A COMMON THREAD CONNECTS US

2021

INTEGRATED ANNUAL REPORT

THE FOSCHINI GROUP LIMITED

CONTENTS

ABOUT OUR REPORT

The Foschini Group Limited presents its 2021 integrated annual report against the backdrop of a year dominated by the COVID-19 global pandemic.

SCOPE AND COMPARABILITY

The 2021 integrated annual report of The Foschini Group Limited and its subsidiaries (collectively referred to as "TFG" or "the Group") covers the financial year from 1 April 2020 to 31 March 2021. Data presented in this report applies to the Group, unless specifically indicated otherwise. Significant events after year-end up to the Supervisory Board approval date of 27 July 2021 have also been included.

Data relating to financial, economic, social and environmental indicators remains broadly comparable to and consistent with our 2020 report. However, the following should be considered when assessing TFG's performance and future prospects as they may affect the comparability of financial and non-financial information.

In March 2020, the World Health Organisation formally recognised COVID-19 as a pandemic. Governments around the world have taken various actions to try and curb the pandemic, including the temporary closure of businesses, restriction on movement between geographical locations, social distancing and limits on any public gatherings. The global economy has experienced major contraction and there remains significant uncertainty regarding the extent and duration of the pandemic. All three of the Group's main territories were impacted by restrictions that were implemented as well as the extent of regulations imposed.

This report presents a balanced view of how COVID-19 impacted not only our performance during the past year, but also influenced our strategy and business model going forward. Throughout the report, the impact of and our response to COVID-19 is discussed in various sections.

In unprecedented trading conditions, the impact was felt by our employees, customers and business partners alike. We thank all frontline workers for their dedication and sacrifice in fighting the pandemic, and remember the 13 TFG employees who tragically lost their lives.

MATERIALITY

This report focuses on matters that have a material impact on TFG's ability to create sustainable value and outlines how these matters impact our business strategy, risks and opportunities, while considering stakeholder perspectives. Matters were identified using the Enterprise Risk Framework and apply to the Group, albeit with different levels of likelihood and impact.

Read more about our process and relevant matters on page 80.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements regarding the results and business activities of TFG, which by their nature involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Various factors could lead to actual results or business activities that differ materially from those implied by these forward-looking statements. Accordingly, these forward-looking statements have not been reviewed or reported on by the Group's external auditors.

FEEDBACK

We value your feedback as we endeavour to provide accurate, transparent and balanced information to our stakeholders. Comments and requests for printed copies of this report can be addressed to the Company Secretary, whose contact details are on page 180. Should you elect to receive regular investor-related electronic communication from TFG, kindly provide your email address by emailing our Investor Relations department at investor_relations@tfg.co.za.

REPORTING BOUNDARY FOR THE INTEGRATED ANNUAL REPORT

The report includes risks and opportunities that significantly affect the Group's ability to sustain value for its stakeholders over the short, medium and long term.

Reporting frameworks

This report is presented in accordance with the requirements of the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1]; the Companies Act of South Africa, No. 71 of 2008, as amended; the JSE Limited (JSE) Listings Requirements and the International Integrated Reporting Council's <IR> Framework.

Financial reporting

This report includes transactions and related events for all subsidiaries over which The Foschini Group Limited has control and significant influence. These subsidiaries are split into three segments:

TFG AFRICA	**This refers to all our operations on the African continent, through 21 established brands. The TFG Africa business segment is managed from the Group's head office in Cape Town, South Africa. While information is provided on all three business segments, prominence is given to TFG Africa as it accounts for 69% of the Group's turnover.**
TFG LONDON	**This refers to the consolidated performance of the Phase Eight, Whistles and Hobbs brands. The TFG London business segment is managed by the local management team based in London, United Kingdom (UK).**
TFG AUSTRALIA	**This refers to the consolidated performance of the Connor, Johnny Bigg, Rockwear, Tarocash and yd. brands, collectively Retail Apparel Group (RAG). The TFG Australia business segment is managed by the local management team based in Sydney, Australia.**

OUR REPORTING SUITE

This report is a concise communication, supplemented by further reporting elements and information available on our investor centre (www.tfglimited.co.za). In conjunction with our integrated annual report, these reports provide a comprehensive view of TFG's performance. Non-financial information provided in this report was not assured externally, other than indicated below:

Financial reporting		Governance reporting		Environmental and social reporting	
Target audience: shareholders, investment community and analysts		Target audience: All stakeholders		Target audience: All stakeholders	
Reporting element	External assurance status and provider	Reporting element	External assurance status and provider	Reporting element	External assurance status and provider
Annual financial statements	Audited by Deloitte & Touche (see external audit report)	TFG corporate governance and Supervisory Board Committee reports	No external assurance	TFG sustainability overview report	No external assurance
Results announcement	Reviewed by Deloitte & Touche	King IV register	No external assurance	B-BBEE credentials and scorecard	Assured by Mazars Consulting Services Proprietary Limited
Results presentation	No external assurance	Notice of annual general meeting	No external assurance		

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SUPERVISORY BOARD APPROVAL

The Supervisory Board acknowledges its responsibility for ensuring the integrity of the integrated annual report and collectively reviewed and assessed the content thereof. The Supervisory Board believes that the integrated annual report:

- has been prepared in accordance with the <IR> Framework;
- presents the material matters that impact the Group in a balanced way;
- is a fair representation of TFG's integrated performance and future prospects; and
- adequately presents TFG's strategy, and how it enables the Group to create value, in a sustainable manner, in the short, medium and long term.

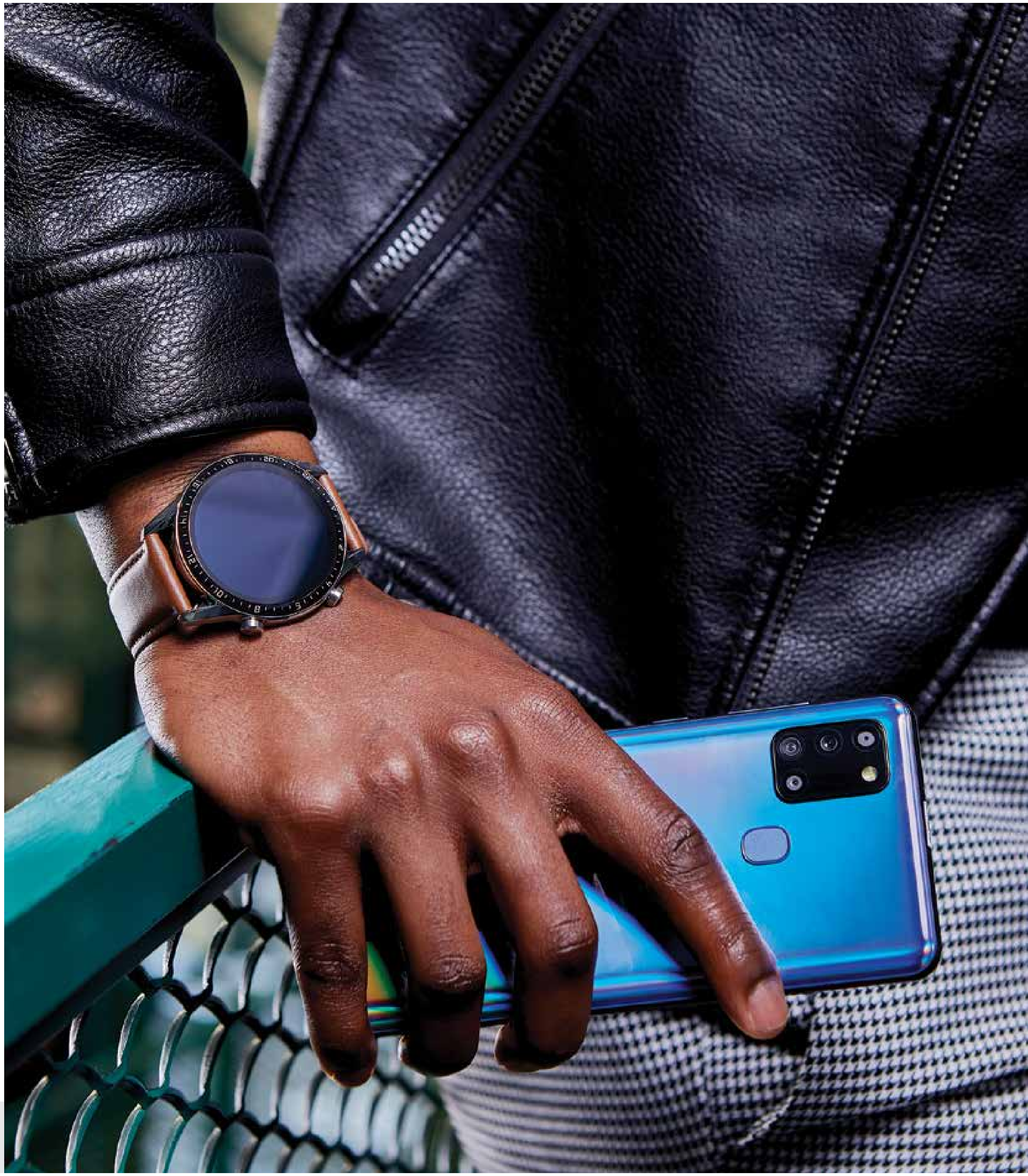
Further information on the procedures, controls and responsibilities related to the preparation of the integrated annual report is provided on page 41.

The Supervisory Board approved the 2021 integrated annual report on 27 July 2021.

M Lewis	**A E Thunström**
Chairman	*Chief Executive Officer (CEO)*
G H Davin	**B Ntuli**
Lead Independent Non-Executive Director	*Chief Financial Officer (CFO)*
Prof. F Abrahams	**S E Abrahams**
Independent non-executive director	*Independent non-executive director*
C Coleman	**D Friedland**
Independent non-executive director	*Independent non-executive director*
B L M Makgabo-Fiskerstrand	**E Oblowitz**
Independent non-executive director	*Independent non-executive director*
N V Simamane	**R Stein**
Independent non-executive director	*Independent non-executive director*
A D Murray	
Non-executive director	

Disclaimer

Images in this report showing people not wearing masks were either taken prior to COVID-19 or in a safe environment.



02

WHO WE ARE

THIS IS TFG

A common thread of teamwork, customer focus, continued innovation and growth connects TFG to our stakeholders, so that we can make a real contribution to their lives. Enabled by the Group's strategic focus areas and capital investments undertaken in recent years, we empower and develop employees, support South Africa's economy through job creation and local manufacturing and serve our customers in store and through digital channels.

THE TFG DIFFERENCE

9,3% COMPOUND ANNUAL GROWTH RATE IN TURNOVER OVER FIVE YEARS

10,1% COMPOUND ANNUAL GROWTH RATE IN SPACE FOR TFG AFRICA OVER FIVE YEARS

29 LEADING FASHION LIFESTYLE RETAIL BRANDS OF WHICH **25** ARE OMNICHANNEL

4 284 TRADING OUTLETS IN **26** COUNTRIES ON **five** CONTINENTS

INCOME DIVERSIFICATION THROUGH 79%:21% CASH VS CREDIT SALES CONTRIBUTION

26,4 million TOTAL NUMBER OF myTFGrewards LOYALTY MEMBERS (TFG AFRICA INCLUDING JET)

R378,1 million INVESTED IN DIGITAL TRANSFORMATION AND E-COMMERCE OVER THE PAST TWO YEARS

INTEGRATED ONLINE PLATFORM FOR ALL TFG AFRICA ONLINE BRANDS WITH SINGLE CHECK OUT AND MULTIPLE PAYMENT OPTIONS

13,9 MILLION SOCIAL MEDIA FOLLOWERS AS AT MARCH 2021 ACROSS ALL TFG BRANDS AND **152** MILLION SITE VISITS DURING THE PAST FINANCIAL YEAR

TFG AFRICA SOCIAL MEDIA AUDIENCE **>200%** AHEAD OF CLOSEST COMPETITOR

18% TFG AFRICA MARKET SHARE OF ONLINE TRAFFIC COMPARED TO "ONLINE ONLY" BRANDS

(SimilarWeb online monitoring tool, user sessions for web and app March 2021)

37% TFG AFRICA MARKET SHARE OF ONLINE TRAFFIC COMPARED TO "BRICK AND MORTAR" BRANDS

(SimilarWeb online monitoring tool, user sessions for web and app March 2021)

A FOCUS ON EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT TO PROMOTE **DIVERSITY AND INCLUSION**

34 891 EMPLOYEES WITH **18+** YEARS AVERAGE FASHION RETAIL EXPERIENCE AMONG EXECUTIVE MANAGEMENT

SPECIALIST IN-HOUSE CAPABILITIES FOR **MARKET-LEADING STORE DESIGN** AND UPGRADES, FASHION DESIGN AND MANUFACTURING

OUR CORPORATE PROFILE

TFG is one of the foremost independent chain-store groups in South Africa and has a diverse portfolio of 29 leading fashion retail brands offering clothing, jewellery, cellphones, accessories, cosmetics, sporting apparel and equipment, and homeware and furniture from value to upper market segments.

TFG was established in 1924 and listed on the JSE in 1941.

The majority of our turnover is in the form of cash sales to customers, with the balance being from our own in-house credit offering. Credit is offered to customers in South Africa, Namibia, Botswana, Lesotho and Eswatini. Revenue is also generated from interest received on customers' store cards and through value-added services available to our TFG Africa customers.

Our focus is on speciality retail where we invest in brands and build brand equity. Our brands cater for market segments from value to upper income while providing convenient shopping experiences in-store and online. Our unique portfolio of brands, geographic spread and customer retention initiatives differentiate us from other retailers locally and abroad.

South Africa and Namibia are TFG Africa's most significant markets, with the UK and Ireland being the most significant markets for TFG London. TFG Australia is focused on Australia and New Zealand.

We source our product offering both locally and offshore, with strong in-house design teams across all business segments. TFG Africa's manufacturing capabilities are coordinated through our own factories and various independent cut, make and trim (CMT) factories. This provides significant quick response capability and is a key differentiator for the Group.

HOW WE SUSTAIN VALUE

To achieve our vision, we need to ensure we have a robust business model and that our strategy is responsive and progressive.

This requires more than a business as usual approach – it requires an integrated approach to value creation. We aim to report on our value creation journey in a balanced and transparent manner, reflecting on how we have created and preserved value, as well as how value has been eroded. While we strive to deliver sustained value, we understand that our strategic choices, as well as the evolving context we operate in, may only preserve or, at times, erode value. Where this is the case, we aim to report on how we are responding as we deliver on our purpose.

Our vision, mission and values – common threads that connect us

OUR VISION AND MISSION

To be the leading fashion and lifestyle omnichannel retailer in Africa while growing our international footprint by providing innovative products and creative customer experiences and by leveraging our portfolio of diverse brands to differentiate our offering. Our talented and engaged people will always be guided by our values, social conscience and customer-centric mindset.

OUR VALUES

TFG believes that teamwork coupled with professionalism in all aspects of retailing will continue to be the foundation for the future.

P **PASSIONATE ABOUT SERVICE**
We passionately and truly believe that the customer comes first.

R **RESILIENCE**
We have the courage of our convictions and the boldness to constructively challenge.

I **INTEGRITY**
Our word is our honour, we are honest and ethical.

D **DIGNITY & RESPECT**
We treat everyone the way we want to be treated.

E² **EMPOWERMENT**
We embrace diversity and create equal opportunity for all in a supportive environment.

EXCELLENT PERFORMANCE
We are accountable and drive performance in a creative and innovative way.

To understand what impacts our ability to create or preserve value or what may erode value, we need to understand our operating context:

- **Risks and opportunities** are identified throughout the year through regular interaction with the business (page 80)
- We look at the different **market conditions, macroeconomic factors and retail trends** in TFG Africa, TFG London and TFG Australia (page 63)
- We rely on **input from our stakeholders** to understand what is material for TFG and what the Group must focus on to remain a competitive and sustainable business that delivers shared and sustainable value (page 22)

OUR MATERIAL MATTERS, RISKS AND OPPORTUNITIES

We identify those matters that may influence our ability to create or preserve value in the short, medium and long term as well as what may lead to value erosion. These matters inform our strategy to manage the risks and maximise the opportunities that present themselves (page 80).

OUR STRATEGIC PILLARS DRIVE OUR BUSINESS MODEL

DIGITAL TRANSFORMATION

Customer & employee obsession | Leadership | Profit | Growth

OUR TFG CULTURE

OUR SUSTAINABILITY STRATEGY IS A CRITICAL THREAD THROUGHOUT OUR BUSINESS STRATEGY THAT SUSTAINS US

We remain committed to creating shared value by driving social and environmental benefits for our stakeholders while supporting our four-pillar business strategy. We continue reporting on our contribution to Sustainable Development Goals (SDGs) 8 and 12, and added SDG 9 this year as it is strongly aligned to our localisation strategic priority. We acknowledge there may be other SDGs we support indirectly but we believe it is important to focus our efforts and disclosures on demonstrating meaningful impact.

Localisation and job creation	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
People and communities	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Environmental efficiency	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Product stewardship and supply chain	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Read more from page 14 and in our sustainability overview report, available on our website.

OUR PEOPLE

The resilience, skills and experience of our employees enable us to implement and execute our strategy and deliver our products and services to our customers (read more from page 28).

OUR BUSINESS MODEL

Our business model defines TFG's business activities and the key resources we leverage in our journey to be the leading fashion and lifestyle omnichannel retailer in Africa while growing our international footprint. Through our business activities, we deliver on our strategic objectives in the short, medium and long term and transform resources into outputs and outcomes for our stakeholders.

VALUE THROUGH GOVERNANCE

We strive to create shared value, while ensuring the relevance and sustainability of our business model, underpinned by good governance (read more from page 42).

- Financial capital
- Manufactured capital
- Human capital
- Intellectual capital
- Social and relationship capital
- Natural capital

Read more about our business model from page 52.

The outputs of our business activities include products and services and by-products and waste (page 53).

The outcomes of our business activities are the internal and external consequences for our capitals that may influence our stakeholders positively or negatively. Value creation, preservation or erosion is measured per key resource and linked to relevant stakeholders.

- Customers
- Shareholders
- Employees
- Suppliers
- Government, legislators and regulators
- Non-profit organisations and communities
- Environment

Looking back on 2021

-6,7%

GROUP RETAIL TURNOVER

Down R2,3 billion year-on-year – however, we remain confident that we are well-positioned to deliver on revenue-generating growth initiatives going forward

R629m

CAPITAL INVESTMENT

Investing for the future – 81% of this investment during the past year was expansionary and supports our digital transformation journey

90%

OF TEXTILE WASTE WAS RECYCLED BY TFG AFRICA

100%

OF TFG AFRICA'S PLASTIC PACKAGING WAS REUSABLE, RECYCLABLE OR COMPOSTABLE

-80,8%

HEADLINE EARNINGS PER SHARE (HEPS)

12,0%

GROUP ONLINE TURNOVER CONTRIBUTION

Up 33,4% year-on-year – with demand for online expected to increase exponentially

TFG is included in the **FASHION TRANSPARENCY INDEX**, which encourages brands to be more transparent and to provide enhanced disclosures in respect of social, environmental and supply chain matters

91%

OF TFG AFRICA'S SUPPLIER SPEND (EXCLUDING JET) IS WITH SEDEX COMPLIANT VENDORS

497 jobs

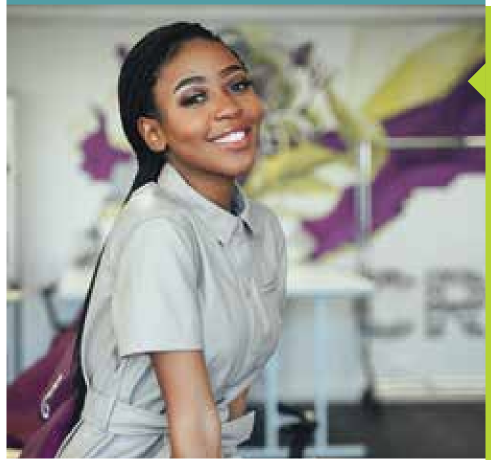
WERE CREATED IN TFG AFRICA FACTORIES

(including CMT partners)

42,3%

OF OUR TOTAL APPAREL PROCURED LOCALLY IN SOUTH AFRICA

TFG is included in the **FTSE/JSE RESPONSIBLE INVESTMENT INDEX**



1 471

LEARNERSHIP AND INTERNSHIP OPPORTUNITIES WERE CREATED IN THE GROUP DURING THE PAST YEAR

TFG IS A

level 6

CONTRIBUTOR TO BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

in South Africa

SUCCESSFUL ACQUISITION and integration of **425 JET** stores

>5 600 jobs saved through Jet acquisition

NET AMOUNT OF

R3,8bn

RAISED THROUGH A WELL-EXECUTED AND SUPPORTED RIGHTS ISSUE

AN OVERVIEW OF OUR STRATEGY

Our strategy is informed by our vision, mission and values, with our TFG Culture a common thread that connects strategy and performance. Digital transformation is a wraparound that touches each pillar, supported by our sustainability strategy.

Our strategic pillars have remained broadly unchanged since 2015. Each pillar has specific strategic objectives which were determined by the Operating Board and approved by the Supervisory Board. A rolling, three-year strategic overview, which we refer to as our "Three-year Vision", is updated annually. This Three-year Vision includes financial targets against the strategic objectives, where relevant, and is based on current market conditions, planned initiatives and expansion plans. Any targets exceeded during the year are reviewed as part of the next three-year strategic overview.

The strategic pillars, together with the respective objectives, apply to the Group as a whole. The international expansion strategy of the Group commenced in January 2015 and the performance and strategic objectives of these business segments continue to be included within the Growth pillar. More information about our sustainability strategy is available in our online sustainability overview report, which also includes detail on our broader value-sustaining initiatives, progress and approach.

THE FOUR PILLARS OF OUR BUSINESS STRATEGY

Customer & employee obsession

Our strategic objectives:

- Deliver superior customer and employee experiences across our retail brands
- Leverage data science to improve our customer experience and engagement across all our retail brands
- Grow our customer base through a targeted customer acquisition strategy
- Develop a long-term environmental, social and governance (ESG) strategy to create broader economic and social value, aligned with international trends and best practice

How we measure customer and employee success

- Number of myTFGrewards customers
- Number of active accounts
- Number of customer-facing employees trained through the TFG Retail Academy

Leadership

Our strategic objectives:

- Embed a performance-based culture that ensures that we attract, retain and develop the best talent in the industry
- Achieve credible empowerment credentials in South Africa, underpinned by an implementation plan to ensure compliance

How we measure leadership success

- Number of training interventions during the year
- Employee turnover – total %
- Employment equity – % representation of previously disadvantaged groups among permanent employees
- Gender diversity – % female representation
- Participants in disability learnerships/internships
- Learnerships, internship and graduate opportunities (new roles created)

Profit

Our strategic objectives:

- Optimise our brands' supply chain capability, including their suppliers, buying processes and quick response
- Optimise the flow of goods from source to customer to enhance the customer experience
- Enhance return on capital employed (ROCE) by optimising profitability and capital management

How we measure profit success

- Quick response contribution to total units manufactured (%)
- Gross margin (%)
- TFG Africa ROCE (%)
- Pre-pack units as a percentage of product received
- Free cash flow (Rm)
- Improve energy efficiency (% reduction in KW/h per square metre (stores))
- Reduce business waste (% waste recycled across all TFG sites)
- Reduce production waste (% textile waste recycled)
- 100% of plastic packaging to be reusable, recyclable or compostable

Growth

Our strategic objectives:

- Deliver a customer-focused, digital omnichannel ecosystem
- Be the leading fashion and lifestyle omnichannel retailer in Africa while growing our international footprint
- Develop an innovative, sustainability-driven business model and build partnerships that enhance TFG's reputation

How we measure growth success

- Retail turnover (Rbn)
- E-commerce turnover contribution to retail turnover (%)
- Cash turnover contribution (%)
- Number of outlets
- Geographic turnover contribution to total Group turnover (%)

Our key strategic priorities

COVID-19 has triggered a structural shift in the way we do business, elevating certain parts of our strategy. We have identified key strategic priorities that cut across the four pillars of business strategy and which we believe will position us to remain resilient under extremely difficult and unprecedented circumstances. These key strategic priorities are:

- Fast-track e-commerce evolution and digital transformation
- Investment through the cycle
- Positioning for agility and flexibility
- Capture market share: organic growth and opportunistic mergers and acquisitions

Read more about these priorities in a message from our CEO from page 58.

OUR SUSTAINABILITY PILLARS SUPPORT THE BUSINESS STRATEGY

Our sustainability strategy is critical in enabling us to deliver on our commitment to create shared value by driving social and environmental benefits for our stakeholders while supporting our four-pillar business strategy.

Localisation and job creation

We strive to increase local procurement, supplier development and capacity expansion to diversify supplier risk and to increase local job opportunities. Our intent is to grow our business by offering our customers what they want, when they want it thereby improving our customer and employee experiences across our retail brands.

Product stewardship and supply chain

By developing an ethical and transparent supply chain that sources commodities responsibly we ensure sustainable sources of profits and growth. We also believe that more sustainable fibres, textiles and fabrics will become progressively more profitable than some non-sustainable current ones. We want to practise responsible product stewardship in the way we design, manufacture, sell and dispose of products to minimise environmental impact and meet customer expectations.

Environmental efficiency

By working towards a zero-waste business and value chain, we optimise resource efficiency and protect profits. Our employees are our partners in reducing emissions, improving efficiencies and reducing waste at head office, distribution centres and stores.

People and communities

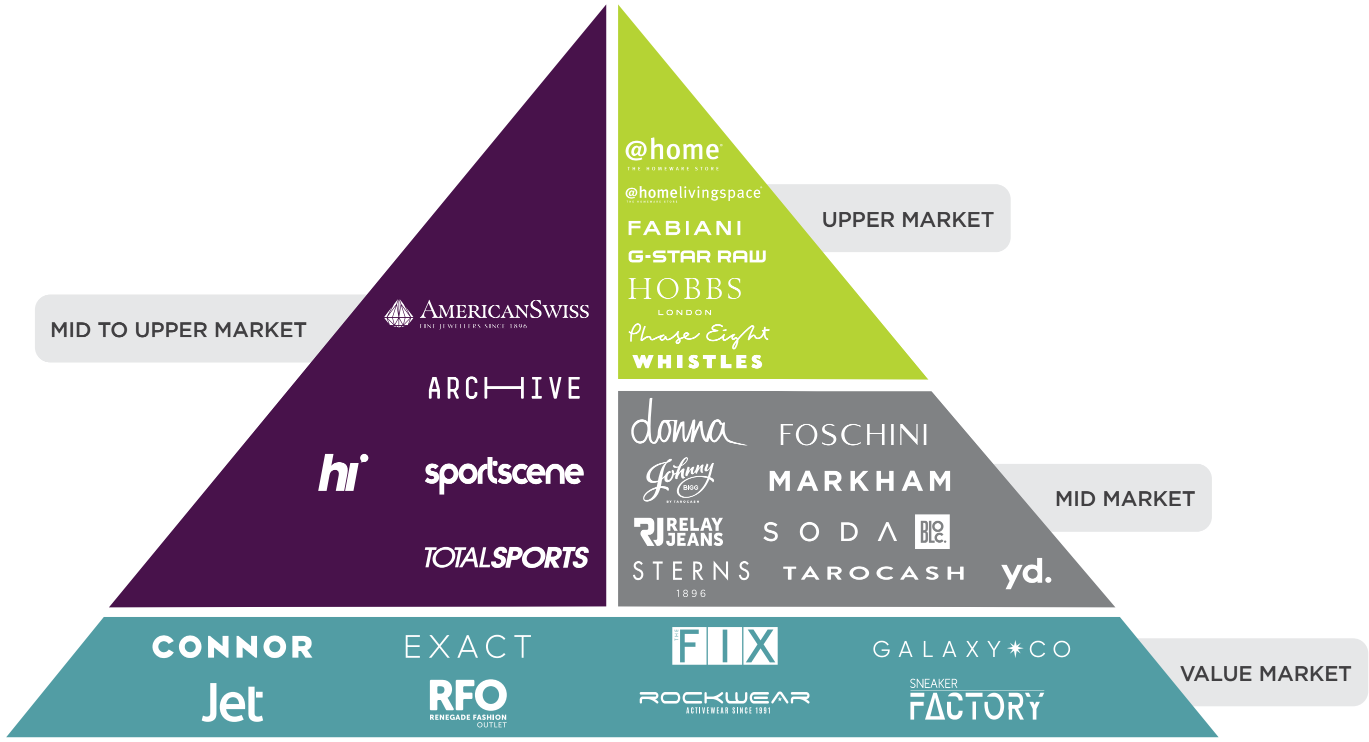
Our employees and their communities are at the core of our commitment to transformation. We focus on development and holistic wellbeing while creating inclusive workplaces to attract and retain talent. We want to differentiate our employee offering and strengthen our employer brand to showcase leadership and drive growth.

OUR BRANDS

We have a comprehensive portfolio of 29 retail brands that offer clothing, footwear, jewellery, sportswear, mobile phones and technology products and homeware and furniture. Our diverse brands allow us to push the boundaries of the retail industry in new and innovative ways – helping us to achieve our vision to be the leading fashion and lifestyle omnichannel retailer in Africa while growing our international footprint.

TFG's three business segments each have their own local management teams, which report into the Group's head office in Cape Town. Retail brands within these business segments are supported by centralised support services structures.

TFG'S RETAIL BRANDS SPAN VARIOUS MARKET SEGMENTS



myTFGworld, the Group's online marketplace, consolidates 17 of our TFG Africa brands from value to upper end on one online platform.

Read more about our brands in appendix 7 on page 170.

TFG AFRICA (OUTLETS) 67%

@home, @homelivingspace, AMERICANSWISS, ARCHIVE, donna, EXACT, FABIANI, FIX, FOSCHINI, GALAXY*CO, G-STAR RAW, hi, Jet, MARKHAM, RELAY JEANS, RFO, SNEAKER FACTORY, SODA BLOC, sportscene, STERNS 1896, TOTALSPORTS

TFG AUSTRALIA (OUTLETS) 16%

CONNOR, Johnny Bigg, ROCKWEAR, TAROCASH, yd.

TFG LONDON (OUTLETS) 5%

HOBBS LONDON, Phase Eight, WHISTLES

E-COMMERCE 12%

We have well-established e-commerce platforms and a leading omnichannel offering that offers customers a one-stop shopping experience across all our merchandise categories. The contribution to revenue of our e-commerce brands is on a growth trajectory, and the Group continues to invest in e-commerce and omnichannel innovation.

- @home
- @homelivingspace
- AMERICANSWISS
- ARCHIVE
- CONNOR
- donna
- EXACT
- FABIANI
- FIX
- FOSCHINI
- GALAXY*CO
- hi
- HOBBS LONDON
- Johnny Bigg
- MARKHAM
- Phase Eight
- RELAY JEANS
- ROCKWEAR
- SODA BLOC
- sportscene
- STERNS 1896
- TAROCASH
- TOTALSPORTS
- WHISTLES
- yd.

MERCHANDISE CATEGORIES

TFG's merchandise categories respond to merchandise and fashion trends and are used as the basis for inventory management, planning and profitability analyses.

Cellphones	AMERICANSWISS, ARCHIVE, donna, EXACT, FABIANI, FIX, FOSCHINI, G-STAR RAW, hi, MARKHAM, RELAY JEANS, RFO, SNEAKER FACTORY, SODA BLOC, sportscene, STERNS 1896, TOTALSPORTS
Clothing: family	EXACT, Jet, RFO
Clothing: female fashion	donna, FIX, FOSCHINI, HOBBS LONDON, Phase Eight, ROCKWEAR, WHISTLES
Clothing: male fashion	CONNOR, FABIANI, G-STAR RAW, Johnny Bigg, MARKHAM, RELAY JEANS, TAROCASH, yd.
Clothing: sport	ARCHIVE, SNEAKER FACTORY, sportscene, TOTALSPORTS
Clothing: youth fashion	FOSCHINI, SODA BLOC
Cosmetics	FOSCHINI
Homeware and furniture	@home, @homelivingspace
Jewellery	AMERICANSWISS, GALAXY*CO, STERNS 1896

OUR FOOTPRINT

Group

4 284
TOTAL OUTLETS
(2020: 4 083)

34 891
TOTAL EMPLOYEES
(2020: 29 776)

TFG Africa

2 929
TFG AFRICA OUTLETS
(2020: 2 577)

28 987
EMPLOYEES
(2020: 23 268)

TFG London

801
TFG LONDON OUTLETS
(2020: 972)

2 480
EMPLOYEES
(2020: 3 586)

TFG Australia

554
TFG AUSTRALIA OUTLETS
(2020: 534)

3 424
EMPLOYEES
(2020: 2 922)

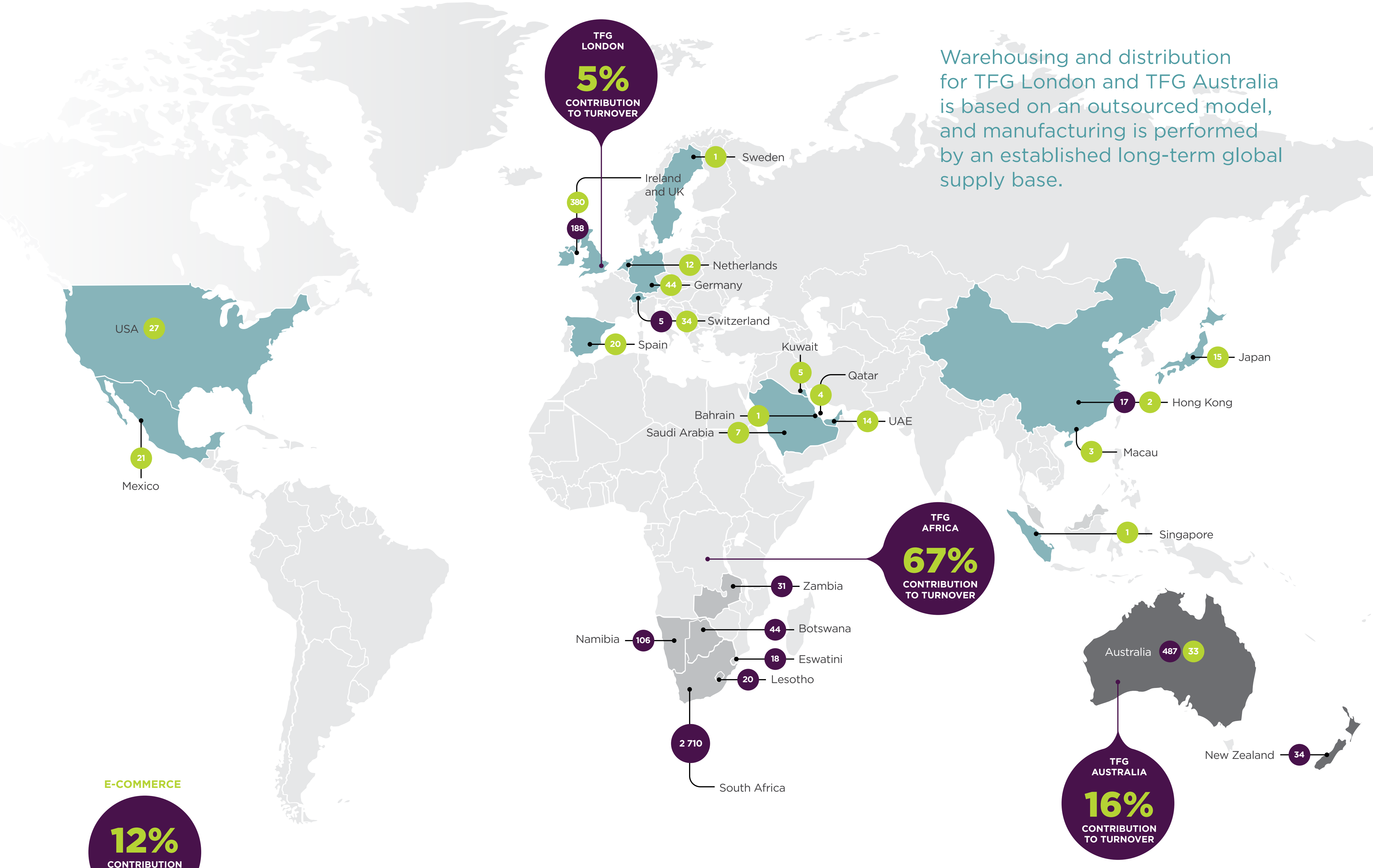
Insourced distribution centres

6 | 44 739m^2
SOUTH AFRICA – WESTERN CAPE

1 | 22 000m^2
SOUTH AFRICA – GAUTENG

1 | 25 000m^2
SOUTH AFRICA – DURBAN

8 | 91 739m^2
SOUTH AFRICA – TOTAL



Warehousing and distribution for TFG London and TFG Australia is based on an outsourced model, and manufacturing is performed by an established long-term global supply base.

E-COMMERCE

12%
CONTRIBUTION TO TURNOVER

Refer to page 17.

TFG Africa procures merchandise both locally in South Africa as well as through imports.

In South Africa, TFG Merchandise Supply Chain directs the manufacturing of clothing, with 18% of TFG Africa's clothing procured from its own factories and other local CMT factories with whom we have strategic alliances.

- ● TFG's number of stores
- ● TFG's number of concessions
- ● TFG Africa
- ● TFG London
- ● TFG Australia

OUR TIMELINE

OUR HISTORY AT A GLANCE

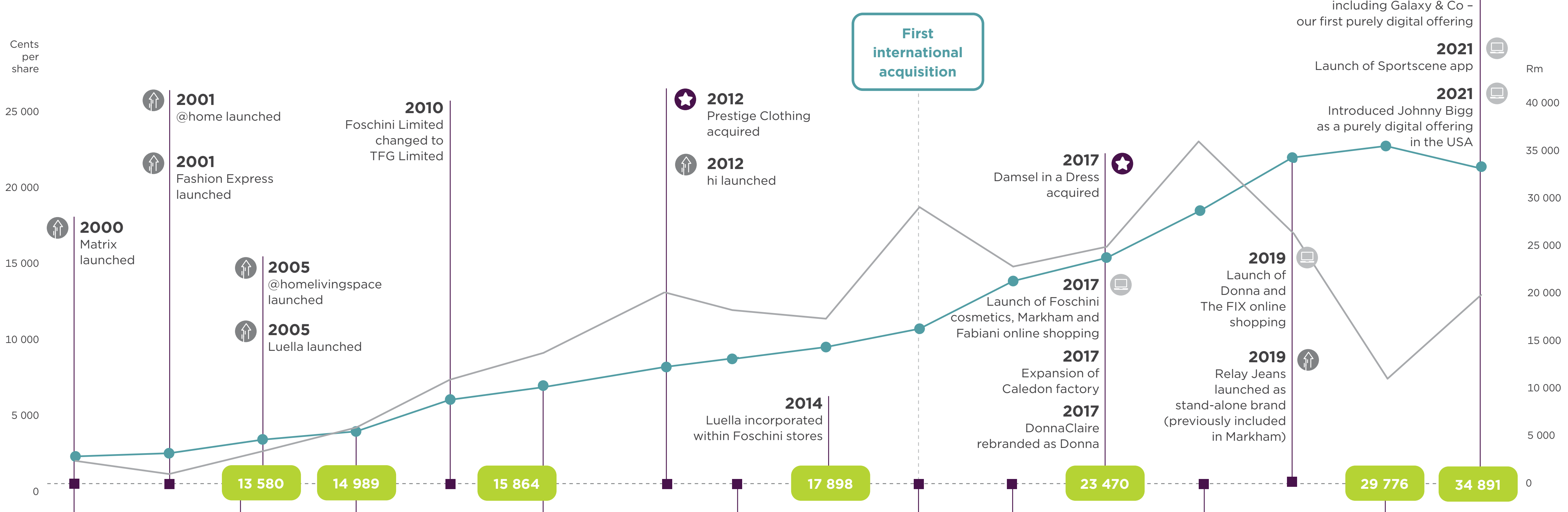
George Ivan Rosenthal founded TFG in 1924. He started out in clothing retail in America, but became interested in other markets when the boom days in America ended. His research showed that while South Africa was very much an underdeveloped country, it had a traditional fondness for American goods and know-how, and so he set sail for South Africa with little money, a lot of confidence and a grand plan. When naming his company, he decided on an old Italian name, Foschini.

He found that Johannesburg was one of the best shopping areas in South Africa and started leasing premises. On 27 November 1925, the first Foschini store opened on Pritchard Street, Johannesburg and more stores across South Africa soon followed. For the first time, South African women had access to fashion garments – garments that were affordable, well-made, up-to-date and accessible to a wider public.

Foschini had arrived.

He continued to expand the business and within two years after opening, Foschini had nine branches across South Africa. In 1941, George registered Foschini Dresses Proprietary Limited on the Johannesburg Stock Exchange, the first clothing retailer to do so.

Since then, the Group has continued to grow. Today, it consists of 29 brands in 4 284 outlets in 26 countries selling a broad range of merchandise categories to customers both in store and online.



2000 Matrix launched

2000 Totalsports acquired

2001 @home launched

2001 Fashion Express launched

2004 Duesouth launched

2005 @homelivingspace launched

2005 Luella launched

2008

2010 Foschini Limited changed to TFG Limited

2011 Fabiani acquired

2011 Charles & Keith franchise partnership

2011 Franchise rights for G-Star RAW in South Africa acquired

2012 Prestige Clothing acquired

2012 hi launched

2013 Matrix rebranded as Mat & May

2014 Luella incorporated within Foschini stores

2015 Phase Eight acquired

2015 RCS disposal

2015 Launch of @home and hi online shopping

2016 Launch of Totalsports, Sportscene and Duesouth online shopping

2016 SODA Bloc launched

2016 Franchise rights for Colette acquired

2016 Franchise rights for Next acquired

2016 Fashion Express rebranded as The FIX

2016 Whistles acquired

2017 Damsel in a Dress acquired

2017 Launch of Foschini cosmetics, Markham and Fabiani online shopping

2017 Expansion of Caledon factory

2017 DonnaClaire rebranded as Donna

2018 RAG acquired

2018 Launch of @homelivingspace, Exact, Foschini and SODA Bloc online shopping

2018 Hobbs acquired

2018 SODA Bloc incorporated within Foschini stores

2018 Next franchise rights ended

2018 Archive launched as stand-alone brand (previously included in Sportscene)

2019 Launch of Donna and The FIX online shopping

2019 Relay Jeans launched as stand-alone brand (previously included in Markham)

2020 Sneaker Factory and RFO brands launched

2020 Duesouth Escapes launched as stand-alone brand (previously included in Duesouth)

2020 Closure of Duesouth

2020 Charles & Keith franchise partnership ended

2021 Jet acquired

2021 Launch of TFG Jewellery online, including Galaxy & Co – our first purely digital offering

2021 Launch of Sportscene app

2021 Introduced Johnny Bigg as a purely digital offering in the USA

BEFORE 2000

1924 Founded

1941 Listed on the JSE

1958 Stanley Lewis buys major shareholding

1967 American Swiss Watch Company acquired

1968 Markham acquired

1969 Pages launched

1993 Sterns acquired

1994 DonnaClaire launched

1996 Sportscene acquired

1999 Pages rebranded as Exact
RCS established

✪ Acquired ⇑ Launched brand 💻 Launched online shopping 🟩 Number of employees ─●─ Turnover ─ Closing share price

OUR STAKEHOLDERS

Our stakeholders are those individuals and groups that have an interest in our business, and can influence TFG's ability to create or preserve value. If not managed proactively, these relationships can sometimes result in value erosion.

By understanding the common threads that connect us to our stakeholders, we can contribute to improved customer and employee experiences and enhance our supply chain. Stakeholder engagement also provides input into what is material for TFG and what the Group must focus on to remain a competitive and sustainable business.

A RESPONSIVE APPROACH TO ACHIEVE QUALITY ENGAGEMENTS

CUSTOMERS

Our customers are diverse in their spread across geographies, gender, age and income groups. Our customers are a strategic priority as they provide income through the purchase of our products and services. Therefore, we put our customers at the forefront of everything we do. We offer them a diverse range of fashion, lifestyle and homeware choices through brand experiences that encompass their channel of preference.

How we engage

We engage with our customers through our call centre, digital media, online and in-store experiences as well as through focus groups and surveys. Our Voice of Customer tool is an example of an effective way for all TFG Africa brands to listen to their customers' point of view daily.

Our response and actions in 2021

The safety and wellbeing of our customers, employees and suppliers was a key priority during the past year. Throughout our business operations in all the territories where we have a footprint, we implemented strict COVID-19 safety protocols in our stores to ensure the safety of our customers, and our frontline employees. This included screening protocols upon store entry, as required by law, adjusting store layouts where required to ensure social distancing and limiting the number of customers who shop at the same time. Store employees were also issued with masks where regulations required this.

In TFG Africa, we introduced new payment channels to account customers and created virtual customer centres to ensure that we could still assist our customers, even during the initial level 5 lockdown in April 2020.

To support struggling customers during the tough economic conditions, we also offered a payment holiday for April and May 2020.

Needs and expectations

Customers raise specific issues relating to in-store experiences or credit queries. They also engage with us regarding merchandise and fashion trends.

Key measures we track

- The number of myTFGrewards customers
- The number of active TFG Africa account customers
- Customer complaints

SHAREHOLDERS

We have 12 644 shareholders, with 25,8% of shares held outside South Africa and 76,6% public shareholding. We believe it is vital to ensure alignment between our strategic focus and the long-term interests of shareholders, and to continue to meet their expectations through consistent strategy execution and risk management.

How we engage

We engage with shareholders through presentations, roadshows and meetings where we receive feedback and discuss their matters of interest.

Our response and actions in 2021

Shareholders' main concern during the past year was the impact of COVID-19 on the business, and interactions were therefore mainly centred around our response to the business impact with regard to remuneration, dividends and our capital position. We value the strong support that we received from shareholders with the rights offer, which was 2,3 times oversubscribed and allowed us to strengthen the statement of financial position.

We have continued more frequent communication with shareholders, initiated in the previous financial year, including quarterly trading updates. The Board had productive engagement with shareholders on remuneration, which shaped our approach and led to a revised remuneration structure.

Read more in our remuneration report from page 133.

Needs and expectations

As our major source of financial capital, shareholders require sustainable growth. This requires transparent and ongoing communication regarding environmental, social and governance-related matters, our strategy, business model, approach to capital allocation and future growth prospects.

Key measures we track

- Share price performance (%)
- Full-year dividend per share (cents)
- ESG ratings

EMPLOYEES

We value the skills and experience of our employees which enables us to implement and execute our strategy and deliver our products and services to our customers. Our 34 891 employees are diverse in their spread across geographies, gender, age and skills profiles.

How we engage

The past year required different ways of engaging with employees, both as a result of remote-working but also to support our employees during a challenging year. Multiple channels were used for communication, including WhatsApp and other digital channels and a COVID-19 portal which provided access to communication, policies and documents in one secure place.

Our response and actions in 2021

The safety and wellbeing of employees were of paramount importance during the past year, and so was the preservation of jobs. In TFG Africa, we therefore continued to pay employees during April and May 2020, while Supervisory and Operating Board fees were temporarily reduced in support of employees. Those employees, who were able to, were assisted to work from home, while employees who were unable to work from home were not required to take annual leave during this time. We also assisted eligible employees with access to government relief through TERS from June 2020.

In TFG Australia and TFG London, employees were able to receive payment through the JobKeeper and furlough government-relief programmes.

Upon return to the workplace, various screening procedures were put in place in line with government health and safety protocols. This included using an app we developed to allow employees the opportunity to complete the screening questions on their mobile devices, prior to entering any TFG buildings.

Our stakeholders continued

EMPLOYEES continued

Our response and actions in 2021 continued

As physical training sessions could not be held during this year, we made online learning available for employees, which included COVID-19 training on health and safety.

To keep everyone connected while working from home, all employees could log in virtually to financial results presentations and communications sessions, 'Conversations with Anthony', was launched to stream through updates on strategic initiatives. During the early and most critical phases of the lockdown, there were weekly updates sent out from our CEO to address critical issues and reassure employees.

Read more about our employees and specific initiatives for the past year from page 28.

Needs and expectations

Employee engagement focus areas include communication about training and development, human resource policies, remuneration and performance management.

Key measures we track

- Employee retention
- Investment in training, including bursaries
- Employees participating in training interventions (physical and virtual)
- Learnerships, internships or apprenticeship programmes
- Diversity and inclusivity
- Employee wellbeing
- Employee engagement

SUPPLIERS

The TFG supplier base consists of merchandise and non-merchandise suppliers, with the latter including landlords. Our mutual intent is to establish trust and loyalty and align business interests for the long term. This ensures that we deliver merchandise of high standards, at the right price and in locations convenient to our customers. Through transparent supplier take-on procedures and agreements, we ensure we source ethically.

How we engage

We engage with suppliers through various teams within our business, depending on the nature of the engagement. Engagement occurs through formal take-on procedures, supplier audits, visits and assessments, merchandise order discussions and service requests, purchase order discussions, landlord negotiations and account management discussions. Within our local TFG Africa supply chain, we also partner with small suppliers to increase and improve their operational and financial capacity.

Our response and actions in 2021

Supplier engagements intensified this year due to COVID-19 restrictions and supply chain disruptions.

We proactively engaged with landlords in each of our territories in order to reach agreement on fair rentals both during and post the periods where we were not able to trade, while we worked with our merchandise suppliers to either cancel or delay merchandise orders in order to respond to the shift in customer demand and to prevent the build-up of inventory.

SUPPLIERS continued

Our response and actions in 2021 continued

Within TFG Africa, we continue to structure investments – both monetary and non-monetary – into our TFG Africa local manufacturing supply base to encourage job creation. We continuously explore opportunities to provide access to and develop Black-owned and Black women-owned suppliers. We spent over R1,6 billion this year with Black-owned and Black women-owned suppliers. We have a deliberate strategy for supplier development that includes incubation and spend shifting to empowered suppliers. In 2021 we provided more than R36 million of support to supplier development beneficiaries in the form of loans and advances, donations of machinery and fabrics, preferential payment terms and human resources capacity.

Needs and expectations

Our suppliers require oversight and transparent communication on various supply chain-related issues and non-merchandise procurement matters.

Key measures we track

- Percentage of TFG Africa apparel units procured from TFG Merchandise Supply Chain
- Percentage of Top 100 suppliers onboarded on the Sedex platform
- Enterprise and supplier development spend
- Number of jobs created in our strategic suppliers

GOVERNMENTS, LEGISLATORS AND REGULATORS

This stakeholder group includes revenue authorities, regulators and government departments in the countries in which we trade.

How we engage

We engage with government through business and industry associations such as Business Leadership South Africa and the National Clothing Retail Federation of South Africa, employer organisations outside of South Africa and the Australian Retail Association. We provide verbal and written submissions on proposed legislative changes (both in South Africa and outside of South Africa) and attend industry-relevant meetings at Parliament in South Africa.

Our response and actions in 2021

As a proudly South African business, and in support of government's 2030 retail, clothing, textile, footwear and leather (R-CTFL) Masterplan for the clothing manufacturing sector, TFG Africa has been actively driving increased local procurement and supplier development over the past five years. Collaborative initiatives in 2021 include:

- Engaging with government in support of a cut in yarn import duties to advance South African clothing manufacturing.
- Investing in our network of CMT partners to create capacity and ensure their sustainability. We have started a new SMME cluster in partnership with the KwaZulu-Natal government, which will assist 15 new companies and support our capacity requirements.

Needs and expectations

Government requires businesses to participate in growing the economy through job creation and by complying with all applicable regulatory requirements.

Key measures we track

- Regulatory fines or penalties
- Taxes – direct, indirect and staff
- B-BBEE level contributor status

Our stakeholders continued

COMMUNITIES AND NON-PROFIT ORGANISATIONS

Our employees and their communities are at the core of our commitment to transformation, and we are transforming to reflect the diversity of our customer base and the communities we operate in.

How we engage

In South Africa, the TFG Foundation serves as the vehicle through which we channel social investment activities in communities. Other key partners include government, for example through the R-CTFL Masterplan, and the Services Sector Education and Training Authority (SETA).

Throughout the Group, our brands also make direct contributions to the communities in which they operate through direct brand-led corporate social investment activities.

Our response and actions in 2021

In South Africa, our socio-economic investment of R13,9 million this year contributed to:

- The community and empowerment work of non-profit organisations through donations of R3,5 million worth of merchandise
- Student bursaries to the value of R1,2 million
- Face mask donations to over 300 000 learners at primary schools across South Africa
- Distribution of 30 000 Sew Good blankets to communities in need

In Zambia, we partnered with SOS Children's Villages to distribute 1 200 masks to five primary and two combined schools in the Copperbelt area. Following the outbreak of the COVID-19 pandemic, the government of Zambia required all school children to wear masks. However, for many families and children masks were unaffordable. TFG Africa sourced a local supplier in Zambia to produce masks and assist in identifying schools that would benefit most.

TFG Australia continued to support Thread Together, an Australian organisation whose mission and focus is to source new and excess clothing from fashion retailers and redistribute items to those in communities most in need. Total donations for the financial year amounted to 71 000kg which equals approximately 212 000 shirts.

TFG London donated a selection of samples and clothes to Smart Works UK, a charity that provides high-quality interview clothes and interview training to unemployed women in need. These women are referred from organisations such as job centres, work programmes, prisons, care homes, homeless shelters and mental health charities.

Other social investment initiatives are detailed in our sustainability overview report, available online.

Needs and expectations

The Group, in all three of its major territories, works with various organisations to provide assistance and support through monetary and/or merchandise means.

In South Africa, many communities are challenged by lack of access to housing, clean water and sanitation, quality education, social protection, good healthcare, electricity and jobs. These challenges are exacerbated by slow progress with economic empowerment and endemic corruption, combined with the impact of measures to mitigate the spread of COVID-19. Communities and non-profit organisations require collaboration between the private sector, public institutions and development partners to help build resilient economies post-COVID-19.

Key measures we track

TFG Africa:

- Blankets made and donated through Sew Good
- Amount donated through TFG Africa corporate social investment funding and brands
- Amount invested into beneficiary schools

TFG London and TFG Australia:

- Value of donations in local currency

ENVIRONMENT

Fashion retail depends on a long and complex supply chain that requires water, materials, chemicals and energy from its point of origin in agriculture and petrochemical production, manufacturing, logistics and retail.

How we engage

We have established formal business champions and working committees for each sustainability strategy pillar, including, for the first time this year, the environment. Fundamental to how we bring about change in this area is through our procurement and we are working to formally evaluate the environmental impact of our purchases as well as the credentials of our suppliers in this regard. Increasingly, it is the role of these working committees to advocate for consideration of environmental interests and trade-offs in the context of business activities, decisions and sources of supply. Going forward, we are looking to thoughtfully engage more actively outside of the organisation with relevant external stakeholder groups with regards to environmental aspects.

Our response and actions in 2021

During the year we initiated efforts directed at understanding the upstream environmental impacts of the products that we buy, manufacture and sell; as well as further downstream, for example in the area of fabric recycling and avoiding clothing ending up in landfill.

In our own operations, we are already increasing our resource efficiency across our operations by using world-class automation and more energy efficient lighting and manufacturing equipment.

Detail on these initiatives, including performance measures and targets, can be found in our sustainability overview report, available online.

Needs and expectations

Due to the scale and complexity of fashion retail's supply chain, the global fashion industry is one of the most polluting and wasteful industries in the world. In response, fashion retailers are increasingly expected to focus on climate risk in the supply chain and mitigating this through renewable energy purchases, actively reducing supply chain carbon footprints and improving material selection.

Key measures we track

- Greenhouse gas emissions
- Business waste reduction
- Textile waste recycled
- Reduced use of plastic
- Reuse of supplier cartons
- Energy efficiency
- Transparency in own operations

OUR PEOPLE

INTRODUCING OUR OPERATING BOARD

A E Thunström (51)
BCom (Hons Acc), CA(SA)
Chief Executive Officer
Joined the Group in 2015

B Ntuli (44)
BCom (Hons Acc), CA(SA), AMP (Harvard)
Chief Financial Officer
Joined the Group in 2019

S A Baird (55)
Group Director – Retail
Joined the Group in 1986

J Fisher (48)
BSc (Hons) Mathematics and Computing Science
Group Director – Financial Services
Joined the Group in 2013

D B Gedye (62)
Group Director – Retail
Joined the Group in 1979

S E Morley (51)
BSocSc
Group Director – Human Resources
Joined the Group in 2002

G S Naidoo (53)
BSocSc (Hons), MA (Ind Psych), AMP (Harvard)
Group Director – Retail
Joined the Group in 2005

RESPONSIBILITY

The Operating Board is responsible for the Group's strategy formulation and the day-to-day management of all aspects of the operations of the retail trading and service divisions. In addition, they are responsible for deliberating and making decisions or recommendations on all matters affecting TFG's strategy and operations, including risk management and the succession of executive and senior management.

The key focus areas per strategic pillar remains as follows:

DIGITAL TRANSFORMATION

CUSTOMER & EMPLOYEE OBSESSION

- Store location, design and architecture
- Credit management and customer relationship marketing and systems
- Employee and Customer attraction and retention strategies

LEADERSHIP

- Human resource recruitment, training, development and remuneration
- Development and refinement of the business philosophy, value system and performance management
- Development, review and implementation of the skills development and employment equity plans
- Development, implementation and monitoring of the transformation strategy

PROFIT

- Merchandise sourcing, buying, warehousing and distribution
- Financial management and administration
- Development, review and achievement of budgets in relation to sales, operating expenses and capital expenditure (capex)
- Development and implementation of business optimisation initiatives
- Cash flow and liquidity management
- Approval of transactions regarding divestment, refinancing and restructuring in accordance with parameters set by the Supervisory Board

GROWTH

- Acquisition, development and maintenance of information and technology systems, including e-commerce and digital transformation initiatives
- Development, implementation and monitoring of revenue-generating growth initiatives
- Approval of transactions regarding investment in accordance with parameters set by the Supervisory Board

OUR TFG CULTURE

OTHER RESPONSIBILITIES

- Monitoring and proactively responding to the COVID-19 pandemic
- Formulating, developing, executing and refining the Group's strategic plan
- Identification, assessment, mitigation and risk management
- Development, monitoring and audit of internal controls
- Development and monitoring of operational policies and procedures
- Adoption, implementation and monitoring of corporate governance practices and meeting standards set out in King IV

INTRODUCING OUR EMPLOYEES

The skills and experience of our employees enable us to implement and execute our strategy and deliver our products and services to our customers. An evolving talent landscape requires us to continually review and adjust our talent offering – from acquisition to development – to ensure we remain an employer of choice. As such, we are making strides to differentiate our offering and strengthen our employer brand.

Read more about all initiatives mentioned in this section, including performance measures and targets, in our sustainability overview report, available online.

A SNAPSHOT OF OUR EMPLOYEES

34 891
EMPLOYEES
(2020: 29 776)

219
EMPLOYEES WITH DISABILITIES
(2020: 91)

70,3%
FEMALE EMPLOYEES
(2020: 70,9%)

29,7%
MALE EMPLOYEES
(2020: 29,1%)

28 987
TFG AFRICA EMPLOYEES
(2020: 23 268)

2 480
TFG LONDON EMPLOYEES
(2020: 3 586)

3 424
TFG AUSTRALIA EMPLOYEES
(2020: 2 922)

96,1%
EMPLOYMENT EQUITY REPRESENTATION*
(2020: 94,9%)

R141,7m
SPENT ON TRAINING AND DEVELOPMENT
(2020: R162,2m)

6 622
CORPORATE EMPLOYEES^
(2020: 6 622)

6
B-BBEE LEVEL
(2020: 6)

28 269
RETAIL EMPLOYEES
(2020: 23 154)

Zero
WORK DAYS LOST DUE TO INDUSTRIAL ACTION
(2020: ZERO)

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* *Relates to South Africa only.*

^ *Employees other than those working in outlets.*

EMPLOYEE-CENTRED GOVERNANCE

The Social and Ethics Committee is responsible for assisting the Supervisory Board with the monitoring and reporting of social, ethical, transformational and sustainability practices. Employee aspects related to remuneration fall within the mandate of the Remuneration Committee, which meets four times a year. Employees are supported by a shared service human resource (HR) team across all divisions and brands. HR teams work with line managers in areas such as talent acquisition, employee relations, training and development, performance management and transformation.

For more detail on territory-specific HR policies, including those related to remuneration, diversity and inclusion, see our sustainability overview report, available on our website.

EMPLOYEE FOCUS AREAS FOR 2021

Our continued response to COVID-19

The wellbeing and general safety of our employees was again a major area of focus. The COVID-19 multi-functional task team held regular meetings to ensure all employees were aware of the different measures taken to ensure their safety. The COVID-19 portal for employees provided access to communication, policies and documents in one secure place.

Initiatives to support employees included reinstating leave for employees impacted by COVID-19 and extensive work-from-home arrangements. We increased the level of funds employees can access through the internal financial assistance programmes and relaxed the criteria for access to advanced pay and personal loans.

Over 200 000 TFG-manufactured masks were distributed to employees and their families. Each TFG employee received masks for their own use and the TFG Foundation distributed face masks for employees' families and loved ones.

Once stores were allowed to open, the facilities teams contracted deep cleaning services and special measures were put in place for vulnerable employees. TFGLearn courses were developed to support the adoption of health and safety protocols to minimise the risk of employees contracting COVID-19. COVID-19 health and safety training was further made available through a number of different channels, including our intranet portal, our app and kiosks in manufacturing plants. Printed booklets were available for employees who were not comfortable with digital training.

In the financial year, 2 093 of our people tested positive for COVID-19 and tragically 13 passed away as a result. Each of these employees contributed to the success of TFG and we offered support to their families. We keep their families in our thoughts.

Employment equity, diversity and inclusion

We want to build a business that is diverse and inclusive within a culture of hard work, innovation, collaboration and transparency. Our current focus is on gender and race transformation for senior management and professional middle management, and a higher proportion of people with disabilities.

Activities undertaken in 2021:

- We reviewed our transformation strategy, focusing on gaps, with a deep dive into employment equity and skills development, especially following the Jet acquisition. All trading divisions have clear guidelines and targets for each of the five pillars of the B-BBEE scorecard.
- Upskilling and creating employment for people with disabilities was a particular focus area for TFG Africa this year. We appointed more than 100 unemployed people living with disabilities into learnerships across our business.
- Following the global #BlackLivesMatter movement, TFG London recognised an opportunity and responsibility to make our workplace an environment where everyone is respected for who they are. We established an Inclusion and Diversity Board, comprising senior employees across our brands, whose focus is to work with in-brand teams and push our inclusion and diversity agenda.

Educate to employ

We are investing significantly in skills development for youth, especially in rural and semi-rural areas, as well as people with disabilities, to provide a diverse pipeline as we create new jobs. Our "educate to employ" strategy directs investment in various areas to develop a pipeline of young talent for TFG:

Activities undertaken in 2021:

- TFG supported 1 471 active learnerships and internships
- We enrolled 288 young people with a passion for retail, onto the Project Elevate initiative in distribution centres and stores across all our brands; 233 of these learners were previously unemployed, and have been given a 12-month employment contract to gain valuable work experience for their qualification, and future employability
- We enrolled an additional 288 learners in NQF level 2 learnership programmes across the Prestige clothing factories

Localisation and job creation

We are expanding our existing Prestige clothing factories with the intent to create scalable hubs in other key centres. This strategy intends to create c.5 000 additional jobs by 2025. TFG will provide most of these new employees with jobs and qualifications made up of learnerships, internships, skills programmes and graduate training in manufacturing. To ensure the success of this growth imperative, we have a people strategy for an optimised manufacturing approach.

Our people continued

Through the Jet acquisition, we gained and safeguarded even more jobs. This includes the acquisition of 425 stores that collectively employ more than 5 600 people in southern Africa.

Digital transformation and change management

Technological advances have drastically altered the talent landscape, transforming not only how we attract, develop and retain talent, but also what we consider "talent" to be.

It is therefore critical that we focus on the skill-sets we require today, and also define and prepare for those we will need in the future. In addition, we made large investments over the past few years to equip our employees so that new systems are embraced, adopted and effectively used, yielding a return on investment and business value.

Our four key change management projects for store digital solutions were:

1 An e-commerce in-store fulfilment mechanism

2 A radio frequency identification (RFID) inventory management solution

3 A new mobile point-of-sale system including handheld devices

4 A workforce planning tool

More than 1 850 TFG apparel stores were RFID-enabled within 18 months, one of the largest and fastest RFID implementations globally.

OUR FOUR MAIN LEARNING PLATFORMS:

TFGLEARN	TRAINING MODE	MYTECH IN-STORE CHAMPIONS	"BUDDY SYSTEM" AND ON THE GROUND TECHNICAL COACHING
E-learning, including on-demand and self-directed learning, with reflections to assess and track progress	Experiential learning in a safe environment to practically apply knowledge gained from TFGLEARN	Employee-to-employee support training that provides go-to people for help and support on the ground, with feedback into the operational support model	Employees learn and retain information better when they have the opportunity to practise through real-life job experiences and peer coaching

Read more about our digital transformation and change management updates in our sustainability overview report, available online.

Fair and equitable remuneration, underpinned by performance management

TFG is committed to fair and responsible remuneration and provides all employees with the chance to grow their earnings through continuous training and upskilling and by leveraging opportunities for career progression by applying for internal positions. For example, an employee starting out as a sales associate could, through the assistance of various TFG programmes over a period of three to five years, move into a store management role.

Annual performance reviews are conducted for all employees and individual career plans are developed for high-performance employees who demonstrate potential. These high-performance employees are offered specific training and development support to advance their careers and pay progression is aligned with their actual performance and experience.

Read more about our approach to remuneration and performance management in our remuneration report from page 133.

03

OUR VALUE CREATION POSITIONING

A MESSAGE FROM OUR CHAIRMAN

MICHAEL LEWIS
Chairman

> *We have had to manage the business through this unprecedented crisis and at the same time make strategic decisions and investments to ensure the Group's future. This is an art and fine balance, and everyone has played their role in pursuit of these ends.*

REVIEW OF THE YEAR

The year under review has clearly been the most challenging in the Group's long and storied history. The global pandemic and related government-enforced lockdowns caused our stores in Africa and Australia to forego c.15% and c.13% respectively of their annual trading capacity while the UK was by far the worst affected of the Group's trading territories with store closures resulting in lost trading capacity of c.50%. Managing the business in these extraordinary circumstances has demanded much from Anthony Thunström and his team. I thank and pay tribute to them on behalf of all stakeholders.

Notwithstanding the store closures, ongoing trading restrictions and the need for significant seasonal inventory provisions, TFG Africa produced a satisfactory operating profit. TFG Australia was the star performer with operating profit increasing by 20,8% (AUD) compared to the previous year. As foreshadowed in my statement last year, the scale of the impact of the pandemic in the UK made a goodwill impairment unavoidable. The reopening of the UK stores on 12 April 2021 allows the Supervisory Board to be confident that the businesses in the UK, which proved resilient before the pandemic and the structural changes of the department store sector through which we trade, can return to a healthy level of profitability.

The combined effect of the abnormal COVID-19 trading conditions produced a decline in earnings of 176,2% to a loss of R1,9 billion. It should however be noted that of this loss R2,7 billion was a result of the non-cash after-tax impairment of the UK intangible assets and goodwill in the year under review and that the Group generated cash from operations of R9,4 billion.

› Further information on the Group's trading and financial performance is available in the CEO's message from page 58 and the CFO's report from page 86.

In my statement last year I said that "... Our balance sheet was structured to withstand most predictable types of shocks but not a total lockdown of the type we experienced and may have to endure again. Hence our decision to pass the final dividend and raise capital".

The capital raise was structured as a rights issue to give all shareholders the right to participate *pro rata* to their shareholding. Those who did not participate in part or in full were able to be compensated by the sale of their rights in the market. The additional capital raised has significantly strengthened the Group's statement of financial position. This has not only helped TFG to endure the loss of sales and associated impact on the collection of the receivable book arising from the pandemic, but has also put it in a position to capitalise on opportunities presented by the crisis and more generally.

Despite how severely our business and management were tested last year, it is testament to TFG's inherent resilience that we were able to favourably acquire the Jet business. In addition, we continued our drive to bring as much new talent into the business as possible as well as work on key strategic initiatives, some of which will have far reaching effects.

GOVERNANCE AND SUPERVISORY BOARD

In the extreme environment that prevailed, it was more important than ever that we maintained our commitment to the highest standards of corporate governance. As stated in previous reports, we believe that good governance must have real commercial meaning and not be perfunctory. The Supervisory Board and its committees had to make quick and substantial decisions and consider trade-offs while maintaining open lines of communication among its members and with the management team more broadly. In many ways, this was a stress test of our governance structures and processes, and our risk management capabilities – all of which held up well.

In particular, the *ad hoc* Finance Committee under the able leadership of Graham Davin, comprising both non-executive and executive directors, met regularly under circumstances of significant business stress and uncertainty. I am pleased to say that the agile decision-making that resulted from those meetings put TFG in a stronger position to undertake proper assessment of financial risk, oversee the rights issue process and the acquisition of Jet.

In addition, Eddy Oblowitz, Chairman of the Remuneration Committee, supported by advisers and management, engaged in a deep and broad engagement process, spanning numerous consultations with the Group's shareholders, to obtain their inputs and to ensure that, as far as possible, necessary changes to our approach to remuneration had their support. These consultations were the most extensive in TFG's history and resulted in broad support for our proposals.

In my statement last year I said: "We will always maintain appropriate governance over remuneration in which there is much public interest given the level of inequality in South Africa. But bearing in mind the disruption and very considerable hidden costs associated with the loss of skilled people to companies seeking talent to solve their own problems, our remuneration policy must be bold and competitive. We ask shareholders and other stakeholders to consider and understand this point." We are grateful that this has been taken seriously. Unfortunately, competitors continue their efforts to tempt away TFG's deep bench of talent. As we continue to meet this challenge, my message from last year has even greater meaning and the continued support of our shareholders is even more important. There is a substantial invisible cost to the loss of skilled people and this must be kept in mind when considering how to vote on remuneration proposals. Shareholders can be confident that these proposals have gone through rigorous governance oversight and represent the best view of what is in the long-term interest of the Group.

As reported in our 2020 integrated annual report, changes were made to the various Board committees with effect from 1 August 2020. These were a result of an ongoing review process by the Nomination Committee to support succession planning and renewal.

Key changes include:

- Graham Davin's appointment as Lead Independent Non-Executive Director.
- Sam Abrahams' retirement as Chairman of the Audit Committee. Sam will also step down from the Supervisory Board at the upcoming annual general meeting (AGM).
- Eddy Oblowitz assuming the position of Chairman of the Audit Committee.
- Ronnie Stein's appointment as Chairman of the Risk Committee and member of the Audit Committee.
- Fatima Abrahams' appointment as a member of the Risk and Nomination Committees.

While I believe the balance of diversity and skill on the Board and committees is appropriate, this topic is under constant review.

THE SOUTH AFRICAN CONTEXT

I am particularly proud of the contribution the Group has made to South Africa's ongoing transformation process which once again yielded a level 6 B-BBEE rating.

It is gratifying that TFG has managed to make progress on this South African imperative in a manner that is based on sound business principles which will serve the medium- and long-term interests of the business and the needs of society at large.

TFG's pioneering ongoing substantial investment in the South African clothing manufacturing sector is a concrete example. This is clearly in the interests of the business and also meets government's objectives of securing and growing jobs and opportunities in the sector. As detailed in the CEO's message on page 61, the acquisition of Jet secured the jobs of more than 5 600 people and many suppliers which would otherwise have been at risk. In addition, our partnerships with the local manufacturing supply chain support jobs in numerous spheres of our industry.

› More detail can be found in our sustainability overview report, available on our website.

While some progress has been made in addressing the structural issues that inhibit economic growth in South Africa, much remains to be done. I repeat my belief previously expressed that a clear political direction needs to be adopted which puts a premium on the rule of law, equal justice under the law, the elimination of corruption, the appointment of competent people at all levels of government and the pursuit of economic policies that will foster domestic and international confidence and investment.

A message from our Chairman continued

The simple facts are that only these actions will lead to real economic transformation. TFG will continue to support Business Leadership South Africa (BLSA) and cooperate with government to achieve the above-mentioned objectives.

Recent events in KwaZulu-Natal and Gauteng graphically demonstrate these points. The causes of the violence are clear to see. A faction of the ANC attempted to destabilise or gain control of the ANC and thus the government by exploiting the appalling poverty exacerbated by years of economic incompetence and poor governance. These have to be urgently addressed. President Ramaphosa recently spoke honestly and openly about the current situation. In doing so he has committed himself to dealing with these problems decisively. It will be an important step in the right direction if he does.

The reaction of the South African public, from all walks of life and from the corporate sector has been nothing short of inspiring and provides great hope for the future. They are the glue that hold the country together in the face of inept national institutions. Let us hope that the government can step up and do its part as the President has undertaken to do. Perhaps then the promise of South Africa could then be finally fulfilled.

DIGITAL TRANSFORMATION

Notwithstanding ongoing disruption from COVID-19, the business continues its significant investment in digitisation. Last year I anticipated further investment in technology and teams of people to ensure TFG's digital leadership and that stakeholders should expect more bold initiatives. This has come to pass.

The recruitment of Superbalist founders Claude Hanan and Luke Jedeikin to drive the Group's e-commerce ambitions is a big step in this direction. They are seasoned South African e-commerce entrepreneurs, having created the most successful online fashion retailer in the country. Their mission is to dynamically evolve TFG's digital strategy based on its immense strengths including its customer base, wide range of distinctive brands, logistics capacity and technology. All of these will be integrated, leveraged and further enhanced to ensure we meet the challenges, and more importantly, are at the cutting edge of the vast opportunities that digitisation brings. We are thinking broadly and will not hesitate to make investments in South Africa and internationally that we judge to be important in pursuit of digital leadership and customer satisfaction.

LEADERSHIP TEAM

Significant changes in both the composition and structure of the leadership team have taken place. These are a result of careful succession planning and are aimed at ensuring the business is structured to meet the challenges and growth opportunities inherent in a rapidly changing global retail environment.

PROSPECTS

While the future is uncertain and subject to the possibility of sudden negative developments related to COVID-19 and the vaccination roll-out, there are grounds for optimism given the clear effectiveness of the many vaccines and other therapies that are and will become available.

As the global roll-out of vaccines continues, the positive impact on the global economy is being felt. This is in turn benefiting the Group's recovery. In this regard, the worryingly slow and inefficient vaccine programme in South Africa carries with it tragic human and financial costs and slows down TFG Africa's recovery. Government can and must do better.

It is worth keeping in mind though that the concerted actions of central banks and governments to keep the global economy as stable as possible during the crisis comes at a cost. Record low interest rates associated with these policies hurts savers. Inflation in asset prices fuelled by the massive injection of liquidity is set to continue exacerbating income and wealth inequality. If this inflation were to spread to everyday commodities, the pressure on consumers will be increased. If this were, in turn, to lead to higher interest rates, a negative spiral could develop especially for heavily indebted governments increasing the likelihood of tax increases which would further constrain demand.

The Group's financial stance will of course take these uncertainties into account. Shareholders should therefore expect that when dividends recommence, most likely in respect of profits earned in the first six months of the current financial year, they will be covered at a higher rate than previously.

APPRECIATION

Once again, working with both my executive and non-executive colleagues has been an absolute pleasure.

We have had to manage the business through this unprecedented crisis and at the same time make strategic decisions and investments to ensure the Group's future. This is an art and fine balance, and everyone has played their role in pursuit of these ends.

I salute them and acknowledge with profound respect and gratitude:

- Anthony Thunström and his entire team in South Africa, Australia and the UK for their intense efforts. Only those closest to them know the toll this year has taken. It is acknowledged and most certainly not taken for granted.
- Every single member of the approximately 34 900 people who work within the Group for their sacrifice, loyal dedication and hard work.
- My non-executive colleagues and committee Chairpersons for their tireless best efforts in this unprecedented year. They have gone beyond the call of duty and TFG is most fortunate to have their skill, wise counsel and dedication.
- Sam Abrahams, who will be retiring from the Supervisory Board after 23 outstandingly loyal and skilled years of service to TFG. It has been the greatest of pleasures working with him and we will all miss his presence and contribution immensely. All at TFG wish him a serene and purposeful retirement.
- Our valued suppliers, advisers and business associates, all of whom have borne their fair share of the burden imposed on us all by the crisis.
- Our shareholders for their steadfast support and for helping us endure the most challenging year in our history.
- Importantly, our customers, who have supported TFG despite all the inconvenience made necessary by COVID-19 restrictions and regulations. TFG's amazing retail team is and will continue to ensure that they receive the best customer care and satisfaction possible. We know we have no business without them.

M Lewis
Chairman

27 July 2021

Brent Curry

TFG mourns the passing of our colleague and friend, Brent Curry, on 19 November 2020. Brent served on TFG's Operating Board as Chief Information Officer since 2006.

He joined our Group in 1988 and quickly established himself as an individual who would thrive in the TFG Culture. He initially headed up the Group Logistics division and was instrumental in building and transforming this function which today is critical in our supply chain capability.

In 2003, he transitioned into IT and was appointed as Head of this function. Brent shaped our IT capability and led the digital transformation journey at TFG. He had a bold vision for e-commerce and laid many of the foundational blocks to ensure we were able to not only launch 21 online sites but also capitalise on the exponential growth this business area is experiencing. This was not an easy task, but true to Brent's character, he was able to achieve this while never losing his sense of humour.

We will always remember him for his incredible work ethic, his belief that everything is possible and his investment in people as a mentor, coach and sounding board.

We will miss his wicked sense of humour, his integrity, his positive outlook on life and his boundless energy.

All at TFG extend their condolences to his family.

RESPONSIBLE OVERSIGHT OF PERFORMANCE AND REPORTING

TFG's values and culture are the foundation of our governance framework, with our Enterprise Risk Management (ERM) and combined assurance frameworks critical elements within our governance ecosystem. Combined, these form the cornerstone of TFG's approach to responsible oversight of our business operations, strategy and performance and shapes our communication with external stakeholders.

1 Risks and opportunities across the ESG and financial spectrum highlighted through activities such as horizon scanning, workshops, assurance reviews, projects and management discussions are maintained in a centrally managed risk database. Each risk is assessed in terms of likelihood of occurrence and potential impact on the Group.

The materiality of risks and opportunities is considered with reference to our strategy, stakeholder importance, business impact and our ability to create sustainable value over the short, medium and long term. Consideration is given for qualitative and quantitative impacts aligning with the Group's risk appetite. This informs our materiality process.

Read more about our material matters, risks and opportunities on page 80.

2 Opportunities are explored, and where relevant, included in the strategic process.

Our risk appetite guides investment in risk mitigation and the relevant actions are agreed on and responsibility assigned.

The adequacy of the mitigation is evaluated to determine the residual risk.

3 Key risk indicators are designed to monitor risk and the mitigation.

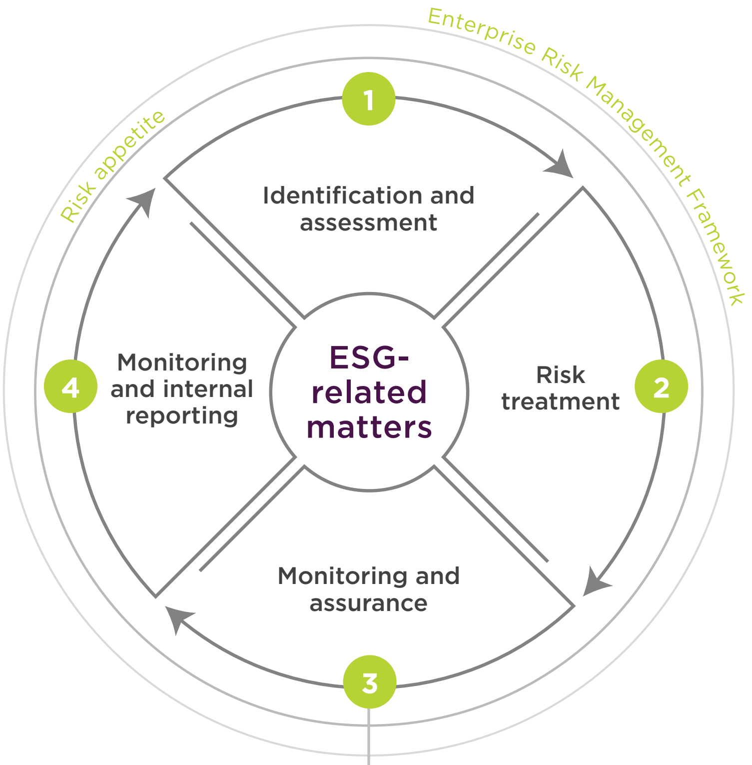
An assurance plan is formulated to provide assurance that the treatment and related mitigations over significant risks are adequate and effective.

The assurance plan is approved by the Risk Committee.

4 Risks and opportunities are reviewed through various forums and committees.

Significant risks are revised and discussed with the Risk Committee.

All business decisions are guided by TFG's vision and mission.



The Group's combined assurance process optimises assurance activities. The five lines of defence approach identifies those responsible for internal controls, risk management and independent assurance. This enables an effective control environment and ensures the integrity of information used in the integrated annual report.

FIVE LINES OF DEFENCE

Assurance providers are increasingly engaged and meet more frequently with business

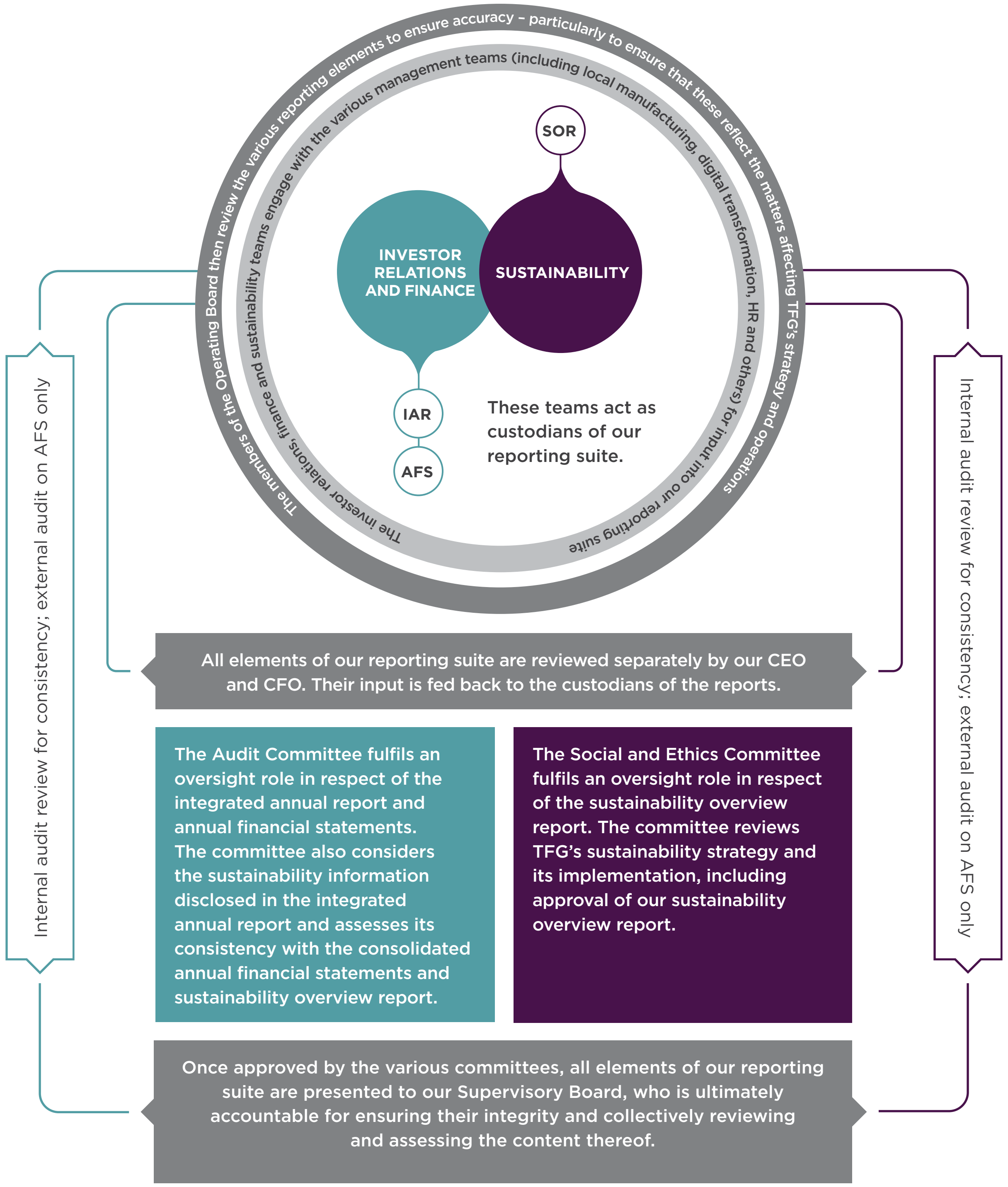
1. Business unit management, with regular reporting to the Operating Board
2. Centralised governance functions such as information technology (IT) security, risk and legal compliance
3. Internal audit with regular reporting to the Audit Committee
4. Various external, accreditation, certification and assurance providers
5. Supervisory Board and mandated sub-committees

Assurance providers are increasingly independent

Read more about our combined assurance model from page 122.

All business decisions are underpinned by the Group values (PRIDE²) and TFG Culture.

Our materiality process, which is embedded within our ERM framework, is an important step in determining what content is included in our integrated annual report. It helps us focus our disclosures on those matters that are most impactful on our business or likely to influence value creation, preservation or erosion over time. These matters therefore guide the preparation of our integrated annual report and other elements within our annual reporting suite. This process, including contributors, systems, controls and accountabilities, is unpacked in the graphic below:



These teams act as custodians of our reporting suite.

All elements of our reporting suite are reviewed separately by our CEO and CFO. Their input is fed back to the custodians of the reports.

The Audit Committee fulfils an oversight role in respect of the integrated annual report and annual financial statements. The committee also considers the sustainability information disclosed in the integrated annual report and assesses its consistency with the consolidated annual financial statements and sustainability overview report.

The Social and Ethics Committee fulfils an oversight role in respect of the sustainability overview report. The committee reviews TFG's sustainability strategy and its implementation, including approval of our sustainability overview report.

Once approved by the various committees, all elements of our reporting suite are presented to our Supervisory Board, who is ultimately accountable for ensuring their integrity and collectively reviewing and assessing the content thereof.

Read more about the Supervisory Board's approval of this report on page 4.

VALUE THROUGH GOVERNANCE

TFG's Supervisory Board is committed to the highest standards of corporate governance and supports the outcomes and principles set out in King IV and the JSE Listings Requirements. This summary sets out the Group's key governance matters for the year.

The Supervisory Board is committed to exercising ethical and effective leadership towards the achievement of the following governance outcomes, as stated in King IV:

Ethical culture

The TFG code of good ethical conduct guides how we do business, maintain a workplace free from discrimination and ensure fair and ethical practices for all employees. The code also guides how TFG interacts with external stakeholders and broader society.

The Group has a zero-tolerance approach to fraud, corruption and other forms of crime or dishonesty. A whistle-blowing facility has been in place since February 1998. Whistle-blowing is encouraged through the outsourced Deloitte & Touche tip-off anonymous line, which is promoted among employees and suppliers. Reports are submitted to the Group Forensics department for investigation.

- 232 (reports received in 2019)
- 251 (reports received in 2020)
- 198 (reports received in 2021)

Feedback on material matters received via the tip-off line is reviewed by the Audit Committee to ensure appropriate follow-up and remedial action is taken. Significant issues, including fraud, are reported to the Supervisory Board. No significant issues were recorded during the year.

Good performance

The Supervisory Board engaged with the Operating Board to assess TFG's performance and ensure alignment between the Group's strategy, performance and remuneration to achieve long-term sustainable growth and the enhancement of shared value for all stakeholders.

Effective control

The Group's governing structures (set out on page 43) assist TFG in setting the direction for how the relationships and exercise of power within the Group should be approached and conducted. A formal Board evaluation process is followed every two years to evaluate the performance of the Supervisory Board, its committees, its Chairperson and its individual members.

Read more about the Board evaluation process followed in 2021 on page 50.

Legitimacy

The Social and Ethics Committee is responsible for assisting the Supervisory Board with monitoring, reporting and discharging TFG's social, ethical, transformational and sustainability practices consistent with good corporate citizenship. Our stakeholder engagement programme enables us to understand and be responsive to the interests and expectations of all stakeholders.

Our King IV application register is available on our website and demonstrates how we are applying specific governance structures, processes and practices to achieve the 16 King IV principles and, as a result, the desired governance outcomes.

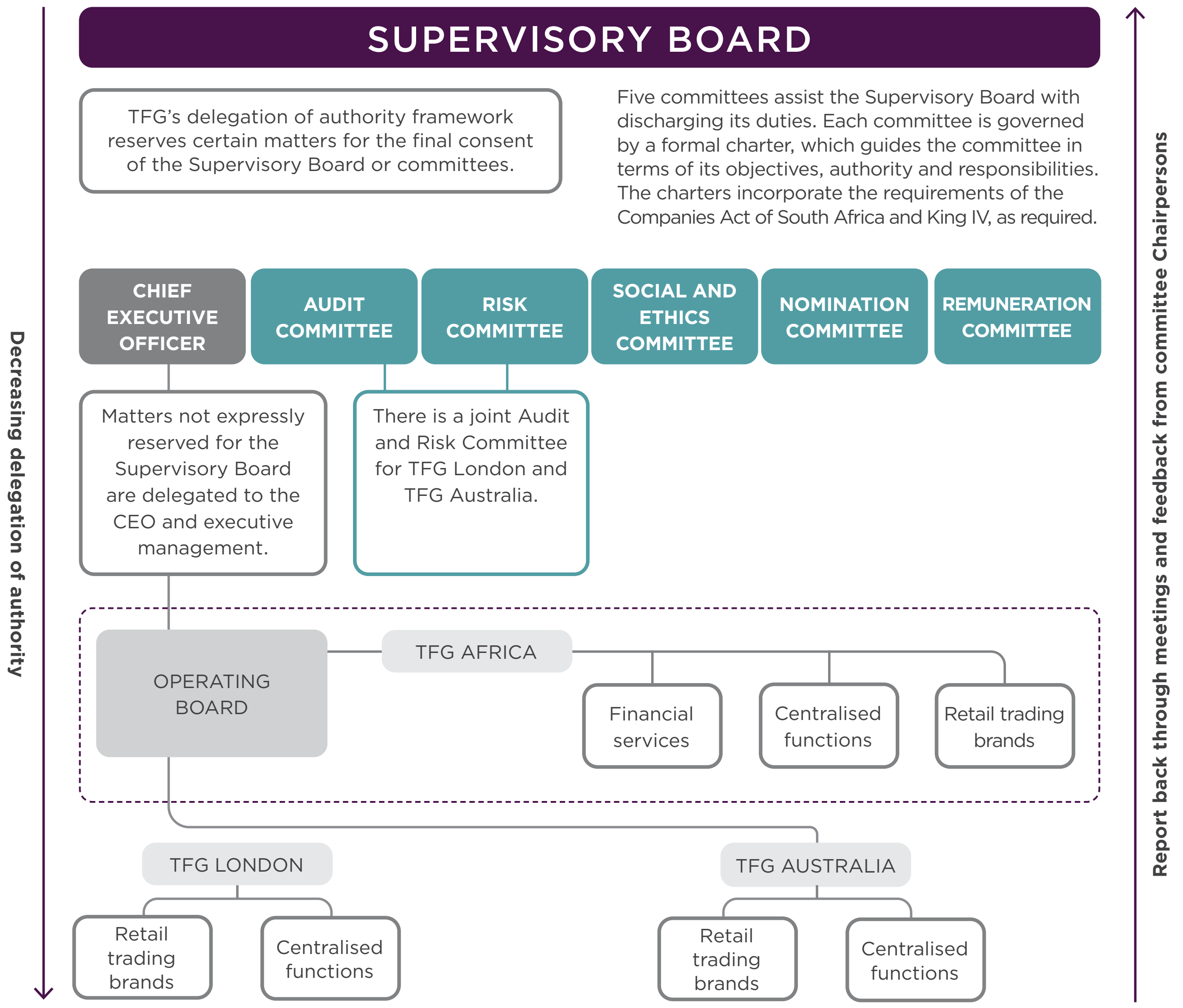
GOVERNING STRUCTURES AND DELEGATION

- The scope and functioning of the Supervisory Board and its committees are governed by charters. These charters are regularly reviewed and updated. They outline the relevant authority, responsibilities, powers, composition and functioning of the Supervisory Board and its committees.
- All committees are chaired by an independent non-executive director.
- An *ad hoc* Finance Committee, comprising both non-executive and executive directors and chaired by G H Davin, is tasked from time to time to assist the Supervisory Board in several areas. This includes making dividend recommendations to the Supervisory Board, implementing and monitoring treasury and liquidity key performance indicators and specifically considering and investigating all potential acquisition opportunities and their funding.
- The Operating Board is responsible for day-to-day management and operations.

Read more about the role and responsibilities of the Operating Board on page 29.

- There is a clear distinction drawn between the roles of the CEO and the Chairman and these positions are occupied by separate individuals. The Chairman is considered independent.

A Group governance framework assists in setting the direction for how the relationships and exercise of power within the Group should be approached and conducted.



TFG's delegation of authority framework reserves certain matters for the final consent of the Supervisory Board or committees.

Five committees assist the Supervisory Board with discharging its duties. Each committee is governed by a formal charter, which guides the committee in terms of its objectives, authority and responsibilities. The charters incorporate the requirements of the Companies Act of South Africa and King IV, as required.

Matters not expressly reserved for the Supervisory Board are delegated to the CEO and executive management.

There is a joint Audit and Risk Committee for TFG London and TFG Australia.

The Supervisory Board is satisfied that the delegation of authority framework contributed to role clarity and the effective exercise of authority.

Value through governance continued

HOW THE SUPERVISORY BOARD SPENT ITS TIME

The Supervisory Board typically meets five times per year in Cape Town.

Proceedings at meetings are directed by way of an agenda.

The proposed agenda is circulated in advance to enable Supervisory Board members the opportunity to request additional agenda items.

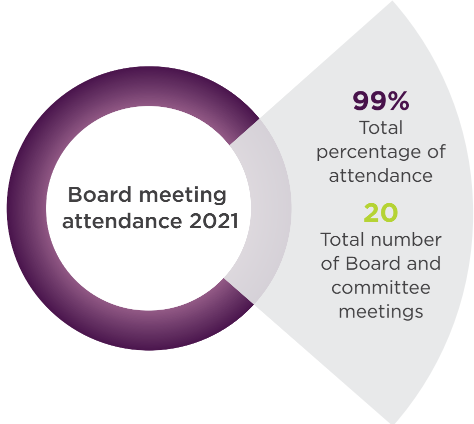
A comprehensive Board pack is distributed prior to meetings to ensure members are properly informed and able to engage in meaningful discussions and effectively discharge their duties.

Minutes of all committee meetings are included in the Supervisory Board packs and directors can raise concerns or questions arising from these minutes.

During the current financial year, the Supervisory Board undertook several discussions and debates related to the execution of TFG's strategy, the effectiveness of the Group's governance structures and the factors underpinning performance.

The Supervisory Board *inter alia*:

- considered the impact of COVID-19 on the business and the appropriate response measures;
- deliberated on and approved all decisions related to the implementation of the rights issue;
- approved the acquisition of Jet;
- approved funding of £25 million to be provided to the Group's UK subsidiary;
- considered ESG-related matters, including TFG's sustainability strategy and its role in value creation;
- approved the appointment of Mr G H Davin as Lead Independent Non-Executive Director, with effect from 1 August 2020;
- approved the classification of Mr R Stein as an independent non-executive director, with effect from 29 July 2020 (Mr R Stein was previously categorised as a non-executive director);
- approved a number of changes to the composition of the various Board committees, with effect from 1 August 2020;
- approved the adoption of the new 2020 Share Appreciation Rights Plan (SAR) and the 2020 Forfeitable Share Plan (FSP);
- approved projections and results;
- deliberated on dividend payments and decided that, in light of the current subdued economic environment and the heightened levels of uncertainty posed by COVID-19, that it would be prudent not to declare any dividends during the 2021 financial year;
- considered compliance and governance matters (including the application of King IV);
- approved the King IV application register;
- considered the independence of non-executive directors;
- considered report-backs on the governance structures for TFG London and TFG Australia;
- reviewed and updated the Board charter;
- reviewed strategy at various levels;
- focused on current performance;
- considered report-backs from Supervisory Board committees; and
- discussed emerging retail trends and TFG's digital transformation initiatives.



Full meeting attendance is detailed on page 111.

OVERSEEING STRATEGY EXECUTION

TFG's ongoing focus on its strategic objectives is supported by the Supervisory Board's commitment to oversee the execution of these strategies.

This oversight depends on the directors' collective ability to stay ahead of new and changing uncertainties, risks and opportunities facing TFG over time. It is thus important that the Supervisory Board assesses any gaps in its collective experience and upskills directors accordingly to ensure decision-making is properly informed. This further ensures that our approach to succession planning, director renewal, training and development and committee composition is relevant and resilient to TFG's changing risk environment.

In addition, a formal induction programme for new non-executive directors is in place to maximise their understanding of the Group and enable them to provide input and make well-informed decisions as quickly as possible.

All non-executive directors are exposed to the key aspects of the Group on a regular basis and are invited to proactively participate in this process. Directors have unrestricted access to the Company Secretary and all company records, as well as to independent professional advice at the company's expense in appropriate circumstances.

RISK MANAGEMENT

The Supervisory Board is ultimately responsible for the maintenance of an effective risk management process. The Audit Committee, together with the Risk Committee, assists the Supervisory Board in the assessment of the adequacy of the risk management process.

TFG's ERM framework provides a structured, dynamic and consistent approach to risk management. It is an integrated approach and recognises that effective risk management is critical to the achievement of strategic objectives and the long-term sustainable growth of the business. Risks are reviewed throughout the year and this continuous process informs any updates to the Group's risk registers and combined assurance plan.

The seven most significant risks to the Group are outlined below and unpacked in more detail from page 126. TFG's material matters on page 80 further elaborate on the risks, opportunities and issues that could affect the Group's ability to create shared and sustainable value.

Our most significant risks:

1. The complexity of the regulatory environment across all three of the Group's business segments
2. A fire, flood or other natural disaster, political crisis, terrorist attack or other catastrophic event could affect TFG's stores, distribution centres or head office
3. Failure of TFG's IT environment
4. Instability in both local and global economics influences available capital, results in fluctuating exchange rates and affects consumer discretionary spend
5. Weakening economies and/or a financial and/or catastrophic disaster leads to the collapse of key suppliers and service providers
6. Threat of cyber attacks
7. A stagnant economic climate negatively affects TFG's customers' purchasing power and influences their ability to settle accounts

Value through governance continued

THE SUPERVISORY BOARD: INTRODUCING OUR DIRECTORS

The Supervisory Board is ultimately accountable for the strategy, direction, leadership, governance and performance of TFG. It has oversight of the development, approval and updating of TFG's vision, mission and value statements, and significant policies and goals related to economic, environmental and social impacts.

The Supervisory Board mainly comprises non-executive directors, with the majority being independent.

All directors exercise unfettered discretion in fulfilling their duties and there exists a balance of power and authority among the members of the Supervisory Board.

The CVs of Supervisory Board directors are provided on pages 108 to 110.

M Lewis (62)
BA (Econ) (Hons)

Chairman

Member of: Nomination and Remuneration Committees
Chairman of: Nomination Committee

A E Thunström (51)
BCom (Hons Acc), CA(SA)

Chief Executive Officer

Member of: Risk and Social and Ethics Committees

G H Davin (65)
BCom, BAcc, CA(SA), MBA

Lead Independent Non-Executive Director

Member of: Nomination Committee

B Ntuli (44)
BCom (Hons Acc), CA(SA), AMP (Harvard)

Chief Financial Officer

Member of: Risk Committee

S E Abrahams (82)
FCA, CA(SA)

Prof. F Abrahams (59)
BEcon (Hons), MCom, DCom

Member of: Nomination, Remuneration, Risk and Social and Ethics Committees
Chairperson of: Social and Ethics Committee

E Oblowitz (64)
BCom, CA(SA), CPA(Isr)

Member of: Audit, Remuneration and Risk Committees
Chairman of: Remuneration and Audit Committees

C Coleman (58)
B (Architecture)

N V Simamane (62)
BSc (Chemistry & Biology) (Hons)

Member of: Audit, Risk and Social and Ethics Committees

D Friedland (68)
BCom, CA(SA)

Member of: Audit, Remuneration and Risk Committees

R Stein (72)
BCom, CA(SA)

Member of: Audit, Risk and Nomination Committees
Chairman of: Risk Committee

B L M Makgabo-Fiskerstrand (47)
BA

Member of: Audit, Risk and Social and Ethics Committees

A D Murray (64)
BA, CA

Member of: Risk Committee

● Executive directors ● Independent non-executive directors ● Non-executive director

Value through governance continued

CHANGES TO THE SUPERVISORY BOARD OR COMMITTEES

As was announced on SENS on 29 July 2020, Mr G H Davin, previously an independent non-executive director, has been appointed as the Lead Independent Non-Executive Director with effect from 1 August 2020.

Mr R Stein, previously categorised as a non-executive director, has been classified as an independent non-executive director with effect from 29 July 2020.

The following changes to the various Board committees have been made with effect from 1 August 2020 and are a result of an ongoing review process, by the Nomination Committee, with regards to the composition of the Board and Board committees as well as the need for succession planning and renewal, and aim to align the company with corporate governance requirements.

Audit Committee

- Mr S E Abrahams stepped down as Chairman and member of the Audit Committee
- Mr E Oblowitz was appointed as Chairman of the Audit Committee
- Prof. F Abrahams stepped down as a member of the Audit Committee
- Mr R Stein was appointed as a member of the Audit Committee

Risk Committee

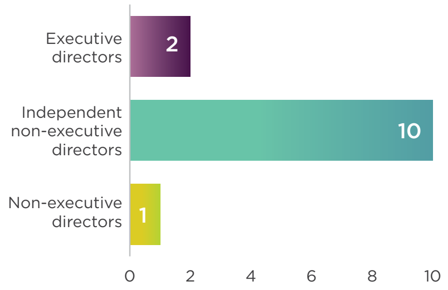
- Mr E Oblowitz stepped down as Chairman of the Risk Committee and remains a member
- Mr R Stein was appointed as Chairman of the Risk Committee
- Prof. F Abrahams was appointed as a member of the Risk Committee

Nomination Committee

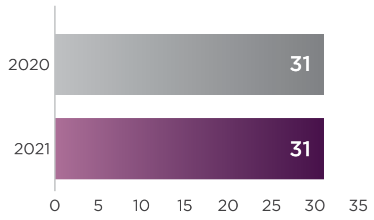
- Mr S E Abrahams stepped down as a member of the Nomination Committee
- Mr G H Davin and Prof. F Abrahams were appointed as members of the Nomination Committee

As was announced on SENS on 2 July 2021, Mr S E Abrahams will be retiring from the Supervisory Board with effect from 2 September 2021, following the conclusion of the company's AGM. Mr Abrahams, who was due to retire by rotation at the AGM, will accordingly not offer himself for re-election.

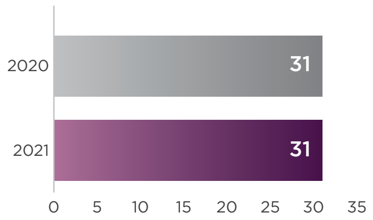
BOARD COMPOSITION



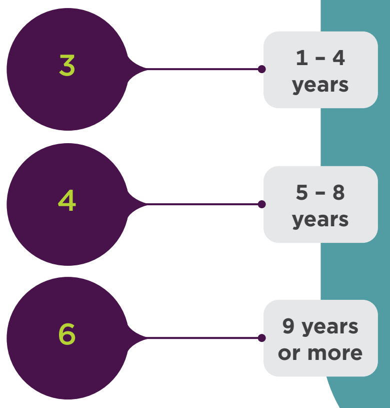
GENDER DIVERSITY (% FEMALE)



RACE DIVERSITY (% BLACK)



TFG has adopted a policy on the promotion of broader diversity at Supervisory Board level. Diversity is important to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management of TFG. A truly diverse Board will include and make good use of different skills, regional and industry expertise/knowledge, experience, age, culture, background, race, gender and other distinctions between directors.



Tenure of the Supervisory Board

Of the ten independent non-executive directors, six have served a term in excess of nine years. The Supervisory Board reviewed the independence of Mr S E Abrahams, Mr M Lewis, Prof. F Abrahams, Ms N V Simamane, Mr E Oblowitz and Mr R Stein and after due consideration (during the relevant meeting the aforementioned directors recused themselves) concluded that the length of their association with the Group does not impair their independence.

The Nomination Committee recommends re-election by shareholders after due consideration is given to the director's attendance at meetings and his/her performance. Each year, one third of the existing non-executive directors are subject to retirement by rotation. This is in line with the memorandum of incorporation.

The following Supervisory Board members will stand for re-election at the 2021 AGM:

- E Oblowitz
- B L M Makgabo-Fiskerstrand
- Prof. F Abrahams

Refer to the corporate governance report from page 108 for brief CVs of these directors.

Value through governance continued

The Supervisory Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence, as illustrated below:

A E Thunström
Business leadership, retail and finance

B Ntuli
Business leadership, logistics and finance

R Stein
Retail and finance

A D Murray
Business leadership, retail and finance

M Lewis
Business leadership, retail and investment management

S E Abrahams
Banking and finance

E Oblowitz
Business advisory and finance

C Coleman
Business leadership, banking and international finance

G H Davin
Banking and international finance

Prof. F Abrahams
Industrial psychology and human resources

D Friedland
Retail and finance

B L M Makgabo-Fiskerstrand
Business leadership, communications and enterprise development

N V Simamane
Business leadership, marketing and communications

● Executive ● Independent non-executive ● Non-executive

INDEPENDENCE AND PERFORMANCE EVALUATION

As recommended by King IV, the Supervisory Board categorises non-executive directors as independent if it concludes there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making in the best interests of TFG. The Supervisory Board considers King IV and other indicators holistically, and on a substance-over-form basis when performing this assessment and is aided by an annual independence questionnaire completed by each non-executive director.

On this basis, ten of the eleven non-executive directors are categorised as independent and one, A D Murray, is not considered to be independent. G H Davin has been appointed as the Lead Independent Non-Executive Director with effect from 1 August 2020.

The Supervisory Board is satisfied that the evaluation process is improving its performance and effectiveness.

Non-executive directors have no fixed terms, and the performance of all directors is subject to an evaluation process. This formal Board evaluation process is followed every two years as recommended by King IV, and includes the following steps:

1. Comprehensive questionnaires are sent to all Supervisory Board members to evaluate the performance of the Supervisory Board, its committees, its Chairperson and its individual members.
2. The results are collated and passed on to the Chairman.
3. The Chairman conducts a one-on-one interview session with each director to discuss his/her feedback and any areas of concern.
4. The Chairman provides feedback to the Supervisory Board on any actions arising from the evaluation process.
5. The outcomes of the actions are evaluated to ensure improvements were achieved.

This formal process was followed in 2021 and will be repeated in 2023. Action plans are in place that address the key themes, which include:

- Diversity at Board level; and
- Enhanced focus on corporate strategy.

DIRECTOR APPOINTMENT

Potential non-executive directors go through a thorough interview process until a suitable candidate is appointed. The process is contained in a policy that details the appointment procedure and ensures that appointments are a matter for the Supervisory Board, assisted by the Nomination Committee. Newly-appointed directors hold office until the next AGM, at which time their appointment is confirmed and they stand for re-election.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Responsibility for the implementation and execution of effective compliance management is delegated to management. The Supervisory Board retains ultimate responsibility for compliance with applicable laws, adopted non-binding rules, codes and standards.

The constantly changing regulatory landscape is carefully monitored to ensure that key regulatory changes are identified by jurisdiction, impact on the business is determined and appropriate business response plans are developed to ensure compliance.

The Foschini Group Limited (the company) is in compliance with the Companies Act of South Africa and other relevant laws of establishment, specifically relating to its incorporation. Further, the company is operating in conformity with its memorandum of incorporation.

Read more about how we identify risks and respond to the risk of non-compliance in our Risk Committee report from page 121.

OUR BUSINESS MODEL

TFG's mission is to be the leading fashion and lifestyle omnichannel retailer in Africa, while growing our international footprint. Our business model illustrates the unique way the Group uses available resources to achieve this goal. It also illustrates how we transform these resources into outputs and outcomes and deliver on our strategic objectives in the short, medium and long term.

OUR KEY RESOURCES AND THE INPUTS INTO OUR BUSINESS MODEL

Financial capital

TFG's sources of funds consist of funds reinvested in the Group, retail profit generated, interest income, income from our value-added services, share capital and a combination of long-term and short-term borrowings. The two sources of funding for the Group are institutional lenders and banking syndicates. Financial capital is used to fund the growth of the Group, to pay interest on borrowed funds and for capex and expansion. When appropriate, it is used to pay dividends to our shareholders.

- R17,2 billion in total equity
- R3,8 billion free cash flow
- 79% cash turnover contribution
- 21% credit turnover contribution
- R3,8 billion capital raised during the 2021 financial year
- R1,3 billion net debt as at 31 March 2021

Financial capital constraints experienced during the year:

- Economic recession in all three of our territories, exacerbated by COVID-19
- c.15% (TFG Africa), c.50% (TFG London) and c.13% (TFG Australia) of trading capacity lost due to COVID-19-related lockdowns across our territories
- Reduced demand in certain merchandising categories, like formal wear and workwear

Intellectual capital

Intellectual capital includes our broad retail experience, market-leading brand portfolio, omnichannel ecosystem and strong operational support. Our buying process and quick response model help ensure inventory purchases and fabric selection are in line with projected turnover and based on actual trading patterns and sales trends. Our investment in a customer-focused digital offering positions TFG as more agile and fit for the future than our competitors.

- 29 brands
- 25 omnichannel brands
- 11,4 million locally manufactured units[1]
- 26,4 million myTFGrewards customers[1]
- 2,6 million total online orders fulfilled
- 13,9 million social media followers

Intellectual capital constraints experienced during the year:

- Greater reliance on digital systems and infrastructure increased cyber security risk
- Fluctuating customer demand due to COVID-19 impacted our ability to accurately forecast and source inventory

Social and relationship capital

Our ability to succeed as a business depends on our relationships with our various stakeholders. As a responsible corporate citizen, we invest in these relationships and strive to work effectively with our stakeholders to create shared value.

- R13,9 million in corporate social investment spend
- R396,6 million paid to governments in income taxes
- 42,3% of TFG Africa clothing procurement is local
- R36,8 million invested in supplier development

Social and relationship capital constraints experienced during the year:

- Slow economic progress, high unemployment and limited access to education, housing and social protection, among others, impacted the welfare of communities served by TFG Africa.

Manufactured capital

We use a range of physical sites and facilities throughout our markets in Africa and internationally, which enable us to procure, import, manufacture, sell and deliver our products and services. This includes our outlets, distribution centres, factories and logistics infrastructure. In-house manufacturing increases the quick response capabilities for TFG Africa.

- 4 284 outlets
- 2 TFG Africa-owned factories
- 8 TFG Africa insourced distribution centres
- 13 online warehouses
- R628,7 million in capital investment

Manufactured capital constraints experienced during the year:

- COVID-19-related disruptions to our supply chain, particularly for the UK and Australia
- Electricity load shedding in South Africa impacted our stores and production facilities
- Increased demand for e-commerce placed strain on our logistics systems to fulfil orders

Human capital

Human capital constitutes the skills and retail experience of our employees, who enable us to implement our strategy and deliver our products and services. We grow our human capital through bursaries granted to employees and through retail and manufacturing internship and learnership opportunities. It also relies on their ability to adapt to change, their health, safety and wellbeing.

- 34 891 employees
- 226 166 training interventions
- 96,1% employment equity representation[1]

Human capital constraints experienced during the year:

- Employee safety and wellbeing was challenged due to COVID-19
- Our business optimisation project continues to address human capital inefficiencies in order to deliver future-fit operating models
- Competitors continue to target TFG's deep skills bench

Natural capital

As a retailer, we rely on natural resources for the production and delivery of goods. These natural resources include water, cotton, paper, electricity, gold, diamonds and silver.

Natural capital constraints experienced during the year:

- Increased power interruption due to load shedding affected store operations in South Africa
- Increased transport between distribution centres, warehouses and stores, due to high online sales volumes

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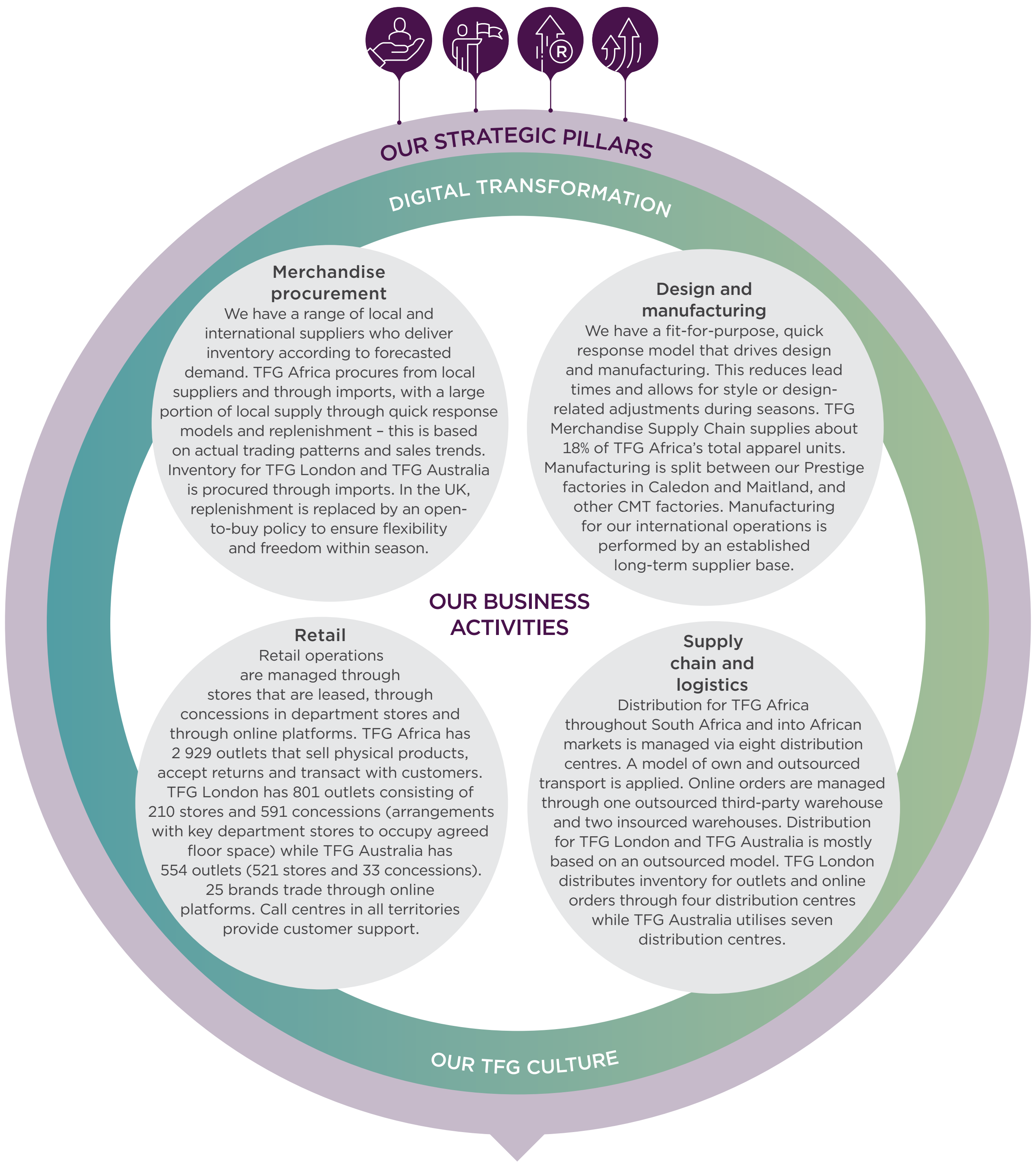
[1] *Relates to TFG Africa only.*



OUR BUSINESS ACTIVITIES

Merchandise procurement

We have a range of local and international suppliers who deliver inventory according to forecasted demand. TFG Africa procures from local suppliers and through imports, with a large portion of local supply through quick response models and replenishment – this is based on actual trading patterns and sales trends. Inventory for TFG London and TFG Australia is procured through imports. In the UK, replenishment is replaced by an open-to-buy policy to ensure flexibility and freedom within season.

Design and manufacturing

We have a fit-for-purpose, quick response model that drives design and manufacturing. This reduces lead times and allows for style or design-related adjustments during seasons. TFG Merchandise Supply Chain supplies about 18% of TFG Africa's total apparel units. Manufacturing is split between our Prestige factories in Caledon and Maitland, and other CMT factories. Manufacturing for our international operations is performed by an established long-term supplier base.

Retail

Retail operations are managed through stores that are leased, through concessions in department stores and through online platforms. TFG Africa has 2 929 outlets that sell physical products, accept returns and transact with customers. TFG London has 801 outlets consisting of 210 stores and 591 concessions (arrangements with key department stores to occupy agreed floor space) while TFG Australia has 554 outlets (521 stores and 33 concessions). 25 brands trade through online platforms. Call centres in all territories provide customer support.

Supply chain and logistics

Distribution for TFG Africa throughout South Africa and into African markets is managed via eight distribution centres. A model of own and outsourced transport is applied. Online orders are managed through one outsourced third-party warehouse and two insourced warehouses. Distribution for TFG London and TFG Australia is mostly based on an outsourced model. TFG London distributes inventory for outlets and online orders through four distribution centres while TFG Australia utilises seven distribution centres.

TFG Africa
TFG London
TFG Australia

OUR EXTERNAL OPERATING ENVIRONMENT: TFG AFRICA, TFG LONDON AND TFG AUSTRALIA

Our performance can be positively or negatively influenced by market conditions; environmental, social and macroeconomic factors; and retail trends – either creating an environment for growth or restricting the degree to which we can preserve or create value. COVID-19 significantly impacted our operations due to store closures during national lockdowns, disruptions to global supply chains and the suspension of business activities.

Read more about our operating context, the impact on TFG and our response from page 63.

THE OUTPUTS OF OUR BUSINESS MODEL

PRODUCTS AND SERVICES

Our retail brands offer clothing, jewellery, cellphones, accessories, cosmetics, sporting apparel and equipment, and homeware and furniture. TFG Africa also offers customers a range of value-added services such as magazines, insurance products, mobile airtime and our TFG Rewards programme.

BY-PRODUCTS AND WASTE

As a retailer, our direct environmental impacts are relatively low. Our environmental impacts can be found upstream in our supply chain (cotton growing, colour dyeing, printing and manufacturing) and downstream in washing, drying and the ultimate disposal of garments. We focus on resource efficiency at TFG's head office and within our distribution centres and stores. Key measures we track include business and production waste, the use of plastic and supplier cartons, and energy efficiency. Through the introduction of the Product Stewardship and Supply Chain pillar in our sustainability strategy, we are increasingly working to better understand and take action both upstream and downstream to reduce negative environmental impacts.

Our business model continued

THE OUTCOMES OF OUR BUSINESS MODEL

The outcomes of our business activities include the positive or negative internal and external consequences for our stakeholders and capitals, and collectively result in the value that we create, preserve or erode over time. The disruption brought about by COVID-19 significantly impacted all our capitals and the outcomes of our business model for the past financial year. Through the collective efforts of our Operating Board and management teams, we mitigated value erosion where possible to ensure we preserved the stakeholder and resource value under our care.

Financial capital

Our employees and shareholders benefit from the proper management of financial capital:

- 🟢 Total equity increased by 8,0% to R17,2 billion.
- 🟢 Group gearing (total debt to equity – pre-IFRS 16) of 7,6% – reducing the Group's financial indebtedness insulates the statement of financial position against potential future shocks while at the same time positioning us for future growth and opportunities.
- 🟢 Free cash flow of R3,8 billion, which is robust despite trading losses and investments into strategic growth initiatives.
- ⚫ R2,7 billion after-tax non-cash impairment of the carrying values of TFG London's goodwill and intangible assets.
- 🟣 Credit turnover down 23,6% – this supports the Group's strategy to curtail credit sales in the prevailing economic environment.

Manufactured capital

Our employees, customers, suppliers and shareholders benefit from the proper management of our manufactured capital:

- 🟢 42,3% of TFG Africa's local clothing procurement is from TFG Merchandise Supply Chain, enabling us to optimise our manufacturing and in-house design capabilities.
- 🟣 Capex decreased by 43,8% to R628,7 million; however, we continue to prioritise investment in digital technology.
- 🟢 Quick response manufacturing (TFG Africa) increased by 16,1% to 9,9 million units, strengthening our ability to react to in-demand, in-season sales while protecting our margins.
- 🟢 Our Group footprint increased by net 201 outlets, enabling us to provide customers with more opportunities to shop conveniently in more locations.
- 🟢 The number of brands available online increased to 25, helping us deliver a convenient and comprehensive retail experience to our customers.

Intellectual capital

Our customers, employees and shareholders benefit from the proper management of our intellectual capital.

- ⚫ Goodwill and intangible assets decreased by 25% to R7,3 billion, mainly as a result of the impairment of TFG London's intangible assets.
- 🟣 The number of TFG brands remained stable at 29, ensuring our customers can continue to enjoy our portfolio of leading brands. Within the portfolio, two new brands were added, Jet and Galaxy & Co, while two brands, Duesouth Escapes and Colette are being wound down.
- 🟢 We invested a further R190,7 million in digital transformation, improving employee and customer experiences alike.
- 🟢 New payment channels were introduced to TFG Africa account customers to provide them with the opportunity to pay their TFG Account anytime, anywhere and on any device.
- 🟣 We continue to focus on advancing product stewardship through innovative partnerships and brand-led initiatives.

Human capital

Our employees, customers and shareholders benefit from the proper management of our human capital.

- 🟢 1 471 internship and learnership opportunities made available in retail, creating more employable people within our communities.
- 🟢 Training and development spend decreased by 12,6% as physical training sessions were stopped as a consequence of the pandemic. TFGLearn, however, provided the opportunity for TFG Africa employees to continue their learning online, thereby enabling growth and development. In total for the Group, the number of training attendees increased by 56,7%.
- 🟢 Our transformation drive delivered a sustained increase in the representation of Black employees within our top and middle management teams.
- 🟢 Continuing efforts to support, develop and fairly remunerate our people resulted in lower employee turnover year-on-year. Considering the challenging nature of the local and global retail sectors, this provides TFG with a critical competitive strength.

Social and relationship capital

All our stakeholders, including governments, legislators and regulators as well as the non-profit organisations and communities we work alongside, benefit from responsible stakeholder engagement.

- 🟢 We supported communities through total Group donations of R13,9 million.
- 🟢 We increased locally sourced clothing, footwear and accessories to a meaningful 37% of total TFG Africa procurement of clothing, footwear and accessories with plans in place to support significant local supply chain growth over the next few years.
- 🟣 We retained a B-BBEE level of 6 and we remain committed to making a more meaningful contribution to transformation within South Africa.
- 🟢 76% of our first tier local manufacturers, representing 91% spend, have joined as Sedex members, helping us better understand our supply chain risks and how to mitigate these.
- 🟢 In support of our efforts to eradicate modern slavery, TFG London initiated a long-term partnership with Anti-Slavery International and TFG Australia continued to collaborate with the Australian organisation Be Slavery Free.

Natural capital

Our customers, employees and shareholders benefit from the proper management of our intellectual capital.

- 🟣 Our scope 1 and 2 emissions decreased by 13% on a like-for-like comparison with the prior year. There was a slight 5% increase with the inclusion of Jet and TFG Australia.
- 🟣 82% of waste was recycled across all TFG Africa sites – slightly below our target of 85%.
- 🟣 We recycled 90% of our textile waste, an improvement on 2020 but still behind our target of 100%.
- 🟢 We improved our energy efficiency, achieving a 14,8% reduction in KW/h per square metre (stores). The improvement was largely attributable to store closures and employees working from home as a result of the national government-enforced lockdowns.
- 🟣 In 2020, we signed up to the South African Plastics Pact, the first African Plastics Pact to join the Ellen MacArthur Foundation's global Plastics Pact network of national and regional initiatives. We now track our contribution against common national targets and actions for South Africa.

🟢 Value created 🟣 Value preserved ⚫ Value eroded

TRADE-OFFS

In our strategic and tactical business decisions, we prioritise certain resources and stakeholder outcomes. Read more about the trade-off decisions resulting from these on page 78.

OUTLOOK

De-gearing our statement of financial position helps safeguard the Group's financial capital. This enables us to continue to contribute to the financial capital of employees by paying salaries, and also to invest in the following capitals to achieve targeted performance over the short, medium and long term:

- Manufactured capital to drive local procurement and supplier development: among other things, this will increase local job opportunities, thereby improving our social and relationship capital.
- Manufactured, intellectual and human capital as part of our digital transformation journey.
- Human capital by remunerating and incentivising in such a way as to attract and retain the critical skills we need to execute on our strategy.
- Natural capital through our commitments to reducing our carbon footprint and waste, and through responsible product stewardship in the way we design, manufacture, sell and dispose of products to minimise environmental impact.

We remain confident that decisions made and actions taken during the year have positioned TFG well for long-term growth, supported by the measured and thoughtful use of our available capital inputs.

04

VALUE CREATION THROUGH PROVEN STRATEGY

A MESSAGE FROM OUR CEO

ANTHONY THUNSTRÖM
Chief Executive Officer

TFG has weathered one of the worst storms in a century and emerged stronger than before.

It is easy to forget the uncertainty, anxiety and turmoil that we have all experienced since the beginning of the COVID-19 pandemic. We faced economic, political and social upheaval and the global economy experienced the deepest downturn since the 2008 financial crisis. For TFG, the outbreak of the pandemic coincided almost exactly with the start of the financial year.

Looking back, I am proud of TFG's resilience in tackling all of the unknowns we had to deal with. I am proud of the opportunities we identified and took advantage of despite the pervasive uncertainty. Most importantly, I am proud of the way TFG and its executive team stayed true to our values and how we did our best to look after the interests of all of our stakeholders.

Throughout the pandemic, the question we consistently asked ourselves, every time we made a decision, was simply: "Are we doing the right thing?".

Our top priority has been to do everything we can to preserve jobs, especially for our most vulnerable employees.

We adopted this approach across the Group but it had particular relevance in South Africa, where unemployment is desperately rife. To this end, we continued to pay full contracted salaries to all employees and assisted distressed suppliers where required. Supervisory Board fees and Operating Board salaries were temporarily reduced, and we implemented zero salary increases for the year. In recognition of the sacrifices made by all our frontline store, factory and distribution centre teams, who did not have the luxury of being able to work from home, we awarded these nearly 27 000 employees a special COVID-19 year appreciation bonus.

PERFORMANCE OVERVIEW

Our reported earnings for the year were heavily impacted by COVID-19 lockdown restrictions.

For a retailer, there is nothing as disruptive as not being able to open stores for trade or to collect customer account payments. In total, we lost approximately 15% of our available trading hours in TFG Africa and approximately 13% in TFG Australia due to the varying government-enforced lockdowns in the countries where we trade. The UK, in particular, bore the brunt of enforced store closures and lost approximately 50% of available trading hours.

At the same time, consumer sentiment in South Africa, the UK and Australia understandably remained muted. We simultaneously experienced a strong shift in consumer preferences away from smart wear and into casual wear, primarily impacted by people spending more time at home during lockdowns. TFG's diversification across different categories and consumer groups stood us in good stead.

In TFG Africa, we had already been de-emphasising formal wear in favour of casual wear and athleisure for some time, meaning we are well positioned for the shift in customer demand. The clothing category grew by 0,8%.

We saw dramatic growth of 33,5% in the cellular category, which includes laptops, tablets and accessories. Similarly, the homeware and furniture category grew by 6,5%. More discretionary items, including jewellery and cosmetics, delivered a more muted performance. Jewellery revenue contracted by 22,0% as a result of two full months of enforced store closures. Cosmetic sales declined by 18,2%, both due to less demand as well as the suspension of in-store product testing in line with COVID-19 safety protocols.

The combination of these factors resulted in elevated levels of seasonal and smart wear inventories, especially in our more impacted TFG Africa and TFG London territories. To fully deal with these elevated inventory levels during the year, we marked down where appropriate and ensured that we took adequate provisions against year-end inventories to address this issue in the current financial year. In aggregate, the Group set aside c.R1,1 billion in the past financial year to deal with impacted inventory.

TFG Africa's turnover grew by 1,6% (ZAR). It is important to note that, during the second half of the year when lockdowns eased and many stores could reopen, turnover grew by 22,7% compared to the same period in 2020. This is an encouraging indication for future trading.

Of our three business segments, the performance of TFG London was most impacted by government-enforced national lockdowns, with turnover contracting by 49,7% (GBP). The R2,7 billion after-tax non-cash impairment of our goodwill and intangible assets held within TFG London significantly impacted results.

Leading 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 in the world, on a three-year revenue compound annual growth rate of 33% between 2016 and 2019.

However, we were not immune to the incredibly challenging operating environment in the UK, which has seen some of the longest lockdowns and enforced store closures in the world. This had a profound effect on the short- to medium-term outlook for retail sales. A recent PwC survey estimated that UK retail sales have dropped by approximately £27 billion as a result of enforced closures, causing nearly 17 500 retail stores to permanently close their doors.

For TFG London, both the Phase Eight and the Hobbs brands predominantly serve segments particularly hard hit by COVID-19. Demand for both occasion wear and formal workwear was significantly reduced as socialising and in-office attendance remained largely prohibited.

These market factors reduced TFG London's future expected cash flows and led us to believe that it is prudent and appropriate to reduce the carrying value of the goodwill and intangibles in respect of the business segment.

Nonetheless, looking to the future, we are encouraged by the reopening of stores, which commenced from 12 April 2021, as well as the rapid roll-out of vaccinations in the UK. Our resilient financial position allowed us to see out the worst of the year in the UK and we believe the business will grow back to profitability as the social restrictions are lifted and the economy reopens. Our TFG London brands retained significant brand equity and are well positioned to take advantage of pent-up demand. In addition, the TFG London management team completed a second phase of restructuring, resulting in an efficient infrastructure and appropriate cost base to move forward confidently.

Despite area-specific COVID-19 lockdowns throughout the year, TFG Australia's turnover contracted by only 7,1% (AUD), benefiting from strong leadership and effective government support.

Group turnover declined by 6,7% (excluding Jet: 13,0%). While it is never pleasant to produce negative results, we enter the new financial year conservatively provisioned and with a solid statement of financial position. Based on the post-lockdown consumer demand which we have experienced across all three our territories, as well as the levels of provisioning taken, we remain optimistic about the future.

Read more about Group performance in the CFO's report from page 86 and the performance of our three business segments from page 101.

PROGRESS MADE ON KEY STRATEGIC PRIORITIES

Fast-track e-commerce evolution and digital transformation	• Launched myTFGworld and Sportscene apps • Launched American Swiss and Sterns online • Trialling value pure play jewellery brand, Galaxy & Co • Launched Johnny Bigg online in USA and Europe
Investment through the cycle	• Accelerated investment in digital transformation • Repurposing of existing space
Positioning for agility and flexibility	• Rights offer successfully concluded • Net debt reduced to R1,3 billion (March 2020: R8,4 billion)* • Target net debt to EBITDA: 1 – 1,5x by end FY 2022^
Capture market share: Organic growth and opportunistic mergers and acquisitions	• Jet opportunistic acquisition • Additional local manufacturing capacity developed
Continue on our sustainability journey	• Aligned Group sustainability pillars across the Group and formulated key performance indicators for each • Significant investment in job creation and preservation in TFG Africa

* *On a pre-IFRS 16 basis for the Group.*

^ *On a pre-IFRS 16 basis for TFG Africa.*

FAST-TRACK E-COMMERCE EVOLUTION AND DIGITAL TRANSFORMATION

There is no doubt that COVID-19 lockdown measures accelerated the adoption of online shopping by several years. As a result of our significant prior investments in this area, TFG was uniquely positioned to take advantage of what we believe will be a structural shift in shopping habits. During the year, we launched our immersive Sportscene app, TFG Jewellery online and our first pureplay digital offering, Galaxy & Co. We further launched Johnny Bigg as a pureplay digital offering in the USA and Europe.

Marketing has also swiftly shifted from more traditional channels to social media, which drives traffic to our brand websites and shopping apps. As a Group, we now have 13,9 million social media followers, which is testament to the strength and equity of our brands. Across the Group our websites received 152 million individual visits, resulting in 2,6 million orders.

Group online turnover continued to excel with growth of 33,4% (2020: -1,9%). The contribution of online turnover to total Group turnover is now at 12,0% (2020: 8,4%).

TFG's strategic commitment to digital transformation and e-commerce is not purely an IT initiative, but also relies on our people's use of the technology, and the speed at which they are able to adapt to new digital processes. We made meaningful investments over the past few years to digitally equip our employees to be more customer-centric and work more efficiently. These investments include one of the largest RFID roll-outs in the world and the optimisation of our OneStock order management system.

Read more about our change management progress in our sustainable overview report, available online.

INVESTMENT THROUGH THE CYCLE

As part of our digital transformation strategy, we recognised the need to recruit the best talent available in the South African pureplay e-commerce space. To this end, we were extremely pleased to announce that Claude Hanan and Luke Jedeikin, the co-founders and joint CEOs of Superbalist.com, South Africa's leading e-commerce site, joined TFG in April, as Chief Omni Officers.

Continuing to expand our online penetration is paramount for both growth and future-proofing the business. However, this rapid growth places strain on our e-commerce platforms and logistics partners to ensure we can fulfil all orders and meet customer expectations. We would not be able to meet these demands without the proprietary omnichannel systems we have developed and implemented. We are currently trialling robotic process automation, artificial intelligence and augmented reality services to ensure that we can successfully scale to future demand and continue to further improve customer experience. We also expanded our delivery partnerships and refined our courier service level agreements to ensure we meet customer demand.

POSITIONING FOR AGILITY AND FLEXIBILITY

Given the near total uncertainty as to how severe the COVID-19 pandemic would be, and how long the associated lockdowns would last, we recognised the need to protect our statement of financial position against possible further disruptions.

To this end, we successfully raised a net amount of R3,8 billion through a well-executed and supported rights issue. The combined effect of this rights issue, strong trading when stores opened and disciplined action to reduce cash outflows, allowed the Group to de-gear our statement of financial position and reduce our gearing from 52,4% to 7,6%, and achieve free cash flow equal to R3,8 billion.

We successfully accessed government funding where available to us in each of our territories and continued to prioritise cost saving initiatives across all our operations, as well as driving our existing business optimisation initiatives in TFG Africa and TFG London.

The combination of these measures have helped us to materially strengthen our statement of financial position and ensure the sustainability of our business. This has been one of the Group's most important achievements in response to the crisis.

Read more about our financial response and cost containment in the CFO's report from page 86.

CAPTURING MARKET SHARE

Jet acquisition

While performing scenario planning to frame the quantum of the rights issue, we recognised the likelihood that there would be opportunities to acquire high-quality brands at attractive valuations, and we thus ensured that we raised sufficient capital to allow us to move quickly and confidently when we identified suitable opportunities. The business rescue process of Edcon Limited provided the first of these opportunities.

Our internal teams and advisers conducted an in-depth due diligence of the Jet business and reviewed its strategy, brand equity, systems and talent pipeline. We concluded that the acquisition would provide us with a strategically important expansion into the value segment of the southern African retail apparel market. TFG was able to acquire selected, profitable parts of the business, a unique opportunity which previously was not possible. This provides the Group with significant scale in the value segment at an attractive price.

Over and above the commercial benefit for TFG, by acquiring Jet we secured employment for more than 5 600 employees throughout our operations in Africa, entered into new lease agreements for the 425 Jet stores and committed to 318 existing local suppliers.

Initial trading results for Jet have exceeded our expectations and give us confidence it will become a material contributor to the Group's performance in the future. We will continue to invest in merchandise, distribution and IT infrastructure to ensure its success.

Although smaller in scale, we also secured several new manufacturing assets. The acquisitions of the manufacturing capacity of House of Monatic, Trade Call Investments Apparel (Epping) and Playtex will allow TFG to further expand our local quick response manufacturing capacity. The formal contractual requirements of these acquisitions will be completed in the new financial year.

Additional local manufacturing capacity being developed

The global industry trend to procure from the cheapest manufacturer, regardless of location, is unsustainable and detrimental to the local economy. It also proved to be a significant obstacle during the lockdown periods, when international supply chains were delayed or disrupted.

We have invested strategically over the past five years to create a flexible, diversified local supply chain, in partnership with the South African government and the Department of Trade, Industry and Competition. This reduces the Group's reliance on China and other international suppliers, which has enabled us to decrease their contribution from approximately 65% of apparel in 2020, to 58% in the current year. Importantly, expanding local manufacturing capacity supports local job creation and upskilling, especially for potentially vulnerable groups.

Read more in our sustainability overview report, available on our website.

Inventory for TFG London and TFG Australia is procured almost entirely through imports and we worked proactively with suppliers to manage merchandise orders in response to customer demand and adjust payment terms. The success of these engagements reflects the strength of our supplier relationships.

CONTINUING ON OUR SUSTAINABILITY JOURNEY

This year, we prioritised focusing on our upstream inputs, especially in respect of our raw materials and manufacturing supply chains. Our businesses in the UK and Australia are well advanced in their thinking in these areas and we are leveraging their experience to align our sustainability pillars across the Group. We have formulated key performance indicators for each pillar, and will be launching internal sustainability dashboards at the start of the new financial year. This means that sustainability is no longer the domain of a few small teams in the Group; it is everyone's business.

We continue reporting on our contribution to the United Nation's SDGs 8 and 12, and added SDG 9 this year as it is strongly aligned to our localisation imperative.

Our participation in the YES programme is an example where we contribute to the SDGs and also to one of South Africa's most pressing social issues. Almost 500 unemployed young people join a cohort of more than 1 000 people who have been welcomed by TFG on learnerships and internships that we run across stores, factories, distribution centres, contact centres and head office operations.

COVID-19 highlighted widening inequality across the globe and elevated social and environmental imperatives. The pandemic certainly brought new insights and purpose to TFG. We have a fundamental role to play in creating a sustainable future and building resilient communities. I believe that the strategic shifts we made in thinking about sustainability this year have positioned us to deliver meaningfully on this role.

OUTLOOK AND APPRECIATION

We expect the COVID-19 pandemic to continue impacting the functioning of our head offices and distribution centres, trading in our store environments and the flow of global supply chains, until sufficient levels of vaccination are achieved globally. The impact of lockdown measures has caused a structural shift in the way we do business and how our customers interact with us. It will determine how we operate in future, where we invest and what we prioritise.

The recent unrest, looting and destruction of property in South Africa has come at a time that we can ill afford any further economic disruption or loss of life. TFG was indeed fortunate in that none of our staff lost their lives as a result of the unrest, however the looting of 198 of our stores as well as the broader economic damage that has been wrought, will doubtless lead to the further loss of jobs and greater hardship. This is a particularly bitter pill to swallow, given our own commitment to and investment in job preservation and creation in South Africa. Government and Business will need to work together to rebuild everything that has been lost.

Despite these challenges, the past year has shown us that TFG's business model is resilient under extremely difficult circumstances. Our strategy is well defined and we are confident that it will support our further growth.

Strategic investments in digital transformation and localised quick response manufacturing will continue to be prioritised. Our statement of financial position has never been stronger and we will also continue our strong focus on expense and capital management. We remain on the lookout for further inorganic growth opportunities that meet our strict acquisition criteria.

The responsibility to do what is right and protect our people, suppliers and customers, while balancing the need to have a robust business when we emerge from the COVID-19 pandemic, is daunting.

What has helped tremendously is that I am surrounded by such a strong, capable and supportive TFG team. This includes our Chairman, Michael Lewis, as well as our Supervisory and Operating Boards who provided much guidance and wisdom during a very challenging year. Our approximately 34 900 employees in Africa, the UK and Australia worked tirelessly to ensure our operations adapted to unprecedented circumstances. TFG is reliant on this team to achieve its goals and this year has proven, more than ever, that we have an exceptional team.

We are considering the adoption of a more formal work-from-home policy and conducted a survey asking employees who are able to work remotely for their input and feedback. A theme that emerged from this research is that employees actually desire contact with others. The result will likely be a flexible and blended approach to working from home and in the office.

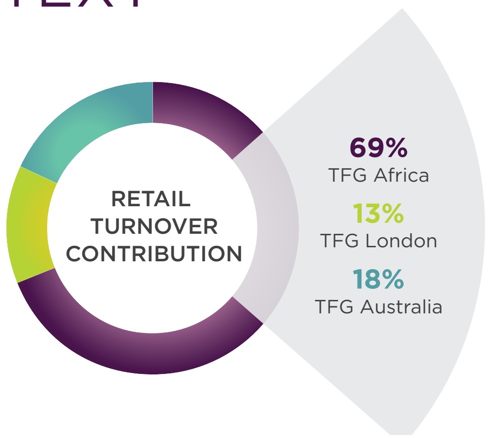
In the financial year, 2 093 of our people tested positive for COVID-19 and tragically 13 passed away as a result. Each of these employees contributed to the success of TFG and we have offered all the support possible to their families. We keep them and their families in our thoughts.

The Supervisory Board and I are humbled by the continued support of our shareholders, as evidenced by the substantial oversubscription in respect of the rights offer. To our customers, suppliers, employees and other stakeholders – sincere thanks on behalf of myself and the rest of the TFG Supervisory Board for your continued support and collaboration in these unprecedented times.

A E Thunström
Chief Executive Officer
27 July 2021

OUR OPERATING CONTEXT

While TFG's retail turnover is still largely generated by TFG Africa, and in particular South Africa, the Group's operating context is impacted by the external macroenvironmental factors across all three business segments:



IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS

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. Throughout the year, all three of our main territories were impacted by COVID-19. This profoundly impacted our operating context.

Store trade

The impact of COVID-19 has been felt across all our operations since the beginning of March 2020 with significant trading disruptions caused by government-enforced lockdowns and regulations on social distancing in all three of our major operating territories. Most of the Group's 4 083 trading outlets across all our major trading territories were closed in the month of April. Further lockdowns were subsequently announced, most notably in the UK, which adversely impacted trade performance for the past financial year.

Impact on the Group

Store trade was significantly impacted across all our major trading territories due to lockdowns and trading restrictions. During the past financial year, the Group experienced average downtime in trading hours for TFG Africa of c.15%, TFG Australia of c.13% and TFG London of c.50%.

c.15% average downtime
for TFG Africa

c.13% average downtime
for TFG Australia

c.50% average downtime
for TFG London

Our strategic response

The Group leveraged its clearly defined digital strategy and capitalised on previous digital investments to mitigate the impact of COVID-19 on our retail operations and meet the rapid rise in e-commerce demand. Key investments that supported our response include RFID, our e-commerce sites, the launch of the myTFGworld and Sportscene apps, and the integration of OneStock and the Yoobic merchandising system. Our digital workforce management system and employee apps, TFGLearn and TFG-on-the-go, enabled us to restore operations post-lockdown more safely and efficiently than we could have in the past.

Our operating context continued

Inventory and sourcing

COVID-19 lockdowns caused significant interruption of global supply chains. While local manufacturing is a strategic focus for TFG Africa, it still relies on international suppliers for approximately 58% of its apparel. Inventory for TFG London and TFG Australia is procured almost entirely through imports.

Impact on the Group

The impact on inventory related to seasonal inventory not being sold during the government-enforced lockdown periods. The Group is, however, adequately provisioned going into the new financial year with the total value of provisions raised during the past year amounting to c.R1,1 billion. Inventory balances reduced by c.R100,0 million since 31 March 2020 and inventory days reduced by 15 days to 169 days, notwithstanding the acquisition of Jet.

169 inventory days
versus 184 days at March 2020

R8,3bn Group inventory value
versus R8,4bn at March 2020

Our strategic response

We engaged with domestic and international suppliers to either cancel or delay merchandise orders in response to customer demand. We also renegotiated payment terms. Seasonal inventory was managed through a significant reduction in purchases in line with expected lower demand. The Group made provision where it anticipated that inventory will be sold under circumstances which required significant discounting. Flexible local procurement and our ongoing investment in local manufacturing enabled us to diversify away from Chinese factories and enabled us to adjust forward purchases to cope with uncertain levels of turnover.

Employees

COVID-19 posed many new challenges for employees and managers in organisations globally. These challenges included, for example, equipping employees to work from home; relying on technology to stay connected with employees and ensuring effective and ongoing communication; and recognising the impact of mental health pressures, fatigue and extreme stress, combined with wider societal anxieties around the pandemic.

Impact on the Group

COVID-19-related lockdowns and regulations on social distancing impacted all employees across our operations, including those in stores, call centres, head offices, distribution centres and manufacturing facilities. As stores closed down, as many head office employees as possible needed to be assisted to work remotely. We focused on the health and safety of employees, but also had to consider their financial wellbeing.

74 699 COVID-19 compliance-related online training interventions completed by employees through TFGLearn

Our strategic response

We established a COVID-19 multi-functional task team and portal, which provided employees with communication, policies and documents related to the pandemic. We executed extensive work-from-home arrangements, with a particular focus on ensuring that employees with co-morbidities could work remotely. We paid full salaries and benefits during lockdown, made use of government relief such as TERS, JobKeeper and furlough, where possible, and provided other financial support, such as increased funds through our internal financial assistance programme. Facilities teams contracted deep cleaning services and store operations resumed with strict hygiene protocols in place. TFGLearn courses were developed to support the adoption of health and safety protocols to minimise the risk of employees contracting COVID-19.

E-commerce surge

COVID-19 accelerated an expansion of e-commerce. It provided customers with access to a significant variety of products from the convenience and safety of their homes, and enabled companies to continue operations in spite of social restrictions and other confinement measures.

Impact on the Group

As a result of our prior investments, TFG was uniquely positioned to take advantage of this structural shift in our customers' shopping habits. Between May 2020 and March 2021, TFG Africa's online turnover grew by 132%. TFG Australia's online turnover grew by 58% for the year while online turnover from TFG London's own sites grew by 9% during the year. The contribution of online to Group turnover now sits at 12,0% – up from 8,4% at March 2020. The spike in demand placed strain on our e-commerce and logistics partners, who are critical in ensuring we can fulfil all orders.

+132% TFG Africa online turnover growth
(May 2020 to March 2021)

+58% TFG Australia online turnover growth
vs prior year

+9% growth in TFG London own site online turnover vs prior year

12,0% Group online turnover contribution
(2020: 8,4%)

Our strategic response

We continue to invest in our e-commerce digital platforms and other initiatives, such as RFID and OneStock, which position us well to benefit from the accelerated adoption of e-commerce by customers. We recruited Superbalist founders Claude Hanan and Luke Jedeikin to further drive the Group's e-commerce ambitions. We are trialling robotic process automation, artificial intelligence and augmented reality services to scale and be flexible to future demand, and improve customer experience. We also increased our courier partnerships and refined our courier service level agreements to ensure we meet customer demand.

Changing consumer demand

COVID-19 triggered a strong shift in consumer preferences away from smart wear and into casual wear and athleisure, primarily impacted by people spending more time at home during lockdowns.

Impact on the Group

Our Phase Eight and Hobbs brands were particularly hard-hit by the pandemic, as these brands predominantly serve the occasion wear and formal workwear segments. This has not only directly impacted trading over the past financial year, but has also had significant long-term ramifications on TFG London's department store partners, reducing TFG London's projected future cash flows.

TFG Africa and TFG Australia were less severely impacted by this shift in consumer preference, with TFG Africa already de-emphasising formal wear in favour of casual wear and athleisure for some time.

87% of units manufactured by TFG Merchandise Supply Chain was quick response

Our strategic response

In TFG London, we reviewed our cost base and operating model to ensure that we are well positioned for recovery. This includes exploring additional routes to market.

We believe that our UK brands remain strong within their specific categories. In South Africa, we are driving increased local procurement and supplier development to offer a wider range of in-demand, in-season products. Quick response capabilities enable our retailers to make style or design-related decisions as late as possible within a season, in a way that is more responsive to what customers want.

Our operating context continued

Sustainable fashion

Over the past decade, there has been increased awareness and interest among customers about the sustainability of their clothing choices. This has raised expectations regarding the social and environmental responsibility of the fashion industry – a trend that was exacerbated by COVID-19 due to its social impact and the environmental concerns arising from the pandemic. To remain competitive after the pandemic, fashion retailers must therefore accelerate their sustainability initiatives.

Impact on the Group

TFG has 4 284 trading outlets in 26 countries on five continents. Our three geographies also have distinct sustainability challenges and focus areas. To ensure we respond to our customers' demand for sustainable fashion, we therefore need to ensure a coordinated and strategic approach to sustainability that creates shared value by driving social and environmental benefits for our stakeholders.

Our strategic response

In response to the key strategic shifts that came about in the current year, we established a clarified and more harmonised set of sustainability priorities across the territories in which we operate. We will continue refining this approach and are developing targets to measure progress against the different elements. In particular, our environmental efficiency strategy will focus on electricity, water, recycling and plastic. We also included a product stewardship and supply chain pillar that will increase the focus on sustainable sourcing, design and manufacturing techniques. To make more informed decisions on behalf of our customers, we established a merchant sustainability forum, led by a champion in the Group, to develop clear practices and criteria regarding the sustainability attributes of the products that we buy and manufacture. Within individual Group brands in TFG Africa, but also in TFG Australia and TFG London, there are stand-out examples of more sustainable products and progress towards sustainable fibres and clothing longevity.

Challenging economic environment

As a result of the COVID-19 pandemic, the past financial year was characterised by unprecedented global economic, political and social turmoil. Business confidence has seen improvements in South Africa and Australia as economies reopened, although the UK remained subdued. GDP across all three of our major territories remains depressed, while unemployment in South Africa continues to increase.

In the UK and Australia, there is reason to be optimistic for a robust recovery in consumer sentiment once the COVID-19 virus is controlled. However, the South African economy is likely to remain constrained, even after normalising from the impact of the pandemic.

Impact on the Group

Poor economic growth negatively impacts consumer sentiment, limiting the Group's ability to grow.

Based on the reopening of economies in the UK and Australia, and the rapid roll-out of vaccinations in the UK, we are cautiously optimistic for recovery and growth in consumer sentiment in these territories, although further COVID-19 outbreaks could delay the pace of recovery. However, economic recovery in South Africa is critical to our long-term sustainability.

+3,1% **projected South African GDP growth**[1]

+4,5% **projected Australian GDP growth**[2]

+9% **projected UK GDP growth**[3]

[1] *Source: Statista*

[2] *Source: International Monetary Fund*

[3] *Source: Bank of England*

Our strategic response

Both TFG London and TFG Australia are strategically positioned to take advantage of the improved economic conditions in these territories. In South Africa, TFG has an important role to play to aid economic growth and prosperity through job creation and empowerment.

We continued our investment in local manufacturing which will boost the South African economy and preserve and create much needed employment opportunities.

PERFORMANCE AGAINST OUR STRATEGY

Our business and the external environment continue to evolve. COVID-19 has further triggered a structural shift in the way we do business. Therefore, while the core principles of our strategy remain unchanged, certain parts are becoming more critical. Our key strategic priorities are discussed in the message from our CEO, which further unpacks the actions taken during the year to position TFG as a business stronger than ever before.

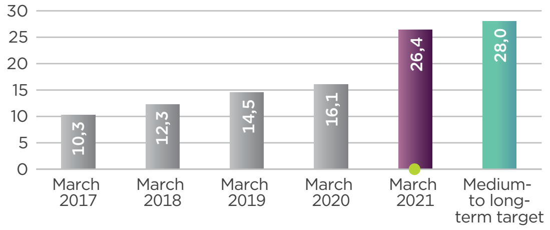
CUSTOMER & EMPLOYEE OBSESSION

Material matters, risks and opportunities relevant to customers and employees

- Challenging trading environment
- Disruption in retail across our various markets and channels
- Fashion trends and customer preferences
- Continuity of supply chain
- Talent management: attracting, retaining and developing key talent
- Reliance on IT

We track our performance against key strategic measures, building on valuable progress made in recent years. An overview of TFG's performance against these measures is provided on the following pages, with details of our strategic and operational progress included throughout this report.

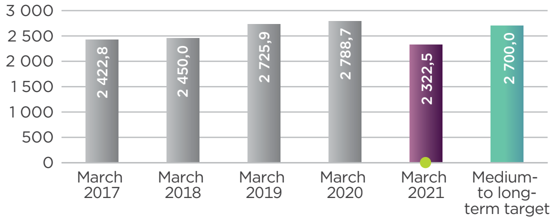
myTFGrewards CUSTOMERS (MILLION)



Why we measure this: myTFGrewards allows us to track a larger percentage of turnover at a customer level. With the use of data science, we further enrich our customer knowledge and refine our engagement strategies to ensure customer relevance and resonance.

How we performed: We rebranded TFG Rewards to myTFGrewards and acquired an additional net 10,3 million new myTFGrewards customers, which includes 9,4 million Jet shoppers that were welcomed to myTFGrewards as a result of the acquisition.

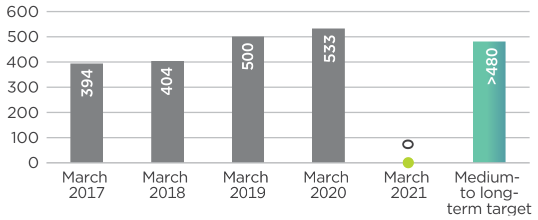
NUMBER OF ACTIVE ACCOUNTS ('000)



Why we measure this: Active accounts determine the success of our credit division, which remains an important part of our business.

How we performed: Strict credit lending criteria remained in place during the year in response to the impact of COVID-19, extended lockdowns and the prevailing economic environment. Marketing was further curtailed during the pandemic and approval rates were reduced to less than 15%. A restricted credit appetite will be maintained going forward.

NUMBER OF CUSTOMER-FACING EMPLOYEES TRAINED THROUGH THE TFG RETAIL ACADEMY



Why we measure this: Launched in 2016, the TFG Retail Academy has been an important vehicle to assist current and future retail managers and customer-facing employees develop management competencies and leadership abilities.

How we performed: Due to COVID-19 and restrictions on face-to-face training, all training through the TFG Retail Academy was cancelled. However, instead of the Retail Academy in its traditional format for customer-facing employees, we implemented a number of other interventions in field and store operations. Through these interventions, we provided 752 opportunities for customer-facing employees for learnings, development and work experience.

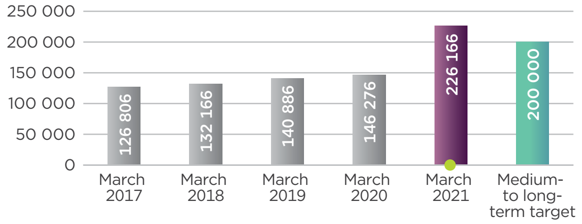
Performance against our strategy continued

LEADERSHIP

Material matters, risks and opportunities relevant to leadership

- Talent management: attracting, retaining and developing key talent
- Reliance on IT

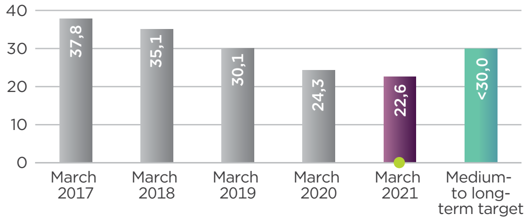
NUMBER OF TRAINING INTERVENTIONS DURING THE YEAR



Why we measure this: The highly competitive retail environment requires a strong focus on talent management and development. In South Africa in particular, we have a strong commitment to upskilling our employees to ensure a resilient and scalable future supply chain.

How we performed: The number of annual training interventions continues to increase year-on-year. The past year in particular saw a non-comparable increase in training interventions as a result of c.75 000 COVID-19 compliance training sessions, which will not be repeated at these levels going forward. In addition to our focus on developing customer-facing employees and managers, we also support training initiatives focused on developing world-class management capabilities needed to drive TFG Africa's localisation strategy.

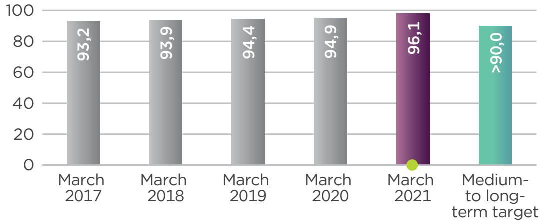
EMPLOYEE TURNOVER (TOTAL %)



Why we measure this: Tracking employee turnover is important to determine the effectiveness of our people management strategies.

How we performed: Employee turnover remains within industry norms. We continue to focus on retention initiatives.

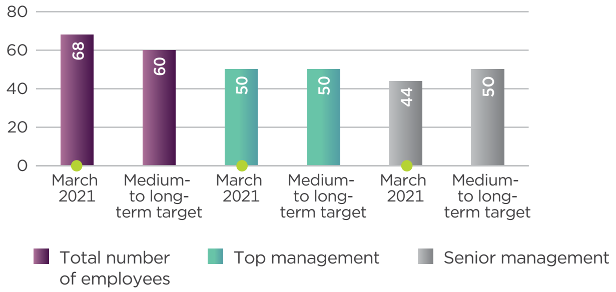
EMPLOYMENT EQUITY (% REPRESENTATION OF PREVIOUSLY DISADVANTAGED GROUPS AMONG PERMANENT EMPLOYEES) – SOUTH AFRICA ONLY



Why we measure this: Employment equity remains a critical aspect of the Group's transformation agenda. Our current focus is on gender and race transformation for senior management and professional middle management, and a higher proportion of people with disabilities.

How we performed: We are involving our heads of business to incorporate transformation actively into their unit strategies. To address unconscious bias, we partnered with training providers and facilitators to work with key leaders in the business, as well as those tasked with digital marketing content, to encourage diversity and inclusion. Our transformation drive delivered a sustained increase in the representation of Black employees within our top, middle and junior management teams, while retaining our focus on promoting gender diversity. 74,7% of middle management appointments and 45,0% of senior management appointments were employment equity appointments. 50,0% of all appointments were female.

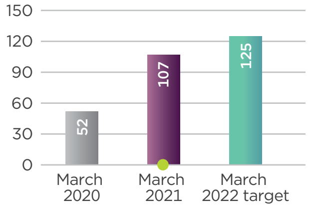
GENDER DIVERSITY (% FEMALE REPRESENTATION) – SOUTH AFRICA ONLY



Why we measure this: In line with our value of empowerment, the Group strives to create equal opportunities for all. As such, we measure gender diversity both at a total employment level and at management representation level.

How we performed: Through various recruitment initiatives, we achieved and exceeded target both at a top management and at a total employment level. While we are tracking behind target on senior management, our pipeline into senior management has a 61% female representation.

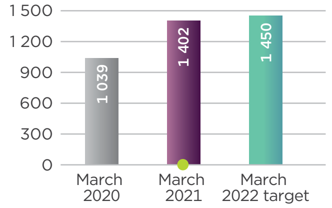
PARTICIPANTS IN DISABILITY LEARNERSHIPS/INTERNSHIPS



Why we measure this: As part of our drive to build a diverse and inclusive business, we believe it is important to pursue fair representation and equal opportunity for people with disabilities in the workforce. Our aim is specifically to target unemployed youth who did not have the opportunity to train or study at a higher learning institute. In this way we create jobs, contribute to empowerment and help communities reduce reliance on social grants.

How we performed: We partnered with the St Vincent School for the Deaf, iCan Corporate Disability Solutions, eDeaf SA, Related Education and Harambee Youth Employment Accelerator for our learnerships for youth with disabilities. In 2021 we were able to place 107 persons with disabilities, who were previously unemployed, on learnerships at TFG.

LEARNERSHIPS, INTERNSHIPS AND GRADUATE OPPORTUNITIES (NEW ROLES CREATED)



Why we measure this: Creating learnerships, internships and graduate opportunities that are focused on skills development in areas where we are expanding or where there are limited skills available enables us to attract and up-skill high-calibre individuals for roles at our head office and across our brands in all stores. This is underpinned by an aggressive talent acquisition strategy.

How we performed: 1 402 learnerships, internships and graduate opportunities were created at TFG Africa against a target of 1 450. Project Elevate, launched in 2018, remains one of our primary vehicles to develop high-calibre individuals for entry-level, customer-facing roles within stores across our brands. This year we enrolled 288 young people with a passion for retail into the Project Elevate initiative in distribution centres and stores across all our brands. 233 of these learners were previously unemployed and have been given 12-month employment contracts to gain valuable work experience for their qualification, and future employability. At the same time, we are building a pipeline of retail talent for our business.

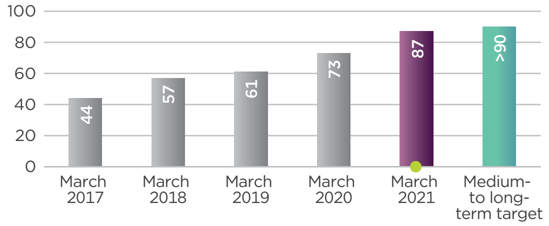
Performance against our strategy continued

PROFIT

Material matters, risks and opportunities relevant to profit

- Challenging trading environment
- Disruption in retail across our various markets and channels
- Fashion trends and customer preferences
- Continuity of supply chain
- Reliance on IT

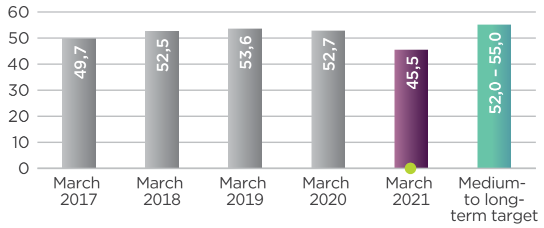
QUICK RESPONSE CONTRIBUTION TO TOTAL UNITS MANUFACTURED (%)



Why we measure this: We believe that increasing our quick response units provides a strong competitive edge as this supports margin advantage, trend relevance, reduced lead time and superior inventory cost control. Furthermore, our quick response manufacturing capability is based on innovative production processes, lean manufacturing principles, IT systems and digitisation.

How we performed: We achieved an increase of 1,4 million units year-on-year, with a total quick response unit growth of 16,1%. We are expanding our Prestige clothing factories with the intent to create scalable hubs in key centres, including Cape Town and KwaZulu-Natal. We are investing in our network of CMT partners to create capacity and ensure their sustainability. We have started a new SMME cluster in partnership with the KwaZulu-Natal government, which will assist 15 new companies and support our capacity requirements. We are investing significantly in skills development for youth, especially in rural and semi-rural areas, as well as people with disabilities, to provide a diverse pipeline as we create new jobs. The acquisition of Jet significantly increases local retail demand and forms part of the local manufacturing volume growth plans.

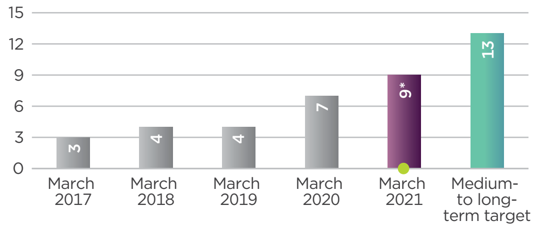
GROSS MARGIN (%)



Why we measure this: Gross margin is an important measure to assess our procurement capability and supply chain efficiency, profitability and financial performance.

How we performed: Gross margin for the Group decreased by 7,2% to 45,5% due to increased promotional activity in response to challenging trading conditions, inventory provisions and a change in product mix across all three segments.

PRE-PACK UNITS AS % OF PRODUCT RECEIVED

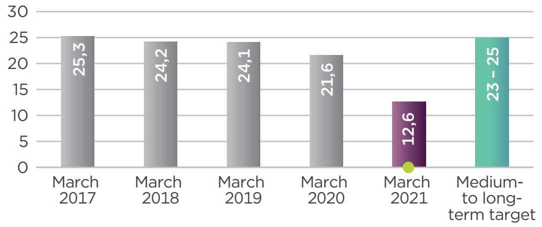


* Excluding Jet.

Why we measure this: Cross docking is a strategic focus to improve availability, speed and efficiencies. The term refers to an arrangement with suppliers whereby they pre-pack our merchandise according to our specifications so that it is ready to be delivered to stores.

How we performed: While this measure was impacted by order cancellations in the past year as a result of COVID-19, we still increased pre-pack units by 2%.

TFG AFRICA ROCE (%)^

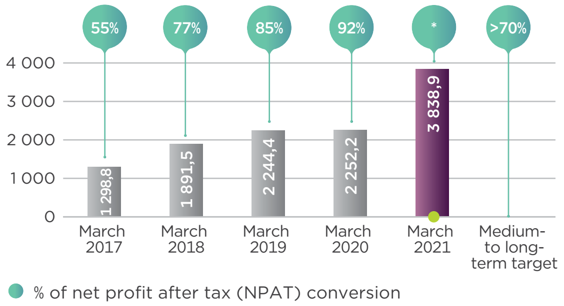


^ Pre-IFRS 16.

Why we measure this: A specific focus on ROCE and cost saving initiatives ensures that we are allocating resources optimally and thus positions us well to meet our future cash requirements. This achieves a more profitable business and ultimately increases shareholder and broader stakeholder value.

How we performed: ROCE was impacted in the short term by lower earnings as a result of COVID-19 and related macroeconomic disruption. Looking forward, we will continue to focus on incremental improvement in ROCE over time. Our business optimisation project, launched in 2020, will contribute to this improvement by right-sizing the Group in terms of the right skills, the appropriate technology and the best people in relevant roles.

FREE CASH FLOW (Rm)^



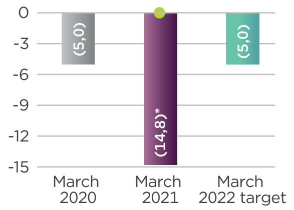
* Number not calculated as a net loss after tax was incurred for the year.

^ Free cash flow in financial years ended in March 2016 to March 2018 was not restated for IFRS 9, 15 and 16.

Why we measure this: Enhanced free cash flow generation enables us to pursue opportunities and sustainably support ongoing investment in digital and physical infrastructure to ensure we continue to meet the expectations and needs of our customers.

How we performed: We achieved free cash flow for the year of R3,8 billion. This continued improvement in free cash flow generation reflects TFG's ongoing focus on working capital management. The Group further generated net cash of R8,1 billion from operations, a pleasing result.

IMPROVE ENERGY EFFICIENCY (% REDUCTION IN KW/H PER SQUARE METRE IN STORES)

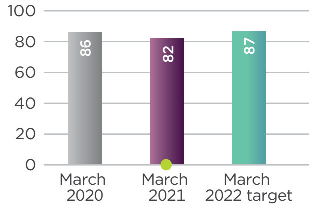


* Excluding Jet.

Why we measure this: We aim to reduce emissions and save costs by improving energy efficiency in our buildings and stores. This is critical if we are to deliver on our goal of creating more efficient production and supply chains to shift the world towards a more resource-efficient economy that will be able to deal resiliently with climate change.

How we performed: The reduction in the 2021 financial year was COVID-19-related as stores lost approximately 15% of their trading capacity as a result of the government-enforced lockdown. New buildings all feature motion sensors and daylight harvesting whereas stores improve design by tracking and analysing energy use. We invested in energy efficiency improvements in Jet stores after the acquisition. Analytics is currently in place for over 150 of our stores across the country and we continue to monitor lighting and efficiency gains through better store design.

REDUCE BUSINESS WASTE (% WASTE RECYCLED ACROSS ALL TFG SITES)



Why we measure this: We are working towards a zero-waste business and value chain and are therefore focused on reducing business waste, which includes supplier cartons and online order packaging.

How we performed: Waste recycling during the past year was impacted by COVID-19 and as a result, the target for the year was missed. Small recyclers, whom TFG Africa has partnered with for waste recycling, could not operate for part of the year as a result of the government-enforced lockdown.

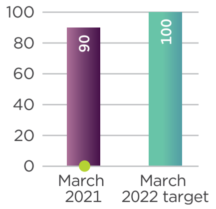
However, the Group has found new waste streams for general waste and textile waste recycling which will contribute to improved performance in FY 2022.

Since 2015, we have been reusing over 3 million supplier cartons annually and are currently reusing 91% of cartons against a target of 95%. We reduced all carton packaging and internal fillings for all brands except @home down to the courier bag, with no cartons, wrap or protective gear. Clothing items are packed into sleeves to protect against oil or dust during the delivery process. This drastically reduced all packaging. We also established a packaging steering committee this year to coordinate a previously fragmented brand approach. Our intent is to review packaging for merchandise and non-merchandise across the supply chain.

Performance against our strategy continued

PROFIT continued

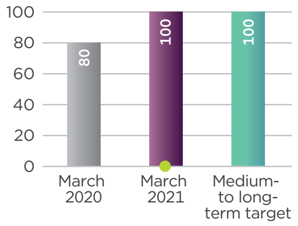
REDUCE PRODUCTION WASTE (% TEXTILE WASTE RECYCLED)



Why we measure this: We are working towards a zero-waste business and value chain and are therefore focused on reducing textile waste.

How we performed: 90% of textile waste was recycled by TFG Africa against a target of 100%. We work with a number of partners, including small enterprises, who are involved in bailing our waste such as factory off-cut fabric and end-of-roll fabric, processing and re-use. Since 2015 Whistles has worked with NewLife, a charity partner that provides medical research and recycling services while offering volunteering opportunities. With Phase Eight joining this programme in 2020, clothing is donated to the NewLife stores across the UK to support fundraising. We started the process of rolling out new wash care labels made from recycled PET bottles for all garments in Africa. This will continue over the next two years.

100% OF PLASTIC PACKAGING TO BE REUSABLE, RECYCLABLE OR COMPOSTABLE (%)



Why we measure this: Plastic pollution has become a global environmental issue, with plastic often ending up in landfills or in the environment. We are therefore focused on finding opportunities to create a circular economy for plastic packaging.

How we performed: 100% of TFG Africa's plastic packaging was reusable, recyclable or compostable against a target of 100%. We remain committed to the Plastics Pact. The Group is one of the founding members of the South African Plastics Pact.

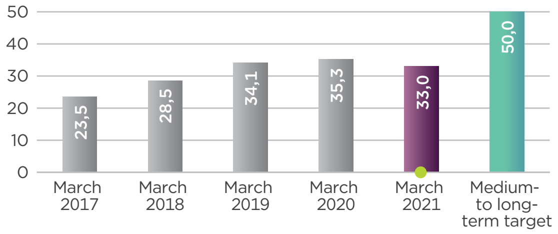
Performance against our strategy continued

GROWTH

Material matters, risks and opportunities relevant to growth

- Challenging trading environment
- Disruption in retail across our various markets and channels

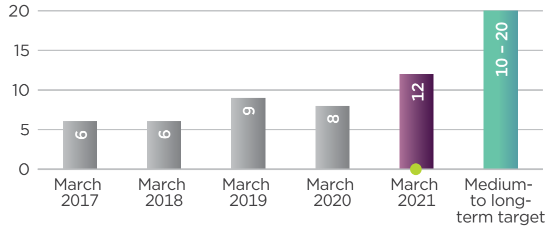
RETAIL TURNOVER (Rbn)



Why we measure this: Retail turnover measures turnover of retail trade at point of sale. It is therefore an important measure of growth and indicates the effectiveness of our marketing strategies and investments in enhancing our customers' experiences within our stores.

How we performed: COVID-19 has had an impact on the total retail turnover which would have been achieved under normal operations. However, with the easing of lockdown restrictions, trading has improved consistently in TFG Africa and TFG Australia. TFG London's retail turnover was hardest hit by stringent government-enforced lockdowns during the past financial year. It remains unclear as to when the majority of our UK consumers will return to working from their offices or attending social events, both of which have a direct bearing on the demand for our UK brands.

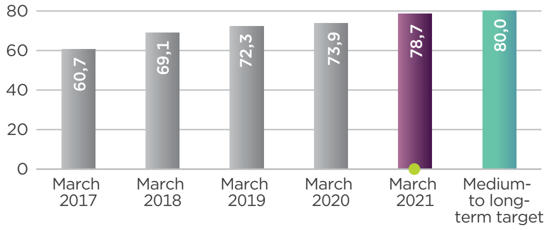
E-COMMERCE TURNOVER CONTRIBUTION TO RETAIL TURNOVER (%)



Why we measure this: For several years, TFG has been outspoken on the pace and extent to which we see omnichannel retail becoming the norm. We have invested significant financial and intellectual capital into digitally transforming all our business processes, including e-commerce offerings.

How we performed: Online turnover growth continues to exceed our expectations, growing by 33,4%. Online turnover in TFG London decreased mainly due to the poor performance of third-party partner websites. Online turnover performance from the segment's own sites continue to outperform third-party partner websites with growth of 9,1% (GBP). TFG Australia saw online turnover growth of 58,1% (AUD), and we introduced Australian plus-sized menswear brand, Johnny Bigg, as a purely digital offering in the USA. TFG Africa launched the Sportscene app, which builds an interactive connection with customers through art and music, as well as TFG Jewellery online, which includes Galaxy & Co – our first purely digital offering. Our e-commerce offering in South Africa was profitable for the first time, which reinforces our commitment to remain on the forefront of digital transformation. TFG Africa's online turnover grew by 132,4% for the period May 2020 to March 2021 (April 2020 excluded as we were not permitted to fulfil any online deliveries during the South African government-enforced lockdown).

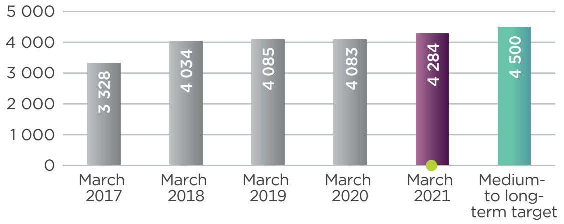
CASH TURNOVER CONTRIBUTION (%)



Why we measure this: The majority of our turnover is in the form of cash sales to customers. We therefore measure cash turnover in line with the Group's strategy to curtail riskier credit sales in the prevailing economic environment.

How we performed: Cash turnover declined by 0,8% and now contributes 78,7% to total Group turnover. Strong cash turnover growth of 19,0% for TFG Africa indicates continued customer demand for our brands and products and further market share gains.

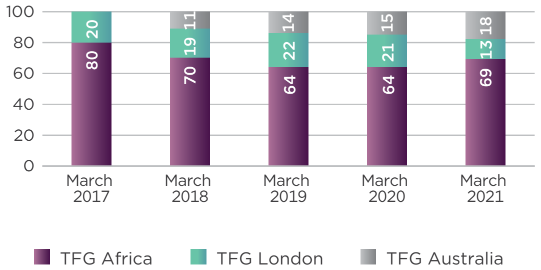
NUMBER OF OUTLETS



Why we measure this: While the shift to e-commerce is accelerating, physical stores remain critical to the seamless omnichannel retail experience. Further, they act as showrooms for our products and our customers enjoy the in-store experience. We are therefore focused on maintaining a strong physical presence in the territories where we operate, underpinned by a focus on store portfolio rationalisation.

How we performed: The Group trades out of 4 284 outlets across 26 countries. This includes the acquisition of 425 Jet stores in South Africa and other African countries with various effective dates from 25 September 2020. During the period, 142 outlets were opened and 366 outlets closed. We continue to engage with landlords on fair rentals during periods in which trade is restricted. What has become clear to retailers and landlords is that we need to establish a sustainable model for the future.

GEOGRAPHIC TURNOVER CONTRIBUTION TO TOTAL GROUP TURNOVER (%)



Why we measure this: International expansion into chosen geographical areas with a product and value offering that is well aligned with TFG's multi-brand business model strengthens our diversified portfolio of brands and provides a solid platform for further growth opportunities in these markets. Expansion must be balanced with our desired level of international exposure and we therefore track geographic turnover contribution to total Group turnover.

How we performed: The current combined turnover contribution of TFG Australia and TFG London is 31%, which is in line with our desired level of offshore exposure.

LOOKING FORWARD

Our previous strategic decisions and investments positioned us well for future growth and laid a foundation we can continue to grow from.

The opportunities we identified for future value creation and investment are:

CUSTOMER AND EMPLOYEE OBSESSION:

- A new, dedicated Customer Capability function has been established to grow our customer base and ensure continuous and enhanced customer experiences

LEADERSHIP:

- Further job creation
- Secure the best talent

PROFIT:

- Increased local sourcing
- Additional expansion of quick response manufacturing capacity
- Future-fit business models and world class shared services

GROWTH:

- Continued investment in organic growth opportunities
- Responsible leverage of credit
- Growth in value-added service offerings
- Proven track record of executing on, and integration of, strategic acquisitions
- Leverage our scale to win in omnichannel
- Building a high-performance tech team within TFG Labs

RESOURCE AND STAKEHOLDER TRADE-OFFS AND THE IMPACT ON OUR CAPITALS

In our strategic and tactical business decisions, we have to prioritise certain resources and stakeholder outcomes above others. These decisions are taken based on the guidance and long-term focus of our strategic pillars and according to the delegation of authority framework as approved by the Supervisory Board, but can also form part of daily operational choices. Below are the key decisions undertaken during the year.

Capital investment

Context

Our capital investment is indicative of our drive to be a fully integrated, omnichannel retailer. This includes directing capital investment towards e-commerce as well as brick and mortar stores. We believe these channels reinforce each other and should be seamlessly integrated to give consumers the choices they prefer.

Key trade-offs in 2021

Overall, capital investment was pulled back to preserve liquidity. We further prioritised capital investment in e-commerce, with reduced store capex, as part of our response to market trends and shifts in consumer demand as a result of COVID-19. The adjustment to our capital investment approach was temporary and will return to pre-pandemic levels in FY 2022, with strong expansion plans for TFG Africa and TFG Australia in the new financial year.

↑	↓
Strategic pillars:	**Read more** Page 94

Job preservation

Context

During the past financial year, the preservation of jobs, especially for our most vulnerable employees, was a key priority across all our territories but particularly in South Africa, where unemployment is at record high levels.

Key trade-offs in 2021

In TFG Africa, we committed to pay full contracted salaries to all employees for the months of April and May (the periods affected by the hard lockdown in South Africa). To do this while the extent of the lockdown was uncertain, our Supervisory and Operating Board members' fees and salaries were temporarily reduced and we made the difficult decision to implement zero salary increases for the year. In TFG London and TFG Australia, we made use of government assistance through furlough and JobKeeper to financially assist employees while stores were closed, while we assisted employees in TFG Africa by making use of government support through TERS relief. In recognition of the effort and sacrifices made by our frontline employees during the past year, the Group awarded a special Thank You Gift bonus to these TFG Africa employees at year-end, which they will receive with their July 2021 salaries.

↑	↓
Strategic pillars:	**Read more** From page 133

Investment in local manufacturing

Context

TFG is passionate about driving economic growth and prosperity through successful business practices. We are committed to investing in local retail and manufacturing infrastructure as well as in skills development and job creation across the nation. This dedication is evident through our commitment to the South African R-CTFL Masterplan, formulated by the retail sector, organised labour and the Department of Trade, Industry and Competition in 2019. This plan aims to increase local production to boost employment in the sector, with a target of creating 165 000 jobs within the industry by 2030.

Key trade-offs in 2021

Our investment in local manufacturing is also an investment in the South African economy and in our local communities, especially the communities where our factories are situated. While this investment reduces our financial capital in the short term, it results in employment creation and preservation. For example, through the acquisition of the manufacturing assets of *inter alia* House of Monatic and Trade Call Investments Apparel, we saved 853 jobs, adding to the current employment within our factories of 1 417 employees. This enhances our manufactured, social and relationship and human capital.

↑	↓
Strategic pillars:	**Read more** Page 61

Non-payment of dividends to preserve liquidity

Context

TFG pays dividends to our shareholders typically at interim period-end and financial year-end. Historically, the Group has endeavoured to match the growth in total dividends for the year to the growth in HEPS for that particular year.

Key trade-offs in 2021

In light of the subdued economic environment and the heightened levels of uncertainty posed by COVID-19, the Supervisory Board decided that it would be prudent to not declare any dividends during the 2021 financial year, instead preserving cash to maintain and enhance the strength of our statement of financial position. In making this decision, the Supervisory Board had to trade off the Group's shareholders' short-term needs with the longer-term sustainability of the Group. 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 HEPS). This remains subject to potential acquisition/organic growth opportunities.

↑	↓
Strategic pillar:	**Read more** Page 38

Capitals:

Financial
Manufactured
Human
Intellectual
Social and relationship
Natural

Strategic pillars:

Customer & employee obsession
Leadership
Profit
Growth

OUR MATERIAL MATTERS, RISKS AND OPPORTUNITIES

TFG's material matters are a combination of risks, opportunities and issues that can directly or indirectly affect the Group's ability to create sustainable value in the short, medium and long term.

These matters are reviewed and updated as part of the continuous enterprise risk cycle. Several factors are considered when determining these material issues. These factors are both internal and external and include the Group's strategy, expectations and concerns of our stakeholders, sustainability in our supply chain, competitor landscape and our current trading environment across all the territories in which we operate.

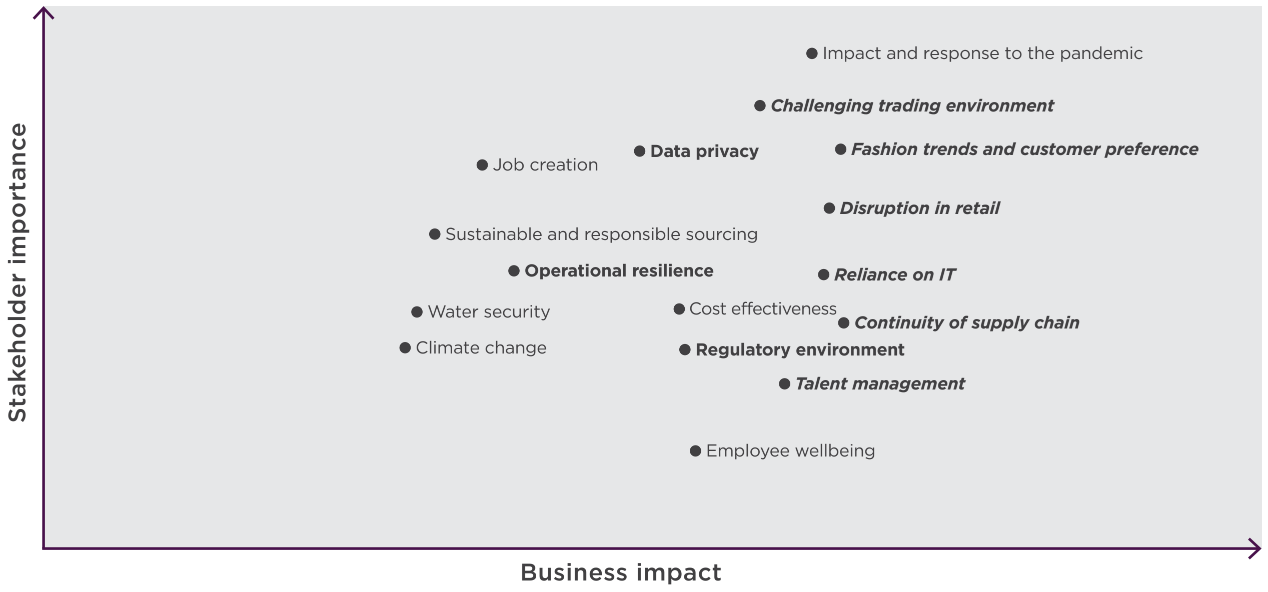
For each material matter we indicate whether the trend is increasing, remaining stable or decreasing as well as whether TFG's ability to create value is likely to be impacted in the short, medium or long term. We also indicate which of our strategic pillars are impacted by the relevant material matter.

Read more about our four strategic pillars in our strategic overview on page 14.

The material matters identified apply to TFG Africa, TFG London and TFG Australia, albeit with different levels of likelihood and impact. They remain aligned with the Group's material matters reported in 2020.

The items depicted below stem from a robust debate and discussion on all material items. The key material matters arising from this discussion are articulated on pages 81 to 83.

MATERIALITY ASSESSMENT



CHALLENGING TRADING ENVIRONMENT

TFG continues to be exposed to uncertain and unstable economic, social and political environments in all territories in which it has a presence, which could lead to constrained growth, affects customer confidence and spending patterns as well as customers' purchasing power and influence their ability to settle accounts. The COVID-19 pandemic brought economic, political and social upheaval and the global economy experienced the deepest downturn since the 2008 financial crisis.

Risks impacting TFG	Opportunities and risk management
• In South Africa, load shedding, the performance of state-owned enterprises, youth unemployment, social inequality, and corruption continue to be a concern and have been exacerbated by the COVID-19 pandemic. These factors impact both consumer and investor confidence, interest rate and inflation. • Tension remains between China and Australia which could negatively impact supplier relationships for TFG Australia. • COVID-19 and the success of the vaccination roll-outs will continue to impact all locations in which TFG operates.	• The Group has an increasingly diversified business model and strives to increase accessibility to the market by growing its footprint in varied locations. • We continue to refine our credit score models and our collection strategies are regularly reviewed. • Resilience of the Group and strength of the statement of financial position allows the Group to take advantage of opportunities to expand our footprint and increase our manufacturing capacity. • We implemented optimisation programmes to drive efficient use of resources and reduction in cost base.

Trend	Term	Strategic pillars
Increasing	S – M	

Read more about our operating context from page 63.

DISRUPTION IN RETAIL ACROSS OUR VARIOUS MARKETS AND CHANNELS

Delivering an integrated, secure omnichannel customer experience across our various brands continues to be a strategic objective for TFG. Our customers expect a seamless experience across all channels and in all interactions with the Group. The COVID-19 pandemic has led to increased activity on the Group's e-commerce platforms and accelerated changes in consumer behaviour and expectations.

Risks impacting TFG	Opportunities and risk management
• Accelerated change in retail trends necessitates that we be flexible in how we engage with our customers. Failure to meet this demand could erode customer loyalty. • Adapting the Group's store network to the changing needs of the Group's customers and securing the most appropriate mix of multi-channel distribution. • Ability to provide quality customer experiences and growing brand affinity impacting on growth outlook and future brand equity.	• Strategic investment in digital transformation is a strategic priority for the Group and a focus in the short to medium term to support our future resilience and success. • We have structured our business with a renewed focus on the customer.

Trend	Term	Strategic pillars
Increasing	S – M – L	

Read more about our growth and performance in the CEO's message from page 58.

Our material matters, risks and opportunities continued

FASHION TRENDS AND CUSTOMER PREFERENCES

As TFG aspires to be a leading fashion and lifestyle omnichannel retailer, our ability to offer, predict and deliver according to the latest trends and customer preference is essential for value creation. The COVID-19 pandemic has accelerated the casualisation of the customer and customers are increasingly seeking value and consistent products as they experience the financial effects of mechanisms employed by governments across the world to contain the pandemic.

Risks impacting TFG	Opportunities and risk management
• Our ability to generate profits could be undermined by a failure to quickly and accurately interpret and respond to fashion trends. • The ability of our brands to cater for a shift in consumer preferences.	• Our brands are positioned as fashion-forward and premised on our market-leading, in-house capabilities in clothing and store design. • In South Africa, value continues to be created through our quick response supply chain while increasing local manufacturing capacity remains a strategic objective.

Trend	Term	Strategic pillars
Increasing	S – M	● ● ●

Read more about changing consumer demand in our operating context on page 65.

CONTINUITY OF SUPPLY CHAIN

TFG seeks to have a diversified supplier base to minimise the effect of disruptions and endeavours to ensure that its suppliers operate in an ethical and sustainable manner. The COVID-19 pandemic impacted the global production and movement of product and threatens the financial stability of vendors across the supply chain.

Risks impacting TFG	Opportunities and risk management
• Reputational damage due to failure to maintain ethical standards for the manufacturing of its products. • Failure by key suppliers to meet their supply obligations. • Loss at or disruption to in-house manufacturing facilities in South Africa. • Impact of climate change on the continuity of supply. • Impact of the COVID-19 pandemic on production and transport of products.	• TFG seeks to ensure that its suppliers operate in an ethical manner, which includes working with Sedex to improve and monitor the ethical business practices across the supply chain. • Regular review of the supplier base and related geographies. • We continue to develop our quick response capability in the TFG Africa supply chain; quick response units have grown to represent 87% of TFG Africa's total manufactured units. • We continue to invest in local manufacturing capabilities influencing job creation and upskilling. • Renewed prioritisation of environmental factors affecting our business in our sustainability strategy, and establishment of a Product Stewardship and Supply Chain pillar, priorities and targets.

Trend	Term	Strategic pillars
Increasing	S – M	● ●

Read more about quick response capabilities, localisation and our supply chain in our sustainability overview report, available on our website.

TALENT MANAGEMENT: ATTRACTING, RETAINING AND DEVELOPING KEY TALENT

Our ability to create value depends on our people. TFG has to retain and develop its core and critical skills pool, while continuing to attract the best talent in the industry and embedding a culture of high performance.

Risks impacting TFG	Opportunities and risk management
• In South Africa, it is essential that we attract and retain employment equity candidates. • Considering the highly competitive retail market, a lack of focus on talent management could erode TFG's leadership pipeline and impact the ability to execute our strategic objectives. • It is key and challenging to attract and train staff with skills necessary to carry out the Group's digital transformation initiative.	• We continue to invest in talent through various talent development programmes to develop our future leaders, including our educate to employ initiative. • Employment equity plans that provide clear accountabilities and targets are in place for each division in TFG Africa. • In line with our digital transformation strategy, we are leveraging technology to enhance our employee experience, which includes offering online training. • Transformation plans include reskilling and training of our talent. • Expansion of our local supply chain positively influences job creation and upskilling.

Trend	Term	Strategic pillars
Stable	S – M – L	● ●

Read more about our employee retention strategies in our Remuneration Committee report from page 133, our employee-focused initiatives from page 28 and in our sustainability overview report, available on our website.

RELIANCE ON IT

IT continues to change the environment in which TFG operates and alters how we create, process and disseminate information critical to business performance. The Group has become increasingly dependent on IT to conduct certain operational and processing activities and continuous innovation is required to provide a seamless customer experience and respond to market disruptors.

Risks impacting TFG	Opportunities and risk management
• Failure to properly understand the impact of IT innovation in the retail sector could undermine the future growth and success of the Group. • Increased risks of cyber security incidents that threaten the privacy of our employee and customer-related data. • Increasing reliance on IT has raised the significance of potential IT failures within the Group.	• TFG recognises the importance of IT and continues to invest in this area – as prioritised in our digital transformation strategy. • We continue to invest in cyber security and the Risk Committee is regularly updated on IT-related risks and mitigation plans. • IT disaster recovery plans are in place across the Group and are regularly reviewed.

Trend	Term	Strategic pillars
Increasing	S – M – L	● ● ● ●

Read more about digital transformation in the CEO's message on page 60.

OPERATING CONTEXT

The environment in which we operate spans across five continents and 26 countries. In each of these territories our ability to implement our strategy and create value in the short, medium and long term is influenced by the local regulatory context, our competitor landscape, local economic and political conditions.

Globally, the speed and effect of technology advancement and increased focus on sustainable supply chain are critical to creating sustainable value. We recognise that the COVID-19 pandemic will continue to influence the environment in which we operate over the coming years, affecting our customers, our suppliers and our employees and their communities.

Read more about our operating environment from page 63.

05

VALUE CREATED THROUGH PERFORMANCE

CFO'S REPORT

BONGIWE NTULI
Chief Financial Officer

The past year has demonstrated TFG's ability to remain resilient under extremely difficult and unprecedented circumstances.

FINANCIAL PERFORMANCE

R33,0bn
RETAIL TURNOVER
(2020: R35,3bn)

45,5%
GROSS MARGIN
(2020: 52,7%)

19,8%
EBITDA MARGIN
(2020: 24,1%)

4,7%
EBIT MARGIN*
(2020: 13,3%)

(614,0) cps
EARNINGS PER SHARE
(2020: 925,7 cps)

R600,1m
HEADLINE EARNINGS
(2020: R2 717,4m)

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* *Excludes impairment of TFG London goodwill and intangibles and net gain on bargain purchase of Jet.*

KEY FINANCIAL INDICATORS AND 2021 TARGETS TO BUILD SUSTAINABLE COMPETITIVE ADVANTAGE

We want incremental improvements in ROCE over time
2021 achieved **-2,0%**
(2020: 13,3%)

We want FCF to be **c.90%** of NPAT
2021 achieved **R3,8bn**
(2020: R2,3bn)

Our current ratio should be **1,8x – 2,2x**
2021 achieved **1,8x**
(2020: 1,5x)

We aim for net debt to EBITDA to be **1x – 1,5x** *(pre-IFRS 16)*
2021 achieved **0,5x**
(2020: 1,6x)

We want to keep our debt to equity ratio **<40%** *(pre-IFRS 16)*
2021 achieved **7,6%**
(2020: 52,4%)

We aim for cash turnover to credit turnover ratio to be **80:20**
2021 achieved **79:21**
(2020: 74:26)

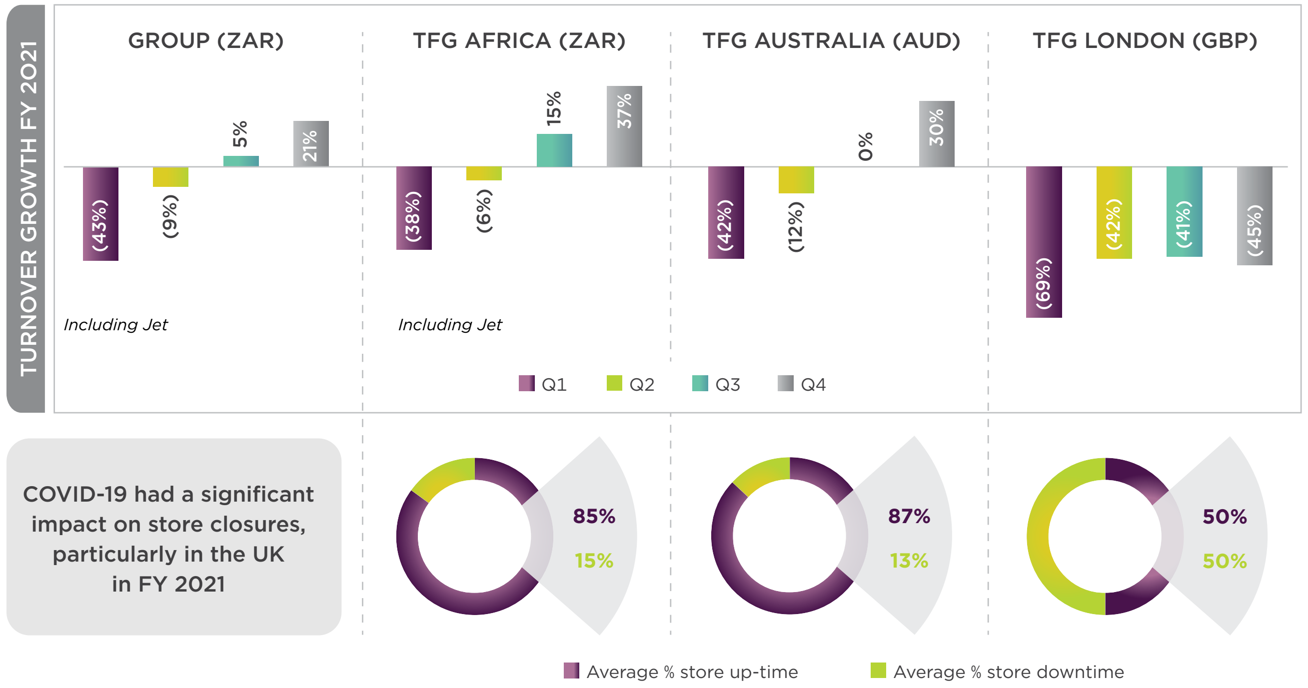
Our aim is to have incremental improvements in inventory days over time
2021 achieved **169**
(2020: 184)

CFO's report continued

KEY DRIVERS IMPACTING OUR RESULTS

As a result of the COVID-19 pandemic, the past financial year was characterised by unprecedented global economic, political and social turmoil. Store closures and government-enforced lockdowns disrupted trading conditions in all our regions and we lost c.15% and c.13% of our trading capacity in TFG Africa and TFG Australia respectively while TFG London lost approximately 50% of its trading capacity. We experienced a significant decline in footfall, especially in the UK where lockdowns were severe, and shifts in demand as our customers responded to calls for social distancing. Consumer sentiment, although recovering, has remained muted and spend suppressed.

FY 2021 IN CONTEXT



COVID-19 had a significant impact on store closures, particularly in the UK in FY 2021

Alongside we assess the impact of the operating environment on our business as well as how these factors affected our results. We also outline key strategic measures we implemented during the year to safeguard the company's growth strategy and vision for the future.

External events	Impact on TFG	Our response
Significant trading disruptions due to lockdowns	Trade was heavily impacted by significant store closures and further lockdowns locally and internationally as explained above.	**We strengthened our business through the preservation of cash resources and securing enhanced liquidity. Our significant investment in online platforms saw us increasing online turnover from R2,9 billion in FY 2020 to R3,9 billion in FY 2021.**
Gross margins (COVID-19 provisions and heavy promotional environment)	Our gross margin was impacted by a heavy promotional environment, conservative inventory provisioning, product mix and the acquisition of Jet. Jet currently trades at significantly lower margins, but targets a gross margin of c.42% as part of its turnaround strategy.	**Additional inventory provisions of R1,1 billion were taken in all three of our major operating territories to deal with the impact that the various lockdowns had on the clearance of seasonal product.** **We worked with our merchandise suppliers to either cancel or delay merchandise orders in order to respond to the shift in customer demand and to prevent the build-up of inventory. The flexibility of our local manufacturing capacity has continued to be an advantage over the past year.**
Changing consumer preference/demand	Regulations on social distancing in all three of our major operating territories, with many people working from home, resulted in strong growth in homeware and cellular. We further saw a decrease in demand for occasion and formal wear, especially in our UK business.	**Our UK brands remain strong within their specific categories and we further reviewed our cost base and operating model for TFG London to ensure that we are well positioned for recovery.**
Consumer disposable income under pressure	There is continuing widespread economic uncertainty regarding the extent of the financial impact of COVID-19 on the segments in which the Group operates. Cost containment therefore remains critical. There is also an increased risk of credit losses resulting from deteriorating payment behaviour as a result of the financial burden of COVID-19 on customers.	**Through operational discipline, various cost savings initiatives, and the benefit of various government relief measures related to COVID-19, trading expenses reduced by 6,1%. Credit retail turnover was purposely restricted by stringent and reduced acceptance criteria. Additional payment channels were introduced and customer payments were incentivised. Cash turnover now contributes 78,7% to total Group retail turnover.**
Shift to online shopping continues	Online turnover saw strong growth of 132,4%* (ZAR) in TFG Africa and 58,1% (AUD) in TFG Australia. Overall, online turnover contributed 12,0% to total Group turnover, up from 8,4%.	**We continue to invest in building brand equity and our social media presence as part of our digital strategy. We launched the Sportscene and myTFGworld apps during the year, as well as Galaxy & Co which was launched as a pureplay e-commerce site. We now have 20 TFG Africa e-commerce sites. Our OneStock solution is particularly beneficial as it matches online customer demand with available inventory at stores.**

* *Online turnover growth calculated 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.*

Key strategic decisions		Impact on TFG
Rights offer	TFG implemented a fully underwritten, renounceable rights offer that raised gross proceeds of R3,95 billion.	**The conclusion of the rights offer has insulated the statement of financial position during this time of global economic uncertainty and allowed the Group to further execute on the company's growth strategy and vision for the future.**
Jet acquisition	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 inventory-holding of Jet in South Africa. With effect from 25 September 2020 (South Africa) and various dates in December 2020 and January 2021 (Botswana, Eswatini, Lesotho and Namibia), the Group acquired 425 Jet stores in South Africa for a consideration of R385,3 million. This resulted in a gain on bargain purchase of R709,0 million. There is also opportunity to expand current local manufacturing to include Jet volumes, which are significant.**
Continued expansion of quick response manufacturing	TFG pursued several smaller acquisitions during the year, including the acquisition of local manufacturing assets House of Monatic and Trade Call Investments Apparel.	**These acquisitions will enhance our local manufacturing capacity, a key factor separating TFG from its competitors. Local manufacturing further provided significant flexibility as we had to adjust forward purchases to cope with uncertain levels of turnover for the balance of the financial year.**

KEY THEMES FROM TFG'S PERFORMANCE

1. Managing the disruptive impact of COVID-19
2. Business optimisation (cost reduction)
3. Implementation of rights offer
4. Ongoing focus on working capital management
5. Growth opportunities that reposition the Group

Managing the disruptive impact of COVID-19

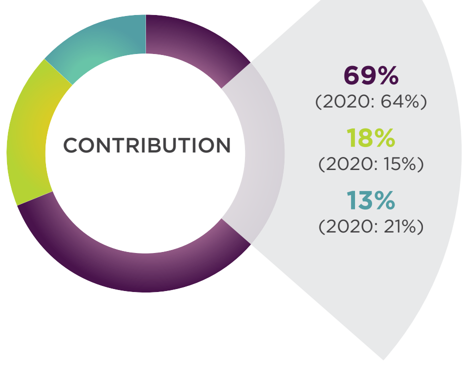
The impact of COVID-19 has been felt across all our operations since the beginning of March 2020. Most of the Group's 4 083 trading outlets were closed in the month of April 2020. Further lockdowns were experienced in certain states of Australia, in the UK and in other international markets. This adversely impacted trade performance throughout our 2021 financial year.

We reacted swiftly to the pandemic and prioritised measures to protect our employees, customers and other stakeholders, while strengthening our business through the preservation of cash resources and securing enhanced liquidity.

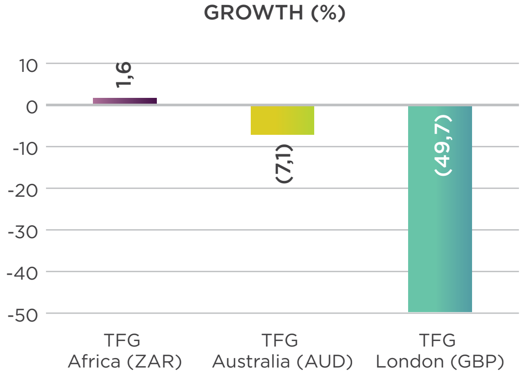
TFG London was the hardest hit by the pandemic. The UK lost approximately 50% of its available store trading hours during the past financial year and experienced severely depressed footfall and consumer confidence. In response to these uncontrollable circumstances we reviewed the carrying value of our UK investment in the second half of the financial year. In addition to severely reduced trade there was a significant deterioration in the Weighted Average Cost of Capital (WACC) rates used. This was due to an increase in the business risk rate applied as well as the confirmed closure of several department store concessions through which we previously traded. We therefore impaired approximately 56% of the carrying values of TFG London's goodwill and intangible assets.

Against this backdrop, the Group's retail turnover decreased by 6,7% to R33,0 billion. Despite the decrease, turnover performance across the Group's three business segments was strong relative to market conditions and peer groups. Particularly encouraging was the strong recovery in H2 FY 2021, with Group retail turnover growth of 11,2% (excluding Jet: -0,8%) compared to H2 FY 2020. We further saw strong recovery across all merchandise categories.

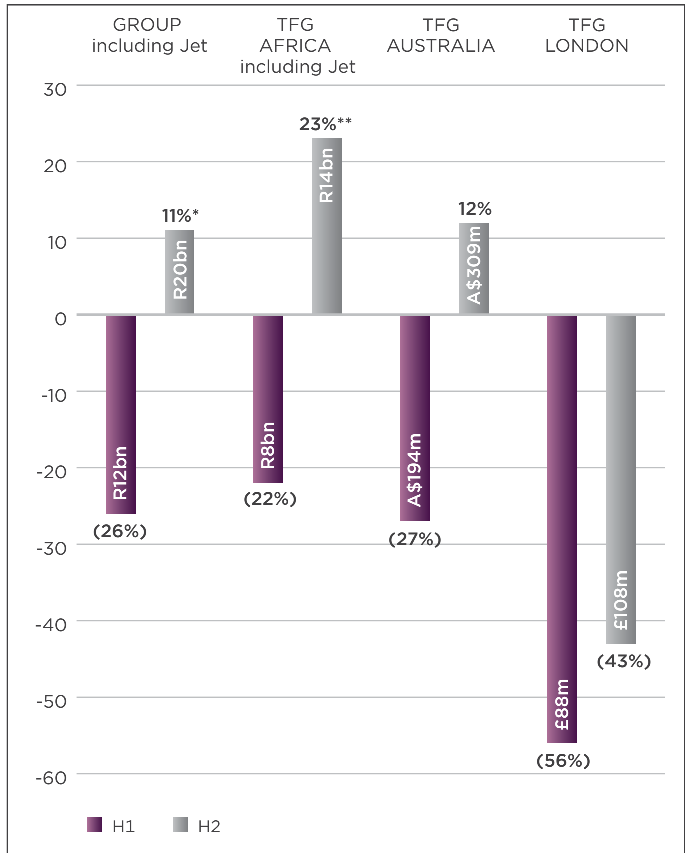
GEOGRAPHY



GROWTH (%)

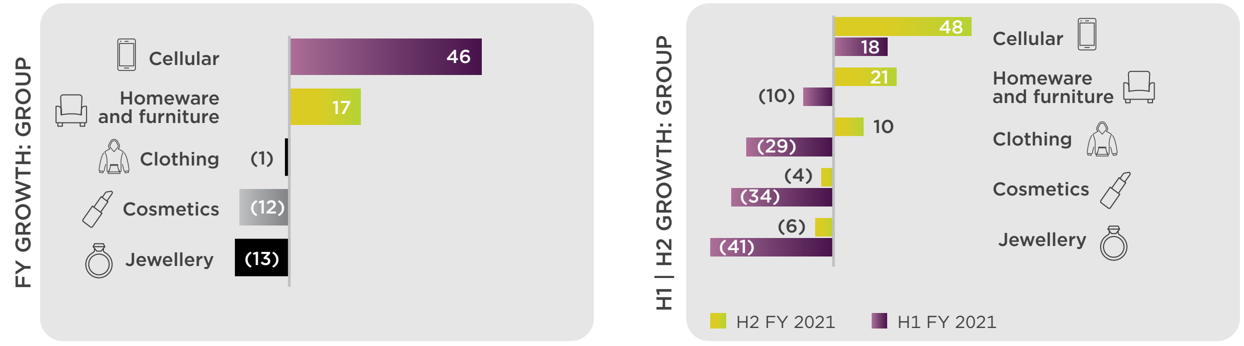


- *Excluding Jet contribution: TFG Africa 67%, TFG London 14%, TFG Australia 19%.*
- *Excluding Jet: TFG Africa growth: -8,3%.*



* *Excluding Jet: -1%.*
** *Excluding Jet: 4%.*

MERCHANDISE CATEGORY (%)



Including Jet.
May 2020 to March 2021 trading for all categories except jewellery and home (from June).

Including Jet

Cellular and homeware grew 48,2% and 21,3% in H2 respectively

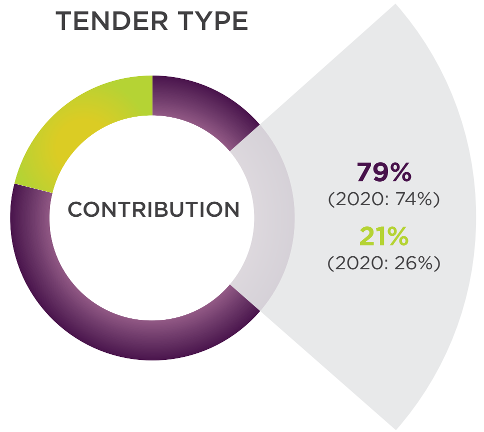
Clothing growth impacted by extended closures in the UK and muted demand for formal and workwear

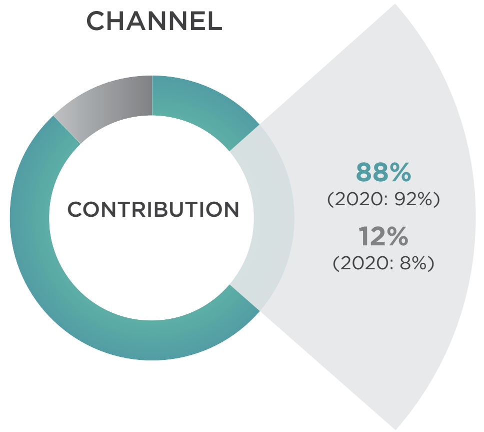
Cosmetics negatively impacted by COVID-19 restrictions

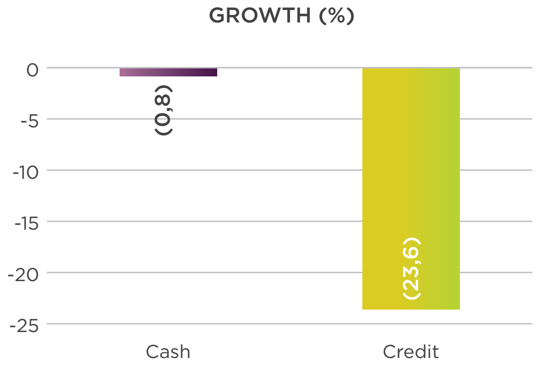
CFO's report continued

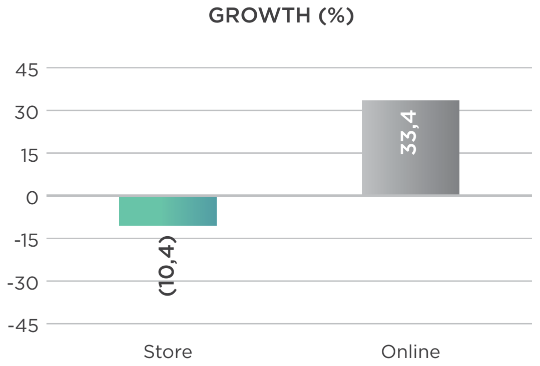
Credit retail turnover was purposely restricted by stringent and reduced acceptance criteria and decreased by 23,6%. While cash retail turnover decreased by 0,8%, the contribution of cash retail turnover to total Group retail turnover increased by 4,8% and now contributes 78,7% to total Group retail turnover. This is in line with the Group's strategy to curtail riskier credit sales in the prevailing economic environment.

Online retail turnover in TFG Africa and TFG Australia exceeded management's expectations with strong growth of 132,4%[1] (ZAR) in TFG Africa and 58,1% (AUD) in TFG Australia. In the UK, online performance continues to be negatively impacted by weaker department store online channels. Online retail turnover from TFG London's own sites increased by 9,1% (GBP) compared to the previous comparable period. Online retail turnover now contributes 12,0% to total Group retail turnover, up from 8,4%.









- *Excluding Jet contribution: cash 78%, credit 22%.*
- *Excluding Jet cash growth: -8,9%.*
- *Excluding Jet credit growth: -24,8%.*

Gross margin for the Group decreased by 7,2% to 45,5% due to increased promotional activity, inventory provisions amounting to R1,1 billion and a change in product mix across all three segments. Additional inventory provisions were taken in all three of our major operating territories to deal with the impact that the various lockdowns had on the clearance of seasonal product. This ensured that the Group was well positioned for the remainder of the financial year. Accordingly we saw pleasing gross margin recovery in H2 FY 2021, with TFG Africa and TFG Australia up 0,5% and 4,9% respectively versus H1 FY 2021. TFG Africa continues to recover strongly, with most sales being achieved at full selling price going into the new financial year. TFG London's margin remained under pressure.

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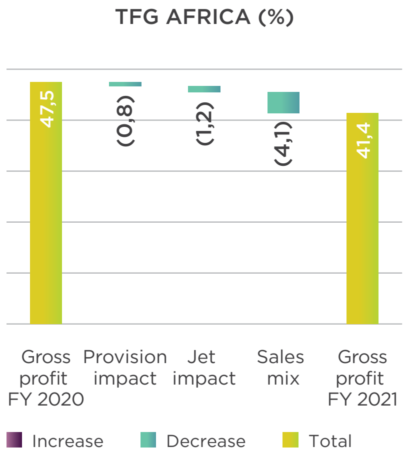
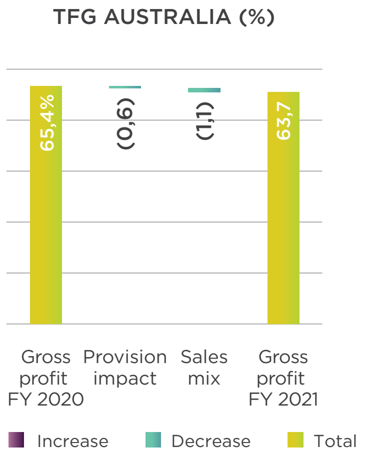
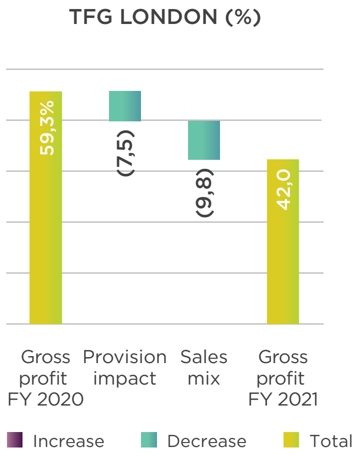
[1] *Online retail turnover for the period 1 May 2020 to 31 March 2021. April has been excluded from this growth as we were not permitted to fulfil any online deliveries during the South African government-enforced lockdown in April 2020.*



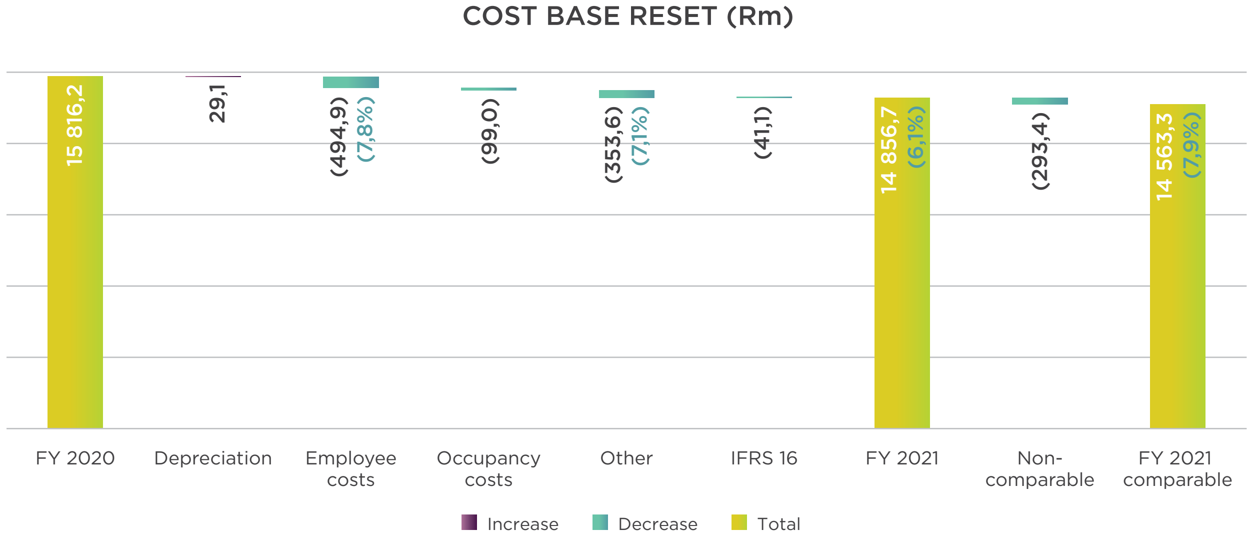




Business optimisation (cost reduction)

The Group is adapting its business as effectively as possible to deal with the dynamic operating environment and made significant progress in respect of its ongoing cost saving initiatives, particularly focused on key expense elements.

As a result, we reset the cost base with comparable costs down 7,9%. The Group's trading expense margin marginally increased to 45,1% from 44,8% at the previous year-end. This contributed to the EBITDA margin only decreasing by 4,3% to 19,8% from 24,1% at March 2020, despite the significant impact of COVID-19 on trade during the year.



Percentage change indicated in blue text.

- Reported trading expenses down **6,1%** due to deliberate cost savings/business optimisation

- Employee costs down 8% and includes:
  - Government support R0,8 billion(*)
  - Restructuring
  - Jet staff R0,3 billion(*)
  - Other provisions R0,2 billion

- Occupancy costs down 2,3% with Jet included due to:
  - Rent COVID-19 relief R0,5 billion(*)
  - Jet costs R0,3 billion(*)
  - Continued rental reversions per segment, on average -15% to -20%

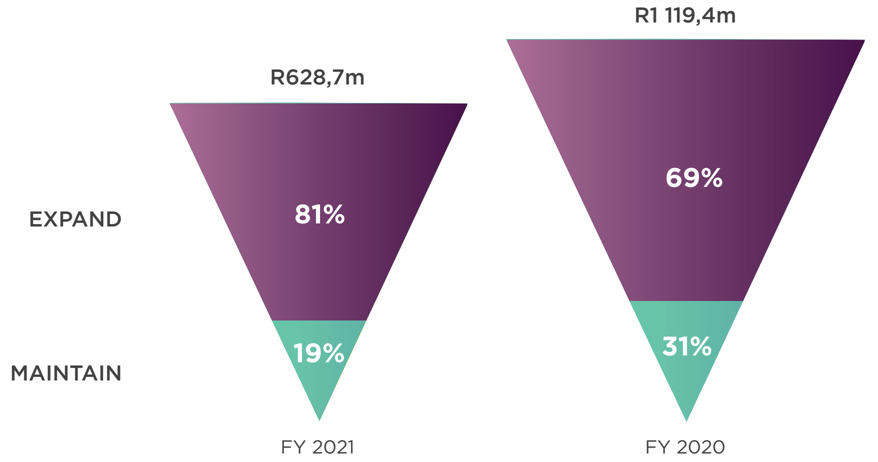
- Other operating costs down 7,1% including:
  - Cost containment/savings
  - UK restructuring cost R0,1 billion(*) and Australia debtor/concession provisions R0,1 billion(*)

- Comparable costs down **7,9%** after adjusting for non-comparable items marked (*) above

Focused business optimisation projects are enabling us to optimise processes in line with our digital transformation, local manufacturing, cost reduction and working capital initiatives to ensure a future-fit organisation.

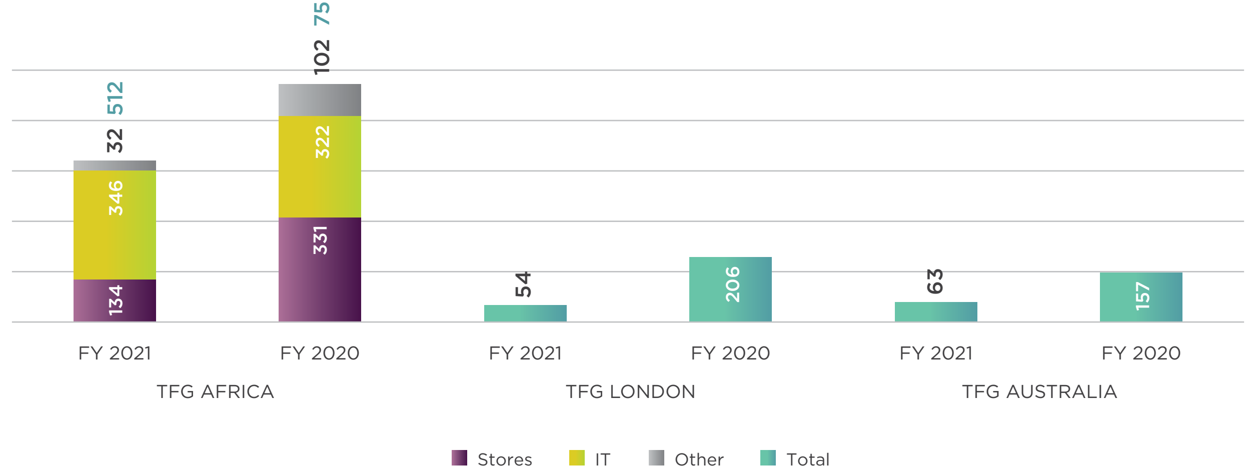
In terms of our digital transformation strategy, R346 million was invested during the year to support the roll-out of RFID, online inventory fulfilment, Yoobic and our mobile point-of-sale system. We continue to invest in our employee digital offerings, TFGLearn digitised training and the TFG-on-the-go mobile app.

While investment in digital transformation was prioritised, capital investment was pulled back (c.40% reduction year-on-year) to preserve liquidity. 81% of our capex for the year focused on expansionary activities. This includes opening 142 outlets, with strong expansion plans for TFG Africa and TFG Australia in the new financial year. This will be done working alongside our landlords to ensure rental structures are fit-for-purpose and do not undermine our digital expansion strategy. Our capital investment is indicative of our drive to be a fully integrated, omnichannel retailer.



- Expansionary capex driven by Jet, manufacturing, e-commerce and Relay stores expansion
- Investment in digital technology will continue to be prioritised
- Future capital investment expected to return to c.2% – 3% of turnover – muted spend for TFG London and strong store expansion for TFG Africa and Australia
- Jet capex going forward c.R120m per annum

GROUP CAPEX (Rm)



Including Jet post-acquisition capex = R118m.

– R8m Isando relocation.
– R110m (Store and other IT – point-of-sale etc.).

Implementation of rights offer

TFG implemented a fully underwritten, renounceable rights offer that raised gross proceeds of R3,95 billion. The rights offer consisted of an offer of 94 270 486 new TFG ordinary shares at a subscription price of R41,90 per rights offer share. The net proceeds raised amounted to R3,8 billion.

The conclusion of the rights offer has insulated the statement of financial position during this time of global economic uncertainty and allowed the Group to further execute on the company's growth strategy and vision for the future. Looking forward, we need to ensure that we continue to invest throughout the cycle and in specific platforms to ensure we obtain the most from organic growth opportunities. This includes areas such as e-commerce, digital transformation and localised quick response manufacturing.

We also want to take advantage of attractive acquisition opportunities if they become available – subject to our experience in stringent investment criteria.

Ongoing focus on working capital management

KEY STATEMENT OF FINANCIAL POSITION METRICS

1,8x – **Current ratio (March 2020: 1,5x)**

160 – **Group inventory days* (March 2020: 184)**
* *Excluding Jet.*

0,5x – **Net debt to EBITDA^ (March 2020: 1,6x)**
^ *On a pre-IFRS 16 basis for Group.*

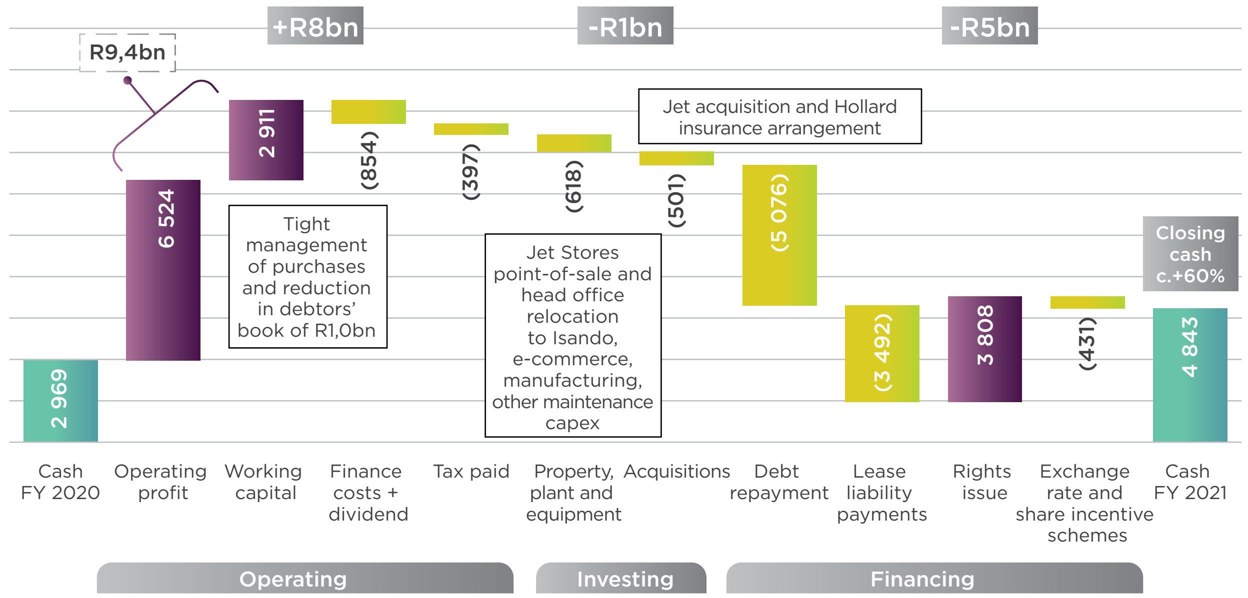
R6,6bn – **Debtors' book down 14,5% (March 2020: R7,8bn)**

7,6% – **Debt to equity ratio^ (March 2020: 52,4%)**
^ *On a pre-IFRS 16 basis for Group.*

R3,8bn – **Free cash flow (March 2020: R2,3bn)**

- **Available facilities** and cash at 31 March 2021 **R10,3bn**
- Operations generated **strong cash flow** of R9,4bn, up 14% on the prior year
- **Further reduced debt** (over and above R3,8bn rights issue)
- **Working capital focus** (inventory and debtors' book) – released R2,9bn in working capital
- **Net debt** to EBITDA significantly **improved:**
  - – Target of 1x – 1,5x by end FY 2022^
  - – Reduction in net debt of R7bn (83% down)
    - » TFG Africa R1,8bn (78% down)
    - » TFG Australia ungeared
    - » TFG London £25m

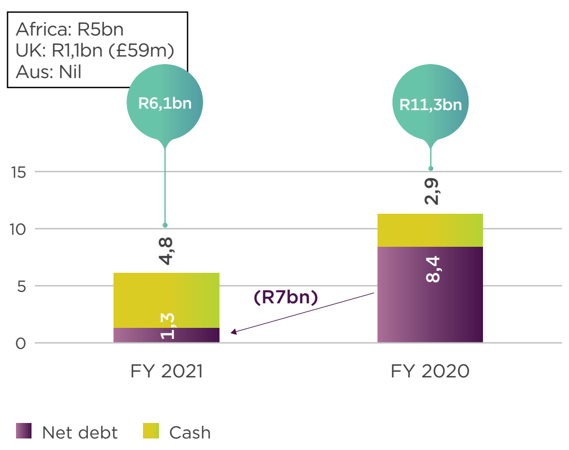
STRONG CASH GENERATION (Rm)



The Group generated net cash of R1,9 billion during the past year. This strong cash generation, especially from operations (i.e. cash generated of R9,4 billion), is a pleasing result and 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).

CFO's report continued

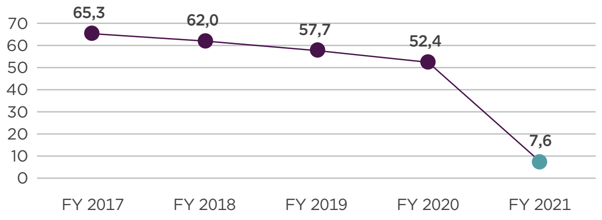
GROSS DEBT (Rbn)



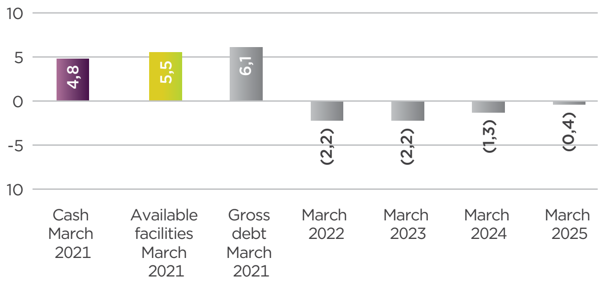
^ *Small differences due to rounding*

- Long-term debt restructured and smooth repayment profile
- Net debt improvement of 83% driven by:
  - Rights issue proceeds (net) of R3,8bn
  - Deliberate working capital management
  - No dividend payment
- TFG Africa covenant testing waived for September 2020 interims and reverted to pre-COVID-19 levels for March 2021
- Dividends will be resumed when appropriate

DEBT TO EQUITY RATIO (PRE-IFRS 16) (%)



GROUP DEBT REPAYMENT PROFILE (Rbn)



The Group's debt to equity ratio has improved to 7,6% (pre-IFRS 16) from 52,4% (pre-IFRS 16) at end March 2020[1]. Ongoing focus on working capital management further resulted in the Group's current ratio improving to 1,8x from 1,5x at year-end, with inventory balances reducing by c.R100 million since year-end and inventory days reducing by a further 15 days to 169 days, notwithstanding the acquisition of Jet during the financial year.

The Group continues to manage its cash resources through rental negotiations, minimising expenditure and capex and cutting back on purchases in line with expected demand. The Group has also accessed government funding, where available, in each of our territories of operation and continues to prioritise cost savings initiatives across all operations and business optimisation initiatives in TFG Africa.

Growth opportunities that reposition the Group

Despite the challenges of the past year as a result of the COVID-19 pandemic, the Group sought growth opportunities and acquired the Jet business for a purchase consideration of R385,3 million. This resulted in the recognition of a bargain purchase gain of R709,0 million. The integration of Jet's stores onto TFG's systems and the onboarding of Jet employees were successfully completed within six months. At the end of FY 2021, Jet delivered R2,2 billion in turnover since acquisition and achieved a 4% improvement in gross margin (from 36% to 40%). By leveraging TFG's existing digital capabilities, we reduced Jet's IT costs by approximately 60%. These are all positive signs that point to a strong performance from this business as we move into FY 2022.

Subsequent to year-end, the Group acquired certain manufacturing assets from House of Monatic, Trade Call Investments Apparel, Radeen Fashion and the joint liquidators of Hanes South Africa for a combined consideration of R23,4 million. This will enable the Group to expand the capacity of our localised quick response manufacturing. We have continued on this journey for three purposes:

- Margin advantage due to lower mark downs
- Better trend relevance because we can make fashion calls closer to season as opposed to long lead times from offshore manufacturers
- Statement of financial position advantages through superior inventory and working capital control

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[1] *Pro forma information used to calculate net debt pre-IFRS 16 and the debt to equity ratio pre-IFRS 16.*

FUTURE FOCUS AREAS

We will continue to adapt and strengthen our business through continued prudent cost savings measures and the responsible management of cash resources and liquidity in response to the uncertain trading environment, while prioritising measures to protect our employees, customers and other stakeholders.

Future focus area

Achieve turnover growth similar to FY 2019 levels: building on momentum achieved in FY 2021, we want to revert to, and for some brands even exceed, turnover growth achieved in FY 2019. We anticipate that Jet will comfortably deliver close to R6 billion or more in revenue.

Continue to improve gross margin: we want to improve our gross margin over the next few years and are comfortable that we may achieve this for certain brands in FY 2022. We are conscious that value brands may weaken margin levels as they grow. In these instances, there is a great emphasis on selling at full selling price and achieving margins at least equal to those achieved in FY 2019.

Return TFG London to profitability: we anticipate that TFG London will return to breakeven in FY 2022, with ambitions to return the business to profitability in FY 2023. Trade has been positive since reopening in April 2021, with TFG London trading well ahead of plans and budgets.

Business optimisation to continue: the cost base for all regions has been reset. Jet is now fully integrated within our business and, in line with our business optimisation journey, we will identify methodical, low-risk cost saving opportunities for this business that include aspects such as rentals and automation of processes in line with our digital transformation drive. We are confident that there is still runway to further advance our business optimisation journey going forward, with a strong focus on costs within our head office and trading portfolio.

Inventory: New and focused disciplines identified during the year will continue into FY 2022 to ensure we keep levels closely aligned with trade. The benefit of quick response local manufacturing continues to be a major driver in helping us respond in-season.

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. In response, we remain committed to prioritising our strategic investments in digital transformation and localised quick response manufacturing, while continuing to build on the already strong brand equity within our diverse brand portfolio.

We are satisfied with the manner in which we 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 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.

SUBSEQUENT EVENT

The Group is saddened by the unfortunate civil unrest and widespread looting and vandalism which recently occurred in KwaZulu-Natal and parts of Gauteng province. These events did not only impact its operations and customers, but also its employees, their families, and the supply chains that support the stores in those regions.

As a further update to the announcement made by the Group on SENS on 16 July 2021, 198 South Africa stores are now confirmed having been looted and damaged to varying degrees by the civil unrest in these provinces. The Group continues to assess the damage caused to its stores and is quantifying losses to be recovered through its insurance policies. As at the signature date of this report, these stores are still not trading. It is not possible at this time to determine the impact on the results for the half year as there is no certainty as to when these stores will resume trading.

APPRECIATION

The past year has demonstrated TFG's ability to remain resilient under extremely difficult and unprecedented circumstances. I am truly grateful for the commitment and support received from the finance team, local and international, in preparing and delivering our FY 2021 result. I also thank our employees for the ongoing and pivotal role they played in supporting TFG throughout the pandemic.

If I look back on what we achieved and the strategic progress made in such a challenging year, I believe our business and ability to execute on our strategy is future-fit. While we are certainly not beyond the pandemic, we are able to look forward to find new and innovative ways to enhance our customer offer while delivering sustainable shareholder value.

B Ntuli
Chief Financial Officer

27 July 2021

SUMMARY OF ANNUAL FINANCIAL STATEMENTS

The following summary consolidated financial statements have been extracted from the audited consolidated annual financial statements of the Group for the year ended 31 March 2021. A copy of the full audited consolidated annual financial statements and the unmodified auditor's report thereon is available on www.tfglimited.co.za.

The preparation of the summary consolidated financial statements was supervised by Bongiwe Ntuli CA(SA).

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2021 Rm	As at 31 March 2020 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	123,8	–
Deferred taxation assets	1 169,5	1 228,2
	18 087,9	21 403,4
Current assets		
Inventory	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	5 064,0	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

SUMMARY CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2021 Rm	Year ended 31 March 2020 Rm	% change
Revenue	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	1 358,4	1 759,7	
Other income	1 277,1	1 393,5	
Net bad debt	(1 222,4)	(1 275,5)	
Trading expenses	(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	(16,8)	–	
Gain on bargain purchase	709,0	–	
Impairment of goodwill and brands	(2 958,1)	–	
Operating (loss) profit before finance costs	(719,2)	4 684,7	(115,4)
Finance costs	(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	
Earnings per ordinary share (cents)			
Basic	(614,0)	925,7	(166,3)
Diluted (basic)	(611,8)	921,4	(166,4)

CFO's report continued

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March 2021 Rm	Year ended 31 March 2020 Rm
Cash flows from operating activities		
Operating profit before working capital changes	**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	**(993,5)**	(1 335,4)
Taxation paid	**(396,6)**	(1 148,0)
Dividends received	**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	**(374,1)**	–
Investment in insurance arrangement	**(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	**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

SEGMENTAL PERFORMANCE REVIEW

TFG AFRICA

SALIENT FEATURES

+1,6%
RETAIL TURNOVER OF R22,9bn

41,4%
GROSS MARGIN

23,2%
EBITDA MARGIN*
(R5,3bn)

11,5%
EBIT MARGIN*
(R2,6bn)

2 929
OUTLETS

* *Post-IFRS 16 EBITDA and EBIT.*

PERFORMANCE OVERVIEW

TFG Africa's retail turnover increased by 1,6% (ZAR) when compared to the same period in the previous financial year. This solid turnover performance continued into Q1 of FY 2022. 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.

Gross margin was negatively impacted by inventory provisioning, clearing seasonal inventory and the integration of the Jet business. However, implementation of our focused business optimisation programme continued, underpinned by strong cost control and resetting the cost base.

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. Credit retail turnover, purposely restricted by stringent and reduced acceptance criteria, decreased by 23,6% year-on-year for the financial year. Credit sales now contribute 30,7% (March 2020: 40,9%) to total TFG Africa retail turnover.

The retail net debtors' book of R6,6 billion decreased by 14,5% year-on-year. Overall, the continued conservative strategy is reflected in improved debtor quality statistics:

	March 2021	Sept 2020	March 2020
Buying position	**77%**	77%	78%
Overdue values	**16%**	18%	15%
Allowance for impairment as % of gross debtors	**21%**	25%	20%
Net bad debt as % of gross debtors	**15%**	16%	13%

Product deflation for TFG Africa was -2,2%. 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%**

Segmental performance review continued

TFG LONDON

SALIENT FEATURES

-49,7%
RETAIL TURNOVER OF £196,2m

42,0%
GROSS MARGIN

-14,5%
EBITDA MARGIN*
(-£28,5m)

-98,4%
EBIT MARGIN*
(-£193,0m)

801
OUTLETS

* *Post-IFRS 16 EBITDA and EBIT.*

PERFORMANCE OVERVIEW

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.

The impact on turnover was partially offset by online performance, which grew 0,2%, with faster growth from TFG London's own websites, which grew 9,1%. The flexible cost base further mitigated the profitability decline, attributed to a large proportion of turnover rentals; constructive landlord negotiations; and TFG London's department store commission model.

The pandemic further 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 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 was recognised.

Despite this reassessment, TFG London brands retained their brand equity, 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.

All categories/brands are showing ongoing improvement through April and May, with positive like-for-like sales in May in Phase Eight, the largest cohort of stores. Casual categories are showing growth ahead of April and May 2019 comparatives since stores reopened. However, dresses and more formal categories are likely to continue to lag more casual product until COVID-19 restrictions are fully lifted.

We 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 non-profitable stores, we can take the business forward with a more efficient infrastructure and an appropriately reduced cost base in place.

TFG LONDON WELL PLACED FOR GROWTH

CUSTOMER FIRST STRATEGY

ROUTES TO MARKET

- **Digital first**
  - CRM/digital marketing
  - New online partners
- **Fewer, better stores**
  - Turnover rents
  - Short leases
- **Working with growth partners** (M&S, JL, Next)
- **Leveraging resilient international network, such as:**
  - Germany
  - Switzerland
  - USA

TRADING STRATEGY

- **Pre-COVID-19 trend**
  - More relaxed styles
  - Softer fabrics
- **Pricing strategies**
- **Shortening supply chain and improved flexibility**
- **Inventory flexibility**
- **Channel opportunities**
  - Product
  - Digital marketing focus
- **Margin improvement initiatives**

OPERATIONAL EFFICIENCY

- **Centralised platform**
  - All support functions now centralised
  - **Faster** decision-making
  - **Reduced cost base** of central teams but rebalancing towards growth areas e.g. CRM/e-commerce
- **Alignment of key commercial terms**

ESG FOCUS

- **Environment**
  - High standards, reducing emissions and working towards a zero-waste business and greater transparency
  - Sustainable products and materials
- **Supply chains and communities**
  - Human rights and fostering an inclusive business
- **Wellbeing**
  - Improving health and wellbeing

Segmental performance review continued

TFG AUSTRALIA

SALIENT FEATURES

-7,1%
RETAIL TURNOVER OF A$503,0m

63,7%
GROSS MARGIN

31,0%
EBITDA MARGIN*
(A$155,7m)

12,9%
EBIT MARGIN*
(A$65,1m)

554
OUTLETS

* *Post-IFRS 16 EBITDA and EBIT.*

PERFORMANCE OVERVIEW

TFG Australia's retail turnover decreased by 7,1% (AUD) when compared to the previous financial year. TFG Australia now contributes 17,9% to Group retail turnover.

Despite turnover being down year-on-year, TFG Australia saw a strong improvement in H2. The Australian economy recovered well in the second half of the financial year with positive GDP growth, increased consumer confidence and unemployment returning to pre-COVID-19 levels. TFG Australia saw promising growth across all brands in Q4 of FY 2021; general demand remained strong and an easing of restrictions resulted in a return to growth for the 'event-based' brands.

Across the year, lockdowns and restrictions accelerated the shift to online with growth of 58,1% in online turnover. The contribution of digital channels increased to 9,0% of total sales (2020: 5,3%). Overall TFG Australia contributed EBITDA growth of 12,3%, up A$17 million on the prior year.

TFG AUSTRALIA GOING INTO FY 2022 CONFIDENTLY

New stores	**Continue to roll out existing brands in Australia and New Zealand**
Expansion	**Continue to expand the square metre footprint where there is demand**
Digitisation	**Acceleration of investment in digital channels, enhancing people and systems**
Opportunities	**Trialling online sales in USA (Johnny Bigg), encouraging start**
Opportunities	**Well placed for growth/acquisitions**

06

GOVERNANCE APPENDICES

CORPORATE GOVERNANCE REPORT

INTRODUCING OUR DIRECTORS

The Supervisory Board is ultimately accountable for the strategy, direction, leadership, governance and performance of TFG. It has oversight of the development, approval and updating of TFG's vision, mission and value statements, and significant policies and goals related to economic, environmental and social impacts.

EXECUTIVE DIRECTORS

A E Thunström (51)

CEO

BCom (Hons Acc), CA(SA)

Member of: Risk and Social and Ethics Committees
Meetings attended by invitation: Audit, Remuneration and Nomination Committees

Anthony, our CEO, joined the Group in 2015 as CFO and assumed the position of CEO in September 2018. Prior to this, he had 21 years' professional services experience, during which he held various local and international leadership positions.

Appointed to the Supervisory Board: 2015

B Ntuli (44)

CFO

BCom (Hons Acc), CA(SA), AMP (Harvard)

Member of: Risk Committee
Meetings attended by invitation: Audit and Social and Ethics Committees

Bongiwe joined TFG in January 2019 as CFO. Prior to this, she was the CEO of Freight Services at Grindrod Limited, a JSE-listed shipping, freight and logistics company with operations locally, in Africa and internationally and was a Grindrod group executive board member. Before Grindrod, she held various finance and treasury positions for Anglo American plc locally and internationally. Bongiwe has over 20 years' local and international finance, commercial, operational and executive management experience. She has worked in South Africa, the UK and Canada, and has completed an Advanced Management Programme at Harvard Business School.

Appointed to the Supervisory Board: 2019

INDEPENDENT NON-EXECUTIVE DIRECTORS

M Lewis (62)

Chairman

BA (Econ) (Hons)

Member of: Nomination and Remuneration Committees
Chairman of: Nomination Committee
Meetings attended by invitation: Risk and Audit Committees

Michael has more than 35 years' experience in the investment management and retail sectors. He is the chairman of Strandbags Holdings Proprietary Limited (Australia) and Oceana Investment Corporation Limited (UK). He is also a director of United Trust Bank Limited (UK). Michael served on the supervisory board of Axel Springer AG (Germany) and on the board of Cheyne Capital Management LLP (UK). He previously worked at fund managers Ivory & Sime and Lombard Odier.

Appointed to the Supervisory Board: 1989

G H Davin (65)

Lead Independent Non-Executive Director

BCom, BAcc, CA(SA), MBA

Member of: Nomination Committee
Meetings attended by invitation: Audit Committee

Graham is a chartered accountant and a career banker with extensive international financial and broad business experience. Graham qualified with Arthur Andersen in Johannesburg and joined Investec Bank after an MBA at UCT. He was a director of Investec Bank for 16 years and of Bank Insinger de Beaufort N.V., a Dutch private bank. He was responsible for the listing of Investec on the JSE and of Insinger on the Luxembourg Stock Exchange. In 2003, after moving to London, Graham led the management buyout of United Trust Bank, a fast-growing UK specialist bank of which he was CEO for 17 years. Graham is currently the deputy chair of United Trust Bank.

Appointed to the Supervisory Board: 2015

S E Abrahams (82)

FCA, CA(SA)

Meetings attended by invitation: Audit Committee

Sam is an experienced director and was formerly an international partner and South African managing partner of Arthur Andersen. He is currently a non-executive director of Investec Securities Proprietary Limited and chairman of The Victor Daitz Foundation, one of the largest charitable foundations in South Africa. Sam has acted as a non-executive director for several listed companies, both in the UK and South Africa.

Appointed to the Supervisory Board: 1998

Prof. F Abrahams (59)

BEcon (Hons), MCom, DCom

Member of: Nomination, Remuneration, Risk and Social and Ethics Committees
Chairperson of: Social and Ethics Committee
Also a director of South African listed companies: Clicks Group Limited and Lewis Group Limited

Fatima is a senior professor (part-time) and was dean of the Economic and Management Sciences Faculty at the University of the Western Cape (UWC). She is a registered industrial psychologist and has built up extensive expertise in the human capital field. She has served and continues to serve on the audit and risk committees and transformation and remuneration committees of several companies, and has built up sound business experience over the years.

Appointed to the Supervisory Board: 2003

C Coleman (58)

BA (Architecture)

Colin is a consultant and serves on the boards of a number of companies. In 2020, he served as a senior fellow and lecturer at Yale University's Jackson Institute for Global Affairs. He was CEO, Sub-Saharan Africa, of Goldman Sachs up until his retirement at the of end 2019 and before that head of its South African business and then head of its Investment Banking division for Sub-Saharan Africa. He was named a partner of Goldman Sachs in 2010. Colin was an anti-apartheid activist and deeply involved in South Africa's constitutional transition from apartheid to democracy. He was named one of the World Economic Forum's "Global Leaders for Tomorrow", is a recipient of Harvard Business School's "Business Statesman Award" and was named one of Euromoney's World Top Ten "Financing leaders for the 21st Century." He is co-chairman of the Youth Employment Service (YES).

Appointed to the Supervisory Board: 2020

D Friedland (68)

BCom, CA(SA)

Member of: Audit, Remuneration and Risk Committees
Also a director of South African listed as well as public companies: Pick n Pay Stores Limited, Investec Limited and Investec Bank Limited
Also a director of foreign listed as well as public companies: Investec plc and Investec Bank plc

David is a chartered accountant with extensive audit experience from a broad range of listed retail companies. He served as international partner at Arthur Andersen from 1990 and was a partner at KPMG from 2002. David was head of Audit and Risk at KPMG (Cape Town) and was the lead audit partner for several listed companies. In 2013, he retired and was appointed to the boards of Investec Limited and Investec plc, serving as the group audit committee chairman.

Appointed to the Supervisory Board: 2013

B L M Makgabo-Fiskerstrand (47)

BA

Member of: Audit, Risk and Social and Ethics Committees
Also a director of a South African listed company: Sun International Limited

Tumi is the founder and executive director of AfricaWorldwide Media and director of Tumi Makgabo Enterprises, focusing on enterprise development in South Africa and across the African continent. In addition, Tumi served as the vice-chairperson of the World Economic Forum's Global Agenda Council on Women's Empowerment and as a member of its Council on Africa for two years. In 2008, she was nominated to the World Economic Forum's Forum of Young Global Leaders, which is a multi-stakeholder community of exceptional leaders below the age of 40, selected from around the world.

Appointed to the Supervisory Board: 2012

Corporate governance report continued

E Oblowitz (64)

BCom, CA(SA), CPA(Isr)

Member of: Audit, Remuneration and Risk Committees
Chairman of: Audit and Remuneration Committees
Also a director of a South African listed as well as public companies: Trencor Limited and BNP Paribas Personal Finance South Africa Limited

Eddy has considerable audit, finance and business advisory experience, having spent 21 years in professional practice, most notably as a senior partner of the Cape Town, Durban and Port Elizabeth offices of Arthur Andersen. He also served as a member of the firm's worldwide Retail and Distribution Industry Team. In addition to serving as a non-executive director and trustee to various companies and trusts, he is the Principal at Contineo Financial Services, which provides specialist advisory and fiduciary services to high net worth South African and international families and their entities.

Appointed to the Supervisory Board: 2010

N V Simamane (62)

BSc (Chemistry & Biology) (Hons)

Member of: Audit, Risk and Social and Ethics Committees
Also a director of South African listed as well as public companies: Cashbuild Limited, Oceana Group, The Hollard Insurance Company Limited and Lenmed Investments Limited

Nomahlubi has extensive business, marketing and communications experience, having previously held the positions of marketing manager at Unilever, marketing director of British American Tobacco and managing director of BLGK Bates Advertising Agency. She is currently the CEO of Zanusi Brand Solutions, a branding consultancy she founded in 2001. She has worked in the United States and Kenya and has been recognised as a seasoned business woman, having won two Business Women of the Year Awards in 2009. She was also named the 2013 Enterprising Woman in Fort Lauderdale, Florida, USA.

Appointed to the Supervisory Board: 2009

R Stein (72)

BCom, CA(SA)

Member of: Audit, Risk and Nomination Committees
Chairman of: Risk Committee

Ronnie was previously the Group's CFO. He retired from this position at the end of June 2015 after serving 19 years with the Group. Prior to joining the Group, he was an accountant and auditor in public practice. He was a partner at Kessel Feinstein for 15 years. Following his retirement, Ronnie remains on the Supervisory Board in a non-executive capacity.

Appointed to the Supervisory Board as a non-executive director: 2015

NON-EXECUTIVE DIRECTOR

A D Murray (64)

BA, CA

Member of: Risk Committee
Meetings attended by invitation: Audit Committee
Also a director of a South African listed company: Equites Property Fund Limited

Doug was previously our CEO. He retired from this position in September 2018 after serving 33 years with the Group, 11 of those as CEO He has a wealth of knowledge and experience in the international retail sector in general and TFG in particular, where he held a number of senior executive roles in the Group before his appointment as CEO. Doug was appointed to the Supervisory Board in a non-executive capacity on 1 October 2019 and also serves on the Group's UK and Australian subsidiaries' boards and committees.

Appointed to the Supervisory Board as a non-executive director: 2019

The Supervisory Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the 2021 financial year. Further, the directors confirm that the committees functioned in accordance with their written terms of reference as contained in their charters during the financial year.

SUPERVISORY BOARD AND COMMITTEE ATTENDANCE

The attendance of the directors at Supervisory Board and committee meetings for the financial year was as follows:

	Supervisory Board	Audit Committee	Risk Committee	Remuneration Committee	Nomination Committee	Social and Ethics Committee
Number of meetings	5	3	4	4	2	2
Prof. F Abrahams	4*	1***	3**	4	2	2
S E Abrahams	5	3#	1#			
C Coleman	5					
G H Davin	5	3#			2	
D Friedland	4*	3	4	4		
M Lewis	5	3#	3#	4	2	
B L M Makgabo-Fiskerstrand	5	3	4			2
A D Murray	5	3#	4			
B Ntuli	5	3#	4			2#
E Oblowitz	5	3	4	4		
N V Simamane	5	3	4			2
R Stein	5	3	4		2	
A Thunström	5	3#	4	4#	2#	2

 # Invitee.
** Absent with apology.*
*** Appointed as a member of the committee with effect from 1 August 2020 and attended all relevant meetings from this date.*
**** Stepped down as a member of the committee with effect from 1 August 2020 and attended all relevant meetings before this date.*

The Supervisory Board considers the allocation of roles and responsibilities and the composition of membership across committees holistically, to achieve the following:

- Effective collaboration through cross-membership between committees, coordinated timing of meetings, and the avoidance of duplication or fragmented functioning in so far as possible
- Where more than one committee has jurisdiction to deal with a similar matter, the specific role and positioning of each committee in relation to such a matter is defined to ensure complementary rather than competing approaches
- There is a balanced distribution of power in respect of membership across committees so that no individual has the ability to dominate decision-making, and no undue reliance is placed on any individual

COMPANY SECRETARY

The Company Secretary, D van Rooyen, is accountable to the Supervisory Board, and all directors have access to his professional corporate governance advice and services. He has unfettered access to the Supervisory Board, but at the same time maintains an arm's length relationship with it and is not a director of the company. The Company Secretary is independent and functionally reports to the Supervisory Board on company secretarial matters. The Company Secretary's duties include but are not limited to those listed in section 88 of the Companies Act of South Africa.

Every two years, as part of the Supervisory Board formal evaluation process, the directors assess whether the Company Secretary has fulfilled the required obligations and duties. The assessment questionnaire also gives directors the opportunity to not only evaluate the Company Secretary, but to raise any concerns they may have.

Following this assessment in 2021, the Supervisory Board believes the Company Secretary is an objective, suitably qualified, competent and experienced individual able to provide the Supervisory Board with the requisite support for its effective and efficient functioning and discharge of its duties as prescribed by the Companies Act of South Africa, King IV and the JSE Listings Requirements. The Supervisory Board further believes that the office of the Company Secretary is empowered and that the position carries the necessary authority.

REMUNERATION AND SHAREHOLDING

The remuneration paid to directors during the current year as well as details of direct and indirect shareholdings are disclosed in the Remuneration Committee report which appears later in this report. Information regarding directors' participation in share incentive schemes (which is limited to executive directors) is also disclosed.

DEALING IN SHARES

The Supervisory Board complies with the JSE Listings Requirements in relation to restrictions on directors and employees trading with TFG shares during closed periods. Restrictions may also be placed on share dealings at other times if TFG is involved in corporate activity or sensitive negotiations.

There is a process in place in terms of the JSE Listings Requirements for directors to obtain prior clearance before dealing in TFG shares. All transactions are conducted at the ruling market price on the JSE. Details of directors' share dealings are disclosed on SENS.

DIRECTORS' INTERESTS IN CONTRACTS

In addition to a formal annual disclosure process, directors are required to make ongoing disclosures of any interests in contracts. During the year under review, the directors had no interest in contracts as contemplated in the Companies Act of South Africa.

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2021 to the shareholders of TFG. This report complies with the Companies Act of South Africa, the JSE Listings Requirements, King IV and any other requirements.

- Meeting attendance for the committee is set out on page 111. All members of the committee continue to meet the independence requirements of the Companies Act of South Africa and King IV.
- Each member's qualifications and experience are set out in the profiles on pages 108 to 110.
- Details of fees paid to committee members appear in note 32 of the consolidated annual financial statements.

COMMITTEE MANDATE AND FUNCTIONING

The committee is governed by a formal Audit Committee charter that is reviewed regularly and incorporates all the requirements of the Companies Act of South Africa. This charter guides the committee in terms of its objectives, authority and responsibilities, both statutory and those assigned by the Supervisory Board. The committee is satisfied that during the 2021 financial year it has complied with all its statutory and other regulatory duties and fulfilled its responsibilities in accordance with its charter.

The Audit Committee recognises the importance of its independent oversight role as part of the risk management and corporate governance processes and procedures of TFG.

The committee typically meets three times per year and further meetings are held as required. Furthermore, the Chairman meets with the external auditors and representatives of management separately and/or together, on an *ad hoc* basis through the year. Salient aspects of internal audit reviews are discussed at each meeting. In addition, the following is addressed at each respective meeting:

- Review of ERM and combined assurance methodology and consideration of outcomes of financial risk assessment (typically in March each year)
- Approval of annual audited results (typically in June each year)
- Approval of interim results (typically in November each year)

The committee considered the draft interim and annual financial reports prepared by executive and senior management and recommended the adoption of these reports to the Supervisory Board subject to certain amendments. The Chairman provided written reports to the Supervisory Board that summarise the committee's findings and recommendations.

The committee held three formal meetings during the 2021 financial year. To further strengthen the Group's governance structures, there is also a joint Audit and Risk Committee for TFG London and TFG Australia. These committees met formally twice during the financial year.

Independently of executive management, members of the committee meet separately with the Head of Internal Audit and the external auditors respectively. The Head of Internal Audit reports directly to the Audit Committee on internal audit matters.

Meeting dates and topics are agreed well in advance each year. Each meeting is preceded by the timely distribution of an Audit Committee pack to each attendee, comprising *inter alia*:

- a detailed agenda;
- minutes of the previous meeting;
- a report by the external auditors; and
- written reports by executive and senior management including:
  - International Financial Reporting Standards (IFRS) and accounting matters;
  - taxation;
  - combined assurance (including ERM, legal compliance and internal audit); and
  - insurance and loss statistics.

AUDIT COMMITTEE MEMBERSHIP AS AT 31 MARCH 2021

MEMBERS AND APPOINTMENT DATES

E Oblowitz (Chairman)	1 October 2010
D Friedland	1 April 2016
B L M Makgabo-Fiskerstrand	1 October 2015
N V Simamane	24 February 2010
R Stein	1 August 2020

I assumed the role as Chairman of this committee on 1 August 2020, replacing Mr S E Abrahams who served this committee since 29 January 1999. The committee welcomed Mr R Stein, retired CFO of TFG, as a new member. All members of the committee are independent.

The CEO, the CFO, the Head of Enterprise Risk Management, the Head of Internal Audit, the Company Secretary and the external audit partner and staff attended meetings of the committee by way of standing invitations. Additional attendees during the 2021 financial year included non-executive directors Mr S E Abrahams, Mr A D Murray and Mr G H Davin, as well as relevant members of executive management, who are invited to attend all meetings on an *ad hoc* basis. The Chairman of the Group has an open invitation to attend all meetings of the Audit Committee.

ROLES AND RESPONSIBILITIES

STATUTORY DUTIES AS PRESCRIBED IN THE COMPANIES ACT OF SOUTH AFRICA

General

- to receive and deal appropriately with any concerns or complaints (whether internal, external or on its own initiative) relating to the accounting practices and internal audit of TFG, the content or auditing of TFG's financial statements, the internal financial controls of TFG or any related matter.

External auditors

- to evaluate the independence, effectiveness and performance of the external auditors;
- to obtain assurance from the auditors that adequate accounting records are being maintained and that appropriate accounting policies are in place, which have been consistently applied;
- to evaluate the appointment of the external auditors on an annual basis and to ensure that such appointment is in terms of the provisions of the Companies Act of South Africa and any other legislation;
- to discuss and interrogate the annual audit plan of the external auditors as well as the related scope of work and the overall appropriateness of the key audit risks identified;
- to approve the audit fee and fees in respect of any non-audit services;
- to determine the nature and extent of any non-audit services the auditors may provide to the Group and to pre-approve all proposed agreements for non-audit services; and
- to review the findings and recommendations of the external auditors and confirmed that there were no significant unresolved matters as at the date of the approval of the annual financial statements.

Financial results

- to make submissions to the Supervisory Board on any matter concerning the Group's accounting policies, financial controls, records and reporting; and
- to provide, as part of the integrated annual report and consolidated annual financial statements, a report by the Audit Committee.

DUTIES ASSIGNED AND DELEGATED BY THE SUPERVISORY BOARD

General

- to ensure that the respective roles and functions of external audit and internal audit are sufficiently clarified and, where relevant, coordinated;
- to assess the effectiveness of the arrangements in place for combined assurance; and
- to assist the Supervisory Board in carrying out its risk management, technology and information management responsibilities.

External auditors

- to consider and respond to any questions from the Supervisory Board and shareholders regarding the resignation or dismissal of the external auditors, if necessary;
- to review and approve the external audit plan; and
- to ensure that the scope of the external audit has no limitations imposed by executive management and that there is no impairment on its independence.

Internal control and internal audit function

- to review the effectiveness of the Group's systems of internal control, including internal financial controls, financial reporting procedures and risk management, and to ensure that effective internal control systems are maintained;
- to ensure that written representations on internal controls are submitted to the Supervisory Board annually by all divisional heads of business (these being representations that provide assurance on the adequacy and effectiveness of the Group's systems of internal control);
- to monitor and supervise the effective functioning and performance of the internal audit function;
- to review and approve the annual internal audit plan as well as any proposed amendments thereto and the internal audit charter;
- to ensure that the scope of the internal audit function has no limitations imposed by executive management and that there is no impairment on its independence; and
- to review that appropriate internal controls and internal audit plans are prepared to cover the TFG International operations.

Finance function

- to consider the appropriateness of the expertise and experience of the CFO; and
- to satisfy itself with the expertise, resources and experience of the finance function.

Financial results

- to consider any accounting treatments, significant unusual and complex transactions, or accounting judgements and estimates that could be contentious;
- to review executive management's assessment of going concern and to make a recommendation to the Supervisory Board that the going concern concept be adopted by the Group;
- to consider the JSE's report on the proactive monitoring of financial statements for compliance with IFRS and to ensure that appropriate action is taken if required; and
- to review the integrated annual report, as well as the consolidated annual financial statements, interim reports, preliminary reports or other financial information prior to submission and approval by the Supervisory Board.

COMMITTEE EVALUATION

A formal Supervisory Board evaluation (which includes an evaluation of all sub-committees) was followed in the 2021 financial year. Action plans are in place to address the key themes, which include the broader restructure of the internal audit function.

ELECTION OF COMMITTEE MEMBERS

The following members made themselves available for election to the committee. Such election was recommended by the Nomination Committee and will be proposed to shareholders at the upcoming AGM:

E Oblowitz (Chairman)
D Friedland
B L M Makgabo-Fiskerstrand
N V Simamane
R Stein

SPECIFIC RESPONSIBILITIES

The committee confirms that it has carried out its functions in terms of the Audit Committee charter and section 94(7) of the Companies Act of South Africa, by:

- confirming the nomination of Deloitte & Touche as the Group's registered auditor, and Mr J H W de Kock as the incoming designated partner, for the year ending 31 March 2022; being satisfied that they are independent of the company;
- approving the terms of engagement and fees to be paid to Deloitte & Touche;
- ensuring that the appointment of Deloitte & Touche complies with the provisions of the Companies Act of South Africa, the JSE Listings Requirements and any other regulations;
- determining the nature and extent of any non-audit services, which the external auditors provide to the company or any related company;
- pre-approving proposed agreements with Deloitte & Touche for the provision of any non-audit services;
- preparing this report for inclusion in the consolidated annual financial statements and the integrated annual report;
- receiving and dealing appropriately with any relevant concerns or complaints;
- making submissions to the Supervisory Board on any matter concerning the Group's accounting policies, financial controls, records and financial reporting; and
- performing other oversight functions as determined by the Supervisory Board.

INTERNAL FINANCIAL CONTROL AND INTERNAL AUDIT

The CEO and CFO, through delegated authority to executive management and regular report backs, continually evaluate the controls and control environment. This evaluation includes, *inter alia*:

- the identification of risks and the determination of their materiality;
- testing the design and implementation of controls that address significant and high risk areas impacting the financial reporting process;
- utilising the assurance function to test the operating effectiveness of these controls; and
- review of control self-assessments performed by management.

During the financial year under review the CEO and CFO have reviewed the controls for financial reporting and have presented their findings and remedial actions to the committee. One material deficiency in the design of internal controls was presented to the committee, together with the relevant compensating controls and additional procedures performed.

This deficiency relates to the processing of journals prior to these journals being reviewed and approved. This deficiency also relates to inappropriate access to process journal entries directly into the accounting system and manual journals that were not approved prior to posting. A review was performed of all the specific transactions posted with this access and no unauthorised or erroneous journals were identified. A formal and appropriate remediation plan has been developed to address this control deficiency.

The committee considered this deficiency, the status of the remedial actions undertaken, management's reliance on compensating controls and the additional review procedures performed and noted the contents of the CEO and CFO final attestation. The committee considers that this deficiency did not have a material impact on the financial reporting processes and that TFG's system of internal financial controls and financial reporting procedures are effective and forms an acceptable basis for the preparation of reliable financial statements in respect of the financial year under review.

This assessment included consideration of all the entities included in the consolidated annual financial statements and TFG's ability to effectively prepare and report on the consolidated Group financial statements.

In addition, during the 2021 financial year, the committee was not made aware of any material breaches of any laws or regulations or material breaches of internal controls or procedures.

Internal audit continues to develop and refine its auditing approach and methodology with digital enablement. This enablement facilitates the increased automation of processes; generation of more risk focused assurance and related insights and reporting through the implementation of a suite of innovative technologies to broaden assurance coverage, particularly given the expansion of new stores in TFG Africa, London and Australia; while optimising costs and providing enhanced value through more focused risk-oriented insights. These technologies include the applications of data analytics, robotic process automation, artificial intelligence as well as other enterprise technology tools.

Ms C van der Vyver, the Head of Enterprise Risk, is currently caretaking the role of Head of Internal Audit as part of a broader restructure of the internal audit function.

The committee believes that Ms C van der Vyver possesses the appropriate expertise, skills and experience to meet her responsibilities in that position and that the internal audit function is functioning and performing effectively.

COMBINED ASSURANCE

The Audit Committee reviewed the combined assurance process and related methodologies and the outcomes thereof and considers these processes to be effective.

Read more in our Risk Committee report on pages 122 and 123.

RISK MANAGEMENT

While the Supervisory Board is ultimately responsible for the maintenance of an effective risk management process, the committee, together with the Risk Committee, assists the Supervisory Board in the assessment of the adequacy of the risk management process. The Chairman of this committee is also a member of the Risk Committee and this ensures the ongoing alignment between these two committees. The committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and technology, and information management risks as they relate to financial reporting.

The respective strategies adopted by the Audit Committee and the Risk Committee ensure timely review of any internal control weakness identified by any of the assurance providers. In addition, there continues to be significant improvements in the development of ERM methodologies, which will further enhance the Group's overall risk management coverage and focus.

Read more about our risk management approach in the Risk Committee report from page 121.

TFG INTERNATIONAL OPERATIONS

The joint international Audit and Risk Committees continue to significantly enhance the governance oversight of both TFG London and TFG Australia. These committees meet twice a year and provide feedback to the Audit and Risk Committees as well as the Supervisory Board. The Chairmen of both these committees also review the financial results of the TFG International operations and provide feedback to the Audit and Risk Committees as well as to the Supervisory Board.

Internal audit continues to compile assurance plans responsive to the significant risks identified and audits were conducted during the year to address those risks. No major concerns surfaced from their audit work.

THE FINANCIAL AND BUSINESS ENVIRONMENT

TRADING ENVIRONMENT

As a result of the COVID-19 pandemic, the past financial year was characterised by unprecedented global economic, political and social turmoil. Most of the Group's trading outlets across all our major trading territories – South Africa, the UK and Australia – were closed in the first month of our financial year (April 2020). In South Africa, all our jewellery stores also remained closed during the month of May 2020 due to the then 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.

The financial year was also characterised by the following circumstances and events:

- Prioritising the safety and wellbeing of our employees, customers and suppliers;
- Implementing specific initiatives to preserve cash and optimise working capital;
- Securing additional committed facilities over and above existing funding lines;
- Purposefully restricting credit turnover for the year by imposing more stringent and reduced acceptance criteria as compared to the same period in the previous financial year. Collections from our existing customers, however, exceeded our expectations;
- The successful implementation of a rights issue that secured net proceeds of R3,8 billion. This allowed the Group to reduce debt and insulate the statement of financial position ahead of what was expected to be a sustained period of uncertainty. At the same time, it allowed the Group to continue investing in organic growth and strategic initiatives and to take advantage of market opportunities; and
- The acquisition of certain commercially viable stores and selected assets of Jet (formerly a division of Edcon Limited), which provided TFG with a strategically important expansion into the value segment of the southern African retail apparel market.

ACCOUNTING MATTERS

Provision for doubtful debts

As is set out on page 69 of the annual financial statements, full details of our provision for doubtful debts is provided. The external auditors as well as executive management and the Audit Committee members have reviewed these calculations and believe that TFG is carrying an appropriate level of provisions in South Africa, Australia and the UK.

Inventory

Additional inventory provisions were taken in all three of our operating territories to deal with the impact that the various lockdowns has on the clearance of seasonal product, to ensure that the Group is well positioned going into the new financial year.

Losses from crime-related incidents

Although the Group continues to suffer from crime-related incidents, our Forensics department continues making progress in limiting losses and assisting the law enforcement agencies in bringing criminals to face charges for their misdemeanours.

Value-in-use of intangibles

Due to the impact of the COVID-19 pandemic, as outlined above, management, the external auditors and the Audit Committee applied their minds in stress-testing the carrying values of intangibles in both TFG Australia and, more particularly, TFG London.

Despite the challenges posed by the COVID-19 pandemic the Australian operations continued to trade ahead of management expectations and delivered record levels of profitability in the 2021 financial year.

Therefore, without much difficulty, all parties concluded that despite using a high WACC rate, the Australian operations had more than sufficient headroom to sustain the carrying value of intangibles.

Out of our three main trading jurisdictions, the UK was the hardest hit by the COVID-19 pandemic with no stores operating during the fourth quarter of the financial year and non-essential retail only reopening after year-end 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 values of the investment in the fourth quarter, the increase in the level of uncertainties in the trading environment and its impact on future projected cash flows, coupled with the significant deterioration in the WACC rates previously applied, 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. This resulted in the recognition of a non-cash impairment of R2,7 billion after tax.

EXTERNAL AUDITORS

The Group's external auditors are Deloitte & Touche and the designated partner for the 2021 financial year is Mr M van Wyk. Mr J H W de Kock has been nominated as the designated partner for the 2022 financial year.

Deloitte & Touche is afforded unrestricted access to the Group's records and management, and present any significant issues arising from the annual audit to the committee. In addition, the designated partner, where necessary, raises matters of concern directly with the Chairman of the committee.

The committee gave due consideration to the independence of the external auditors and is satisfied that Deloitte & Touche is independent of the Group and executive and senior management and therefore able to express an independent opinion on the Group's consolidated annual financial statements. The committee specifically considered Deloitte & Touche's tenure (four years) and the nature and extent of non-audit services. Non-audit services of R4,6 million were provided in the current year (2020: R4,5 million).

The committee has nominated, for approval at the AGM, Deloitte & Touche as the external auditor and Mr J H W de Kock as designated audit partner for the 2022 financial year, having satisfied itself (as required by the JSE Listings Requirements):

- that the audit firm is accredited by the JSE; and
- that the quality of the external audit is satisfactory (after referencing the most recent inspection reports issued by the Independent Regulatory Board for Auditors (IRBA) in respect of both the audit firm and the designated audit partner).

FINANCIAL STATEMENTS

The committee reviewed the financial statements of the company and the Group and is satisfied that they comply with IFRS and the requirements of the Companies Act of South Africa. This review included a consideration of the JSE's reports on the proactive monitoring of financial statements.

In addition, the committee reviewed executive management's assessment of going concern and recommended to the Supervisory Board that the going concern concept be adopted by TFG.

As recommended by King IV the committee has concentrated primarily on the following financial captions with the actions taken to address the risks listed:

TFG London goodwill and intangible impairment assessment		
The Audit Committee specifically considered the recoverable amount of TFG London's goodwill and intangible assets using the value-in-use technique. The assumptions and estimates used were supported by comprehensive calculations and analyses prepared by management.	The Audit Committee received regular presentations from management. In addition, management received input from independent external consultants to corroborate a number of the most critical assumptions and estimates used in the value-in-use calculations.	The Audit Committee received reports from the external auditors on their work, which was done independently of management's calculations. The external auditors were supportive of impairment in respect of TFG London's goodwill and intangible assets.
Recovery of trade receivables		
During the year we received detailed presentations from the Group director responsible for credit on the progress being made in controlling the collection of receivables, which reports detail trends in recoveries, bad debt write-offs and other matrixes associated with TFG's customer accounts status.	In addition to reports provided to the Audit Committee, similar presentations are made to the Supervisory Board at regular intervals.	The Audit Committee received reports from the external auditors on their work. Robust discussions took place on their findings.
Inventory		
The Audit Committee members received monthly reports from the CEO, which included comments made by each divisional head on: • their inventory holdings, inventory turn statistics and write-down information; and • the adequacy or otherwise of the overall quantum of their inventory holdings per business unit. The CFO also provides the Audit Committee with regular updates in terms of the level of inventory provisioning required.	Internal audit conducts ongoing cyclical inventory counts and reported on their findings to the Audit Committee. In addition, the detailed internal audit reports relating to inventory counts were reviewed throughout the year by the Risk Committee.	The external auditors provided a detailed year-end report on their work to satisfy themselves that this critical caption is fairly stated.

INTEGRATED ANNUAL REPORT

The committee fulfils an oversight role in respect of the integrated annual report. In this regard, the committee gave due consideration to the need for assurance on the sustainability information contained in this report and concluded that obtaining independent assurance would not be beneficial to stakeholders in all aspects of our business.

The committee considered the sustainability information as disclosed in the integrated annual report, assessed its consistency with the consolidated annual financial statements and sustainability overview report and is satisfied that the sustainability information is in no way contradictory to that disclosed in the consolidated annual financial statements.

EXPERTISE OF CFO AND FINANCE FUNCTION

The committee considers the appropriateness of the expertise and experience of the CFO and finance function on an annual basis.

In respect of the above requirement, the committee believes that Ms B Ntuli, the CFO, possesses the appropriate expertise and experience to meet her responsibilities in that position.

The committee further considers that the expertise, resources and experience of the finance function are appropriate based on the nature, complexity and size of the Group's operations.

APPRECIATION

I acknowledge and thank my fellow committee members, attendees, the executives, management and the Deloitte & Touche engagement team for their continuing efforts, assistance and support rendered to me and this committee.

I pay tribute to Mr Sam Abrahams, my predecessor, who is retiring from the Supervisory Board at the forthcoming AGM. Sam has served this committee as Chairman over the past 22 years with extreme diligence, dedication, and competence. His long-standing and broad-ranging wise counsel is appreciated, not only by this committee, but by all at TFG who came into contact with him, and I, particularly, remain grateful to him for his abundant advice and assistance rendered to me as part of my assumption of the chairmanship of this committee.

We bid farewell to Mr Michael van Wyk, outgoing designated partner, who is emigrating from South Africa. His interactions with this committee have always been of the highest standard and we thank him for his professionalism in leading the Deloitte & Touche TFG engagement team since their appointment as external auditors and we wish him well with his life's new chapter.

APPROVAL

The committee recommended the approval of the consolidated annual financial statements and the integrated annual report for the year ended 31 March 2021 to the Supervisory Board on 27 July 2021.

The Supervisory Board subsequently approved the consolidated annual financial statements and the integrated annual report for the year ended 31 March 2021, which will be tabled and open for discussion at the forthcoming AGM.

E Oblowitz
Chairman: Audit Committee

27 July 2021

RISK COMMITTEE REPORT

The Risk Committee is pleased to present its report for the financial year ended 31 March 2021.

- Meeting attendance for the committee is set out on page 111.
- Each member's qualifications and experience is set out in the profiles on pages 108 to 110.
- Details of fees paid to committee members appear in note 32 of the consolidated annual financial statements.

COMMITTEE MANDATE AND FUNCTIONING

The Supervisory Board remains accountable to ensure risks are effectively managed and has delegated risk management oversight to the:

Risk Committee

The Risk Committee reviews significant risks and their related mitigations and reports back to the Supervisory Board at each meeting.

-- the committees follow separate but aligned mandates --

Audit Committee

The Audit Committee focuses predominantly on financial risks and reviews the effectiveness of the risk process.

Read more about the functions of the Audit Committee from page 113 of this report.

The committee ensures:

- appropriate risk and control policies are in place and are communicated throughout the Group;
- the process of risk management and the system of internal control are regularly reviewed for effectiveness;
- there is an ongoing process to identify, evaluate and manage the significant risks faced by the Group;
- a formal risk assessment is undertaken annually;
- there is an ongoing process to identify and evaluate opportunities throughout the year;
- assurance providers are aligned to provide adequate assurance over the significant risks across the Group;
- there is an adequate and effective system of internal control in place to manage the more significant risks faced by the Group within an acceptable level;
- a risk register is maintained;
- there is a documented and tested process in place to enable the Group to continue its critical business processes in the event of a disaster, *inter alia*, the destruction of a distribution centre, head office or computer facility that affects its activities; and
- appropriate insurance cover is in place and regularly reviewed and uninsured risks are reviewed and managed.

The committee meets four times a year. The agenda includes:

- updating significant risks;
- overseeing regulatory updates, including the latest available information pertaining to government policy decisions and new or draft legislation;
- feedback on IT governance matters;
- emerging risk matters; and
- feedback on mitigation plans for catastrophic events, including insurance.

During the November and March meetings, the committee focuses on the renewal of TFG's annual insurance and reviewing the outcomes of the formal risk assessment process. Cyber security and combined assurance continued to receive additional focus during the year and will continue to be focus areas in the year ahead along with business resilience.

The committee fulfilled its responsibilities in accordance with its charter during the 2021 financial year.

RISK COMMITTEE MEMBERSHIP

MEMBERS

R Stein (Chairman)
Prof. F Abrahams
D Friedland
B L M Makgabo-Fiskerstrand
A D Murray
B Ntuli
E Oblowitz
N V Simamane
A E Thunström

INVITEES

M Lewis

TECHNOLOGY AND INFORMATION GOVERNANCE

The Chief Information Officer meets quarterly with each region and reviews emerging technology and information governance-related risks, TFG's disaster recovery plans and any significant initiatives.

The Risk Committee receives feedback on matters discussed and monitors technology and information governance initiatives to ensure these do not pose a risk to the continuity of the Group's operations. The Risk Committee also receives regular feedback on the results of assurance activities undertaken by internal and external providers.

LEGISLATIVE COMPLIANCE

An update on legal compliance is presented at each Risk Committee meeting. This update includes a forecast of significant legislative developments in all of the countries where the Group has a footprint. Key areas of non-compliance, if any, are brought to the attention of this committee.

Based on key laws and regulations effective at 31 March 2021, there were no material areas of non-compliance. There were also no monitoring or legal compliance inspections by environmental regulators, no findings of non-compliance with environmental laws and no criminal sanctions or prosecutions for non-compliance with environmental legislation.

COMBINED ASSURANCE

During the year the Group continued to embed its combined assurance model, which aligns and optimises assurance and ensures that significant risks are adequately addressed. This enables an effective control environment and ensures the integrity of information used for decision-making and reporting.

The model recognises the five lines of defence. Alignment and regular communication between assurance providers optimises areas of reliance and enhances value delivery to stakeholders. Technology is employed to increase the scope of assurance provided. Assurance providers collectively provide assurance to the Supervisory Board.

During the year, no significant matters of concern were highlighted.

Refer to the CEO and CFO responsibility statement in the annual financial statements for the confirmation required in respect of paragraph 3.84(k) of the JSE Listings Requirements and refer to the Audit Committee report on page 115 for further information on internal financial control.

TFG COMBINED ASSURANCE MODEL

EXAMPLES OF THE APPLICABLE GOVERNANCE FRAMEWORKS:

- Companies Act of South Africa, JSE Listings Requirements, King IV
- External governance frameworks and legislation
- TFG Supervisory Board charter
- TFG Audit and Risk Committee charters
- Internal TFG policies and procedures

Assurance providers are increasingly engaged and meet more frequently.

	LINE	
1	**Line/divisional management with regular reporting to Operating Board**	Line management is responsible for managing, measuring and mitigating operational risk and performance.
2	**Governance functions such as risk, IT security, legal and compliance**	Specialised and independent functions assist and guide management in executing its duties and provide assurance through monitoring. The Operating Board, Audit and Risk Committees provide oversight.
3	**Internal audit with regular reporting to the Audit and Risk Committees**	Internal audit operates independently from management, with oversight by the Audit and Risk Committees. The Head of Internal Audit reports directly to the Audit Committee.
4	**Various external, accreditation, certification and assurance providers**	In accordance with the Group's governance framework, independent external assurance providers are appointed as required on an *ad hoc* basis. The external auditors are appointed by shareholders on recommendation of the Audit Committee.
5	**Supervisory Board**	The Supervisory Board has an overall oversight role and mandates the various committees that act on its behalf. Refer to page 43 for a description of TFG's governance structure.

Assurance providers are increasingly independent.

Both the Audit and Risk Committees oversee the combined assurance model as well as related methodology and assurance outcomes.

OBJECTIVE

Optimise assurance activities across the Group to provide:

- assurance that the financial control environment is effective; and
- assurance that the mitigation steps developed by management are adequate, have been implemented and are effective to reduce risk to an acceptable level.

Read more about combined assurance in the Audit Committee report on page 116.

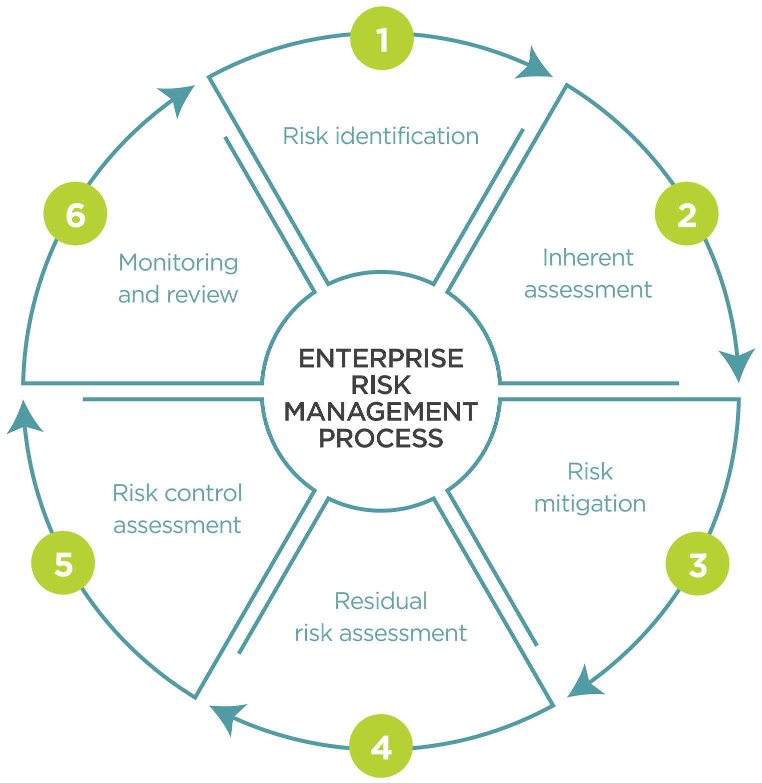
THE GROUP'S ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group seeks to mitigate and minimise risk through mechanisms such as standardised processes, regular reporting, risk transfer and diversification. Decisions are underpinned by the Group values (PRIDE[2]), maintaining good legal standing, protecting reputation and an appropriate balance of risk versus reward.

TFG's ERM framework provides a structured, dynamic and consistent approach to risk management. It is an integrated approach and recognises that effective risk management is critical to the achievement of strategic objectives and the long-term sustainable growth of the business. Risks are reviewed throughout the year and this continuous process informs any updates to the Group's risk registers and combined assurance plan. The framework draws on internationally accepted best practices and is in line with relevant standards. This includes ISO 31000, the COSO framework and King IV.

The Group continuously seeks to improve and enhance the risk management process, while maintaining a practical and business-minded approach. Updates on current and emerging risks and related mitigations are provided quarterly to the Executive Risk Committee for discussion. The Executive Risk Committee consists of senior executives representing various business divisions across the Group. The outcome of discussions at the Executive Risk Committee along with the required levels of assurance are discussed at the Risk Governance Committee. This committee includes the Group CEO and CFO. Significant matters and any revisions to risks are reported to the Risk Committee.

1. Risks highlighted through workshops, assurance reviews, management, third parties and other resources are documented in a centrally managed risk register.
2. Risks are assessed in terms of likelihood of occurrence and potential impact on the Group.
3. Mitigating actions are agreed and responsibilities assigned.
4. The effectiveness of the mitigating actions is evaluated and the residual risk determined.
5. An assurance plan is formulated to provide assurance that controls for our significant risks are both adequate and effective.
6. Risks are reviewed by the Risk Committee, discussing emerging risks and changes in the risk assessment.



KEY RISKS AND SIGNIFICANT UNCERTAINTIES

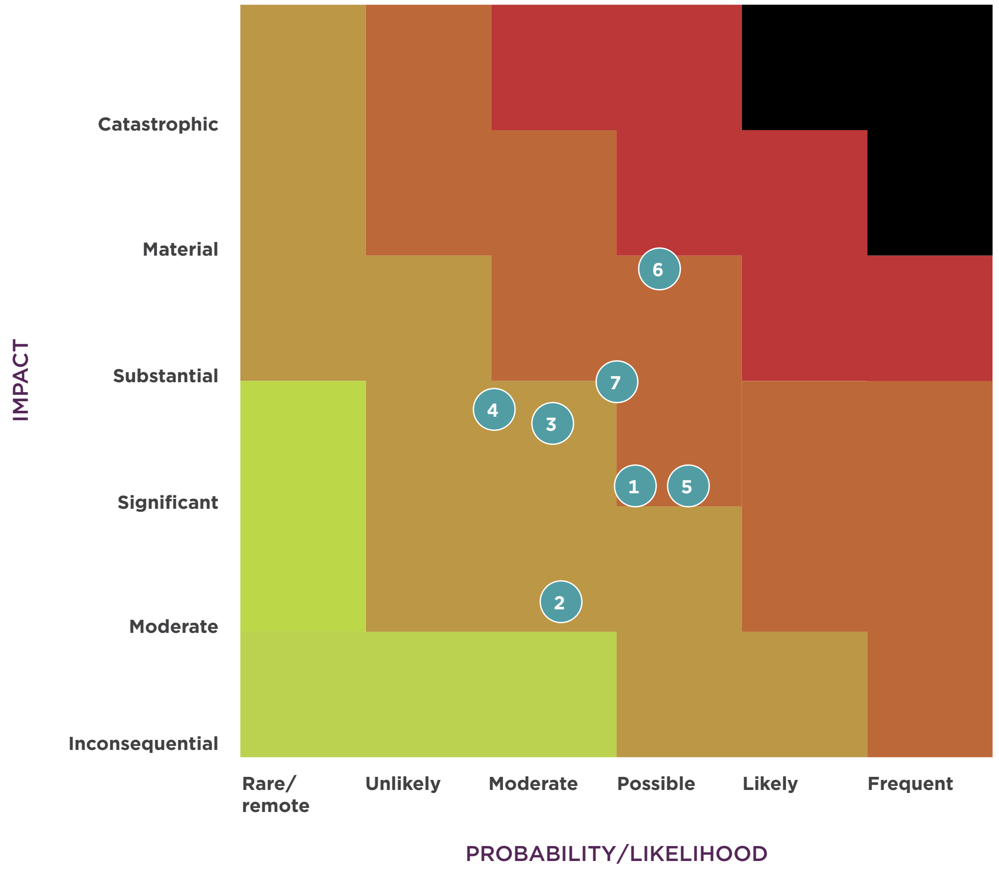
The Group annually reviews the level of risk it is willing to accept to achieve its strategic objectives, and in pursuit of creating and maintaining value for all stakeholders.

The Supervisory Board adopts a conservative approach to risk, without inhibiting or unduly restricting the Group's ability to utilise and capitalise on risk-adjusted opportunities. The Operating Board and CEO utilise the Executive Risk Committee and senior management to manage the respective components of risk. Each business area is responsible for identifying, assessing and managing the risks in their respective area.

Risks and opportunities are identified throughout the year through regular interaction with the business and assessed on the likelihood of occurrence and the potential impact on the Group (risk exposure). Mitigations are identified against each risk and the remaining residual risk is assessed according to defined criteria. This includes annual workshops held across business divisions to review critical strategic risks, significant trends in the operating environment and relevant interests of key stakeholders. In the current year, additional workshops have been held to identify, understand and mitigate the impacts of COVID-19.

The risks with the highest exposure for the Group are presented to the Operating Board for review. The outcome of the review is submitted to the Risk Committee and ultimately to the Supervisory Board for approval. This process is facilitated by the Group Enterprise Risk function.

The seven most significant risks to the Group are outlined below and unpacked in more detail on the following pages. TFG's material matters on page 80 further elaborate on the risks, opportunities and issues that could affect the Group's ability to create shared and sustainable value.



List of risks:

1. The complexity of the regulatory environment across all three of the Group's business segments
2. A fire, flood or other natural disaster, political crisis, terrorist attack or other catastrophic event could affect TFG's stores, distribution centres or head office
3. Failure of TFG's IT environment
4. Instability in both local and global economics influences available capital, results in fluctuating exchange rates and affects consumer discretionary spend
5. Weakening economies and/or a financial and/or catastrophic disaster leads to the collapse of key suppliers and service providers
6. Threat of cyber attacks
7. A stagnant economic climate negatively affects TFG's customers' purchasing power and influences their ability to settle accounts

The complexity of the regulatory environment across all three of the Group's business segments

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What happened in 2021	Risk mitigation
• There continues to be proposed amendments to South Africa's credit legislation. This includes, for example, debt intervention. • Protection of personal information or data remained a focus area with the pending implementation of the Protection of Personal Information Act, No. 4 of 2013 (POPI) in South Africa. • Governments in all jurisdictions have issued regulations and guidelines to combat the spread of COVID-19.	• The Group Legal and Compliance department monitors significant risks and provides the business with updates and training as and when required. • Regular reports, which address significant aspects across the jurisdictions the Group operates in, are provided to senior management and the Audit and Risk Committees. • TFG submits comments and lobbies on proposed changes to regulations.

Possible impact on TFG

- Changes to the National Credit Act, No. 34 of 2005 could adversely affect TFG's credit business.
- Data and personal information-related legislation carries significant penalties, with reputational damage to the business also posing a significant risk.

A fire, flood or other natural disaster, political crisis, terrorist attack or other catastrophic event could affect TFG's stores, distribution centres or head office

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What happened in 2021	Risk mitigation
• The Group concluded surveys across key facilities to ensure adequate insurance cover. • Business continuity plans were successfully invoked across the Group to deal with the COVID-19 pandemic.	• Business continuity plans have been developed across the Group and continue to be reviewed and enhanced. • A Group-wide insurance programme is in place to mitigate losses.

Possible impact on TFG

- The Group's insurance programme responded as intended, mitigating profit and asset loss to incidence of water damage and inventory loss.

Failure of TFG's IT environment

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What happened in 2021	Risk mitigation
• Our continued increasing reliance on IT systems, in line with the Group's focus on digital transformation, has raised the significance of this risk across the Group.	• Disaster recovery plans are in place across the Group and continue to be refined.

The Group's risks continue to evolve as new risks emerge and appropriate mitigating activities are introduced to reduce the overall residual risk. The following risks increased in significance during the year:

Instability in both local and global economies influences available capital, results in fluctuating exchange rates and affects consumer discretionary spend

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What happened in 2021	Risk mitigation
• It was anticipated that South Africa would be downgraded to sub-investment grade and this was compounded by the impact of the lockdown declared to flatten the COVID-19 curve. • Most of the currencies transacted in by the Group continued to be subject to volatility during the 2021 financial year.	• TFG's funding strategy is presented to and reviewed by the Supervisory Board annually. • This is in addition to the specific attention applied by the Finance Committee, which meets on an *ad hoc* basis to consider all funding matters of the Group. • Treasury meetings are held monthly to review funding requirements and options. • The strategy for purchasing forward cover is reviewed regularly to ensure it remains relevant and provides the best possible protection against currency fluctuations for committed and future orders. • Dynamic cash flow models continue to be improved to monitor liquidity. • Successfully raised a net amount of R3,8 billion through a rights issue.

Possible impact on TFG

- A downgrade limits access to and increases the cost of funding.
- The hedging policy continued to protect our margins from significant losses over this period.

Weakening economies and/or a financial and/or catastrophic disaster leads to the collapse of key suppliers and service providers

↑

What happened in 2021	Risk mitigation
• The financial stability and continuity of key suppliers has received additional focus with the outbreak of COVID-19.	• The Group's supply chain strategy includes sourcing alternate suppliers and maintaining relationships with relevant government, industry and trade union organisations. • This includes building sustainable relationships with local suppliers, as well as the continuous performance measurement and grading of suppliers. • Key supplier risk processes have been enhanced with more regular and detailed reporting including a review of IT security.

Threat of cyber attacks

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What happened in 2021	Risk mitigation
• The threat of cyber attacks continues to increase globally and there is a worldwide focus on privacy legislation. • The increase in remote working due to COVID-19 has further increased the threat of cyber security incidents. Refer to TFG's material matters from page 80.	• A cyber security operations centre with dedicated specialists was established in 2017. • TFG has adopted best practice, including various security measures and continues to refine and enhance the control environment. IT security audits are performed on key suppliers.

A stagnant economic climate negatively affects TFG's customers' purchasing power and influences their ability to settle accounts

What happened in 2021	Risk mitigation
• During the year, South Africa experienced fuel hikes, increasing unemployment, concerns of corruption and a credit downgrade. In conjunction with the lockdowns, these factors continue to increase the significance of this risk.	• The Group continues to refine credit score models for collections and follow-ups to assist customers in maintaining an open-to-buy position. • Credit applications are reviewed for fraud indicators and assessed against NCA-compliant internal scorecards, credit bureau scores and employment verification where necessary. • Collection strategies are regularly reviewed with assistance of internal behavioural and credit bureau scorecards.

Over the past year the COVID-19 pandemic has significantly influenced the lives of our customers and our employees. Risks are reviewed regularly to update risk significance, further improve mitigation measures and understand further possible impacts of the pandemic on our operations globally.

KEY AREAS OF FOCUS FOR THE ENSUING YEAR

- Continue to refine the assurance function to optimise skills and resources across all lines of defence in the Group;
- IT security and data privacy remain a key focus of the Group and we will continue to build on our control environment in line with best practice principles;
- Refine the Group business continuity plans and align with the optimised structures and increased manufacturing capacity across the Group;
- Continue to refine and enhance our IT governance approach in response to the increasing significance of resilience, cyber and data privacy risks; and
- Continue to optimise technology to provide improved risk and assurance reporting to facilitate enhanced governance processes across all geographical locations.

R Stein
Chairman: Risk Committee
27 July 2021

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee is pleased to present its report for the financial year ended 31 March 2021 to the shareholders of TFG.

- Meeting attendance for the committee is set out on page 111.
- Each member's qualifications and experience are set out in the profiles on pages 108 to 110.
- Details of fees paid to committee members appear in note 32 of the consolidated annual financial statements.

COMMITTEE MANDATE AND FUNCTIONING

The committee is responsible for assisting the Supervisory Board with the monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship and assisting the Group in discharging its business responsibilities in relation thereto.

The committee is governed by a formal charter, which guides the committee in terms of its objectives, authority and responsibilities. The charter incorporates the requirements of the Companies Act of South Africa, specifically regulation 43(5) of the Companies Act of South Africa's regulations, as well as those of King IV. The committee fulfilled its responsibilities in accordance with its charter during the 2021 financial year.

The committee held two meetings during the 2021 financial year. At each of these meetings the committee received reports detailing matters relevant to each of the areas within its mandate.

The focus areas of the committee are:

- social and economic development, including transformation;
- good corporate citizenship;
- the environment, health and public safety;
- labour and employment;
- consumer relationships;
- ethics; and
- sustainability progress and initiatives.

In discharging its duties, the committee takes into consideration any relevant legislation, other legal requirements or prevailing codes of best practice.

Our sustainability overview report provides more detail in respect of some of the aspects falling within the mandate of the committee. This report is available on our website.

SOCIAL AND ETHICS COMMITTEE MEMBERSHIP

The committee comprises three independent non-executive directors and one executive director, being the CEO. In addition, the CFO and other TFG executives attend meetings of this committee by invitation.

MEMBERS

Prof. F Abrahams (Chairperson)
B L M Makgabo-Fiskerstrand
N V Simamane
A E Thunström

INVITEES

B Ntuli

KEY AREAS OF FOCUS FOR THE REPORTING PERIOD

- Increasing local supply chain capacity and creating jobs;
- The empowerment of our people and our communities;
- Environment efficiency;
- Product stewardship and supply chain;
- Transformation and B-BBEE initiatives;
- Wage negotiations and labour law developments;
- Accountability, ethics and governance;
- Implementation of action items arising from the United Nations Global Compact and SDG principles;
- Compliance with consumer laws; and
- A review of TFG's sustainability strategy and its implementation, including approval of TFG's sustainability overview report.

The committee fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act of South Africa during the 2021 financial year. There are no instances of material non-compliance to disclose.

HEALTH AND SAFETY

The health and safety of all our stakeholders, both in our outlets and our other business premises, is a key focus area. The impact of COVID-19 resulted in the implementation of additional health and safety measures (such as the provision and wearing of face masks, social distancing protocols, the mandatory use of hand sanitisers and enhanced cleaning procedures) to safeguard all our stakeholders in all our locations of operation. The Group's operational and compliance teams actively monitor and report on compliance with the relevant legislation; and the committee provides oversight in this regard.

SUSTAINABILITY OVERVIEW REPORT

This year the Group made some important developments to the sustainability strategy. Four distinct strategic pillars were shaped and harmonised across the different geographies the Group operates in. We now explicitly reference the Group imperative to create jobs under the localisation pillar, have organised our people and community efforts under a dedicated pillar, and have introduced a product stewardship pillar to reference the efforts we are making towards sustainability in relation to the products that we buy and manufacture.

We continue reporting on our contribution to SDGs 8 and 12, and added SDG 9 this year as it is strongly aligned to our localisation imperative.

LOCALISATION AND JOB CREATION

The Group invests in creating local capacity through skills and supplier development as well as expanding manufacturing facilities to create jobs and shorten lead times. Through localisation, we can offer customers a wider range of in-demand, in-season products.

PEOPLE AND COMMUNITIES

We are transforming to reflect the diversity of our customer base and the communities we operate in. This includes investment and partnerships with government, dedicated progress with B-BBEE and continued social investment through the TFG Foundation. We create inclusive workplaces to attract, develop and retain talent.

ENVIRONMENTAL EFFICIENCY

The Group adopted the environment as a stakeholder this year. We are increasing our resource efficiency across our operations by using world-class automation and more energy efficient lighting and manufacturing equipment.

PRODUCT STEWARDSHIP AND SUPPLY CHAIN

We are committed to developing an ethical and transparent supply chain that sources commodities responsibly. This includes developing enterprises and diversifying our supplier profile in support of B-BBEE. We want to practise responsible product stewardship in the way we design, manufacture, sell and dispose of products to minimise our environmental impact.

OTHER MATTERS

There are no other matters the committee would like to bring to the attention of shareholders. The committee is satisfied with the efforts and activities undertaken by TFG in each of the areas falling within the committee's mandate. However, since TFG Africa is the most significant segment in the Group, additional details on transformation are provided as this remains a key focus area.

TRANSFORMATION REPORT

The Supervisory Board recognises the critical role it has to play in the transformation process in South Africa. The Supervisory Board's Social and Ethics Committee, through its governance and oversight role, ensures that an appropriate transformation strategy exists that is aligned with the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 and the associated codes of good practice.

The role of the committee is to achieve sustainable empowerment and it has an ongoing responsibility to govern and oversee all aspects of the Group's B-BBEE strategy and implementation. At its meetings during the 2021 financial year, the committee received feedback detailing matters relevant to each of the functional areas within its transformation mandate.

OUR B-BBEE PERFORMANCE

For the financial year ended 31 March 2021, the commitment of the Group to transformation yielded a level 6 rating with a score of 72,25 points out of 120 points. The Group also achieved Empowering Supplier status in terms of the dti's B-BBEE scorecard. Highlights of the various initiatives for the financial year ended March 2021 and achievements of the Group with regards to our B-BBEE performance include:

Management Control

The Black representation at both the Operating Board and executive and senior management levels is being secured through a continued focus on diversity in the succession planning and talent management processes.

Skills Development

The Group continues to support the government's strategy of job creation and skills development by investing in key skills required to sustain and grow the retail sector and its own workforce. This year, the Group undertook to make a significant investment in Skills Development to support the employment, particularly of youth, through learnerships, internships and with a critical focus on people living with disabilities.

During the year the Group committed to and prepared to join the YES initiative as from April 2021. The YES initiative is a collaboration between business and government to address youth unemployment. Through this partnership, young people who have never been employed before will be placed on 12-month work experience contracts. This initiative will enhance the existing recruitment roll-out within the rural areas of South Africa where youth unemployment is rife and geographic location has been a barrier to employment in the past.

Enterprise and Supplier Development

Preferential procurement remains a focus across both merchandise and non-merchandise categories. In the past year, the centralisation of non-merchandise spend has brought about a more formalised inclusion of these criteria in the evaluation of sourcing activities.

Our main contribution to enterprise development continues to be clothing, fabric and machinery donations. Supplier development initiatives included loans and advances, donation of machinery and fabric, preferential payment terms and business development support.

Socio-economic Development

During the lockdown period, the Group pivoted a portion of its idle manufacturing capacity to produce over 300 000 fabric masks. These were donated in partnership with the Department of Education and the Gift of the Givers, reaching learners all across South Africa to support them in safely returning to school. The Group also produced many more masks which were distributed to staff and their families to keep them safe.

Read more about our sustainability strategy, the strategic pillars, our goals and our projects in our sustainability overview report, available on our website.

Prof. F Abrahams
Chairperson: Social and Ethics Committee
27 July 2021

NOMINATION COMMITTEE REPORT

The Nomination Committee is pleased to provide a report of its activities for the 2021 financial year.

- Meeting attendance for the committee is set out on page 111.
- Each member's qualifications and experience is set out in the profiles on pages 108 to 110.
- Details of fees paid to committee members appear in note 32 of the consolidated annual financial statements.

COMMITTEE MANDATE AND FUNCTIONING

The committee is governed by a charter which sets out its mandate and key responsibilities and reports are provided to the Supervisory Board quarterly. The committee fulfilled its responsibilities in accordance with its charter during the 2021 financial year. The committee typically meets twice a year and further meetings are held as required. The committee held two meetings during the 2021 financial year.

NOMINATION COMMITTEE MEMBERSHIP

At year-end, the committee comprised four independent non-executive directors. In addition, the CEO attends meetings of this committee by invitation.

MEMBERS

M Lewis (Chairman)
R Stein
Prof. F Abrahams
G H Davin

INVITEES

A E Thunström

ROLES AND RESPONSIBILITIES

- Reviewing the Supervisory Board structure, size and composition;
- Reviewing the nature, size and composition of the Supervisory Board committees;
- Succession planning;
- Reviewing the balance between non-executive and executive directors;
- Ensuring the directors have the required blend of experience, skills and knowledge to support the continued success of the Group; and
- Ensuring the existence of a formal process of performance evaluation.

KEY AREAS OF FOCUS FOR THE REPORTING PERIOD

- Review of the composition of all Supervisory Board committees to ensure an appropriate mix of skills and experience;
- Consideration of the broader diversity of the Supervisory Board and its committees;
- Review of independence of non-executive directors;
- Review of the charter;
- Oversight of the Supervisory Board evaluation process; and
- Succession planning in respect of Supervisory Board members.

The committee specifically considered the following matters during the 2021 financial year and recommended these for approval to the Supervisory Board:

a. The appointment of Mr G H Davin as Lead Independent Non-Executive Director, with effect from 1 August 2020;
b. The classification of Mr R Stein as an independent non-executive director, with effect from 29 July 2020 (Mr R Stein was previously categorised as a non-executive director); and
c. A number of changes to the composition of the various Board committees, with effect from 1 August 2020. These changes are as a result of an ongoing review process, by the Nomination Committee, with regards to the composition of the Board and Board committees as well as the need for succession planning and renewal, and aims to align the company with corporate governance requirements.

M Lewis
Chairman

27 July 2021

REMUNERATION COMMITTEE REPORT

The Remuneration Committee (Remco) report comprises three sections:

SECTION A	A letter from the Remco Chairman that summarises key considerations and highlights internal and external factors that influenced remuneration during the year
SECTION B	The remuneration philosophy, policy and framework
SECTION C	The application of the remuneration policy during the financial year

THE REMCO

The Remco reviews and makes recommendations on the remuneration policy to be approved by the Supervisory Board. The Remco's responsibilities are set out in the Remco charter. The Remco considers the contributions made by key individuals on certain remuneration-related topics. These individuals are invited to attend meetings and include:

- the CEO;
- relevant Group directors;
- the Head of TFG Remuneration; and
- independent external advisors.

The relevant individuals do not participate in any discussions pertaining to their own remuneration and are not allowed to vote on remuneration matters tabled at meetings. They recuse themselves as is necessary.

REMCO MEMBERSHIP

E Oblowitz (Chairman)
Prof. F Abrahams
D Friedland
M Lewis

In line with best practice, the Remco meets four times a year. In addition, the Remco Chairman has met with institutional shareholders on various occasions throughout the year.

- Meeting attendance for the committee is set out on page 111.
- Each member's qualifications and experience are set out in the profiles on pages 108 to 110.
- Details of fees paid to committee members appear in note 32 of the consolidated annual financial statements.
- The independence of the non-executive directors is noted on page 50.

SECTION A: A LETTER FROM OUR REMCO CHAIRMAN

Dear Shareholders

I am addressing this letter in circumstances that once again many of us could never have imagined. Over and above the significant uncertainties and disruptions caused by the COVID-19 global pandemic, parts of South Africa suffered from more than a week of civil unrest, involving riots and looting, which severely disrupted operations, resulting in the closure of stores in two key regions of South Africa. The targets for FY 2022 as disclosed in this report were set at a point in time, prior to the knowledge of these unexpected disruptions, with the attendant impact on the trading results still to be fully understood and determined.

At the time of last year's communication, I think we all, somewhat naively, believed that COVID-19 would be with us for a couple of weeks/months and then our lives would return to previous normality. This has certainly not transpired and regrettably, at the time of compiling this letter, we have entered our third wave of COVID-19 infections in South Africa. While the global pandemic has been devastating in so many respects, it has platformed an opportunity for us as corporates to reflect on what is truly important as well as to accelerate and reinvigorate within the business the fundamental notion of stakeholder capitalism. At TFG, we certainly continue to embrace these two foundational principles, recognising that our people and their ongoing health, safety and mental wellbeing are our most important priority and that it is time to further embed stakeholder capitalism in terms of our people, our planet, the continuing conduct of ethical business practices and the enduring pursuit of prosperity for all our stakeholders.

This report sets out our thinking on some of the above matters as well as summarises TFG's philosophy, principles and approach to remuneration for the financial year ended March 2021, relevant to executive directors, non-executive directors (NEDs) and other employees. It also sets out our forward-looking revised policy for the forthcoming financial year.

This report conveys that it is not "business as usual" in many respects because of the prevailing circumstances. Pursuant thereto, the Remco had to undertake substantially greater effort and rigorous thought in arriving at our decisions. We applied weighty moral and ethical judgements in arriving at what we consider to be the most appropriate and fair outcomes for the business and for executive remuneration as well as for all our employees which also included directors taking voluntary reductions in fees and salary, in a tangible expression of their solidarity with TFG and its stakeholders during unprecedented times.

We remain especially indebted to the commitment and dedication of our frontline employees who returned to work in our stores, factories and distribution centres as soon as the lockdown restrictions permitted, notwithstanding the continuing effects of the virus. For this courage and commitment to the business, we are extremely grateful and consequently the Remco has endorsed management's suggestion to pay a "Thank You Gift" to our designated TFG Africa employees, who are not eligible to participate in the management bonus scheme. Of the total amount payable for this "Thank You Gift", 80% will be paid to our store, factory and distribution centre employees. We are pleased to note that other South African companies have also embraced a similar approach demonstrating businesses' commitment to the wellbeing of their people and we encourage other like-minded businesses to follow. Not only are such *ex gratia* bonus payments a tangible recognition of our appreciation and gratitude to our people, but such payments will have a boosting impact in stimulating the South African economy.

As the Chairman of the Remco, one of my highlights of the past year has been my decision to institute extensive and ongoing engagements with our major shareholders. This engagement process culminated in me participating in five separate meetings with major shareholders over the past nine months. This engagement process serves as a forum to actively debate and obtain shareholder inputs on wide-ranging topics, including our proposed approach to remuneration during COVID-19, given the unique challenges that emanate from this crisis, our future strategy and remuneration structures, as well as the key concerns arising from the relevant voting outcomes from our previous AGM. The retention of our key employees during times of extreme volatility and uncertainty has been the primary focus of our discussions and remains of critical importance to the Remco. The input and advice provided during these various engagements has provided valuable insights for our deliberations and the resultant actions we have implemented as the Remco regarding retention strategies. As discussed during our engagements, we plan to introduce a new variable pay structure, incorporating both short-term incentives (STIs) and long-term incentives (LTIs) in a single performance-based incentive structure (the Single Incentive). The Single Incentive will be implemented at the commencement of FY 2022. The Remco considers that the features and benefits of the new Single Incentive will further enhance driving our strategy, incentivise and retain our key staff and deliver long-term sustainable returns for all stakeholders. In designing the revised pay structure, we also took the opportunity to further align our remuneration practices to comply with best practice corporate governance and remuneration requirements, including the introduction of a minimum shareholding requirement (MSR) for our executive directors. We believe these measures are advantageous to our shareholders by creating the necessary alignment between executives and shareholders over the long term.

THE YEAR IN REVIEW – OUTCOMES AND FINANCIAL PERFORMANCE

The continued impact of COVID-19 pandemic and our performance

The 2021 financial year commenced under the most unprecedented circumstances of not being able to trade due to government-imposed lockdowns and related restrictions. The COVID-19 pandemic has had a devastating impact on societies, economies and, most importantly, our people. As stated above, a vital focus of our management teams was to ensure that our employees were treated with the utmost care and empathy in the interests of their continuing health, safety and financial security. As an additional parallel imperative, management needed to ensure the business could absorb the shock of the loss in revenue and that adequate funding and liquidity was available to ensure the ongoing sustainability of the business.

More information on TFG's performance is set out in the CEO's message on page 58.

Impacts on remuneration

The Remco has continued to carefully consider both the short and long-term impacts of COVID-19 on employee wellbeing and the ability of TFG to implement remuneration policies formulated prior to the dramatically changed social and economic environment in which we continue to operate.

The impacts of COVID-19 required the executive and management teams to take time imperative, critical decisions, in many cases on a daily basis, in a climate of unprecedented uncertainty with concomitant low visibility of the future potential impacts of the pandemic. During this unsettling period, the most significant and successfully implemented strategic decisions were:

- At the early stages of the pandemic, the executives assumed a prudent approach in terms of mitigating the risk associated with the preservation and sustainability of cash flow and funding for the business. This approach resulted in the timely decision to execute a successfully over-subscribed rights offer of R3,8 billion.
- The net new capital raised from the rights offer enabled the business to:
  - take advantage of the opportunistic acquisition of Jet from the Business Rescue Practitioners of Edcon at a favourable purchase price, resulting in a R709 million bargain purchase gain, as well as preserving the continuing employment of all Jet employees; and
  - further strengthen the statement of financial position in reducing net debt from R8,4 billion to R1,3 billion.
- Paying all TFG Africa staff during lockdown and preserving 99,1% of all jobs notwithstanding 128 store closures.

Based on the successful implementation of these strategic and other decisions, as well as more favourable actual as compared to budgeted performance, the Remco has decided to pay an "on target" bonus. The Remco, however, applied its discretion to award a reduced level of bonus, notwithstanding the eligibility of a "stretch" bonus payment based on the targets set having been attained. This decision was deemed to be appropriate in light of the current environment and the attendant practical difficulty in the setting of the original targets, as well as the appropriation of an amount to pay a "Thank You Gift" bonus to all other designated TFG Africa staff, as noted above.

The impacts of the lockdowns and further trading restrictions resulted in the 2018 LTIs not vesting in the 2021 financial year. The Remco decided that the performance shares should not vest even though the trajectory was for performance targets to be met had the uncontrollable impacts of COVID-19 not arisen in the 2021 financial year. Due to performance conditions having been met for two years out of the three-year performance period, the Remco has used its discretion to issue new retention shares to the value of only two thirds of the 2018 LTIs, which retention shares are to vest in June 2024. This alternative of issuing new retention shares also assists, in part, in achieving the retention strategy that the Remco has been focused on during the year.

FY 2020 VOTING OUTCOMES

As a Remco, our approach is that proactive shareholder engagement is an imperative. The Remco encourages and appreciates feedback from all shareholders on remuneration matters. Where any issues are raised, these are tabled at Remco meetings, considered and carefully debated when reviewing policy, implementation of policy and remuneration disclosure.

At the AGM held on 16 September 2020, regrettably only 52,0% and 63,9% of our shareholders endorsed our remuneration policy and implementation report, respectively. At this stage, the lack of support for the remuneration policy was primarily due to the factors listed in the table below.

Shareholder advisor and investor comments	Response from the Remco and actions taken
The level of disclosure in respect of prospective performance conditions does not allow shareholders to make a fully informed assessment of remuneration.	We have added further disclosure regarding prospective performance conditions to the extent that it does not compromise the disclosure of any sensitive information. Retrospective disclosure of the achievement of performance conditions has also been enhanced in the report.
The weighting of ROCE should be increased.	The Remco has assiduously considered the appropriate weighting of performance metrics regarding variable pay. This has also been extensively discussed with our major shareholders to obtain their input. There have been significant advances made in the past few years regarding performance metrics and this continues to evolve. This evolution includes from previously being predicated purely on finance metrics split of 80% HEPS and 20% ROCE to currently being a more balanced mix of financial and strategic targets comprising: • 45% HEPS; • 25% ROCE; and • 30% Group strategic targets (including ESG). The Remco is committed to continually evaluating the appropriateness of the performance metrics, including the weighting of each metric over time.
The introduction of an MSR for executive directors to ensure a closer alignment with shareholder interest and for directors to have more "skin in the game".	Based on conversations with various shareholders after the 2020 AGM, the Remco has approved a mandatory MSR for all executive directors which will be implemented in the first quarter of FY 2022. Further details on the MSR are included in this report.
Dividends earned on unvested performance shares.	The new Single Incentive Plan addresses this concern as restricted shares are only issued based on performance targets being achieved. This results in future dividends being earned on shares which are not subject to any further performance conditions.
CEO and CFO performance targets should be linked to Group results and not TFG Africa.	The targets for the CEO and CFO have been amended and are now based on the Group performance and not only on the performance of TFG Africa.

SHAREHOLDER ENGAGEMENT AND RESULTANT POLICY CHANGES

As noted above, during FY 2021 we engaged extensively with shareholders to discuss the 2020 AGM voting outcomes as well as to obtain input on the proposals to address the retention challenges in the remuneration space. We also obtained their collective knowledge and practical insights on our new Single Incentive Plan as well as the introduction of the MSR. Over the past nine months from September 2020 until May 2021, at least five formal engagements were held with our major shareholders, representing approximately 60% of our total issued shares. These engagements were attended by shareholder representatives, relevant TFG representatives and myself, in my capacity as the Chairman of the Remco.

The salient outcomes of these shareholder engagements were as follows:

- Obtained input regarding retention mechanisms for key employees.
- Adoption of the Single Incentive Plan, the main benefits of which are as follows:
  - Simplification – one of the main drivers behind the introduction of the Single Incentive is to simplify our incentives, especially the risks associated with calibrating long-term forward-looking performance conditions, in the current uncertain economic environment.
  - Appropriate performance measures in the circumstances – the performance measures selected are aligned to longer term financial performance and delivery on key strategic imperatives, including our ongoing commitment to the establishment and attainment of fundamental and practical ESG targets. These longer term objectives have been compartmentalised into one-year performance periods to ensure effective target setting in a volatile environment. We consider this approach to align with longer term value for the company as well as its stakeholders.
  - Longer incentive period – the incentive period will span a total of four years (as compared to the previously applied three-year vesting period), being the initial one-year performance period, plus a vesting period of up to three years.
  - Increased line-of-sight – since participants have greater clarity on what their individual incentive potentials are, being 100% performance-based with clear one-year forward-looking targets, the retention effect is enhanced.
  - Heightened executive ownership – executives will have the opportunity to choose to voluntarily defer their cash incentives portion into shares and receive additional matching shares, thereby resulting in increased executive ownership and consequently, enhanced alignment with shareholders.
  - Long-term "skin in the game" – the Single Incentive Plan caters for its delivery being partly in cash and partly in shares. The share component will be owned by the participants leading to direct shareholder alignment and assist executives in building up their MSR.
- Input for the introduction of an MSR for executive directors which creates a closer alignment between executives and shareholder interests.
- Feedback on target setting in a COVID-19 environment with limited future visibility.
- The imperative of the strategic direction of the company and ESG responsibilities and targets and its linkage to executive pay. The balanced scorecard target modifier of the Single Incentive incorporates financial, strategic and ESG metrics as detailed in this report.
- Obtaining upfront, in-principle support for the allocation of shares to our CEO in lieu of a signed retention and restraint agreement.

The open and transparent engagements with our major shareholders have been extremely encouraging and helpful, with the varying insights provided being of immense practical value to the Remco. These learnings are now reflected in our policy, as well as the implementation and design of the elements detailed in this report.

THE REMCO UNDERTOOK THE FOLLOWING ACTIVITIES IN THE FINANCIAL YEAR ENDED MARCH 2021

Executive remuneration:

- Determined specific remuneration packages for executive directors of the company, including basic salary, benefits, pension, annual performance-based bonuses (STIs) and share incentives (LTIs);
- Undertook extensive reviews of retention mechanisms currently in place; and
- Researched, obtained expert external input and adopted an MSR policy.

Company-wide remuneration:

- Monitored the impact of COVID-19 on the business and the resulting impact on remuneration outcomes;
- Approved an overall remuneration increase in line with available market information;
- Used its discretion to approve a "Thank You Gift" payment for eligible TFG Africa staff; and
- Researched, obtained expert external input and adoption of the Single Incentive Plan.

Non-executive directors:

- Ensured the company's recommendation for remuneration of non-executive director remuneration is equitable and based on an independent benchmarking exercise conducted in May 2021 and related advice.

Governance and compliance:

- Ensured that the remuneration policy and implementation report are put to a non-binding advisory vote at the AGM of shareholders;
- Consulted with shareholders responsive to the AGM votes and adoption of the new Single Incentive Plan;
- Oversaw the preparation, and recommendation to the Supervisory Board, of the annual remuneration report and the summary for inclusion in the company's integrated annual report; and
- Considered current and projected remuneration trends in local and international markets.

Performance relating to past performance cycle:

- Undertook assessment of STI outcomes for FY 2021; and
- Undertook assessment of the achievements of performance targets for LTI awards vesting in 2021.

Performance relating to the forthcoming performance cycle:

- Set performance conditions for the new Single Incentive Plan to be implemented at the beginning of FY 2022.

EXTERNAL ADVISORS

During the year under review, DG Capital continued to serve as our primary external expert remuneration advisor, while PwC served as specialist advisor with regards to the design of the new Single Incentive Plan and MSR policy and overall King IV compliance regarding our disclosure practices in this report. The Remco is satisfied that DG Capital and PwC at all times provided independent advice and services to TFG.

FOCUS AREAS FOR REMCO FOR FY 2022

- Implementation of the Single Incentive Plan;
- Implementation of the MSR policy for executive directors; and
- Devising and implementing other bespoke retention mechanisms for executive directors and key employees.

CLOSING REMARKS OF THE CHAIRMAN

This has been an exceptionally busy and difficult year for the Remco and I thank my fellow Remco members, our various advisers and the TFG remuneration and benefits team for their ongoing support, guidance and enormous effort rendered during the year.

I reiterate my appreciation to our key institutional shareholder representatives for their time in attending and guidance at our beneficial engagements conducted over the past year.

The Remco has duly executed its responsibilities during the financial year under review in accordance with its terms of reference. The Remco is also satisfied that the remuneration policy, as supported by its specific discretion applied, achieved its stated objectives during this period.

Sections B and C of this report (containing the 2022 remuneration policy and 2021 implementation report, respectively) will be put to two separate, non-binding votes at the 2021 AGM.

We anticipate your affirmation and support of our remuneration policy and the implementation thereof through your positive voting in favour of these resolutions.

E Oblowitz
Chairman: Remuneration Committee

27 July 2021

SECTION B: AN OVERVIEW OF OUR REMUNERATION POLICY

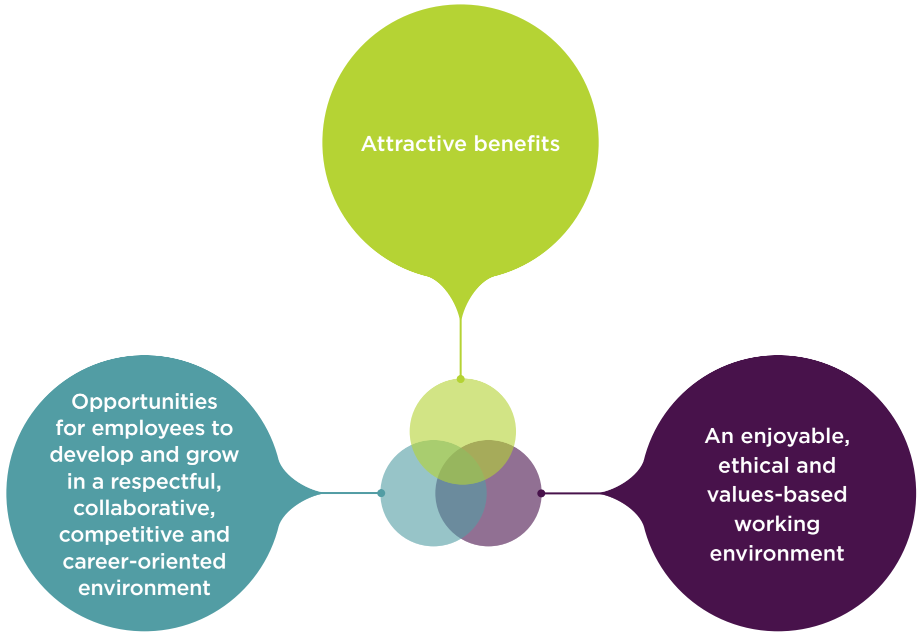
THE PRINCIPLES AND PHILOSOPHY THAT DEFINE OUR POLICY

TFG's remuneration policy aims to attract, engage and retain the best talent, which is essential for executing our business strategy and achieving performance objectives. The remuneration policy aligns with TFG's approved risk and governance framework, optimising sustainable and long-term returns for shareholders.

The policy seeks to achieve the following principal objectives:

External equity: employees are rewarded in line with national and retail market benchmarks, taking all relevant and appropriate factors into account	Read more on page 142.
Internal equity: employees are remunerated fairly in relation to one another and in recognition of their individual contribution and accountability	Read more on page 142.
Performance alignment: employees are aware of the requirements for sustained performance in terms of rewards	Read more on page 143.
An appropriate remuneration mix: employees are aware of the need to establish a balance between cash salary, benefits, annual incentives and deferred LTIs to drive the performance and values-based behaviours	Read more on page 140.

Remuneration must be balanced with:



The remuneration policy is applicable to all employees and aims to fairly reward individual performance, behaviour and accountability. The policy is designed to achieve a fair and sustainable balance between guaranteed pay and variable pay.

Principles of fair and responsible remuneration

TFG is committed to fair and responsible remuneration and has developed consistent methodologies and measures to ensure this is implemented.

The management of remuneration, including appointment and pay progression, is governed by clearly defined policies. TFG is committed to fairly differentiating pay based on work of equal value, competitive market rates and individual performance and contribution. Processes are in place to regularly measure pay differentials and identify and correct, where necessary, any discriminatory practices.

TFG provides all employees with the chance to grow their earnings through continuous training and upskilling and by leveraging opportunities for career progression by applying for internal positions. For example, an employee starting out as a sales associate could, through the assistance of various TFG programmes over a period of three to five years, move into a store management role.

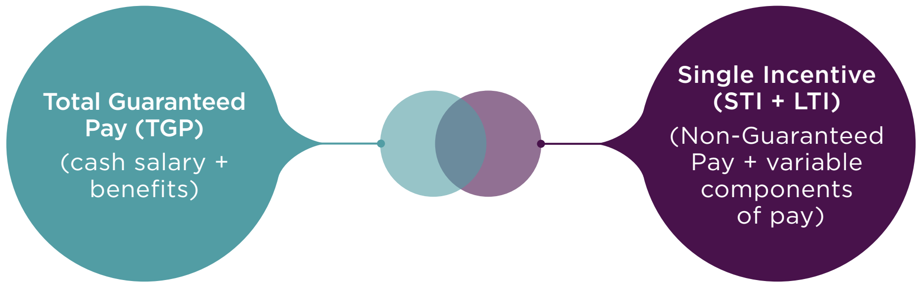
Annual performance reviews are conducted for all employees and individual career plans are developed for high-performance employees who demonstrate potential. These high-performance employees are offered specific training and development support to advance their careers and pay progression is aligned with their actual performance and experience.

Details about our remuneration mix

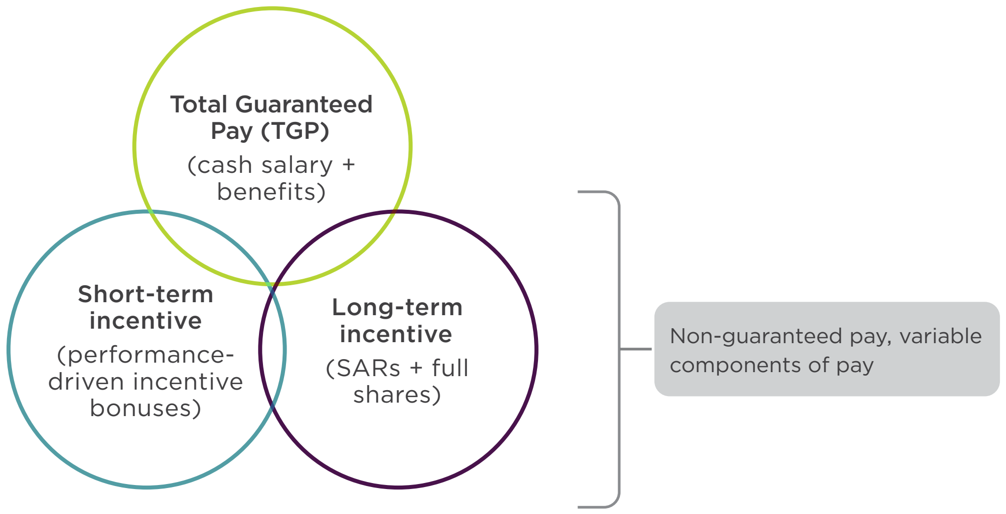
The remuneration mix comprises guaranteed and variable elements. The change for the 2022 financial year and onwards relates to the introduction of the new Single Incentive Plan which replaces the previous separate bonus (STI) and share schemes (LTI). The expected value of total reward remains consistent with the quantum of the previous STI and LTI schemes since the quantum of the two previous separate incentive schemes have been added together to determine the quantum of the Single Incentive component at the various organisational levels.

The remuneration mix includes:

Future total reward (FY 2022 onwards):



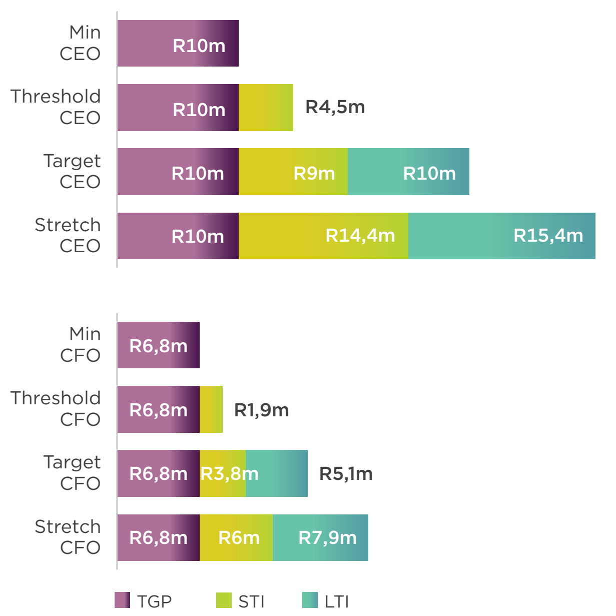
Prior total reward (FY 2021 and prior):



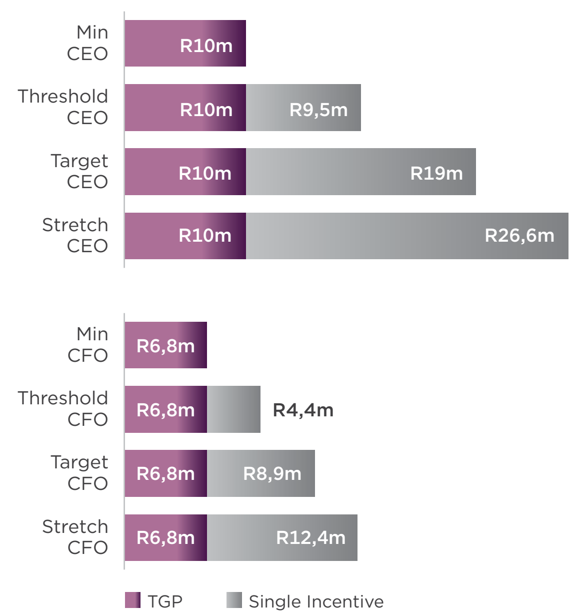
The remuneration mix varies depending on the organisational level of the employee as approved by the Remco. The principle followed is that a greater part of total remuneration is at risk should satisfactory performance levels not be achieved.

We set out alongside the pay mix and possible pay outcomes at different performance scenarios for the CEO and CFO. With the introduction of the new Single Incentive Plan, the pay mix using the previous variable pay scheme is disclosed to demonstrate that the pay at various outcomes under the Single Incentive Plan is holistically not any greater.

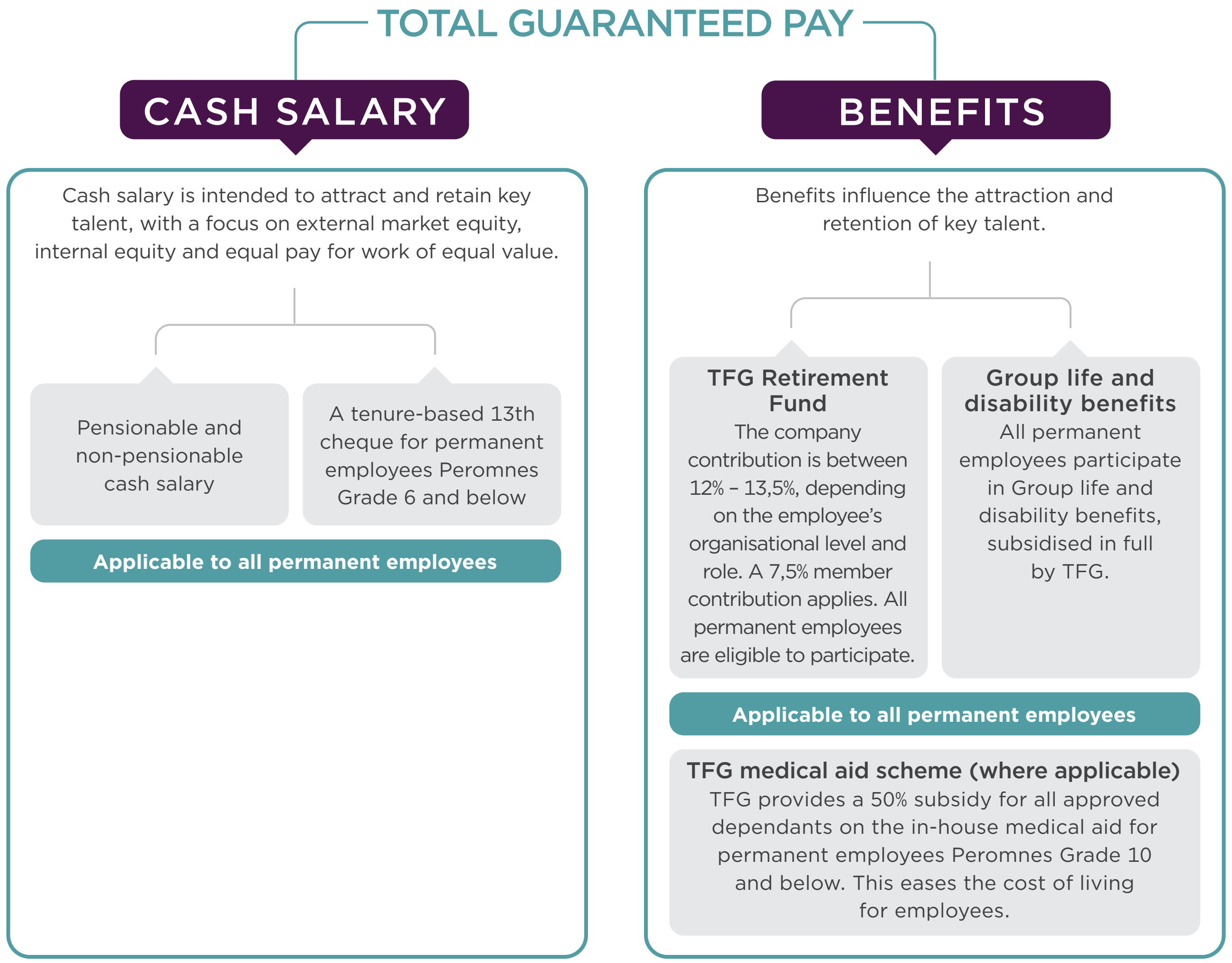
PRIOR PAY MIX CEO AND CFO (IN MILLIONS)



FUTURE PAY MIX CEO AND CFO (IN MILLIONS)



In terms of the Single Incentive Plan, a certain percentage is payable in cash after one year, while the remainder is payable in shares that vest three years after the award. In addition, the executive has the right to elect to apply the cash award into deferred shares which shares will be matched by the company on a 0,4 to 1 basis. In the first year of operation, the percentage payable in cash is 40% and 60% in deferred shares and this allocation will be reviewed on an annual basis. Further details of the Single Incentive Plan are set out in the variable pay section.



TOTAL GUARANTEED PAY

CASH SALARY

Cash salary is intended to attract and retain key talent, with a focus on external market equity, internal equity and equal pay for work of equal value.

- Pensionable and non-pensionable cash salary
- A tenure-based 13th cheque for permanent employees Peromnes Grade 6 and below

Applicable to all permanent employees

BENEFITS

Benefits influence the attraction and retention of key talent.

- **TFG Retirement Fund** The company contribution is between 12% – 13,5%, depending on the employee's organisational level and role. A 7,5% member contribution applies. All permanent employees are eligible to participate.
- **Group life and disability benefits** All permanent employees participate in Group life and disability benefits, subsidised in full by TFG.

Applicable to all permanent employees

TFG medical aid scheme (where applicable) TFG provides a 50% subsidy for all approved dependants on the in-house medical aid for permanent employees Peromnes Grade 10 and below. This eases the cost of living for employees.

External and internal equity

TFG seeks to create external and internal equity when determining TGP, taking into consideration trading conditions and affordability.

External equity:

- Best practice remuneration processes position TFG's remuneration ranges at the most appropriate levels to ensure we remain competitive to the market for each role.
- To achieve external equity, TFG relies on market information (e.g. REMchannel®, DG Capital Executive Remuneration Survey and benchmarking based on TFG's selected comparator groups) and TFG's pay position strategy of applying the 50th percentile.

The comparator group for executives comprises the following companies:

Retail	Non-retail
Shoprite	BidCorp
Pepkor	Bidvest
Woolworths	MultiChoice
Clicks	Tiger Brands
Mr Price	Aspen
SPAR	Telkom
Pick n Pay	Life Healthcare
Truworths	Distell
Dis-Chem	AVI
Massmart	Motus
	Imperial Logistics
	Super Group
	Adcock Ingram
	RCL Foods

Internal equity:

- Among other factors, an employee's position in the remuneration range depends on individual performance and contribution in their role.
- Best practice talent processes are in place to ensure that employees are equitably placed within the most appropriate remuneration range relative to one another.

TFG considers external and internal equity when new employees enter the business or existing employees are promoted, as well as when conducting annual reviews and/or merit increases.

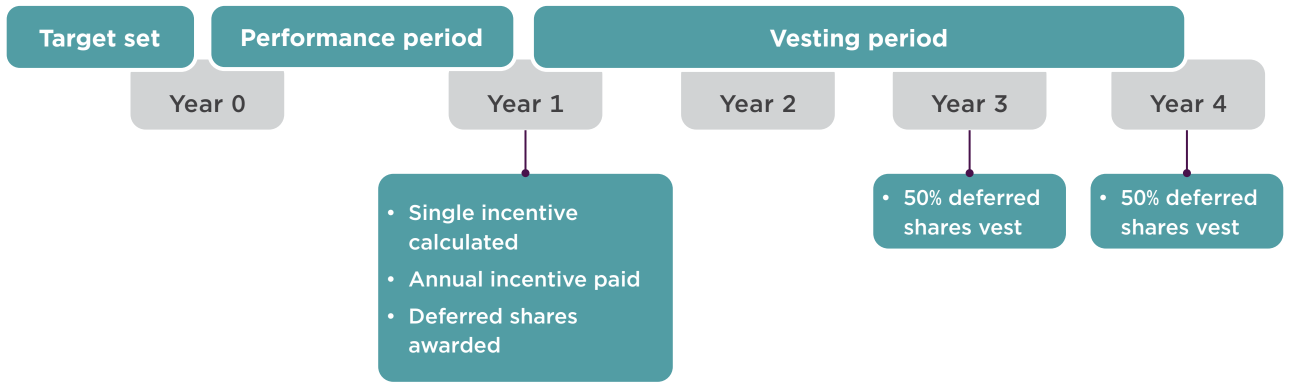
Remuneration increases are guided by and based on comparison with industry peers, independent market surveys such as the REMchannel® and Korn Ferry Hay Group's salary surveys and national economic indicators. The Remco also considers TFG's trading performance when determining annual increase guidelines. Remuneration increases are awarded taking into consideration various factors such as guidelines, budget constraints, placement in range and individual performance.

Variable pay

Single Incentive Plan (effective from FY 2022)

During the year under review, the Remco reviewed the existing STI and LTI structures to establish whether these structures remained fit-for-purpose and are beneficial both in motivating and retaining our people responsible for the execution of our business strategy in the retail environment. The Remco decided, going forward, to replace the existing Group annual STI and LTI structures with a Single Incentive Plan for all new variable incentive awards.

Refer below for a graphical illustration of Single Incentive Plan:



Overview	As detailed in this report, the Single Incentive Plan is a simplified plan which serves to motivate employees in line with TFG's values, as well as driving the key performance metrics to create increasing value for all stakeholders. In addition to simplification, the objective of the new plan is to ensure transparency of outcomes, increase retention, and to encourage a share ownership culture through providing enhanced mechanisms to increase shareholding, which we believe will result in increased alignment with shareholder interests. The plan is designed to encourage executives to meet the strategic short-, medium- and long- term objectives. A single scorecard of performance objectives is used and reviewed and selected annually, based on their impact on the company.
Eligibility	Permanent employees from Peromnes Grade 7 (middle management) and above are eligible to participate. It is intended that participation in the long-term deferred portion of the Single Incentive only include executives, senior executives and executive directors, unless the Remco determines otherwise.
Operation	The Single Incentive could consist of the following: a. A single combined STI and LTI (where relevant), determined on the basis of performance conditions which are measured over a one-year period; b. A portion of the Single Incentive will be payable in cash (Annual Incentive) – all eligible employees will be eligible for this portion; and c. The balance of the Single Incentive for executives, senior executives and executive directors will be deferred into forfeitable shares (Deferred Incentive) in terms of the existing FSP 2020 which will vest in equal tranches two and three years after the award date respectively. Executive directors will also have the individual option to further invest in the company by deferring their Annual Incentive into shares subject to a defined holding period (Deferred Shares). In this instance, the company may award the employee with a 40% match in forfeitable shares (Matching Incentive) to further incentivise the deferral of the Annual Incentive into shares and promote ownership, which shares will vest in equal tranches after two and three years, respectively. The employee's Single Incentive is determined based on the achievement of a combination of annually defined company performance measures (Business Modifier) and individual performance measures (Personal Modifier). Performance is measured over a performance period of one year. In future years, consideration will be given to assessing a trailing period in the setting and assessment of performance. Each metric is weighted and has threshold, on-target and stretch assessment attributions. At the end of each financial year, in the case of executive directors, performance is assessed by the Remco and the Board, to determine the quantum of the cash and deferred portions. The formula for calculating the Single Incentive will be: **Single Incentive = TGP x On-target Percentage x Business Modifier x Personal Modifier** Annual Incentive: Single Incentive x [40%] Deferred Incentive: Number of shares to be settled = [Single Incentive x [60%]]/Volume Weighted Average Price (VWAP) The Deferred Incentive will be settled in forfeitable shares in terms of TFG's 2020 FSP. Forfeitable shares entitle the participant to dividend and voting rights from the award date, and vest in equal tranches on the second and third anniversaries from the date of award, subject to continued employment.
On-target percentage	The on-target percentages refer to the combined STI and LTI components: CEO: 190% of TGP (Previously LTI: 100% of TGP and STI: 90% of TGP) CFO: 130% of TGP (Previously LTI: 75% of TGP and STI: 55% of TGP) Stretch = 140% of On-target Threshold = 50% of On-target

<table>
<tr><td>Performance measures</td><td>
A balanced scorecard is used to determine the Single Incentive. Company performance metrics for executives are:
<table>
<tr><th>Measure</th><th>On-Target Weighting</th><th colspan="2">Targets</th></tr>
<tr><td></td><td></td><td>CEO and CFO</td><td>Operating Board</td></tr>
<tr><td>HEPS growth</td><td>45%</td><td>Group HEPS: **
80% of FY 2020*</td><td>EBIT TFG Africa:
80% of FY 2020*</td></tr>
<tr><td>ROCE</td><td>25%</td><td>Group ROCE:
80% of FY 2020*</td><td>TFG Africa ROCE:
80% of FY 2020*</td></tr>
<tr><td>Group strategic objectives:
• Omnichannel
• ESG:
– People and transformation
– Procurement</td><td>30%</td><td colspan="2">Omnichannel: (10%)
To be disclosed retrospectively due to targets being competitively sensitive.
People and transformation: (10%)
• Minimum of 60% absorption of youth employment initiatives (including the YES initiative)
• Net employment for the year is positive
• Investment in skills programmes and youth opportunities to enable level 5 B-BBEE by FY 2023
Procurement: (10%)
• 33 million local manufactured units by FY 2022</td></tr>
</table>
* 80% of FY 2020 has been set as the target for Group HEPS, EBIT and ROCE as FY 2021 would be too low a base given the impact that COVID-19 has had on our FY 2021 financial results. Threshold and stretch targets will be disclosed retrospectively.
** Group HEPS for FY 2020 to be normalised for the impact of the issuance of additional shares in terms of the rights offer on the weighted average number of shares to ensure FY 2022 comparability on a like-for-like basis to FY 2020.
</td></tr>
<tr><td>Personal modifier</td><td>Single Incentive can be modified between 75% and 125% based on criticality and individual performance criteria.</td></tr>
<tr><td>Holding period and MSR</td><td>Prior to vesting, any forfeitable shares acquired by virtue of the Deferred Incentive, Matching Incentive or Deferred Shares could at the election of the employee be automatically subjected to further holding periods, the purpose of which is to facilitate enhanced share ownership (also referred to as an MSR) among employees to whom the MSR policy applies.</td></tr>
<tr><td>Termination of employment</td><td>The Annual Incentive will be forfeited in full and no Deferred Incentive will be awarded if employment is terminated before the date on which the Annual Incentive is paid or the forfeitable shares (Deferred Incentive) are awarded.
Termination after the award date of the forfeitable shares (Deferred Incentive) will be treated in accordance with the 2020 FSP:
• Resignation or dismissal: forfeitable shares will be forfeited.
• Death, retirement, voluntary retirement, retrenchment, disability or s197 transfer: awards will early vest and will be pro-rated to take into account the number of completed months served during the vesting period.</td></tr>
</table>

Historic LTI structures

Although no new annual LTI awards will be made in terms of the existing LTI structure, a number of tranches of unvested awards still remain "in flight". A summarised overview of these structures is detailed below. The vesting outcomes pertaining to these LTIs will be reported in the applicable annual implementation reports:

Overview	The 2019 LTI allocation for the CEO, CFO and Operating Board members was split: 50% was awarded as forfeitable shares, subject to performance conditions in terms of the FSP 2010 and 50% was made in the form of share appreciation rights in terms of the 2007 SAR. The 2020 allocation for the CEO, CFO and Operating Board members comprised 100% of forfeitable shares, subject to performance conditions in terms of the 2020 FSP. The awards made to the CEO, CFO and Operating Board members were subject to prospective performance conditions and set to vest after three years.
Termination of employment	For all awards made up to and including 2019: • In the case of normal retirement, death, ill health or retrenchment, all shares vest. • In the case of early retirement, the Remco applies defined decision-making guidelines to determine if all or a portion of the shares will vest. • All shares and rights are forfeited upon an employee's resignation or dismissal in terms of the scheme rules. Awards made in 2020: • Resignation or dismissal: all unvested forfeitable shares will be forfeited. • Death, retirement, voluntary retirement, retrenchment, disability or the employee's employment with the company being transferred to any third party pursuant to section 197 of the Labour Relations Act, No. 66 of 1995: awards will early vest and will be pro-rated to take into account the number of complete months served during the vesting period as well as an assessment of performance conditions.

Share scheme limits and manner of settlement

The Remco does not permit the total number of allocated shares issued across all schemes to exceed the following limits:

- 1% individual limit
- 5% Group limit

These limits have been incorporated into the 2020 FSP Rules and 2020 SAR Rules which were approved by shareholders at the 2020 AGM.

The FSP shares are settled through on-market purchases and therefore do not result in any dilution to shareholders. The usage of the dilution limits in financial year ended March 2021 is well below these limits and is set out in section C.

Malus and clawback

TFG subscribes to the principles of malus and clawback for all past and present variable pay plans.

Malus

Any variable pay may be reduced in whole or in part prior to payment or settlement thereof, after an actual risk event (trigger event) occurs which, in the judgement of the Remco, had arisen during the relevant vesting, pay-out or financial period.

In the event of early termination of employment during the vesting period of an award, the Remco will consider whether a trigger event arose between the award date and the date of termination of employment.

Clawback

The Remco may apply clawback and take steps to recover value of awards that have vested or incentives that have been paid out (on a pre-tax basis) as a consequence of a trigger event, which, in the judgement of the Remco, arose during the clawback period. The clawback period will run for three years from the vesting date of the awards or the incentive pay-out. In the event of a breach of director's duties and/or TFG policies by a participant, TFG reserves the right to pursue any remedies available to it in terms of the clawback policy, as well as common and statutory law.

The summarised trigger events for malus and clawback include:

- Employee dishonesty, fraud or gross misconduct;
- A material misstatement of the financial results for the performance or employment period of the award, resulting in an adjustment in the audited consolidated annual financial statements of TFG (or any employer company);
- The assessment of any performance metric or condition (where applicable) in respect of an award which was based on error, or inaccurate or misleading information;
- Any information used to determine the quantum of a cash STI or LTI scheme payment or Single Incentive, or the number of shares subject to an LTI award was based on error, or inaccurate or misleading information; and/or
- Events or behaviour of the employee that had a significant detrimental impact on the reputation of TFG.

Decisions made by the Remco regarding the application of malus and/or clawback are final and binding.

Minimum shareholding requirement

In line with our philosophy of complying with best practice corporate governance, the Remco decided to introduce an MSR for executives from the 2022 financial year onwards. The rationale for this is to ensure that the interests of executives are further aligned to that of our shareholders. This also further entrenches our executives' commitment to driving long-term sustainability for all stakeholders.

The terms of the MSR are as follows:

- Shareholding must be accumulated over a period of five years from the introduction of the MSR policy (1 June 2021) or the appointment of the executive, whichever is the later.
- At the target date (1 June 2026), the Remco will assess if eligible employees have met the MSR.
- All shares which are vested (regardless of method of acquisition, and including shares bought in a personal capacity and shares bought with proceeds of variable incentives or acquired through variable incentives) will be taken into account when assessing whether the target minimum shareholding has been met, but shares which remain subject to forfeiture will not be taken into account until the risk of forfeiture falls away.

The table below sets out the target MSR for executives to achieve over the five-year period.

Participant	Target MSR as a percentage of annual TGP
CEO	200%
CFO	100%
Operating Board members and prescribed officers	75%

The targets will be monitored on an annual basis and reported on in the remuneration report each year.

The Remco reserves the right per the MSR policy to apply a penalty should the MSR not be met at the target date if circumstances were reasonable that the employee could have met their target. Some actions available to the Remco includes and is not limited to the mandatory deferral of the Annual Incentive into shares and subject to a holding period as well as subjecting any vested deferred incentives to a holding period.

Service agreements and retention strategy

Executive directors have service agreements and there are specific programmes in place with TFG to ensure that business continuity and strategic execution are supported. This is bolstered by effective risk management.

Restraints and minimum service agreements

TFG has restraint of trade and minimum service agreements in place for the CEO, CFO and Operating Board members. These agreements exist for the duration of employment and contain notice periods of between six and 12 months. In the event of summary dismissal on the grounds of misconduct (for example, dishonest or fraudulent conduct), notice periods do not apply.

The CEO (Anthony Thunström) signed a new retention and restraint agreement as disclosed in Section C of this report.

Ex gratia or other lump sum payments on severance or retirement

There are currently no agreements in place that provide for *ex gratia* or other lump sum payments to executives on severance or retirement. Executives who depart are not awarded "golden handshakes". There are no *ex gratia* payments made in the event of a merger or takeover or for any special projects undertaken.

Non-executive directors

NED fees are based on market benchmarks and the level of increased responsibility of regulatory oversight placed on NEDs due to TFG's international expansion. The arrangements pertaining to NEDs (South African resident and foreign) are set out below:

- NEDs are appointed for a three-year term on recommendation by the Nomination Committee.
- NEDs may be eligible for re-election depending on their annual performance evaluation.
- NEDs are paid a base fee as well as a committee fee based on the number of committees on which they serve.
- NEDs are reimbursed by TFG for all travel expenses incurred during the course and scope of their duties in accordance with TFG's approved travel policy.
- NEDs do not receive any form of variable pay.
- No NEDs have service contracts with the Group.

The proposed NED fees[1] for the period 1 October 2021 to 30 September 2022 will be listed for approval at the 2021 AGM.

Participant	Current NED fees	Proposed NED fees	% increase
Chairman (all inclusive)	R1 150 000	R1 500 000	30%
Director (South African)	R366 500	R430 000	17%
Director (Foreign)	R618 000	R648 900	5%
Audit Committee Chairman	R336 000	R352 800	5%
Risk Committee Chairman	R247 000	R260 000	5%
Remco Chairman	R246 000	R320 000	30%
Social and Ethics Committee Chairperson	R130 500	R137 025	5%
Member/Invitee of Audit Committee	R142 000	R149 100	5%
Member/Invitee of Risk Committee	R111 000	R116 550	5%
Member of Remco	R89 000	R93 450	5%
Member of Social and Ethics Committee	R72 000	R75 600	5%
Member of Nomination Committee	R47 300	R49 665	5%
Member of *ad hoc* Finance Committee	R47 300	R49 665	5%

All NED fees are VAT exclusive.

An independent benchmarking of NED fees was performed by PwC in the reporting year. The comparator group used for the benchmarking exercise is per the table below:

Truworths	Pick n Pay
Woolworths	Pepkor
Mr Price	Clicks
Shoprite	SPAR
Massmart	Dis-Chem

The result of the benchmark indicated that the fees of the Chairman, Director (SA and Foreign), Remco Chairman and members of the Remco and Audit Committee were below the lower quartile. TFG aims to pay NEDs in line with the median to attract and retain the most talented and experienced NEDs. The organic and acquisition growth orientation of TFG as well as the development and implementation of its strategic priorities, specifically digital, international presence and expansion and supply chain optimisation requires the composition of the Supervisory Board to possess the appropriate and varied skills and experience to provide the necessary guidance to the executives of TFG.

One of the more significant increases as noted above is that of the Chairman of the Remco where the proposed fee is paid above the median. The remuneration environment specifically in relation to executive pay is becoming increasingly more of a focus and requires substantially increased time to ensure that the Remco Chairman maintains a continuing awareness and understanding of current and projected remuneration trends and impacts. This effort is essential in support of ensuring that the Remco decisions are made with the appropriate level of knowledge and consultation with all stakeholders, which includes our key shareholders.

The model for the engagement with our key stakeholders has changed profoundly over the past nine months. The process has become significantly more proactive and time consuming. It is a model that we intend to continue. The fee proposed is to ensure more appropriate alignment to the market as well as being more aligned with the increased participatory role that the Remco Chairman now undertakes.

The other significant increase is the Chairman of the Board. The fee proposed is in line with paying at the median of the market relative to TFG's international presence market capitalisation and industry.

Voting on the remuneration policy

TFG tables its remuneration policy for a non-binding advisory vote by shareholders at the AGM each year. We are confident shareholders will support the remuneration policy as presented, and look forward to a positive vote.

In the event that 25% or more of shareholders vote against either or both the remuneration policy and implementation report, the Remco will engage with TFG's shareholders (in particular, the dissenting shareholders) to examine their vote and in an attempt to address their concerns. The Remco may consider various manners of engagement, including extending an invitation to dissenting shareholders in the SENS announcement of the AGM results (or in a subsequent SENS announcement at a later stage) with the manner and timing of engagement; and/or communicate with dissenting shareholders via email, digital platforms, telephone calls and meetings.

Following this engagement, the Remco may use its discretionary powers to amend components of the remuneration policy and further align these to market practice and/or shareholder value creation.

SECTION C: HOW WE IMPLEMENTED OUR REMUNERATION POLICY IN 2021

As outlined in section A, this has not been a "business as usual" year and the Remco has applied this implementation report as closely as possible with the prior period approved remuneration policy, but has also out of circumstantial necessity applied its discretion to take into account the COVID-19 implications on the business from a people, customer, supplier and financial perspective. These outcomes are broken down into TGP, STI and LTI.

A REVIEW OF THE KEY ITEMS IMPACTING TGP IN 2021

As a result of the uncertainty of the impact of COVID-19 on the business, employees and the country as a whole, no increases were granted in April 2020. However, as the pandemic restrictions eased and trading reverted to "more normal" conditions and the business had sufficient financial resources to continue trading under almost all circumstances, it was considered appropriate to grant South African store, factory and distribution centre employees an average 5% increase in October 2020 in order to sustain their cost of living. For the financial year ending 2022, an average increase of 5% was approved for all eligible employees from 1 April 2021. Store and distribution centre employees' salary will again be adjusted in October 2021. Executive director increases will percentage-wise be in line or lower than all staff increases.

THE OUTCOME OF THE STI SCHEME FOR FY 2021

The STI targets were set at a time when there was low visibility as to the future outlook and the impact of the pandemic on business appeared extremely negative. As a result, the targets set were predicated on the information prevailing at that time. The Group significantly exceeded its financial targets set due to:

1. actual trading conditions being better than anticipated; and
2. the result of specific and timeous management interventions such as customer-centric policies around the management of the debtors' book, enhanced practices with e-commerce, omnichannel retail and digital transformation, assisting local suppliers with cash flow and optimising inventory in line with the expected demand.

The assessment of the financial targets (60% weighting) and strategic targets (40% weighting) that were set at the start of the financial year are disclosed below.

Financial metric evaluation

The EBIT targets set as well as the actual performance are set out in the table below:

		Performance targets				
Measure	Weighting	Threshold	Target	Stretch	Actual outcome	Resultant score
Group EBIT (CEO and CFO)	60%	R536m	R631m	R730m	(R719m)	Stretch*
TFG Africa EBIT (Operating Board)		R635m	R745m	R859m	R2,629m	Stretch

* *The Group EBIT was impacted by a R2,7 billion non-cash flow, non-trading cost relating to the impairment of the UK business due solely to the devastating impact that the uncontrollable COVID-19 lockdowns have had on UK cash flow and the business model. Due to this impairment being unforeseen and out of the control of management, the Remco has used its discretion to add it back to EBIT in assessing the outcomes of the target assessment. Included in EBIT is the bargain purchase gain of R709 million on the acquisition of Jet which is a result of management negotiations. Even if this gain was to be excluded to assess "normalised" performance, it would still result in a stretch performance having been achieved.*

Strategic metric evaluation

Measure	Target	Weighting	Result	Comment
1. Omnichannel	Accelerate digital transformation by implementing a OneStock solution to 500 stores	10%	Stretch	In addition to the number of stores converted to the OneStock solution which enables inventory to be picked and collected, the Group made significant strides in its omnichannel strategy by creating a specific focus within the company and is now being led by the joint Chief Omni Officers who were the founders of Superbalist.
2. ESG				
a. People	To protect the most vulnerable employees	20%	Stretch	The Group: • paid all TFG Africa employees in full even when stores were closed and retained almost all store employees even with the closure of 128 stores; • approved a 5% increase for store and distribution centre employees in October 2020; • noted the hardship that employees have faced during this pandemic which in some instances involved losing a loved one to the virus and relaxed certain policies relating to staff advances and loans; • promoted the wellness helpline run by an independent provider which has seen significantly increased activity since the start of lockdown; and • approved a "Thank You Gift" discretionary payment to all TFG Africa employees not participating in the bonus scheme.
b. Procurement	Support locally based suppliers by shifting international orders and funding suppliers where required to ensure their continuity	10%	Stretch	Quick response units manufactured by TFG Merchandise Supply Chain have grown by 1,4 million units year-on-year. Financial assistance of +/- R100 million and preferential payment terms were provided

Due to the financial targets being set at a time of extreme uncertainty, the Remco decided to consider other criteria that in its view would be an indication of high performance and success.

The criteria and assessment of the criteria can be summarised in the table below:

Criteria	Assessment of management's achievement
Reducing the social impact that the pandemic has had on the lives of its employees and stakeholders	• Management ensured that all employees were paid throughout the various levels of lockdown and government restrictions imposed. • Preferable payment terms were extended to local suppliers. • Funding was provided to local suppliers to ensure their continuity and ability to pay their employees through lockdown. • The acquisition of Jet resulted in >5 600 jobs being preserved.
Ensure that the business could sustain itself in times of extreme uncertainty by ensuring a strengthened statement of financial position and improved cash flow	• Concluded a successful rights offer which resulted in a net R3,8 billion cash injection at a time where it was extremely uncertain as to how long and frequent government-imposed lockdowns would occur. • Business optimisation projects continued to be delivered to ensure strong cost management. • Year-on-year reduction in debt levels by R7 billion. • Improved cash turnover in TFG Africa, being 70% of total turnover and up 19% year-on-year.
Delivery on the growth strategy (including omnichannel) in uncertain times	• Acquisition of Jet and successful integration into TFG within six months. • Acquisition of additional manufacturing assets to further expand our local manufacturing capacity. • Securing strong new leadership to support and fast-track our omnichannel strategy.

The graphic below further illustrates the additional criteria considered by the Remco.

Characteristics of outstanding performance

Protect vulnerable employees from unemployment	Support local manufacturers	Accelerate digital transformation	Strengthen statement of financial position	Cash flow stability	Cost control	Strategic acquisitions/ integration into TFG	Exceeding target set
✓	✓	✓	✓	✓	✓	✓	✓
Paid people through lockdown/ preserved jobs of Jet employees	Preferable payment terms and funding	Omnichannel vision and significant year-on-year growth	• Successful rights offer • Strong cash flow position • Net debt decrease from R8bn to R1bn • TFG Africa cash sales = 70% of total and up 19% year-on-year		Optimisation resulted in savings and efficiencies	Integration of Jet into TFG	Exceeded as per below

As a further external indicator of performance, it is interesting to note that the share price of the company at the end of the FY 2021 was double the price as compared to the start of the financial year.

Resultant impact of the assessment of targets on the approved bonus:

Based on the assessment of the targets achieved as well as the evaluation of the additional criteria, the Remco is satisfied that stretch targets were achieved which would have entitled management to a stretch bonus factor of 160% of annual TGP x on-target bonus percentage per grade.

However, due to the devastating impact that COVID-19 has had on lives and livelihoods and on the economy, the Remco decided that to be fair and equitable, the bonus pool will be reduced to a normal on target bonus pool and apply a 100% factor instead of the 160% factor.

LTI AWARDS MADE DURING FY 2021

Share scheme awards are set at expected value on award date to provide an economic value of the award the executive is receiving, and represents a more useful figure for benchmarking. Internally, for ease of administration, share scheme awards are communicated to participants at face value as well as number of units. The expected value of the award is expressed as a percentage of annual TGP.

LTI PERFORMANCE OUTCOMES FOR FY 2021

The impact of the rights issue has affected the HEPS metric. Therefore, to ensure meaningful comparability, headline earnings rather than HEPS has been used to assess vesting outcomes.

FY 2021 has been significantly impacted by COVID-19 due to lockdowns forcing, at various intervals, for all stores to be closed as well as shorter trading hours and store capacity. The result is that the required growth in headline earnings as well as ROCE target have not been achieved. In accordance with its policy and the principles of good governance, the Remco has not adjusted targets and therefore, these performance shares will not vest. From the table below it is evident that excluding FY 2021, which has been significantly impacted by COVID-19, the Group was on track to meet performance two years into the three-year period and grew by more than CPI+2%. These specific facts and circumstances could potentially have formed the basis for the Remco to have applied for two thirds of the performance shares to vest. However, the Remco decided not to invoke such discretion and accordingly, the 2018 performance forfeitable shares will not vest. In addition, the SARs which were awarded to Operating Board members are to lapse.

The Remco has decided instead to award new retention shares to partially compensate for the above and reward the extraordinary efforts and performance by management while attaining further lock-in and retention of executives.

Further details regarding the SARs and FSP performance are set out below.

The SARs and FSP awards granted in 2018 have performance conditions that ended on 31 March 2021. The table below details the company performance and resulting vesting outcome.

SARs

Required: HEPS three-year cumulative annual growth of weighted CPI*

Target headline earnings Rm	Actual headline earnings Rm	Vesting at target and beyond	Actual SAR vesting**
2 826	600	100%	0%

* *Actual CPI at 31 March 2021 for South Africa, UK and Australia weighted by the geographical turnover.*

** *Vesting % calculated on cumulative growth over three-year performance period after adjusting for the impact of lost revenue in the last week of March 2020. The adjustment had no impact as there was 0% vesting.*

FSP

	Weighting	Target performance (100% vesting)	Actual performance	Vesting %*
HEPS	**80%**	R2 826m	R600m	0%
ROCE	**20%**	22% - 25%	12,6%^	0%
Overall	**100%**			0%

* *Vesting % calculated on cumulative growth and average ROCE over three-year performance period.*

^ *TFG Africa ROCE excluding IFRS 16.*

COVID-19 lockdowns had a significant impact on trading for the 2021 financial year, affecting all three territories resulting in financial results being non-comparable with the previous three years.

The table below indicates how the company was performing up until 2020 year-end which basically co-incided with the start of COVID-19.

	2018 Rm	2019 Rm	2020 Rm
Actual headline earnings	2 528	2 745	2 717
% Growth		8,6%	(1,0%)
Headline earnings required for full performance shares to vest		2 588	2 705

As can be seen from the table, the company was on track for full vesting in both years.

The Remco evaluated the analysis above which indicates that the Group was on track after two years into a three-year cycle for full performance shares and SARs to vest.

In view of being fair and rewarding performance as well as taking into account the current environment and good corporate governance practice, the Remco decided that none of these shares will vest, which means:

a. All SARs to be forfeited in full (this represents 50% of the CEO, CFO and Operating Board's LTI)
b. All performance shares to be forfeited in full based on targets not being met

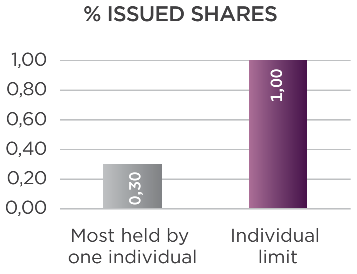
However, to further lock in executives and to compensate them partially for meeting two out of three years' performance targets, two thirds of the performance shares (note: nothing for SARs) that were forfeited to be awarded as retention shares subject to vesting in June 2024 and subject to termination provisions per the FSP 2020. This equates to effectively 33% of the expected value of the original awards of FSPs and SARs.

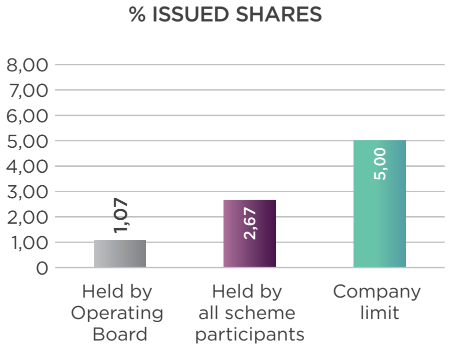
The Remco believes that this proposal is in line with good governance, rewards performance and results in a further three-year retention period which creates further alignment with all stakeholders at an acceptable cost with the related retention benefits.

Current allocation versus policy limits

As at 31 March 2021, issued share capital was 331 027 300 shares. In terms of the Remco's policy, the maximum aggregate number of shares that may be awarded to participants collectively in terms of the LTIs may not exceed 16 551 365 shares (5% of issued share capital) and the maximum number of shares that may be awarded to any one participant is 3 310 273 shares (1% of issued share capital). As all share awards have historically been settled via the market purchase of shares there is no impact on dilution.

In terms of inflight awards that are still to be settled, on both an overall (6 313 113 shares) and individual (936 156 shares) basis, potential share awards held by scheme participants are well within the defined limits. The CEO is the highest individual holder of share awards and is therefore compared against the individual limit.





Outstanding share instruments awarded to employees and executives at 31 March 2021 are as follows:

SARs	1 180 343
Forfeitable shares	5 132 770
Total	6 313 113

EXECUTIVE DIRECTORS' REMUNERATION

The Supervisory Board determined that the CEO and CFO are TFG's prescribed officers for the financial year ended March 2021. A E Thunström and B Ntuli serve as executive directors on the Supervisory Board and exercise general executive control.

2021

Executive directors	Salary[1] R'000	Benefits[2] R'000	Guaranteed pay R'000	STI[3] R'000	LTI[4] R'000	Dividends[5] R'000	Other remu-neration R'000	Total remu-neration R'000
A E Thunström	**7 729,4**	**1 626,6**	**9 356,0**	**8 554,0**	**38 747,0**	**0,0**	**0,0**	**56 657,0**
B Ntuli	**5 288,2**	**1 113,1**	**6 401,3**	**3 576,0**	**0,0**	**0,0**	**0,0**	**9 977,3**

[1] *The Operating Board took a salary reduction in the first quarter of the 2021 financial year due to the impact of COVID-19.*

[2] *Benefits include travel allowance, housing allowance, pension fund and medical aid subsidy.*

[3] *Relates to the bonus award for the 2021 year-end. Mr Thunström elected to defer 55% of his bonus into shares. The deferred STI awards will be subject to a minimum holding period of five years in terms of the MSR policy. In making this election, and in accordance with the Scheme's rules, Mr Thunström received a 40% match of forfeitable retention shares which will vest in June 2024.*

[4] *5% of the R38,7m relates to the retention shares allocated for the 40% STI deferral match and the balance relates to the award in terms of the new retention and restraint agreement.*

[5] *No dividends were declared in the 2021 financial year.*

The CEO signed a new retention and restraint agreement due to his current retention agreement having come to an end on 1 October 2020. The Remco awarded the CEO shares in lieu of this agreement as opposed to a cash payment to ensure further personal investment by the CEO in The Foschini Group Limited, thereby creating further alignment with shareholders. The CEO was granted 350 000 shares on 23 November 2020 with a market value of R36,9 million to vest in June 2023 and awarded in accordance with the FSP 2020 share scheme rules. The retention agreement signed carries certain notice clauses which ensures a more advantageous retention mechanism.

2020

Executive directors	Salary R'000	Benefits[6] R'000	Guaranteed pay R'000	STI[7] R'000	LTI[8] R'000	Dividends[9] R'000	Other remu-neration[10] R'000	Total remu-neration R'000
A E Thunström	7 865,6	1 635,4	9 501,0	7 500,0	1 224,4	833.9	0,0	19 059,3
B Ntuli[10]	5 346,0	1 154,5	6 500,5	3 450,0	0,0	303.4	7 375,0	17 628,9

[6] *Benefits include travel allowance, housing allowance, pension fund and medical aid subsidy.*

[7] *The 2020 table has been restated to take into account the STI that was provided for but only paid once the implications of COVID-19 had been assessed and the Remco had determined that the business had adequate funding and liquidity to pay the STI.*

[8] *LTI includes 100% of SARs, 100% of ROCE-based FSP and 80% of HEPS-based FSP due to vest in June 2020, based on FY 2018 to FY 2020 performance, valued at year-end VWAP of R67,17 at 31 March 2020. ROCE target was achieved for the period and 80% of HEPS target was achieved. 100% of SARs were linked to HEPS performance. 80% of FSPs were linked to HEPS performance and 20% of FSPs were linked to ROCE performance.*

[9] *Dividends include total dividends received from all unvested forfeitable share allocations during financial year ended 2020.*

[10] *Ms B Ntuli joined TFG in January 2019 as CFO. In September 2019, Ms Ntuli received a payment of R7 375 000 as consideration for accepting a service agreement and restraint of trade contract.*

DIRECTORS’ INTERESTS

As at 31 March 2021, the directors had the following interest in the company’s issued shares:

	Non-executive						Total non-executive ’000	Executive		Total executive ’000	Total non-executive plus executive ’000
	M Lewis ’000	E Oblowitz ’000	D Friedland ’000	N V Simamane ’000	R Stein ’000	A D Murray ’000		A E Thunström ’000	B Ntuli ’000		
Direct beneficial		3,0		2,3	184,2	647,0	836,5	52,0		52,0	888,5
Indirect beneficial			28,6		80,0	822,5	931,1			0,00	931,1
Indirect non-beneficial	1 818,8						1 818,8			0,00	1 818,8
	1 818,8	3,0	28,6	2,3	264,2	1 469,5	3 586,4	52,0	0,0	52,0	3 638,4

As at March 2021, directors had accepted and/or exercised the following SARs and forfeitable shares:

	Date of award	Financial year of award	Financial year of earliest delivery	Financial year of latest delivery	Status of award	Strike price per instrument R	Number of instruments awarded ’000	Number of instruments vested in year ’000	Number of instruments lapsed in year ’000	Closing number of unvested and/or unexercised instruments ’000	Number of instruments exercised or settled in year ’000	Share price at which instruments were exercised or settled cents	Value of shares on exercise or settlement R’000	Dividends received in year R’000	Indicative value of unvested and/or unexercised instruments R’000
A E Thunström															
SARs*	08 Jun 15	2016	2019	2022	Available for conversion	148,2	31,2	31,2	–	31,2	–	–	–	–	–
*	02 Jun 16	2017	2020	2023	Available for conversion	142,7	37,8	37,8	–	37,8	–	–	–	–	–
*	02 Jun 17	2018	2021	2024	Available for conversion	138,3	47,0	47,0	–	47,0	–	–	–	–	–
*	01 Jun 18	2019	2022	2025	Unvested	183,9	77,0	–	–	77,0	–	–	–	–	–
**	03 Jun 19	2020	2023	2026	Unvested	174,3	85,6	–	–	85,6	–	–	–	–	4 619,8
FSP***	29 Jan 15	2015	2019		Vested		11,8	11,8	–	–	11,8	184,8	2 180,5	–	–
	08 Jun 15	2016	2019		Vested		13,4	13,4	–	–	13,4	184,8	2 476,2	–	–
	02 Jun 16	2017	2020		Vested		17,4	5,6	11,8	–	–	175,4	982,4	–	–
	02 Jun 17	2018	2021		Vested		21,7	18,2	3,5	–	–	75,0	1 367,1	–	–
	01 Jun 18	2019	2022		Unvested		35,6	–	–	35,6	–	–	–	–	–
	03 Jun 19	2020	2023		Unvested		49,0	–	–	49,0	–	–	–	–	3 910,2
	01 Jun 18	2019	2022		Unvested		14,2	–	–	14,2	–	–	–	–	–
	03 Jun 19	2020	2023		Unvested		19,6	–	–	19,6	–	–	–	–	1 564,2
	19 Nov 20	2021	2024		Unvested		189,2	–	–	189,2	–	–	–	–	15 106,00
FSR****	19 Nov 20	2021	2024		Unvested		350,0	–	–	350,0	–	–	–	–	42 987,0
B Ntuli															
SARs**	03 Jun 19	2020	2023	2026	Unvested	174,3	43,9	–	–	43,9	–	–	–	–	2 369,3
FSP***	03 Jun 19	2020	2023		Unvested		25,1	–	–	25,1	–	–	–	–	2 006,6
FSR****	03 Jun 19	2020	2023		Unvested		13,5	–	–	13,5	–	–	–	–	1 659,7
FSR***	03 Jun 19	2020	2023		Unvested		5,4	–	–	5,4	–	–	–	–	431,6
FSP****	03 Jun 19	2020	2023		Unvested		10,1	–	–	10,1	–	–	–	–	1 234,8
FSP***	19 Nov 20	2021	2024		Unvested		97,1	–	–	97,1	–	–	–	–	7 751,2

* *SARs vested and not yet converted, or SARs vesting during the 2021 financial year valued at YE VWAP of R122,82.*

** *Unvested SARs valued using the year-end VWAP of R122,82 applying a fair value calculation that uses the Binomial pricing method and expected vesting percentages.*

*** *Unvested FSP valued using the year-end VWAP of R122,82 and applying expected vesting percentages.*

**** *Unvested forfeitable shares – restricted valued using the year-end VWAP of R122,82.*

CHANGES TO DIRECTORS' INTERESTS AFTER YEAR-END

Acceptance of FSRs in June 2021:

	FSRs accepted[*]	Indicative value[#]
A E Thunström	33 180	R4 075 168

[*] *These FSRs accepted is a result of the Remco decision to award two thirds of the 2018 performance shares in new retention shares to vest in June 2024.*

[#] *Indicative value based on VWAP of R122,82 on 31 March 2021.*

NON-EXECUTIVE DIRECTORS

NED fees are reviewed annually and approved changes are effective 1 October. The proposed NED fees (VAT exclusive) per role as from October 2021 are detailed in section B on page 147 of this report. The NEDs voluntarily decided to take a reduction in fees in the first quarter of the 2021 financial year.

Below are the actual NED fees (VAT exclusive) for financial year ended March 2021 based on current committee membership:

Non-executive directors	**Fees paid in respect of 2021**	Fees paid in respect of 2020
M Lewis	**R1 092 500**	R1 074 900
E Oblowitz	**R1 158 277**	R923 900
S E Abrahams	**R746 078**	R885 050
Prof. F Abrahams	**R702 467**	R710 250
R Stein	**R887 312**	R695 550
D Friedland	**R673 075**	R690 000
N V Simamane	**R656 925**	R673 250
B L M Makgabo-Fiskerstrand	**R656 925**	R673 250
G H Davin	**R736 883**	R609 000
A D Murray[*]	**R1 925 910**	R951 400
C Coleman	**R750 300**	R166 325
Total	**R9 986 652**	R8 052 875

[*] *Mr Murray was appointed on 1 October 2019 and therefore FY 2020 represents a fee for six months in comparison to a full 12-month fee for FY 2021. The fee is inclusive of Mr Murray's representation on the TFG Australia, TFG London and TFG Limited Boards as well as committee memberships.*

VOTING ON THE IMPLEMENTATION REPORT

TFG tables its implementation report for a non-binding advisory vote by shareholders at the AGM each year. We look forward to shareholders' support of the implementation of the FY 2021 remuneration policy.

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OTHER APPENDICES

APPENDIX 1: DEFINITIONS

Capex	Capital expenditure
Companies Act of South Africa	Companies Act of South Africa, No. 71 of 2008, as amended
Concessions	In addition to their own stand-alone stores, TFG London and TFG Australia have concession arrangements with key department store partners from whom they occupy an agreed floor space area (referred to as "mat") dedicated to their product
Current ratio	Current assets divided by current liabilities
Debt to equity ratio	Net borrowings expressed as a percentage of total equity
Dividend cover	Basic earnings per share divided by dividend declared
Doubtful debt provision as a % of debtors' book	Provision for doubtful debts expressed as a percentage of gross receivables
EBIT	Earnings, excluding acquisition costs, before finance costs and tax
EBITA	Earnings, excluding acquisition costs, before finance costs, tax and amortisation
EBITDA	Earnings, excluding acquisition costs, before finance costs, tax, depreciation and amortisation
EBITDA finance charge cover	EBITDA divided by finance costs
EBITDA margin	EBITDA expressed as a percentage of retail turnover
Finance charge cover	Operating profit before finance costs divided by finance costs
Free cash flow (FCF)	Earnings, excluding acquisition costs, before finance costs and tax plus depreciation and amortisation net of changes in net working capital and capital expenditure
Gross square metres	The total leased store area including inventory rooms
Headline earnings	Net income attributable to ordinary shareholders adjusted for the effect, after tax, of exceptional items
Headline earnings – adjusted	Headline earnings adjusted for the impact of acquisition costs incurred
Headline earnings per ordinary share (HEPS)	Headline earnings divided by the weighted average number of shares in issue for the year
Market capitalisation	The market price per share at year-end multiplied by the number of ordinary shares in issue at year-end
Net bad debt as a % of debtors' book	VAT-exclusive bad debts, net of recoveries and including provision movement as percentage of gross receivables
Net bad debt write-off	VAT-inclusive bad debts, net of recoveries and excluding movement in provision
Net bad debt write-off as a % of credit transactions	Net bad debt write-off expressed as a percentage of credit transactions
Net bad debt write-off as a % of debtors' book	Net bad debt write-off expressed as a percentage of gross receivables
Net borrowings	Interest-bearing debt, lease liabilities and non-controlling interest loans reduced by preference share investment (where relevant) and cash
Non-recourse debt	Debt where lenders cannot seek compensation from TFG parent companies, their sponsors or guarantors, and is typically debt raised by our international subsidiaries (TFG London and TFG Australia)
Omnichannel	Describes the integrated multi-channel retailing (e-commerce, online sales, mobile app sales)
Operating margin	Operating profit before finance costs expressed as a percentage of retail turnover
Operating profit	Profit earned from normal business operations
Outlets	TFG London trades through a combination of stand-alone stores and concession arrangements resulting in their presence being referred to as outlets rather than the traditional stores
Overdue values as a % to debtors' book	Overdue portion of debtors at statement month-end as a percentage of gross receivables
Recourse debt	Amounts owed by TFG companies in Africa (excluding our international subsidiaries TFG London and TFG Australia) where the lenders have the ability to seek compensation from the borrower's parent, sponsor or guarantor
Recourse debt to equity ratio	Recourse debt reduced by preference share investment (where relevant) and cash, expressed as a percentage of total equity
Return on capital employed (ROCE)	Earnings, excluding acquisition costs, before finance costs and tax (EBIT)/average capital employed
Same store	Stores that traded out of the same trading area for the full current and previous financial years
Tangible net asset value per ordinary share	Total net asset value, after non-controlling interest, excluding goodwill and intangible assets, divided by the net number of ordinary shares in issue at year-end
Total shareholder return (TSR)	The return for a shareholder through the appreciation in TFG's share price plus dividends paid over a specified period
Trading expenses	Costs incurred in the normal course of business including, among others, depreciation, amortisation, employee costs, occupancy costs, net bad debt and other operating costs
VWAP	Volume weighted average price
Weighted CPI	CPI of the major geographical areas that TFG trades in (South Africa, UK and Australia), weighted by their respective geographical turnover contribution percentage

APPENDIX 2: 10-YEAR STATISTICS

Years ended	2021	2020	2019[3]	2018[4]	2017	2016	2015	2014	2013	2012
Profitability										
Retail turnover (Rm)	**32 950,3**	35 323,3	34 101,4	28 519,5	23 548,7	21 107,5	16 085,9	14 159,0	12 896,4	11 630,5
Operating (loss) profit before finance charges – continuing operations (Rm)[1]	**(1 411,4)**	4 684,7	4 882,6	4 126,5	3 811,2	3 596,1	2 807,1	2 536,9	2 407,3	2 232,6
(Loss) profit before tax – continuing operations (Rm)	**(1 712,7)**	3 349,3	3 578,1	3 350,5	3 203,8	3 021,2	2 286,6	2 375,1	2 298,9	2 156,4
(Loss) profit attributable to equity holders of The Foschini Group Limited (Rm)	**(1 861,8)**	2 443,8	2 640,1	2 406,9	2 351,4	2 155,6	1 858,0	1 859,6	1 792,0	1 582,1
Adjusted headline earnings (Rm)[2]	**600,1**	2 717,4	2 745,1	2 528,2	2 332,8	2 185,2	1 881,9	1 872,3	1 796,6	1 584,2
Statement of financial position										
Non-current assets (Rm)	**18 087,9**	21 403,4	20 087,5	11 192,7	7 628,5	8 448,9	6 925,3	2 120,5	1 883,1	1 623,8
Current assets (Rm)	**21 185,6**	20 755,3	17 553,6	16 598,9	14 407,5	13 646,2	11 608,1	9 351,2	8 425,9	7 281,2
Assets of disposal group (Rm)	**–**	–	–	–	–	–	–	5 631,5	4 985,4	3 912,9
Total assets (Rm)	**39 273,5**	42 158,7	37 641,1	27 791,6	22 036,0	22 095,1	18 533,4	17 103,2	15 294,4	12 817,9
Total shareholders' interest (Rm)	**17 211,0**	15 942,6	14 049,1	13 121,5	10 515,3	9 896,7	8 130,9	7 228,6	7 043,8	6 293,1
Non-controlling interest (Rm)	**–**	–	–	4,5	4,2	4,0	2,7	861,3	705,5	571,1
Non-current liabilities (Rm)	**10 067,9**	12 447,1	12 877,3	6 278,7	5 350,4	5 973,8	4 491,4	2 016,0	1 392,4	1 048,4
Current liabilities (Rm)	**11 994,6**	13 769,0	10 714,7	8 386,9	6 166,1	6 220,6	5 908,4	3 296,1	2 750,3	2 284,8
Liabilities of disposal group (Rm)	**–**	–	–	–	–	–	–	3 701,2	3 402,4	2 620,5
Total equity and liabilities (Rm)	**39 273,5**	42 158,7	37 641,1	27 791,6	22 036,0	22 095,1	18 533,4	17 103,2	15 294,4	12 817,9
Cash flow statement										
Cash flows from operating activities – continuing operations (Rm)	**8 184,1**	3 954,1	3 987,3	856,5	1 014,2	461,5	(61,7)	128,2	485,2	(77,9)
Cash flows from investing activities – continuing operations (Rm)	**(1 119,0)**	(1 100,9)	(868,4)	(3 796,4)	(870,9)	(1 030,5)	(1 779,6)	(537,5)	(557,0)	(377,2)
Cash flows from financing activities – continuing operations (Rm)	**(5 093,9)**	(1 101,5)	(3 293,8)	3 401,0	(46,7)	585,1	2 328,5	339,5	121,4	666,9
Net increase (decrease) in cash (Rm)	**1 971,2**	1 751,7	(174,9)	461,1	96,6	16,1	487,2	(69,8)	49,6	211,8
Cash at the beginning of the year (Rm)	**2 969,1**	1 111,0	1 206,1	878,5	888,8	800,4	301,3	593,4	504,7[5]	338,5
Cash at the end of the year – discontinued operations (Rm)	**–**	–	–	–	–	–	–	(222,4)	39,0	160,5
Cash held in non-controlling interest (Rm)	**–**	–	(6,4)	–	–	–	–	–	–	–
Effect of exchange rate fluctuations on cash held (Rm)	**(97,1)**	106,4	86,2	(133,5)	(106,9)	72,3	11,9	0,1	0,1	0,1
Cash at the end of the year – continuing operations (Rm)	**4 843,2**	2 969,1	1 111,0	1 206,1	878,5	888,8	800,4	301,3	593,4	710,9
Performance measures/ratios										
Turnover growth (%)	**(6,7)**	3,6	19,6	21,4	11,6	31,2	13,6	9,8	10,9	17,0
Same store turnover growth (TFG Africa) (%)[6]	**(10,2)**	1,5	5,6	2,2	2,8	5,7	5,5	4,2	5,8	10,6
Same store turnover growth (TFG Australia) (%)[6]	**2,8**	2,8	7,8							
Operating margin – continuing operations (%)	**(2,2)**	13,3	14,3	14,5	16,2	17,0	17,5	17,9	18,7	19,2
Debt to equity ratio – continuing operations (%)	**55,2**	106,4	117,8	62,0	65,3	73,5	76,8	36,8	22,3	20,7
Total liabilities to shareholders' interest (times)	**1,3**	1,6	1,7	1,1	1,1	1,2	1,3	1,2	1,1	0,9
Total liabilities to shareholders' interest – continuing operations (times)	**1,3**	1,6	1,7	1,1	1,1	1,2	1,3	0,7	0,6	0,5
Net retail borrowings (Rm)	**9 501,4**	16 958,3	16 550,2	8 144,5	6 870,7	7 276,9	6 242,2	2 659,1	1 567,4	726,1
Current ratio – continuing operations (times)	**1,8**	1,5	1,6	2,0	2,3	2,2	2,0	2,8	3,1	3,2
HEPS – continuing operations[2] (cents)	**197,9**	1 029,3	1 187,9	1 124,1	1 099,2	1 055,8	897,9	818,7	780,6	653,9
Change in HEPS from continuing operations (%)	**(80,8)**	(13,3)	5,7	3,4	4,1	17,6	9,7	4,9	19,4	21,7
Distribution declared per ordinary share (DPS) (cents)	**–**	335,0	780,0	745,0	720,0	691,0	588,0	536,0	506,0	455,0
Dividend yield (%)	**–**	5,0	4,8	3,3	4,7	4,9	3,3	5,0	4,4	3,3
Tangible net asset value per ordinary share (cents)	**3 063,8**	2 677,6	2 360,1	2 358,1	2 728,7	2 063,5	1 701,0	3 396,3	3 205,0	2 918,9
Price to earnings ratio at year-end (multiple)	**(20,0)**	6,4	14,3	20,9	13,9	13,6	19,9	11,9	13,2	16,0

Notes

2013 and prior years were restated where appropriate to reflect the RCS Group as a discontinued operation.

[1] *Operating profit before finance charges excludes the impact of acquisition costs.*

[2] *Adjusted headline earnings is calculated to remove the impact of the acquisition costs.*

[3] *Financial year ended 2019 restated as a result of the change in the IFRS 16 accounting policy.*

[4] *Financial year ended 2018 restated as a result of the change in the IFRS 15 accounting policy.*

[5] *Restated, as insurance cells are no longer consolidated and their cash flow is now included in working capital as part of the insurance receivables.*

[6] *TFG London's footprint consists mostly of concessions. As concessions by nature change floor space on a continuous basis, the Group does not report on same store turnover growth for this business segment.*

Appendix 2: 10-year statistics continued

Years ended	**2021**	2020	2019[1]	2018[2]	2017	2016	2015	2014	2013	2012
Share statistics										
Number of ordinary shares in issue (millions)	**331,0**	236,8	236,8	236,8	219,5	215,4	211,0	222,0	228,5	240,5
Number of ordinary shares on which HEPS is calculated (millions)	**303,2**	264,0	231,1	224,9	212,2	207,0	204,3	206,0	209,3	205,2
Net number of ordinary shares on which net asset value per share is calculated (millions)	**323,4**	231,7	231,3	231,3	214,0	209,3	205,4	204,3	210,1	206,4
Number of shares traded during the year (millions)	**556,8**	370,1	315,9	391,8	378,8	285,9	283,8	387,7	275,2	259,1
Volume traded/number of shares in issue (%)	**168,2**	156,3	133,4	165,5	172,6	132,8	134,5	174,6	120,4	107,7
Closing share price (cents)	**12 279**	6 767	16 300	22 375	15 449	14 144	18 057	10 715	11 280	12 368
Market capitalisation (Rm)	**40 646,8**	16 021,3	38 591,4	52 974,3	33 912,9	30 459,2	38 101,2	23 787,8	25 774,6	29 744,8
Outlet information										
Number of outlets – TFG	**4 284**	4 083	4 085	4 034	3 328	3 125	2 724	2 111	1 979	1 857
Number of outlets – TFG Africa	**2 929**	2 577	2 631	2 652	2 589	2 462	2 280	2 111	1 979	1 857
Number of outlets – TFG London	**801**	972	971	935	739	663	444			
Number of outlets – TFG Australia	**554**	534	483	447						
Floor area (gross square metres) (TFG Africa)[3]	**1 187 502**	811 971	809 505	794 232	767 347	735 367	690 190	646 665	609 411	579 365
Floor area (gross square metres) (TFG Australia)[3]	**82 126**	79 861	70 798	57 165						

Notes

2013 and prior years were restated where appropriate to reflect the RCS Group as a discontinued operation.

[1] *Financial year ended 2019 restated as a result of the change in the IFRS 16 accounting policy.*

[2] *Financial year ended 2018 restated as a result of the change in the IFRS 15 accounting policy.*

[3] *TFG London's footprint consists mostly of concessions. As concessions by nature change floor space on a continuous basis, the Group does not report on floor space for this business segment.*

APPENDIX 3: SHARE PERFORMANCE INFORMATION

	2021	2020
Market price per share (cents)		
– year-end	12 279	6 767
– highest	12 449	19 769
– lowest	5 992	5 600
– average	8 751	15 730
Number of beneficial shareholdings	12 644	11 631
Price to earnings ratio at year-end (multiple)	(20,00)	6,41
Dividend yield (%)	–	5,0
Number of shares traded during the year (millions)	556,8	370,1
Volume traded/number of shares in issue (%)	168,2	156,3
Market capitalisation (Rm)	40 646,8	16 021,3

APPENDIX 4: EXCHANGE RATE INFORMATION

	2021	2020
Closing USD conversion rate	14,78	17,85
Average USD conversion rate	16,36	14,78
Closing GBP conversion rate	20,37	22,17
Average GBP conversion rate	21,29	18,80
Closing AUD conversion rate	11,22	10,98
Average AUD conversion rate	11,70	10,08

APPENDIX 5: SHAREHOLDINGS OF THE FOSCHINI GROUP LIMITED

ANALYSIS OF SHAREHOLDINGS

Compiled by JP Morgan Cazenove utilising the company's transfer secretaries' records as at 26 March 2021.

Spread analysis	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
1 – 1 000 shares	8 881	70,2	2 305 072	0,7
1 001 – 10 000 shares	2 667	21,1	7 849 469	2,4
10 001 – 100 000 shares	784	6,2	26 548 661	8,0
100 001 – 1 000 000 shares	251	2,0	67 930 087	20,5
1 000 001 shares and over	61	0,5	226 394 011	68,4
Total	12 644	100,0	331 027 300	100,0

DISTRIBUTION OF SHAREHOLDINGS

Category	Number of shares held	% of shares in issue
Unit trusts	121 368 342	36,7
Pension funds	105 415 941	31,8
Mutual fund	22 944 208	6,9
Insurance companies	21 731 313	6,6
Private investor	16 221 417	4,9
Sovereign wealth	15 831 335	4,8
Trading position	4 687 653	1,4
Exchange-traded fund	3 138 803	0,9
Corporate holding	2 949 151	0,9
Local authority	2 055 492	0,6
Medical aid scheme	1 278 086	0,4
University	1 075 720	0,3
Charity	521 870	0,2
Hedge fund	264 196	0,1
Foreign government	256 747	0,1
Custodians	83 368	–
Other	11 203 658	3,4
Total	331 027 300	100,0

BENEFICIAL SHAREHOLDINGS GREATER THAN 5%

Beneficial interests – direct and indirect, as per share register and information supplied by nominee companies as at 26 March 2021.

	Holding	% of shares in issue
Government Employees Pension Fund (PIC)	65 866 814	19,9
Alexander Forbes Investments	17 854 457	5,4
Total	83 721 271	25,3

Appendix 5: Shareholdings of The Foschini Group Limited continued

INVESTMENT MANAGEMENT SHAREHOLDINGS GREATER THAN 5%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of Section 56 of the Companies Act of South Africa, the following shareholders held directly and indirectly equal to or in excess of 5% of the issued share capital as at 26 March 2021.

	Holding	% of shares in issue
Public Investment Corporation (PIC)	51 074 438	15,4
Old Mutual Limited	33 874 406	10,2
Ninety One SA Proprietary Limited	31 924 240	9,7
Prudential Investment Managers	25 163 224	7,6
Fairtree Asset Management Proprietary Limited	22 172 886	6,7
Coronation Asset Management Proprietary Limited	21 118 461	6,4
Total	185 327 655	56,0

SHAREHOLDING SPREAD

Category	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
Public shareholders	12 280	97,1	253 592 771	76,6
Non-public shareholders	364	2,9	77 434 529	23,4
Government Employees Pension Fund (PIC)	8	0,1	65 866 814	19,9
Directors (company and major subsidiary)	12	0,1	4 174 003	1,2
Trust	1	–	1 180 343	0,4
Subsidiary	1	–	1 080 599	0,3
Employees of TFG	342	2,7	5 132 770	1,6
Total	12 644	100,0	331 027 300	100,0

GEOGRAPHICAL SPLIT OF BENEFICIAL SHAREHOLDERS

Region	Total shareholding	% of shares in issue
South Africa	245 417 698	74,2
USA and Canada	39 512 452	11,9
UK	10 695 317	3,2
Rest of Europe	19 454 703	5,9
Rest of world*	15 947 130	4,8
Total	331 027 300	100,0

* *Represents all shareholdings except those in the above regions.*

APPENDIX 6: VALUE-ADDED STATEMENT

	2021 Rm	%	2020 Rm	%
Retail turnover	32 950,3		35 323,3	
Paid to suppliers for goods and services	(27 180,2)		(24 066,9)	
Value added	5 770,1	100,0	11 256,4	100,0
Applied as follows:				
Employees				
Remuneration to employees	5 816,7	100,8	6 311,6	56,1
Providers of capital				
To lenders as finance charges	441,7	7,7	749,1	6,7
To shareholders as dividends	–	–	1 839,3	16,3
Taxation				
Taxation	515,9	8,9	923,4	8,2
Reinvested				
Reinvested in the Group to finance future expansion and growth	(1 004,2)	(17,4)	1 433,0	12,7
Employment of value added	5 770,1	100,0	11 256,4	100,0

APPENDIX 7: OUR BRANDS*

@home

@home is a premium homeware and furniture omnichannel retailer with a distinct, sophisticated style. They aim to deliver exceptional guest experience through their people and products, both in-store and online.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 25 years plus

Number of outlets
2021: 80 (2020: 85)

@homelivingspace

@homelivingspace is a premium homeware and furniture omnichannel retailer with a distinct, sophisticated style. They aim to deliver exceptional guest experience through their people and products, both in-store and online.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 25 years plus

Number of outlets
2021: 37 (2020: 35)

American Swiss

Fine Jewellers since 1896 creating jewellery that celebrates life's precious moments, with quality at the heart of everything we do.

Business segment
TFG Africa

Income category
Mid to upper market

Target audience
Men and women of all age groups

Number of outlets
2021: 236 (2020: 240)

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* *Number of outlets for smaller TFG Africa brands not shown separately = 14 (2020: 43).*
Number of outlets for TFG London in shared locations not shown separately = 2 (2020: 5).

Archive

Archive services a sneaker-conscious consumer and offers a selection of international brands, with a wide range of best level, limited editions and exclusives.

Business segment
TFG Africa

Income category
Mid to upper market

Target audience
Men and women aged 24 to 31

Number of outlets
2021: 27 (2020: 27)

Connor

Connor is one of the fastest growing on-trend menswear brands.

Business segment
TFG Australia

Income category
Value market

Target audience
Men aged 25 to 34

Number of outlets
2021: 175 (2020: 169)

Donna

Donna offers a range of plus-size apparel, footwear, lingerie and accessories, with a versatile end use to be able to dress up or down. All garments are developed to deliver a polished, smarter execution and engineered with curve expertise for fuller figured women.

Business segment
TFG Africa

Income category
Mid market

Target audience
Women of all age groups

Number of outlets
2021: 48 (2020: 75)

Appendix 7: Our brands continued

Exact

Exact offers great value everyday essentials and is renowned for its trend-appropriate range of quality, well-priced contemporary fashion for the whole family.

Business segment
TFG Africa

Income category
Value market

Target audience
Men, women, children and babies

Number of outlets
2021: 306 (2020: 307)

Foschini

Foschini offers good value smart, casual, denim, leisurewear, accessories, lingerie, footwear, cosmetics, fine jewellery and kidswear, and is renowned for its fashionable and contemporary clothing in a modern environment.

Business segment
TFG Africa

Income category
Mid market

Target audience
Women and children aged 18 to 40

Number of outlets
2021: 280 (2020: 302)

Fabiani

Fabiani is a luxury apparel brand that delivers on exceptional personalised customer experience by offering curated product collections, as well as a world-class store and online environment.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men aged 25 to 40

Number of outlets
2021: 35 (2020: 34)

Galaxy & Co

Discover a universe of fine fashion jewellery trends from Galaxy & Co, to wear your way, your style.

Business segment
TFG Africa

Income category
Value market

Target audience
Women and men aged 18+

Number of outlets
E-commerce only
www.galaxyandco.co.za

The FIX

Fast fashion at incredible value, The FIX is the destination for see-now, buy-now, wear-now fashion. Aligned to international fashion trends as they happen, fashion-forward customers look here to get their latest fashion fix.

Business segment
TFG Africa

Income category
Value market

Target audience
Women aged 18 to 25

Number of outlets
2021: 184 (2020: 184)

G-Star RAW

G-Star RAW offers authentic denimwear and is renowned for its fusion of high-level craftsmanship with street-level edge.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 20 to 35

Number of outlets
2021: 16 (2020: 16)

Appendix 7: Our brands continued

hi

Hi is uniquely positioned within retail spaces, to offer inspiration of style and self-expression through tech. They offer a range of connected lifestyle products and are renowned for their must-have mobile technology hardware and related accessories. This includes smartphones, laptops, tablets, TVs, gaming, audio, fitness and smart home accessories, as well as prepaid data and airtime.

Business segment
TFG Africa

Income category
Value to upper market

Target audience
Men and women of all age groups

Number of outlets
2021: 14 (2020: 12)

Hobbs

Hobbs is an emerging global affordable luxury brand with a track record of addressing the wardrobe needs of busy, modern women with a focus on luxurious fabrics and quality craftsmanship.

Business segment
TFG London

Income category
Upper market

Target audience
Women

Number of outlets
2021: 224 (2020: 249)

Jet

Jet was established in 1976 and has since pioneered the retail sector as a value fashion retailer that prides itself in selling value-for-money products across a wide assortment of the latest trends in clothing, shoes, accessories, beauty, homeware and cellular products.

Business segment
TFG Africa

Income category
Value market

Target audience
Families

Number of outlets
2021: 426

Johnny Bigg

Johnny Bigg is an on-trend big and tall menswear brand.

Business segment
TFG Australia

Income category
Mid market

Target audience
Men aged 25 to 34

Number of outlets
2021: 74 (2020: 70)

Markham

Markham offers on-trend smart and casual wear, including footwear, accessories and fragrances and is renowned for its youthful, current, vibrant store experience.

Business segment
TFG Africa

Income category
Mid market

Target audience
Men aged 18 to 35

Number of outlets
2021: 336 (2020: 336)

Phase Eight

Phase Eight offers stylish and contemporary daywear, bridal wear, occasion wear, evening wear, holiday wear and accessories and is renowned for its high-quality fabric used for an impeccable cut and fit.

Business segment
TFG London

Income category
Upper market

Target audience
Women aged 35 to 55

Number of outlets
2021: 438 (2020: 552)

Appendix 7: Our brands continued

Relay Jeans

Relay Jeans is a South African men's only specialty denim lifestyle brand. The brand is renowned for its youthful, on-trend product and specialist denim store experience.

Business segment
TFG Africa

Income category
Mid market

Target audience
Men aged 18 to 30

Number of outlets
2021: 49 (2020: 41)

Sneaker Factory

Sneaker Factory is a value branded sneaker destination constantly offering incredible deals to customers.

Business segment
TFG Africa

Income category
Value market

Target audience
Whole family

Number of outlets
2021: 21 (2020: 11)

RFO

RFO aims to offer the best value fashion for the whole family. They offer a range of footwear and apparel.

Business segment
TFG Africa

Income category
Value market

Target audience
Men, women and children

Number of outlets
2021: 16 (2020: 9)

SODA Bloc

SODA Bloc offers denim, tees, dresses, skirts, shorts, gadgets and stationery, shoes and accessories to kit out tweens and is renowned for its coolest fashion fits for their generation.

Business segment
TFG Africa

Income category
Mid market

Target audience
Boys and girls aged 2 to 14

Number of outlets
2021: 16 (2020: 24)

Rockwear

Rockwear is a differentiated on-trend women's athleisurewear brand.

Business segment
TFG Australia

Income category
Value market

Target audience
Women aged 25 to 34

Number of outlets
2021: 54 (2020: 50)

Sportscene

Sportscene offers sports-inspired streetwear that is trend-relevant. This includes footwear, apparel and accessories.

Business segment
TFG Africa

Income category
Mid to upper market

Target audience
Men and women aged 18 to 25

Number of outlets
2021: 287 (2020: 287)

Appendix 7: Our brands continued

Sterns

Since 1896, Sterns has provided customers with gifting solutions to celebrate important milestones in their lives.

Business segment
TFG Africa

Income category
Mid market

Target audience
Men and women of all age groups

Number of outlets
2021: 189 (2020: 192)

Whistles

Whistles offers contemporary fashion and is a shopping destination for the busy, dynamic woman, renowned for timeless pieces with an intelligent sense of design.

Business segment
TFG London

Income category
Upper market

Target audience
Women aged 30+

Number of outlets
2021: 137 (2020: 166)

Tarocash

Tarocash is a leading on-trend menswear apparel brand.

Business segment
TFG Australia

Income category
Mid market

Target audience
Men aged 25 to 34

Number of outlets
2021: 117 (2020: 118)

yd.

yd. is a leading fashionable younger menswear brand.

Business segment
TFG Australia

Income category
Mid market

Target audience
Men aged 18 to 24

Number of outlets
2021: 134 (2020: 127)

Totalsports

Totalsports offers athletes and sports enthusiasts a broad range of apparel, footwear and equipment from leading sports brands.

Business segment
TFG Africa

Income category
Mid to upper market

Target audience
Men and women of all age groups

Number of outlets
2021: 312 (2020: 317)

COMPANY INFORMATION AND SHAREHOLDERS' CALENDAR

COMPANY INFORMATION

THE FOSCHINI GROUP LIMITED

Registration number 1937/009504/06
JSE codes: TFG – TFGP
ISIN: ZAE000148466 – ZAE000148516

REGISTERED OFFICE

Stanley Lewis Centre
340 Voortrekker Road
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South Africa

HEAD OFFICE

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Telephone +27(0) 21 938 1911

COMPANY SECRETARY

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South Africa

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Johannesburg 2196
South Africa

AUDITORS

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ATTORNEYS

Edward Nathan Sonnenbergs Inc.

PRINCIPAL BANKER

FirstRand Bank Limited

TRANSFER SECRETARIES

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SHAREHOLDERS' CALENDAR

Financial year-end	31 March 2021
Integrated annual report publication date	30 July 2021
Annual general meeting (84th)	2 September 2021
Interim profit announcement (FY 2022)	11 November 2021

QUERIES REGARDING THIS REPORT CAN BE ADDRESSED TO:

D van Rooyen (Company Secretary)
Email: company_secretary@tfg.co.za

GREYMATTERFINCH # 15363

@home
THE HOMEWARE STORE

@homelivingspace
THE HOMEWARE STORE

AMERICANSWISS
FINE JEWELLERS SINCE 1896

ARCHIVE

CONNOR

donna

EXACT

FABIANI

THE FIX

FOSCHINI

GALAXY✶CO

G-STAR RAW

hi

HOBBS
LONDON

Jet

Johnny BIGG
BY TAROCASH

MARKHAM

Phase Eight

RJ RELAY JEANS

RFO
RENEGADE FASHION OUTLET

ROCKWEAR
ACTIVEWEAR SINCE 1991

SNEAKER
FACTORY

SODA BLOC

sportscene

STERNS
1896

TAROCASH

TOTALSPORTS

WHISTLES

yd.

WWW.TFGLIMITED.CO.ZA