220,4**	76,1
Post-retirement defined benefit medical aid movement	**18,1**	9,5
Employee-related provisions	**(7,3)**	(2,5)
Foreign currency transactions	**12,1**	(6,3)
Hedge ineffectiveness on cash flow hedges	**42,1**	(42,1)
Put option liability movement	**(4,5)**	(34,8)
Fair value adjustment	**3,2**	–
Loss on disposal of property, plant and equipment and intangible assets	**165,8**	68,7
Impairment of property, plant and equipment and intangible assets	**183,3**	55,7
Profit on disposal of property, plant and equipment and intangible assets	**(0,6)**	(1,4)
Impairment of right-of-use assets	**239,5**	189,3
Impairment of trademarks and brands	**1 253,5**	–
Impairment of goodwill	**1 704,6**	–
Profit on termination of leases	**(31,3)**	(21,1)
Gain on bargain purchase	**(709,0)**	–
	6 523,7	8 794,5

11. RECONCILIATION OF (LOSS) PROFIT FOR THE YEAR TO HEADLINE EARNINGS

	Year ended 31 March 2021 Reviewed Rm	Year ended 31 March 2020 Audited Rm
(Loss) profit for the year attributable to equity holders of The Foschini Group Limited	**(1 861,8)**	2 443,8
Adjusted for:		
Loss on disposal of property, plant and equipment and intangible assets	**165,8**	68,7
Impairment of property, plant and equipment and intangible assets	**183,3**	55,7
Profit on disposal of property, plant and equipment and intangible assets	**(0,6)**	(1,4)
Impairment of right-of-use assets	**239,5**	189,3
Impairment of trademarks and brands	**1 253,5**	–
Impairment of goodwill	**1 704,6**	–
Gain on bargain purchase	**(709,0)**	–
Headline earnings before tax	**975,3**	2 756,1
Tax on headline earnings adjustments	**(375,2)**	(38,7)
Headline earnings	**600,1**	2 717,4

	Year ended 31 March 2021 Reviewed	Year ended 31 March 2020 Reviewed	% change
Earnings per ordinary share (cents)			
Basic^	**(614,0)**	925,7	(166,3)
Headline^	**197,9**	1 029,3	(80,8)
Diluted (basic)^	**(611,8)**	921,4	(166,4)
Diluted (headline)^	**197,2**	1 024,6	(80,8)

^ *As required by IAS 33, the prior year basic and diluted weighted average number of shares has been adjusted retrospectively to account for the bonus element arising from the rights issue.*

TFG implemented a fully underwritten, renounceable rights issue that raised gross proceeds of R3,95 billion. All requisite resolutions to effect the rights offer were passed by the requisite majority of shareholders at the Group's extraordinary general meeting held on Thursday, 16 July 2020. The rights issue consisted of an offer of 94 270 486 new TFG ordinary shares at a subscription price of R41,90 per rights issue share. The rights issue shares constitute 28,5% of TFG's post-rights issue ordinary share capital. The net proceeds raised amounted to R3,8 billion. The transaction costs relating to the rights issue amounted to R141,7 million and were accounted for as a deduction from equity.

12. RELATED PARTIES

During the year, the Group entered into related party transactions in the ordinary course of business, the substance of which are similar to those disclosed in the Group's annual financial statements for the year ended 31 March 2020.

13. CHANGES TO DIRECTORS

During the year, the following changes took place, as was communicated on the Stock Exchange News Service (SENS) on 29 July 2020 and 5 November 2020:

- G H Davin, an independent non-executive director, was appointed as the Lead Independent Non-Executive Director with effect from 1 August 2020;
- R Stein, previously categorised as a non-executive director, was classified as an independent non-executive director effective 29 July 2020; and
- Certain changes were made to the various Board committees effective 1 August 2020.

14. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND GOODWILL AND INTANGIBLES

Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are assessed at an individual store level for indicators of impairment. Stores with indicators of impairment are often marginally profitable and loss-making stores that we potentially seek to close by no later than the next lease renewal date. These stores usually are loss making and contribute negatively to the future projected cash flows or are not aligned with our expansion strategy. We continually assess the current store base and do not anticipate that these stores will return to profitability in the future until their respective closures. The total impairment of property, plant and equipment and right-of-use assets is R183,3 million and R239,5 million respectively.

Goodwill and intangibles

Indefinite life intangible assets and goodwill are tested at each reporting period for impairment. Prior to the testing of the relevant CGU's for impairment, the indefinite life brands are individually assessed for impairment. The Group is required to assess the recoverable amount in accordance with IAS 36 *Impairment of assets*. A detailed assessment is performed with a number of scenarios which have been weighted and stress tested accordingly. The key assumptions used by management in setting the financial budgets for the initial five-year period include forecasted sales growth rates, expected changes to gross margin and EBITDA margins.

TFG London

An impairment charge of R2 958,1 million (GBP138,9 million), has been recognised in trading expenses in the current year. The impairment charge has been allocated to goodwill of R1 704,6 million and R1 253,5 million to brands. The impairment of the indefinite life brand, resulted in a release of R238,2 million in deferred tax recorded against this brand on the original accounting for the relevant business combination.

TFG Australia

No impairment was required as the recoverable amount exceeded the carrying amount.

15. ACCOUNTING STANDARD AMENDMENT ADOPTED IN THE CURRENT YEAR

The International Accounting Standards Board (IASB) issued COVID-19-Related Rent Concessions (amendment to IFRS 16), which became effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The criteria are as follows:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

The practical expedient has been early adopted from 1 April 2020 for rent concessions that satisfy the criteria above. Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration and discount rate, with the adjustment to the lease liability resulting in a decrease in the right-of-use asset. By applying the practical expedient, the Group is not required to reassess the lease liability and the effect of the change to the lease liability is reflected in profit or loss in the year in which the rent concession occurs. The impact on profit or loss amounted to R469,3 million and is accounted for within the occupancy costs line item under trading expenses.

Subsequent to the amendment issued, the IASB issued COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16), which extends the period for which the practical expedient may be applied to 30 June 2022. The amendment becomes effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted. Therefore the Group will continue to apply the practical expedient in accounting for COVID-19-Related Rent Concessions in the next financial year.

16. IMPACT OF COVID-19 ON FINANCIAL RESULTS AND GOING CONCERN

For the purposes of the current reporting year ended 31 March 2021, management has assessed COVID-19 and related impacts on the Group's operations.

Judgements and estimates applied in the current financial results

The preparation of these financial statements for the Group requires management to make estimates that affect the amounts reported in these financial statements and accompanying notes. Management applies their judgement based on historical evidence, current events and actions that may be undertaken in future. Actual results may ultimately differ from estimates.

Financial performance during the current year

TFG Africa

TFG Africa's retail turnover increased by 1,6% (ZAR) when compared to the same period in the previous financial year. Online retail turnover for the period 1 May 2020 to 31 March 2021 grew by 132,4%*. April has been excluded from this growth as we were not permitted to fulfil any online deliveries during the South African government-enforced lockdown in April 2020. Cash retail turnover for the year, contributing 69,3% to TFG Africa's total retail turnover, grew by 19,0% compared to the previous financial year.

TFG Africa credit

The demand for new accounts declined by 41,9% year-on-year due to the prevailing economic climate and a decrease in new account initiatives. The new account strategy remains conservative, reflected by approval rates averaging 14,9% for the current financial year. Credit retail turnover decreased by 23,6% year-on-year as a result of the muted new account growth and the impact of the lockdown on store activity. The retail net debtors' book of R6,6 billion decreased by 14,5% year-on-year. The allowance for impairment as a percentage of the debtors' book remained relatively stable at 20,7% (March 2020: 20,4%), as a provision for the impact of the COVID-19 pandemic on credit losses was retained.

TFG London

TFG London's retail turnover, contributing 12,7% to Group retail turnover, decreased by 49,7% (GBP) when compared to the same period in the previous financial year. Online performance continues to be negatively impacted by weaker department store online channels. Online retail turnover from TFG London's own sites for the year ended 31 March 2021 increased by 9,1% (GBP) compared to the previous comparable period. For the year ended 31 March 2021, online retail turnover contributed 12,0% to total Group retail turnover, up from an 8,4% contribution in the comparative 12-month period.

TFG Australia

TFG Australia's retail turnover, contributing 17,9% to Group retail turnover, decreased by 7,1% (AUD) when compared to the same period in the previous financial year. Online retail turnover in TFG Australia exceeded management's expectation with strong growth of 58,1% (AUD) in TFG Australia for the year ended 31 March 2021.

Impact of COVID-19 on trade receivables – retail

Collections from the trade receivables – retail book remained robust, but were c.12% lower compared to the prior financial year. Payments received on the active book however, when measured against the book balance, improved year-on-year in the last quarter of the financial year. A combination of in-office and work-from-home workforce enabled customer services and collection activity to continue unabated. A renewed focus on business process automation also improved operational efficiency. In direct response to the hard lockdown, additional payment channels were introduced. Customers are now able to make use of the Paynow facility, which allows instant payments online, using Snapscan, instant EFT or their credit/debit card. In addition, in response to the store closures during April and May, approximately 50% of the customer base as at March 2020 were given either one or two payment holidays.

The allowance for impairment of the trade receivables – retail book includes an assessment in the form of an overlay, to account for the potential effects of the COVID-19 pandemic on credit losses. This assessment was performed by evaluating the impact on credit losses experienced in the current financial year, due to the pandemic itself, and the various levels of lockdown and other interventions announced by governments where credit is offered. To calculate the overlay, management assigned probabilities to different scenarios, which reflect management's best estimate of the future impact of the pandemic with regards to its severity and duration.

* *Pro forma management account numbers used to calculate an indicative retail turnover growth is reflected on page 5 of these results.*

16. IMPACT OF COVID-19 ON FINANCIAL RESULTS AND GOING CONCERN continued

Financial performance during the current year continued

Impact of COVID-19 on concession receivables

Concession receivables relates to balances due from stores located in the United Kingdom, Australia and internationally, where concessions are in place. The provision relating to concessions has taken into account the uncertain environment and forward-looking component available at 31 March 2021.

Impact of COVID-19 on leases

As a result of store closures, the Group communicated with various landlords with request for concessions or reductions in rental arrangements. Agreements were reached and rentals due for the months of April and onwards were withheld or only partially paid where trade has been impacted. Refer to note 15 for the adoption of the Exposure Draft ED/2020/2 COVID-19-Related Rent Concessions relating to the financial impact of these rental concessions or reductions.

Impact of COVID-19 on inventory

COVID-19 has had an impact on the total retail turnover which would have been achieved under normal operations in the run up and to and during the restrictions. The Group assessed the inventory provisioning to identify the impact. The impact relates to possible markdowns below cost due to end of season stock not sold during the closure period. The current season stock has been managed through a significant reduction in purchases in line with expected lower demand. The Group has made provision where it is anticipated that stock will be sold under circumstances which require significant discounting. The total inventory provision amounted to R662,0 million.

Impact of COVID-19 on property, plant and equipment, right-of-use assets and goodwill and intangible assets

Refer to note 14 for the impairments recognised on property, plant and equipment, right-of-use assets and goodwill and intangible assets as a result of COVID-19.

Going concern

The going concern assumption is evaluated based on information available up to the date on which the results are approved for issuance by the Supervisory Board. While there is continuing widespread economic uncertainty regarding the extent of the financial impact of COVID-19 on the segments in which the Group operates, the going concern assumption was considered to be appropriate for the preparation of the Group's results for the year ended 31 March 2021 and management is not aware of material uncertainties related to events or circumstances that may cast significant doubt upon the Group's ability to do so. The Group is adapting business as effectively as possible to deal with the dynamic environment within which we operate and continues to make significant progress in respect of our cost saving initiatives. The conclusion of the rights offer has also insulated the statement of financial position during this time of global economic uncertainty and allows the Group to further execute on the company's growth strategy and vision for the future. In this regard, key considerations included:

- **the Group's outlook regarding trading conditions that will persist into the foreseeable future:** trade has exceeded the amounts expected in the cash flow assessment in the range of varied scenarios that was performed, including assumptions regarding a worst case, slower rate of return to normal trading. Online retail turnover continues to exceed management's expectation across all our major territories, except in the United Kingdom. Despite the hard hit to TFG London due to stringent government-enforced lockdowns during the past financial year we are encouraged by current trade exceeding expectations since the reopening of non-essential retail in the UK on 12 April 2021, albeit with fewer physical store and concession routes to market. We however continue to explore alternative routes to market. In addition, following completion of the final phase of portfolio integration to the single TFG London operating platform, the conclusion of the associated head office restructuring and the closure of 230 non-profitable stores and concessions, we are able to take the business forward with a more efficient infrastructure and an appropriately reduced cost base in place.
- **the Group's debt service and covenants requirements:** the Group has complied with its financial covenants for the reporting period. The Group currently has adequate available unutilised facilities in place of R5,5 billion, as well as available cash of R4,8 billion as at 31 March 2021.
- **the Group's working capital requirements and access to short-term funding:** the Group is managing its cash resources through rental negotiations, minimising expenditure and capex, cutting back on purchases in line with expected demand and securing government assistance where available. The Group has also accessed government funding, where available, in each of our territories of operation and also continues to prioritise cost savings initiatives across all operations and business optimisation initiatives in TFG Africa and TFG London.

Management is confident that there is adequate short-term available funding to meet working capital requirements in the normal course of its operations. The Supervisory Board has assessed the solvency and liquidity of the Group and is satisfied with the Group's ability to continue as a going concern for the foreseeable future.

17. BUSINESS COMBINATIONS – JET ACQUISITIONS

Jet is a leading Southern African retailer (by brand recognition and market share) and will provide TFG with a strategically important expansion into the value segment of the Southern African retail apparel market. TFG concluded an agreement to acquire certain commercially viable stores and stock-holding 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 Group acquired 425 Jet stores for a consideration of R385,3 million.

TFG has measured the identifiable assets and liabilities of Jet at their acquisition-date fair values.

The provisional at-acquisition values are presented below:

	Rm
Non-current assets	**2 422,8**
Property, plant and equipment	229,7
Intangible assets	754,1
Right-of-use assets	1 439,0
Current assets	**538,1**
Inventory	534,9
Cash and cash equivalents	3,2
Non-current liabilities	**1 229,2**
Lease liabilities	950,4
Deferred taxation liability	278,8
Current liabilities	**637,4**
Trade and other payables	148,8
Lease liabilities	488,6
Total identifiable net assets at fair value	**1 094,3**
Gain on bargain purchase arising from acquisition	(709,0)
Purchase consideration	**385,3**
Satisfied by:	
Cash consideration	377,3
Deferred consideration	8,0
Total consideration	**385,3**
Cash consideration	377,3
Less: Cash and cash equivalents acquired	(3,2)
Net cash outflow on acquisition	**374,1**

A gain on bargain purchase of R709,0 million has been recognised in profit or loss in the current year. A gain on bargain purchase occurs when the fair value of net assets of the acquiree exceeds the purchase consideration paid by the acquirer. The gain on bargain purchase arose from a combination of Edcon Limited (the previous owner of the Jet business) being managed under business rescue in terms of the Companies Act and TFG being strategically well placed to absorb the commercially viable parts of the Jet business, to integrate the business successfully and to secure the jobs of approximately 5 200 employees. Acquisition costs related to the Jet acquisition of R16,8 million have been expensed in the current year in profit or loss.

Revenue resulting from the Jet acquisition included in the reporting year is R2,2 billion.

It would be impractical to provide revenue and profit or loss if the business was operating from the beginning of the year as only certain stores and aspects of the Jet business was acquired into the Group and therefore any results would not be entirely accurate and be of no value to the user.

18. INSURANCE ARRANGEMENT

TFG acquired an 85% stake in Hollard Business Associates Proprietary Limited (HBA) during the current year. This acquisition contributes to a seamless customer transition as part of TFG's acquisition of the Jet retail business, maximises customer retention and leverages existing shared intellectual property, processes and systems that have already been put in place by the Jet and Hollard management teams. The transaction entailed TFG subscribing for a special class of shares (AS-shares) in Hollard Business Associates Proprietary Limited. The subscription price for the HBA Shares was an amount equal to R127,0 million.

The investment in Hollard Business Associates Proprietary Limited has been accounted for as a financial instrument measured at fair value through profit or loss. Refer to note 19 for the details of the fair value hierarchy relating to this investment. The fair value loss adjustment of R3,2 million and dividends received of R34,8 million was recognised in other income in the current year. The investment on the statement of financial position is R123,8 million at year-end.

19. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

	Year ended 31 March 2021 Reviewed Rm	Year ended 31 March 2020 Audited Rm
Level 2		
Forward exchange contracts – asset	**–**	320,1
Forward exchange contracts – liability	**(106,2)**	–
Insurance cell captive receivables	**292,5**	260,9
Investment in insurance arrangement	**123,8**	–
Level 3		
Put option liability	**(45,5)**	(54,2)

Measurement of fair values:

The following valuation techniques were used for measuring level 2 fair values:

Forward exchange contracts

The fair values are based on authorised financial institution quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Insurance cell captive receivables

The insurance cell captive receivables have been valued at its net asset value at the reporting date and approximates fair value.

Investment in insurance arrangement

The investment in insurance arrangement has been valued at its net asset value at the reporting date and approximates fair value.

The following valuation techniques were used for measuring level 3 fair values:

Put option liability

The Group has put/call arrangements with certain JV partners which is payable on a basis of 7 times pre-IFRS 16 EBITDA less pre-IFRS 16 net debt. The put/call liability will increase/(decrease) in line with the pre-IFRS 16 EBITDA increase/(decrease) times the multiple less pre-IFRS 16 net debt.

20. SUBSEQUENT EVENTS

Subsequent to year end, the Group acquired certain manufacturing assets from House of Monatic Proprietary Limited, Trade Call Investments Apparel Proprietary Limited, Radeen Fashions Proprietary Limited and The Joint Liquidators of Hanes South Africa Proprietary Limited (in liquidation) for a combined consideration of R23,4 million.

No further significant events took place between the year ended 31 March 2021 and date of issue of this report.

21. AUDITOR'S REVIEW REPORT

The condensed consolidated financial statements have been reviewed by the company's auditors, Deloitte & Touche. They have issued an unmodified review conclusion on the condensed consolidated financial statements. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

Any reference to future outlook or prospects included in this announcement has not been reviewed or reported on by the company's auditors.

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF THE FOSCHINI GROUP LIMITED

We have reviewed the condensed consolidated financial statements of The Foschini Group Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 31 March 2021 and the condensed consolidated income statement, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements contained in a provisional report to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of The Foschini Group Limited for the year ended 31 March 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

Deloitte & Touche
Registered Auditor

Per: MA van Wyk
Partner

10 June 2021

Unit 11 Ground Floor
La Gratitude
97 Dorp Street
Stellenbosch 7600

COMPANY INFORMATION

Executive directors:	A E Thunström, B Ntuli
Non-executive directors:	M Lewis (Chairman), Prof. F Abrahams, S E Abrahams, C Coleman, G H Davin, D Friedland, B L M Makgabo-Fiskerstrand, A D Murray, E Oblowitz, N V Simamane, R Stein
Company Secretary:	D van Rooyen
Registered office:	Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500, South Africa
Registration number:	1937/009504/06
Share codes:	TFG – TFGP
ISIN:	ZAE000148466 – ZAE000148516
Transfer secretaries:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, South Africa Telephone: +27(0) 11 370 5000
Sponsor:	UBS South Africa Proprietary Limited
Website:	www.tfglimited.co.za

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EXACT

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FOSCHINI

GALAXY✶CO

G-STAR RAW

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HOBBS
LONDON

Jet

Johnny BIGG
BY TAROCASH

MARKHAM

Phase Eight

RELAY JEANS

RFO
RENEGADE FASHION OUTLET

ROCKWEAR
ACTIVEWEAR SINCE 1991

SNEAKER FACTORY

SODA BLOC.

sportscene

STERNS
1896

TAROCASH

TOTALSPORTS

WHISTLES

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