

**The Foschini Group Limited**  
(Registration number 1937/009504/06)  
Audited annual financial statements  
for the year ended 31 March 2022

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Index

---

The reports and statements set out below comprise the audited annual financial statements presented to the shareholder:

<b>Index</b>	<b>Page</b>
Directors' Responsibility Statement	2
CEO and CFO Responsibility Statement	3
Directors' Report	4 - 6
Company Secretary's Certificate	7
Audit Committee Report	8 - 14
Independent Auditor's Report	15 - 17
Income Statement	18
Statement of Comprehensive Income	19
Statement of Financial Position	20
Statement of Changes in Equity	21
Cash Flow Statement	22
Accounting Policies	23 - 26
Notes to the Financial Statements	27 - 39

The following supplementary information does not form part of the financial statements and is unaudited:

Detailed Income Statement	40
---------------------------	----

### Preparer

These financial statements were prepared by the Centre of Excellence of The Foschini Group Limited under supervision of Bongwiwe Ntuli CA(SA), Chief Financial Officer (CFO) of the Foschini Group Limited.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Directors' Responsibility Statement

---

The directors are responsible for the preparation and fair presentation of the annual financial statements of The Foschini Group Limited, comprising the statement of financial position at 31 March 2022, the income statement, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and the notes to the financial statements which includes a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act No.71 of 2008 of South Africa.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedule included in these financial statements.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the foreseeable future.


The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with International Financial Reporting Standards.

### Approval of annual financial statements

The annual financial statements of The Foschini Group Limited were approved by the Supervisory Board on 29 July 2022 and signed by:



**Authorised Director**



**Authorised Director**

# The Foschini Group Limited

(Registration number 1937/009504/06)

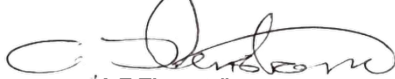
Annual financial statements for the year ended 31 March 2022

## CEO and CFO Responsibility Statement

---

Each of the directors, whose names are stated below, hereby confirm that:

- a) the consolidated annual financial statements set out on pages 18 to 39 fairly present in all material respects the financial position, financial performance and cash flows of The Foschini Group Limited in terms of IFRS;
- b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the consolidated annual financial statements false or misleading;
- c) internal financial controls have been put in place to ensure that material information relating to The Foschini Group Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of The Foschini Group Limited; and
- d) the internal financial controls are adequate and effective and can be relied upon in compiling the consolidated annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- e) where we were not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- f) we are not aware of any fraud involving directors.



**A E Thunström**  
*Chief Executive Officer*  
Authorised director

29 July 2022



**B Ntuli**  
*Chief Financial Officer*  
Authorised director

29 July 2022

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Directors' Report

---

The directors submit their report for the year ended 31 March 2022.

### 1. Review of activities

#### Nature of business

The Foschini Group Limited is a diverse group with a portfolio of 29 leading fashion retail brands – @home, @homelivingspace, American Swiss, Archive, Connor, Exact, Fabiani, The FIX, Foschini, Galaxy & Co., Granny Goose, G-Star RAW, Hi, Hobbs, Jet, Johnny Bigg, Markham, MyTFG World, Phase Eight, Relay Jeans, RFO, Rockwear, Sneaker Factory, Sports scene, Sterns, Tarocash, Totalsports, Whistles and yd. Our range of 29 retail brands offers clothing, jewellery, cellphones, accessories, cosmetics, sporting and outdoor apparel and equipment, homeware and furniture across value to upper market.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not, in our opinion require any further comment.

### 2. Authorised and issued share capital

At 31 March 2022, 1,1 (2021: 1,1) million shares are owned by a subsidiary of the company, 6,3 (2021: 5,3) million shares are held by employees of TFG in terms of share incentive schemes and 1,1 (2021: 1,2) million shares are owned by the share incentive trust. These were eliminated on consolidation. For further details of authorised and issued share capital, refer to note 8.

In the prior year, TFG implemented a fully underwritten, renounceable rights issue that raised gross proceeds of R3,95 billion. The rights issue consisted of an offer of 94 270 486 new TFG ordinary shares at a subscription price of R41,90 per rights issue share. The rights issue shares constitute 28,5% of TFG's post-rights issue ordinary share capital. The net proceeds raised amounted to R3,8 billion.

### 3. Dividends

#### Interim ordinary

The directors declared a dividend of 170,0 (2021: No interim dividend) cents per ordinary share, which was paid on Monday, 10 January 2022 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 7 January 2022.

#### Final ordinary

The directors declared a final dividend of 330,0 (2021: No final dividend) cents per ordinary share, payable on Monday, 25 July 2022, to ordinary shareholders recorded in the books of the company at the close of business on Friday, 22 July 2022.

#### Preference

The company paid the following dividends to holders of 6,5% cumulative preference shares:

19 September 2021 - R13 000 (21 September 2020 - R13 000)

14 March 2022 - R13 000 (15 March 2021 - R13 000)

### 4. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality
R Stein (independent non-executive)	South African
A D Murray (non-executive)	British
N V Simamane (independent non-executive)	South African
M Lewis (Chairman) (independent non-executive)	British
Prof. F Abrahams (independent non-executive)	South African
E Oblowitz (independent non-executive)	South African
D Friedland (independent non-executive)	South African
C Coleman (independent non-executive)	South African
B L M Makgabo-Fiskerstrand (independent non-executive)	South African
A E Thunström (CEO) (executive)	South African
G H Davin (independent non-executive)	South African
B Ntuli (CFO) (executive)	South African

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Directors' Report

---

### Changes to directors in the current financial year

During the year, the following changes took place, as was communicated on the Stock Exchange News Service (SENS) on 2 July 2021:

- S E Abrahams retired from the Board of TFG with effect from 2 September 2021, following the conclusion of the Company's annual general meeting.
- In terms of the Company's Memorandum of Incorporation (MOI), the following directors will retire by rotation at the Annual General Meeting (AGM) to be held on 8 September 2022, being eligible, offer themselves for re-election as directors:

M Lewis

A D Murray

C Coleman

G H Davin

For details of directors' interests in the company's issued shares, refer to note 8. Details of directors' remuneration are set out in note 13.

### 5. Secretary

The secretary of the company is D van Rooyen.

Business address

Stanley Lewis Centre  
340 Voortrekker Road  
Parow East  
Cape Town  
7500

Postal address

P O Box 6020  
Parow East  
Cape Town  
7501

### 6. Interest in subsidiaries

The names of, and certain financial information relating to the company's key subsidiaries are set out in note 5.

The total profits (losses) of consolidated subsidiaries after elimination of intra-group transactions are as follows:

Earnings of subsidiaries	2022	2021
	R'm	R'm
Profits	2 975,3	2 015,5
Losses	(65,8)	(3 877,3)
Net consolidated profit (loss) after taxation	<u>2 909,5</u>	<u>(1 861,8)</u>

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Directors' Report

---

### 7. Special resolutions

On 2 September 2021, shareholders passed the following special resolutions:

- The remuneration to be paid to non-executive directors for the period 1 October 2021 to 30 September 2022; and
- That the company may provide direct or indirect financial assistance to a related or interrelated company or corporation provided that such financial assistance may only be provided within two (2) years from the date of the adoption of the special resolution and subject further to Sections 44 and 45 of the Companies Act.

### 8. Events after the reporting period

Details are reflected in note 21.

### 9. Going concern

These annual financial statements have been prepared on the going concern basis.

The cash flows and liquidity projections for the company have been prepared for a period exceeding twelve months from the reporting date.

The board has performed a review of the company's ability to continue trading as a going concern in the foreseeable future and, based on this review, the directors are satisfied that the company is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

Details surrounding the impact of COVID-19 are reflected in note 21 and going concern in note 22.

### 10. Auditors

The company's external auditors are Deloitte & Touche and the designated auditor is Mr JHW de Kock.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Company Secretary's Certificate

---

I certify that The Foschini Group Limited has lodged with the Companies and Intellectual Property Commission (CIPC) all returns as required by a public company in terms of the Companies Act of South Africa (as amended), and that all such returns appear to be true, correct and up to date.

**D van Rooyen**

*Company Secretary*

29 July 2022



# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Audit Committee Report

---

The Audit Committee is pleased to present its report for the financial year ended 31 March 2022 to the shareholders of TFG. This report complies with the Companies Act of South Africa, the JSE Listings Requirements, King IV and any other relevant requirements.

- Meeting attendance for the committee members is set out on page 110 of the integrated annual report (IAR). 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 of the integrated annual report.
- 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 2022 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, at predetermined dates, usually before the holding of the various committee meetings, as well as on an ad hoc basis throughout 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 verbal and written reports to the Supervisory Board that summarise the committee's discussions, findings and recommendations.

The committee held three formal meetings during the 2022 financial year. As part of the Group's governance structures, there is also a joint Audit and Risk Committee for TFG London and TFG Australia. The committees for TFG London and TFG Australia 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 all 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.

### MEMBERS AND APPOINTMENT DATES

E Oblowitz (Chairman)	1 October 2010
D Friedland	1 April 2016
BLM Makgabo-Fiskerstrand	1 October 2015
NV Simamane	24 February 2010
R Stein	1 August 2020

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Audit Committee Report

---

The CEO, the CFO, the Head of Enterprise Risk Management, the Head of Internal Audit, the Company Secretary and the partner and senior members of the external auditors team attended meetings of the committee by way of standing invitations. Additional attendees during the 2022 financial year included non-executive directors Mr S E Abrahams (who retired from the Supervisory Board with effect from 2 September 2021), 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, section 3.84(g)(iii) of the Listings Requirements and any other legislation and/or regulations;
- 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 to establish that there are 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 annual 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 of 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 these are operating effectively;
- 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, prior to their implementation, 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 of 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 and its related activities.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Audit Committee Report

---

### Financial results

- to consider any accounting treatments, significant, unusual, sensitive 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 validity of 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/or any other relevant reports issued by the JSE to audit committees 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 and/or any 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 subcommittees) was followed in the 2021 financial year. Action plans are in place to address the relevant key themes emanating from that evaluation.

### ELECTION OF COMMITTEE MEMBERS

The following changes to the committee have been made and will be included in the proposal to shareholders at the upcoming annual general meeting (AGM):

- Mr R Stein will step down as a member of the Audit Committee
- Mr G H Davin will be appointed as a member of the Audit Committee

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  
G H Davin

### 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 designated partner, for the year ending 31 March 2023; being satisfied that both Deloitte and Mr J H W de Kock 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 prior to the provision of such non-audit services;
- 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 that fall within the remit of the committee's charter;
- making submissions to the Supervisory Board on any matter concerning the Group's accounting policies, financial controls, records and financial reporting; and
- performing any 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
- reviewing of control self-assessments performed by management.

During the current financial year, partial deficiencies in the design and operational effectiveness of certain internal controls were presented to the committee together with the relevant compensating controls and additional procedures performed. A formal remediation plan was developed and all significant matters had been satisfactorily remediated by the end of the financial year.

The committee considered the deficiencies identified, the status of the remedial actions undertaken and management's reliance on compensating controls and additional review procedures performed, and noted the contents of the CEO and CFO final attestation. The committee is of the opinion that none of these deficiencies had a material impact on the financial reporting processes and that TFG's system of internal financial controls and financial reporting procedures are effective and form a basis for the preparation of reliable financial statements in respect of the 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 annual financial statements.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Audit Committee Report

---

In addition, during the 2022 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 methodologies with digital enablement and associated interventions. This enablement facilitates the increased automation of processes; enhanced generation of more risk-focused assurance and related insights and reporting through the implementation of a suite of 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.

Internal audit continues to develop and refine its auditing approach and methodologies with digital enablement and associated interventions. This enablement facilitates the increased automation of processes; enhanced generation of more risk-focused assurance and related insights and reporting through the implementation of a suite of 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.

During the financial year under review Mr R Kusel was appointed Group Head of Internal Audit with effect from 1 September 2021. Prior to this date, Ms C van der Vyver, the Head of Group Assurance, was care taking the role as part of a broader restructure of the internal audit function.

The committee believes that both Mr R Kusel and Ms C van der Vyver possess the appropriate expertise, skills and experience to meet their responsibilities in that position and that the internal audit function was functioning and performing effectively throughout the year under review.

### COMBINED ASSURANCE

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

### 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 reciprocally, the Chairman of the Risk Committee is also an invitee to this committee. This reciprocal cross membership ensures the ongoing alignments 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 information management and technology 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 continual improvements in the development of ERM methodologies which further enhance the Group's overall risk management coverage and focus.

Read more about our risk management approach in the Risk Committee report on page 119 of the integrated annual report.

### TFG INTERNATIONAL OPERATIONS

The joint international Audit and Risk Committees continue to play an important role in the governance oversight of the Group as well as TFG London and TFG Australia. The TFG London joint Audit and Risk Committee is chaired by Mr R Stein whilst the TFG Australia joint Audit and Risk Committee is chaired by Mr E Oblowitz. These committees typically 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 compiles assurance plans responsive to the significant risks identified and appropriate assurance reviews and audits were conducted during the year to assess those risks. No major concerns surfaced from the internal audit work undertaken.

### THE FINANCIAL AND BUSINESS ENVIRONMENT

#### TRADING ENVIRONMENT

The financial year under review was characterised by a strong post-COVID-19 recovery as the majority of the Group's outlets traded strongly, especially in the last two quarters of the financial year. The improvement in trading was supported by the continued easing of government-enforced lockdowns and restrictions in all three of our major trading territories and by the impetus of the global vaccine drive.

The strong financial results for the year were achieved in spite of the impact of civil unrest and riots in certain parts of South Africa during July 2021, the severe lockdown restrictions still experienced in Australia in the second quarter and the severe disruptions caused through ongoing implementation by Eskom of load shedding across all provinces in South Africa.

As previously announced on the JSE Stock Exchange News Service (SENS), 198 South African stores were looted and damaged to varying degrees by the civil unrest experienced in the KwaZulu-Natal province and parts of the Gauteng province. The Group reopened 174 of these stores by the end of March 2022. The remainder of the stores will only reopen from June 2022 onwards and two stores will not be reopened. SASRIA payments of R541 million (VAT inclusive) have been received to date.

The financial year was also characterised by the following circumstances and events:

- Prioritising the safety and wellbeing of our employees, customers and suppliers.
- The Group remaining cautiously conservative with its credit lending criteria in South Africa given the prevailing economic conditions.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Audit Committee Report

---

- The successful completion of a number of acquisitions in the local manufacturing sector in South Africa, thereby securing increased manufacturing capacity to support the Group's strong localised, quick response supply chain and sourcing model, which provided mitigation against international supply chain disruptions.
- The acquisition of Quench, a digital, on-demand shopping platform and last mile delivery provider. The addition of Quench to TFG's existing portfolio of brands enhances TFG's strategic intent of expanding its position as a dominant omnichannel retailer in Africa.
- The Group entered into a sale and purchase agreement to acquire the entire issued share capital of Tapestry Home Brands. Tapestry is a direct-to-consumer, vertically integrated designer, manufacturer and omnichannel cash retailer of home furnishings serving consumers' living and sleeping needs, targeting the middle to upper LSM markets. The transaction seeks to provide TFG with exposure to new and diverse products and categories as well as gaining new customers to complement the current TFG customer base in existing categories. The transaction is in line with TFG's stated strategy of vertical integration in key product categories and the continued development of its quick response local manufacturing capability. The transaction is still subject to the fulfilment of a number of conditions precedent, one being approval from the relevant competition authorities and the Takeover Regulation Panel.

### ACCOUNTING MATTERS

#### Accounting for the impact of the civil unrest in South Africa

As indicated above, TFG Africa was impacted by the week of civil unrest which took place in the KwaZulu-Natal and Gauteng provinces in South Africa during July 2021.

The Group has raised a receivable of R150 million for the year ended 31 March 2022 to recover for the losses of profit due to the business interruption, which is included within sundry income. The total receivable outstanding as at the end of the current financial year amounts to R230 million.

As the insurance income relating to damages is linked directly to expenses incurred due to the riot, the Group has included both the income and expenses relating to losses within other operating expenses. The Group performed an assessment to identify if the losses related to store assets should be capitalised or treated as repairs and maintenance based on the nature of the damages incurred at a store level. The inventory losses have been included under other operating expenses as the Group determined this to be an abnormal expense in terms of IAS 2.38, which is directly linked to the insurance income.

Insurance claims receivable: Significant judgement is required in assessing the virtual certainty of the recoverability of insurance claims receivable resulting from the civil unrest in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Although the Group is adequately insured for loss of assets and business interruption, this assessment was supported by the progression of the discussion with the insurer and their representatives, the payments received to date, market confidence provided regarding their commitment and financial ability of the insurer to settle outstanding claims.

Further detail is provided on page 76 of the consolidated annual financial statements.

The external auditors as well as executive management and the Audit Committee members have reviewed these calculations, assumptions and significant judgements and the Audit Committee is satisfied with the accounting treatment and related disclosures included in the annual financial statements.

#### Provision for doubtful debts

As is set out on page 62, full details of the 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 the level of the provision carried is appropriate responsive to the determining assumptions in South Africa, Australia and the UK, respectively.

#### Inventory

The inventory provisioning methodology is consistent with that of the previous financial year and given the prevailing and forecasted macroeconomic and the individual jurisdictional specific conditions, inventory provisions remain at levels which are commercially sensible. After considered debate and review of the external and internal auditors' reports, together with detailed operational inputs from senior executives and brand leaders, the Audit Committee is satisfied that the value of inventory reflected on the statement of financial position at 31 March 2022 is fairly stated.

#### Losses from crime-related incidents

Commensurate with other commercial enterprises, although the Group continues to suffer from crime-related incidents in South Africa, our specialist Forensics department continues making progress in proactively limiting losses and assisting the law enforcement agencies in their attempts to bring 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 stress-testing valuation scenarios to the carrying values of intangibles in TFG Africa, TFG Australia and TFG London, respectively.

As a result of the strong post-COVID-19 recovery, all three trading territories continued to trade ahead of management expectations and delivered strong levels of profitability and cash flow generation in the 2022 financial year.

Following the review of the carrying values of the intangibles, it was concluded that the relevant operations had adequate headroom to sustain the current carrying value of intangibles.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Audit Committee Report

---

### EXTERNAL AUDITORS

The Group's external auditors are Deloitte & Touche and the designated partner is Mr J H W de Kock.

Deloitte & Touche is afforded unrestricted access to the Group's records and management, and were free to present any issues arising from their conduct of the annual audit to the committee. In addition, the designated partner, where necessary, has unrestrained opportunity to raise any 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 remained independent of the Group and executive and senior management throughout the conduct of their audit and therefore able to express an independent opinion on the Group's consolidated annual financial statements. The committee specifically considered Deloitte & Touche's tenure (five years) and the nature and extent of non-audit services rendered. Non-audit services totalling R3,6 million were provided during the current year (2021: R4,6 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 2023 financial year, having satisfied itself (by obtaining and reviewing the information specified in Paragraph 22.15(h) of the JSE Listings Requirements), inter alia, that:

- 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 annual 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 for the ensuing year.

As recommended by King IV the committee has concentrated primarily on the following financial captions with the actions taken to address the risks listed:

#### Goodwill and intangible impairment assessment

- The Audit Committee specifically considered the recoverable amount of the Group's goodwill and intangible assets using the value-in-use technique. The assumptions and estimates used were supported by comprehensive calculations, analyses, forecasts and assumptions as prepared by management.
- The Audit Committee received timely and appropriate presentations from management. In addition, management received inputs 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 that no impairments are required in respect of the Group's goodwill and intangible assets.

#### Recovery of trade receivables

- During the year, the committee received detailed presentations from the Group director responsible for credit on the processes and procedures undertaken in controlling the granting of credit as well as the optimisation of the collection of receivables. These reports detailed trends in the credit environment, recoveries, bad debt write-offs and other relevant patterns 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. Appropriate discussions took place on their work undertaken and their findings.

#### Inventory

The Audit Committee members received monthly summarised CEO reports, the commentary of 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 provided the Audit Committee with regular updates in terms of the level of inventory provisioning.

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 during the year by the Risk Committee.

The external auditors provided a detailed year-end report on their work undertaken in their satisfaction of this financial caption being fairly stated.

### INTEGRATED ANNUAL REPORT

The committee fulfils an oversight role in respect of the contents 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 at this stage, obtaining any independent assurance would not be required.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Audit Committee Report

---

The committee considered the sustainability information as disclosed in the integrated annual report, assessed its consistency with the consolidated annual financial statements and Inspired Living Report and is satisfied that the sustainability information is in no way contradictory to information 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 the CFO, Ms B Ntuli, 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 current senior incumbents 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 and attendees, the CEO, CFO and executives, management and the Deloitte & Touche engagement team for their continuing efforts, assistance, guidance and support rendered to me and to this committee during the year under review.

### **APPROVAL**

The committee recommended the approval of the consolidated annual financial statements and the integrated annual report for the year ended 31 March 2022 to the Supervisory Board on 29 July 2022.

The Supervisory Board subsequently approved the consolidated annual financial statements and the integrated annual report for the year ended 31 March 2022, which will be tabled and open for discussion at the forthcoming AGM.

---

**E Oblowitz**

***Chairman: Board Audit Committee***

**29 July 2022**

## INDEPENDENT AUDITOR'S REPORT To the Shareholders of The Foschini Group Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of The Foschini Group Limited (the Company) set out on pages 18 to 39, which comprise the Statement of Financial Position as at 31 March 2022, and the Income Statement, Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS's) and the requirements of the Companies Act of South Africa.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statements section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

There are no key audit matters pertaining to the company financial statements. The group key audit matters have been disclosed in the consolidated annual financial statements.

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Foschini Group Limited Audited Annual Financial Statements for the year ended 31 March 2022" which includes the Directors' Responsibility Statement, Directors' Report, Company Secretary's Certificate and Audit Committee Report, as required by the Companies Act of South Africa, and the CEO and CFO Responsibility Statement and the Detailed Income statement, which we obtained prior to the date of this report.

The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of the Directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

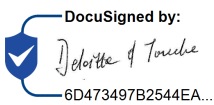
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters,

where applicable. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of The Foschini Group Limited for 5 years.



### Deloitte & Touche

Registered Auditor  
Per: JHW de Kock  
Partner

29 July 2022

Unit 11 Ground Floor  
La Gratitude  
97 Dorp Street  
Stellenbosch 7600

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Income Statement

	Notes	2022 R	2021 R
Revenue	2	313 464 262	276 087 605
Operating expenses		(54 185 871)	(2 192 478 319)
<b>Profit (loss) from operations</b>		<b>259 278 391</b>	<b>(1 916 390 714)</b>
Other income		827	779
<b>Profit (loss) before taxation</b>	3	<b>259 279 218</b>	<b>(1 916 389 935)</b>
Taxation	4	(69 007 443)	(43 746 251)
<b>Profit (loss) for the year</b>		<b>190 271 775</b>	<b>(1 960 136 186)</b>

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Statement of Comprehensive Income

	2022 R	2021 R
<b>Profit (loss) for the year</b>	<b>190 271 775</b>	<b>(1 960 136 186)</b>
Other comprehensive income	-	-
<b>Total comprehensive profit (loss) for the year</b>	<b>190 271 775</b>	<b>(1 960 136 186)</b>

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Statement of Financial Position

	Notes	2022 R	2021 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment in subsidiaries	5	5 417 233 515	5 213 352 364
Loans to group companies	6	571 530 311	527 934 138
		<b>5 988 763 826</b>	<b>5 741 286 502</b>
<b>Current Assets</b>			
Other receivables		140 182	140 182
Taxation receivable		-	4 159 294
Loans to group companies	6	3 363 205 873	3 910 290 144
Cash and cash equivalents	7	2 535 207	3 434 497
		<b>3 365 881 262</b>	<b>3 918 024 117</b>
<b>Total Assets</b>		<b>9 354 645 088</b>	<b>9 659 310 619</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	8	4 537 841	4 537 841
Share premium	8	7 905 290 784	7 905 290 784
Dividend reserve	9	1 092 390 090	-
Retained earnings		266 705 395	1 726 694 092
<b>Total Equity</b>		<b>9 268 924 110</b>	<b>9 636 522 717</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	84 245 405	21 887 652
Loans from group companies	6	900 250	900 250
Taxation payable		575 323	-
		<b>85 720 978</b>	<b>22 787 902</b>
<b>Total Equity and Liabilities</b>		<b>9 354 645 088</b>	<b>9 659 310 619</b>

## The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial Statements for the year ended 31 March 2021

### Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Dividend reserve	Retained earnings	Total equity
	R	R	R	R	R	R
<b>Balance at 31 March 2020</b>	<b>3 359 460</b>	<b>4 098 218 049</b>	<b>4 101 577 509</b>	-	<b>3 686 856 278</b>	<b>7 788 433 787</b>
Loss for the year	-	-	-	-	(1 960 136 186)	(1 960 136 186)
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	-	<b>(1 960 136 186)</b>	<b>(1 960 136 186)</b>
Share capital issued and share premium raised (note 8)	1 178 381	3 807 072 735	3 808 251 116	-	-	3 808 251 116
Dividends	-	-	-	-	(26 000)	(26 000)
<b>Balance at 31 March 2021</b>	<b>4 537 841</b>	<b>7 905 290 784</b>	<b>7 909 828 625</b>	-	<b>1 726 694 092</b>	<b>9 636 522 717</b>
Profit for the year	-	-	-	-	190 271 775	190 271 775
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	<b>190 271 775</b>	<b>190 271 775</b>
Dividends	-	-	-	-	(557 870 382)	(557 870 382)
Transfer to dividend reserve	-	-	-	1 092 390 090	(1 092 390 090)	-
<b>Balance at 31 March 2022</b>	<b>4 537 841</b>	<b>7 905 290 784</b>	<b>7 909 828 625</b>	<b>1 092 390 090</b>	<b>266 705 395</b>	<b>9 268 924 110</b>

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Cash Flow Statement

	Notes	2022 R	2021 R
<b>Cash flows from operating activities</b>			
Operating profit before working capital changes		(54 185 044)	(29 775 971)
Movement in working capital		62 357 753	10 573 824
Cash generated from (utilised in) operations	11	8 172 709	(19 202 147)
Interest income		194 561 519	150 703 744
Taxation paid	12	(64 272 826)	(43 910 033)
Dividends received		75 306 570	125 383 861
Dividends paid		(557 870 382)	(26 000)
<b>Net cash (outflows) inflows from operating activities</b>		<b>(344 102 410)</b>	<b>212 949 425</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment in subsidiary companies		(203 881 151)	(2 759 192)
Decrease (increase) in loans to group companies		547 084 271	(4 020 547 444)
<b>Net cash inflows (outflows) from investing activities</b>		<b>343 203 120</b>	<b>(4 023 306 636)</b>
<b>Cash flows from financing activities</b>			
Decrease in loans from group companies		-	(3 709 747)
Net proceeds from rights issue	8	-	3 808 251 116
<b>Net cash inflows from financing activities</b>		<b>-</b>	<b>3 804 541 369</b>
<b>Net decrease in cash and cash equivalents during the year</b>		<b>(899 290)</b>	<b>(5 815 842)</b>
Cash and cash equivalents at the beginning of the year		3 434 497	9 250 339
<b>Cash and cash equivalents at the end of the year</b>	7	<b>2 535 207</b>	<b>3 434 497</b>

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Accounting Policies

---

### 1. Reporting entity

The Foschini Group Limited (the "company") is a company domiciled and incorporated in South Africa. The address of the company's registered office is Stanley Lewis Centre, 340 Voortrekker Road, Parow East, Cape Town, 7500, South Africa.

#### 1.1 Basis of preparation

##### Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act No. 71 of 2008 of South Africa. The accounting policies applied in preparation of these financial statements are in terms of IFRS and consistent with those applied in the previous financial statements.

The financial statements were authorised for issue by the directors on 29 July 2022.

##### Basis of measurement

The financial statements are prepared on the going concern and historical cost basis, except where otherwise stated.

##### Functional and presentation currency

The financial statements are presented in South African Rands, which is the company's functional currency. The financial statements have been rounded to the nearest Rand.

#### 1.2 Dividends

Dividend distributions are accounted for in the period when the dividend is declared. Dividends declared on equity instruments after the reporting date, are accordingly not recognised as liabilities at the reporting date. Final dividends declared after the reporting date, are however, transferred to a dividend reserve. The company has chosen to classify dividend income and dividends paid as operating activities in the cash flow statement.

#### 1.3 Employee benefits

##### Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to wages, salaries, annual and sick leave represent the amount which the company has a present obligation to pay as a result of employees' services provided to the reporting date. The short-term employee benefits have been calculated at undiscounted amounts based on current wage and salary rates and expensed when incurred.

#### 1.4 Financial instruments

A financial instrument is recognised when the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial asset that is created or retained by the company is recognised as a separate asset or liability.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

##### Non-derivative financial instruments

Non-derivative financial instruments recognised in the statement of financial position include cash and cash equivalents, other receivables, loans to and from group companies and trade and other payables.

##### Initial measurement

Financial instruments are initially recognised at fair value plus any directly attributable transaction costs. Except in the case of financial assets measured at fair value through profit or loss (FVTPL) where, transaction costs are recognised in profit or loss. Subsequent to initial recognition, financial instruments are measured as described below.



# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Accounting Policies

---

### 1.4 Financial instruments (continued)

Financial assets are classified and measured on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Company determines the business model at a level that reflects how categories of financial assets are managed together to achieve a particular business objective. The Company performs a continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate. If the business model is no longer appropriate, a prospective change to the classification of those assets is considered.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and amounts held on deposit at financial institutions. Cash and cash equivalents is measured at amortised cost, based on the relevant exchange rates at reporting date.

#### Loans to group companies

The loans to group companies is held with an objective to collect contractual cash flows and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial measurement, loans are measured at amortised cost using the effective interest method, less any accumulated impairment losses.

#### Other receivables

Other receivables are classified at amortised cost using the effective interest method, less any accumulated impairment losses.

#### Financial liabilities measured at amortised cost

Non-derivative financial liabilities including loans from group companies and trade and other payables are recognised at amortised cost, comprising original debt less principal payments and amortisations.

The fair value of non-derivative financial liabilities determined for disclosure purposes is estimated based on the present value of future principal and interest cash flows discounted at the relevant market rate of interest for a similar instrument at the reporting date.

#### Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified the company assesses whether this modification results in derecognition. In accordance with the company's policy, a modification results in derecognition when it gives rise to substantially different terms and resultant cash flows, to those applicable at initial recognition.

The company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay in respect thereof. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received thereon.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in other comprehensive income (OCI) and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

#### Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Accounting Policies

---

### 1.5 Share capital

#### Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share instruments are recognised as a deduction from equity, net of any tax effects.

#### Preference share capital

Preference share capital is classified as equity. Dividends thereon are recognised as distributions within equity.

### 1.6 Impairment of assets

#### Non-derivative financial assets

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can objectively be related to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, and the amortised cost is presented on the face of the statement of financial position.

#### Non-financial assets

The carrying values of the company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 1.7 Investment in subsidiaries

Investment in subsidiary companies are carried at cost less accumulated impairment losses. Acquisition costs relating to investments are expensed in profit or loss.

### 1.8 Revenue

Revenue is defined as the sum of the items described in further detail below:

#### Interest income

Interest income from loans to group companies is recognised as interest income in the income statement using the effective interest method.

#### Dividends income

Dividends received on equity instruments are recognised in profit or loss when the right to receive payment is established.

### 1.9 Taxation

Income tax expense comprises current as well as dividend tax (where relevant).

Income tax expense is recognised in profit or loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or in equity, in which case it is recognised in other comprehensive income or equity as appropriate. Current tax is the expected taxation payable, calculated on the basis of taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of taxation payable for previous years.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Accounting Policies

---

### 1.9 Taxation (continued)

Deferred taxation is recognised in respect of temporary differences between the tax base of an asset or liability and its carrying amount. Deferred taxation is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred taxation is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

Deferred taxation assets are recognised for all deductible temporary differences and assessed losses to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and assessed losses can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The company withholds dividends tax on behalf of its shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised directly as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity. Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholding tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

### 1.10 Significant judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements made in applying the company's accounting policies, that potentially have a significant effect on the amounts recognised in the financial statements are as follows:

#### Impairment assessment of loans and investments

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumption may change which may then impact our estimations and may then require a material adjustment.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 R	2021 R
<b>2. Revenue</b>		
<b>Dividends received</b>		
Subsidiary companies	75 306 570	125 383 861
<b>Interest income</b>		
Bank	1 385 378	389 840
Subsidiary companies (loans to subsidiary companies)	236 772 314	150 313 904
	<b>238 157 692</b>	<b>150 703 744</b>
	<b>313 464 262</b>	<b>276 087 605</b>
<b>3. Profit before taxation includes the following significant income and expenditure items:</b>		
<b>Income</b>		
Dividends received	75 306 570	125 383 861
Interest income:		
- group companies	236 772 314	150 313 904
	<b>312 078 884</b>	<b>275 697 765</b>
<b>Expenses</b>		
Auditor's remuneration	360 650	340 236
Acquisition costs	36 782 049	-
Directors' fees	11 278 602	11 241 003
Impairment of investment in subsidiaries	-	2 162 467 350
Impairment of intercompany loan	-	234 220
	<b>48 421 301</b>	<b>2 174 282 809</b>
<b>4. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>South African current taxation</b>		
Current year	51 512 342	(571 696 662)
Prior year under provision	1 922 922	-
<b>South African deferred taxation</b>		
Non-deductible expenses*	11 472 097	609 342 771
	-	-
<b>Dividends withholding tax</b>	<b>4 100 082</b>	<b>6 100 142</b>
	<b>69 007 443</b>	<b>43 746 251</b>
<b>Reconciliation of tax rate</b>		
Effective tax rate	26,62 %	(2,28)%
Exempt income - dividends received	8,13 %	(1,83)%
Non-deductible expenditure	(4,43)%	0,78 %
Dividend withholding tax	(1,58)%	0,32 %
Prior year under provision	(0,74)%	- %
Intercompany investment write off	- %	31,02 %
<b>Standard taxation rate</b>	<b>28,00 %</b>	<b>28,00 %</b>

\* Non-deductible expenses relate predominantly to acquisition costs.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

		2022 R	2021 R
<b>5. Investment in subsidiaries</b>			
	<b>Country of incorporation</b>		
Customer Arrear Solutions (Pty) Ltd	South Africa	18 200	18 200
Fashion Retailers (Pty) Ltd	Namibia	250 006	250 006
Fashion Retailers (Zambia) Limited	Zambia	54 145 150	54 145 150
Foschini Finance (Pty) Ltd	South Africa	6	6
Foschini (Lesotho) (Pty) Ltd	Lesotho	1 000	1 000
Foschini Retail Group (Pty) Ltd (refer to note 2 below)	South Africa	102 500 002	102 500 002
Foschini Services (Pty) Ltd (refer to note 6 below)	South Africa	-	10
Foschini Stores (Pty) Ltd	South Africa	1	1
Foschini (Swaziland) (Pty) Ltd	Eswatini	50 002	50 002
TFG Retailers Proprietary Limited	Australia	2 887 633 062	2 887 633 062
Dress Holdco A Limited (refer to note 5 below)	United Kingdom	2 167 788 698	2 167 788 698
TFG Apparel Supply Company (Pty) Ltd	South Africa	1	1
Dormant and non-trading entities		966 226	900 016
Prestige Clothing (Pty) Ltd	South Africa	10	10
What U Want To Wear (Pty) Ltd (refer to note 6 below)	South Africa	-	66 200
Cotton Traders (Pty) Ltd (refer to note 3 below)	South Africa	45 000 000	-
Quench Delivery (Pty) Ltd (refer to note 4 below)	South Africa	158 881 151	-
		<b>5 417 233 515</b>	<b>5 213 352 364</b>

### Notes

- The company owns, directly, all the ordinary shares in the subsidiaries listed above.
- Included is an amount of R102,5 (2021: R102,5) million representing the fair value of 102 500 R1 preference shares issued on 28 February 2002. The directors' valuation thereof at 31 March 2022 is R102,5 (2021: R102,5) million.
- During the year, the company acquired Cotton Traders for a consideration of R45,0 million, which is the manufacturing arm of Granny Goose.
- The company acquired Quench, with effect from 3 December 2021 for a consideration of R141,8 million.
- During the prior year, the investment in Dress Holdco A Limited has been impaired by R2 122,9 million.
- Foschini Services and What U Want to Wear have been included in the dormant and non-trading entities line item in the 2022 financial year.

A schedule of the above is available on request from the registered office of the company.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 R	2021 R
<b>6. Loans to (from) group companies</b>		
<b>Subsidiaries</b>		
Foschini Retail Group (Pty) Ltd This loan is unsecured, bears interest at rates determined from time to time and no fixed terms of repayment have been determined.	3 325 901 821	3 783 218 558
TFG Apparel Supply Company (Pty) Ltd This loan is unsecured, with no fixed repayment terms and is interest free.	-	40
Dress Holdco A Limited This loan is unsecured, bears interest monthly at a rate determined by the contract and is repayable on demand, but within limitations of the contract agreement.	571 530 311	527 934 138
Simply Finance (Pty) Ltd This loan is unsecured, with no fixed repayment terms and is interest free.	(10)	(10)
Simply Finance (Pty) Ltd This loan is unsecured, with no fixed repayment terms and is interest free.	-	127 000 000
Fashion Retailers Australia (Pty) Ltd This loan is unsecured, with no fixed repayment terms and is interest free.	71 546	71 546
Foschini Property Holdings (Pty) Ltd This loan is unsecured, with no fixed repayment terms and is interest free.	(900 000)	(900 000)
Cotton Traders (Pty) Ltd This loan is unsecured, with no fixed repayment terms and is interest free.	24 000 000	-
Quench (Pty) Ltd This loan is unsecured, with no fixed repayment terms and is interest free.	13 232 506	-
Other This loan is unsecured with, no fixed repayment terms and is interest free.	(240)	(240)
	<b>3 933 835 934</b>	<b>4 437 324 032</b>
Non-current assets	571 530 311	527 934 138
Current assets	3 363 205 873	3 910 290 144
Current liabilities	(900 250)	(900 250)
	<b>3 933 835 934</b>	<b>4 437 324 032</b>
<b>7. Cash and cash equivalents</b>		
Bank balances	2 535 207	3 434 497

The company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 18.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 R	2021 R
<b>8. Share capital</b>		
<b>Authorised</b>		
600 000 000 (2021: 600 000 000) ordinary shares of 1,25 cents each	7 500 000	7 500 000
200 000 (2021: 200 000) 6,5% cumulative preference shares of R2 each	400 000	400 000
	<b>7 900 000</b>	<b>7 900 000</b>
<b>Issued</b>		
331 027 300 (2021: 331 027 300) ordinary shares of 1,25 cents each <sup>^</sup>	4 137 841	4 137 841
200 000 (2021: 200 000) 6,5% cumulative preference shares of R2 each	400 000	400 000
Share premium	7 905 290 784	7 905 290 784
	<b>7 909 828 625</b>	<b>7 909 828 625</b>

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

### Distribution and voting rights

The holders of ordinary shares are entitled to receive distributions as declared from time to time and are entitled to one vote per share at meetings of the company. Holders of the cumulative preference shares receive a cumulative dividend of 6,5 cents per share at interim (September) and year end (March) of each year.

Interim: 170,0 cents per share paid on 10 January 2022 (2021: no interim dividend).

Final: 330,0 cents per share payable on 25 July 2022 (2021: no final dividend).

### Unissued ordinary shares

In terms of the provisions of the Companies Act and limited to the issuing of shares in terms of the company's obligations under the staff share incentive schemes, the unissued ordinary shares are under the control of the directors only until the forthcoming annual general meeting.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

				2022	2021	
				R	R	
<b>8. Share capital (continued)</b>						
<b>Directors' interest</b>						
At 31 March 2022, the directors had the following interest in the company's issued shares:						
	Shares '000	Share appreciation rights accepted '000	Price per share R	Year of delivery	2022 Total '000	2021 Total '000
<b>Non-executive</b>						
M Lewis (indirect non-beneficial)	1 818,8	-	-		1 818,8	1 818,8
Prof. F Abrahams	-	-	-		-	-
C Coleman	-	-	-		-	-
G H Davin	-	-	-		-	-
D Friedland (indirect beneficial)	30,0	-	-		30,0	28,6
B L M Makgabo-Fiskerstrand	-	-	-		-	-
A D Murray (direct beneficial)	647,0	-	-		647,0	647,0
A D Murray (indirect beneficial)	737,5	-	-		737,5	822,5
E Oblowitz (direct beneficial)	3,0	-	-		3,0	3,0
N V Simamane (direct beneficial)	2,3	-	-		2,3	2,3
R Stein (direct beneficial)	184,2	-	-		184,2	184,2
R Stein (indirect beneficial)	80,0	-	-		80,0	80,0
<b>Total non-executive</b>	<b>3 502,8</b>				<b>3 502,8</b>	<b>3 586,4</b>
<b>Executive</b>						
B Ntuli (performance-based restricted forfeitable shares)	132,3	-	-		132,3	132,3
B Ntuli (restricted forfeitable shares)	18,9	-	-		18,9	18,9
	151,2	-	-		151,2	151,2
B Ntuli	-	43,9	174,3	2024	43,9	43,9
	-	43,9	-		43,9	43,9
A E Thunström (direct beneficial)	60,1	-	-		60,1	52,0
A E Thunström (performance-based restricted forfeitable shares)	257,8	-	-		257,8	307,6
A E Thunström (restricted forfeitable shares)	383,2	-	-		383,2	350,0
A E Thunström (MSR shares)	13,5	-	-		13,5	-
A E Thunström (Deferred shares)	33,9	-	-		33,9	-
	748,5	-	-		748,5	709,6
A E Thunström	-	-	-	-	-	31,2
A E Thunström	-	-	-	-	-	37,8
A E Thunström	-	-	-	-	-	47,0
A E Thunström	-	-	183,9	-	-	77,0
A E Thunström	-	85,6	174,3	2024	85,6	85,6
	-	85,6	-		85,6	278,6
<b>Executive</b>						
Total executive excluding share appreciation rights	<b>899,7</b>				<b>899,7</b>	<b>860,8</b>
Total executive share appreciation rights		<b>129,5</b>			<b>129,5</b>	<b>322,5</b>
<b>Non-executive and executive</b>						
Total excluding share appreciation rights	<b>4 402,5</b>				<b>4 402,5</b>	<b>4 447,2</b>
Total share appreciation rights		<b>206,5</b>			<b>206,5</b>	<b>322,5</b>

\* Price per share equates to the strike price.



# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 R	2021 R
<b>8. Share capital (continued)</b>		
<b>Changes to director's interest after year end</b>		
	<b>FSRs accepted*</b>	<b>Indicative value#</b>
<b>Acceptance of FSRs in July 2022:</b>		
A E Thunström	113 709	R16 714 086
B Ntuli	53 138	R7 810 755
* These restricted forfeitable shares (FSRs) accepted is as a result of the Deferred Incentive portion of the Single Incentive which will vest equally in June 2024 and June 2025.		
# Indicative value based on Volume Weighted Average Price (VWAP) of R146,99 on 31 March 2022.		
<b>9. Dividend reserve</b>		
An amount equal to dividends declared subsequent to the reporting date is transferred to the dividend reserve.		
A final dividend of 330,0 (2021: No final dividend) cents per ordinary share was declared on 10 June 2022 and is payable on 25 July 2022.		
No liability has been raised as this distribution was declared subsequent to the reporting date.		
Balance at 1 April	-	-
Transfer to dividend reserve from distributable earnings	1 092 390 090	-
<b>Balance at 31 March</b>	<b>1 092 390 090</b>	<b>-</b>
During the current year the company paid dividends of R557 870 382 (2021: R26 000).		
<b>10. Trade and other payables</b>		
Trade payables	4 436 860	1 065 730
Payroll related liabilities	986 305	971 952
Accrued expenses	78 822 240	19 849 970
	<b>84 245 405</b>	<b>21 887 652</b>
The company's management of and exposure to market and cash flow and liquidity risk is disclosed in note 18.		
<b>11. Cash generated from (utilised in) operations</b>		
Profit (loss) before taxation	259 279 218	(1 916 389 935)
<b>Adjustments for:</b>		
Interest income	(238 157 692)	(150 703 744)
Dividends received	(75 306 570)	(125 383 861)
Impairment of loan to subsidiary	-	234 119
Impairment of investment in subsidiaries	-	2 162 467 450
<b>Working capital changes:</b>		
Increase in trade and other payables	62 357 753	10 573 824
<b>Total cash utilised in operations</b>	<b>8 172 709</b>	<b>(19 202 147)</b>
<b>12. Reconciliation of taxation paid</b>		
Balance at beginning of the year	4 159 294	3 995 512
Current tax for the year recognised in profit or loss	(69 007 443)	(43 746 251)
Balance at end of the year	575 323	(4 159 294)
	<b>(64 272 826)</b>	<b>(43 910 033)</b>

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

### 13. Directors' remuneration

#### Directors

2022	Fees^ Remuneration		Pension	Dividends	Other Benefits*	Performance Bonus**	Total	IFRS share allocation
	R'000	R'000	Fund R'000	R'000	R'000	R'000	R'000	fair value R'000
<b>Non executive</b>								
M Lewis	1 325,0	-	-	-	-	-	1 325,0	-
E Oblowitz	1 137,9	-	-	-	-	-	1 137,9	-
S E Abrahams	235,6	-	-	-	-	-	235,6	-
Prof F Abrahams	785,5	-	-	-	-	-	785,5	-
R Stein	894,3	-	-	-	-	-	894,3	-
D Friedland	748,8	-	-	-	-	-	748,8	-
N Simamane	731,4	-	-	-	-	-	731,4	-
B L M Makgabo-Fiskerstrand	731,4	-	-	-	-	-	731,4	-
G Davin	781,3	-	-	-	-	-	781,3	-
D Murray	1 973,0	-	-	-	-	-	1 973,0	-
C Coleman	681,9	-	-	-	-	-	681,9	-
<b>Total</b>	<b>10 026,1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 026,1</b>	<b>-</b>
<b>Executive</b>								
A E Thunström	-	8 212,4	1 687,5	438,0	100,1	10 158,0	20 596,0	17 234,1
B Ntuli	-	6 010,4	768,4	225,0	51,2	4 747,0	11 802,0	1 846,1
<b>Total</b>	<b>-</b>	<b>14 222,8</b>	<b>2 455,9</b>	<b>663,0</b>	<b>151,3</b>	<b>14 905,0</b>	<b>32 398,0</b>	<b>19 080,2</b>
<b>Total remuneration</b>	<b>10 026,1</b>	<b>14 222,8</b>	<b>2 455,9</b>	<b>663,0</b>	<b>151,3</b>	<b>14 905,0</b>	<b>42 424,1</b>	<b>19 080,2</b>

2021	Fees^ Remuneration		Pension	Travel Allowance	Other Benefits*	Performance Bonus	Total	IFRS share allocation
	R'000	R'000	Fund R'000	R'000	R'000	R'000	R'000	fair value R'000
<b>Non executive</b>								
M Lewis	1 092,5	-	-	-	-	-	1 092,5	-
E Oblowitz	1 158,3	-	-	-	-	-	1 158,3	-
S E Abrahams	746,1	-	-	-	-	-	746,1	-
Prof F Abrahams	702,5	-	-	-	-	-	702,5	-
R Stein	887,3	-	-	-	-	-	887,3	-
D Friedland	673,1	-	-	-	-	-	673,1	-
N Simamane	656,9	-	-	-	-	-	656,9	-
B L M Makgabo-Fiskerstrand	656,9	-	-	-	-	-	656,9	-
G Davin	736,9	-	-	-	-	-	736,9	-
A Murray	1 925,9	-	-	-	-	-	1 925,9	-
C Coleman	750,3	-	-	-	-	-	750,3	-
<b>Total</b>	<b>9 986,7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 986,7</b>	<b>-</b>
<b>Executive</b>								
A E Thunström	-	7 729,4	1 089,4	469,5	67,7	8 554,0	17 910,0	20 894,7
B Ntuli	-	5 288,2	710,5	359,9	42,7	3 576,0	9 977,3	5 679,3
<b>Total</b>	<b>-</b>	<b>13 017,6</b>	<b>1 799,9</b>	<b>829,4</b>	<b>110,4</b>	<b>12 130,0</b>	<b>27 887,3</b>	<b>26 574,0</b>
<b>Total remuneration</b>	<b>9 986,7</b>	<b>13 017,6</b>	<b>1 799,9</b>	<b>829,4</b>	<b>110,4</b>	<b>12 130,0</b>	<b>37 874,0</b>	<b>26 574,0</b>

^ Fees only relate to services as directors.

\* Other benefits include housing allowance and medical aid subsidy.

\*\* Performance bonus included in 2022 remuneration to be paid in FY2023 and accrued in 2022 relate to the performance period ending 31 March 2022. This represents 40% of the Single Incentive with the remaining 60% allocated in Forfeitable Shares based on an allocation date VWAP of R119,61 to vest 50% in June 2024 and 50% in June 2025 subject to an employment condition. The IFRS2 cost relating to this allocation is included in the final column in the table above and will be disclosed as part of Total Remuneration in the year the shares vest. The full Single Incentive value is disclosed in the single total figure of remuneration as per page 146 of the Integrated Annual Report.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022 R	2021 R
<b>14. Related party transactions</b>		
<b>Directors</b>		
Details relating to executive and non-executive directors' remuneration are disclosed in note 13.		
A director of the company holds a position in another entity, where he may have significant influence over the financial or operating policies of that entity. Accordingly, the following is considered to be a related party:		
Director	Entity	Position held in entity
R Stein	The Foschini Group Retirement Fund	Trustee
Transactions between the company and this entity have occurred under terms and conditions that are no more favourable than those entered into with third parties in arms length transactions. Transactions with the above entity include a subsidiary administering the Group's retirement fund.		
<b>Interest of directors in contracts</b>		
No directors have any interests in contracts that are in contravention of section 75 of the Companies Act No. 71 of 2008 of South Africa.		
Executive directors are bound by service contracts.		
<b>Loans to directors</b>		
No loans have been made to directors.		
<b>Related party balances</b>		
Related party loan balances are disclosed in note 6.		
<b>Related party transactions</b>		
<b>Interest received from subsidiaries</b>		
Foschini Retail Group Proprietary Limited	193 176 141	130 689 462
Dress Holdco A Limited	43 596 173	19 624 442
	<b>236 772 314</b>	<b>150 313 904</b>
<b>Dividends received from subsidiaries</b>		
Foschini Finance Proprietary Limited	-	10 000 000
Foschini (Botswana) Proprietary Limited	130	451
Foschini Stores Proprietary Limited	-	4 000 000
Fashion Retailers Proprietary Limited	60 001 440	90 002 160
Foschini (Lesotho) Proprietary Limited	11 000 000	16 000 000
	<b>71 001 570</b>	<b>120 002 611</b>
<b>Preference dividends received from related parties</b>		
Foschini Retail Group Proprietary Limited	4 305 000	5 381 250
<b>Dividends paid to related parties</b>		
Foschini Stores Proprietary Limited	1 833 085	-

### Key management:

Key management relate to the directors of the company.

Refer to note 13 for further disclosure regarding remuneration paid to non-executive directors of the company. Executive directors are not paid by the company.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

---

	2022	2021
	R	R

---

### 15. Security

The company, together with other Group companies, has provided unlimited cross suretyship, for the joint and several obligations, of and by and between the respective companies to various institutions in the aggregate amount of R10,59bn (2021: R9,74bn).

The amount of such facilities utilised by Group companies as at 31 March 2022 was R5,44bn (2021: R4,60bn).

### 16. Accounting estimates and judgements

No accounting estimates and judgements have been made that have a significant impact on the presentation of the company's financial results.

### 17. Consolidated financial statements

These are the company's separate financial statements. Consolidated financial statements are prepared and presented separately. They are available from the company's registered office or on the company's website [www.tfglimited.co.za](http://www.tfglimited.co.za).

### 18. Risk management

#### Overview

The company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the company's exposure to each of the above risks and the company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

#### Risk management framework

The Supervisory Board has overall responsibility for the establishment and oversight of the company's Enterprise Risk Management framework. The Supervisory Board has delegated oversight over the related processes to the Risk and Audit Committees. The committees report regularly on their activities to the Supervisory Board.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Risk Committee regularly reviews the Enterprise Risk Management framework and the related policies and processes.

The Risk and Audit Committees assist the Supervisory Board in the assessment of the adequacy of the risk management process.

#### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises on trade and other receivables and cash and cash equivalents. The company does not consider there to be any significant concentration of credit risk in respect of which adequate impairment has not been raised. The company considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

#### Cash and cash equivalents

The company limits its exposure to credit risk through dealing with well-established financial institutions with high credit standing, and thus management does not expect any counterparty to fail to meet its obligations. The company does not consider there to be any significant concentration of credit risk in respect of which adequate impairment has not been raised.

#### Loans to group companies

The company limits its exposure to credit risk through a stringent company policy on the granting, continual review and monitoring of loan advances. The company does not consider there to be any significant concentration of credit risk in respect of which adequate impairment has not been raised. No expected credit loss (ECL) allowance has been raised against these loans as there is no indication of default.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

2022	2021
R	R

### 18. Risk management (continued)

#### Other receivables

The company actively manages collection of other receivables and provides adequate provision for any long outstanding balances. The company is not exposed to significant credit risk as there is no significant other receivables by a single counterparty or any balances past due that have not been adequately provided for.

#### Exposure

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The maximum exposure to credit risk at the reporting date was:

	2022	2021
	R	R
Loans to group companies	3 934 736 184	4 438 224 282
Other receivables	140 182	140 182
Cash and cash equivalents	2 535 207	3 434 497
	<b>3 937 411 573</b>	<b>4 441 798 961</b>

The company believes that there is no significant concentration of credit risk.

#### Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure that it will always have sufficient cash flow to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

This risk is managed through cash flow forecasts, the optimisation of daily cash management and by ensuring that adequate borrowing facilities are maintained. In terms of the articles of association, the company's borrowing powers are unlimited.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
<b>31 March 2022</b>					
Loans from group companies	900 250	900 250	900 250	-	-
Trade and other payables	83 259 099	83 259 009	83 259 009	-	-
	<b>84 159 349</b>	<b>84 159 259</b>	<b>84 159 259</b>	-	-
<b>31 March 2021</b>					
Loans from group companies	900 250	900 250	900 250	-	-
Trade and other payables	20 915 700	20 915 700	20 915 700	-	-
	<b>21 815 950</b>	<b>21 815 950</b>	<b>21 815 950</b>	-	-

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the company's profit or loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

The company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

	2022	2021
	R	R

### 18. Risk management (continued)

#### Interest rate risk

The company is exposed to interest rate risk as it both borrows and invests funds. This risk is managed by maintaining an appropriate mix of fixed and floating rate instruments with reputable financial institutions. There is no interest rate risk on trade payables.

#### Profile

At 31 March the interest rate profile of the company's interest-bearing financial instruments was:

	Carrying amount	
	R	R
<b>Variable rate instruments</b>		
Loans to group companies	3 934 736 184	4 438 224 282
Cash and cash equivalents	2 535 207	3 434 497
	<b>3 937 271 391</b>	<b>4 441 658 779</b>

#### Capital risk management

The Supervisory Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence, to sustain future development of business and to ensure that the company continues as a going concern. The company primarily makes use of equity for capital management purposes.

Equity consists of share capital and retained earnings of the company. The Supervisory Board monitors the equity levels of the company.

#### Fair values

#### Fair values versus carrying amounts

The fair values of financial assets and liabilities reasonably approximate their carrying values in the statement of financial position.

### 19. Accounting standards and interpretations adopted in the current year

The International Accounting Standards Board (IASB) issued a COVID-19-Related Rent Concessions beyond 30 June 2021 (amendment to IFRS 16), which extends the practical relief on COVID-19-related rent concessions. The company has elected to utilise the practical expedient for all rent concessions that meet the criteria. The criteria are as follows:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- the reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The practical expedient has been adopted for rent concessions that satisfy the criteria above. Accounting for the rent concessions as lease modifications would have resulted in the company remeasuring the lease liability to reflect the revised consideration and discount rate, with the adjustment to the lease liability resulting in a decrease in the right-of-use asset. By applying the practical expedient, the company is not required to reassess the lease liability and the effect of the change to the lease liability is reflected in profit or loss in the period in which the rent concession occurs. The impact on profit or loss amounted to R32,3 million (March 2021: R469,3 million) and is accounted for within the occupancy costs line item under trading expenses.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

---

2022	2021
R	R

---

### 20. Accounting standards and interpretations to be adopted in future years

There are standards and interpretations in issue that are not yet effective. These include the following standards and interpretations that are applicable to the company. These are not expected to have a material impact on future financial statements:

	Effective for periods starting on or after
Amendments to IAS 1: Presentation of Financial Statements – Classification of liabilities	1 January 2023
Amendments to IAS 1: Presentation of Financial Statements) and IFRS Practice Statement 2: (Making Materiality Judgements)	1 January 2023
Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to IAS 12: Income Taxes	1 January 2023

### 21. Impact of COVID-19 on financial results and events after the reporting period

For the purposes of the current reporting year ended 31 March 2022, management has assessed COVID-19 and related impacts on the company's operations.

#### Impact of COVID-19

##### Judgements and estimates applied in the current financial results

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

##### Impact of COVID-19 on loans and investment in subsidiaries

Management continually monitors the performance of its subsidiaries to assess the potential negative impact of the pandemic and to implement mitigating action where possible. To address this risk, management has introduced additional payment channels and incentivised customer payments. In addition, the criteria for granting of new credit has been tightened.

##### Impact of civil unrest in TFG Africa

TFG Africa was impacted by the week of civil unrest which took place in the KwaZulu-Natal and Gauteng provinces in South Africa during July 2021. 198 South African stores were looted and damaged to varying degrees by the civil unrest experienced. TFG Africa reopened 174 of these stores by the end of March 2022. The majority of these stores have reopened at the date of this report. SASRIA payments of R541 million (VAT inclusive) in relation to damages have been received to date. TFG Africa has raised an receivable of R150 million for the year ended 31 March 2022 to recover for the losses of profit due to the business interruption, which is included within sundry income. The total receivable outstanding as at the end of the current financial year amounts to R230 million.

##### Subsequent events

On 4 March 2022, the Company entered into a sale and purchase agreement (SPA) to obtain control and acquire 100% of the issued share capital of Tapestry Home Brands Proprietary Limited ('Tapestry') for a purchase consideration of R2.4 billion. The transaction seeks to provide the Group with exposure to new and diverse products and categories as well as gaining new customers to complement the current TFG customer base in existing categories. The transaction is in line with TFG's stated strategy of vertical integration in key product categories and the continued development of its quick response local manufacturing capability. TFG is acquiring the Sale Shares from Westbrooke Investments Proprietary Limited, funds managed by Actis, as well as the current and previous management of Tapestry. All conditions precedent to the transaction have either been fulfilled or waived, as the case may be, as set out in the SPA, it being noted that the approval from the relevant competition authorities was obtained. Accordingly, the transaction is now unconditional in accordance with the terms of the SPA and is envisaged to be implemented with an effective date of 1 August 2022. Given the recency of the approval of the purchase, application of IFRS 3: Business Combinations is still in progress, which will include the purchase price allocation to the identifiable assets and liabilities as at the acquisition date.

The company's operational subsidiaries were impacted by the recent flooding that occurred in KwaZulu-Natal during the month of April 2022. 36 stores as well as a cloth warehouse located in the province have been damaged to varying degrees. These damages are not considered to be material in the context of the company's South African operations and all affected stores have since resumed trading. The company has appropriate insurance cover and has notified its insurers accordingly.

No further significant events took place between the year ended 31 March 2022 and date of issue of this report.

# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Notes to the Financial Statements

---

	2022	2021
	R	R

---

### 22. Going concern

The going concern assumption is evaluated based on information available up to the date on which the results are approved for issuance by the Supervisory Board. While there is continuing widespread economic uncertainty regarding the extent of the financial impact of COVID-19 on the company, the going concern assumption was considered to be appropriate for the preparation of the company's results for the year ended 31 March 2022 and management is not aware of material uncertainties related to events or circumstances that may cast significant doubt upon the company's ability to do so. The company is adapting business as effectively as possible to deal with the dynamic environment within which we operate and continues to make significant progress in respect of our ongoing cost saving initiatives. The conclusion of the rights offer has also insulated the statement of financial position during this time of global economic uncertainty and allows the company to further execute on the company's growth strategy and vision for the future.

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



# The Foschini Group Limited

(Registration number 1937/009504/06)

Annual financial statements for the year ended 31 March 2022

## Detailed Income Statement

	Notes	2022 R	2021 R
<b>Revenue</b>			
Dividends received	2	75 306 570	125 383 861
Interest income	2	238 157 692	150 703 744
		<b>313 464 262</b>	<b>276 087 605</b>
<b>Other income</b>			
Other Income		827	779
<b>Operating expenses</b>			
Impairment of investment in subsidiaries		-	(2 162 467 350)
Auditor's remuneration		(360 650)	(340 236)
Bank charges and subscriptions		(18 591)	(15 750)
Impairment of loan to subsidiary		-	(234 220)
Directors' fees		(11 278 602)	(11 241 003)
Acquisition cost		(36 782 049)	-
Marketing and advertising		(130 145)	(352 039)
Foreign exchange gains (losses)		19 993	(12 577 311)
Skills development levy		(100 260)	(99 866)
Statutory and secretarial expenses		(4 540 183)	(5 150 544)
Travel and subscriptions		(995 384)	-
<b>Operating expenses</b>		<b>(54 185 871)</b>	<b>(2 192 478 319)</b>
<b>Profit (loss) before taxation</b>		<b>259 279 218</b>	<b>(1 916 389 935)</b>
Taxation	4	(69 007 443)	(43 746 251)
<b>Profit (loss) for the year</b>		<b>190 271 775</b>	<b>(1 960 136 186)</b>