2023

INTEGRATED Annual Report

THE FOSCHINI GROUP LIMITED

Contents

We are proud to present our 2023 integrated annual report. This report tells you more about The Foschini Group Limited and unpacks our strategic progress, including what we are doing to deliver outcomes that inspire our customers to live their best lives.

This report is interactive and contains hyperlinks that allow you to find the information you need easily, including additional detail referenced on our website.

Our purpose

We inspire our customers to

live their best lives

As a large, multi-brand, multi-segment fashion and lifestyle retailer, we sell products that touch every aspect of our customers' lives. This creates endless opportunities to inspire them.

Our vision

To create the most remarkable

omnichannel experiences for our customers

This is the future of retail and goes to the heart of how we will bring our traditional brick and mortar and new digital worlds together to offer a truly seamless customer experience.

Our values

These values guide and inspire every individual within TFG, helping them remember that they are part of something bigger than themselves.

We put our customers first

If we don't please our customers, they'll find someone who does.

> We deliver the best quality customer outcomes by putting data and analytics at the heart of our decision-making.

> We embrace new ideas, technologies and innovations that help deliver the right product and the best shopping experiences to our customers.

> We ask questions and track the impact of our actions to continually enhance the customer experience, making sure we never lose a sale.

We work smart and fast

Today, staying in the same place means becoming irrelevant.

> We take quick, effective, and decisive action using data-led insights.

> We constantly push ourselves and one another to maximise the impact of our actions and find better ways to serve our customers.

> Our entrepreneurial spirit is brought to life by our "out of the box" problem-solving and our commitment to fresh ideas and thinking.

> We know we don't have all the answers, but we push boundaries, take risks, try new things, and grow from our experience.

We do the right thing

And we do things right.

> We care deeply about what we do and how we do it, taking accountability even when no one is looking.

> We are inclusive, we embrace diversity and treat everyone with equal dignity.

> If we make mistakes, we own them, rectify them, and use them to learn for the future.

> We build on the strengths of our heritage but are committed to continuous improvement for generations to come.

About our **report**

This report details the activities of The Foschini Group Limited and our subsidiaries (collectively referred to as TFG or the Group).

SCOPE AND COMPARABILITY

We split our subsidiaries into three segments, namely TFG Africa, TFG London and TFG Australia.

TFG Africa	This refers to all our operations in Africa through 26 established brands. The TFG Africa business segment is managed from the Group's head office in Cape Town, South Africa. While information is provided on all three business segments, prominence is given to TFG Africa as it accounts for 68,5% of the Group's turnover.
TFG London	This refers to the consolidated performance of the Phase Eight, Whistles and Hobbs brands. The TFG London business segment is managed by the local management team based in London, United Kingdom (UK). TFG London accounts for 13,3% of the Group's turnover.
TFG Australia	This refers to the consolidated performance of the Connor, Johnny Bigg, Rockwear, Tarocash and yd. brands, collectively Retail Apparel Group (RAG). The TFG Australia business segment is managed by the local management team based in Sydney, Australia. TFG Australia accounts for 18,2% of the Group's turnover.

REPORTING FRAMEWORKS

We present this report in accordance with the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1]; the Companies Act of South Africa, No. 71 of 2008, as amended; the JSE Limited (JSE) Listings Requirements; and the Integrated Reporting <IR> Framework (2021)[2].

MATERIALITY

This report focuses on matters that materially impact our ability to create sustainable value and outlines how these matters impact our business strategy (page 14) while considering our stakeholders' perspectives (page 26). We identified our material matters, risks and opportunities using our Enterprise Risk Management Framework. Our material matters, risks and opportunities apply to the Group, albeit with different levels of likelihood and impact.

Read more about our process and relevant material matters, risks and opportunities on page 43.

OUR REPORTING SUITE

This report is a concise communication, supplemented by reporting elements and information on our investor centre (www.tfglimited.co.za). We encourage readers to consult the full reporting suite available online for a comprehensive view of TFG's financial and non-financial performance.

Financial reporting		Governance reporting		Environmental and social reporting	
Target audience: Shareholders, investment community and analysts		Target audience: All stakeholders		Target audience: All stakeholders	
Reporting element	**Assurance status and provider**	**Reporting element**	**Assurance status and provider**	**Reporting element**	**Assurance status and provider**
Annual financial statements	Audited by Deloitte & Touche (see external audit report)	TFG corporate governance and Supervisory Board Committee reports	No external assurance	TFG Inspired Living Report	No external assurance
Results announcement	Reviewed by Deloitte & Touche	King IV register	No external assurance	TCFD report	No external assurance
Results presentation	No external assurance	Notice of annual general meeting	No external assurance	CDP reports	No external assurance
				Carbon Footprint report	No external assurance
				B-BBEE credentials and scorecard	Assured by Honeycomb BEE Ratings Cape Town

FEEDBACK

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

FORWARD-LOOKING STATEMENTS

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

[1] *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*
[2] *https://www.ifrs.org/issued-standards/ir-framework/*

About our **report** continued

SUPERVISORY BOARD APPROVAL

The Supervisory Board acknowledges its responsibility to ensure the integrity of the integrated annual report and collectively reviewed and assessed its content.

The Supervisory Board believes that the integrated annual report:

- was prepared in accordance with the International Integrated Reporting Framework;
- presents the material matters impacting the Group in a balanced way;
- fairly represents TFG's integrated performance and future prospects; and
- adequately presents TFG's strategy and how it enables the Group to sustainably create value in the short, medium and long term.

We provide further information on the procedures, controls and responsibilities related to the preparation of the integrated annual report on page 54.

The Supervisory Board approved the 2023 integrated annual report on 21 July 2023.

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

Who **we are**

"Listed on the JSE since 1941, TFG is regarded as one of the foremost retail groups in South Africa. The Group has a successful track record when it comes to delivering desirable returns for investors and aims to continue to achieve this through a strategic focus on customer experience.

This is **TFG**

OUR CORPORATE PROFILE

TFG is one of South Africa's foremost retail groups and has a diverse portfolio of 34 leading fashion and lifestyle retail brands offering clothing, jewellery, cellphones, accessories, cosmetics, sporting apparel and equipment, homeware and furniture from value to upper market segments.

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

The majority of our turnover is in the form of cash sales to customers, with the balance being from our own in-house credit offering. We offer credit to customers in South Africa, Namibia, Botswana, Lesotho and eSwatini. We generate revenue from interest received on customers' store cards and through value-added services available to our TFG Africa customers.

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

TFG Africa's most significant markets are South Africa and Namibia. TFG London's most significant markets are the UK and Ireland. TFG Australia focuses on Australia and New Zealand.

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

12,7%
COMPOUND ANNUAL GROWTH RATE IN TURNOVER OVER FIVE YEARS

12,2%
COMPOUND ANNUAL GROWTH RATE IN SPACE FOR TFG AFRICA OVER FIVE YEARS

34 LEADING FASHION LIFESTYLE RETAIL BRANDS

4 697 TRADING OUTLETS IN **23** COUNTRIES ON **5** CONTINENTS

INCOME DIVERSIFICATION THROUGH
81,3%:18,7%
CASH VS CREDIT SALES CONTRIBUTION

30,6 million TFG REWARDS LOYALTY MEMBERS (TFG AFRICA)

INTEGRATED ONLINE PLATFORM FOR ALL TFG AFRICA ONLINE BRANDS WITH **single** CHECKOUT AND **multiple** PAYMENT OPTIONS

21 million SOCIAL MEDIA FOLLOWERS AS AT 31 MARCH 2023 ACROSS ALL TFG BRANDS

19,7% TFG AFRICA MARKET SHARE OF ONLINE TRAFFIC COMPARED TO PUREPLAY OR "ONLINE ONLY" BRANDS AND **24,1%** COMPARED TO "BRICK AND MORTAR" BRANDS

46 566 EMPLOYEES

14 years
AVERAGE FASHION RETAIL EXPERIENCE AMONG EXECUTIVE MANAGEMENT

Value created **in 2023**

ACHIEVED GROUP RETAIL TURNOVER OF **R51,8 billion**

8 000+ MORE JOBS AND WORKPLACE OPPORTUNITIES, MANY SUPPORTING GOVERNMENT'S 2030 RETAIL, CLOTHING, TEXTILE, FOOTWEAR AND LEATHER (R-CTFL) VALUE CHAIN MASTERPLAN

CAPITAL EXPENDITURE OF **c.R200 million** HAS BEEN SPENT ON ALTERNATIVE POWER SOLUTIONS

INVESTING FOR THE FUTURE WITH **R3,1 billion** CAPITAL INVESTMENT – **72,1%** OF THIS INVESTMENT WAS EXPANSIONARY AND SUPPORTED OUR DIGITAL TRANSFORMATION JOURNEY

R72,8 million INVESTED IN 2023 TO CREATE A DIVERSIFIED LOCAL SUPPLY CHAIN, WORKING WITH THE SOUTH AFRICAN GOVERNMENT AND THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

968,9 (cents) HEADLINE EARNINGS PER SHARE (HEPS)

76,4% OF OUR TOTAL APPAREL WAS PROCURED LOCALLY IN SOUTH AFRICA AND NEIGHBOURING SADC COUNTRIES

SINCE BASH LAUNCH: **268%** INCREASE IN APP CONVERSION RATE AND **73%** INCREASE IN MULTI-BRAND ORDERS (CROSS-SHOPPING)

2 076 YOUTH OPPORTUNITIES (INCLUDING LEADERSHIPS AND INTERNSHIPS)

9,1% GROUP ONLINE TURNOVER CONTRIBUTION, UP **6,6%** YEAR-ON-YEAR – WITH DEMAND FOR ONLINE EXPECTED TO CONTINUE INCREASING

R104 million IN SOCIAL IMPACT INITIATIVES, INCLUDING ENTERPRISE AND SUPPLIER DEVELOPMENT AND SUPPORT TO COMMUNITIES AND NGOs

PROUDLY **B-BBEE Level 3**

+R952 million MORE BUSINESS GENERATED FOR BLACK-OWNED SUPPLIERS

An overview **of our strategy**

B	O	L	T	S
Build out diversified, high brand-equity businesses	**Optimise** our sourcing mix and supply chain efficiency	**Leverage** our assets – customer data, store footprint, talent and product assortment	**Transform** into a true omnichannel retailer and platform play	**Sustain** ourselves and our stakeholders into the future

OUR BOLTS STRATEGY

We deliver our purpose through our corporate strategy, framed by the acronym, BOLTS. Our strategy consists of four strategic pillars, which are supported by an integrated sustainability imperative and philosophy. We execute our strategy through rigorously evaluated initiatives with qualitative and quantitative impacts.

Key focus areas in FY 2023

> Progressively standardising the strategy development process for our retail brands, translating those outputs into a common set of objectives and key results

> Quarterly, formalised reporting on all strategic programmes against those business cases, timelines, deliverables and savings/benefits realisation

> Aligning the measurement of these strategic programmes with how we monitor the Group strategy

> Developing new capabilities through the trial and rollout of a data-driven location methodology to our brands to support optimal site identification and viability evaluations

> Modelling value creation through the strategic programme portfolio into the forecast plan

> Project management of some cross-functional strategic initiatives

Our six capitals of value creation are inputs to our strategy and operating system and link to our strategic outcomes

Six capitals	TFG strategy and operating system	Strategic outcome
Financial capital	BOLTS	Profit
Human capital		Growth
Social capital		Leadership
Manufactured capital		Customer & Employee obsession
Intellectual capital		
Natural capital		

Build out

Our strategy is primarily focused on **growth**. This will be brought about organically through the development of our own businesses and **inorganically** through strategic partnerships and acquisitions.

The Group continues to entrench its robust business model through **diversification** – both geographically and across income segments.

We continue to focus on driving the proportion of high-margin, **own-branded products** to mitigate direct-to-consumer competition. We also invest in the equity of our businesses to take share from competitors, while offering a new generation of value-added services and adjacent products.

Optimise

We continue to invest in the capabilities and capacity for **local manufacturing** in South Africa. The near-shore benefits to our businesses, as well as the social performance and impact, are well demonstrated.

SALES MARGIN	TRADING INTO HIGHER DEMAND FOR FASHION ITEMS	HOLDING STOCK

We have shifted local manufacture to a **Quick Response (QR)** methodology that links demand side signals to supply side planning – in addition to reducing overproduction and the risk of textile waste to landfill.

To drive further supply chain efficiencies, we are undertaking an integrated programme of **distribution centre consolidation and development** to support our store and omnichannel fulfilment plans.

Within our unique operating model, we are evolving the ways that we work and how we are structured to drive **greater operating leverage**.

Leverage

The **diversified range** of businesses and customer segments served by our Group provides the opportunity to leverage group scale in a number of areas.

Specific areas of focus for increased leverage are **customer data** and how this will enable our vision to create remarkable omnichannel experiences.

We are actively developing our **Rewards function** to increase the value proposition to the customer. Coupled with this, we are harnessing new technologies to maximise the utility and use-cases for this customer data.

The TFG Tymebank partnership, Buy Now, Pay Later payment option called MoreTyme, and TFGconnect mobile virtual network operator (MVNO) are part of a deliberate build out of financial and value-added services into the Group's more than 30 million customer base.

Transform

To achieve our Vision of Creating Remarkable Omnichannel Experiences for our customers, we developed a single **new fashion and lifestyle shopping platform called Bash** that integrates our product catalogue, brands, customers, foot traffic and store network.

The Bash app provides a **differentiated and wide assortment of merchandise across brands** and categories and consolidates the strengths of our portfolio of brands that were previously stand-alone.

We are deliberately investing in critical **enabling capabilities** such as software and app engineering – bringing them in-house to deliver faster and more customer-centric solutions.

Additionally, we invested in **last-mile delivery capability** that will be built out and scaled alongside our platform.

Sustain

The incorporation of the letter S for Sustainability references the integrated nature of Environmental, Social and Governance (ESG) in our strategy and how it is fundamental to the realisation of our other strategic pillars.

We defined three sustainability objectives to explain what we seek to achieve for our business and our stakeholders through a more sustainable business model:

- Fashion that **connects** people and their passion
- Fashion that **shares** the benefit of enterprise
- Fashion that **restores** our relationship with nature

We take an integrated view through our **value chain** to identify focus areas and initiatives.

Integrating sustainability **into our corporate strategy**

Sustainability forms an integral and integrated part of our corporate strategy. Our sustainability objectives support the sustainability pillar and are shared across our three territories. Each territory has their own strategy, focus areas and working groups aligned to these objectives.

B – **Build out** diversified, high brand-equity businesses

O – **Optimise** our sourcing mix and supply chain efficiency

L – **Leverage** our assets – customer data, store footprint, talent and product assortment

T – **Transform** into a true omnichannel retailer and platform

S – **Sustain** ourselves and our stakeholders into the future through

Our sustainability objectives

- Fashion that **connects** people and their passion
- Fashion that **shares** the benefit of enterprise
- Fashion that **restores** our relationship with nature

Value creation and sustainability progress highlights

Raw materials

TFG Africa
- Achieved annual milestone for Better Cotton procurement.

TFG London
- Established a 2030 decarbonisation roadmap to transition core fibres and materials to more responsible and lower impact alternatives.
- Increased the use of its nominated lower impact fibre and material alternatives, reaching 48% collectively, thereby achieving its 2030 roadmap milestones.
- 74% of cotton procured was sourced as part of our Responsible Cotton Programme, with 95% sourced via Better Cotton and 5% grown organically.

TFG Australia
- Developed a traceability strategy and initiated roll out.
- Sourced 27% of our cotton via Better Cotton.

Design and processing

TFG Africa
- TFG Sustainable Design Incubator training programme launched with first order from TFG's new online store, Bash.
- Introduced product lifecycle management and enterprise resource planning systems to enhance design and manufacturing integration.

TFG London
- Continued to support its product teams, providing training on more responsible and lower impact fibre and material selection, as well as increasing awareness of responsible and preferred printing and dyeing methods.
- Increased shared learning, facilitating pre-competitive collaboration between brand-level fabric managers to accelerate the uptake of preferred fibre and materials.

Production and manufacturing

TFG Africa
- Created 1 250 new jobs among own and non-owned cut, make and trim (CMT) factories.
- 100% tier 1 apparel and soft accessories suppliers mapped.
- 78% tier 1 footwear suppliers mapped.
- 31% of local apparel factories assessed.
- Invested R72,8 million in enterprise and supplier development.

TFG London
- Participated with a multi-stakeholder initiative to develop a Common Framework for Responsible Purchasing Practices over a two-year period, with the aim to improve working conditions.
- Continued to enhance supply chain mapping, factory audit and onboarding programmes on its cloud-based platform, Segura Systems.

Supply chain logistics

TFG Africa
- Redesigned and expanded our Midrand homeware and furniture distribution centre, including the installation of a 550KW solar PV system as part of the Group's efforts to increase its energy efficiency.
- Occupied a new fabric distribution centre to support growing local manufacturing capability.
- Expanded distribution capability to support Sneaker Factory growth.
- Started construction for the Riverfields distribution centre in Gauteng. This distribution centre enables key capabilities for fast response to both stores and our e-commerce customers. The centralisation of these capabilities further enhance supply chain efficiencies through scale. Careful consideration has been made to ensure that this distribution centre has been designed and built as an EDGE-certified green building.
- Insourced the distribution of beauty products for greater business efficiency.
- Successfully piloted and implemented a new transport model in Durban improving speed and cost.
- Tested and piloted distribution centre and store receiving processes using RFID technology for better accuracy and stock acknowledgement.
- Launched BashDelivery as a last-mile courier for TFG online orders, which is a fast, low-cost in-house delivery resource with better service and improved end-to-end control.

TFG Australia
- Initiated supplier and factory training on our Code of Conduct, grievance hotline, gender equality, health and safety and common audit findings.
- 100% tier 1 suppliers have signed our Code of Conduct and are fully audited.
- We performed over 100 unannounced factory inspections.
- Transitioned the majority of our accessory packaging to plastic free.
- Published our third annual Modern Slavery Statement.
- Continue to consult with Be Slavery Free.
- Enhanced the social and ethical auditing programme to include semi-announced audits and increased unannounced inspections.

TFG London
- Assessed the salience of human rights risks at third-party UK distribution centres in partnership with Anti-Slavery International.
- Signed a Memorandum of Understanding with the International Transport Workers' Federation on human rights due diligence in supply chain transport and logistics.
- As a key hotspot, we established 2030 air freight reduction targets.

Retail

TFG Africa
- Launched a new fashion and lifestyle shopping platform, Bash, with most of TFG Africa's in-house brands in one place.
- Measured through our Voice of Employee survey, 75% of our employees indicated that they felt like they belong at TFG.

TFG Australia
- Joined the Australian Packaging Covenant Organisation (APCO).
- Our carry bags are made from sustainably sourced paper.

TFG London
- Addressed packaging and transitioned all ecommerce bags to FSC® certified-paper, supporting responsible forestry thereby reducing its use of single-use plastic.
- Established a 2030 renewable energy roadmap and maintained renewable energy for purchased electricity across the majority of own operations.
- Presented our decarbonisation strategy to all TFG London retail teams to increase awareness.

Use, extension and end-of-life

TFG Africa
- 417 tons of textile waste diverted from landfill through recycling initiatives

TFG Australia
- Continue to partner with Thread Together, donating unsold textiles to people in need. The majority of our head office team volunteered to assist with picking and packing orders.

TFG London
- Implemented repair services and provided care guides designed to support customers maintain their favourite items, with the aim to extend the product's life.
- As key charitable partners, donated unsold items to Smart Works and end-of-life items to NewLife for recycling.

- Received an AA rating from MSCI, up from an A last year.
- TFG is a constituent company in the FTSE4Good Index Series for 2021/2022
- Launched the online ESG World as a TFG-specific environmental, social and governance (ESG) data and disclosure platform.
- Received a B score for our 2022 CDP Climate Change questionnaire, and our first scores for CDP Forestry and Water Security disclosures.
- Embarked on a climate scenario analysis process in response to and in line with the Task Force for Climate-related Financial Disclosures (TCFD) recommendations.
- TFG London's near-term targets have been validated and approved by the Science Based Target initiative (SBTi).

Upstream	TFG Africa: own manufactured clothing	TFG Africa: other merchandise	TFG London and Australia: apparel
Own operations	TFG Africa: own manufactured clothing	TFG Africa: other merchandise	TFG London and Australia: apparel
Downstream	TFG Africa: own manufactured clothing	TFG Africa: other merchandise	TFG London and Australia: apparel

Our brands

We have a comprehensive portfolio of 34 retail brands that offer clothing, footwear, jewellery, sportswear, mobile phones and technology products, homeware and furniture. Our diverse brands allow us to push the boundaries of the retail industry in new and innovative ways – helping us achieve our vision to create the most remarkable omnichannel experience for our customers.

TFG'S RETAIL BRANDS SPAN VARIOUS MARKET SEGMENTS[3]

UPPER MARKET
@home, @homelivingspace, Coricraft, Fabiani, G-Star Raw, Hobbs, Phase Eight, Whistles

MID TO UPPER MARKET
American Swiss, Archive, Dial-a-Bed, hi, sportscene, Totalsports

MID MARKET
the bedstore, Foschini, Johnny Bigg, Markham, Relay Jeans, Sterns, Tarocash, yd., Volpes

VALUE MARKET
Connor, Jet Home, Jet, Exact, Fix, Galaxy & Co, RFO, Rockwear, Sneaker Factory

3 Bash (previously myTFGworld) is the Group's online fashion and lifestyle platform, consolidating 18 of TFG Africa's brands on one online platform.

TFG AFRICA (OUTLETS) – 68,5% OF TURNOVER
@home, @homelivingspace, American Swiss, Archive, bash, Coricraft, Dial-a-Bed, Exact, Fabiani, Fix, Foschini, Galaxy & Co, G-Star Raw, hi, Jet, Jet Home, Markham, Relay Jeans, RFO, Sneaker Factory, sportscene, Sterns, the bedstore, Totalsports, Volpes

TFG AUSTRALIA (OUTLETS) – 18,2% OF TURNOVER
Connor, Johnny Bigg, Rockwear, Tarocash, yd.

TFG LONDON (OUTLETS) – 13,3% OF TURNOVER
Hobbs, Phase Eight, Whistles

E-commerce – 9,1% OF TURNOVER
@home, @homelivingspace, American Swiss, Archive, Connor, Coricraft, Dial-a-Bed, Exact, Fabiani, Fix, Foschini, Galaxy & Co, G-Star Raw, hi, Hobbs, Johnny Bigg, Markham, Phase Eight, Relay Jeans, Rockwear, Sneaker Factory, sportscene, Sterns, Tarocash, the bedstore, Totalsports, Whistles, yd., Volpes

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

MERCHANDISE CATEGORIES

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

Cellphones
American Swiss, Archive, Fix, Foschini, Markham, Relay Jeans, sportscene, Sterns, Exact, Fabiani, G-Star Raw, hi, RFO, Sneaker Factory, Totalsports

Clothing: family
Exact, Jet, RFO

Clothing: female fashion
Fix, Foschini, Rockwear, Whistles, Hobbs, Phase Eight

Clothing: male fashion
Connor, Fabiani, G-Star Raw, Johnny Bigg, Markham, Relay Jeans, Tarocash, yd.

Clothing: sport
Archive, Sneaker Factory, sportscene, Totalsports

Clothing: youth fashion
Foschini

Cosmetics
Foschini

Homeware & furniture
@home, @homelivingspace, Coricraft, Dial-a-Bed, Jet Home, the bedstore, Volpes

Jewellery
American Swiss, Galaxy & Co, Sterns

Our **footprint**

Group

4 697
TOTAL OUTLETS
(2022: 4 351)

46 566
EMPLOYEES
(2022: 38 329)

TFG Africa

3 524
TOTAL OUTLETS
(2022: 3 087)

39 950
EMPLOYEES
(2022: 32 842)

TFG London

589
TOTAL OUTLETS
(2022: 688)

2 316
EMPLOYEES
(2022: 1 915)

TFG Australia

584
TOTAL OUTLETS
(2022: 576)

4 300
EMPLOYEES
(2022: 3 572)

Insourced distribution centres

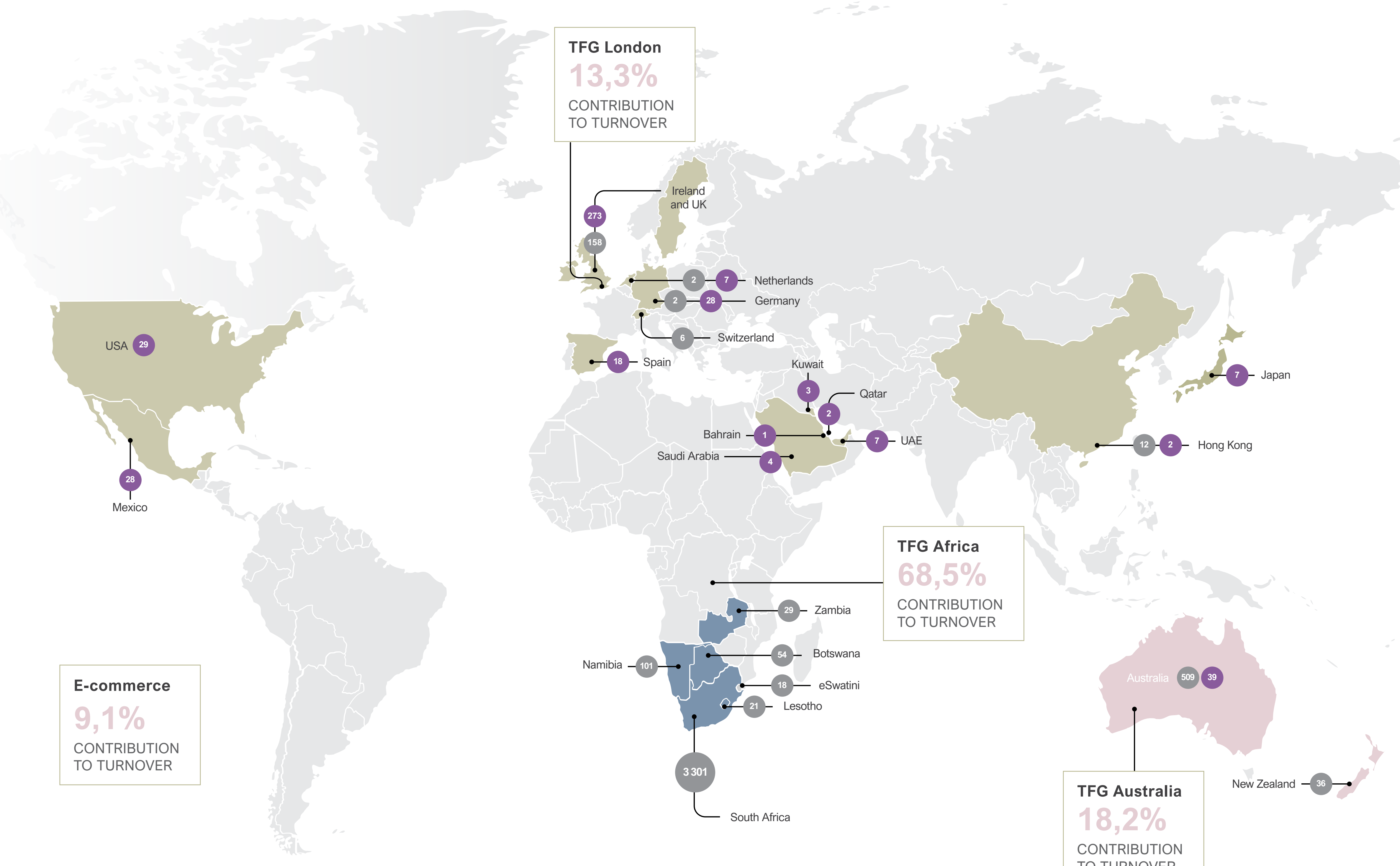
7 | 50 250m²
SOUTH AFRICA: WESTERN CAPE

1 | 38 000m²
SOUTH AFRICA: GAUTENG

1 | 25 000m²
SOUTH AFRICA: DURBAN

9 | 113 250m²
SOUTH AFRICA: TOTAL

Tapestry includes 19 main/regional distribution centres or factories totalling 100 814 m²



TFG London
13,3%
CONTRIBUTION TO TURNOVER

TFG Africa
68,5%
CONTRIBUTION TO TURNOVER

TFG Australia
18,2%
CONTRIBUTION TO TURNOVER

E-commerce
9,1%
CONTRIBUTION TO TURNOVER

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

TFG Africa procures merchandise locally in South Africa, other SADC countries and through imports. TFG Merchandise Supply Chain directs the manufacturing of clothing, with 76,4% of TFG Africa's clothing procured from its own factories and other local CMT factories with which we are strategically aligned.

Our **reach**

We continue to expand our reach to find even more opportunities to inspire our customers and set us apart from our competitors. We have one of the largest retail store footprints in South Africa and are growing the scale of our operations in the UK and Australia. Our expansion is supported by significant investment across the Group to transform into a tech-led omnichannel retailer. We offer our customers unrivalled fashion and lifestyle choices through more than 34 individual brands.

	TFG Africa	TFG London	TFG Australia
Number of brands	26	3	5
Number of stores	3 524	180	545
Number of concessions	–	409	39
Number of employees (head office)	11 402	451	305
Number of employees (retail)	28 548	1 865	3 995
Number of transactions	79 137 737*	**	8 449 433
Number of items ordered online (paid not cancelled)	1 158 178	1 783 839	1 404 012
Retail space (m^2)	1 411 315	23 836***	93 332
Number of customer store visits (footfall)	437 974 039*	**	45 787 444
Number of user interactions on our website	149 695 315	51 254 274	18 155 886
Number of social media followers	19 425 449	982 368	633 953
Number of manufacturing facilities	6*	–	–
Number of Tapestry main/regional distribution centres or factories	19	–	–
Number of distribution centres	9*	3	5
Number of finished goods units handled through distribution centres	156 004 278*	7 557 785	21 322 356

* *The number excludes Tapestry.*
** *Metrics cannot be measured due to concession stores.*
*** *Excludes concessions.*

EXTENDING OUR REACH TO BECOME A TECH-LED OMNICHANNEL RETAILER

Our aim is to establish TFG as the biggest and most profitable fashion and lifestyle e-commerce destination on the continent while transforming the Group into a high-tech omnichannel retailer. In FY 2022 we launched our new technology division Bash (previously TFG Labs). Bash is the next step in our digital transformation journey and builds on our continuous investment to build a formidable e-commerce offering that spans people, merchandising, store technology, fintech, logistics and customer experience.

Why we are transforming

Digital adoption has come of age, and we need to stay ahead to remain relevant.

Globally, all successful traditional brick and mortar retailers are pivoting their businesses into technology-enabled omnichannel platforms. Within South African retail, online sales have more than doubled in the past two years, and competition has emerged from non-traditional rivals, including local pureplays and direct-to-customer international competitors.

What we achieved this year

We continued our journey of creating remarkable omnichannel experiences for our customers.

We officially launched Bash.com, our new fashion and lifestyle platform that replaces myTFGworld. Bash enables customers to shop for most of TFG's in-house brands in one place, providing an unrivalled selection of quality brands and products and the freedom to shop seamlessly across a myriad of locations. It also integrates all TFG's assets, such as customer data, brands, products, stores and online traffic, into one integrated platform.

We continued to leverage the strength of our technology division. Bash's primary focus is to ensure that our new digital platform, Bash.com, is highly profitable. Bash centralises certain functions such as digital marketing, order fulfilment and customer support – removing cost duplication and improving efficiency and customer experience.

We rebranded our last-mile, in-house delivery service from Quench to BashDelivery. Delivery price, reliability and speed are highly correlated to e-commerce penetration and purchase frequency, and our last-mile delivery service is enabling our 'ship-from-store' strategy. BashDelivery was piloted at one location in FY 2023, with a goal of rolling it out to a further four locations in FY 2024.

The future is mobile – and our customers increasingly gravitated towards our new Bash mobile apps, which topped the charts in their respective app stores (Apple, Google and Huawei)[4].

We executed transformative digital projects to ensure we are positioned for omnichannel leadership.

We made substantial progress building a diverse, high-calibre engineering team: we hired 45 new team members from various industries across fintech, e-commerce, supply chain, and marketplace platforms. We also launched BashCareers, which showcases our tech-driven approach to creating customer value. This initiative was instrumental in attracting diverse talent and reinforcing our high-performance culture focused on autonomy, agility, and iteration. Bash has strategically nurtured a robust talent pool, with a dedicated team of 243 professionals. Our focus on technical prowess, digital expertise, and operational excellence is evident in our specialist teams. These teams, consisting of engineers, product managers, analytics engineers, and digital marketers, make up 106 individuals or approximately 43,6% of our workforce.

We welcomed four new recruits to our Incubator Programme: launched last year, this programme creates first-time, permanent employment opportunities for high-calibre engineering graduates and individuals with unconventional coding backgrounds. Looking forward, we will focus on recruiting women apprentices and boosting their careers through mentorship and training.

We enhanced our best-in-class Freshdesk Customer Success tool: we launched telephony technology to ensure a single view of the customer. We further automated various workflow processes and launched a customer satisfaction measure to gain broader insight into our customers' needs.

We continued to improve our online and customer satisfaction metrics[5].

16,6%
ONLINE REVENUE GROWTH (EXCLUDING TAPESTRY)

247 707
NEW ONLINE CUSTOMERS ACQUIRED

73%
INCREASE IN MULTI-BRAND ORDERS (CROSS-SHOPPING)

5%
INCREASE IN OUR ONLINE CONVERSATION RATE

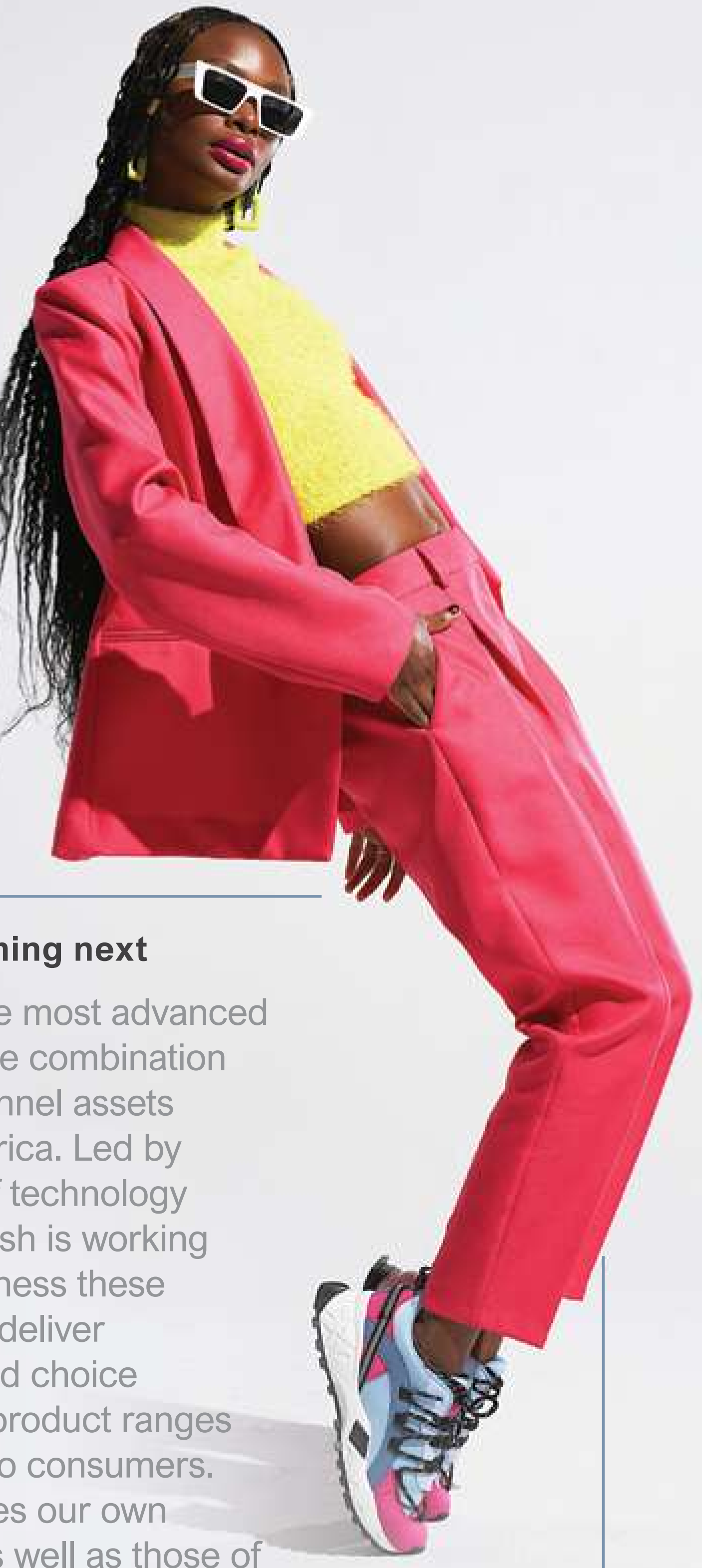
AVERAGE RESPONSE TIME TO CUSTOMER EMAILS – DOWN
3,5 HOURS

25%
(UP 6% Y-O-Y) OF PARCELS DELIVERED IN UNDER 48 HOURS

12%
TOTAL ONLINE CUSTOMER GROWTH

84%
OF QUERIES RESOLVED ON FIRST CONTACT

11%
DECLINE IN DELIVERY COST PER ORDER



What's coming next

TFG has the most advanced and valuable combination of omnichannel assets in South Africa. Led by our team of technology experts, Bash is working hard to harness these assets and deliver an unrivalled choice of brands, product ranges and SKUs to consumers. This includes our own products as well as those of selected third-party vendors.

In the year ahead, we will focus on adding more of TFG's products to our online catalogue and activating in-store technology that facilitates upselling and an "endless aisle" experience when stores are out of inventory. We are also focused on improving delivery times and lowering delivery costs. We will focus on building out and scaling up our core services, such as our marketplace and supply chain, to support growth and deliver remarkable customer and brand experiences. This includes, for example, rebuilding our order management and warehouse management systems as well as investing in multi-parcel consolidation to drive down fulfilment costs.

[4] *Since our launch, we achieved the number one most downloaded shopping app in the Apple store and the number two most downloaded shopping app on Google Play.*

[5] *Year-on-year improvement in metrics following beta launch in June 2022.*

Our timeline

OUR HISTORY AT A GLANCE

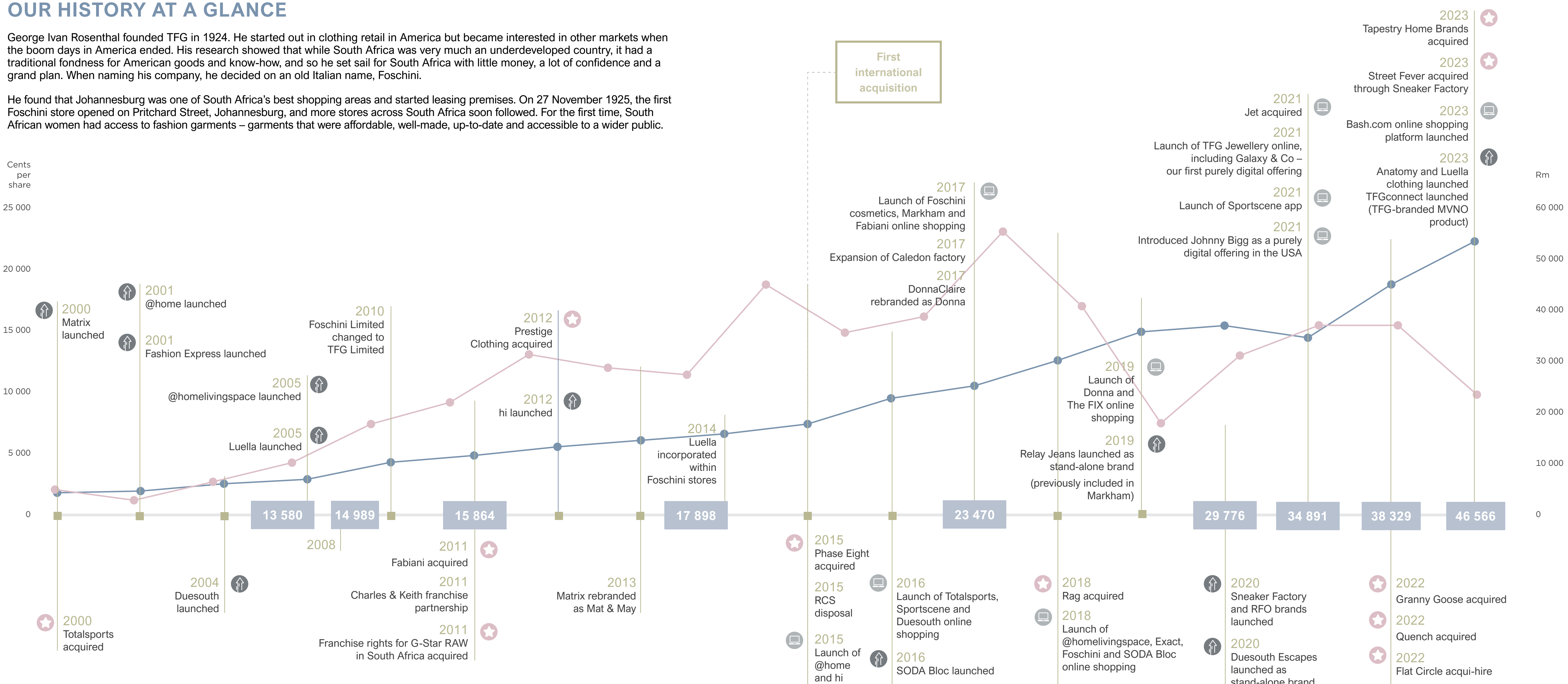
George Ivan Rosenthal founded TFG in 1924. He started out in clothing retail in America but became interested in other markets when the boom days in America ended. His research showed that while South Africa was very much an underdeveloped country, it had a traditional fondness for American goods and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

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

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

In 1958, Stanley Lewis bought what became a controlling shareholding in Foschini Limited. It then comprised only the Foschini business, which sold largely ladies' dresses. Over the next 40 years, he oversaw the Group's rapid growth and diversification, including the acquisition of American Swiss and Markham in the late 1960s. During his tenure as Chief Executive and Executive Chairman, he invested heavily in technology and laid the strong foundations on which the contemporary TFG has been built.

Since then, the Group has continued to grow, selling a broad range of merchandise categories to customers in-store and online.



Before 2000

1924
Founded

1941
Listed on the JSE

1958
Stanley Lewis buys major shareholding

1967
American Swiss Watch Company acquired

1968
Markham acquired

1969
Pages launched

1993
Sterns acquired

1994
DonnaClaire launched

1996
Sportscene acquired

1999
Pages rebranded as Exact
RCS established

Acquired | Launched brand | Launched online shopping | Number of employees | Turnover | Closing share price

Our **stakeholders**

Our stakeholders are individuals and groups that have an interest in our business and can influence TFG's ability to create or preserve value. If not managed proactively, these relationships can sometimes result in value erosion. By understanding our stakeholders, we create inspiring customer and employee experiences and enhance our supply chain. Stakeholder engagement also provides input into what is material for TFG and what the Group must focus on to remain competitive and sustainable.

A RESPONSIVE APPROACH TO ACHIEVE QUALITY ENGAGEMENTS

Customers

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

How we engage

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

Our response and actions in 2023

We launched our new fashion and lifestyle shopping platform, Bash – leveraging our extensive product and brand catalogue to create a world-class omnichannel experience. Our replatformed TFG London and TFG Australia businesses enabled us to access even more customer data that we used to create inspiring customer experiences. We opened 381 new stores across our territories and added 169 new outlets following the acquisition of Tapestry, enabling us to provide customers with more opportunities to shop conveniently in more locations. We acquired 2,8 million new TFG Rewards members and increased the value returned to members by 82%. Our Customer and Rewards division used customer data to create personalised campaigns that were seamlessly executed according to our customers' channels of choice. We continue to ensure we offer our customers value, including offering a growing range of brands within the value segment.

Needs and expectations

Customers raise specific issues relating to in-store experiences or credit queries. They engage with us regarding merchandise and fashion trends. Customers are also increasingly looking for affordable, quality merchandise.

Key measures we track

> The number of TFG Rewards customers
> The number of active TFG Africa account customers
> Customer complaints

Shareholders

We have 16 286 shareholders, with 26,37% of shares held outside South Africa. It is vital to ensure alignment between our strategic focus and the long-term interests of shareholders and to continue to meet their expectations through consistent strategy execution and risk management.

How we engage

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

Our response and actions in 2023

We declared a total dividend of 320 cents per share (170 cents per share interim dividend and 150 cents per share final dividend). We continue to pursue ongoing, deep and transparent engagement with our shareholders on remuneration. Refer to page 133 for further detail on the outcomes of our AGM and for the Remuneration Committee's response to shareholder and investor feedback related to our remuneration policy and implementation report.

Needs and expectations

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

Key measures we track

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

Employees

We value the skills and experience of our employees, which enable us to implement and execute our strategy and deliver our products and services to our customers. Our 46 566 employees are diverse in their spread across geographies, gender, age and skills profiles.

How we engage

Multiple channels are used for communication, including WhatsApp and other digital channels, which provide access to communication, policies and documents in one secure place. We also engage with our employees through our Voice of Employee (VoE) platform and encourage them to share ideas that could enhance profitability and the Group's performance culture.

Our response and actions in 2023

We continued to support our employees as we navigated a challenging socioeconomic and macro environment. This includes providing employees with financial and emotional support to protect and promote employee wellbeing.

Our strategic focus on digitally-enabled learning and development remained a focus, as did the rollout of change management solutions to help our employees keep up with the rapid pace of change in retail.

We engaged extensively with our employees during the year, including undertaking an employee engagement survey. For the first time, we included a specific focus on diversity and inclusion to gain a better understanding of our employees' sense of belonging within the Group.

We continue to invest significantly in youth empowerment and creating opportunities for unemployed youth to access work experience through the Group via learnerships, internships and graduate programmes. We also provided workplace opportunities to 707 young South Africans through the YES programme during the year.

Read more about our employees and specific initiatives for the past year from page 33.

Needs and expectations

Employee engagement focus areas include communication about training and development, career advancement, human resource policies, remuneration and performance management, change management in response to our digital transformation journey, safety, health and wellbeing, and Group culture.

Key measures we track

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

Our **stakeholders** continued

Suppliers

The TFG supplier base consists of merchandise and non-merchandise suppliers, with the latter including landlords. Our mutual intent is to establish trust and loyalty and align business interests for the long term. This ensures we deliver merchandise of high quality, at the right price and in locations convenient to our customers. We acknowledge that our supply chains are complex and require different skill sets and capabilities to bring our products from raw materials through to finished goods. Despite this complexity, we are committed to sourcing commodities and input materials while trading responsibly.

How we engage

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

Our response and actions in 2023

Within all our business segments, a key focus remains on ensuring fair, ethical and sustainable global supply chain practices. We are working hard to map the respective supply chains according to the priorities and maturity of each business segment. As part of TFG Africa's local manufacturing expansion strategy, engagement with suppliers continues as we collaborate with a greater number of suppliers on matters such as compliance and ethics. TFG London continued its partnership with AntiSlavery International. TFG Australia developed and rolled-out modern slavery training to several tier 1 factories, including suppliers, factory managers, line managers and worker representatives, with the help of a third party.

Read more about our engagement with our suppliers in our Inspired Living Report, available online.

Needs and expectations

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

Key measures we track

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

Government, legislators and regulators

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

How we engage

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

Our response and actions in 2023

As a proudly South African business, and in support of government's 2030 R-CTFL Masterplan for the clothing manufacturing sector, TFG Africa actively drives increased engagement with relevant government departments (such as the Department of Trade, Industry and Competition).

Needs and expectations

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

Key measures we track

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

Communities and non-profit organisations

It is our responsibility to give back to the communities we operate in. The concept of "paying it forward" is significant to us and has inspired how we deliver positive and lasting impact. We focus on implementing flagship projects that strengthen communities. These are aligned with the National Development Plan and Sustainable Development Goals (SDGs) and are rolled out in collaboration with key partners to ensure they are delivered successfully and sustainably.

How we engage

In South Africa, the TFG Foundation serves as the vehicle through which we channel social investment activities in communities. Throughout the Group, our brands also make direct contributions to the communities in which they operate through direct brand-led corporate social investment initiatives aligned to our customers and the communities in which we operate.

Our response and actions in 2023

We work with various organisations to provide assistance and support through monetary and/or merchandise contributions in all three of our major territories.

In South Africa we partner with Gift of the Givers to make donations to various communities that require disaster relief efforts. Other significant projects include contributions to the Youth Start Foundation, Little Kids KZN and NOAH.

TFG London donated a selection of samples and clothes to Smart Works UK, a charity that provides high-quality interview clothes and interview training.

Through its brands, TFG Australia continued to work with different charity partners to support communities across the country. These partners include, among others, Thread Together, RUOK?, Make a Wish, The National Breast Cancer Foundation, Beyond Blue and Polished Man.

Needs and expectations

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

Key measures we track

TFG Africa:

> Amount donated through TFG Foundation and brands
> Socio-economic development spend

TFG London and TFG Australia:

> Value of donations in local currency

Our **stakeholders** continued

Environment

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

How we engage

Our formal business champions and working committees for each sustainability strategy pillar advocate for consideration of environmental interests and trade-offs in the context of business activities, decisions and supply sources. We are increasingly engaging with relevant external stakeholders on environmental aspects. This includes reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and producing CDP reports for climate disclosure and forest and water.

Our response and actions in 2023

In each of our territories, we mobilised efforts to shift toward more sustainable material choices. TFG Africa introduced new sourcing metrics and commitments for cotton and achieved its annual target (10%) for Better Cotton procurement. During the past year, TFG Africa sourced 13,8% of their apparel as Better Cotton. For TFG London, 74% of all cotton procured during FY 2023 was sourced as part of the TFG Brands Responsible Cotton Programme, with 95% sourced via Better Cotton and 5% grown organically. TFG Australia developed a traceability strategy and initiated rollout. TFG Australia further sourced 27% of its cotton requirements as Better Cotton.

We continue to work hard to understand and mitigate our upstream and downstream environmental impacts. We are also working with our suppliers to better understand supply chain risks and achieve greater transparency across our global and local supply chains.

We commenced a climate scenario analysis in TFG Africa, focusing on our South African direct operations, and examined future physical and transitional risks and opportunities that could materialise under a "NDC/Current Policies" climate change scenario. Our analysis incorporated scientific research, regulatory developments, and market trends to provide a clear picture of how climate change can impact our organisation's financial position, market competitiveness, and overall sustainability.

Details on our environmental performance, measures and targets for each of the territories we operate in can be found in our Inspired Living Report, available online.

Needs and expectations

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

Key measures we track

> Greenhouse gas emissions
> Business waste reduction
> Textile waste recycled
> Reuse of supplier cartons
> Energy efficiency
> Sustainably sourced cotton

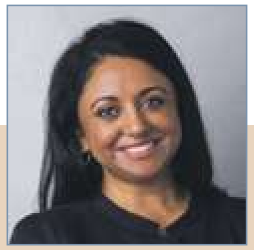
Our **people**

INTRODUCING OUR OPERATING BOARD

A E Thunström (53)
BCom (Hons Acc), CA(SA)
Chief Executive Officer
Joined the Group in 2015

B Ntuli (46)
BCom (Hons Acc), CA(SA), AMP (Harvard)
Chief Financial Officer
Joined the Group in 2019

S A Baird (57)
Group Director – Retail
Joined the Group in 1986



G S Naidoo (55)
BSocSc (Hons), MA (Ind Psych), AMP (Harvard)
Group Director – Retail
Joined the Group in 2005

J De Kock (53)
B. Eng, MBA
Group Director – Technology and Fulfilment
Joined the Group in 2020

S E Morley (53)
BSocSc
Group Director – Human Resources
Joined the Group in 2002

J Fisher (50)
BSc (Hons) Mathematics and Computing Science
Group Director – Financial Services
Joined the Group in 2013

Our **people** continued

RESPONSIBILITY

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

The Operating Board's key focus areas per strategic outcome are unpacked below:

Transforming into a true omnichannel retailer

Customer & Employee obsession

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

Leadership

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

Profit

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

Growth

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

Our TFG purpose, vision and values

Other responsibilities

> Formulating, developing, executing and refining the Group's strategic plan
> Risk management through identification, assessment and mitigation
> Development, monitoring and assurance of internal controls
> Development and monitoring of operational policies and procedures
> Adoption, implementation and monitoring of corporate governance practices and meeting standards set out in King IV and other relevant practices

INTRODUCING OUR EMPLOYEES

Our employees' skills and experience help us implement and execute our strategy and deliver our products and services to our customers. To remain an employer of choice, we must adapt to the evolving talent landscape and continually review and adjust our talent offerings from acquisition to development. To differentiate ourselves and strengthen our employer brand, we are focused on aligning our approach and offerings with our purpose, vision, and values.

46 566 EMPLOYEES (2022: 38 329)	**1 076** EMPLOYEES WITH DISABILITIES (2022: 257)
66,3% FEMALE EMPLOYEES (2022: 69,1%)	**39 950** TFG AFRICA EMPLOYEES (2022: 32 842)
2 316 TFG LONDON EMPLOYEES (2022: 1 915)	**4 300** TFG AUSTRALIA EMPLOYEES (2022: 3 572)
12 158 CORPORATE EMPLOYEES[6] (2022: 8 841)	**34 408** RETAIL EMPLOYEES (2022: 29 488)
97,0% EMPLOYMENT EQUITY REPRESENTATION[7] (2022: 96,6%)	**3** B-BBEE LEVEL (2022: 3)
R172,4m SPENT ON TRAINING AND DEVELOPMENT (2022: R135,1m)	**Zero** WORK DAYS LOST DUE TO INDUSTRIAL ACTION (2022: ZERO)

[6] *Employees other than those working in outlets.*
[7] *Relates to South Africa only.*

Read more about our employee-related performance measures and targets in our Inspired Living Report, available online.

Our **people** continued

EMPLOYEE-CENTRED GOVERNANCE

The Social and Ethics Committee assists the Supervisory Board with monitoring and reporting on social, ethical, transformational and sustainability practices. Remuneration falls within the mandate of the Remuneration Committee. Employees are supported by a shared service human resource (HR) team across all divisions and brands. HR teams work with line managers in areas such as talent acquisition, employee relations, training and development, performance management and transformation.

EMPLOYEE FOCUS AREAS FOR 2023

Employee wellbeing

The past year again proved tough for our employees. With many still feeling the effects of COVID-19, new challenges included the rising cost of living, increased household and personal debt, high levels of unemployment, unprecedented levels of load shedding in South Africa and climate-related disasters such as flooding and droughts. A key focus area was therefore ensuring that we took steps to support employee wellbeing.

To help our employees manage the financial strain that many are experiencing, we continued to offer advanced pay and personal loans as well as access to our internal financial assistance programmes. Our online financial assistance tool, Paymenow, remained available to employees to enable them to instantly access a portion of their net salary. This is done responsibly, accompanied by financial literacy training. We also increased the merchandise discount offered to our permanent employees to ensure that every member of the TFG team can proudly enjoy our portfolio of brands.

Considering the difficult conditions, job security is particularly important for employees to maintain their financial and emotional wellbeing, and job preservation remains a key focus area for the Group. We are also focused on creating new jobs to support broader economic development and stability including our continued focus on youth employment (unpacked on page 35). In FY 2023, we opened 337 stores in TFG Africa. This translates to more than 8 000 more jobs and workplace opportunities of which 3 515 were new permanent jobs and 1 537 new jobs created at our Prestige factories.

Our Wellness Helpline remains accessible to all TFG Africa employees, including those outside South Africa. This service provides employees and their families with 24/7 confidential support and resources to manage their wellbeing.

Employment diversity, equity and inclusion

We want to build a business that is diverse and inclusive within a culture of hard work, innovation, collaboration and transparency.

This year, we adjusted the annual employee engagement survey conducted through our VoE platform to include a specific focus on diversity and inclusion. We further developed a diversity and inclusion metric. While there is work to be done, we were pleased with the initial response, which indicates that 75% of our employees feel a sense of belonging and connection with the Group. Another major highlight was developing and launching a number of new policies for TFG Africa, including a Diversity, Equity and Inclusion Policy, Talent Recruitment Policy and an Elimination of Harassment Policy.

We continue to focus on gender and race transformation for senior and professional middle management to ensure our employee composition reflects the diversity of our customer base and aligns to South Africa's economically active population. Through our talent planning process, we identify high-potential employment equity candidates who are flagged for vacancies or nominated for leadership development programmes to help prepare them for leadership positions.

TFG Africa remains focused on upskilling and creating employment for people with disabilities. This year, we took steps to encourage our employees to disclose any disabilities. This was facilitated through increased engagement and awareness and is part of our ambition to foster a broader culture of diversity and inclusion. As a result, the number of people employed by the Group who are living with disabilities across the business increased from 257 to 1 076.

Educate to employ

We are investing significantly in skills development and workplace experience for youth, especially in rural and semi-rural areas, to provide a diverse pipeline as we create new jobs.

Our "educate to employ" strategy directs investment in various areas to develop a pipeline of young talent for TFG. This year, we reached 2 076 youths through the various streams of our strategy:

1	Learnerships and internships: investing in skills development	1 369 learnership and internship opportunities were created across stores, factories, distribution centres, contact centres and our head office operations. Through these initiatives, we increase the employability of young people while creating a talent pool for TFG.
2	Bursaries for young talent: investing in the future	We invested in further education for 7 talented young South Africans through our partnership with FEDISA Fashion School and the University of Western Cape – providing an active pipeline of young talent into the business.
3	YES programme: creating opportunities and work experience for our unemployed youth	Through our participation in the YES programme, 707 youths were placed on 12-month work experience contracts throughout our South African operations, particularly at contract centres and stores. We provided quality work experience, mentorship and training. We appointed more than 60% of participants into permanent positions in FY 2023, and plan to increase this number in FY 2024.
4	The TFG Sustainable Design Incubator: a TFG first	As part of this inaugural programme, four young, emerging designers were selected from across the country to take part in a six-month immersive training and mentorship programme with a focus on sustainable design practices. The programme aims to develop self-sufficient designers who meet the supplier requirements for large fashion houses, such as TFG.
5	Bash Incubator Programme: employment opportunities for high-calibre engineering graduates	In April, we welcomed our first incubator cohort of four apprentices. The programme aimed to provide mentorship and guidance while the apprentices developed technical and professional skills in permanent positions. Highlights included mutually beneficial mentor-mentee relationships, contributing to a diverse junior talent pipeline, and promoting half of the apprentices to junior software engineer roles. Going forward, we will iterate on the programme, rebrand it to a Bash initiative and focus on women in technology. We will leverage our maturer teams and leaders to provide the structured support necessary to boost their careers, and for Bash to continue to address the broader socio-economic challenge facing South Africa.

ABOUT OUR REPORT
WHO WE ARE
THE WORLD WE OPERATE IN
OUR VALUE CREATION POSITIONING
VALUE CREATION THROUGH PROVEN STRATEGY
VALUE CREATION THROUGH PERFORMANCE
GOVERNANCE APPENDICES
OTHER APPENDICES
COMPANY INFORMATION AND SHAREHOLDERS' CALENDAR

Digital transformation and change management

TFG's strategic commitment to digital transformation and e-commerce is not purely an information technology driver. It also relies on our people's adoption and use of technology and their process proficiency.

We have made significant investments over the past few years to equip our employees to be customer-centric and work efficiently, underpinned by specific change management interventions. We also have to ensure organisational readiness so that the new systems are embraced, adopted, and effectively utilised, yielding a return on investment and ensuring business value. We have adopted an agile methodology and blended learning approach, and the use of data analytics has been critical in supporting our approach. By leveraging data-driven insights and employee feedback, we tailor our digital transformation and change management interventions to address any challenges that may hinder proficiency.

Key change management projects for digital store solutions included:

1	Implementing Dayforce, our workplace management tool	We successfully rolled out Dayforce across 3 125 stores in South Africa, providing comprehensive training for over 3 500 store managers and field employees. The implementation of Dayforce has had a positive impact on TFG and our employees, who now have the convenience of accessing their work schedules, leave, and pay information on their preferred devices.
2	Driving Bash through digital learning	In the past year, TFG embarked on a strategic initiative to revolutionise the retail e-commerce landscape through Bash. Our primary focus was to ensure people-readiness by effectively communicating our vision for Bash and providing 20 100 employees with the necessary skills and training to confidently talk to our customers. This empowers our people to guide our customers through TFG's evolving online shopping experience.
3	Training on our Stockcount application	Our Stockcount application is used as an alternative for brands that are not supported by RFID technology. During the year, we provided training and ongoing support to an additional 720 stores that utilised the scanning tool during the year.
4	Upskilling of employees to support the rollout of value-added and financial services	TFG's strategic commitment to transformation is supported by expanding our product offering to meet customers' full range of needs. Products expanded this year included Tymebank kiosks, MoreTyme and TFGconnect. To upskill our employees, we developed a scenario-based sales toolkit that provides a better understanding of the benefits of the various products. This empowers our employees with the knowledge to engage confidently with our customers.
5	Successful rollout of oneX	We successfully completed the rollout of our point-of-service technology, oneX, to all South African and African stores and provided systems training to 2 070 stores. In the year ahead, we will continue to support stores and line managers post-implementation.
6	Building a community for change	To drive and support change at an individual level, we established a national change agent network. Our pool of 75 change agents is located across South Africa in key regional and outlying areas. These agents enable us to engage directly with store employees. Additionally, we foster close relationships with our support teams, including IT teams by collaborating and sharing information on key matters that affect stores through digital transformation sessions, employee journey mapping and national roadshows.

Through our digital and mobile learning strategy, we are making learning more accessible to our employees. We continue to invest in our employee digital offerings, TFGLearn digitised training and the TFG-on-the-go mobile app.

76
NEW COURSES ADDED TO TFGLEARN

597 310
COURSES COMPLETED ON TFGLEARN

258
UNIQUE COURSES DEVELOPED AND PUBLISHED TO DATE ON TFGLEARN

Fair and equitable remuneration, underpinned by performance management

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

TFG's remuneration mix varies by employee level. We ensure that a greater proportion of total remuneration, particularly at the senior level, is at risk should satisfactory performance levels not be achieved. Company performance metrics for executives include headline earnings per share, Group return on capital employed and strategic ESG objectives:

- For people and transformation we measure jobs created via acquisition and organic growth in stores and factories.
- For procurement we measure the increase in local sourcing and supplier development as well as the sustainable sourcing of cotton.
- In terms of our customers, we measure the successful implementation of the new Riverfields distribution centre and Bash development to supporting our omnichannel strategy.

For more information on our remuneration policy, refer to our Remuneration Committee report on page 136.

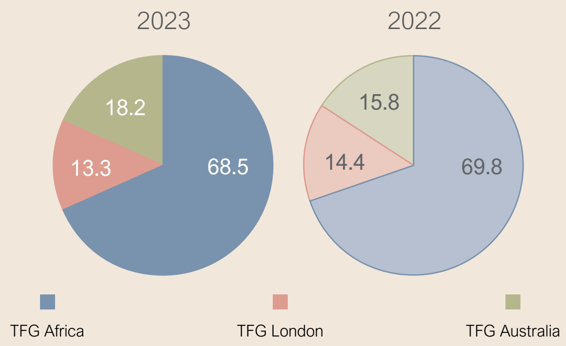
The world **we operate in**

"The world has changed dramatically since we opened our first store in 1925. Our combination of experience and forward-looking dynamism ensures the business can adapt and stay ahead as the industry evolves.

Our operating **context**

While TFG's retail turnover is still largely generated by TFG Africa, and in particular South Africa, the Group's operating context is impacted by external macroeconomic factors across all three territories.

Retail turnover contribution (%)



The South African context

> Ongoing energy crisis and elevated levels of load shedding (with prolonged periods of stages 4, 5 and 6 load shedding) – c.360 000 trading hours lost in FY 2023 (true impacted estimated at c.730 000 hours)
> Continued ZAR weakening, largely due to the economic impact of the COVID-19 pandemic and other factors such as political uncertainty and a widening current account deficit
> Greylisted by the Financial Action Task Force for not fully complying with international standards around the prevention of money laundering, terrorist financing and proliferation financing – resulting in reputational damage and possible negative implications for cross-border transactions
> Ongoing risk of industrial action and disruption to port operations, heightening the risk of delayed movement of goods and materials, increased costs, and lost revenue
> **2,0%** South African annual GDP growth, with reduced consumer confidence and spend
> Expanded definition of unemployment now at 42,6%, with youth unemployment (15 – 24) at 62,1%

The UK context

> Inflation accelerated to the highest levels since the early 1980s (reaching double-digit growth in April 2022) and outpaced wage growth, further straining the discretionary budgets of many households and driving a cost-of-living crisis
> Labour strikes and industrial disputes occurred in various industries
> Positive rebound in customers' desire for key categories of occasion and wear-to-work as consumers caught up on long-delayed family celebrations and events, and employees began to return to normal working patterns
> **4,1%** UK annual GDP growth

The Australian context

> The retail environment recovered strongly post the COVID-19 restrictions, with sustained consumer spending, increased footfall and strong demand
> Ongoing global supply chain disruptions, driven by continued COVID-19-related shutdowns in China and the Russia-Ukraine war
> Above average inflation of **1,9%** at end March 2023, increasing fuel and housing costs, and mounting cost of living pressure dampened consumer confidence in the second half of FY 2023
> The domestic labour market remains tight, underpinned by industry-wide labour shortages (particularly in high-growth areas such as technology, healthcare, and construction)
> **2,6%** Australian annual GDP growth and a low unemployment rate of **3,5%**

Percentages are quoted for the 2022 calendar year
Sources: South Africa: Statistics South Africa; Australia: Australia Bureau of Statistics; UK: Office of National Statistics

THE TRENDS SHAPING FASHION RETAIL

We continuously scan, monitor and obtain research on retail-specific trends. This is important as retail is dynamic and fast-changing, and some of these trends are quick to emerge only to bring permanent, structural change to the industry. We are confident that our strategy will help us manage the risks and opportunities that may arise and appropriately positions us to inspire our customers and society at large.

Industry developments

Digitisation

There has been extensive development of new and emerging digital technologies such as artificial intelligence, augmented reality and 3D printing to streamline and create efficiencies within operations and along supply chain. Applications have also been developed to enhance customer experience. Some retailers are using interactive displays to help customers visualise clothing and merchandise.

Sustainability

There is continued and accelerating emphasis on the sustainability attributes of clothing through the design and manufacture processes, as well as downstream through retailers' increased involvement in and responsibility for a product's end-of-life. There are systemic shifts into new and innovative textiles and materials – once limited to smaller capsule collections, but now becoming more mainstream and at cost parity to traditional choices. Refer to our Inspired Living Report, available online.

Social Media

The use of social media and influencers has become critical – particularly for fast fashion retailers to draw and engage wide audiences, promote an ever-changing range, and drive sales.

Personalisation

The use of advanced data analytics and tools to personalise customers' shopping experiences continues. Online digital assistants and enhanced customer self-service are becoming important customer engagement and service mechanisms. Brands are also using machine learning algorithms to suggest products based on a customer's browsing and purchasing history, making the shopping experience more personalised and convenient.

Transparency

Consumers are becoming more aware of the environmental and social impacts of fashion production, and fast fashion brands are responding by increasing transparency about their supply chains. There are increasing examples of businesses publicly publishing supplier and factory lists, as well as enhanced work on labour standards. Refer to our Inspired Living Report, available online.

Sustainability developments

Rental and secondhand clothing

There is increasing adoption and mainstream acceptance for rental and secondhand clothing platforms, which promote circular fashion and the extension of the clothing life-cycle.

Regenerative agriculture

There is shift among many progressive brands to upstream improvements at an agricultural level to draw down carbon, promote biodiversity and restore natural systems. These efforts have predominantly focused on wool and cotton production but apply to other textile sources too.

Blockchain and tracing technologies

Blockchain technology is being explored as a way to enhance transparency and traceability in the fashion supply chain, ensuring that sustainable and ethical practices are being followed. Additionally, innovative tracing technologies combine physical and digital intertwining within the clothing fibres. These are typically biodegradable, luminescent pigments embedded in the raw fibre, which can be scanned at various phases of production.

Carbon offsetting and insetting

Carbon offsetting (buying reduction credits from third parties) is becoming more popular among fashion retailers as a way to mitigate the carbon footprint of their operations, supply chain, and products. Other major brands are looking to support carbon insetting, or financing carbon-reducing projects in their own supply chains.

Biodegradable and bio-engineered materials

While the majority of textiles used in a typical fashion retailer's supply chain are cotton or polyester, a look into the future of bio-engineered materials made from bacteria, algae, yeast and animal cells suggests a future of more manageable waste-streams and reduced pollution.

We unpack our response to some of these trends in our Inspired Living Report, available online.

Our material matters, **risks and opportunities**

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

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

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

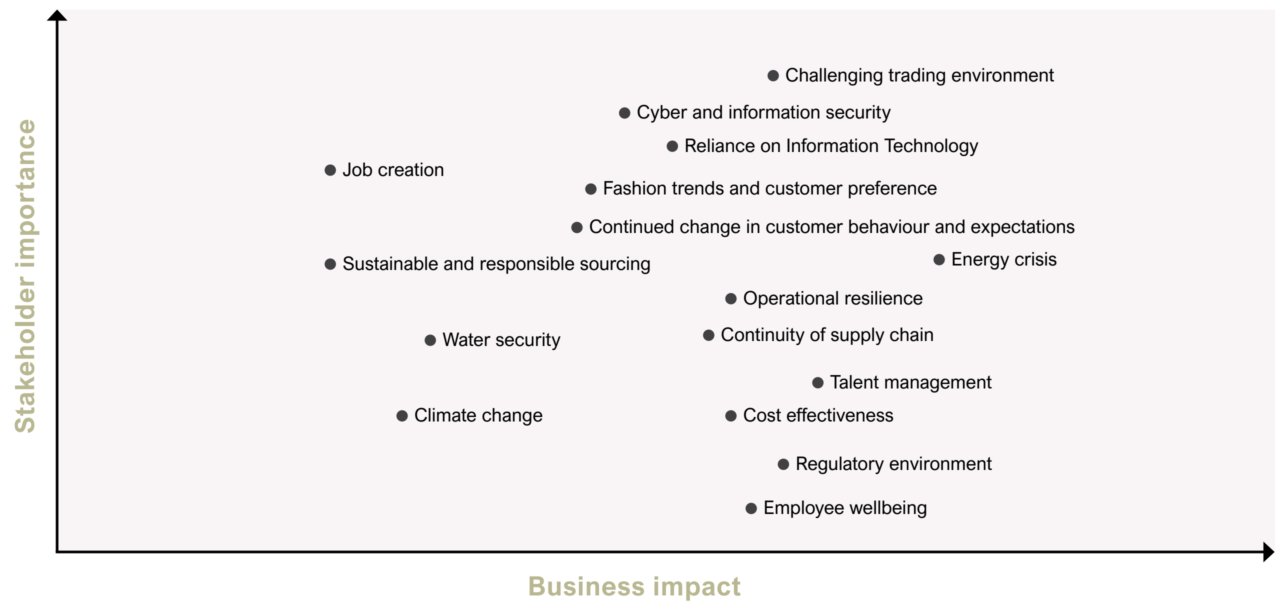
Strategic outcomes

Customer & employee obsession | Leadership | Profit | Growth

Read more about our four strategic outcomes in our strategic overview on page 79.

Our material matters apply to TFG Africa, TFG London and TFG Australia, albeit with different levels of likelihood and impact. They remain aligned with the Group's material matters reported in 2022.

The items depicted below stem from a robust debate and discussion on all material items. The key material matters arising from this discussion are articulated on pages 43 to 47.



Our material matters, **risks and opportunities** continued

CHALLENGING TRADING ENVIRONMENT

TFG continues to be exposed to uncertain and unstable economic, social and political environments in all territories in which it has a presence. High inflation combined with an energy crisis has resulted in increased cost of living and brings threat of recession. This could lead to further constrained growth as it affects consumer confidence and spending patterns, customers' purchasing power and influences their ability to settle accounts.

Risks impacting TFG	Opportunities and risk management
> In South Africa, increased load shedding, the performance of state-owned enterprises, youth unemployment, social inequality, deterioration of infrastructure and corruption remain a concern. > Tensions remain between China and Australia, which could negatively impact TFG Australia's supplier relationships. > The Russia-Ukraine war impacts global food and energy prices.	> The Group has an increasingly diversified business model and strives to increase accessibility to the market by growing its footprint in varied locations. > We continue to refine our credit score models, and regularly review our collection strategies. > Our resilience and balance sheet strength enables us to take advantage of opportunities to expand our footprint and increase our manufacturing capacity.

Trend	Term	Strategic outcomes
Increasing	S – M	

Read more about our operating context from page 40.

CONTINUED CHANGE IN CUSTOMER BEHAVIOUR AND EXPECTATIONS

Delivering an integrated, secure omnichannel customer experience across our various brands continues to be a strategic objective for TFG. Our customers expect a seamless experience across all channels and in all interactions with the Group. Our customers, employees and investors have also come to expect TFG to act responsibly, taking due cognisance of the environment in which we operate, our social responsibility and the challenges facing our planet.

Risks impacting TFG	Opportunities and risk management
> Adapting the Group's store network to the changing needs of the Group's customers and securing the most appropriate mix of multichannel distribution remains critical. > An inability to provide quality customer experiences and grow brand affinity could impact our growth outlook and future brand equity. > We need to ensure ethical and sustainable sourcing of products and services across our supply chain while still delivering value to our stakeholders.	> Strategic investment in digital transformation remains a strategic priority for the Group and a focus in the short to medium term to support our future resilience and success. > In South Africa, our localisation strategy brings efficiency, reduces shipping cost, limits supply chain disruption and creates employment opportunities. > Continued focus on our sustainability initiatives.

Trend	Term	Strategic outcomes
Stable	S – M – L	

Read more about our growth and performance in the Chief Executive Officer's message on page 73.

FASHION TRENDS AND CUSTOMER PREFERENCES

As TFG aspires to create the most remarkable omnichannel experiences for our customers, our ability to offer, predict and deliver according to the latest trends and customer preference is essential for value creation. Our customers are increasingly seeking value and sustainable products.

Risks impacting TFG	Opportunities and risk management
> Our ability to generate profits could be undermined by a failure to quickly and accurately interpret and respond to fashion trends. > The inability of our brands to cater for a shift in consumer preferences. > Ensuring sustainable sourcing of products while remaining cost competitive and value conscious.	> Our brands are positioned as fashion-forward and premised on our market-leading, in-house capabilities in clothing and store design. > In South Africa, value continues to be created through our QR supply chain and increasing our local manufacturing capacity remains a strategic objective. > Continued focus on our sustainability initiatives.

Trend	Term	Strategic outcomes
Stable	S – M	

Read more about sustainable sourcing and local manufacturing in our operating context on page 40 and in our Inspired Living Report, available on our website.

TALENT MANAGEMENT: ATTRACTING, RETAINING AND DEVELOPING KEY TALENT

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

Risks impacting TFG	Opportunities and risk management
> In South Africa, it is essential that we attract and retain employment equity candidates. The Employment Equity Amendment Bill has been signed by the President and the implementation date is awaited. > Considering the highly competitive retail market, a lack of focus on talent management could erode TFG's leadership pipeline and impact our ability to execute our strategic objectives. > It is challenging to attract and train employees with the skills necessary to carry out the Group's digital transformation initiative. > Globalisation continues to drive South African professional skills to prefer working in international markets.	> We continue to invest in talent through various talent development programmes to develop our future leaders, including our educate to employ initiative. > Launch of Bash and Bash Incubator Programme. > Introduction of a scholarship programme for data skills. > Employment equity plans, which provide clear accountabilities and targets, are in place for each division in TFG Africa. > Transformation plans include reskilling and training of our talent. > Expansion of our local supply chain positively influences job creation and upskilling.

Trend	Term	Strategic outcomes
Increasing	S – M – L	

Read more about our employee retention strategies in our Remuneration Committee report from page 130, our employee-focused initiatives from page 33 and in our Inspired Living Report, available on our website.

Our material matters, **risks and opportunities** continued

RELIANCE ON IT

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

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

Trend	Term	Strategic outcomes
Increasing	S – M – L	

Read more about digital transformation in the Chief Executive Officer's message on page 73 and about Bash on page 22.

ENERGY CRISIS

The South African energy crisis is ongoing and escalating. Widespread national blackouts of electricity supply first began toward the end of 2007. The past year has been the worst year of load shedding in South African history and the first year that most of the load shedding was in Stage 4 and beyond.

Risks impacting TFG	Opportunities and risk management
> Continuity of our operations and our third-party suppliers. > Increased cost of operations impacting operating profit. > Increased stages of load shedding influencing customer behaviour and spend. > Availability of water in areas that experience excessive load shedding impacting hygiene and productivity.	> We continue to invest in alternative power across our store base and supply chain. > Business continuity plans consider the impact of continued and escalated levels of load shedding, including a shortage of water. > Simulation exercises are conducted to continuously improve our business continuity plans. > Engaging with our suppliers to understand their levels of resilience.

Trend	Term	Strategic outcomes
Increasing	S – M – L	

Read more about the impacts of load shedding in the CEO's report on page 73.

CYBER AND INFORMATION SECURITY

The number of cyber security incidents continue to escalate and the continued combined impact of the Russia-Ukraine war, socio-political upheavals and ongoing financial stress is likely to create more exploitable opportunities for cyber criminals.

Risks impacting TFG	Opportunities and risk management
> Increased risks of cyber security incidents that threaten the privacy of our employee- and customer-related data. > Reputation risk associated with a cyber security incident. > Continuity of operations threatened by a ransomware attack. > Cyber security of our third-party service providers.	> We continue to invest in cyber security and the Risk Committee is regularly updated on IT-related risks and mitigation plans. > Simulation exercises are conducted to continuously improve our cyber incident response plans.

Trend	Term	Strategic outcomes
Increasing	S – M – L	

Read more about cyber and information security in the Group's enterprise risk management framework on page 120.

Our value creation **positioning**

TFG's purpose, vision, values, combined with our the four strategic pillars, are all inseparable elements of our value creation process. TFG further remains committed to the highest standards of corporate governance, which add value to our business.

Message from our **Chairman**

I present my review and the results for the year ended March 2023 in the context of much instability globally but particularly in South Africa.

M Lewis
Chairman

It is testament to the inherent strength of the Group and its management team that notwithstanding the extreme nature of these challenges, record levels of revenue (R55,1 billion), gross profit (R24,8 billion) and headline earnings (R3,1 billion) were achieved.

The strong trading momentum reported for the first nine months of the year came to an abrupt halt in the final quarter with the increased and prolonged incidence of load shedding levels 4, 5, 6 and beyond. The consequent build-up of stock and the deliberate action required to deal with it in terms of both provisions and markdowns, blunted the Group's performance for the year as a whole.

In my statement last year, I referred to both the genesis and nature of the inflation and interest rate challenges now restraining consumer demand globally. There is no need to restate these save to say they are likely to last for a longer rather than shorter period of time and we must bear this in mind when formulating our strategies.

This is particularly the case in the South African context (see below) which has materially worsened and is continuing to impact the Group's trading.

TFG Australia produced yet another record result boosted by artificially high levels of liquidity in the economy resulting from COVID-19 relief policies. TFG London also recorded record profits capitalising on a similar post-COVID rebound.

(Further information on the Group's trading and financial performance is available in the CEO's message from page 73 and the CFO's report from page 87).

As mentioned in previous reports, to anticipate and compete in the rapidly changing retail environment, we place the highest priority on investment in our brands, stores, people, manufacturing/supply chain initiatives and technology (including the Group's digital infrastructure). This process continued unabated with total Group capital expenditure of R3,1 billion and a net increase in employment of more than 8 200.

The acquisitions referred to in last year's report have been successfully integrated into the Group. In particular, the Tapestry acquisition which was completed in August 2022 was onboarded to join @home and Jet Home to create a strong R5,1 billion turnover offering in furniture and homeware.

On the digital front, significant progress was made during the year. After an extensive testing phase referred to in my statement last year, the Bash platform was launched in February 2023. Although still early, we have already seen a 73% increase in multi-brand orders (cross-shopping), a 268% increase in app conversion rate, 213% growth in platform share and 12% total online customer growth for the year. Our digital investment has now enabled cross-shopping for 31 million TFG Africa customers, encouraging us in our belief that we are following the correct digital strategy.

Although current macro circumstances require the year ahead to be one of consolidation and the maximisation of the acquisitions made in the recent past, stakeholders should expect further investment to entrench the Group's digital transformation and the development of its brand portfolio where these are judged to be strategic in nature.

DIGITAL TRANSFORMATION AND LOGISTICS

TFG's ambition is to become a true omnichannel retailer and world-class digital platform.

As mentioned above, the launch of Bash and its early success is an important step in this direction. Our initial focus will be on the substantial number of TFG brands, including third-party brands currently sold in TFG stores. The platform nature of our offering will enable us to achieve scale as broadly as is sensible to satisfy the current and evolving needs of our customer and deal with current and expected competitive pressures in the market.

Enabling this ambitious goal requires, among other things, world-class logistics. During the year under review, the Group doubled the capacity of its Midrand distribution centre and commenced construction of a new 50 000m^2 Riverfields distribution centre in Gauteng. This will result in the consolidation of a number of smaller facilities with attendant efficiencies and an enhanced fulfilment capability for both the store network and e-commerce customers.

THE SOUTH AFRICAN CONTEXT

TFG enjoys a productive relationship with government. This is driven in part by the scale of its investment in local manufacturing, enterprise and supplier development and participation in the YES youth employment scheme. However, positive bilateral relations between government and some individual corporates, including TFG, do not amount to a coherent government economic policy nor the responsible management of the country.

In my statement last year, I said that "South Africa's lethal cocktail of low growth and high unemployment must be solved. Government is primarily responsible for creating the conditions for this to occur…". It is regrettable but true that whilst there has recently been some evidence of a willingness on behalf of government to work more closely with the private sector to address these shortcomings, far greater urgency and progress are required. The electricity crisis, which cost TFG at least 360 000 trading hours and R1,5 billion in lost sales is now not just an inconvenience but an existential threat to the well-being of the entire economy. Corruption continues unabated and the apparent lack of political will to comprehensively address this, simply entrenches this scourge more deeply. South Africa's membership of BRICS can potentially bring it many benefits resulting in one of its stated objectives of increasing economic growth and reducing poverty and inequality. Yet, the controversy stirred by South Africa's hosting of the upcoming BRICS conference and its foreign policy direction more generally, carry a very real risk of putting South Africa on a collision course with its main trading partners, which it can ill afford.

I reiterate my statement from previous years. "… I again, urge government and all relevant stakeholders to reconsider ideological commitments which may have theoretical appeal to some but stand in the way of investment and job creation. No further proof is needed of the failure of this approach." It is clear that no solution to the electricity or broader infrastructure crises will be found without the participation of the private sector. Government must embrace this reality for the good of the country.

TFG will continue its support for Business Leadership South Africa and will seek other opportunities to cooperate with government wherever it makes sense to do so. Our track record in this regard has created many thousands of jobs and has resuscitated the South African clothing manufacturing industry.

TFG remains committed and continues to take vigorous actions to meaningfully contribute to South Africa's ongoing transformation. In particular, we are proud to have maintained our level 3 B-BBEE score.

(More detail can be found in our Inspired Living Report, available on our website and in the Social and Ethics Committee report on page 126).

GOVERNANCE

At TFG, governance is regarded as a vital framework not only for best practice but also for the practical and living oversight of the business.

As such, regular evaluation and adaptation to an ever-changing environment are required. The extensive and frequent shareholder engagement for which the Group is well recognised and about which we are justifiably proud also helps shape our governance structure.

TFG is fortunate to have a number of long-serving and experienced board members who have extensive knowledge of the business. Although fully compliant with the King IV regulatory framework, given prevailing attitudes to non-executive director (NED) tenure and independence, TFG will implement a new policy, progressively over a three year glide-path, such that after this three year period, a non-executive director with tenure of more than twelve years will no longer be categorised as independent. This affords TFG a three-year period to address the implications of this policy on the composition of the board and its various

Message from our **chairman** continued

committees. To this end, two new board appointments are being made (more detail can be found in our Corporate Governance section on page 102). In addition, beginning in September 2024, a retirement cycle for various board members will commence to ensure the board will continue to have an appropriate blend of experience, skills, equity, gender, race and independent versus non-independent NEDs.

The international and domestic "war on talent" impacting the Group's enviable deep bench of talent continues unabated. As previously stated, "we will always maintain appropriate governance of remuneration in which there is much public interest given the level of inequality in South Africa. However, bearing in mind the disruption and very considerable hidden costs associated with the loss of skilled people to companies... our remuneration policy must be bold and competitive. We ask shareholders and other stakeholders to consider and understand this point."

PROSPECTS

TFG's first-class management team has developed well-articulated and bold strategies and outstanding brands in each of its diversified markets. In pursuit of these strategies, significant investments have been made in people, brands, stores, digital capabilities, processes and new businesses which will stand it in good stead as the future approaches at a rapid pace.

The macro environment referred to earlier is, however, hostile and is likely to remain so for some time. In particular, load shedding is a wild card. We have invested capital of about R200 million on alternate power solutions, including back-up power and have installed this equipment in our highest priority stores, which generate about 75% of our store turnover. However, this can only protect the business up to level 4 load shedding. Sustained periods above that, which seem to be the norm at present, have a significantly negative impact on the business.

The severe and unpredictable nature of this most regrettable situation as well as other macroeconomic headwinds in all the Group's markets dictate that this year will be one of consolidation, stringent cost management, capital expenditure and working capital control.

It is clearly not possible at this stage to predict the outcome for the coming year with any certainty, but I am confident that the inherent strength of the Group and the selfless dedication of the team and every member of the TFG family will see the business through these trying times.

APPRECIATION

The camaraderie enjoyed between colleagues heightened during trying times, is one of the pleasures of my professional life and for which I'm most grateful.

My non-executive colleagues and I are only too aware of the intense pressure endured by our executive colleagues and their families, as they grapple daily with the consequences of global macroeconomic challenges and the repercussions of failing South African government policies.

I thank and pay tribute to:

> Anthony Thunström and his entire team in South Africa, Australia and the UK who have guided the Group so skilfully and professionally during the past year.
> I would like to make special mention of Gary Novis' retirement as CEO of RAG, the Group's very successful business in Australia. Gary has led RAG to great success since TFG bought the business in 2017 and we are fortunate to have his continuing involvement in RAG's affairs. We thank Gary most profoundly and wish him well in his new role.
> Every member of the more than 46 000 strong TFG family for their determination and hard work to enable the business to satisfy the needs of its customers on a daily basis.
> My non-executive colleagues and committee chairpersons for their skilful, energetic and selfless commitment to the Group's affairs.
> Our valued suppliers and service providers, all of whom have had to be even more professional and flexible than usual to meet the demands of the business.
> Our shareholders for their support in unprecedented times. We are committed to rewarding your patience and commitment as our longer-term strategies come to fruition and business conditions allow.
> Of course, our loyal customers! I can't do better than restate what I said last year. "Everything we do is in the knowledge that we ultimately exist to satisfy their requirements. They enable TFG to make profits from which it pays taxes, and salaries, procure goods and services, and make investments in the future. In short, we have no business without them." This will never change.

M Lewis
Chairman

21 July 2023

Responsible oversight **of performance and reporting**

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

1 Identification and assessment
We maintain risks and opportunities in a centrally managed risk database. These risks and opportunities reflect the ESG and financial spectrum and are highlighted through activities such as horizon scanning, workshops, assurance reviews, projects and management discussions. We assess each risk in terms of the likelihood of occurrence and potential impact on the Group.

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

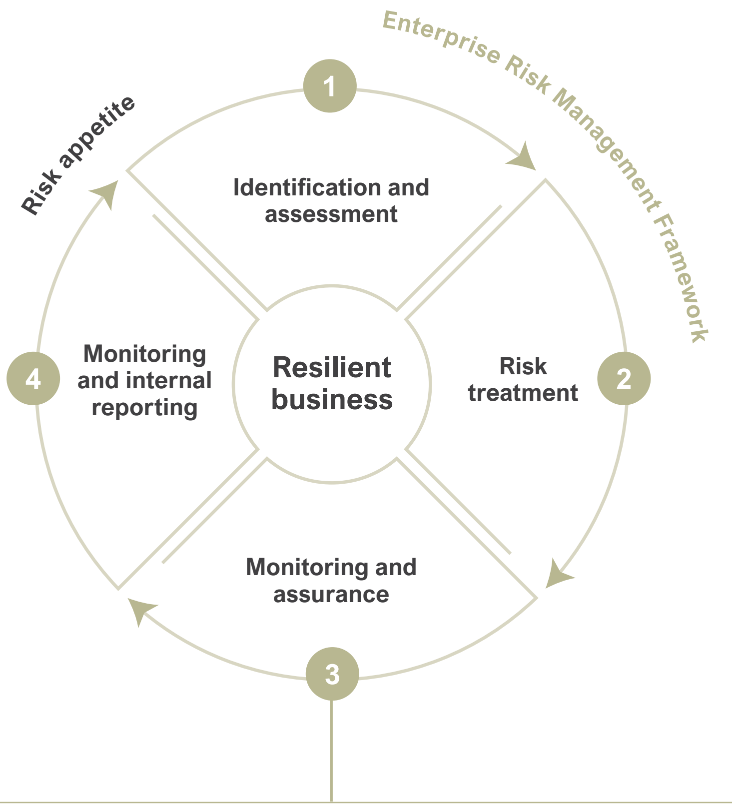
Read more about our material matters, risks and opportunities on page 43.

2 Risk treatment
We explore opportunities and, where relevant, include them in the strategic process. Our risk appetite guides investment in risk mitigation, and we agree on relevant actions and assign these responsibly. We evaluate whether or not our mitigating activities are adequate to determine the residual risk.

3 Monitoring and assurance
Key risk indicators are used to monitor risk and mitigation. An assurance plan provides assurance that the treatment and related mitigations over significant risks are adequate and effective. The Risk Committee approves the assurance plan.

Read more about our combined assurance model from page 116.

4 Monitoring and internal reporting
Various forums and committees review the risks and opportunities. The Risk Committee revises and discusses significant risks.



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

Five lines of defence

Assurance providers are increasingly engaged and meet more frequently with business

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

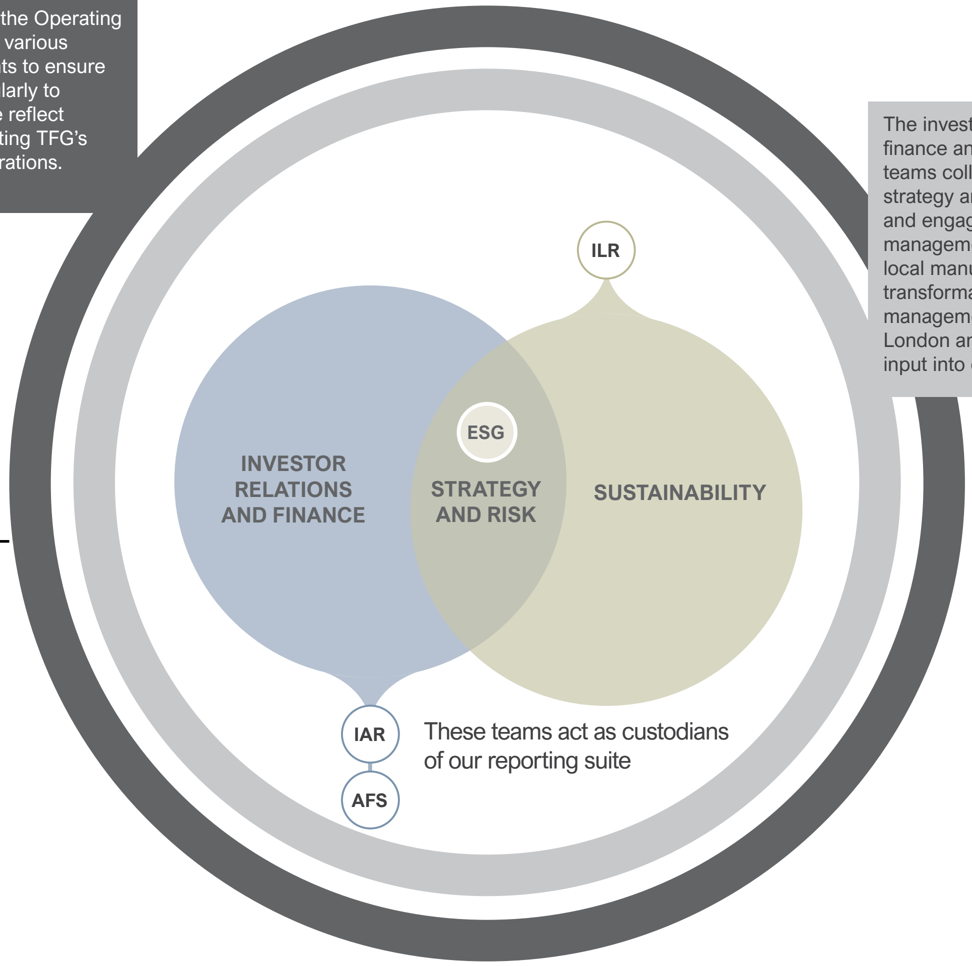
Assurance providers are increasingly independent

TFG's purpose, vision and values guide all business decisions.

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

The members of the Operating Board review the various reporting elements to ensure accuracy, particularly to ensure that these reflect the matters affecting TFG's strategy and operations.

The investor relations, finance and sustainability teams collaborate with our strategy and risk functions and engage with the various management teams (including local manufacturing, digital transformation, HR and the management teams from TFG London and TFG Australia) for input into our reporting suite.



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

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

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

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

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

Value through **governance**

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

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

Ethical culture

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

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

> 198 (reports received in 2021)
> 276 (reports received in 2022)
> 340 (reports received in 2023)

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

Good performance

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

Effective control

The Group's governing structures (set out on page 57) assist TFG in setting the direction for how the relationships and exercise of power within the Group should be approached and conducted. A formal Board evaluation process is followed every two years to evaluate the performance of the Supervisory Board, its committees, its Chairperson and its individual members.

Read more about the Board evaluation process followed on page 63.

Legitimacy

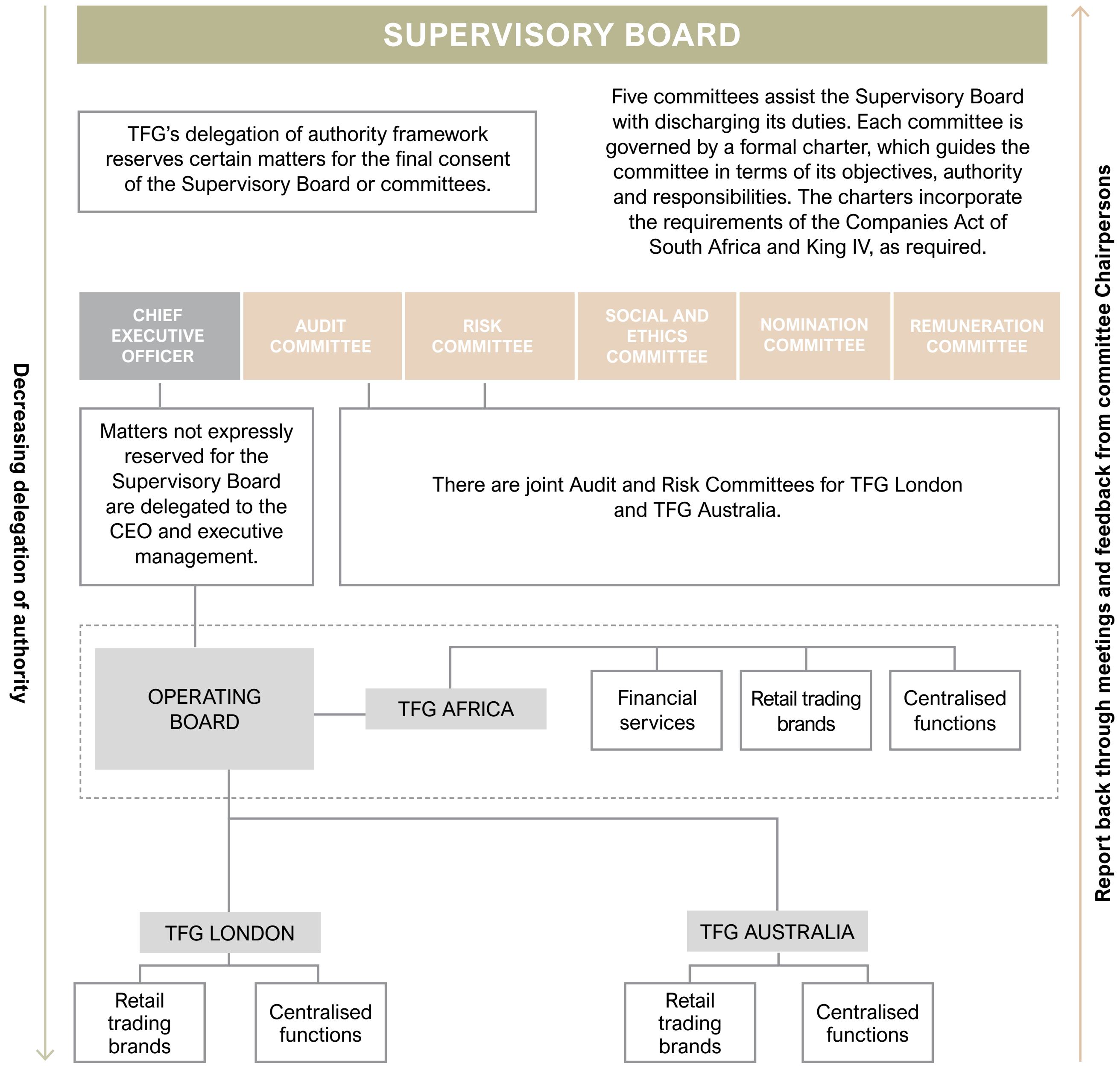
The Social and Ethics Committee is responsible for assisting the Supervisory Board with monitoring, reporting and discharging TFG's social, ethical, transformational and sustainability practices consistent with good corporate citizenship. Our stakeholder engagement programme enables us to understand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

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

GOVERNING STRUCTURES AND DELEGATION

> The scope and functioning of the Supervisory Board and its committees are governed by charters. These charters are regularly reviewed and updated. They outline the relevant authority, responsibilities, powers, composition and functioning of the Supervisory Board and its committees.
> All committees are chaired by an independent non-executive director.
> An ad hoc Finance Committee, comprising both non-executive and executive directors and chaired by G H Davin, is tasked from time to time to assist the Supervisory Board in several areas. This includes making dividend recommendations to the Supervisory Board, implementing and monitoring treasury and liquidity key performance indicators and specifically considering and investigating all potential acquisition opportunities and their funding.
> The Operating Board is responsible for day-to-day management and operations. Read more about the responsibilities of the Operating Board on page 32.
> There is a clear distinction drawn between the roles of the CEO and the Chairman, and these positions are occupied by separate individuals. The Chairman is considered independent.

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



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

Value through **governance** continued

HOW THE SUPERVISORY BOARD SPENT ITS TIME

The Supervisory Board typically meets five times per year in Cape Town. Proceedings at meetings are directed by an agenda.

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

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

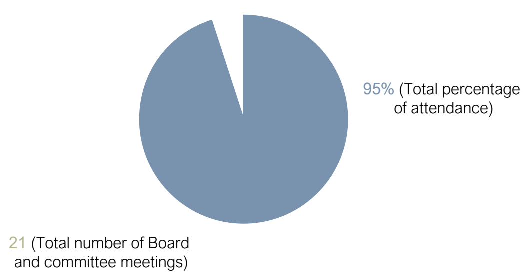
Minutes of all committee meetings are included in the Supervisory Board packs and directors can raise concerns or questions arising from these minutes.

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

The Supervisory Board *inter alia*:

> considered the operating performance of the Group and the execution of the strategy;
> considered the impact of the floods in KwaZulu-Natal, the appropriate response measures and the resultant insurance claims process;
> considered the impact of load shedding on the South African business and the appropriate response measures;
> approved a number of acquisitions, including Tapestry Home Brands and Street Fever;
> approved budgets and results;
> considered financial projections;
> approved dividends;
> approved the changes to the composition of the Audit Committee as explained further on page 62;
> approved the appointments of Mr J N Potgieter and Mr N L Sowazi as independent non-executive directors with effect from 10 July 2023 and 1 January 2024, respectively;
> considered compliance and governance matters (including the application of King IV);
> approved the King IV application register;
> considered the independence of non-executive directors;
> considered report-backs on the governance structures for TFG London and TFG Australia;
> reviewed and updated the Board charter;
> reviewed strategy at various levels;
> considered report-backs from executive management on the development and launch of Bash, the expansion of the Midrand distribution centre and the development of the new Riverfields distribution centre;
> focused on current performance;
> considered report-backs from Supervisory Board committees; and
> discussed emerging retail trends.

Board meeting attendance in 2023



Full meeting attendance is detailed on page 105.

OVERSEEING STRATEGY EXECUTION

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

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

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

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

RISK MANAGEMENT

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

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

The ten most significant risks to the Group are outlined below and unpacked in more detail from page 119. TFG's material matters on page 43 further elaborate on the risks, opportunities and issues that could affect the Group's ability to create shared and sustainable value.

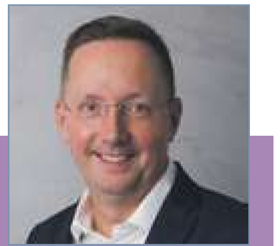
Our most significant risks:

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

THE SUPERVISORY BOARD: INTRODUCING OUR DIRECTORS

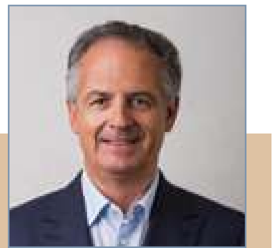
The Supervisory Board is ultimately accountable for the strategy, direction, leadership, governance and performance of TFG. It has oversight of the development, approval and updating of TFG's vision, mission and value statements and significant policies and goals related to economic, environmental and social impacts. The Supervisory Board mainly comprises non-executive directors, with the majority being independent.

All directors exercise unfettered discretion in fulfilling their duties, and there exists a balance of power and authority among the members of the Supervisory Board. The CVs of our Supervisory Board directors are provided on page 102.

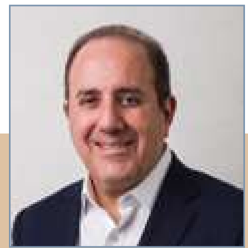


A E Thunström (53)
BCom (Hons Acc), CA(SA)
CEO
Member of Risk and Social and Ethics Committees

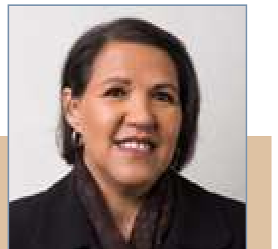
B Ntuli (46)
BCom (Hons Acc), CA(SA), AMP (Harvard)
CFO
Member of Risk Committee



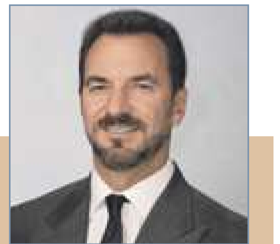
M Lewis (64)
BA (Econ) (Hons)
Chairman
Member of: Nomination and Remuneration Committees
Chairman of Nomination Committee



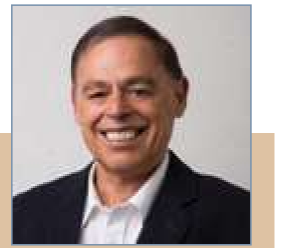
G H Davin (67)
BCom, BAcc, CA(SA), MBA
Lead Independent Non-Executive Director
Member of Audit and Nomination Committees



Prof. F Abrahams (60)
BEcon (Hons), MCom, DCom
Member of: Nomination, Remuneration, Risk and Social and Ethics Committees
Chairperson of Social and Ethics Committee

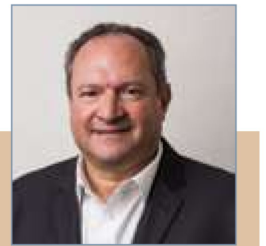


C Coleman (60)
BA (Architecture)

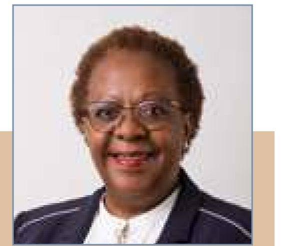


D Friedland (70)
BCom, CA(SA)
Member of Audit, Remuneration and Risk Committees

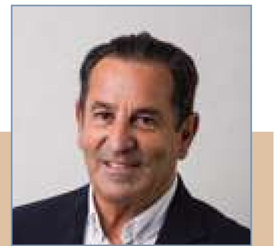
B L M Makgabo-Fiskerstrand (49)
BA
Member of Audit, Risk and Social and Ethics Committees



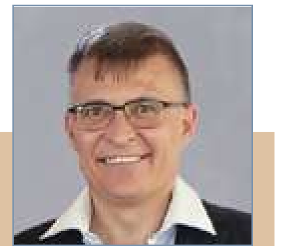
E Oblowitz (66)
BCom, CA(SA), CPA(Isr)
Member of: Audit, Remuneration and Risk Committees
Chairman of Audit and Remuneration Committees



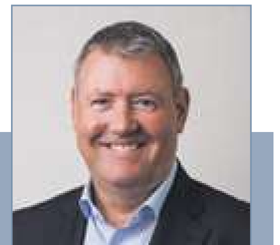
N V Simamane (64)
BSc (Chemistry & Biology) (Hons)
Member of Audit, Risk and Social and Ethics Committees



R Stein (74)
BCom, CA(SA)
Member of: Risk and Nomination Committees
Chairman of Risk Committee



J N Potgieter (54)
BCompt (Hons), CTA, CA(SA), Management Development Programme (University of Michigan), Strategic Planning and Management in Retailing (Monash University, Australia), Advanced Management Programme (INSEAD France)
Member of: Audit and Risk Committees



A D Murray (66)
BA, CA
Member of Risk Committee

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

CHANGES TO THE SUPERVISORY BOARD OR COMMITTEES

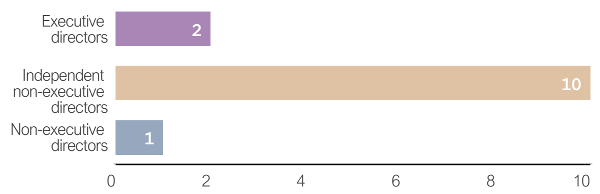
As reported in our 2022 integrated annual report and as was announced on SENS on 30 June 2022, the following changes to the Audit Committee were made with effect from 1 July 2022 and are a result of a continual review process, by the Nomination Committee, with regard to the composition of the Board and Board Committees as well as the need for succession planning and renewal. The changes further aim to align the company with Corporate Governance requirements and best practices:

> Mr R Stein stepped down as a member of the Audit Committee
> Mr G H Davin was appointed as a member of the Audit Committee

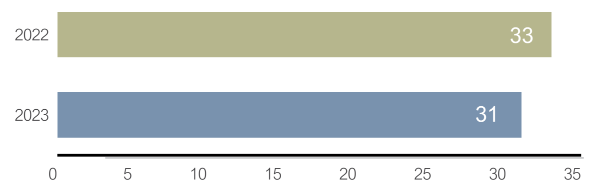
As was announced on SENS on 7 July 2023, Mr J N Potgieter and Mr N L Sowazi were appointed as independent non-executive directors of the Company with effect from 10 July 2023 and 1 January 2024, respectively.

Mr J H Potgieter will also serve as a member of the Audit and Risk Committees.

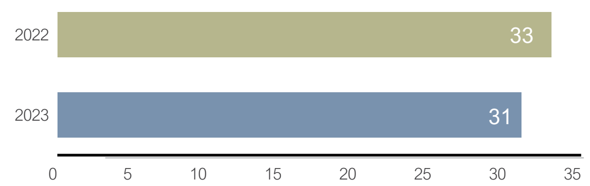
Board composition



Gender diversity (% women)



Race diversity (% Black)



These appointments will strengthen the Supervisory Board from a skills and independence perspective and is the outcome of the Nomination Committee and the Supervisory Board's continuous review of board composition, succession planning and board renewal.

These appointments will be tabled for shareholder approval at the first shareholder's meeting after each appointment.

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

Tenure of the Supervisory Board

Board tenure

1 – 4 years:	5 – 8 years:	9 years or more:
4	2	7

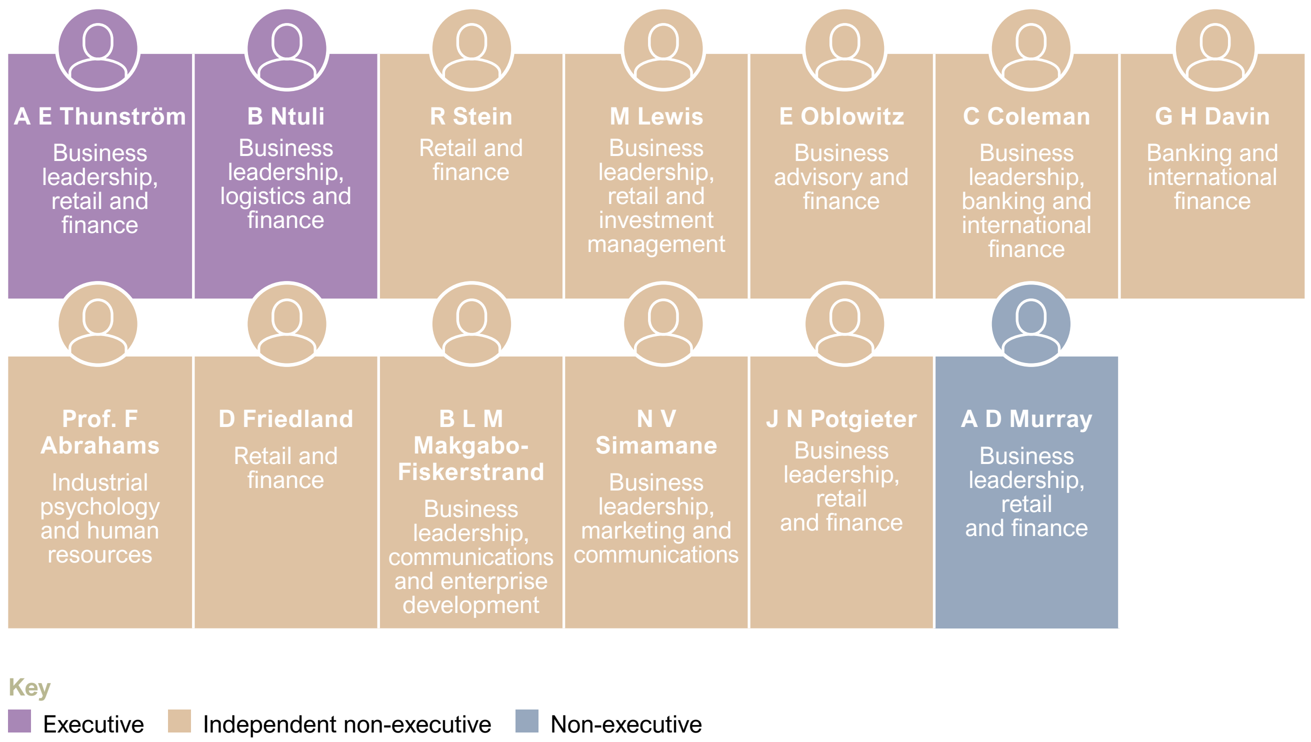
Each year, one third of the existing non-executive directors are subject to retirement by rotation. This is in line with the memorandum of incorporation. The Nomination Committee recommends re-election by shareholders after due consideration is given to the director's attendance at meetings and his/her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

The following Supervisory Board members will stand for re-election at the 2023 AGM:

a. R Stein
b. N V Simamane
c. D Friedland
d. J N Potgieter

Refer to the corporate governance report from page 102 for brief CVs of these directors.

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



INDEPENDENCE

Graham Davin was appointed as the Lead Independent Non-Executive Director in August 2020.

The Lead Independent Director performs specific duties primarily aimed at strengthening the Chair of the Board of Directors in line with the recommendations contained in King IV. These duties include inter alia overseeing the evaluation of the Chair, being a sounding board for the Chair, being an avenue of communication for the other directors on any issues relating to the Chair, and chairing discussions and decision-making where the Chair has a conflict of interest.

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

On this basis, ten of the eleven non-executive directors are categorised as independent and one, Mr A D Murray, is not considered to be independent.

Of the ten independent non-executive directors, seven have served a term in excess of nine years. Mr G H Davin led a discussion by the Supervisory Board to assess the independence of Mr M Lewis, Prof. F Abrahams, Ms N V Simamane, Mr E Oblowitz, Mr R Stein, Ms B L M Makgabo-Fiskerstrand and Mr D Friedland (during the relevant meeting the aforementioned directors recused themselves). The Supervisory Board discussed and assessed each of the affected directors in turn with reference to their conduct and performance and with reference to the King IV indicators. Consideration was also given to the affected director's annual independence questionnaire and any conflicts of interest previously disclosed. After due consideration, the Supervisory Board concluded that the length of their association with the Group does not impair their independence.

The Supervisory Board, however, also acknowledges investor concerns about the potential waning of independence through long tenure. Notwithstanding the fact the Supervisory Board is satisfied that all directors consistently demonstrate independence in character and judgement, it has decided to implement a new policy, progressively over a three year glide-path, such that after this three year period, a non-executive director with tenure of more than twelve years will no longer be categorised as independent.

The twelve year period has been selected after considering feedback received from our shareholders and with reference to the more stringent requirements enforced in other industries. The introduction of the new policy over a three year period will afford us the opportunity to address the implications of this policy on the composition of the Supervisory Board and its various committees. In order to maintain a majority of independent non-executive directors on the Supervisory Board, this policy will necessitate the appointment of additional independent non-executive directors to the Supervisory Board and the retirement of longer-serving non-executive directors over the glide-path period. These changes to the Supervisory Board will also continue to provide impetus to succession planning and board renewal.

Value through **governance** continued

Performance evaluation

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

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

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

This formal process was followed in the 2023 financial year and will be repeated in the 2025 financial year. Action plans are in place to address the key themes, which include:

> Board tenure, composition, succession planning and renewal; and
> Enhanced approach to and focus on corporate strategy.

DIRECTOR APPOINTMENT

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

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

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

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

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

Read more about how we identify risks and respond to the risk of non-compliance in our Risk Committee report from page 114.

Our business **model**

TFG's vision is to create the most remarkable omnichannel experiences for our customers. Our business model illustrates the unique way the Group uses available resources to achieve this. It also illustrates how we transform these resources into outputs and outcomes and deliver on our strategic objectives in the short, medium and long term.

OUR KEY RESOURCES AND INPUTS INTO OUR BUSINESS MODEL

Financial capital

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

> R21,7 billion in total equity
> 81,3% cash turnover contribution
> 18,7% credit turnover contribution
> R7,1 billion net debt as at 31 March 2023

Financial capital constraints experienced during the year:

> An exponential spike in electricity load shedding resulted in c.360 000 lost trading hours for TFG Africa (the true impact is estimated at c.730 000 lost trading hours as customer demand is dampened by the associated disruption and inconvenience with reduced footfall observed before, during and immediately after load shedding periods)
> Worsening macro and socioeconomic conditions, including elevated interest rates, rising inflation and constrained consumer spending
> Ongoing supply chain and logistics disruptions

Intellectual capital

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

> 34 brands
> 31 online brands
> 45,1 million locally manufactured units[8]
> 30,6 million TFG Rewards customers[8]
> 4,3 million total online orders fulfilled
> 21 million social media followers

Intellectual capital constraints experienced during the year:

> Greater reliance on digital systems and infrastructure increased cyber security risk
> Scarcity of IT and tech-related skills in all our territories

Manufactured capital

We use a range of physical sites and facilities throughout our markets in Africa and internationally, which enable us to procure, import, manufacture, sell and deliver our products and services. This includes our outlets and offices, distribution centres, manufacturing facilities and logistics infrastructure, including roads, ports and railways. In-house manufacturing increases TFG Africa's QR capabilities.

> 4 697 outlets
> 6 TFG Africa-owned factories (excluding Tapestry)
> 9 TFG Africa insourced distribution centres (excluding Tapestry)
> 19 Tapestry main/regional distribution centres/factories
> R3,1 billion in capital investment

Manufactured capital constraints experienced during the year:

> Load shedding impacted the availability of our South African stores and production facilities
> Flooding and climate change-related events continue to impact stores, warehouses and production facilities across all our territories, particularly TFG Africa and TFG Australia

Human capital

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

> 46 566 employees
> 890 268 training interventions[8]
> 97,0% employment equity representation[8]

Human capital constraints experienced during the year:

> Competitors continue to target TFG's deep skills bench
> Industry-wide labour shortages continued to impact TFG Australia
> Difficult macro conditions resulted in higher in-store employee turnover for TFG Africa
> Employee wellbeing (particularly financial and mental wellbeing) remained under pressure due to the rising cost of living across all our territories

Social and relationship capital

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

> R1,08 million in corporate social investment spend for TFG Africa
> R1 billion paid to governments in income taxes
> 76,4% of TFG Africa clothing procurement is local (South Africa and surrounding SADC countries)
> R46,4 million invested in supplier development

Social and relationship capital constraints experienced during the year:

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

Natural capital

As a retailer, we rely on natural resources for the production and delivery of goods. These natural resources include fibres as input for the production and manufacturing of our products, and energy and fuel to distribute and sell our goods. We rely on water throughout our supply chain. Other natural resources include cotton, paper, electricity, gold, diamonds and silver.

Natural capital constraints experienced during the year:

> Increased power interruptions due to load shedding affected our South African store operations

[8] *Relates to TFG Africa only.*

PURPOSE, VISION, VALUES

OUR STRATEGIC OUTCOMES

Our strategic outcomes, delivered through our focus on building our diversified businesses, optimising our supply chain, leveraging our assets, transforming into a true omnichannel retailer and platform play and our commitment to sustainable and responsible business practices.

DIGITAL TRANSFORMATION

PROCUREMENT

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

PROCESSING, DESIGN AND MANUFACTURING

We have a fit-for-purpose QR model that drives design and manufacturing. This reduces lead times and allows for style- or design-related adjustments during seasons. Manufacturing is split between our local factories, including our Prestige factories, CMTs and Tapestry factories. Manufacturing for our international operations is performed by an established long-term supplier base.

Our business activities

RETAIL

Retail operations are managed through stores that are leased, through concessions (arrangements with key department stores to occupy agreed floor space) in department stores and through online platforms. TFG Africa has 3 524 outlets that sell physical products, accept returns and transact with customers. TFG London has 589 outlets consisting of 180 stores and 409 concessions, while TFG Australia has 584 outlets (545 stores and 39 concessions). All brands trade through online platforms. Call centres in all territories provide customer support.

SUPPLY CHAIN LOGISTICS

TFG Africa distributes throughout South Africa and into African markets via 9 insourced distribution centres (excluding Tapestry) and using a model of own and outsourced transport. Distribution for TFG London and TFG Australia is mostly based on an outsourced model. TFG London distributes inventory for outlets and online orders through 3 distribution centres, while TFG Australia uses 5 distribution centres.

OUR EXTERNAL OPERATING ENVIRONMENT

Our performance can be positively or negatively influenced by market conditions; environmental, social and macroeconomic factors; and retail trends – either creating an environment for growth or restricting the degree to which we can preserve or create value.

Read more about our operating context from page 40.

TFG Africa

TFG London

TFG Australia

THE OUTPUTS OF OUR BUSINESS MODEL

Products and services

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

By-products and waste

The majority of our environmental impacts are found beyond our retail and head offices; further up our supply chain (farming, dyeing, printing and manufacturing) and downstream (washing, drying and disposal of products).

While we implement resource efficiency measures at our head offices, retail outlets and distribution centres, we also work with our suppliers to drive sustainability best practice. This ranges from fair treatment of employees to reducing waste.

The outcomes of our business model

The outcomes of our business activities include the positive or negative internal and external consequences for our stakeholders and capitals, and collectively result in the value that we create, preserve or erode over time. Through the collective efforts of our Operating Board and management teams, we mitigated value erosion where possible to ensure we preserved the stakeholder and resource value under our care.

Financial capital

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

> Total equity increased by 13,1% to R21,7 billion
> Group gearing (total debt to equity – pre-IFRS 16) of 32,9% – reducing the Group's financial indebtedness insulates the statement of financial position against potential future shocks while at the same time positioning us for future growth and opportunities
> Credit turnover growth of 11,0% was behind cash turnover growth – this supports the Group's strategy to curtail credit sales in the prevailing economic environment
> Continued strong cash generation from operations of R7,1 billion used to fund growth and acquisitions

Intellectual capital

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

> The number of TFG brands increased to 34, meaning that customers can now enjoy an increased portfolio of our leading brands
> We invested a further c.R43 million in digital transformation, improving employee and customer experiences and strengthening our position as a true tech omnichannel retailer
> TFG Africa migrated to a next-generation e-commerce fashion and lifestyle platform and launched Bash.com, creating a world-class omnichannel experience
> TFG London and TFG Australia continued to invest in replatforming their brands to enhance their position as omnichannel retailers
> Building on our Tymebank partnership, we rolled out 600 kiosks to stores, providing near-instant debit cards, personal loans and a full suite of services that include a market-leading buy-now, pay-later payment option called MoreTyme
> We launched TFGconnect, a TFG-branded MVNO product that offers exclusive rewards for TFG account holders and TFG Rewards loyalty members
> We continue to focus on advancing product stewardship through innovative partnerships and brand-led initiatives

Manufactured capital

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

> 76,4% of TFG Africa's clothing procurement is from local and regional sourcing, enabling us to optimise our manufacturing and in-house design capabilities
> Capex increased by 94,7% to R3,1 billion, underpinned by solid business growth
> QR manufacturing (TFG Africa) increased to 16,1 million units (100% of locally manufactured units), strengthening our ability to react to in-demand, in-season sales while protecting our margins. We further expanded our local QR production into new categories this year (homeware and furniture)
> Our Group footprint increased by 381 outlets, enabling us to provide customers with more opportunities to shop conveniently in more locations
> We expanded our Midrand distribution centre in response to additional volumes and began construction of our new Riverfields mega-distribution centre to provide greater scale and efficiency
> Our investment in alternate back up power solutions partly mitigated the impact of load shedding in our South African operations (1 875 stores had back-up power at 31 March 2023, representing c.75% of TFG Africa's turnover)

Human capital

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

> 2 076 youth opportunities were made available in retail, creating more employable people within our communities
> Training and development spend increased by 27,5% and the total number of training attendees increased by 2%
> Our transformation drive delivered a sustained increase in the representation of Black employees within our top and middle management teams
> Continued efforts to support, develop and fairly remunerate our people to drive retention. Considering the challenging nature of the local and global retail sectors, this provides TFG with a critical competitive strength
> Developed and launched a number of new policies for TFG Africa, including a Diversity, Equity and Inclusion Policy, Talent Recruitment Policy and an Elimination of Harassment Policy

Our business **model** continued

The outcomes of our business model continued

Social and relationship capital

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

> We supported communities through total donations of R105 million for TFG Africa
> We increased locally and regionally sourced clothing to a meaningful 76,4% of total TFG Africa procurement, with plans in place to support significant local supply chain growth over the next few years
> 707 young people participated in the YES programme during the year
> Launched our Sustainable Design Incubator for young designers to support and grow South African entrepreneurs
> Established the TFG Data Science Fellowship to accelerate the development of one of South Africa's most scarce and critical skills
> We retained our B-BBEE Level 3, and we remain committed to making a meaningful contribution to transformation within South Africa
> In support of our efforts to eradicate modern slavery, TFG London continued its partnership with Anti-Slavery International. TFG London further assessed the salience of human rights risks at its third-party UK distribution centres
> TFG Australia continued to partner with Thread Together, donating unsold textiles to people in need. The majority of the head office team volunteered to assist with picking and packing orders

Natural capital

All our stakeholders benefit from the responsible and sustainable management of our natural capital.

> The Group continued to report under the Task Force on Climate-Related Financial Disclosures and embarked on a climate scenario analysis process
> TFG received an AA rating from MSCI, up from an A in their previous rating for its South African direct operations
> We received a B score for our 2022 CDP Climate Change questionnaire, and our first scores for CDP Forestry and Water Security disclosures
> We launched the online ESG World as a TFG-specific ESG data and disclosure platform
> TFG Africa recycled 99% of textile waste from our own manufacturing sites
> The rollout of our Integrated Energy Plan was delayed as the Group prioritised the installation of battery back-up power solutions to partly mitigate the impact of load shedding in our South African operations
> TFG Africa successfully shifted to plastic shopper bags with 100% post consumer recyclate
> TFG London set progression targets in line with the Science Based Target initiative (SBTi)

Resource and stakeholder trade-offs and the impact on our capitals

In our strategic and tactical business decisions, we prioritise certain resources and stakeholder outcomes above others. In making these decisions, we consider the long-term focus of our strategy and ensure we act in accordance with the Supervisory Board's approved delegation of authority framework. Strategic and tactical business decisions can also form part of daily operational choices.

Below are some of the key decisions undertaken during the year.

Short-term versus long-term investment

As a result of careful and focused strategy execution, we have the building blocks in place to be a significant retailer locally and internationally. In pursuing this ambition, we have to make strategic trade-offs between maximising short-term profits versus building a future-proof and more relevant and sustainable business. Ultimately, our strategy is focused on initiatives that vest for the longer term.

Short-term	Medium- to long-term
↓	↑

Consolidation versus expansion

For the past several years, we have primarily focused on expanding our operations by investing significant capex into the continued rollout of our brands and stores, pursuing acquisitions, and strengthening our digital, supply chain, and manufacturing capabilities. While we have seen positive and sustained returns on these investments, the current tough economic environment has prompted us to take a more conservative approach going forward. As we look ahead to FY 2024, our focus will therefore shift from expansion to consolidation as we look to achieve greater efficiencies and cost savings from past investments while maximising returns.

Short-term	Medium- to long-term
↓	↑

Expansion into the value segment

Within TFG Africa, we have increased our penetration within the resilient and defensive value segment through the purposeful expansion of targeted brands. As part of this expansion, we made the strategic decision to have the lowest selling price inflation in the South African market and rather absorb inflation than pass it onto our customers. Consequently, we made a trade-off between short-term profitability and retaining price points that are unaffordable for our customers versus offering value and retaining a loyal customer base in the medium to long term.

With the build-out of our value segment offering, the Group also naturally procures higher overall levels of commodities made from natural and synthetic resources such as cotton and polyester. The production of these natural resources is not infinitely renewable. Consequently, we mobilised efforts to shift into more sustainable alternatives. The Group is committed to a goal of sustainable sourcing with targets of 30% sustainably sourced cotton, including Better Cotton, by FY 2026 in both TFG Africa and TFG Australia, and 100% sustainably sourced fibres, including Better Cotton, by FY 2026 in TFG London.

Short-term	Medium- to long-term
↓	↑

Investment in back-up power solutions in Africa

TFG Africa contended with increasing levels of load shedding in South Africa throughout FY 2023. The extent and duration of load shedding increased progressively during the second half of the year, with South Africa experiencing prolonged periods of stages 4, 5 and 6 load shedding. To mitigate against these consistently high levels of load shedding, we installed back-up power solutions in 1 875 stores across South Africa. As at 31 March 2023, capex of c.R200 million was spent on back-up power solutions. Additional unbudgeted direct costs were also incurred in respect of diesel, security and maintenance to mitigate stage 4 load shedding.

These investments were necessary to manage the profound impact that load shedding is having on our business. However, without the occurrence of load shedding, this capex would have been invested in other opportunities that would have supported local retail and manufacturing infrastructure as well as skills development and job creation across the nation. A further strategic trade-off was delaying the rollout of our integrated energy programme and redirecting capex originally budgeted for energy efficiency initiatives to back-up power solutions.

Short-term	Medium- to long-term
↓	↑

Value creation through **proven strategy**

"

To deliver on our purpose and our aspirations, we identified the strategic pillars critical to our long-term success. We are confident that by focusing on these enablers we will be well positioned to grow turnover and margins, lead and outcompete and grow market and customer value while acting responsibly.

A message from our **CEO**

Despite an extremely challenging economic and consumer environment, both globally and especially in South Africa, TFG produced another solid year of financial results, which can best be summed up in terms of record revenues (R55,1 billion) and market share, record gross profit (R24,8 billion) and headline earnings (R3,1 billion).

A E Thunström
Chief Executive Officer

Delivering these results required an extraordinary effort from our various management teams and in certain instances, substantial additional costs, especially in respect of mitigating the worst effects of the intensified load shedding in South Africa. Significant progress was also made on several key medium-term strategies, especially in respect of our critical vertical supply chain and omnichannel strategies.

We started the year hopeful that we had seen the end of COVID-19's worst impacts. Unfortunately, what emerged was a war of tragic proportions and far-reaching implications, political upheaval around the world and an increase in the frequency and severity of climate change-related disasters. In addition to these challenges, inflated commodity, food and energy prices impacted the cost of living and dampened consumer sentiment and discretionary spending.

In South Africa, these conditions were significantly exacerbated by record-high and prolonged periods of stages 4, 5, 6 and beyond load shedding, which profoundly impacted the country's economy and society at large. Our South African business was achieving record trading results for the first nine months of the year and was poised to deliver these for the full year until the sudden deterioration in electricity availability in the fourth quarter of FY 2023. To put this impact into perspective the nine-month like-for-like retail turnover growth (as at the end of December 2022) decreased from 6,3%[9] to negative 0,1% for the last three months of the year. On a very conservative basis, TFG Africa lost at least 360 000 trading hours in FY 2023 due to continued load shedding across all provinces in South Africa – reducing retail turnover by approximately R1,5 billion. In order to deal with the resultant increase in inventory levels, we continued to adopt our prudent approach to provisioning and markdowns to quickly deal with as much of the inventory impact of the unexpected slowdown as possible. As a result, we entered the new year with

[9] *Excluding Tapestry, for the nine months ended 31 December 2022.*

negative unit growth in store inventories and appropriate levels of fashion newness. However, these additional provisions and markdowns impacted gross margins and, as a result, these contracted over the last quarter. Given the sudden deterioration in trading conditions, we further tightened our focus on expense control and discipline and either cancelled or delayed c.R220 million worth of operating expenses during the second half of the year.

Diversification – in terms of geography, customer segments, commodity types, sales channels and our stable of individual, specialty brands – has long been central to our strategy, our investment case and the Group's success for many years. However, the tangible benefits of this part of our strategy have never been so clearly demonstrated as in the current year. While our South African business bore the brunt of the load shedding disruptions, the outstanding performance of our international operations in Australia and the United Kingdom mitigated the worst of the financial impacts of the load shedding. To achieve an appropriate balance between managing through the current headwinds and our longer-term strategy, we also continued to invest meaningfully in critical retail capabilities and made significant progress on several key Group strategies that position the Group for future growth.

Group revenue increased by 19,4% to R55,1 billion. This was underpinned by strong growth in Group retail turnover to R51,8 billion (up 19,4%), Group gross profit to R24,8 billion (up 18,0%), and headline earnings to R3,1 billion. In TFG Africa, positive retail turnover growth was achieved across all key merchandise categories, and we continued to gain market share in a very constrained environment. TFG London and TFG Australia both delivered record profits as our international operations were well positioned to capitalise on the rebound in consumer activity and strong demand for their products, post the lifting of the COVID-19 restrictions. Group online retail turnover growth of 6,6% remains pleasing, particularly coming off a high base in the prior year. Our continued strategic focus on brand diversification and omnichannel retail resulted in store/outlet retail turnover growth of 20,8% over the same period.

PROGRESS AGAINST STRATEGY

The successes that the Group achieved during the past year, were directly as a result of careful and focused strategy execution over many years. Our actions and investments this year were again guided by our BOLTS strategy, which outlines the strategic pillars critical to our long-term success.

Build out diversified, high brand-equity businesses

Our results for the past financial year reinforce our belief in our business model and our focus on building out high brand-equity, individual speciality brands.

In respect of our core, existing business, we grew like-for-like turnover by 5,1% for our largest component, TFG Africa. Due to the strength and breadth of our individual brands, we opened 381 new stores/outlets during the period, with a strong emphasis on opening as many of these as possible before the peak festive season trade. TFG Africa has built and developed an extremely capable Estates and Store Development team. In the months running up to Black Friday this team opened an average of five stores per day.

We place fundamental importance on the value and brand equity of our existing in-house brands – they are the heart of our business model. In TFG Africa, we significantly scaled or re-invented a number of our own brands, including, Foschini, Redbat, Relay, Union Denim, Jet Home and RFO. In TFG London, we invested in more contemporary, better store formats, which produced an almost immediate uplift in their trading metrics. In TFG Australia, we successfully tested and launched a new store concept for yd. and are in the process of testing a new store concept for Tarocash, setting them up for future growth.

Over and above the pleasing growth delivered by our existing brands and businesses, we also successfully completed our acquisition of the Tapestry Group in South Africa, effective August 2022. Through this acquisition, we acquired four market-leading, high brand-equity homeware and furniture brands – Coricraft, Volpes, Dial-a-Bed and The Bed Store. We have since completed most of the key integration steps to bring Tapestry onto our TFG platform. We implemented our in-store credit offering across their brands and enabled cross-shopping for our more than 30 million TFG Africa customer base. Beyond this, our Estates and Store Development team accelerated their store rollout, with 19 new Tapestry stores opened since August 2022. Looking forward, the Tapestry brands will soon be migrated onto TFG Africa's new online platform, Bash, further exposing them to a far wider online audience.

Operationally, this successful integration has enabled the Tapestry brands to significantly out-trade their sector, delivering revenue growth of 13,2% (since acquisition) versus the sector average of 4,6%. They delivered this superior revenue growth very profitably, which pleasingly meant that they were earnings-accretive in their first year. Our combined furniture and homeware businesses, which now incorporate @home, @homelivingspace, Coricraft, Dial-a-Bed, The Bed Store, Volpes and Jet Home, are currently expected to produce c.R5,1 billion in annualised turnover. We now have a clear path and strategic ambition to build this towards a far more meaningful furniture and homeware business over the next five years.

Through our value athletic and leisure footwear retail brand, Sneaker Factory, we entered into an agreement to acquire Street Fever, an independent retailer of affordable branded footwear and apparel. This acquisition was approved by the Competition Authorities post year-end. It will enable us to scale our presence in the value-branded footwear segment and gain new customers while offering them a greater choice of brands and products through TFG's sourcing capability as the majority of these stores are being rebranded as Sneaker Factory. We have grown the Sneaker Factory business from a single store in 2020 to more than 200 stores by May 2023 and envisage that this will grow to in excess of 300 stores over the next few years. In addition to these physical stores, Sneaker Factory has already been fully integrated onto the Bash platform. Our Sports Division, comprising Totalsports, Sportscene, Archive and Sneaker Factory, is currently expected to produce annualised turnover of R12 billion. Here we also have a clear strategic ambition to further scale this business towards R20 billion over the next five years.

The expansion of our Sneaker Factory business further bolsters our market share in the defensive value segment, the scale of which has increased significantly with the acquisition of Jet in 2021 and the expansion of Exact, The Fix and RFO. In 2023 the value segment of TFG Africa generated R10 billion in retail revenue and now provides the Group with the scale to build out a very meaningful value business.

This expansion of our value segment has been achieved at a time when we are seeing a structural increase in demand from customers looking for affordable, quality merchandise. TFG has traditionally had the lowest compounded selling price inflation in the South African market over several years, and our pricing architecture and sourcing ability ensure that we offer value and remain relevant to our entire customer base, especially during a tough consumer cycle. While this was important pre-COVID-19, it is even more relevant now and will remain a key component of our brand strategy moving forward.

We also continue to outcompete and win market share across each of our territories. In South Africa's key men and ladies wear segments, we grew our sales by 8,2% against a market average of 7,9%[10]. TFG London grew by 9,4% against a market decline of 0,1%[11], and TFG Australia grew by 29,8% against market growth of 22,8%. This superior growth is the direct result of putting our customers and brands first and continuing to invest in our key strategies.

More people than ever before are also following our brands across the various social media platforms, and at 31 March 2023, we had 21 million social media followers. Perhaps even more importantly, more and more people are joining our customer base. We acquired an impressive 2,8 million new TFG Rewards members, growing our loyalty base to 30,6 million and making TFG Rewards South Africa's largest fashion retail loyalty programme. Customer data has always been important for TFG, and our investment has enabled us to link 72,2% of our turnover to known customers (up from 61,8% last year). Our newly launched online platform Bash has exceeded all of our expectations in terms of online metrics and will ensure that TFG's individual brands are more relevant than ever to our entire customer base, as further detailed in this message.

Optimise sourcing mix and supply chain efficiency

We continue to look for opportunities to optimise our sourcing mix and maximise supply chain efficiency to ensure we remain ahead of our competitors and meet the needs of our customers.

In TFG Africa, we expanded and almost doubled the size and capacity of our Midrand distribution centre from 22 000m² to 38 000m² to keep up with additional trading volumes. We further commenced construction of our new 50 000m² Riverfields distribution centres, which will enable us to consolidate our network of smaller distribution centres and transition to a significantly more efficient logistics and fulfilment model that will ultimately benefit gross margin and profit. This is one of our key pillars for extracting greater margin benefits as we scale the size and breadth of our various brands across the TFG platform and increasingly extract value from our omnichannel business, which is spearheaded by Bash. To illustrate the increase in the scale of our core business, our TFG Africa distribution and logistics network handled approximately 60 million units per annum pre-COVID-19 – this has already grown to nearly 180 million units per annum and with the growth of our online and omnichannel sales, these volumes will continue to grow. In TFG London and TFG Australia, we continue to improve our logistics efficiency by investing (alongside our partners) in greater automation and process improvements to achieve faster speed-to-market and a more consistent five-star customer experience.

We continued to invest in our local Quick Response (QR) manufacturing and made substantial progress with new capabilities and capacities that will benefit our retail business in terms of working capital efficiency, product availability, sell-through rates and gross profits. The measurable and tangible benefits of our QR manufacturing can be seen in the strong turnaround of our Foschini business this year, which was an early adopter of the Quick Response model.

Another key milestone was expanding our QR capabilities into two new categories – homeware and furniture. This was achieved on the back of the Tapestry acquisition, and we now have three vertically-integrated factories supporting each of our Tapestry brands: mattresses, upholstered furniture, household textiles, and duvets and pillows. We have begun scaling these factories to manufacture merchandise for our existing @home business. We selected several @home best-selling sofas that were previously imported and starting to manufacture these locally. Initial production runs have been manufactured at between 20% to 25% less than imports, helping us drive volumes, margin and better working capital efficiencies within this part of our @home business.

Our medium-term ambition remains to significantly ramp up our Quick Response manufacturing. This is a bold goal with clear economic and market share benefits, and we remain on track, increasing the number of units manufactured this year to 16,1 million. Just as significant are the jobs this will create and the opportunities it will bring to empower more people through upskilling and employment.

Leverage our assets

Brands and stores remain critical to our business model and are core to our success.

In South Africa, we opened 329 new stores – including a record number of new stores in the first half of the year. As at 31 March 2023, TFG Africa traded through 3 524 stores.

In TFG London, our focus on redesigning the business model, moving away from the legacy department store model and focusing on more profitable channels has ensured a higher-quality core business post-pandemic. In keeping with this strategy, we continued to optimise our store estate, closing 120 loss-making outlets. We further opened 21 new outlets as part of an exciting new store opening programme in carefully selected locations.

[10] As per Retailers Liaison Committee (excluding Sport categories which are not reported).
[11] As per Euromonitor, for the best available comparable periods.

A message from our **CEO** continued

On the back of a supportive consumer environment, TFG Australia was strongly positioned to gain market share and capitalise on pent-up demand when pandemic-related restrictions lifted and social events returned. We also stayed true to our expansion strategy and invested capital to open 20 new outlets in Australia and 3 new outlets in New Zealand while closing 15 sub-optimal stores.

An important aspect of leveraging TFG assets is utilising our significant store footprint to offer customers convenient access to a full suite of value-added services. In South Africa, our Tymebank partnership, launched last year, has ushered in a new end-to-end, digital financial services offering in the retail environment. This year, we rolled out 600 Tymebank kiosks across nine TFG brands. These kiosks provide near-instant debit cards, personal loans and an evolving suite of services, which include insurance products. As of 31 March 2023, we had opened 330 000 TFG-Tymebank accounts, with a goal of reaching at least 1 million accounts by the end of FY2024.

We launched TFGconnect – a TFG-branded MVNO with prepaid and pay-monthly products that can be purchased using cash, debit or credit card or a TFG account. In addition to creating a new revenue stream, TFGconnect enables us to offer exclusive rewards for TFG account holders and TFG Rewards members, such as airtime and data, which can be used to incentivise customer payment behaviour.

Transform into a true omnichannel retailer and platform play

TFG is well on its way to becoming Africa's market-leading omnichannel fashion and lifestyle retailer.

A significant highlight this year was completing the migration to our next-generation e-commerce platform, Bash, which is far more efficient and scalable than our previous platform, myTFGworld. This was achieved under budget and in record time – we launched Bash in beta within eight months, followed by the official launch in February 2023. Bash provides one home for all our TFG brands and leverages our extensive product catalogue and customer reach to create a world-class omnichannel experience.

Since launch, we have significantly improved our online availability of product and our fulfilment capabilities. We now deliver 25% of orders in less than 48 hours, and we have increased online SKU availability by more than 18%. We have further increased click-and-collect to roughly 43,7% of our online sales, which highlights the benefits of our omnichannel strategy, which will allow us to maximise the value of our existing physical assets together with our newly enhanced digital capabilities to deliver the best choice, service and value to our customers. During the month of March 2023, Bash reached the number 2 shopping App on Android and iOS, and the number 8 on Android and 3 on iOS most downloaded across all categories.

While our initial focus is on our own brands, as the Bash platform gains traction we will have the ability to scale our product offering even further. This includes, for example, broadening the range of products and brands beyond what we are able to offer in our physical stores. Presently in South Africa, customers can access world-class, global pureplay platforms and receive a shipment within a week or two. Our advantage will be in our ability to deliver to customers within hours and respond to fashion trends much faster than others can through our QR capabilities.

Digital capabilities and the focused use of customer data remain crucial, and TFG London has become increasingly sophisticated at capturing customer data and using it to optimise and personalise our customers' in-store experiences. This is supported by improved self-service in stores, including access to online styling advice and enhanced product availability, enabled by improved Wi-Fi access and in-store tablets. These investments into our store environment mark an evolution in our strategy for TFG London, moving from a heavy dependence on third-party sales channels to our own, higher margin channels. We are confident that we have made the right investments to scale our UK platform business model in the years ahead.

In TFG Australia, we successfully re-platformed both our ERP as well as our online sites, with almost no disruption to the business. From an omnichannel perspective, we extended our click-and-collect service to all brands which has allowed us to reduce collection availability times from days to just hours. We refined the structure of our Digital Hub, which combines the digital expertise across our brands into a single centre of excellence and sets TFG Australia up for further omnichannel growth.

Sustain ourselves and our stakeholders into the future

As a predominantly South African based Group, we believe that job creation is increasingly one of South Africa's most critical priorities.

TFG is in the fortunate position that we can invest in areas of the economy that absorb largely unskilled labour. As we continue to roll-out our store footprint and grow our local Quick Response capacity, we will have the opportunity to create a meaningful number of new job opportunities at a time when overall unemployment in the country continues to grow.

Highlights for the year include creating more than 8 000 new jobs and workplace opportunities. This included absorbing more than 60% of participants from the YES youth job placement programme into permanent positions across our business. We also created more than 1 500 new jobs and workplace opportunities in our local factories. Other highlights include launching our Sustainable Design Incubator to help train and expose young talented South African designers to the world of commercial fashion retail and establishing the TFG Data Science Fellowship to accelerate the development of one of South Africa's most scarce and critical skills. Pleasingly, we retained our B-BBEE Level 3 and remain committed to making a meaningful contribution to transformation within South Africa.

Beyond our social investment, we continue to support the global drive for climate action. In addition to ongoing initiatives to reduce our carbon emissions, and following on from the publication of our first TCFD report last year, we embarked on a climate scenario analysis process for our South African direct operations. TFG London targets have been validated and approved by the Science Based Target initiative (SBTi).

We are significantly invested in ensuring fair, ethical and sustainable supply chain practices. In all three territories, we are making progress in mapping our tier 1, 2 and 3 suppliers.

We remain committed to using more sustainable materials to make our garments. TFG London developed a decarbonisation strategy stretching to 2030 that focuses on increasing the percentage of lower impact materials in our product range. In TFG Africa we sourced 13,8% of cotton procured for apparel via Better Cotton, while TFG Australia sourced 27% of their cotton via Better Cotton. In TFG London, 74% of cotton procured was sourced as part of their Responsible Cotton Programme, with 95% sourced via Better Cotton and 5% grown organically.

In the year ahead, we plan to continue monitoring, reporting and improving our ESG performance. Our three sustainability objectives, built around fashion that connects, shares and restores, guide our focus and resource allocation. We look forward to working together as a Group and with our stakeholders in our efforts to reduce harm and accelerate positive impacts beyond our value chain in the coming year.

OUTLOOK AND APPRECIATION

Our differentiated, resilient and diversified business model is not easily replicable and ensures we can deliver significantly superior growth. Furthermore, our strategy is clear and led by our purpose and vision.

Over the past several years, we have invested significantly and consistently throughout the cycle and now have all the building blocks in place that underpin our strategy. This includes 34 market-leading brands, more than 4 700 store footprint, leading digital capabilities, material international diversification, an increasingly vertical supply chain, and a 30-million-plus customer base.

Looking ahead, we can now start to scale back from this level of investment and sweat our assets. This does not reflect a change in strategy. Instead, it is an opportunity to consolidate the assets we have built up. In FY 2024, store capex will reduce to around R600 million, approximately half of what was incurred in FY 2023. We continue to measure and note the returns we generate from our stores, which remains a critical organic growth lever. We believe that Bash will transform our business and want to see it break even over the next three years. We will need to spend approximately another R70 million on back-up power solutions in our stores. This follows an investment of R200 million in FY2023. Given the extent of load shedding, this investment has already paid back as it gives us an approximately 4% sales advantage per store. We will continue to play our part and engage with government, industry and the private sector to help solve this critical matter. In FY 2023, we invested R405 million in rationalising, modernising and expanding our DC network, and we will need to complete our DC projects in FY 2024. We will unlikely pursue any significant mergers or acquisitions in FY 2024 but remain alert to opportunities.

We anticipate the year ahead to remain challenging, especially during the first half, when we expect load shedding, further inflationary pressures, and rate hikes to peak. As a result, our priorities are very clear. We are confident that our top-line growth will continue to excel. We have experienced, talented, and driven management teams driving each part of our market-leading brands, and they will continue to outtrade most of their competitors. However, we will be further tightening our belt. This means further reducing our cost of doing business and maintaining operationally effective expense control, continued focus on controlling inventory purchases to defend gross profit margins in what is likely to be a promotionally driven market, bedding down recent acquisitions, sweating our assets and working capital, and using the cash generated to reduce debt and interest costs. TFG's future brand and store roll-out pipeline remains as robust as ever. However, current market conditions require a slower execution timeline for this roll-out. Overall, the result we are looking for in FY 2024 is greater leveraging of the bottom line and expanding EBIT margins back to the 14% to 15% range over the medium term as load shedding challenges are addressed, which we believe is appropriate for our current business and its far more significant value contribution.

In TFG London, we will continue to look to further enhance the domestic store estate across our brands and grow our international sales. We remain aware of macro and external factors such as inflation and rising interest rates, geopolitical conflict, supply chain disruptions and rising energy prices.

Following a year of stellar growth, we expect the economic tailwinds experienced in Australia over the past year to normalise, and with this, so to our own trading. That said, we anticipate TFG Australia to still produce results ahead of their historical levels. Our focus will be on closing sub-optimal stores, expanding the footprint of selected stores, where warranted and increasing our speed-to-market and distribution capacity.

The past year has once again shown us that TFG's business model is resilient under extremely difficult circumstances, and we are confident that it will support superior growth. This growth will be underpinned by our strong, capable and supportive TFG team comprising more than 46 000 employees in Africa, the UK and Australia. Again, this fantastic team receives my personal thanks, together with that of the Supervisory and Operating Boards, for demonstrating their commitment to ensure our customers had inspiring experiences across all our formats.

A message from our **CEO** continued

On behalf of the TFG family, I would like to acknowledge and say a huge thanks to Gary Novis, who stepped down as CEO of TFG Australia at the end of FY 2023. Under Gary's leadership, TFG Australia has performed exceptionally. We bought the business in 2017 at a cost of AUD 302,5 million. Since then, turnover and EBIT have increased 117% and 354% respectively and the business is no doubt worth far more. Gary will stay on as an adviser to the business. In his place, we welcome Dean Zanapalis, who has worked alongside Gary as CFO for the past 11 years. Together they have made a formidable team, and we are confident that this leadership transition, which has long formed part of our succession strategy for TFG Australia, will be seamless.

On behalf of the Operating Board, sincere thanks go to our Chairman, Michael Lewis, as well as our Supervisory Board. We engaged them continuously throughout the year, seeking their support and guidance as we had to make rapid and often far-reaching decisions as a result of the constantly changing retail environment.

To our customers, suppliers and other stakeholders – sincere thanks on behalf of myself and the rest of the TFG Supervisory Board for your continued support and collaboration.

As we look to the year ahead, we are very conscious of just how tough and unpredictable the environment is almost certain to be, and all our teams will endeavour to find ways to deal with these challenges. As serious as these challenges are, many of them are largely cyclical and I remain confident that we will achieve our longer-term strategic ambitions.

A E Thunström
Chief Executive Officer

21 July 2023

Our performance **against our strategic outcomes**

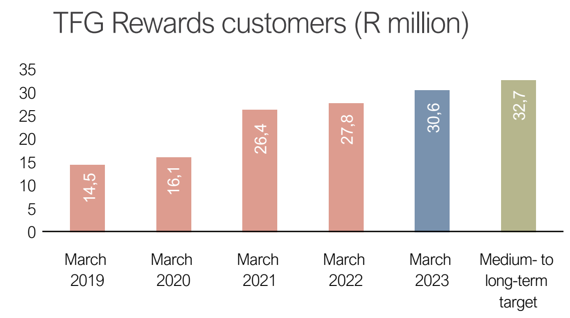
While the core principles of our strategy remain unchanged, certain parts are becoming more critical. Our key strategic priorities are discussed in the message from our CEO, which further unpacks the actions taken during the year to position TFG as a business stronger than ever before.

CUSTOMER & EMPLOYEE OBSESSION

Material matters, risks and opportunities relevant to customers and employees:

> Challenging trading environment
> Fashion trends and customer preferences
> Talent management: attracting, retaining and developing key talent
> Reliance on IT
> Energy Crisis

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

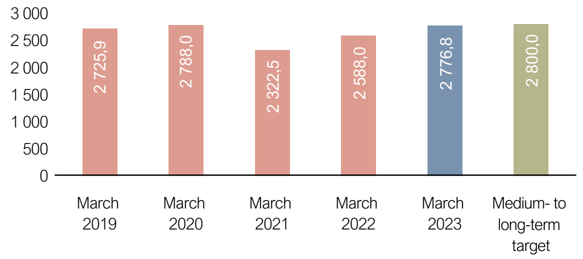


Why we measure this: TFG Rewards allows us to track a larger percentage of turnover at a customer level. With the use of data science, we further enrich our customer knowledge and refine our engagement strategies to ensure customer relevance and resonance. This has been highlighted by customer analytics; TFG Rewards customers spend 1,5 times more than other customers and are 1,4 times more profitable. By leveraging our data, we are able to truly understand our customers, listen to their needs and deliver the best possible outcomes. In today's tough economic climate, further impacted by load shedding, customers are looking for ways to save money while still getting the best value for their purchases. Our approach centres around putting customer data and analytics at the heart of our decision-making processes so that we can continue to meet, and hopefully exceed, our customer's expectations, ensuring that they come back to a TFG brand every time.

How we performed: At TFG, we are committed to delivering an exceptional experience for our customers throughout their journey with us. TFG Rewards plays a key role in this process, providing us with valuable insights that we can use to continually improve our offerings. In turn, we increased the value returned to TFG Rewards members by 82%. As a result, we acquired 2,8 million new members (up 75% year-on-year) – growing our loyalty base to 30,6 million customers and cementing TFG Rewards as one of South Africa's largest retail loyalty programmes.

Our performance **against our strategic outcomes** continued

Number of active accounts (R'000)[12]



[12] *Excludes Tymebank accounts.*

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

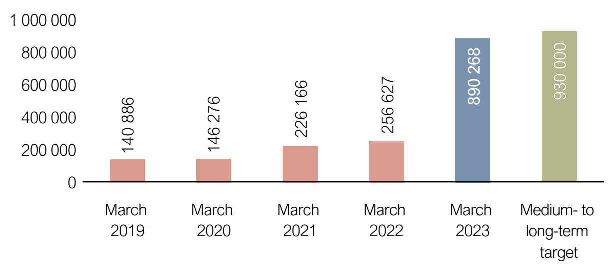
How we performed: Our account approval strategy remained conservative and approval rates were restricted to c.19%. This ensured that the level of risk remained within management expectations. Market demand for new accounts increased by 58,4% – largely due to TFG taking over the underwriting of credit for the Jet portfolio. The number of active accounts increased by 7,3% to 2,8 million.

LEADERSHIP

Material matters, risks and opportunities relevant to leadership:

> Talent management: attracting, retaining and developing key talent

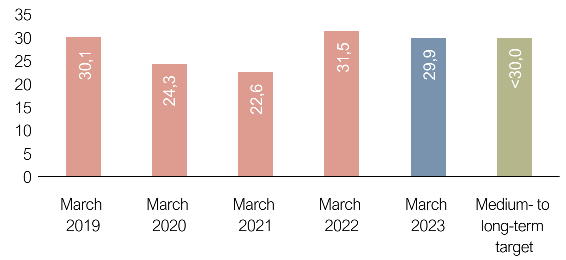
Number of training interventions during the year (R'000)



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

How we performed: The number of annual training interventions increased significantly during FY 2023. This was as a result of additional digital training solutions (e.g. Yoobic, Mygrow, YES Youth, etc.) that were available. In addition to our focus on developing customer-facing employees and managers, we also support training initiatives focused on developing world-class management capabilities needed to drive TFG Africa's localisation strategy.

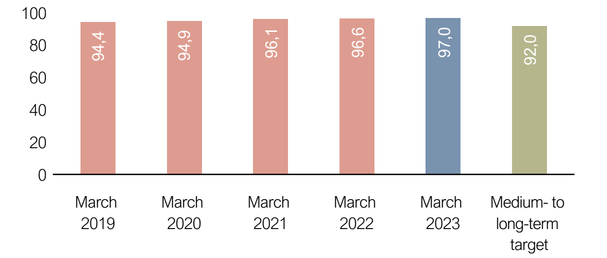
Employee turnover (Total %)



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

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

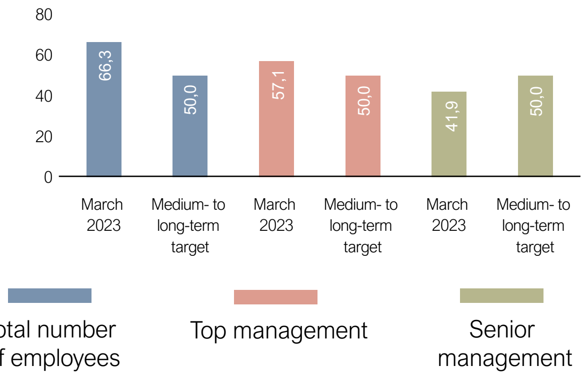
Employment equity (% representation of previously disadvantaged groups among permanent employees) – South Africa only



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

How we performed: We continue to work with our heads of business to incorporate transformation into their unit strategies. As part of developing our internal talent pipeline, we identify high-potential employment equity candidates. Our transformation drive delivered a sustained increase in the representation of Black employees within our top, middle and junior management teams while retaining our focus on gender diversity. 51,1% of middle management appointments and 35,3% of senior management appointments were employment equity appointments, 53,5% of appointments were women.

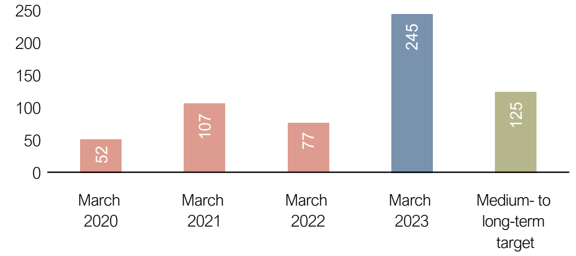
Gender diversity (% female representation) – South Africa only (excluding Tapestry)



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

How we performed: Through our recruitment practices we continue to improve female representation across the Group with the target for middle management and all employees being exceeded.

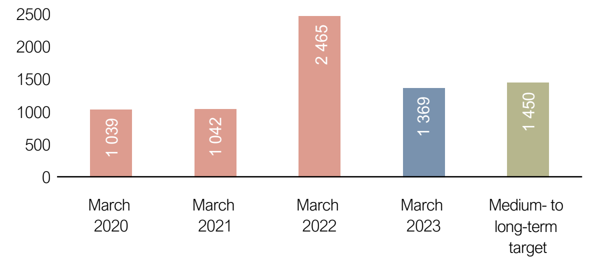
Participants in disability learnerships/internships – South Africa only



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

How we performed: This year, we took steps to encourage our employees to disclose any disabilities. This was facilitated through increased engagement and awareness. As a result, the number of people employed by the Group who are living with disabilities across the business increased from 257 to 1 076.

Learnerships, internships and graduate opportunities (new roles created) – South Africa only



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

How we performed: 1 369 learnership, internship and graduate opportunities were created across stores, factories, distribution centres, contact centres and our head office operations. Through these initiatives, we increase the employability of young people while creating a talent pool for TFG. Project Elevate remains one of our primary vehicles to develop high-calibre individuals for entry-level, customer-facing roles within stores across our brands.

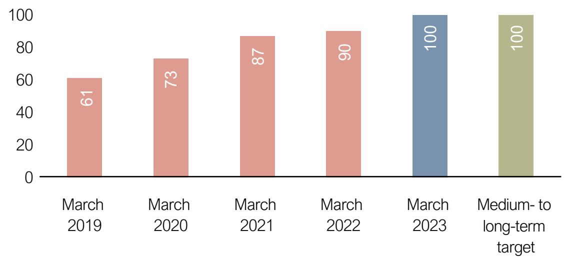
Our performance **against our strategic outcomes** continued

PROFIT

Material matters, risks and opportunities relevant to profit:

> Challenging trading environment
> Energy Crisis
> Reliance on IT
> Fashion trends and customer preferences
> Supply Chain Disruption

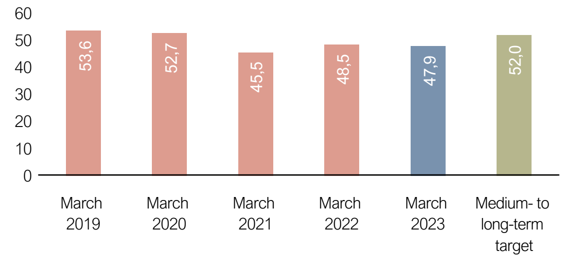
QR contribution to total units manufactured (%)



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

How we performed: We achieved an increase of 809k (R990 million at cost) units year-on-year, with a total QR unit growth of 2,5% (390k growth in units). We acquired Tapestry Home Brands line with our stated strategy of vertical integration in key product categories. Our medium-term ambition is to significantly ramp up our QR manufacturing from 15,7 million units in FY 2022 to 30 million by FY 2026.

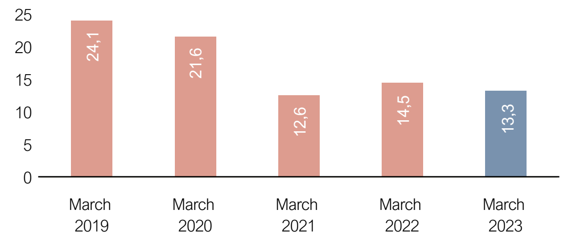
Gross margin (%)



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

How we performed: Gross margin for the Group contracted to 47,9%. Merchandise inflation, exchange rate degradation, general cost inflation and load shedding impacted margins in TFG Africa. This was partially offset by our increasingly efficient localised QR supply chain. Locally and regionally sourced products now contribute 76,4% of total apparel purchases in TFG Africa on an increasingly QR basis.

TFG Africa ROCE (%)[13]

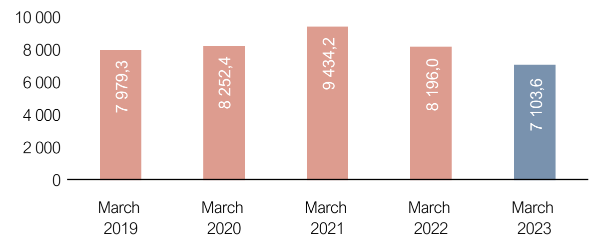


Why we measure this: A specific focus on ROCE and cost-saving initiatives ensures that we are allocating resources optimally and thus positions us well to meet our future cash requirements. This achieves a more profitable business and ultimately increases shareholder and broader stakeholder value.

How we performed: ROCE decreased to 13,3%. Looking forward, the Group will increase ROCE steadily without sacrificing investment into our business.

[13] *Pre-IFRS 16.*

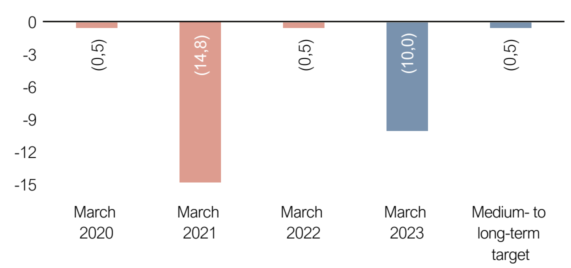
Cash generated from operations (R million)



Why we measure this: Enhanced cash generation sustainably supports ongoing investment in digital and physical infrastructure to ensure we continue to meet the needs of our customers as well as supporting dividend returns to our shareholders.

How we performed: The Group generated cash from operations of R7,1 billion through a strong trading performance and careful management of working capital. Pre-IFRS 16 Net debt of R7,1 billion (up from R1,0 billion in FY 2022) was driven by the Tapestry acquisition and additional capex invested in logistics and omnichannel capability and new store growth. Our debt position supported the Tapestry acquisition, new store roll-out and the temporary increase in working capital.

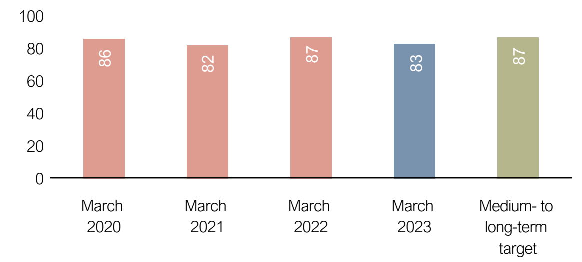
Improve energy efficiency (% reduction in kw/h per square metre in TFG Africa stores)



Why we measure this: We aim to reduce emissions and save costs by improving energy efficiency in our buildings and stores.

How we performed: Although load shedding impacted the measure during this past year, energy efficiency is improved through new stores and enlargements being fitted with latest LED lighting, while revamps are re-fitted with LED lighting. We continue to focus on the roll-out and installation of energy-efficient lighting and monitor electricity spend in stores to identify where we can reduce consumption. We also engage with our landlords to encourage investment in renewable energy, including the installation of solar panels.

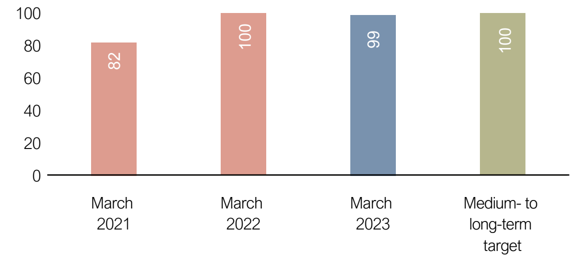
Reduce business waste (% waste recycled)



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

How we performed: We took measures to reduce carton waste, with 86,0% of TFG Africa's supplier cartons (to distribute all inventory to stores) reused in FY 2023. Overall, 83,0% of our waste was recycled across all TFG Africa head office sites, distribution centres and factories.

Reduce production waste (% textile waste recycled from TFG Africa own manufacturing sites)



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

How we performed: 99,0% of textile waste from TFG Africa's own manufacturing sites was recycled, achieving the set target. We work with a number of partners, including small enterprises, who are involved in bailing our waste, such as factory off-cut fabric and end-of-roll fabric, processing and reuse.

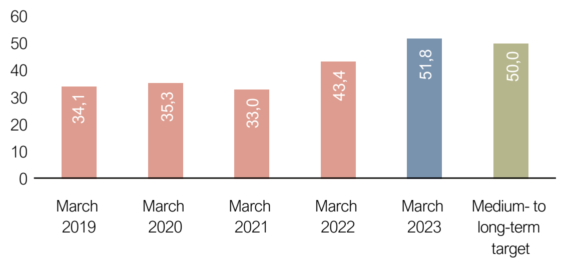
Our performance **against our strategic outcomes** continued

GROWTH

Material matters, risks and opportunities relevant to growth:

> Challenging trading environment
> Energy crisis
> Fashion trends and customer preferences

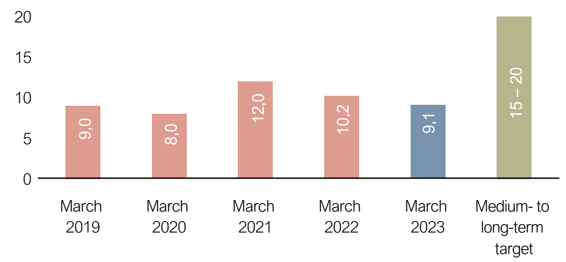
Retail turnover (R billion)



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

How we performed: Group retail turnover grew by 19,4% to R51,8 billion, supported by a strong trading performance, continued market share gains, expansion of our footprint and brand portfolio and further growth in online retail and outlet turnover. Cash retail turnover, contributing 72,7% to TFG Africa retail turnover, grew by 19,7% and credit retail turnover grew by 27,3%. Retail turnover in TFG London grew 9,4% and now contributes 13,3% to Group retail turnover. TFG Australia's retail turnover grew 29,8% and now contributes 18,2% to Group retail turnover.

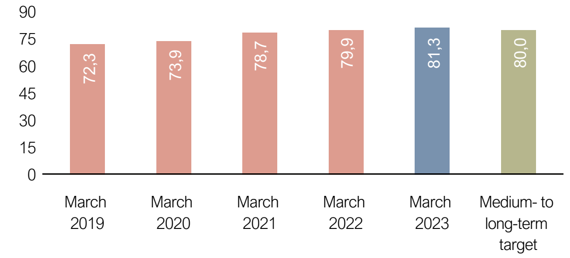
E-commerce turnover contribution to retail turnover (%)



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

How we performed: Group online retail turnover increased by 6,6% to R4,7 billion coming off a high base and now contributes 9,1% to total Group retail turnover, evidencing the continuing strong online demand for all our brands. TFG Africa's online retail turnover increased by 33,2% and now contributes 3,5% to total TFG Africa retail turnover. TFG London's online retail turnover decreased by 0,3% and now contributes 41,2% to total TFG London retail turnover. TFG Australia's online retail turnover decreased by 11,5% and now contributes 6,3% to total TFG Australia retail turnover.

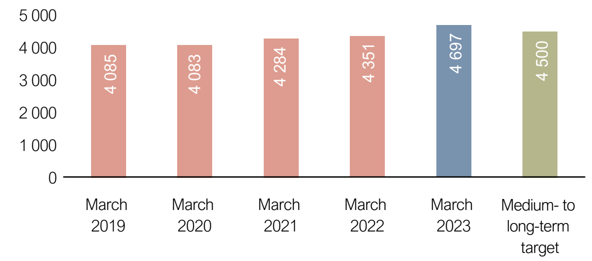
Cash turnover contribution (%)



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

How we performed: Cash turnover increased by 21,5% and now contributes 81,3% to total Group turnover. Strong cash turnover growth of 19,7% for TFG Africa indicates continued customer demand for our brands and products and further market share gains.

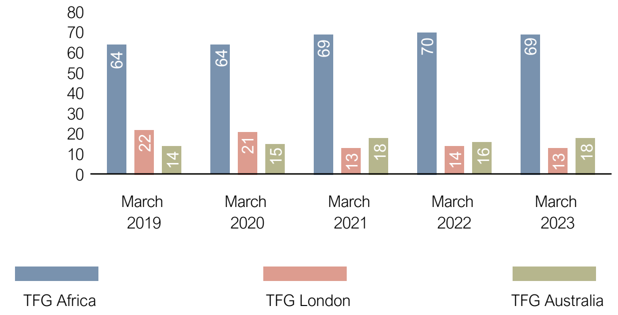
Number of outlets



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

How we performed: The Group trades out of 4 697 outlets across 23 countries. During the period, a total of 381 new outlets were opened,169 stores were added through the Tapestry acquisition and 204 outlets closed.

Geographic turnover contribution to total Group turnover (%)



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

How we performed: The current combined turnover contribution of TFG London and TFG Australia is 31,5%, which is in line with our desired level of offshore exposure.

Value creation through **performance**

"

The Group continues to demonstrate its resilience and agility. We are investing in key strategic initiatives to further strengthen our differentiated business model, and continue to make progress on key strategic objectives.

A message from our **CFO**

Our Income statement shows a tale of 3 record quarters plus 1 slower quarter, which was impacted by several macro factors locally and internationally albeit at different degrees, weighing on the consumer and consequently on our growth trajectory. Despite the headwinds, the Group delivered a strong turnover of R51,8 billion, which represents 19,4% growth on last year.

B Ntuli
Chief Financial Officer

A SNAPSHOT OF OUR FINANCIAL PERFORMANCE

+19,4%
GROUP REVENUE
Group revenue up 19,4% to R55,1 billion

+19,4%
GROUP RETAIL TURNOVER
Group retail turnover increased to R51,8 billion (up 19,4%)

+6,6%
GROUP ONLINE RETAIL TURNOVER
Group online retail turnover growth of 6,6% to R4,7 billion, contributing 9,1% to total Group retail turnover

47,9%
GROSS MARGIN
Gross margin contracted 60bps to 47,9% (FY 2022: 48,5%)

550 more outlets (including 169 Tapestry outlets)
CONTINUED INVESTMENT IN GROWTH
Continued investment in organic expansion, an increase in omnichannel penetration and investment in all territories, and the addition of QR local manufacturing capacity in Africa through strategic acquisitions

-4,0%
HEADLINE EARNINGS PER SHARE
Headline earnings per share of 968,9 cents per share, down 4,0% (FY 2022: 1 009,0 cents per share) due to once-off IT capex impairments taken in the prior year

A message from our **CFO** continued

R7,1 billion
CONTINUED STRONG CASH GENERATION FROM OPERATIONS
Continued strong cash generation from operations of R7,1 billion used to fund growth and acquisitions

+4,1%
BASIC EARNINGS PER SHARE
Basic earnings per share of 938,5 cents per share, up 4,1% (FY 2022: 901,9 cents per share)

+12,4%
OPERATING PROFIT
Operating profit before finance costs of R5,4 billion (March 2022: R4,8 billion)

150,0 cents per share
FINAL DIVIDEND
Final dividend of 150,0 cents per share declared. An interim dividend of 170,0 cents per share was declared at half-year

R7,1 billion
PRE-IFRS 16 NET DEBT
Pre-IFRS 16 Net debt of R7,1 billion (March 2022: R1,0 billion, at historic low levels). Pre-IFRS 16 Net Debt to Pre-IFRS 16 Adjusted Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) ratio increased to 1,2 (March 2022: 0,2) following the acquisition of Tapestry and significant investment in a number of strategic areas of the existing business to ensure strong future growth

KEY THEMES FROM TFG'S PERFORMANCE

> Group revenue up 19,4% to R55,1 billion
> Gross profit growth of 18,0% to R24,8 billion
> Tight expense control with trading expenses maintained at 41,3% of turnover (FY 2022: 41,4%)
> Pre-IFRS 16 Net Debt* to Pre-IFRS 16 EBITDA* ratio of 1,2x
> Strong balance sheet maintained despite the investments
> TFG continued to grow ahead of the market and further entrenched its footprint, customer base and market leadership positions in all its key categories

Despite significant headwinds and global macroeconomic challenges, especially in Quarter 4, the Group delivered a robust performance.

In TFG Africa, the ongoing elevated levels of Eskom load shedding and depressed consumer confidence, negatively impacted our growth trajectory especially in the second half of the year. Beyond the lost trading hours and the negative impact on consumer spending patterns and our store portfolio's performance, load shedding affected inventory levels, provisioning and promotional activity. This necessitated increased levels of stock provisioning and contributed to gross margin deterioration. Overall, we estimate the financial impact of load shedding to have reduced TFG Africa's retail turnover by c.R1,5 billion in FY 2023. We also incurred additional unbudgeted direct costs of c.R20 million to power and protect operations and stores impacted by load shedding as well as invested capex of c.R200 million on alternative power solutions. Other negative macro factors were the continued record-high unemployment, rising inflation and interest rates which further impacted on consumer confidence and discretionary spending.

In TFG London, the team delivered a record performance on the backdrop of strong demand for back to work and occasion/functions apparel. This was achieved despite inflationary and interest rate increases which outpaced wage growth and strained the discretionary budgets of many households.

TFG Australia had a buoyant recovery post all the COVID-19 lockdowns, and management, towards the end of the year, navigated global supply chain issues, a tight domestic labour market, continued elevated inflation, increasing interest rates and higher living costs.

In response, the Group focused on gaining further market shares in its operating regions and continued to execute on its growth strategy by:

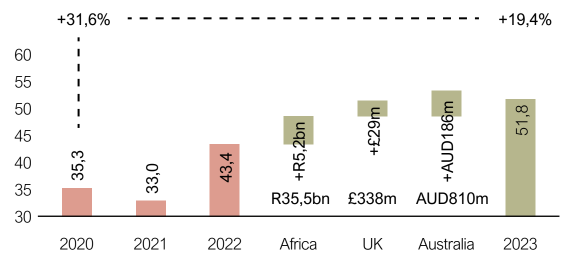
1. Proactive analysis of the challenges and mitigating the impact where we could to deliver robust topline growth
2. Ongoing focus on business optimisation and cost reduction
3. Ongoing focus on working capital management and improved balance sheet metrics
4. Leveraging organic growth opportunities

Building on previous investments in our business, TFG was well-positioned to deliver a robust trading performance across all our territories despite the macro challenges.

In TFG Africa, we leveraged our strong brands and market positioning to deliver double-digit, top-line growth while gaining market share. TFG London continued its post-COVID-19 recovery and consolidation and realised the benefits of repositioning its business model towards a smaller but more profitable business. TFG Australia delivered a stand-out performance for FY 2023 off a very buoyant economy and contributed strongly to the Group's overall performance.

The Group delivered like-for-like turnover growth of 8,2%, with underlying growth for TFG Africa, TFG London and TFG Australia of 5,1%, 8,9% and 12,0%, respectively. Group retail turnover increased by 19,4% to R51,8 billion, supported by the continued expansion of our footprint and brand portfolio. We further saw growth in all merchandise categories and customer segments.

Group turnover (R billion)



Credit retail turnover grew by 11,0%. Credit retail turnover was purposefully restricted by stringent acceptance criteria in line with the constrained economic conditions, despite the strong demand for store credit. We maintained average acceptance rates of c.19% for the year (FY 2022: c.25%) and limited the increase in bad debt. The trade receivables-retail book grew 10,5% (or R733 million) on the back of better-than-expected payments from our credit customers and continued improvements in the quality of the book.

Credit sales now contribute 27,3% (FY 2022: 28,9%) to total TFG Africa retail turnover. Cash retail turnover grew by 19,7% and now contributes 72,7% or R4 billion in cash sales to TFG Africa retail turnover. In line with the Group's strategy, our cash versus credit split remains well diversified. Cash now accounts for 81,3% of Group sales and is evidence of customers voting with their wallets in a time when discretionary spend is under severe pressure.

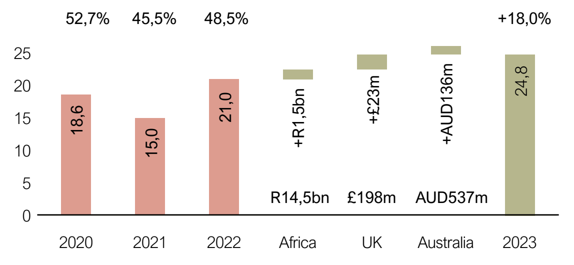
From a high base, Group online retail turnover grew by 6,6% to R4,7 billion. Group online retail turnover now contributes 9,1% (FY 2022: 10,2%) to total Group retail turnover, evidencing strong online demand for all our brands. Our continued strategic focus on new stores, diversification of brands and omnichannel retailing resulted in outlet retail turnover growth of 20,8% – with more customers returning to stores. However, retail turnover growth was negatively impacted by the high levels of load shedding we experienced in TFG Africa.

The Group achieved an impressive five-year compound annual growth rate (CAGR) in retail turnover of 12,8% which can be attributed to the strength of our brands, our products and remarkable execution in store and online.

Gross margin for the Group contracted to 47,9% due to provisioning that was taken in the fourth quarter. Merchandise inflation, exchange rate degradation, general cost inflation and load shedding impacted margins in TFG Africa as the group decided strategically to deal with slow moving inventory in season. This was partially offset by our increasingly efficient localised QR supply chain. Locally and regionally sourced products now contribute 76% (FY 2022: 73%) of total apparel purchases in TFG Africa on an increasingly QR basis. Margin expansion was further supported by our regional diversification strategy and a higher proportion of full-price sales and lower markdowns due to strong product demand in TFG London and TFG Australia.

IFRS gross profit margins at TFG London and TFG Australia reached record highs of 58,7% and 66,3% driven by robust demand for our brands, return to work and public occasion trends. We expect some normalisation in the coming year.

Group gross profit (R billion)



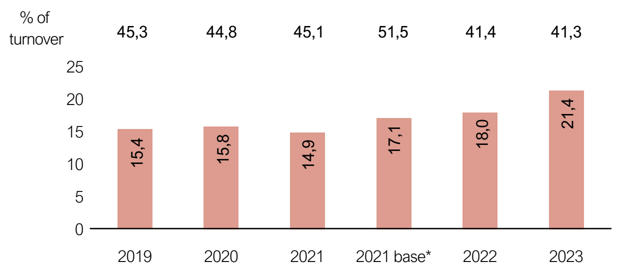
A message from our **CFO** continued

The Group generated a record R10,6 billion in operating profit, up 12,0% on the previous year.

ONGOING FOCUS ON BUSINESS OPTIMISATION AND COST REDUCTION

Expense and cost inflation management remained priority to ensure we could deal with the volatile operating environment and protect earnings. Our focus on cost control initiatives and reducing our cost base especially in the second half of the year, with tangible savings realised by the end of the financial year. Consequently at year-end, trading expenses were 41,3% of retail turnover (FY 2022: 41,4%). This was achieved despite the strategic investment spend, organic store growth and inflationary pressure. Ongoing saving initiatives in respect of key expense categories are being re-invested in e-commerce and manufacturing capabilities. We are relentless in our focus to expand the bottom line by leveraging Group scale and platforms while focusing on cost containment.

Group trading expenses (R billion)



* *Excluding R1,5bn COVID-19 support*

EBIT grew 12,4%, up R598,4 million on FY 2022. We achieved this increase despite the impact of load shedding in TFG Africa and discretionary investment costs related to the acquisition of Tapestry, omnichannel transformation and further investment in building our successful, margin-rich local QR manufacturing.

A conservative estimate indicates that EBIT margin pre-investment costs and the impact of lost sales due to load shedding, would potentially have been 13,4% for 2023 given EBIT growth of 6,3% in the first half. Margins in the second half were impacted by lost trade and higher than planned mark downs as we chose to deal with slow moving stock and extra provisioning.

In our international businesses, growth in EBIT margin was mainly due to product margin expansion and rigorous cost control on the back of buoyant demand (post-COVID-19 recovery). Looking ahead, we remain focused on expanding our EBIT margin while realising the benefits of our previous investments in the short to medium term.

To support business optimisation, we are investing c.R950 million to transform our logistics capability (with c.R250 million invested in FY 2023). This investment will drive lower distribution costs across a wider footprint that includes online delivery. In particular, we expanded our Midrand distribution centre in response to additional volumes and began construction of our new Riverfields mega-distribution centre to provide greater scale and efficiency. We also rebranded our last-mile, in-house delivery service from Quench to BashDelivery.

ONGOING FOCUS ON WORKING CAPITAL MANAGEMENT AND IMPROVED BALANCE SHEET METRICS

R7,1 billion PRE-IFRS 16 NET DEBT (2022: R1,0 billion) (2021: R1,3 billion)	**R7,7 billion** NET DEBTORS BOOK (2022: R7,0 billion) (2021: R6,6 billion)
1,2x (0,9x – excluding Tapestry) PRE-IFRS 16 NET DEBT TO EBITDA RATIO (2022: 0,20x) (2021: -1,4x)	**278 days** DEBTORS DAYS (2022: 285 days) (2021: 299 days)
13,3% ROCE (2022: 14,0%) (2021: -2,0%)	**R4,1 billion** CASH ON HAND (2022: R5,7 billion) (2021: R4,8 billion)
R13,1 billion INVENTORY (2022: R9,3 billion) (2021: R8,3 billion)	**152 days** INVENTORY DAYS (2022: 144 days) (2021: 169 days)

The Group managed its cash resources through rental negotiations, minimising expenditure and cutting back on merchandise purchases in line with expected demand. The Group also prioritised cost savings initiatives across all operations and business optimisation initiatives in TFG Africa.

We generated cash from operations of R7,1 billion (FY 2022: R8,2 billion), which we used to fund growth and acquisitions. This increase is particularly pleasing considering the tough economic climate, and we remain well positioned to capitalise on future opportunities.

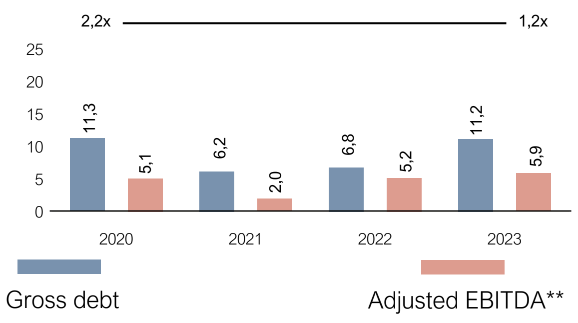
The elevated levels of load shedding resulted in a moderate increase in inventory levels as our proactive inventory management mitigated some of this risk. Inventory increased by 40% to R13,1 billion, due to merchandise inflation, new store growth and acquisitions, as such including inventory for both Tapestry (some R600 million) and Street Fever. A highlight is the freshness of our inventory, with 56% of stock less than two months old. We closed the year with lower units of stock per store.

In FY 2024, we will pursue real-time, proactive margin management across our business to support working capital management and stock efficiency. Pre-IFRS 16 Net debt of R7,1 billion (from R1,0 billion in FY 2022) was driven by the Tapestry acquisition and additional capex invested in logistics and omnichannel capability and new store growth. Our debt position supported the Tapestry acquisition, new store roll-out and the temporary increase in working capital.

Pre-IFRS 16 Net debt to EBITDA ended comfortably at 1,2x. If we exclude the Tapestry acquisition, we would have ended the year at 0,9x, which is well below our target.

The Group has R18,0 billion in approved facilities in place and a pre-IFRS 16 debt to equity ratio of 32,9% (FY 2022: 5,4%). At TFG Africa we successfully raised R2,8 billion in additional facilities to support the expanding business while restructuring our existing facilities to replace some of the short-term debt with longer-term debt on better terms, locking in good rates due to our pro forma rating.

Group debt position (R billion)



** *Excluding IFRS 16, acquisition costs, UK impairment and bargain purchase gain.*

LEVERAGING GROWTH OPPORTUNITIES TO REPOSITION THE GROUP

R3,1 billion
CAPITAL EXPENDITURE
+R1,5 billion on FY 2022 driven by organic growth and expansionary capex
Significant spend detailed below:

R1,0 billion invested in new outlets
381 NEW OUTLETS
c.+R1,7 billion new sales

R640 million invested in store upgrades
STRATEGIC UPGRADES (EXISTING STORES)
8,2% like-for-like sales growth

R48 million
MANUFACTURING
+1,1 million local QR units c.R284 million margin benefit

c.R250 million
LOGISTICS
Consolidation and building out new capacity

R200 million
IT EXPANSION
New stores and launch of our digital platform, Bash

R170 million
IT MAINTENANCE
Hardware replacement

Despite the challenging trading environment, the Group continued to invest in growth opportunities with a record R3,1 billion spend on capex. We leveraged our balance sheet to expand our store network by 381 stores, which added R1,7 billion in turnover with payback expected within 4 to 8 months. 80% of these stores were in Africa. These new stores in Africa contributed R1,3 billion in sales, realising an EBIT margin of 15% in their first year. About 60 of these stores were in our sports value brand, Sneaker Factory, enabling us to grow our presence in the sportswear segment.

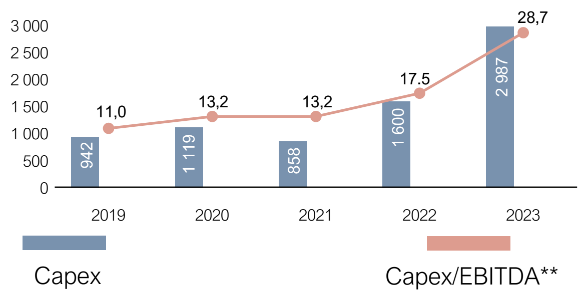
Our store opening programme maintains a strong focus on securing space at market-competitive rentals and in store sizes that are fit-for-purpose and profitable. 70 of 381 new stores optimised "old space" hence the net space growth of 5% (excluding the Tapestry acquisition).

We invested in increased omnichannel penetration, rolling out RFID and deploying mobile point-of-sale devices across several stores to enable trade during load shedding, and launching our new fashion and lifestyle platform, Bash.

In terms of logistics infrastructure, as mentioned above, we invested R250 million to expand distribution centre capabilities as part of our distribution centre optimisation strategy, including Midrand and Riverfields.

We invested a further R48 million in expanding our local manufacturing capacity in Africa through strategic investments. The R2,2 billion Tapestry acquisition strongly positions us to grow our market share in South Africa's homeware and furniture segment and gain new customers to complement the current TFG customer base. The investment in Tapestry also increased our manufacturing footprint and capability. Subsequent to year end, we acquired Street Fever for R150 million (effective 26 April 2023), enabling us to scale up our presence in the value branded footwear segment and entrench our position in sportswear.

Group capital expenditure (R million) excluding Tapestry



** *Including IFRS 16, acquisition costs, UK impairment and bargain purchase gain.*

FUTURE FOCUS AREAS

Our strong and leading brands remain at the heart of our business. We will continue to invest in innovating and developing the strength of our brand portfolio to ensure we are positioned to gain market share, despite the constrained consumer environment. Operationally, we will continue to focus on controlling inventory purchases, defend gross profit margins and reduce the absorption of working capital. Cost savings initiatives are planned for the year ahead, especially at Head Office. Planned capital allocation for the year ahead has been revisited, and planned new store openings have been curtailed.

OUTLOOK

We have endeavoured to mitigate as much of the daily load shedding challenges as possible. However, for TFG Africa, South Africa's ongoing energy crisis and increasing consumer pressure remain our most significant risks. Looking ahead, we will need to tighten our belt to ensure leverage to the bottom line begins to widen. We also need to cleverly leverage the energy interventions invested in during FY 2023 to counter the deepening levels of disruption that persistent load shedding is inflicting across our operations.

Across all territories, macroeconomic conditions are likely to remain constrained, and we expect global inflationary pressures and the rising interest rate environment to persist.

In the face of a tough outlook on the back of a 'bubble' post-COVID-19, margin protection, expense control, disciplined capital allocation and working capital management are imperative success factors that are more relevant than ever before. Our African business will be focusing on growing market share and leveraging our unique infrastructure and platforms. We will treat FY 2024 as a year of consolidation, adopting a prudent approach and focusing on improving operating leverage.

Operationally, there will be a continued focus on controlling inventory purchases to defend gross profit margins and reduce the absorption of working capital. Cost savings initiatives will continue to reduce inventory purchases and constrain the acceptance rates to reduce working capital absorption.

APPRECIATION

The past year again demonstrated TFG's resilience under extremely difficult and unprecedented circumstances. I am truly grateful for the commitment and support from the local and international finance teams in preparing and delivering our FY 2023 results. I would also like to thank our Audit Committee chairperson, Eddy Oblowitz, and our Finance Committee chairperson, Graham Davin, for all their guidance and support throughout the year. Finally, thanks to our management teams and every employee across our various business units for leading the Group through the disruptive and trying economic environments within which TFG operates.

While the year ahead will undoubtedly be challenging, the actions taken by the Group in recent years have positioned us excellently to take TFG forward and deliver sustainable shareholder value.

B Ntuli
Chief Financial Officer

21 July 2023

SUMMARY OF ANNUAL FINANCIAL STATEMENTS

Whilst the following summarised consolidated financial statements have not been audited they were extracted from the audited consolidated annual financial statements of the Group for the year ended 31 March 2023. The summarised consolidated financial statements should be read with the full audited consolidated annual financial statements and the unmodified auditor's report which is available on www.tfglimited.co.za.

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

Summarised consolidated statement of financial position

	2023 Rm	Restated 2022 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**5 184,6**	3 209,6
Goodwill and intangible assets	**9 813,4**	6 923,7
Right-of-use assets	**9 751,4**	7 643,8
Investments	**143,7**	136,8
Deferred taxation assets	**1 345,3**	1 329,0
	26 238,4	19 242,9
Current assets		
Inventory	**13 074,0**	9 349,2
Trade receivables – retail	**7 745,5**	7 012,4
Other receivables and prepayments	**1 700,0**	1 767,4
Concession receivables	**236,7**	195,0
Cash and cash equivalents	**4 095,2**	5 745,8
Taxation receivable	**14,3**	–
	26 865,7	24 069,8
Total assets	**53 104,1**	43 312,7
EQUITY AND LIABILITIES		
Share capital	**4,4**	4,4
Share premium	**7 905,4**	7 905,4
Treasury shares	**(1 070,2)**	(1 046,3)
Dividend reserve	**496,5**	1 092,4
Hedging surplus (deficit)	**76,4**	(157,2)
Foreign currency translation reserve	**1 405,1**	658,3
Post-retirement defined benefit plan reserve	**8,0**	8,0
Retained earnings	**12 826,9**	10 672,9
Equity attributable to equity holders of The Foschini Group Limited	**21 652,5**	19 137,9
LIABILITIES		
Non-current liabilities		
Interest-bearing debt	**5 990,0**	3 850,0
Put option liability	**43,5**	32,6
Lease liabilities	**7 266,5**	5 449,5
Deferred taxation liabilities	**1 073,3**	839,9
Post-retirement defined benefit plan	**233,0**	221,1
	14 606,3	10 393,1
Current liabilities		
Interest-bearing debt	**5 230,3**	2 933,1
Trade and other payables	**7 799,2**	7 206,5
Lease liabilities	**3 675,0**	3 366,5
Taxation payable	**140,8**	275,6
	16 845,3	13 781,7
Total liabilities	**31 451,6**	24 174,8
Total equity and liabilities	**53 104,1**	43 312,7

Summarised consolidated income statement

	2023 Rm	2022 Rm
Revenue	**55 121,3**	46 167,4
Retail turnover	**51 778,1**	43 370,3
Cost of turnover	**(26 959,6)**	(22 343,5)
Gross profit	**24 818,5**	21 026,8
Interest income	**1 673,8**	1 227,0
Other income	**1 669,4**	1 570,1
Net bad debt	**(1 351,1)**	(983,8)
Trading expenses	**(21 393,9)**	(17 968,6)
Operating profit before acquisition costs	**5 416,7**	4 871,5
Acquisition costs	**(5,6)**	(58,8)
Operating profit before finance costs	**5 411,1**	4 812,7
Finance costs	**(1 367,8)**	(783,8)
Profit before tax	**4 043,3**	4 028,9
Income tax expense	**(1 017,5)**	(1 119,4)
Profit for the year	**3 025,8**	2 909,5
Attributable to:		
Equity holders of The Foschini Group Limited	**3 025,8**	2 909,5
Earnings per ordinary share (cents)		
Total		
Basic	**938,5**	901,9
Diluted (basic)	**930,2**	894,6

Summarised consolidated cash flow statement

	2023 Rm	Restated 2022 Rm
Cash flows from operating activities		
Operating profit before working capital changes	**10 631,6**	9 490,6
Increase in working capital	**(3 528,0)**	(1 294,6)
Cash generated from operations	**7 103,6**	8 196,0
Interest income	**145,4**	65,1
Finance costs	**(1 367,8)**	(783,8)
Taxation paid	**(1 223,2)**	(1 192,1)
Dividends received	**93,4**	82,4
Dividends paid	**(1 635,6)**	(556,0)
Net cash inflows from operating activities	**3 115,8**	5 811,6
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	**(3 000,6)**	(1 574,0)
Proceeds from sale of property, plant and equipment and intangible assets	**15,8**	90,4
Acquisitions during the year, net of cash acquired	**(2 096,2)**	(220,3)
Net cash outflows from investing activities	**(5 081,0)**	(1 703,9)
Cash flows from financing activities		
Shares purchased in terms of share incentive schemes	**(87,0)**	(244,4)
Proceeds from sale of shares in terms of share incentive schemes	**13,1**	11,8
Net increase in interest-bearing debt	**4 047,2**	688,9
Borrowings received	**9 008,2**	1 800,0
Borrowings paid	**(4 961,0)**	(1 111,1)
Lease liabilities	**(4 006,6)**	(3 536,9)
Net cash outflows from financing activities	**(33,3)**	(3 080,6)
Net (decrease) increase in cash and cash equivalents during the year	**(1 998,5)**	1 027,1
Cash and cash equivalents at the beginning of the year	**5 745,8**	4 843,2
Effect of exchange rate fluctuations on cash held	**347,9**	(124,5)
Cash and cash equivalents at the end of the year	**4 095,2**	5 745,8

Segmental **performance review**

TFG AFRICA

Performance highlights

R35,5 billion RETAIL TURNOVER	**R14,5 billion** GROSS PROFIT
41,0% GROSS PROFIT MARGIN (FY 2022: 43,2%)	**9,6%** EBIT MARGIN (R3,4 billion)
3 524 OUTLETS (FY 2022: 3 087)	**80%** OF STOCK LESS THAN 6 MONTHS OLD

Performance overview

TFG Africa's retail turnover increased by 17,2%, cash retail turnover grew by 19,7%, credit retail turnover grew by 11,0% and online retail turnover increased by 33,2%.

TFG Africa's turnover increased by 17,2% to R35,5 billion, or 11,2% excluding Tapestry, despite the significant impact of load shedding in the last quarter. Over the past year, we were able to gain market share despite difficult trading conditions. In the sports segment, our market share increased by 36,0% to 39,0%, in homeware to 17,2% following the acquisition of Tapestry and market share gains from @home and JET Home, while our furniture market share jumped by 10,2%.

The gross margin declined from 43,2% in FY 2022 to 41,0% due to additional markdowns occasioned by the impact of load shedding and the strategic decision to partially absorb cost inflation. The lower margin is also due to a change in product mix, the dilutionary effect of value brands and conservative provisioning.

Costs were tightly controlled in combination with strategic investments in acquisitions, e-commerce, local quick-response (QR) manufacturing, distribution centre expansion and new stores. The building blocks are now in place to serve our current and new customers who applied for TFG store cards across all brands.

The debtors' book grew by 11,7% billion to R9,7 billion, with the credit granting process for Jet and Tapestry now integrated. We tightened acceptance rates to control concentration risk as new credit accounts carry higher risk and result in additional allowances for impairments, which we are controlling at 20% of the debtors' book (FY 2022: 19,1%). Post-COVID-19 write-offs are still artificially low as we decreased the book during that time and bad debts will thus take time to normalise into FY 2024.

Segmental performance **review** continued

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

Merchandise category	H1 2023 vs H1 2022 %	H2 2023 vs H2 2022 %	**FY 2023 vs FY 2022 %**	**FY 2023 contribution to TFG Africa retail turnover %**
Clothing	16,5	11,6	**13,8**	**72,9**
Homeware	56,9	114,3	**89,7**	**12,0**
Cosmetics	5,8	(0,6)	**2,2**	**2,8**
Jewellery	4,8	(3,5)	**–**	**4,1**
Cellphones	0,2	2,2	**1,3**	**8,2**
Total TFG Africa	16,9	17,4	**17,2**	**100,0**

Outlook

With no imminent solution for load shedding in sight, we expect continued pressure on consumers. To proactively manage inventory and improve gross margin, we plan to optimise markdowns in a heavily promotional environment while ensuring conservative stock purchases. Cost reduction will be a continued focus and involves store growth curtailment. We expect our e-commerce investment to break even in the next three years and acquisitions of Jet and Tapestry to generate significant turnover value in the medium term.

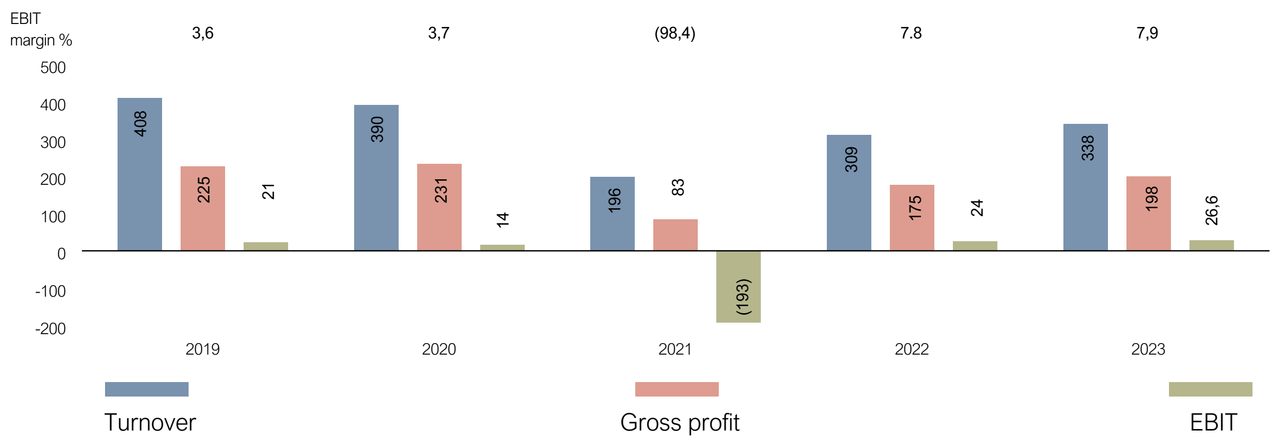
With the scale created through our capital investments in the past year, we are now set to sweat assets and consolidate for efficiency to drive higher margins. Local manufacturing will enable us to mitigate some exchange rate risk.

Cash preservation and stricter capital allocation will drive strategic decisions related to stock and our debtors' book as we maintain a heightened focus on debtors' book collections.

Investment in job preservation and creation remains a top priority for TFG Africa.

TFG LONDON

Performance highlights (GBP)



Performance overview

TFG London delivered a record performance with retail turnover increasing by 9,4% to £338 million on the back of a resurgence in the offline channel. 21 new stores and concession openings supported turnover growth of 8,9%, with gross margin increasing by 1,9% to 58,7%.

This followed our focus on full-price sales and reduced promotions which contributed to a record EBIT of £26,6 million. Further contributing factors were reduced platform operating costs, the normalisation of the supply chain post-pandemic and increased volume buys into key lines to support margin delivery. FY 2023 saw a turning point in inventory build-up with less than 20% of stock currently more than six months old.

With UK consumers having to deal with high inflation and rising interest rates, our store environments focused on inspiring products and engaging experiences.

Outlook

We are continuing our programme to optimise and future-proof the TFG London portfolio. With our international sales currently contributing 13,3% to turnover, our ambition is to increase this portion going forward.

We will maintain a conservative approach to stock provisioning as the market remains uncertain and inflation is expected to persist at high levels. As such, margins will also be under pressure due to increased supply chain costs, exchange risk and a promotional environment. Our focus will therefore be on managing customer acquisition costs and driving efficiency initiatives.

We will continue to deliver a personalised five-star customer experience across all brand touchpoints as we transition the business to direct-owned channels.

We will be implementing the TFG London 2030 renewable energy roadmap and decarbonisation strategy, based on near-term targets that have been validated and approved by the Science Based Target initiative (SBTi). We will also be implementing supply chain environmental management systems and will be benchmarking suppliers on their environmental performance. This includes using digitalised, real-time and actual supply chain data captured in collaboration with suppliers.

TFG AUSTRALIA

Performance highlights (AUD)

Performance overview

TFG Australia delivered an exceptional performance with retail turnover increasing by 29,8% to A$810 million. At the time of acquisition in June 2017, turnover was at A$374 million and EBIT at A$28 million, showing a trajectory very few fashion retail businesses in Australia were able to achieve over this period.

The post-pandemic demand for event and formal wear supported sales growth and enabled a strengthened gross margin of 66,3%. Strategic initiatives to re-platform the business through the implementation of a new ERP system for all brands and head office, and the launch of a new online platform for all brands, contributed to a record EBIT, up 56,0% on prior year. The business experienced no loss of trade despite the new platform implementation and achieved a satisfactory level of inventory. At the end of FY 2023, stock value was 15% lower than previous year and 88,2% is current season. Over 40% of stock is core and non-seasonal, and thus lower risk inventory.

Outlook

With a seamless leadership transition from 1 April 2023, we continue to implement a sound growth strategy. The next financial year will follow heightened demand in FY 2022 and FY 2023, which is unlikely to remain at the same level. Consumer confidence is expected to reach historic lows due to persistent cost-of-living pressures. This is likely to result in wage increase demands and contribute to upward pressure on the cost of doing business. We also expect the demand for dressy product categories to normalise as household saving patterns stabilise.

In the next year, we will be tracing deeper into our supply chain to obtain certified documentation showing raw material sources and transactions through our chain of custody.

Governance **appendices**

"TFG's values and culture are the foundation of our governance framework. Combined, these form the cornerstone of TFG's approach to responsible oversight of our business operations, strategy and performance and shapes our communication with external stakeholders.

Corporate **governance report**

INTRODUCING OUR DIRECTORS

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

The Supervisory Board mainly comprises non-executive directors, with the majority being independent. All directors exercise unfettered discretion in fulfilling their duties and there exists a balance of power and authority among the members of the Supervisory Board.

Executive directors

A E Thunström (53)

CEO

BCom (Hons Acc), CA(SA)

Member of: Risk and Social and Ethics Committees

Meetings attended by invitation: Audit, Remuneration and Nomination Committees

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

Appointed to the Supervisory Board: 2015

B Ntuli (46)

CFO

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

Member of: Risk Committee

Meetings attended by invitation: Audit and Social and Ethics Committees

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

Appointed to the Supervisory Board: 2019

Independent non-executive directors

M Lewis (64)

Chairman

BA (Econ) (Hons)

Member of: Nomination and Remuneration Committees

Chairman of: Nomination Committee

Meetings attended by invitation: Risk, Audit and Social and Ethics Committees

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

Appointed to the Supervisory Board: 1989

G H Davin (67)

Lead Independent Non-Executive Director

BCom, BAcc, CA(SA), MBA

Member of: Audit and Nomination Committees

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

Appointed to the Supervisory Board: 2015

Prof. F Abrahams (60)

BEcon (Hons), MCom, DCom

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

Chairperson of: Social and Ethics Committee

Also a director of South African listed companies: Lewis Group Limited

Fatima is an Emeritus Professor, continues to teach on a post-graduate level and was Dean of the Economic and Management Sciences Faculty at the University of the Western Cape (UWC). She is a registered Industrial Psychologist and has built up extensive expertise in the human capital field. She has served and continues to serve on the audit and risk committees and transformation and remuneration committees of several companies, and has built up sound business experience over the years.

Appointed to the Supervisory Board: 2003

C Coleman (60)

BA (Architecture)

Colin serves on the boards of a number of companies. In 2020, he served as a senior fellow and lecturer at Yale University's Jackson Institute for Global Affairs. He is currently a Distinguished Fellow with the Insead business school. He was CEO, Sub-Saharan Africa, of Goldman Sachs up until his retirement at the end of 2019 and before that head of its South African business, which he joined in 2000, and then head of its Investment Banking division for Sub-Saharan Africa. He was named a partner of Goldman Sachs in 2010. Colin was an anti-apartheid activist and deeply involved in South Africa's constitutional transition from apartheid to democracy. He was named one of the World Economic Forum's "Global Leaders for Tomorrow", is a recipient of Harvard Business School's "Business Statesman Award" and was named one of Euromoney's World Top Ten "Financing leaders for the 21st Century." He is co-chairman of the Youth Employment Service (YES).

Appointed to the Supervisory Board: 2020

D Friedland (70)

BCom, CA(SA)

Member of: Audit, Remuneration and Risk Committees

Also a director of South African listed companies: Pick n Pay Stores Limited

David is a chartered accountant with extensive audit experience from a broad range of listed retail companies. He served as international partner at Arthur Andersen from 1990 and was a partner at KPMG from 2002. David was head of Audit and Risk at KPMG (Cape Town) and was the lead audit partner for several listed companies. In 2013, he retired and was appointed to the boards of Investec Limited, Investec PLC and Pick n Pay Stores Limited. David retired from the boards of Investec Limited and Investec PLC in August 2022, having served the maximum term of 9 years in terms of the Banks Act.

Appointed to the Supervisory Board: 2013

B L M Makgabo-Fiskerstrand (49)

BA

Member of: Audit, Risk and Social and Ethics Committees

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

Appointed to the Supervisory Board: 2012

E Oblowitz (66)

BCom, CA(SA), CPA(Isr)

Member of: Audit, Remuneration and Risk Committees

Chairman of: Audit and Remuneration Committees

Also a director of a South African listed as well as public companies: Fortress Real Estate Investments Limited, Trencor Limited and BNP Paribas Personal Finance South Africa Limited

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

Appointed to the Supervisory Board: 2010

N V Simamane (64)

BSc (Chemistry & Biology) (Hons)

Member of: Audit, Risk and Social and Ethics Committees

Also a director of South African listed as well as public companies: enX Group, Oceana Group, The Hollard Insurance Company Limited and Lenmed Investments Limited

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

Appointed to the Supervisory Board: 2009

The Supervisory Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the 2023 financial year. Further, the directors confirm that the committees functioned in accordance with their written terms of reference as contained in their charters during the financial year.

R Stein (74)

BCom, CA(SA)

Member of: Risk and Nomination Committees

Chairman of: Risk Committee

Meetings attended by invitation: Audit Committee

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

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

J N Potgieter (54)

BCompt (Hons), CTA, CA(SA), Management Development Programme (University of Michigan), Strategic Planning and Management in Retailing (Monash University, Australia), Advanced Management Programme (INSEAD France)

Member of: Audit and Risk Committees

Also a director of South African listed companies: Italtile Limited and Fortress Real Estate Investments Limited

Jan is a Chartered Accountant (SA) and has extensive senior level experience in the manufacturing, retail and supply chain sectors, having most recently served as Chief Executive Officer of Italtile Limited and formerly CEO of Massdiscounters (a division of Massmart). He also served as a business manager at Clover SA and spent eight years at SABMiller in senior financial roles. Jan currently serves as a non-executive director on the boards of Italtile Limited and Fortress Real Estate Investments Limited. He is also chairman of Janette Media Consulting.

Appointed to the Supervisory Board: 2023

Non-executive director

A D Murray (66)

BA, CA

Member of: Risk Committee

Meetings attended by invitation: Audit Committee

Also a director of a South African listed company: Equites Property Fund Limited

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

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

SUPERVISORY BOARD AND COMMITTEE ATTENDANCE

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

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

* *Absent with apology.*

\# *Invitee.*

^ *G H Davin was appointed as a member of the Audit Committee with effect from 1 July 2022 and attended the Audit Committee meeting held before this date as an invitee. R Stein stepped down as a member of the Audit Committee with effect from 1 July 2022 and attended the Audit Committee meetings held after this date as an invitee.*

Ms B L M Makgabo-Fiskerstrand was absent with apology from the April 2022 and June 2022 meetings for the Supervisory Board, Audit Committee and Risk Committee due to the illness of her son. She received all the relevant board papers and was afforded an opportunity to provide input and feedback ahead of the respective meetings.

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

> Effective collaboration through cross-membership between committees, coordinated timing of meetings, and the avoidance of duplication or fragmented functioning in so far as possible

> Where more than one committee has jurisdiction to deal with a similar matter, the specific role and positioning of each committee in relation to such a matter is defined to ensure complementary rather than competing approaches

> There is a balanced distribution of power in respect of membership across committees so that no individual has the ability to dominate decision-making, and no undue reliance is placed on any individual

COMPANY SECRETARY

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

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

Following this assessment in the 2023 financial year, the Supervisory Board believes the Company Secretary is an objective, suitably qualified, competent and experienced individual able to provide the Supervisory Board with the requisite support for its effective and efficient functioning and discharge of its duties as prescribed by the Companies Act of South Africa, King IV and the JSE Listings Requirements. The Supervisory Board further believes that the office of the Company Secretary is empowered and that the position carries the necessary authority.

REMUNERATION AND SHAREHOLDING

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

DEALING IN SHARES

The Supervisory Board complies with the JSE Listings Requirements in relation to restrictions on directors and employees trading with TFG shares during closed periods. Restrictions may also be placed on share dealings at other times if TFG is involved in corporate activity or sensitive negotiations. There is a process in place in terms of the JSE Listings Requirements for directors to obtain prior clearance before dealing in TFG shares. All transactions are conducted at the ruling market price on the JSE. Details of directors' share dealings are disclosed on SENS.

DIRECTORS' INTERESTS IN CONTRACTS

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

Audit Committee **report**

The Audit Committee is pleased to present its report for the financial year ended 31 March 2023 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 105. 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 102 to 104.

> Details of fees paid to committee members appear in note 33 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 2023 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 pre-determined 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 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 2023 financial year. As part of the Group's governance structures, there are also joint Audit and Risk Committees for TFG London and TFG Australia. The individual 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.

AUDIT COMMITTEE MEMBERSHIP AS AT 31 MARCH 2023

Members and appointment dates

E Oblowitz (Chairman)	1 October 2010
D Friedland	1 April 2016
B L M Makgabo-Fiskerstrand	1 October 2015
N V Simamane	24 February 2010
G H Davin	1 July 2022

The CEO, the CFO, the Head of Group Assurance, 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 2023 financial year included non-executive directors Mr A D Murray and Mr R Stein, 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.

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 sub-committees) was followed in the 2023 financial year. Action plans are in place to address the relevant key themes emanating from that evaluation, including those related to the continuous enhancement of the internal audit department and considering the need for the external assurance of non-financial information included in TFG's integrated annual report over time.

ELECTION OF COMMITTEE MEMBERS

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

> Mr J N Potgieter was appointed as a member of the Audit Committee with effect from 10 July 2023.

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

> J N Potgieter

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 2024;

> 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 internal audit function to test the operating effectiveness of these controls; and

> reviewing of control self-assessments performed by management.

During the current financial year, 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 most of the significant matters had been satisfactorily remediated by the end of the financial year, with the balance in the process of being remediated.

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.

In addition, during the 2023 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 new 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.

The committee believes that Mr R Kusel, the Head of Internal Audit, possesses the appropriate expertise, skills and experience to meet his 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.

Read more in our Risk Committee report on pages 114 and 116.

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 from page 114.

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 first half of the financial year under review was characterised by a continuation of the strong post-COVID-19 recovery experienced in the last two quarters of the previous financial year as the majority of the Group's outlets traded strongly.

However, the second half of the financial year was significantly more challenging as the Group faced significant macroeconomic headwinds, including high levels of inflation and increasing interest rates, which contributed to heightened pressure on consumers. South Africa, experienced load shedding across all provinces throughout the year, but the extent and duration of load shedding increased progressively during the second half of December 2022 and worsened significantly in the months of January and February 2023, with prolonged periods of deteriorating levels of load shedding of stages 4, 5 and 6.

Conservatively, TFG Africa lost c.360 000 trading hours during the twelve months ended 31 March 2023 due to the impact of load shedding. The true impact, however, has been estimated at more than double this figure (i.e. c.730 000 lost trading hours) as customer demand is severely dampened by the associated disruption and inconvenience with reduced footfall observed before, during and immediately after load shedding periods. The financial impact of load shedding is estimated to have reduced TFG Africa's retail turnover by in excess of R1,5 billion in FY2023, with a concomitant impact on inventory provisioning which ultimately impacts on gross margins achieved.

The investment in alternative power, including battery back-up power, has partially mitigated the impact of recent load shedding, although these units are less effective under the increased frequency and extended hours experienced during load shedding at stages 5 and 6. As of 31 March 2023, 1 875 stores had back-up power, representing c.75% of TFG Africa's retail turnover, with plans to ensure the majority of our key stores have the much needed back-up power in place over the next few months. Unbudgeted capital expenditure of c.R200 million has been spent on alternative power solutions to date which increases the cost of doing business. Additional unbudgeted diesel and security costs were also incurred to power and protect certain operations and stores impacted by load shedding.

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

> The Group adopting a cautiously conservative approach towards its credit lending criteria in South Africa given the prevailing and anticipated economic conditions.
> Repositioning the TFG London business model towards a leaner but more profitable business.
> The acquisition of Tapestry Home Brands Proprietary Limited ("Tapestry") with effect from 1 August 2022. 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 Group has also made good progress with integration initiatives and the introduction of TFG retail credit into the Tapestry brands.
> The post year end acquisition of Street Fever with effect from 26 April 2023. Street Fever is an independent retailer of affordable branded footwear and apparel and was acquired through the Group's value athletic and leisure footwear retail brand, Sneaker Factory. The transaction will facilitate TFG to further scale up its presence in the value branded footwear segment and gain new customers, while offering them greater choice of brands and products through TFG's sourcing capability. The majority of the Street Fever stores will be rebranded as Sneaker Factory with the rest of the stores, which are located in close proximity to our existing Sneaker Factory outlets, to be taken over by other TFG brands.

ACCOUNTING MATTERS

Provision for doubtful debts

As is set out in note 22 of the annual financial statements, 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 assessments and related calculations and consider 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 applied in the previous financial year. 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 2023 is fairly stated.

Losses from crime-related incidents

Commensurate with other commercial enterprises in South Africa, the Group continues to suffer from crime-related incidents in South Africa. Our specialist internal Forensics department continues to make substantial 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 challenging macroeconomic conditions, including high levels of inflation and increasing interest rates, management, the external auditors and the Audit Committee continued to apply stress-testing valuation scenarios to critically assess the carrying values of intangibles in TFG Africa, TFG Australia and TFG London, respectively.

Audit Committee **report** continued

Notwithstanding the macroeconomic headwinds experienced during the 2023 financial year, all three trading territories delivered sufficient levels of profitability and cash flow generation.

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 values of intangibles.

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 unrestricted 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 (six years) and the nature and extent of non-audit services rendered. Non-audit services totalling R3,4 million were provided during the current year (2022: R3,6 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 2024 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:

> the audit firm is accredited by the JSE; and
> 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.
> The external auditors provided a detailed year-end report on their work undertaken in their satisfaction of this financial caption being fairly stated.

Purchase price allocation for the acquisition of Tapestry Home Brands

> The Audit Committee specifically considered the purchase price allocation (PPA) related to the acquisition of Tapestry Home Brands ("Tapestry"), as required in terms of IFRS 3: Business Combinations. 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 determine the fair value of the brands held by Tapestry.
> The Audit Committee received reports from the external auditors on their work, which was conducted independently of management's calculations.

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 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 2023 to the Supervisory Board on 21 July 2023.

The Supervisory Board subsequently approved the consolidated annual financial statements and the integrated annual report for the year ended 31 March 2023, which will be tabled and open for discussion at the forthcoming AGM.

E Oblowitz
Chairman: Board Audit Committee

21 July 2023

Risk Committee **report**

The Risk Committee is pleased to present its report for the financial year ended 31 March 2023.

> Meeting attendance for the committee is set out on page 105.
> Each member's qualifications and experience are set out in the profiles on pages 102 to 104.
> Details of fees paid to committee members appear in note 33 of the consolidated annual financial statements.

COMMITTEE MANDATE AND FUNCTIONING

The Supervisory Board remains accountable to ensure risks are effectively managed and has delegated risk management oversight to the:

Risk committee
The Risk Committee reviews significant risks and their related mitigations and reports back to the Supervisory Board at each meeting.

– the committees follow separate but aligned mandates –

Audit committee
The Audit Committee focuses predominantly on financial risks and reviews the effectiveness of the risk process.

Read more about the functions of the Audit Committee on page 107.

The committee ensures:

> appropriate risk and control policies are in place and are communicated throughout the Group;
> the process of risk management and the system of internal control are regularly reviewed for effectiveness;
> there is an ongoing process to identify, evaluate and manage the significant risks faced by the Group;
> a formal risk assessment is undertaken annually;
> there is an ongoing process to identify and evaluate opportunities throughout the year;
> assurance providers are aligned to provide adequate assurance over the significant risks across the Group;
> there is an adequate and effective system of internal control in place to manage the more significant risks faced by the Group within an acceptable level;
> a risk register is maintained;
> there is a process in place to enable the Group to continue its critical business processes in the event of a disaster, *inter alia*, the destruction of a distribution centre, head office or computer facility that affects its activities; and
> appropriate insurance cover is in place and regularly reviewed, and uninsured risks are reviewed and managed.

The committee meets four times a year. The agenda includes:

> reviewing significant risks and opportunities;
> overseeing regulatory updates, including the latest available information pertaining to government policy decisions and new or draft legislation;
> feedback on IT governance matters;
> emerging risk matters; and
> feedback on mitigation plans for catastrophic events, including insurance.

During the November and March meetings, the committee focused on the renewal of TFG's annual insurance and reviewing the outcomes of the annual formal risk assessment process. Cyber security and business resilience continued to receive additional focus during the year and will continue to be focus areas in the year ahead.

The committee fulfilled its responsibilities in accordance with its charter during the 2023 financial year.

RISK COMMITTEE MEMBERSHIP

Members

> R Stein (Chairman)
> Prof. F Abrahams
> D Friedland
> B L M Makgabo-Fiskerstrand
> A D Murray
> B Ntuli
> E Oblowitz
> N V Simamane
> A E Thunström
> D Friedland
> J N Potgieter

Invitees

> M Lewis

TECHNOLOGY AND INFORMATION GOVERNANCE

The Chief Information Officer and the Group Chief Information Security Officer meet regularly with each region and review emerging technology and information governance-related risks, TFG's disaster recovery plans and any significant initiatives.

The Risk Committee receives feedback on matters discussed and monitors technology and information governance initiatives to ensure these do not pose a risk to the continuity of the Group's operations. The Risk Committee also receives regular feedback on the results of assurance activities undertaken by internal and external providers.

LEGISLATIVE COMPLIANCE

An update on legal compliance is presented at each Risk Committee meeting. This update includes a forecast of significant legislative developments in all of the countries where the Group has a footprint. Key areas of non-compliance, if any, are brought to the attention of this committee.

Based on key laws and regulations effective at 31 March 2023, there were no material areas of non-compliance. There were also no monitoring or legal compliance inspections by environmental regulators, no findings of non-compliance with environmental laws and no criminal sanctions or prosecutions for non-compliance with environmental legislation.

COMBINED ASSURANCE

The Group follows a combined assurance model, which aligns and optimises assurance and ensures that significant risks are adequately addressed. This enables an effective control environment and ensures the integrity of information used for decision-making and reporting.

The model recognises the five lines of assurance. Alignment and regular communication between assurance providers optimises areas of reliance and enhances value delivery to stakeholders. Technology is employed to increase the scope of assurance provided. Assurance providers collectively provide assurance to the Supervisory Board.

During the year, no significant matters of concern were highlighted.

Refer to the CEO and CFO responsibility statement in the annual financial statements for the confirmation required in respect of paragraph 3.84(k) of the JSE Listings Requirements, and refer to the Audit Committee report on page 107 for further information on internal financial control.

Risk Committee **report** continued

TFG COMBINED ASSURANCE MODEL

Examples of the applicable governance frameworks

- Companies Act of South Africa, JSE Listings Requirements, King IV
- External governance frameworks and legislation
- TFG Supervisory Board charter
- TFG Audit and Risk Committee charters
- TFG risk policy and appetite
- Internal TFG policies and procedures

Assurance providers are increasingly engaged and meet more frequently with business

1	**Business unit management with regular reporting to Operating Board**	Line management is responsible for managing and mitigating operational risk and performance. The Operating board provide oversight.
2	**Centralised governance functions such as risk, IT security, legal and compliance**	Specialised and independent functions guide management in executing its duties and provide assurance through independent monitoring. The Operating Board, Audit and Risk Committees provide oversight.
3	**Internal audit with regular reporting to the Audit and Risk Committees**	Internal audit operates independently from management, with oversight by the Audit and Risk Committees. The Head of Internal Audit reports directly to the Audit Committee.
4	**Various external, accreditation, certification and assurance providers**	In accordance with the Group's governance framework, independent external assurance providers are appointed as required on an ad hoc basis. The external auditors are appointed by shareholders on recommendation of the Audit Committee.
5	**Supervisory Board**	The Supervisory Board has an overall oversight role and mandates the various committees that act on its behalf. Refer to page 57 for a description of TFG's governance structure.

Assurance providers are increasingly independent

Both the Audit and Risk Committees oversee the combined assurance model as well as related methodology and assurance outcomes.

Objective
Optimise assurance activities across the Group to provide

- assurance that the financial control environment is effective; and
- assurance that the mitigation steps developed by management are adequate, have been implemented and are effective to reduce risk to an acceptable level.

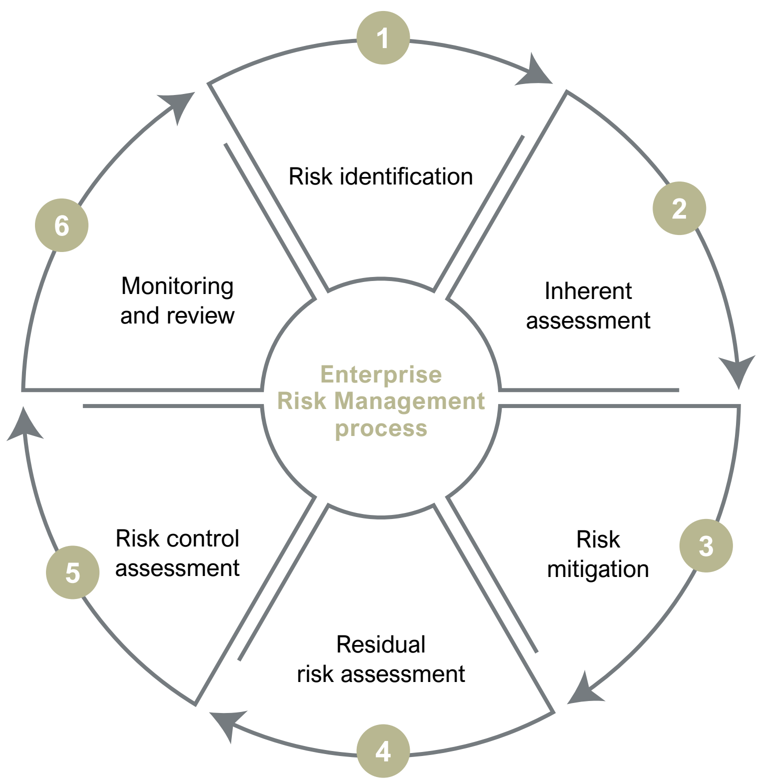
The Group's Enterprise **Risk Management Framework**

The Group seeks to mitigate and minimise risk through mechanisms such as standardised processes, regular reporting, risk transfer and diversification. Decisions are underpinned by the Group's values and purpose, maintaining good legal standing, protecting reputation and an appropriate balance of risk versus reward.

TFG's ERM framework provides a structured, dynamic and consistent approach to risk management. It is an integrated approach and recognises that effective risk management is critical to the achievement of strategic objectives and the long-term sustainable growth of the business. Risks are reviewed throughout the year, and this continuous process informs any updates to the Group's risk registers and combined assurance plan. The framework draws on internationally accepted best practices and is in line with relevant standards. This includes ISO 31000, the COSO framework and King IV.

The Group continuously seeks to improve and enhance the risk management process while maintaining a practical and business-minded approach. Updates on current and emerging risks and related mitigations are provided quarterly to the Executive Risk and Resilience Forum for discussion. The Executive Risk and Resilience Forum consists of senior executives representing various business divisions across the Group. The outcome of discussions at the Forum, along with the required levels of assurance, are discussed at the Governance Risk Committee. This committee includes the Group CEO and CFO. Significant matters and any changes to risks are reported to the Risk Committee.

1	Risks highlighted through workshops, assurance reviews, management, third parties and other resources are documented in a centralised risk database.
2	Risks are assessed in terms of likelihood of occurrence and potential impact on the Group.
3	Mitigating actions are agreed and responsibilities assigned.
4	The effectiveness of the mitigating actions is evaluated and the residual risk determined.
5	An assurance plan is formulated to provide assurance that controls for our significant risks are both adequate and effective.
6	Risks are reviewed by the Risk Committee, discussing emerging risks and changes in the risk assessment.



KEY RISKS AND SIGNIFICANT UNCERTAINTIES

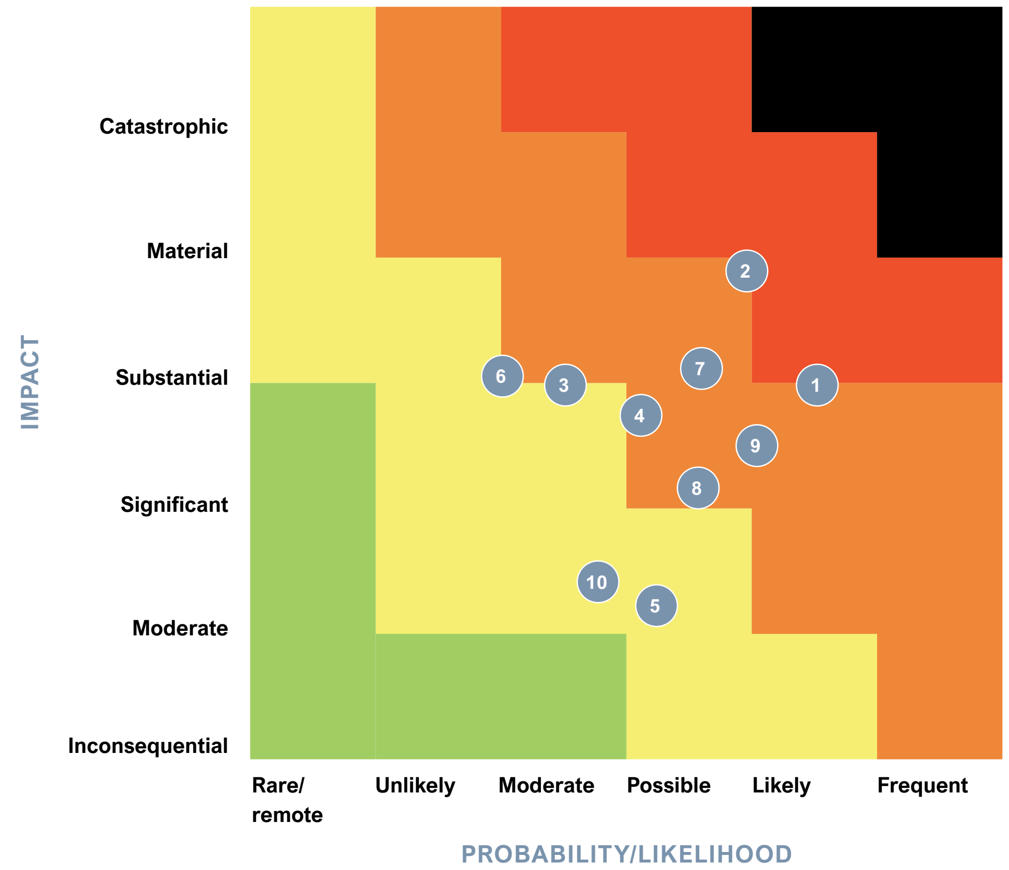
The Group annually reviews the level of risk it is willing to accept to achieve its strategic objectives and in pursuit of creating and maintaining value for all stakeholders.

The Supervisory Board adopts a balanced approach to risk, without inhibiting or unduly restricting the Group's ability to utilise and capitalise on risk-adjusted opportunities. The Operating Board and CEO utilise the Executive Risk and Resilience Forum and senior management to manage the respective components of risk. Each business area is responsible for identifying, assessing and managing the risks in their respective area.

Risks and opportunities are identified throughout the year through regular interaction with the business and assessed on the likelihood of occurrence and the potential impact on the Group (risk exposure). Mitigations are identified against each risk, and the remaining residual risk is assessed according to defined criteria. This includes annual workshops held across business divisions to review critical strategic risks, scenario workshops to explore emerging matters and their potential risk to the Group, significant trends in the operating environment and relevant interests of key stakeholders. In the current year, additional workshops have been held to identify, understand and mitigate the impacts of climate change, failing infrastructure and load shedding.

The risks with the highest exposure for the Group are presented to the Operating Board for review. The outcome of the review is submitted to the Risk Committee and ultimately to the Supervisory Board for approval. This process is facilitated by the Group Enterprise Risk function.

The ten most significant risks to the Group have remained similar to prior years except for the introduction of the threat of critical infrastructure failures in South Africa as the top concern. These risks are unpacked in more detail on the following pages. TFG's material matters on page 43 further elaborate on the risks, opportunities and issues that could affect the Group's ability to create shared and sustainable value.



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

The Group's Enterprise **Risk Management Framework** continued

The Group's risks continue to evolve as new risks emerge, and appropriate mitigating activities are introduced to reduce the overall residual risk. Most risks increased in significance during the year.

Failure of critical infrastructure, including water and power

What happened in 2023
- Increased load shedding in South Africa as Eskom struggles to meet the demand for power.
- Failing infrastructure and load shedding impacting the availability of water in various municipalities across South Africa.
- Russia-Ukraine war and energy crisis in Europe.

Refer to TFG's material matters from page 43.

Risk mitigation
- TFG introduced additional generator capacity at its main campus in Parow.
- Back-up power solutions to protect 75% of TFG Africa's turnover.
- Simulation exercises to enhance business continuity plans in the event of extensive power loss in both South Africa and UK.
- A response plan has been developed to cater for water shortages.

Possible impact on TFG
- Increased cost of operations impacting operating profit.
- Increased stages of load shedding influencing customer behaviour and spend.

Threat of cyber attacks

What happened in 2023
- The threat of cyber attacks continues to increase globally, and there is a worldwide focus on privacy legislation.
- The cyber security operations centre recorded 1 167 threats during the year, of which 485 were phishing incidents.

Refer to TFG's material matters from page 43.

Risk mitigation
- A cyber security operations centre with dedicated specialists was established in 2017.
- TFG has adopted best practice, including various security measures, and continues to refine and enhance the control environment. IT security audits are performed on key suppliers.
- TFG continues to train its people on how to recognise potential phishing attacks and the required action steps to address these. A Group-wide insurance programme is in place to mitigate losses.

Possible impact on TFG
- Cyber attacks at our suppliers during the year threatened our customer data.

Threat of political risks and violence

What happened in 2023
- Political and strike action across South Africa.
- Increased activity led to a constrained insurance market, significantly impacting premiums.
- Rising cost of living increases the risk of disruption from riots, strikes and civil unrest.

Risk mitigation
- A Group-wide insurance programme is in place to mitigate losses.
- The Group's Serious Incident Response Team monitor any strike or unrest action and take appropriate steps to ensure the safety of our people and limit any losses.

Possible impact on TFG
- The Serious Incident Response Team monitored and responded to the EFF strike action in March 2023 and monitored operations during the KZN floods.
- Various incidents of riot activity across South Africa were monitored by the security and forensics teams.

The complexity of the regulatory environment across all three of the Group's business segments

What happened in 2023
- There continue to be proposed amendments to South Africa's credit legislation. This includes, for example, debt intervention.
- The implementation of the Financial Intelligence Centre Act (FICA) amendment to schedule 1 in December 2022.
- Increased penalties for consumer-related data breaches with the Treasury Laws Amendment in Australia and similarly the Digital Markets, Competition and Consumer Bill in the UK.

Risk mitigation
- The Group Legal Compliance department monitors significant risks and provides the business with updates and training as and when required.
- Regular reports, which address significant aspects across the jurisdictions the Group operates in, are provided to senior management and the Audit and Risk Committees.
- TFG submits comments and lobbies on proposed changes to regulations.
- ESG risks and opportunities are included in the ERM processes.

Possible impact on TFG
- Changes to the National Credit Act, No. 34 of 2005, could adversely affect TFG's credit business.
- Data and personal information-related legislation carry significant penalties, with reputational damage to the business also posing a significant risk.
- Increased reporting and assurance requirements in respect of non-financial information.
- Increased cost of compliance as a number of FICA requirements will need to be built into existing credit and other processes.

The Group's Enterprise **Risk Management Framework** continued

A fire, flood or other natural disaster, political crisis, terrorist attack or other catastrophic event could affect TFG's stores, distribution centres, manufacturing facilities or head office

What happened in 2023

- The Group annually concludes surveys across key facilities to ensure adequate and appropriate insurance cover. This includes new acquisitions.
- Tabletop business continuity exercises were performed in respect of key manufacturing facilities.
- 221 armed robberies and 260 burglaries across our stores.
- Storm and flood damage in Australia and South Africa.
- Political and strike action across South Africa.

Risk mitigation

- Business continuity across the Group continues to be reviewed and enhanced.
- A Group-wide insurance programme is in place to mitigate losses.
- Group Forensics continue to enhance their capabilities to both prevent criminal activities as well as bring the perpetrators to justice.
- The Group's Serious Incident Response Team monitor any strike or unrest action and take appropriate steps to mitigate, ensure the safety of our people and limit any losses.

Possible impact on TFG

- Business continuity plans were successfully invoked across the Group to deal with the recent floods in KwaZulu-Natal and the various incidents of strike action in South Africa.
- The Group's insurance programme responded as intended, mitigating profit and asset loss to incidence of water damage and inventory loss.
- The Serious Incident Response Team monitored and responded to the EFF strike action in March 2023.

Continuity of TFG's IT environment

What happened in 2023

- Our continued increasing reliance on IT systems, in line with the Group's focus on digital transformation, has raised the significance of this risk across the Group.

Risk mitigation

- Disaster recovery plans across the Group continue to be reviewed and refined.

Possible impact on TFG

- IT systems remain stable, with availability meeting business expectations.

Instability in both local and global economies influences available capital, results in fluctuating exchange rates and affects consumer discretionary spend

What happened in 2023

- Most of the currencies transacted in by the Group continued to be subject to volatility during the 2023 financial year.
- Increased fuel prices in South Africa.
- South African Reserve Bank continues to increase interest rates.
- South Africa was greylisted by Financial Action Task Force (FAFT).
- Global growth mainly weighed down by the Russia-Ukraine war and the associated cost-of-living crisis in many countries.

Risk mitigation

- TFG's funding strategy is presented to and reviewed by the Supervisory Board annually, and the Finance Committee meets regularly to consider funding matters.
- The strategy for purchasing forward cover is reviewed regularly.

Possible impact on TFG

- A downgrade limits access to and increases the cost of funding.
- The hedging policy continued to protect our margins from significant losses over this period.
- Increase in fuel prices and interest rates reduces the disposable income of the TFG customer.
- Access to competitive funding is limited.
- Increased cost of compliance.

Weakening economies and/or a financial and/or catastrophic disaster leads to the collapse of key suppliers, service providers and customers

What happened in 2023

- The financial stability and continuity of key suppliers continue to receive focus with enhancements to our third-party risk management framework.
- The department store model in the UK continues to be under threat.

Risk mitigation

- The Group's supply chain strategy includes sourcing alternate suppliers and maintaining relationships with relevant government, industry and trade union organisations. This includes building sustainable relationships with local suppliers, as well as the continuous performance measurement and grading of suppliers.
- Key supplier risk processes continue to be enhanced with more regular and detailed reporting, including a review of IT security.
- The Group regularly reviews the strategy to limit reliance on concession partners.

Possible impact on TFG

- Loss of key suppliers or manufacturing capacity.
- Loss of channel to customer.

The Group's Enterprise **Risk Management Framework** continued

A stagnant economic climate negatively affects TFG's customers' purchasing power and influences their ability to settle accounts

What happened in 2023

> During the year, South Africa experienced fuel hikes, increasing unemployment, significant food price inflation, concerns of corruption, greylisting and a credit downgrade. These factors continue to increase the significance of this risk.

> Record inflation experienced in Europe.

Risk mitigation

> The Group continues to refine credit score models for collections and follow-ups to assist customers in maintaining an open-to-buy position.

> Credit applications are reviewed for fraud indicators and assessed against NCA-compliant internal scorecards, credit bureau scores and employment verification where necessary.

> Collection strategies are regularly reviewed with assistance of internal behavioural and credit bureau scorecards.

Possible impact on TFG

> Slow down in customer spending impacting turnover.

> Slow-down in credit application and acceptance rates.

> Increase in bad debt write-off and debtors impairment provision.

> Increased cost of operation.

Supply chain disruptions

What happened in 2023

> The cost of logistics has increased, and ships bypassing ports have resulted in delays in receiving products.

> The continued war between Russia and Ukraine.

> Strained China and Taiwan relations.

> Cyclone Freddy impacted suppliers in Mauritius and disrupted port activities.

> Suppliers in Turkey were impacted by the devastating earthquakes.

Risk mitigation

> TFG Africa's local supply chain strategy reduces reliance on international suppliers, limiting costs and reducing lead times.

> The Group's supply chain strategy includes sourcing alternate suppliers and ensuring appropriate geographical spread.

Possible impact on TFG

> Stock and raw material shortages and delays impact sales growth.

> Increased cost of stock impacting gross profit margins.

Over the past year, KwaZulu-Natal experienced devasting floods and continues to struggle with infrastructure leading to extensive water and power disruptions. In South Africa, increased levels of load shedding implemented by Eskom will remain a significant risk for the foreseeable future as the power utility continues to battle to meet the country's demands for power. The increased unemployment, record inflation and pending elections in South Africa increase the risk of further strike and unrest actions. Abroad, the impact of the Russia-Ukraine war and rising inflation continues to increase the risks of recession. Risks are reviewed regularly to update risk significance, further improve mitigation measures and understand further possible impacts on our operations globally.

Key areas of focus for the ensuing year include:

> Further enablement of technology to provide improved risk and assurance practices and to facilitate enhanced governance processes across all geographical locations;

> Continue to enhance and simplify the Group business continuity plans promoting resilience and preparing key people to respond to a crisis; and

> Continue to review and enhance our IT governance approach in response to the increasing significance of resilience, cyber and data privacy risks.

R Stein
Chairman: Risk Committee

21 July 2023

Social and Ethics **Committee report**

The Social and Ethics Committee is pleased to present its report for the financial year ended 31 March 2023 to the shareholders of TFG.

> Meeting attendance for the committee is set out on page 105.

> Each member's qualifications and experience are set out in the profiles on pages 102 to 104.

> Details of fees paid to committee members appear in note 33 of the consolidated annual financial statements.

COMMITTEE MANDATE AND FUNCTIONING

The committee is responsible for assisting the Supervisory Board with the monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship and assisting the Group in discharging its business responsibilities in relation thereto.

The committee is governed by a formal charter, which guides the committee in terms of its objectives, authority and responsibilities. The charter incorporates the requirements of the Companies Act of South Africa, specifically regulation 43(5) of the Companies Act of South Africa's regulations, as well as those of King IV.

The committee fulfilled its responsibilities in accordance with its charter during the 2023 financial year. The committee held two meetings during the 2023 financial year. At each of these meetings the committee received reports detailing matters relevant to each of the areas within its mandate.

The focus areas of the committee are:

> social and economic development, including transformation;

> good corporate citizenship;

> climate change, the environment, health and public safety;

> labour and employment;

> consumer relationships;

> ethics; and

> sustainability progress and initiatives.

In discharging its duties, the committee takes into consideration any relevant legislation, other legal requirements or prevailing codes of best practice.

Our Inspired Living Report provides more detail in respect of some of the aspects falling within the mandate of the committee. This report is available on our website.

SOCIAL AND ETHICS COMMITTEE MEMBERSHIP

The committee comprises three independent non-executive directors and one executive director, being the CEO. In addition, the Chairman of the Supervisory Board, the CFO and other TFG executives attend meetings of this committee by invitation.

Members

> Prof. F Abrahams (Chairperson)

> B L M Makgabo-Fiskerstrand

> N V Simamane

> A E Thunström

Invitees

> M Lewis

> B Ntuli

KEY AREAS OF FOCUS FOR THE REPORTING PERIOD

> ESG priorities and initiatives;

> Localisation and job creation;

> People and communities;

> Environmental efficiency;

> Product Stewardship and Supply Chain;

> Transformation and B-BBEE initiatives;

> Wage negotiations and labour law developments;

> Accountability, ethics and governance;

> Implementation of action items arising from the United Nations Global Compact and SDG principles;

> Compliance with consumer laws; and

> A review of TFG's sustainability strategy and its implementation, including approval of TFG's Inspired Living Report.

The committee fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act of South Africa during the 2023 financial year. There are no instances of material non-compliance to disclose.

HEALTH AND SAFETY

The health and safety of all our stakeholders, both in our outlets and our other business premises, is a key focus area. The Group's operational and compliance teams ensured that the health and safety measures relevant to TFG continued to be enforced during the current financial year. Further, these teams actively monitor and report on compliance with the relevant legislation; and the committee provides oversight in this regard.

INSPIRED LIVING REPORT

We continued our efforts to drive a sustainable, optimised and ethical value chain where goods are delivered efficiently, and information shared transparently. Our Inspired Living Report provides detail about our achievements, challenges and responses to a very challenging operating environment this year. Progress according to the three sustainability objectives that support our BOLTS strategy is summarised below.

Fashion that connects people and their passion

Our commitment to localisation and job creation resulted in 1 250 new jobs among own and non-owned CMT factories in South Africa this year. In addition to formal employment, we also invited 707 unemployed young people to join TFG as learners and interns through the YES programme, bringing our total number of participants since 2021 to 1 132. We have appointed more than 60% of these participants to permanent positions.

We introduced a new diversity, equity and inclusion policy to raise awareness and create an understanding that our employees, customers, suppliers, partners and stakeholders have different backgrounds, abilities and perspectives. The policy states that TFG Africa has zero tolerance for any unfair discriminatory practices.

We also launched the TFG Sustainable Design Incubator with four emerging designers from across South Africa. The new programme aims to create self-sufficient suppliers that can fill the order pipeline for sustainable fabric designs.

TFG London commissioned Anti-Slavery International to carry out a high-level Human Rights Risk Assessment (HRRA) at our UK distribution centres, using a worker-centred methodology. TFG London also made progress working with their suppliers and homeworker organisations to map their supply chains down to the level of homeworkers.

TFG Australia developed and rolled-out modern slavery training to several tier 1 factories, including suppliers, factory managers, line managers and worker representatives, with the help of a third party.

We continued transforming our Group to reflect the diversity of our customer base and the communities we operate in.

Fashion that shares the benefit of enterprise

We believe in partnerships as the most impactful way to optimise supply chains, support small businesses and drive localisation.

We invested R72,8 million in enterprise and supplier development in South Africa this year. This supports our localisation strategy while reducing transportation time and supply chain-related risk. It also brings us closer to our customers as we can respond quickly to new or changing preferences. As we acquire new local businesses, we integrate them into our supply chain and invest in creating even more scale and sustainability.

In South Africa, we also made a significant investment in redesigning, building and expanding our distribution centres to support our growing local manufacturing capacity, integrate recent acquisitions and optimise our e-commerce capability. We also successfully piloted and implemented a new transport model in Durban.

Fashion that restores our relationship with nature

TFG Africa embarked on a climate scenario analysis process within their direct South African operations, aligned to TCFD. In South Africa, we diverted a significant quantity of textile waste from landfill through recycling initiatives and partnerships with innovative fabric recyclers.

TFG London established a decarbonisation roadmap to transition core fibres and materials to more responsible and lower impact alternatives. Their near-term targets have also been validated and approved by the Science Based Target Initiative (SBTi).

At TFG Australia, 27% of our cotton has been sourced via Better Cotton.

Read more about progress against our sustainability objectives in the Inspired Living Report available online.

OTHER MATTERS

There are no other matters the committee would like to bring to the attention of shareholders. The committee is satisfied with the efforts and activities undertaken by TFG in each of the areas falling within the committee's mandate. However, since TFG Africa is the most significant segment in the Group, additional details on transformation are provided as this remains a key focus area.

TRANSFORMATION REPORT

The Supervisory Board recognises the critical role it has to play in the transformation process in South Africa. The Supervisory Board's Social and Ethics Committee, through its governance and oversight role, ensures that an appropriate transformation strategy exists that is aligned with the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 and the associated codes of good practice.

The role of the committee is to achieve sustainable empowerment and it has an ongoing responsibility to govern and oversee all aspects of the Group's B-BBEE strategy and implementation. At its meetings during the 2023 financial year, the committee received feedback detailing matters relevant to each of the functional areas within its transformation mandate.

OUR B-BBEE PERFORMANCE

For the financial year ended 31 March 2023, the Group's continued commitment to transformation yielded a verified B-BBEE score of 81,41 points out of a possible 120 points. Our participation in the YES programme lifted our B-BBEE score one level and provided 3 additional points. This led to a total overall score achieved of 84,41 points, compared to 84,44 points in the previous year, and a level three B-BBEE status. Significant progress was made in the preferential procurement portion of the scorecard, with increased support for designated group suppliers. Highlights of the various initiatives for the financial year and achievements in relation to B-BBEE performance are summarised below.

Management Control

There have been improvements in the overall representation of black people in senior management positions due to set diversity initiatives, succession planning and talent management processes. For FY 2023 we retained our Level 3 B-BBEE rating.

The improvement was slightly diluted by senior management demographics following numerous acquisitions made throughout the year. As part of the Group's diversity awareness campaigns, there has been a substantial increase in the number of employees that have declared disabilities.

Skills Development

The Group supports government's strategy of job creation and skills development by investing in key skills required to sustain and grow the retail sector and our own workforce. This year, the Group continued our investment in Skills Development to support the employment, particularly of youth, through learnerships and internships, with a critical focus on people living with disabilities. Some of the highlights for the year were:

> Learnership absorptions increased by 10,94% from the previous year.

> Skills expenditure on persons living with disabilities increased by 11,95% from the previous year.

The Group continued supporting the YES programme as a partnership between government and business to lower youth unemployment in South Africa. The Group more than doubled the targeted youth per the applicable headcount this year. Absorption of YES learners increased by 119% when compared to the previous financial year.

Enterprise and Supplier Development

Our Enterprise and Supplier Development goals aim to ensure that the Group is able to support a number of aligned small, medium and micro enterprises to grow into fully independent local suppliers. In the long run this will transform our preferential procurement in both the non-merchandise and merchandise categories. Support to exempt micro enterprises and qualifying small enterprises included grant allocations, direct costs incurred on their behalf, loans and advances, preferential payment terms, clothing donations, fabric donations, skills transfer/business development support and machine donations. Our support has culminated in a 147% increase in the level of spend allocated to black-owned designated groups when compared to the previous year.

Socio-economic Development

The Group continues to partner with Gift of the Givers to make donations to various communities that require disaster relief efforts, while also supporting innovative projects such as the one delivered by our Sportscene brand. This project enables young upcoming artists to use professional recording studios in the Group's stores to further their development, hone their talent and produce music that they may be able to distribute for a profit. Other significant projects include contributions from the Group to the Youth Start Foundation, Little Kids KZN and NOAH. Total CSI/SED donations amounted to R30,2 million.

Read more about our sustainability strategy, the strategic pillars, our goals and our projects in our Inspired Living Report, available on our website.

Prof. F Abrahams
Chairperson: Social and Ethics Committee

21 July 2023

Nomination **Committee report**

The Nomination Committee is pleased to provide a report of its activities for the 2023 financial year.

> Meeting attendance for the committee is set out on page 105.

> Each member's qualifications and experience are set out in the profiles on pages 102 to 104.

> Details of fees paid to committee members appear in note 33 of the consolidated annual financial statements.

COMMITTEE MANDATE AND FUNCTIONING

The committee is governed by a charter which sets out its mandate and key responsibilities and reports are provided to the Supervisory Board quarterly. The committee fulfilled its responsibilities in accordance with its charter during the 2023 financial year. The committee typically meets twice a year and further meetings are held as required. The committee held three meetings during the 2023 financial year.

NOMINATION COMMITTEE MEMBERSHIP

At year-end, the committee comprised four independent non-executive directors. In addition, the CEO attends meetings of this committee by invitation.

Members

> M Lewis (Chairman)

> R Stein

> Prof. F Abrahams

> G H Davin

Invitees

> A E Thunström

Roles and responsibilities

> Reviewing the Supervisory Board structure, size and composition;

> Reviewing the nature, size and composition of the Supervisory Board committees;

> Succession planning;

> Reviewing the balance between non-executive and executive directors;

> Ensuring the directors have the required blend of experience, independence, skills and knowledge to support the continued success of the Group; and

> Ensuring the existence of a formal process of performance evaluation.

KEY AREAS OF FOCUS FOR THE REPORTING PERIOD

> Review of the composition of all Supervisory Board committees to ensure an appropriate mix of independence, skills and experience;

> Consideration of the broader diversity of the Supervisory Board and its committees;

> Review of independence of non-executive directors;

> Review of board tenure and consideration of the impact of long tenure on independence. This culminated in the Nomination Committee making a recommendation to the Supervisory Board to implement a new policy, progressively over a three year glide-path, whereby a non-executive director with tenure of more than twelve years will no longer be categorised as independent. Refer to page 63 for further detail in this regard;

> Review of the guiding principles in place to manage actual and/or perceived conflicts of interest;

> Review of the charter;

> Oversight of the Supervisory Board evaluation process; and

> Succession planning in respect of Supervisory Board members. The Nomination Committee recommended the appointments of Mr J N Potgieter and Mr N L Sowazi as independent non-executive directors to the Supervisory Board for approval.

M Lewis
Chairman

21 July 2023

Remuneration **report**

The Remuneration Committee (Remco) report comprises three sections:

SECTION A:	A letter from the Remco Chairman that summarises key considerations and highlights internal and external factors that influenced remuneration during the year
SECTION B:	The remuneration philosophy, policy and framework
SECTION C:	The application of the remuneration policy during the financial year

The REMCO

The Remco reviews and makes recommendations on the remuneration policy to be approved by the Supervisory Board. The Remco's responsibilities are set out in the Remco charter. The Remco considers the contributions made by key individuals on certain remuneration-related topics. These individuals are invited to attend meetings and include:

> the Chief Executive Officer (CEO);
> relevant Group directors;
> the Head of TFG Remuneration; and
> independent external advisors.

The relevant individuals do not participate in any discussions pertaining to their own remuneration and are not allowed to vote on remuneration matters tabled at meetings and are required to recuse themselves as is necessary.

REMCO membership

E Oblowitz (Chairman)

Prof. F Abrahams

D Friedland

M Lewis

In line with best practice, the Remco meets four times a year. In addition, the Remco Chairman has met with various institutional shareholders as well as meeting with the Remco's external advisors on numerous occasions throughout the year.

> Meeting attendance for the committee is set out on page 105.
> Each member's qualifications and experience are set out in the profiles on pages 102 to 104.
> Details of fees paid to committee members appear in note 33 of the consolidated annual financial statements.
> The independence of the non-executive directors is noted on page 63.

SECTION A: A LETTER FROM OUR REMCO CHAIRMAN

Dear stakeholders

On behalf of the Board, I am pleased to present the FY 2023 remuneration report for the Group. The remuneration report provides our stakeholders with an overview of our Group's overall remuneration philosophy, highlights key underlying remuneration policies, and sets out how these policies have been implemented during FY 2023.

Overview of the year

As the world emerged from the turmoil caused by the COVID-19 pandemic, we continue to experience the transformative effects the past two years have had on our business. Given the developments unfolding in the world, including supply chain disruptions, the rising cost of living from high levels of global inflation, exacerbated by the continuing uncertainty around and disruption caused by load shedding in South Africa, particularly in the second half of the year, this is the time for TFG to recommit ourselves to our purpose of *"inspiring our customers to live their best lives"*.

Commensurate with most other businesses in South Africa, the impacts of load shedding on our business cannot be understated. During the year under review, TFG Africa lost, conservatively assessed, 360 000 trading hours. However, a more accurate impact assessment reflects more than double this figure. This is because customer demand is dampened by the associated disruptions and inconvenience. We estimate the financial impact of load shedding to TFG Africa to be in excess of R1,5 billion this year, with an associated negative impact on increased inventory provisioning which directly reduces profit. Our leadership team has worked energetically, in very trying circumstances, to ensure the continuity of the TFG Africa business and has made significant investments in alternative energy, including battery backup power solutions, to partially mitigate the impacts of load shedding.

A continuing key focus area for TFG in terms of the social component in "ESG" is the protection of jobs, especially during these challenging external trading conditions. Our efforts ensured that more than 90% of jobs were protected in the event of store closures with reasonable employment alternatives being provided to all affected employees.

Despite the challenges presented both locally and internationally, the business continued to demonstrate its resilience. This was achieved to a large extent by our people maintaining focus on pursuing our strategic objectives. In terms of remuneration objectives, we aim to ensure fair pay throughout the organisation, as well as to ensure that we only reward actions that advance stakeholder interests and that incentive pay is appropriately aligned to delivered performance.

The Group predominantly trades in three jurisdictions, Africa, the UK and Australia, each with its own opportunities and challenges. In developing a remuneration policy and implementing relevant practices, the committee has to balance these differing demands to attract, incentivise, and retain employees. This has made for robust committee deliberations in terms of a remuneration policy which is relevant, appropriate and adaptable in all the countries in which the Group trades.

We have engaged independent external remuneration consultants to ensure that our remuneration policy remains fit for purpose in a dynamic and changing environment and is aligned to the achievement of our strategies. In particular, we see our remuneration policy as key to our ability to attract and retain talent in a market where the battle for talent is fierce. Our Supervisory Board is confident that we have executive and management teams of the highest calibre to lead our Group and deliver on our strategic growth imperatives for the benefit of all our stakeholders.

Strategic investments

Pursuant to our strategic and remuneration objectives, we have taken certain strategic decisions in the continuation of investing significantly in digital transformation and omnichannel initiatives, as well as investing in our local manufacturing industry in South Africa. The latter investments enable us to grow a quick response capability and to create increased local employment opportunities. These two initiatives come with significant upfront investment and related costs which by the nature of these types of investments, are forecasted to extract value through further market share gains and be more comprehensively realised in the long-term profitability and sustainability of the business.

Digital transformation and omnichannel ambitions

With the Group's vision of creating remarkable omnichannel experiences for our customers and our ambition to establish TFG as the largest and most profitable fashion and lifestyle e-commerce destination on the African continent, we continued with significant customer-facing and back-end investments into transforming our omnichannel capabilities. Revolutionary Bash, TFG's omnichannel platform, offers South African consumers an unrivalled selection of quality brands and products and the freedom to shop seamlessly. Since its official launch, Bash is now the most downloaded fashion and lifestyle app in South Africa and overall, the second most downloaded app, with a three times higher conversion rate than the previous TFG mobile app.

Quick response ("QR") manufacturing

We continue to invest in the capacity build-out of our fit-for-purpose quick response model that drives local design and manufacturing. This model significantly reduces lead times and allows for style- or design-related adjustments during seasons and ensures that we are able to respond at a rate of 60% quicker than our international suppliers.

We remain South Africa's largest clothing manufacturer, with 76,4% of our apparel manufactured locally (in South Africa and neighbouring SADC countries). While this is significant, we will seek to further localise our apparel, homeware, furniture and jewellery production capacities. This includes investing in expanding our QR capabilities into non-apparel products and developing local procurement in segments currently dominated by imported goods.

This model provides TFG with a unique competitive advantage that also deepens the social impact of our business. Last year, we added 1 250 manufacturing jobs by owned and non-owned CMTs through the continued build-out of our manufacturing capacity and we are on track to deliver our target to grow employment opportunities within our owned facilities and strategic non-owned CMTs by 115% by FY 2026.

The competency and dedication of our leadership team's efforts placed TFG at the forefront of e-commerce, omnichannel and in-store retail, distribution, logistics, manufacturing and quick response capabilities. We make deliberate and informed choices in continuing to invest in these areas knowing that short-term profitability is negatively impacted in the interests of longer-term sustainability, once scale is attained. Delivery on these strategic objectives has accelerated business performance and generated significant numbers of employment opportunities. We have made a conscious decision to continue to invest in appropriate talent in these areas to enable the Group to deliver on its strategic objectives.

Performance and remuneration outcomes

In evaluating both performance and remuneration outcomes for FY 2023, the Remco assessed performance based on the actual financial outcomes and adjusted for:

> Exclusion of seven months of Tapestry trading as targets were set prior to Tapestry being incorporated into the financial results, and;

> Add back of the specific Supervisory Board pre-approved costs related to the abovementioned strategic investments. This add-back was articulated in the prior year's remuneration report as the basis for measuring performance.

Performance

The Group had to adapt to a diverse operating landscape impacted by both local and international challenges. Trading conditions are still marred by lower business confidence, distressed customers, and high interest rates. Locally, the far-reaching impacts of heightened levels of load shedding, especially during the last quarter of the financial year, severely dampened an otherwise stellar set of financial results. The elevated levels of load shedding commenced in the middle of the peak festive trading season, resulting in reduced available trading hours during a critical trading period. Additional unbudgeted diesel and security costs were also incurred to power and protect certain operations and stores impacted by load shedding.

Despite this and other non-controllable events which restricted trading, the Group delivered a solid set of results as presented in the audited Annual Financial Statements.

More information on TFG's performance is set out in the CEO and CFO reports on pages 73 and 87.

Impacts on remuneration

As detailed in the implementation section of this report, the Remco approved the following remuneration outcomes:

> **FY 2023 Single Incentive outcomes based on the achievement of targets.** In terms of the rules of this scheme, 40% of the Single Incentive amount awarded is payable as an annual incentive (cash bonus), while the remaining portion of 60% is converted into shares to vest equally in June 2025 and 2026, contingent on the executive still being in continuous employment with the Group on those dates. The higher weighting of the longer-term share component aligns the interests of executives better with shareholder interests and serves to ensure that our executives have more 'skin in the game', as well as promoting the retention of key talent through a lock-in mechanism.

> **The vesting of the Performance Shares issued in 2020, is based on the achievement of the targets set.** This round of vesting represents the final vesting of Performance Shares issued under the previous separate Short Term Incentive (STI) and Long Term Incentive (LTI) plans, prior to the introduction of the current Single Incentive.

Remco Discretion

The Remco Charter provides the Remco with the right of discretion when warranted in exceptional circumstances to ensure that remuneration outcomes are fair and reasonable. The exercise of such discretion (either to increase or to reduce the variable component of remuneration) has been exercised by the Remco over the past five years as depicted in the following table. The Remco confirms that no discretion was applied in the current financial year relating to any of the remuneration outcomes.

	FY 2019	FY 2020	FY 2021	FY 2022	**FY 2023**
Remco Discretion Applied	Not applied	✓ Note 1	✓✓ Note 2	Not applied	**Not applied**

Note 1: FY 2020 upward discretion: The imposition of uncontrollable COVID-19 lockdowns resulted in the business not trading the last 2 weeks. The Remco approved the vesting 80% of the performance shares issued in 2017 on the basis that these shares factually would have vested had the company had the ability to trade for the full financial year.

Note 2: FY 2021 upward discretion: The Remco exercised its discretion in relation to the performance shares allocated in 2018 and resolved not to allow the vesting of these shares but in its place to issue only two thirds of the shares forfeited as retention shares. This decision was on the basis that the vesting requirements were met for 2 years out of 3 years and the business was not able to trade for the full FY 2021 due to the uncontrollable imposition of the COVID-19 lockdowns.

The Remco exercised its downward discretion to reduce the bonus outcome to an on-target level despite a full stretch target being met.

FY 2022 voting outcomes

Our Remco's approach is that proactive and frequent shareholder engagement is an imperative. The Remco encourages and appreciates feedback from all shareholders on any remuneration matters. Where any issues are raised, these are formally tabled as part of the agendas at Remco meetings, considered and rigorously debated by Remco members when reviewing policy, implementation of policy and remuneration disclosure.

At the AGM held on 8 September 2022, 59,6% of our shareholders endorsed our remuneration policy and we were pleased with the 75,4% endorsement of our implementation report (2021: 63,9% and 55,8%). The absence of the required level of support for our remuneration policy was noted to be primarily due to the factors listed in the table below.

Shareholder advisor and investor comments	Response from the Remco and actions taken
The performance period applicable to the Single Incentive structure is of an inappropriate (short) duration and as a result, the Group's remuneration is too short-term focused. It was also suggested that the structure does not sufficiently align pay with performance.	The Single Incentive was implemented to balance performance and retention needs and to align the executives' long-term wealth creation with shareholders based on the future performance of the share price. We have, however, taken on board shareholder feedback and now added a further element to the design of our Single Incentive in the form of a "Vesting Modifier" which creates a longer-term alignment to the key long-term performance measures. Refer to page 142 for further information.
There appears to be a low downside risk to executives for not delivering on long-term strategic objectives.	We consider that there is already a significant inherent downside for executives due to the exposure of having a significant portion of their personal investment portfolios aligned to TFG shares and the resultant impact of the TFG share price on their wealth. Executive directors also have minimum shareholding requirement (MSR) targets to meet, further enforcing the requirement to personally own a minimum required amount of TFG shares. The Remco has, however, approved the implementation of a Vesting Modifier which creates further downside risk for non-delivery of the long-term strategy. Refer to page 142 for further information.
The level of disclosure in respect of prospective performance conditions does not allow shareholders to make a fully informed assessment of remuneration.	We have added additional disclosures regarding prospective performance conditions to the extent that it does not compromise the public disclosure of any sensitive information. Retrospective disclosures related to the achievement of performance conditions have also been enhanced in the report.
MSR levels for the CEO are low.	We have updated our benchmarking assessment of MSR levels against similar-sized companies and found our initial assessment of MSR multiples to still be appropriate. The Remco has approved that the CEO's MSR value be increased to align with the base increase in his Total Guaranteed Pay which was awarded in April 2022 and as disclosed in last year's Integrated Annual Report. Refer to page 143 for further information.
Matching shares allocated to executive directors do not have performance conditions that are required to be fulfilled for vesting.	Matching shares which were previously awarded to executives as a result of their conversion of already earned bonuses will now have performance conditions attached for all future awards.
The importance of ROCE and the current weighting in the design of the Single Incentive of 25% is considered too low.	We have increased the weighting of ROCE to 30% which forms a significant component of the Single Incentive. Further details can be found on page 145.

Remco is of the view that its deliberations and decision-making to address these shareholder concerns were conducted in accordance with the principles of fairness and appropriateness, underpinned by the best interests of TFG and its stakeholders. These principles are applied to ensure that we attract and retain the best talent and are able to deliver on the Group's strategic objectives.

Shareholder engagement

We remain committed to our policy of ongoing and regular engagement with our shareholders regarding significant remuneration and related Remco matters. We have engaged extensively with our major shareholders to provide them with background to the relevant remuneration issues, and our rationale for their proposed implementation, as well as gaining an understanding of their perspectives and opinions. The Remco Chairman meets key shareholders quarterly and, as a committee, we have found the feedback from these engagements very useful in identifying the key issues and obtaining valuable input from shareholders on topics relevant to remuneration policies and practices adopted by the Group.

These open and transparent engagements have been key to addressing the various challenges facing the Remco relating to the retention challenges of our senior executives, as well as how we can align our remuneration policies and additional benefits to support our most vulnerable employees. These learnings are now reflected in our policy, as well as the implementation and re-design of the elements detailed in this report.

Activities during the financial year ended March 2023

Remco had to make various decisions to adhere to the responsibilities set out in the Remco charter and to respond to shareholder concerns, while ensuring we remain competitive and retain talent. These decisions are related to share vesting, executive salary increases and evaluation of performance targets, of which further details are set out below.

Company-wide remuneration:

> Approved overall remuneration increases in line with available market information and relevant benchmarking.

> Assisted, where relevant, with the Group's commitment to protect and grow employment through our rapidly expanding localised approach to manufacturing. Significant numbers of new jobs are being created directly and indirectly and skillsets are being developed to enable employees to have enhanced skills to become more employable in the future.

> For the financial year ending 31 March 2024, an average increase of 5% was approved for all eligible employees from 1 April 2023. Store and Distribution Centre employees' salaries will again be adjusted in October 2023.

Executive remuneration:

> Made significant changes to the design of the Single Incentive for FY 2024, including the introduction of the Vesting Modifier. Matching shares will henceforth be subject to performance conditions. MSR requirements for the CEO were increased and the weighting of ROCE as a component in the design of the Single Incentive was also increased.

> Determined specific remuneration packages for executive directors of the Group, including basic salary, benefits, pension and Single Incentive Scheme.

> Undertook extensive reviews of retention mechanisms currently in place.

Non-executive directors:

> Ensured the company's recommendations for remuneration of non-executive directors are equitable and aligned with the average increase approved for TFG employees.

Governance and Compliance:

> Ensured that the remuneration policy and implementation report are put to a non-binding advisory vote at the AGM of shareholders.

> Consulted with relevant shareholders in response to the 2022 AGM remuneration-related voting outcomes.

> Oversaw the preparation of, and recommendation to the Supervisory Board, the annual Remuneration Report and the summary for inclusion in the company's integrated annual report.

> Considered current and projected remuneration trends in local and specific international markets.

Performance relating to the reporting period performance cycle:

> Undertook assessment of Single Incentive outcomes for FY 2023.

> Undertook assessment of the achievements of performance targets for (the former) LTI awards vesting in 2023.

Performance relating to the forthcoming performance cycle:

> Set performance conditions for the Single Incentive awards to be made at the beginning of FY 2024.

Focus areas for Remco for FY 2024

While the retention of senior executives continues to be a key challenge, the Remco is satisfied with the steps taken to date through policy changes. The Remco will, however, continue to further refine its policy, as and when required, to remain responsive to market and specific conditions, with due reference to our key imperative of creating further long-term alignment for management and all stakeholders.

The year ahead is expected to remain challenging, especially for our South African business where levels of load shedding and increasing consumer pressures are expected to worsen. The Group is intensely focused on the clearly defined and identified growth levers and organic investment opportunities available to us within our existing business, independent of the macroeconomic outlook.

As a consequence of the above trends and international economic and other uncertainties, TFG is prudently positioning FY 2024 as a year of consolidation, focussed on improving profitability. Expense control will continue to be a critical focus and our capital allocation plan has been reviewed, with new store openings being curtailed. During this year of consolidation, we will continue to focus on attracting and retaining the best talent available in the markets in which we operate, while recognising the need to invest in skills for the future.

External advisors

During the year under review, PwC and DG Capital continued to serve as our external expert remuneration advisors. The Remco is satisfied that PwC and DG Capital at all times provided objective and independent advice and services to TFG.

Closing remarks

The Remco remains confident that the Group's remuneration philosophy and policies are aligned to its strategy, to market best practice, and are subject to a robust re-examination each year. The committee will consider amending relevant aspects of the Group's remuneration framework as and when required in terms of best practice and based on the Group's needs.

I thank and pay tribute to my fellow Remco members, our various advisors and the TFG remuneration and benefits team for their ongoing support, guidance and diligent efforts rendered during the year.

I reiterate my appreciation to our key institutional shareholder representatives for their time in attending our beneficial engagements conducted over the past year and the valuable insights and feedback they shared during these sessions.

The Remco has duly executed its responsibilities during the financial year in accordance with its terms of reference. The Remco is also satisfied that the remuneration policy has achieved its stated objectives during this period.

Sections B and C of this report (containing the FY 2024 remuneration policy and FY 2023 implementation report, respectively) will be put to two separate, non-binding votes at the 2023 AGM.

On behalf of the TFG Remco we await your backing of our evolving remuneration policy and the implementation thereof via your favourable support of these resolutions at our forthcoming AGM in September 2023.

E Oblowitz
Chairman: Remuneration Committee

27 July 2023

SECTION B: AN OVERVIEW OF OUR REMUNERATION POLICY

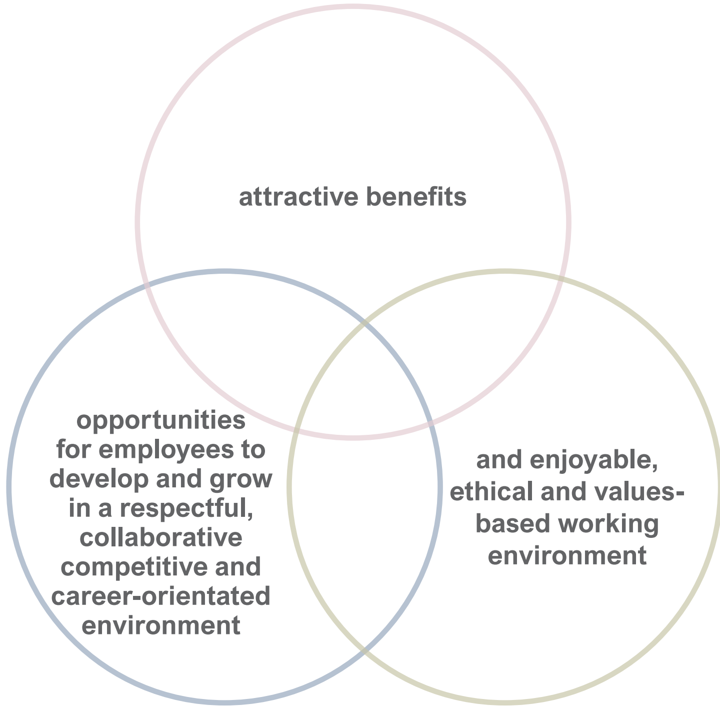
The principles and philosophy that define our policy

TFG's remuneration policy aims to attract, engage and retain the best talent, which is essential for executing our business strategy and achieving performance objectives. The remuneration policy aligns with TFG's approved risk and governance framework, optimising sustainable and long-term returns for shareholders and considers the implications on all stakeholders in determining our policy and final outcomes.

The policy seeks to achieve the following principal objectives:

External equity: employees are rewarded in line with national and retail market benchmarks, taking all relevant and appropriate factors into account	Read more on page 138.
Internal equity: employees are remunerated fairly in relation to one another and in recognition of their individual contribution and accountability	Read more on page 138.
Performance alignment: employees are aware of the requirements for sustained performance in terms of rewards	Read more on page 137.
An appropriate remuneration mix: employees are aware of the need to establish a balance between cash salary, benefits, annual incentives and deferred long-term incentives to drive performance and values-based behaviours	Read more on page 137.

Remuneration must be balanced with:



The remuneration policy applies to all employees and aims to fairly reward individual performance, behaviour and accountability. The policy is designed to achieve a fair and sustainable balance between guaranteed pay and variable pay as appropriate across varying levels within the organisation.

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

Principles of fair and responsible remuneration

TFG is committed to fair and responsible remuneration and has given particular focus to developing principles, consistent methodologies and measures to ensure this is implemented.

The management of remuneration, including appointment and pay progression, is governed by clearly defined policies. TFG is committed to fairly differentiating pay based on work of equal value, competitive market rates and individual performance and contribution.

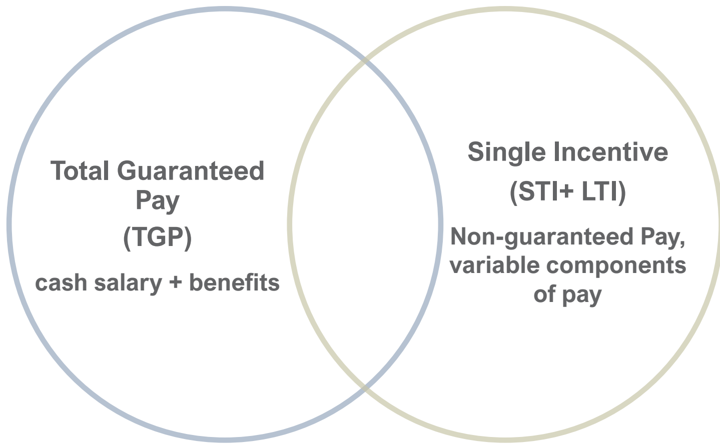
Processes are in place to regularly measure pay differentials and identify and correct, where necessary, any pay disparity based on race or gender.

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

Details about our remuneration mix

The remuneration mix comprises guaranteed and variable elements.

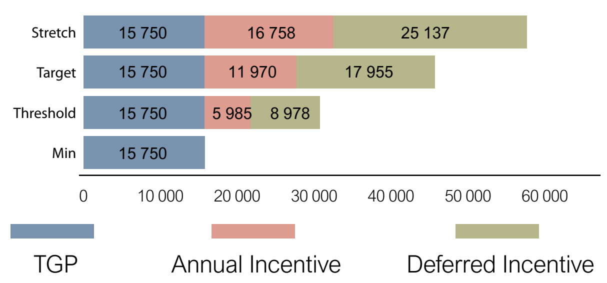
The remuneration mix includes:



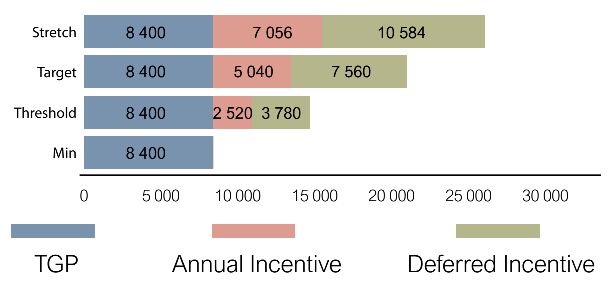
The remuneration mix varies by the employee level within the organisation as approved by the Remco. The principle followed is that a greater proportion of total remuneration, particularly at the senior level, is at risk should satisfactory performance levels not be achieved.

The pay mix and possible pay outcomes for FY 2024 are set out below at different performance scenarios for the CEO and CFO.

CEO pay mix (R'000)



CFO pay mix (R'000)



Further details of the Single Incentive Plan are set out in the variable pay section on page 139.

Remuneration **report** continued

Total guaranteed pay (TGP)

Total guaranteed pay (TGP)

Cash Salary

Cash salary is intended to attract and retain key talent, with a focus on external market equity, internal equity and equal pay for work of equal value.

- Pensionable and non-pensionable cash salary
- A tenure-based 13th cheque for permanent employees Peromnes Grade 10 and below

Applicable to all permanent employees

Benefits

Benefits influence the attraction and retention of key talent.

TFG Retirement Fund

The company contribution is 12% of pensionable salary.

A flexible member contribution of between 3% and 18% of pensionable salary applies.

Group life and disability benefits

All permanent employees participate in Group life and disability benefits, subsidised in full by TFG.

Applicable to all permanent employees

TFG medical aid scheme (where applicable)

TFG provides a 50% subsidy for all approved dependants on the in-house medical aid for permanent employees Peromnes Grade 10 and below. This eases the cost of living for employees.

External and internal equity

The Group is committed to fairness from an external market competitiveness and an internal equity perspective. TGP is determined by considering trading conditions and affordability, and forms part of the social component in our ESG approach, particularly when considering our most vulnerable employees.

External equity:

The Remco is particularly mindful about the retention of key executives, and this year's further focus has been on ensuring the external competitiveness of our remuneration.

> Best practice remuneration processes position TFG's remuneration ranges at the most appropriate levels to ensure we remain competitive in the market for each role.

> To achieve external equity, TFG relies on market information (e.g. REMchannel®, DG Capital Executive Remuneration Survey and benchmarking based on TFG's selected comparator groups) as well as TFG's pay positioning strategy. The benchmarking was performed in 2022 and therefore is still deemed to be appropriate. The results have been included in this report as disclosed in the 2022 Integrated Annual Report.

Base increase to CEO and CFO

The executive comparator group falling within our benchmark study included the following companies:

Retail (primary comparator group)	Non-retail (secondary comparator group)
Shoprite	BidCorp
Pepkor	Bidvest
Woolworths	MultiChoice
Clicks	Tiger Brands
Mr Price	Aspen
Spar	Telkom
Pick n Pay	Life Healthcare
Truworths	Distell
Dis-Chem	AVI
Massmart	Motus
	RCL foods

TFG aims to pay executive directors at the upper quartile in consideration of the following:

> The relative complexity of the business

> The diverse nature of the business (retail, logistics, omnichannel, manufacturing)

> The fact that it is multi-jurisdictional (Africa, UK and Australia)

Internal equity:

> Among other factors, an employee's position in the remuneration range depends on individual performance and contribution in their role.

> Best practice talent processes are in place to ensure that employees are equitably placed within the most appropriate remuneration range relative to one another.

TFG considers external and internal equity when new employees enter the business or existing employees are promoted, as well as when conducting annual reviews and/or merit increases.

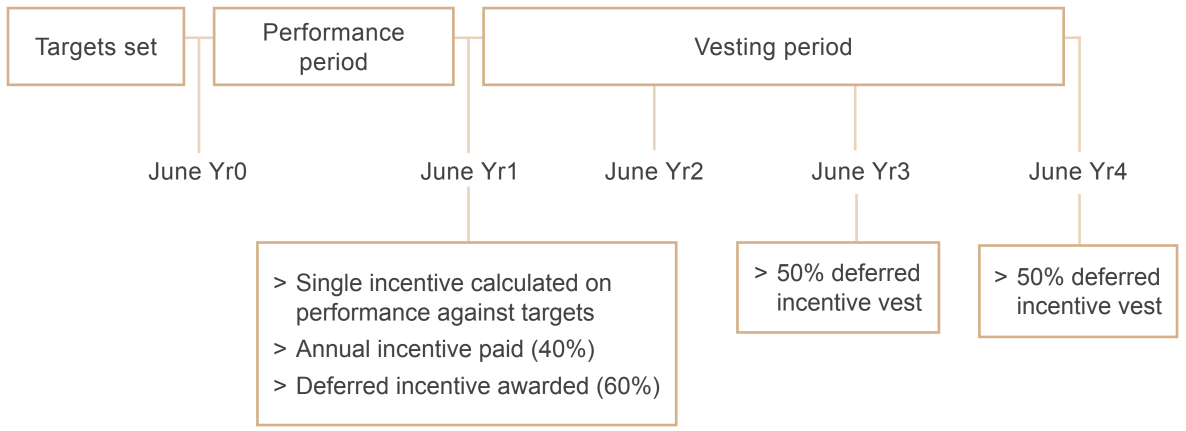
Remuneration increases are guided by and based on comparison with industry peers, independent market surveys such as REMchannel® and national economic indicators. The Remco also considers TFG's trading performance when determining annual increase guidelines. Remuneration increases are awarded after taking into consideration various internal factors such as guidelines, budget constraints, placement in range and individual performance.

TGP increase approved for the CEO and CFO

	FY 2023 TGP	FY 2024 TGP	% movement in TGP
CEO	**R15 million**	R15,75 million	5%
CFO	**R8 million**	R8,4 million	5%

Variable pay

Single Incentive Plan



Remuneration **report** continued

Overview	The Single Incentive is a simplified incentive plan which serves to motivate employees in line with TFG's values, as well as driving the key performance metrics to create increasing value for all stakeholders. In addition to simplification, the objective of the plan is to ensure transparency of outcomes, increased retention, and to encourage a share ownership culture by providing enhanced mechanisms to increase employee shareholding levels to achieve increased alignment with shareholder interests. The plan is designed to encourage executives to meet short-, medium- and long-term strategic objectives. A single performance scorecard, including both financial and strategic indicators, is used, reviewed and adjusted annually, based on the priorities for the upcoming year as well as other considerations including shareholder inputs.
Eligibility	Permanent employees from Peromnes Grade 7 (middle management) and above are eligible to participate. Participation in the long-term deferred portion of a Single Incentive award only includes executives, senior executives and executive directors, unless the Remco determines otherwise.
Operation	The Single Incentive award consists of: a. A single combined STI and LTI (where relevant), determined on the basis of performance conditions consisting of a combination of annually defined company performance measures (Business Modifier) and individual performance measures (Personal Modifier) which are measured over a one-year period. b. A portion of the Single Incentive is payable in cash (an Annual Incentive). All eligible employees will be eligible for this portion, and for employees who are eligible for both STI and LTI portions of a Single Incentive award, the Annual Incentive is 40% of the combined incentive as calculated. c. The balance of the Single Incentive (for executives, senior executives and executive directors, being 60% of the combined incentive as calculated) is deferred into forfeitable shares (Deferred Incentive). In terms of the existing Forfeitable Share Plan 2020, these shares will vest in equal tranches in two and three years, respectively, after the award date. Forfeitable shares entitle a participant to dividend and voting rights from the date of the award. Executive directors also have the option to further invest in the company by electing to defer their Annual Incentive (i.e. the cash portion) into shares, subject to a defined holding period (Deferred Shares). To encourage and further incentivise executive directors to voluntarily defer their Annual Incentive into shares and promote share ownership in the company and its performance, the company will award a 40% match in forfeitable shares (Matching Incentive) which will vest in equal tranches after two and three years, respectively (i.e. the vesting profile equates that of the Deferred Incentive portion of a Single Incentive) which matching incentive shares are also subject to performance conditions as per page 147 of this report. Each performance condition metric is individually weighted and has threshold, on-target and stretch assessment attributions. For executive directors, at the end of each financial year, performance is assessed by the Remco to determine the quanta of the Annual Incentive and Deferred Incentive portions. The formula for calculating the Single Incentive is as follows: **Single Incentive = [TGP x On-target Percentage] x Business Modifier x Personal Modifier** Annual Incentive: Single Incentive x [40%] Deferred Incentive: Number of shares to be settled = [Single Incentive x [60%]]/Volume Weighted Average Price (VWAP) The Deferred Incentive will be settled in forfeitable shares in terms of TFG's Forfeitable Share Plan 2020. Forfeitable shares entitle the participant to dividend and voting rights from the award date, and vest in equal tranches on the second and third anniversaries from the date of award, subject to continued employment.

On-target percentage	The on-target percentages for Single Incentive which refer to the combined STI and LTI components: CEO: 190% of TGP (FY 2023 – 190%) CFO: 150% of TGP (FY 2023 – 150%) Stretch = 140% of On-target Threshold = 50% of On-target
Performance measures	A balanced scorecard is used to determine the Single Incentive. Company performance metrics for executives are:

Metric	Weighting	Targets
HEPS*	40%	Threshold – 963,4c Target – 1 040,5c Stretch – 1 069,4c
Group ROCE	30%	Threshold – 13,3% Target – 14% Stretch – 15%
Strategic Objectives:		
ESG: People and Transformation	7,5%	> Create jobs via acquisition and organic growth in stores and factories
ESG: Procurement	10%	> Increase in local sourcing and supplier development > Sustainable sourcing of cotton
Customer	12,5%	> Successful implementation of the new Riverfields distribution centre to support an omni-channel strategy > Further Bash specific development supporting omnichannel sales

Note:
* *The HEPS target in the table above is used for remuneration purposes only and does not constitute an earnings forecast.*

Personal modifier	Single Incentive can be modified between 75% and 125% of the calculated award based on criticality and individual performance criteria.
Vesting modifier	Shares allocated as part of the Deferred Incentive can be modified downwards by a maximum of 25% if pre-determined long-term targets are not achieved. See below for details of the Vesting Modifier and the targets set for the FY 2024 Deferred Incentive.
Holding period and MSR	Prior to vesting, any forfeitable shares acquired by virtue of the Deferred Incentive, Deferred shares and/or Matching Incentive could at the election of the employee be automatically subjected to further holding periods, the purpose of which is to facilitate enhanced share ownership (also referred to as a minimum shareholding requirement) among employees to whom the MSR policy applies.
Termination of employment	Annual Incentives are forfeited in full, and no Deferred Incentive is awarded if employment is terminated before the date on which the Annual Incentive is paid, or the forfeitable shares (Deferred Incentive) are awarded. Termination after the award date of the forfeitable shares (Deferred Incentive) will be treated in accordance with the Forfeitable Share Plan (FSP) 2020: > Resignation or dismissal: unvested forfeitable shares will be forfeited. > Death, retirement, voluntary retirement, retrenchment, disability or s197 transfer: awards will vest early and pro-rated to take into account the number of completed months served during the vesting period.

Remuneration **report** continued

Setting of Financial and Strategic Targets

The Supervisory Board guides and approves the overall strategy for TFG and approves the budget presented by management which is used as a base for the targets Remco set for the Single Incentive. These targets set are based on robust deliberations by the Remco with the input from management and independent advisors.

Vesting Modifier

Post the 2022 AGM, as part of the shareholder engagement process that we have implemented for the past three years, the Remco Chairman engaged with key shareholders, as well as any shareholder that provided feedback, regarding their reasons for not supporting the vote for the Remuneration Policy. Two of the pervasive key issues identified by shareholders are:

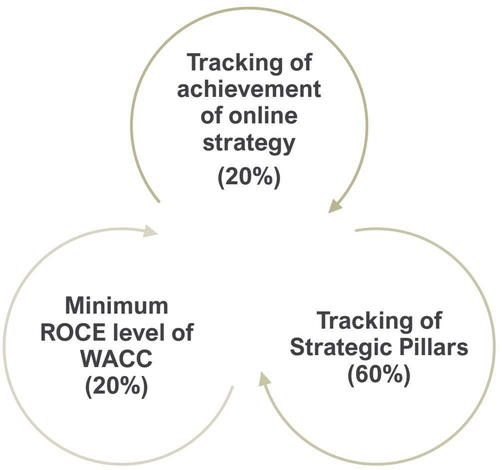
a) The targets are not set for long-term performance
b) There is not sufficient downside risk for management should the longer-term strategy not be delivered

The Remco decided to commission a detailed exercise of identifying possible solutions to these challenges, as well as outlining the potential strengths and weaknesses of various approaches.

Together with the input received from key stakeholders, including some of our key shareholders as well as external consultants, the Remco approved the vesting modifier to be implemented from FY 2024 onwards for any shares allocated as part of the Deferred Incentive.

In essence, the vesting modifier functions as a penalty should pre-determined targets not be met. The share vesting of the Deferred Incentive can be modified downwards by a maximum of 25%.

The targets for shares allocated as part of the FY 2024 Deferred Incentive are as follows:



a) Omnichannel strategy – successful execution of the Bash strategy (aligned to profitability)
b) Returns on acquisition/investment – this target is based on a balanced scorecard which includes:
   > A minimum return on the acquisition of Tapestry
   > Investment in local manufacturing in relation to TFG's localisation of manufacturing strategy
   > Diversification and growth of the Value-Added Services business
   > TFG's beauty range strategy
c) Minimum ROCE to be at least equal to WACC

In the interests of confidentiality and to not divulge competitively sensitive information, targets related to these strategies cannot be disclosed in this report, but will be reported retrospectively as and when the vesting modifier is assessed.

Share scheme limits and manner of settlement

The Remco does not permit the total number of allocated shares issued across all schemes to exceed the following limits:

> 1% individual limit
> 5% Group limit

These limits have been incorporated into the 2020 FSP Rules and 2020 Share Appreciation Rights Rules which were approved by shareholders at the 2020 AGM. The Deferred Incentive shares are settled under the FSP.

The FSP shares are settled through on-market purchases and therefore do not result in any dilution to shareholders. The usage of the dilution limits in the financial year ended March 2023 is well below these limits and is set out in section C below.

Malus and clawback

TFG applies the principles of malus and clawback for all past and present variable remuneration awards.

Malus

Any variable pay may be reduced in whole or in part prior to payment or vesting thereof, after an actual risk event (trigger event) occurs which, in the judgment of the Remco, had arisen during the relevant vesting, pay-out or financial period.

In the event of termination of employment during the vesting period of an award, the Remco will consider whether a trigger event arose between the award date and the date of termination of employment.

Clawback

The Remco may apply clawback and take all necessary steps to recover the value of awards that have vested or incentives that have been paid out (on a pre-tax basis) as a consequence of a trigger event, which, in the judgement of the Remco, arose during the clawback period. The clawback period runs for three years from the vesting date of the awards or the incentive payout. In the event of a breach of director's duties and/or TFG policies by a participant, TFG reserves the right to pursue any remedies available to it in terms of the clawback policy, as well as by way of common and statutory law.

The summarised trigger events for the application of malus and clawback include, but are not limited to:

> Employee dishonesty, fraud or gross misconduct.
> A material misstatement of the financial results for the performance or employment period of the award, resulting in an adjustment in the audited consolidated annual financial statements of TFG (or any employer company).
> The assessment of any performance metric or condition (where applicable) in respect of an award which was based on error, or inaccurate or misleading information.
> Any information used to determine the quantum of a cash STI or LTI scheme payment or Single Incentive, or the number of shares subject to an LTI award was based on error, or inaccurate or misleading information.
> Events or behaviour of the employee that had a significant detrimental impact on the reputation of TFG.

Decisions made by the Remco regarding the application of malus and/or clawback are final and binding.

Minimum shareholding requirement

In line with our philosophy of complying with best practice corporate governance, the Remco introduced an MSR for executives from the 2022 financial year onwards. The rationale for this is to ensure that the interests of executives are further aligned to that of our shareholders. This also further entrenches our executives' commitment to driving long-term sustainability for all stakeholders.

The salient terms of the MSR policy are as follows:

> A target minimum shareholding must be accumulated over a period of five years from the introduction of the MSR policy (i.e. with effect from 1 June 2021) or the appointment of the executive, whichever is the later.
> At the target date (i.e. 1 June 2026 or five years post the date of the appointment of the executive), the Remco will assess whether eligible executives have met the relevant MSR minimum shareholding target.
> All shares which are vested (regardless of the method of acquisition, and including shares acquired in a personal capacity and shares acquired from proceeds of variable incentives, or acquired through variable incentives) will be taken into account when assessing whether the target minimum shareholding has been met.

The table below sets out the target MSR for executives to achieve over the five-year period.

Participant	Target MSR as a percentage of annual TGP
CEO	200%
CFO	100%
Executive committee members and prescribed officers	75%

In accordance with the MSR policy, if circumstances were reasonable to such an extent that the executive could have met their target, the Remco reserves the right to apply a penalty should the target minimum shareholding not be met at the target date. Actions available to the Remco include, but are not limited to, the mandatory deferral of forthcoming Annual Incentives into shares and subjecting the resultant shares to a holding period, as well as subjecting any vested Deferred Incentives to a holding period, until the minimum shareholding target has been met.

The number of shares required to be held by the CEO is aligned with his base pay of R15 million as at 31 March 2023. The CEO was previously required to hold 149 254 shares for MSR purposes but applying his percentage increase to his TGP, he is now required to hold 223 881 shares.

Restraints and minimum service agreements

TFG has restraint of trade and minimum service agreements in place for the CEO, CFO and Operating Board members. These agreements exist for the duration of employment and contain notice periods of between six and twelve months. In the event of summary dismissal on the grounds of misconduct (for example, dishonest or fraudulent conduct), notice periods do not apply.

Ex gratia or other lump sum payments on severance or retirement

There are currently no agreements in place that provide for *ex gratia* or other lump sum payments to executives on severance or retirement. Executives who depart are not awarded "golden handshakes". There are no *ex-gratia* payments made in the event of a merger or takeover or for any special projects undertaken.

Non-executive directors (NEDs)

NED fees are based on market benchmarks and the level of increased responsibility of regulatory oversight placed on NEDs due to TFG's international expansion. The arrangements pertaining to NEDs (South African resident and foreign) are set out below:

> NEDs are appointed for a three-year term on recommendation by the Nomination Committee.
> NEDs may be eligible for re-election depending on their annual performance evaluation.
> NEDs are paid a base fee as well as a committee fee based on the number of committees on which they serve.
> NEDs are reimbursed by TFG for all travel expenses incurred during the course and scope of their duties in accordance with TFG's approved travel policy.
> NEDs do not receive any form of variable pay.
> No NEDs have service contracts with the Group.

The proposed NED fees for the period 1 October 2023 to 30 September 2024 will be tabled for approval by the shareholders at the 2023 AGM.

	FY 2023 NED fees	FY 2024 NED Fees	% increase
Chairman (all inclusive)	R1 575 000	R1 653 750	5%
Director (South African)	R451 500	R474 075	5%
Director (Foreign)	R681 345	R715 412	5%
Audit Committee chairperson	R370 440	R388 962	5%
Risk Committee chairperson	R273 000	R286 650	5%
Remco chairperson	R336 000	R352 800	5%
Social and Ethics Committee chairperson	R143 876	R151 070	5%
Member/Invitee of Audit Committee	R156 555	R164 383	5%
Member/Invitee of Risk Committee	R122 378	R128 497	5%
Member of Remco	R98 123	R103 029	5%
Member of Social and Ethics Committee	R79 380	R83 349	5%
Member of Nomination Committee	R52 148	R54 755	5%
Member of ad hoc Finance Committee	R52 148	R54 755	5%

All NED fees are VAT exclusive.

Voting on the remuneration policy

TFG tables its remuneration policy for a non-binding advisory vote by shareholders at the AGM each year. We encourage shareholders to support the remuneration policy as presented, and look forward to positive voting outcomes.

SECTION C: HOW WE IMPLEMENTED OUR REMUNERATION POLICY IN 2023

As outlined in section A, the Remco has applied this implementation report as closely as possible with the prior period approved remuneration policy.

Total guaranteed pay outcomes for FY 2023

As per the 2022 remuneration policy, except for the CEO and CFO base salary adjustment, executive pay increased on average by 5% with store and distribution centre salaries increasing by an average of 6,5%.

The outcome of the single incentive scheme for FY 2023

As per the Remuneration Policy, the Single Incentive is a combined short- and long-term scheme. In FY 2023, 40% of the calculated Single Incentive was paid as an Annual Incentive and 60% is converted into forfeitable shares and eligible to vest 50% in June 2025 and 50% in June 2026.

The assessment of the financial targets (70% weighting) and strategic targets (30% weighting) that were set at the start of the financial year are disclosed below.

Financial metric evaluation

CEO and CFO

The HEPS and EBIT targets as well as the actual performance are set out in the table below:

	Performance targets					
Measure	Weighting	Threshold	Target	Stretch	Actual outcome	Resultant score
Group HEPS* (CEO and CFO)	45%	1 045 cents	1 080 cents	1 110 cents	1 110 cents	Stretch 63%
Group ROCE (CEO and CFO)	25%	WACC+2%	WACC+3%	WACC+4%	WACC+6,25%	Stretch 35%

Operating Board

	Performance targets					
Measure	Weighting	Threshold	Target	Stretch	Actual outcome	Resultant score
Africa EBIT (Operating Board)	45%	R3,446 million	R3,829 million	R4,212 million	R3,761 million*	95% of target 42,75%
Africa ROCE (Operating Board)	25%	WACC+3%	WACC+4,5%	WACC+6%	WACC+4,3%	95% of target 23,75%

* *The actual financial outcomes have been assessed on a pre-Tapestry basis (as the targets were set prior to Tapestry being incorporated into the financial results) and pre-investment cost (as disclosed in the 2022 IAR).*

Strategic metric evaluation

Measure	Target	Weighting	Result	Comment
1. People and Transformation	Minimum of 60% absorption of youth initiatives 55% Threshold 65% Stretch	2,5%	Stretch 3,5%	Actual absorption of all youth initiatives = 77% (1 049 jobs were absorbed)
	Additional 1 000 jobs created in supply chain	2,5%	Stretch 3,5%	1 250 jobs by owned and non-owned CMTs were created
	Retain FY 2022 B-BBEE level 3	2,5%	On-target 2,5%	B-BBEE level 3 attained
	Protection of employment – save 90% of all jobs impacted by store closures	2,5%	On-target 2,5%	93% of all jobs were saved by offering reasonable alternatives. The remaining 7% (19 jobs) were offered reasonable alternatives but were not taken up due to logistical reasons
2. Procurement	Increase local manufactured units	3,75%	On-target 3,75%	>45 million units
	R44 million in Supplier Development	3,75%	On-target 3,75%	Achieved R46 million in supplier development
	Sustainable Sourcing – 10% target for FY 2023	2,5%	On-target 2,5%	Achieved 13,8%
3. Customer	Growth in online turnover by 44% yoy	4%	Not met 0%	Did not achieve turnover growth, however, successfully launched Bash. Further details can be found on page 22 of this report
	Click and collect sales: 30% – Threshold 35% – Target 40% – Stretch	3%	Stretch 4,2%	45% achieved
	73% of sales to known customers	3%	On-target 3%	Achieved
Total		**30%**	**29,2%**	
Business modifier			**127,2%**	**(63% HEPS + 35% ROCE + 29,2% Strategic Metrics)**

Single Incentive outcomes

The final outcomes of the Single Incentive were calculated as follows:

Director	TGP	On-target %	Business modifier	Personal modifier	Total incentive (A x B x C x D)	
	A	B	C	D	Cash (40%)	Deferred (60%)
A Thunström	R15 million	190%	127,2%	100%	R14,5 million	R21,7 million
B Ntuli	R8 million	150%	127,2%	100%	R6,1 million	R9,2 million

LTI awards eligible to vest in June 2023

Performance Shares issued in November 2020, which were eligible for vesting in June 2023 based on the pre-determined performance conditions being met are assessed below.

LTI performance outcomes

The FSP awards granted in 2020 had performance conditions that ended on 31 March 2023. The table below details the company performance and resulting vesting outcome.

	FSP (CEO and CFO)			
	Weighting	Target performance (100% vesting)	Actual performance*	Weighted vesting %
HEPS	45%	1 105c (FY 2022 HEPS + CPI + 2%)	1 110c	45%
Group ROCE	25%	Incremental improvement on FY 2022	FY 2022 = WACC + 3,25% FY 2023 = WACC + 6,25%	25%
Strategic Metrics	30%	See table below	See table below	30%
Overall	100%			100%

	FSP (Operating Board and other executives)			
	Weighting	Target performance (100% vesting)	Actual performance*	Weighted vesting %
Africa EBIT	70%	R3,755 million (FY 2022 Africa EBIT + CPI + 2%)	R3,761 million	70%
Strategic Metrics	30%	See table below	See table below	30%
Overall	100%			100%

* *The actual financial outcomes have been assessed on a pre-Tapestry basis (as the targets were set prior to Tapestry being incorporated into the financial results) and post-investment cost added back.*

Measure	Target	Weighting	Result	Comment
1. People and Transformation	Preservation of the most vulnerable employees	10%	On-target 10%	The Group preserved more than 90% of all jobs impacted by store closures and created significant number of jobs in the three-year period
2. Suppliers	Increase local manufactured units from 21 million units per annum to 30 million	10%	On-target 10%	>45 million units achieved
2. Customer	Implementation of an Enterprise Distribution Order Management system to support omnichannel sales	10%	On-target 10%	Target met

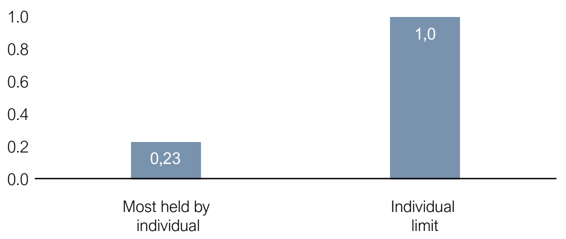
Remuneration **report** continued

Current allocation versus policy limits

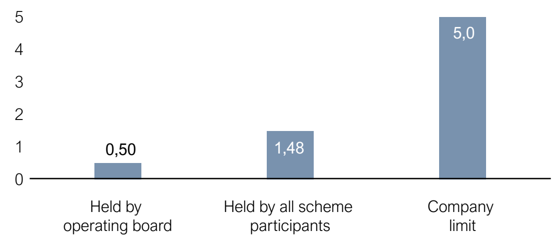
As at 31 March 2023, issued share capital comprised 322 413 000 shares. In terms of the FSP policy, the maximum aggregate number of shares that may be awarded to participants collectively in terms of the LTIs may not exceed 16 120 650 shares (5% of issued share capital) and the maximum number of shares that may be awarded to any one participant is 3 413 000 shares (1% of issued share capital). As all share awards have historically been settled via the on-market purchase of shares, there is no impact on the dilution of any shares in issue.

In terms of inflight awards that are still to be settled on both an overall (4 672 383 shares) and individual (733 499 shares) basis, potential share awards held by scheme participants are well within the defined limits. The CEO is the highest individual holder of share awards and is therefore compared against the individual limit.

Issued shares (%)



Issued shares (%)



Outstanding share instruments awarded to employees and executives at 31 March 2023 are as follows:

- > SARs 124 000
- > Forfeitable shares 4 683 383

MSR Holding status

	Required to Hold by FY 2026 '000	Actual Holding as at FY 2023 '000
A E Thunström	223,9	93,9
B Ntuli	51	18,9

Executive directors' remuneration

The Supervisory Board determined that the CEO and CFO are TFG's prescribed officers for the financial year ended 31 March 2023. A E Thunström and B Ntuli serve as executive directors on the Supervisory Board and exercise general executive control.

2023

Executive directors	Salary R'000	Benefits[1] R'000	Guaranteed pay R'000	Annual Incentive (STI) R'000	Deferred Incentive[2] (LTI) R'000	Dividends R'000	Other remu-neration R'000	Total remu-neration R'000
A E Thunström	14 128	871,6	15 000	14 501	31 445	2 934	0	63 880
B Ntuli	7 451	549	8 000	6 106	14 790	601	0	29 497

1. Benefits include travel allowance, housing allowance, pension fund and medical aid subsidy.
2. Deferred incentive comprises the following:
   a) Shares awarded in terms of the FY 2023 Single Incentive (R14 607k) to vest equally in June 2025 and June 2026 based on a VWAP of R94,02 and;
   b) Performance shares allocated in 2020 (R16 838k) which have now met the prescribed performance conditions required for vesting.
3. The total remuneration for FY 2023 is greater than FY 2022 primarily due to two factors:
   – The increase in TGP for the CEO (50% yoy) and CFO (17% yoy) as outlined in the 2022 Remuneration Policy which also has a resultant impact on the on-target STI and LTI components of the Single Incentive.
   – The Deferred Incentive includes both the FY 2023 Single Incentive shares allocated to vest in the future and the FY 2020 performance shares vesting in 2023 as per point 2 above, whereas in FY 2022, the 2019 performance shares did not vest thereby resulting in the LTI per the table below being significantly lower than in 2023. As reported, the performance shares issued in 2020 which vested now in 2023 form the last allocation of shares under the previous share scheme and going forward, all shares relating to incentives will be assessed for possible vesting as a result of the performance outcomes to be achieved in accordance with the prescribed performance conditions of the Single Incentive.

2022

Executive directors	Salary R'000	Benefits[1] R'000	Guaranteed pay R'000	Annual Incentive (STI)	Deferred Incentive[2] (LTI)	Dividends R'000	Other remu-neration R'000	Total remu-neration R'000
A E Thunström	8 212,4	1 787,6	10 000	10 158	13 601	438	0	34 197
B Ntuli	6 010,4	819,6	6 830	4 747	6 356	225	0	18 158

1. Benefits include travel allowance, housing allowance, pension fund and medical aid subsidy.
2. Shares awarded to vest equally in June 2024 and June 2025 based on a VWAP of R119,61.

Directors' interests

As at 31 March 2023, the directors had the following interest in the company's issued shares:

	Non-executive							Executive			
	M Lewis '000	E Oblowitz '000	D Friedland '000	N V Simamane '000	R Stein '000	A D Murray '000	Total non-executive '000	A E Thunström '000	B Ntuli '000	Total executive '000	Total non-executive plus executive '000
Direct beneficial		3,0		2,3	184,2	647,0	836,5	60,1	18,9	79	915,5
Indirect beneficial			30,0		80,0	532,5	642,5			0,0	642,5
Indirect non-beneficial	1 818,8						1 818,8			0,0	1 818,8
Total	1 818,8	3,0	30,0	2,3	264,2	1 179,5	3 297,8	60,1	18,9	70	3 376,8

As at March 2023, directors had accepted and/or exercised the following SARs and forfeitable shares:

	Unvested share awards as at 31 March 2023						Unvested share awards as at 31 March 2023					
	Date of award	Financial year of award	Financial year of earliest delivery	Financial year of latest delivery	Status of award	Strike price per instrument	Number of instruments awarded '000	Number of instruments vested in year '000	Number of instruments lapsed in year '000	Closing number of unvested and/or unexercised instruments '000	Dividends received in the year R'000	Indicative value of unvested and/or unexercised instruments R'000
A E Thunström												
SARS	3 June 19	2020	2023	2026	Unvested	174,3	85,6	–	85,6	–		–
FSP**	19 Nov 20	2021	2024		Unvested		189,2	–		189,2	756,9	17 583,0
FSR*	19 Nov 20	2021	2024		Unvested		350,0	–	–	350,0	1 400,0	32 522,0
	1 Jun 21	2022	2025		Unvested		33,2	–	–	33,2	132,7	3 083,1
	30 Jun 22	2022	2025		Unvested		56,9			56,9	227,4	5 283,0
	30 Jun 22	2022	2026		Unvested		56,9			56,9	227,4	5 283,0
Matching shares***	30 Jun 21	2022	2025		Unvested		13,5	–	–	13,5	54,2	1 258,0
Deferred shares***	30 Jun 21	2022	2025		Unvested		33,8	–	–	33,8	135,4	3 144,9
B Ntuli												
SARS	3 Jun 19	2020	2023	2026	Unvested	174,3	43,9	–	43,9	–		–
FSP**	19 Nov 20	2021	2024		Unvested		97,1	–	–	97,1	388,4	9 021,9
FSR*	30 Jun 22	2022	2025		Unvested		26,6	–	–	26,6	106,3	2 471,7
FSR*	30 Jun 22	2022	2026		Unvested		26,6	–	–	26,6	106,3	2 471,7

* *Unvested FSR valued using the FE VWAP of R92,92.*
** *Unvested FSP valued using the FE VWAP of R92,92 and applying expected vesting percentages.*

Remuneration **report** continued

Changes to directors' interests after year end

Acceptance of FSRs in June 2023	FSRs Accepted*	Indicative value#
A E Thunström	**155 366**	**R14 293 672**
B Ntuli	**65 417**	**R6 018 364**

* *The restricted forfeitable shares (FSRs) accepted is a result of the Deferred Incentive portion of the Single Incentive which will vest equally in June 2025 and June 2026.*

Indicative value based on the 30-day Volume Weighted Average Price (VWAP) of R92 on 31 March 2023.

Non-executive directors

NED fees are reviewed annually, and approved changes are effective 1 October. The proposed NED fees (VAT exclusive) per role as from October 2022 are detailed in section B on page 144 of this report.

Below are the actual NED fees (VAT exclusive) for the financial year ended March 2023 based on current committee membership:

Non-executive directors	Fees paid in respect of 2023	Fees paid in respect of 2022
M Lewis	**R1 537 500**	R1 325 000
E Oblowitz	**R1 300 742**	R1 137 908
S E Abrahams	**–**	R235 611
Prof. F Abrahams	**R847 359**	R785 495
R Stein	**R961 891**	R894 265
D Friedland	**R808 830**	R748 800
N V Simamane	**R790 533**	R731 735
B L M Makgabo-Fiskerstrand	**R790 533**	R731 735
G H Davin	**R919 763**	R781 315
A D Murray	**R2 094 196**	R1 972 958
C Coleman	**R716 029**	R681 933

Voting on the Implementation Report

TFG tables its implementation report for a non-binding advisory vote by shareholders at the AGM each year. We look forward to shareholders' support of the implementation of the FY 2023 remuneration policy.

Other **appendices**

“

This report is a concise communication, complemented by further reporting elements and information.

Appendix 1: **Definitions**

Capex	Capital expenditure
Companies Act of South Africa	Companies Act of South Africa, No. 71 of 2008, as amended
Concessions	In addition to their own stand-alone stores, TFG London and TFG Australia have concession arrangements with key department store partners from whom they occupy an agreed floor space area (referred to as "mat") dedicated to their product
Current ratio	Current assets divided by current liabilities
Debt to equity ratio	Net borrowings expressed as a percentage of total equity
Dividend cover	Basic earnings per share divided by dividend declared
Doubtful debt provision as a % of debtors' book	Provision for doubtful debts expressed as a percentage of gross receivables
EBIT	Earnings, excluding acquisition costs, before finance costs and tax
EBITA	Earnings, excluding acquisition costs, before finance costs, tax and amortisation
EBITDA	Earnings, excluding acquisition costs, before finance costs, tax, depreciation and amortisation
EBITDA finance charge cover	EBITDA divided by finance costs
EBITDA margin	EBITDA expressed as a percentage of retail turnover
Finance charge cover	Operating profit before finance costs divided by finance costs
Free cash flow (FCF)	Earnings, excluding acquisition costs, before finance costs and tax plus depreciation and amortisation net of changes in net working capital and capital expenditure
Gross square metres	The total leased store area including stock rooms
Headline earnings	Net income attributable to ordinary shareholders adjusted for the effect, after tax, of exceptional items
Headline earnings – adjusted	Headline earnings adjusted for the impact of acquisition costs incurred
Headline earnings per ordinary share (HEPS)	Headline earnings divided by the weighted average number of shares in issue for the year
Market capitalisation	The market price per share at year-end multiplied by the number of ordinary shares in issue at year-end
Net bad debt as a % of debtors' book	VAT-exclusive bad debts, net of recoveries and including provision movement as percentage of gross receivables
Net bad debt write-off	VAT-inclusive bad debts, net of recoveries and excluding movement in provision
Net bad debt write-off as a % of credit transactions	Net bad debt write-off expressed as a percentage of credit transactions
Net bad debt write-off as a % of debtors' book	Net bad debt write-off expressed as a percentage of gross receivables
Net borrowings	Interest-bearing debt, lease liabilities and non-controlling interest loans reduced by preference share investment (where relevant) and cash
Non-recourse debt	Debt where lenders cannot seek compensation from TFG parent companies, their sponsors or guarantors, and is typically debt raised by our international subsidiaries (TFG London and TFG Australia)
Omnichannel	Describes the integrated multi-channel retailing (e-commerce, online sales, mobile app sales)
Operating margin	Operating profit before finance costs expressed as a percentage of retail turnover
Operating profit	Profit earned from normal business operations
Outlets	TFG London and TFG Australia trade through a combination of stand-alone stores and concession arrangements resulting in their presence being referred to as outlets rather than the traditional stores
Overdue values as a % to debtors' book	Overdue portion of debtors at statement month-end as a percentage of gross receivables
Recourse debt	Amounts owed by TFG companies in Africa (excluding our international subsidiaries TFG London and TFG Australia) where the lenders have the ability to seek compensation from the borrower's parent, sponsor or guarantor
Recourse debt to equity ratio	Recourse debt reduced by preference share investment (where relevant) and cash, expressed as a percentage of total equity
Return on capital employed (ROCE)	Earnings, excluding acquisition costs, before finance costs and tax (EBIT)/ average capital employed
Same store	Stores that traded out of the same trading area for the full current and previous financial years
Tangible net asset value per ordinary share	Total net asset value, after non-controlling interest, excluding goodwill and intangible assets, divided by the net number of ordinary shares in issue at year-end
Total shareholder return (TSR)	The return for a shareholder through the appreciation in TFG's share price plus dividends paid over a specified period
Trading expenses	Costs incurred in the normal course of business including, among others, depreciation, amortisation, employee costs, occupancy costs, net bad debt and other operating costs
VWAP	Volume weighted average price
Weighted CPI	CPI of the major geographical areas that TFG trades in (South Africa, UK and Australia), weighted by their respective geographical turnover contribution percentage

Appendix 2: **10-year statistics**

Years ended	2023	2022	2021	2020	2019[3]	2018[4]	2017	2016	2015	2014
Profitability										
Retail turnover (Rm)	**51 778,1**	43 370,2	32 950,3	35 323,3	34 101,4	28 519,5	23 548,7	21 107.5	16 085,9	14 159,0
Operating profit (loss) before finance charges – continuing operations (Rm)[1]	**5 416,7**	4 871,4	(1 411,4)	4 684,7	4 882,6	4 126,5	3 811,2	3 596,1	2 807,1	2 536,9
Profit (loss) before tax – continuing operations (Rm)	**4 043,2**	4 028,9	(1 712,7)	3 349,3	3 578,1	3 350,5	3 203,8	3 021,2	2 286,6	2 375,1
Profit (loss) attributable to equity holders of The Foschini Group Limited (Rm)	**3 025,8**	2 909,5	(1 861,8)	2 443,8	2 640,1	2 406,9	2 351,4	2 155,6	1 858,0	1 859,6
Adjusted headline earnings (Rm)[2]	**3 123,8**	3 254,8	600,1	2 717,4	2 745,1	2 528,2	2 332,8	2 185,2	1 881,9	1 872,3
Statement of financial position										
Non-current assets (Rm)	**26 238,4**	19 242,9	18 087,9	21 403,4	20 087,5	11 192,7	7 628,5	8 448,9	6 925,3	2 120,5
Current assets (Rm)	**26 865,9**	24 069,8	21 185,6	20 755,3	17 553,6	16 598,9	14 407,5	13 646,2	11 608,1	9 351,2
Assets of disposal group (Rm)	**–**	–	–	–	–	–	–	–	–	5 631,5
Total assets (Rm)	**53 104,3**	43 312,7	39 273,5	42 158,7	37 641,1	27 791,6	22 036,0	22 095,1	18 533,4	17 103,2
Total shareholders' interest (Rm)	**21 652,6**	19 137,9	17 211,0	15 942,6	14 049,1	13 121,5	10 515,3	9 896,7	8 130,9	7 228,6
Non-controlling interest (Rm)	**–**	–	–	–	–	4,5	4,2	4.0	2.7	861.3
Non-current liabilities (Rm)	**14 606,3**	11 426,8	10 067,9	12 447,1	12 877,3	6 278,7	5 350,4	5 973,8	4 491,4	2 016,0
Current liabilities (Rm)	**16 845,3**	12 748,0	11 994,6	13 769,0	10 714,7	8 386,9	6 166,1	6 220,6	5 908,4	3 296,1
Liabilities of disposal group (Rm)	**–**	–	–	–	–	–	–	–	–	3 701,2
Total equity and liabilities (Rm)	**53 104,3**	43 312,7	39 273,5	42 158,7	37 641,1	27 791,6	22 036,0	22 095,1	18 533,4	17 103,2
Cash flow statement										
Cash flows from operating activities – continuing operations (Rm)	**3 115,9**	5811,6	8 184,1	3 954,1	3 987,3	856,5	1 014,2	461,5	(61,7)	128,2
Cash flows from investing activities – continuing operations (Rm)	**(5 081,0)**	(1 703,9)	(1 119,0)	(1 100,9)	(868,4)	(3 796,4)	(870,9)	(1 030,5)	(1 779,6)	(537,5)
Cash flows from financing activities – continuing operations (Rm)	**(33,3)**	(3 080,6)	(5 093,9)	(1 101,5)	(3 293,8)	3 401,0	(46,7)	585,1	2 328,5	339,5
Net increase (decrease) in cash (Rm)	**(1 998,4)**	1 027,1	1 971,2	1 751,7	(174,9)	461,1	96,6	16,1	487,2	(69,8)
Cash at the beginning of the year (Rm)	**5 745,8**	4 843,2	2 969,1	1 111,0	1 206,1	878,5	888,8	800,4	301,3	593,4
Cash at the end of the year – discontinued operations (Rm)	**–**	–	–	–	–	–	–	–	–	(222,4)
Cash held in non-controlling interest (Rm)	**–**	–	–	–	(6,4)	–	–	–	–	–
Effect of exchange rate fluctuations on cash held (Rm)	**347,9**	(124,50)	(97,1)	106,4	86,2	(133,5)	(106,9)	72,3	11,9	0,1
Cash at the end of the year – continuing operations (Rm)	**4 095,30**	5 745,8	4 843,2	2 969,1	1 111,0	1 206,1	878,5	888,8	800,4	301,3

Notes

1. *Operating profit before finance charges excludes the impact of acquisition costs.*
2. *Adjusted headline earnings is calculated to remove the impact of the acquisition costs.*
3. *Financial year ended March 2019 restated as a result of the change in the IFRS 16 accounting policy.*
4. *Financial year ended March 2018 restated as a result of the change in the IFRS 15 accounting policy.*
5. *TFG London's footprint consists mostly of concessions. As concessions by nature change floor space on a continuous basis, the Group does not report on same store turnover growth for this business segment.*
6. *TFG London's footprint consists mostly of concessions. As concessions by nature change floor space on a continuous basis, the Group does not report on floor space for this business segment.*

Appendix 2: **10-year statistics** continued

Years ended	**2023**	2022	2021	2020	2019[3]	2018[4]	2017	2016	2015	2014
Performance measures/ratios										
Turnover growth (%)	**19,4**	31,6	(6,7)	3,6	19,6	21,4	11,6	31,2	13,6	9,8
Same store turnover growth (TFG Africa) (%)[5]	**5,1**	17,8	(10,2)	1,5	5,6	2,2	2,8	5,7	5,5	4,2
Same store turnover growth (TFG Australia) (%)[5]	**12,0**	15,8	2,8	2,8	7,8					
Operating margin – continuing operations (%)	**10,45**	11,1	(2,2)	13,3	14,3	14,5	16,2	17,0	17,5	17,9
Debt to equity ratio – continuing operations (%)	**83,4**	51,5	55,2	106,4	117,8	62,0	65,3	73,5	76,8	36,8
Total liabilities to shareholders' interest (times)	**1,5**	1,3	1,3	1,6	1,7	1,1	1,1	1,2	1,3	1,2
Total liabilities to shareholders' interest – continuing operations (times)	**1,5**	1,3	1,3	1,6	1,7	1,1	1,1	1,2	1,3	0,7
Net retail borrowings (Rm)	**18 066,6**	9 853,0	9 501,4	16 958,3	16 550,2	8 144,5	6 870,7	7 276,9	6 242,2	2 659,1
Current ratio – continuing operations (times)	**1,6**	1,9	1,8	1,5	1,6	2,0	2,3	2,2	2,0	2,8
HEPS – continuing operations[2] (cents)	**968,9**	1 009,0	197,9	1 029,3	1 187,9	1 124,1	1 099,2	1 055,8	897,9	818,7
Change in HEPS from continuing operations (%)	**(40,1)**	409,8	(80,8)	(13,3)	5,7	3,4	4,1	17,6	9,7	4,9
Distribution declared per ordinary share (DPS) (cents)	**320**	500,0	–	335,0	780,0	745,0	720,0	691,0	588,0	536,0
Dividend yield (%)	**3,7**	3,4	–	5,0	4,8	3,3	4,7	4,9	3,3	5,0
Tangible net asset value per ordinary share (cents)	**3 672,0**	3 756,0	3 063,8	2 677,6	2 360,1	2 358,1	2 728,7	2 063,5	1 701,0	3 396,3
Price to earnings ratio at year-end (multiple)	**8,5**	16,0	(20,0)	6,4	14,3	20,9	13,9	13,6	19,9	11,9
Share statistics										
Number of ordinary shares in issue (millions)	**331,0**	331,0	331,0	236,8	236,8	236,8	219,5	215,4	211,0	222,0
Number of ordinary shares on which headline earnings per share is calculated (millions)	**322,4**	322,6	303,2	264,0	231,1	224,9	212,2	207,0	204,3	206,0
Net number of ordinary shares on which net asset value per share is calculated (millions)	**322,4**	325,2	323,4	231,7	231,3	231,3	214,0	209,3	205,4	204,3
Number of shares traded during the year (millions)	**465,0**	403,3	556,8	370,1	315,9	391,8	378,8	285,9	283,8	387,7
Volume traded/number of shares in issue (%)	**140,5**	121,8	168,2	156,3	133,4	165,5	172,6	132,8	134,5	174,6
Closing share price (cents)	**9 095,0**	14 738,0	12 279	6 767	16 300	22 375	15 449	14 144	18 057	10 715
Market capitalisation (Rm)	**29 323,6**	47 928,0	40 646,8	16 021,3	38 591,4	52 974,3	33 912,9	30 459,2	38 101,2	23 787,8
Outlet information										
Number of outlets – TFG	**4 697**	4351,0	4 284	4 083	4 085	4 034	3 328	3 125	2 724	2 111
Number of outlets – TFG Africa	**3 524**	3087,0	2 929	2 577	2 631	2 652	2 589	2 462	2 280	2 111
Number of outlets – TFG London	**589**	688,0	801	972	971	935	739	663	444	
Number of outlets – TFG Australia	**584**	576,0	554	534	483	447				
Floor area (gross square metres) (TFG Africa)[6]	**1 411 315**	1 237 043	1 187 502	811 971	809 505	794 232	767 347	735 367	690 190	646 665
Floor area (gross square metres) (TFG Australia)[6]	**93 332**	83 836,0	82 126	79 861	70 798	57 165				

Notes

1 *Operating profit before finance charges excludes the impact of acquisition costs.*

2 *Adjusted headline earnings is calculated to remove the impact of the acquisition costs.*

3 *Financial year ended March 2019 restated as a result of the change in the IFRS 16 accounting policy.*

4 *Financial year ended March 2018 restated as a result of the change in the IFRS 15 accounting policy.*

5 *TFG London's footprint consists mostly of concessions. As concessions by nature change floor space on a continuous basis, the Group does not report on same store turnover growth for this business segment.*

6 *TFG London's footprint consists mostly of concessions. As concessions by nature change floor space on a continuous basis, the Group does not report on floor space for this business segment.*

Appendix 3: **Share price information**

	2023	2022
Market price per share (cents)		
– year-end	**9 095**	14 738
– highest	**15 013**	16 688
– lowest	**8 527**	11 157
– average	**11 872**	13 438
Number of beneficial shareholdings	**16 286**	14 098
Price to earnings ratio at year-end (multiple)	**8,5**	16,0
Dividend yield (%)	**3,7**	3,4
Number of shares traded during the year (millions)	**465,0**	403,3
Volume traded/number of shares in issue (%)	**140,5**	121,8
Market capitalisation (Rm)	**29 323,6**	47 928,0

Appendix 4: **Exchange rate information**

	2023	2022
Closing US $ conversion rate	**17,80**	14,61
Average US $ conversion rate	**17,00**	14,85
Closing GBP conversion rate	**21,98**	19,19
Average GBP conversion rate	**20,43**	20,27
Closing AUD conversion rate	**11,89**	10,93
Average AUD conversion rate	**11,60**	10,97

Appendix 5: **Shareholdings of the Foschini Group Limited**

ANALYSIS OF SHAREHOLDERS – ORDINARY SHARES

Compiled by JP Morgan Cazenove utilising the company's transfer secretaries' records as at 31 March 2023.

Spread analysis	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
1 – 1 000 shares	12 461	76,5	2 911 371	0,9
1 001 – 10 000 shares	2 700	16,6	7 720 860	2,3
10 001 – 100 000 shares	812	5,0	27 323 301	8,3
100 001 – 1 000 000 shares	265	1,6	79 781 400	24,1
1 000 001 shares and over	48	0,3	213 290 368	64,4
Total	**16 286**	**100,0**	**331 027 300**	**100,0**

DISTRIBUTION OF SHAREHOLDINGS

Category	Number of shares held	% of shares in issue
Pension funds	110 817 902	33,5
Unit trusts	88 822 120	26,8
Mutual fund	29 463 615	8,9
Sovereign wealth	27 561 237	8,3
Private investor	14 965 864	4,5
Insurance companies	11 226 330	3,4
Trading position	10 890 041	3,3
Exchange-traded fund	7 767 723	2,3
Corporate holding	4 216 061	1,3
Medical aid scheme	1 899 091	0,6
Hedge fund	1 535 348	0,5
Custodians	1 026 347	0,3
Local Authority	471 789	0,1
University	447 660	0,1
American Depository Receipts	270 602	0,1
Charity	117 662	–
Foreign government	107 320	–
Other Managed Funds	31 321	–
ESG	24 649	–
Investment Trust	21 150	–
Black Economic Empowerment	11 000	–
Other	19 332 468	5,8
Total	**331 027 300**	**100,0**

Appendix 5: **Shareholdings of the Foschini Group Limited** continued

BENEFICIAL SHAREHOLDINGS GREATER THAN 5%

Beneficial interests – direct and indirect, as per share register and information supplied by nominee companies as at 31 March 2023.

	Holding	% of shares in issue
Government Employees Pension Fund (PIC)	72 437 205	21,9
Total	72 437 205	21,9

INVESTMENT MANAGEMENT SHAREHOLDINGS GREATER THAN 5%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of section 56 of the Companies Act of South Africa, the following shareholders held directly and indirectly equal to or in excess of 5% of the issued share capital as at 31 March 2023:

	Holding	% of shares in issue
Government Employees Pension Fund (PIC)	56 319 471	17,0
M&G Investment Managers (Pty) Ltd	41 436 285	12,5
Total	97 755 756	29,5

SHAREHOLDING SPREAD

	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
Public shareholders	15 953	98,0	246 447 539	74,5
Non-public shareholders	333	2,0	84 579 761	25,5
Government Employees Pension Fund (PIC)	11	0,1	72 437 205	21,9
Foschini Stores (Pty) Ltd	1	–	1 080 599	0,3
Foschini Share Incentive Trust	1	–	1 134 647	0,3
Employees of TFG	308	1,8	6 397 652	1,9
Directors	12	0,1	3 529 658	1,1
Total	16 286	100,0	331 027 300	100,0

GEOGRAPHIC SPLIT OF BENEFICIAL SHAREHOLDERS

Region	Total shareholding	% of shares in issue
South Africa	224 066 993	67,6
USA and Canada	44 866 728	13,6
UK	7 372 018	2,2
Rest of Europe	23 426 040	7,1
Rest of world*	31 295 521	9,5
Total	331 027 300	100,0

* *Represents all shareholdings except those in the above regions.*

ANALYSIS OF SHAREHOLDERS – PREFERENCE SHARES

Beneficial shareholdings greater than 5%

Beneficial interests – direct and indirect, as per share register as at 31 March 2023.

	Holding	% of shares in issue
Linda Lombard	56 944	28,5
Old Sillery (Pty) Ltd	47 100	23,6
Michael Goulding	35 280	17,6
Angus Macdonald	32 335	16,2
Antonio de Magahaes	14 200	7,1
Total	185 859	93,0

SHAREHOLDING SPREAD

	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
Public	16	80,0	28 341	14,2
Linda Lombard	1	5,0	56 944	28,4
Old Sillery (Pty) Ltd	1	5,0	47 100	23,6
Michael Goulding	1	5,0	35 280	17,6
Angus Macdonald	1	5,0	32 335	16,2
Total	20	100,0	200 000	100,0

Appendix 6: **Value-added statement**

	2023 Rm	2023 %	2022 Rm	2022 %
Retail turnover	**51 778,1**		43 370,3	
Paid to suppliers for goods and services	**(36 842,9)**		(30 684,6)	
Value added	**14 935,2**	**100,0**	12 685,7	100,0
Applied as follows:				
Employees				
Remuneration to employees	**9 019,6**	**60,4**	7 366,8	58,1
Providers of capital				
To lenders as finance charges	**793,9**	**5,3**	292,9	2,3
To shareholders as dividends	**1 635,6**	**11,0**	556,0	4,4
Taxation				
Taxation	**1 037,5**	**6,9**	1 255,9	9,9
Reinvested				
Reinvested in the Group to finance future expansion and growth	**2 448,6**	**16,4**	3 214,1	25,3
Employment of value added	**14 935,2**	**100,0**	12 685,7	100,0

Appendix 7: **Our brands**

@home

@home is a premium homeware and furniture omnichannel retailer with a distinct, sophisticated style. They aim to deliver exceptional guest experience through their people and products, both in-store and online.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 25 years plus

Number of outlets
2023: 74 (2022: 77)

@homelivingspace

@homelivingspace is a premium homeware and furniture omnichannel retailer with a distinct, sophisticated style. They aim to deliver exceptional guest experience through their people and products, both in-store and online.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 25 years plus

Number of outlets
2023: 43 (2022: 42)

American Swiss

Fine Jewellers since 1896 creating jewellery that celebrates life's precious moments, with quality at the heart of everything we do.

Business segment
TFG Africa

Income category
Mid to upper market

Target audience
Men and women of all age groups

Number of outlets
2023: 235 (2022: 234)

Number of outlets for TFG London in shared locations not shown separately = 3 (2022: 3).
Bash consolidates 18 of TFG Africa's brands on one online platform.

Archive

Archive services a sneaker-conscious consumer and offers a selection of international brands, with a wide range of best level, limited editions and exclusives.

Business segment
TFG Africa

Income category
Mid to upper market

Target audience
Men and women of all aged 24 to 31

Number of outlets
2023: 34 (2022: 36)

Connor

Connor is one of the fastest growing on-trend menswear brands.

Business segment
TFG Australia

Income category
Value market

Target audience
Men aged 25 to 34

Number of outlets
2023: 184 (2022: 180)

Coricraft

Coricraft is passionate about selling high-quality, lifetime pieces that are comfortable, well priced and timeless in design. They are known and loved for their handcrafted couches, which are at the core of their business. Locally made by our team of skilled artisans, your Coricraft couch can be customised in a carefully curated array of fabrics and leathers, and each piece is meticulously built by hand, from frame to fabric.

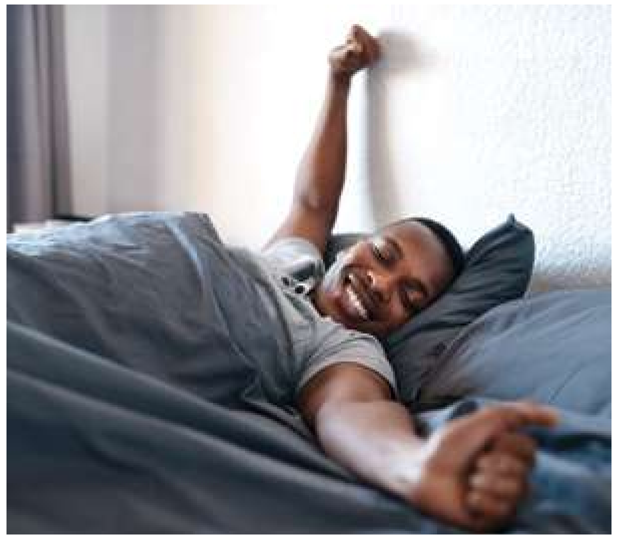
Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 25 years plus

Number of outlets
2023: 45 (2022: –)

Appendix 7: **Our brands** continued



Exact

Exact offers great value everyday essentials and is renowned for its trend-appropriate range of quality, well-priced contemporary fashion for the whole family.

Business segment
TFG Africa

Income category
Value market

Target audience
Families

Number of outlets
2023: 334 (2022: 319)

Dial-a-Bed

Dial-a-Bed is a proudly South African retailer and has a great history of success. Dial-a-Bed have been a business that partners' with reputable manufacturers to offer our customers the best products to help them sleep better.

Business segment
TFG Africa

Income category
Mid to upper market

Target audience
Men and women aged 25 years plus

Number of outlets
2023: 74 (2022: –)

Fabiani

Fabiani is a luxury apparel brand that delivers on exceptional personalised customer experience by offering curated product collections, as well as a world-class store and online environment.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men aged 25 to 40

Number of outlets
2023: 68 (2022: 50)

The FIX

Fast fashion at incredible value, The FIX is the destination for see-now, buy-now, wear-now fashion. Aligned to international fashion trends as they happen, fashion-forward customers look here to get their latest fashion fix.

Business segment
TFG Africa

Income category
Value market

Target audience
Women aged 18 to 25

Number of outlets
2023: 211 (2022: 195)

Galaxy & Co

Discover a universe of fine fashion jewellery trends from Galaxy & Co, to wear your way, your style.

Business segment
TFG Africa

Income category
Value market

Target audience
Women and men aged 18+

Number of outlets
E-commerce only

www.galaxyandco.co.za

Foschini

Foschini offers good value smart, casual, denim, leisurewear, accessories, lingerie, footwear, cosmetics, fine jewellery and kidswear, and is renowned for its fashionable and contemporary clothing in a modern environment.

Business segment
TFG Africa

Income category
Mid market

Target audience
Women and children

Number of outlets
2023: 254 (2022: 270)

Appendix 7: **Our brands** continued

Granny Goose

Top quality, luxury down duvets, pillows and linen manufactured in South Africa.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 25 years plus

Number of outlets
2023: 3 (2022: 3)

G-Star RAW

G-Star RAW offers authentic denimwear and is renowned for its fusion of high-level craftsmanship with street-level edge.

Business segment
TFG Africa

Income category
Upper market

Target audience
Men and women aged 20 to 35

Number of outlets
2023: 29 (2022: 19)

hi

hi is uniquely positioned within retail spaces, to offer inspiration of style and self-expression through tech. They offer a range of connected lifestyle products and are renowned for their must-have mobile technology hardware and related accessories. This includes smartphones, laptops, tablets, TVs, gaming, audio, fitness and smart home accessories, as well as prepaid data and airtime.

Business segment
TFG Africa

Income category
Value to upper market

Target audience
Men and women of all age groups

Number of outlets
2023: 14 (2022: 14)

Hobbs

Hobbs is an emerging global affordable luxury brand with a track record of addressing the wardrobe needs of busy, modern women with a focus on luxurious fabrics and quality craftsmanship.

Business segment
TFG London

Income category
Upper market

Target audience
Women

Number of outlets
2023: 186 (2022: 204)

Jet

Jet was established in 1976 and has since pioneered the retail sector as a value fashion retailer that prides itself in selling value-for-money products across a wide assortment of the latest trends in clothing, shoes, accessories, beauty, homeware and cellular products.

Business segment
TFG Africa

Income category
Value market

Target audience
Families

Number of outlets
2023: 441 (2022: 432)

Jet Home

The latest exciting addition to the Jet Brand, providing good quality homeware products, with curated and home grown designs at exceptional value for money. Jet Home enables people to Love where they live without the expensive price tag.

Business segment
TFG Africa

Income category
Value market

Target audience
Families

Number of outlets
2023: 27 (2022: 11)

Appendix 7: **Our brands** continued

Markham

Markham offers on-trend smart and casual wear, including footwear, accessories and fragrances and is renowned for its youthful, current, vibrant store experience.

Business segment
TFG Africa

Income category
Mid market

Target audience
Men aged 18 to 35

Number of outlets
2023: 365 (2022: 348)

Johnny Bigg

Johnny Bigg is an on-trend and tall menswear brand.

Business segment
TFG Australia

Income category
Mid market

Target audience
Men aged 25 to 34

Number of outlets
2023: 89 (2022: 79)

Phase Eight

Phase Eight offers stylish and contemporary daywear, bridal wear, occasion wear, evening wear, holiday wear and accessories and is renowned for its high-quality fabric used for an impeccable cut and fit.

Business segment
TFG London

Income category
Upper market

Target audience
Women aged 35 to 55

Number of outlets
2023: 266 (2022: 343)

Relay Jeans

Relay Jeans is a South African men's only specialty denim lifestyle brand. The brand is renowned for its youthful, on-trend product and specialist denim store experience.

Business segment
TFG Australia

Income category
Mid market

Target audience
Men aged 18 to 30

Number of outlets
2023: 124 (2022: 93)

Rockwear

Rockwear is a differentiated on-trend women's athleisurewear brand.

Business segment
TFG Australia

Income category
Value market

Target audience
Women aged 25 to 34

Number of outlets
2023: 74 (2022: 70)

RFO

RFO aims to offer the best value fashion for the whole family. They offer a range of footwear and apparel.

Business segment
TFG Africa

Income category
Value market

Target audience
Families

Number of outlets
2023: 58 (2022: 34)

Appendix 7: **Our brands** continued

Sportscene

Sportscene offers sports-inspired streetwear that is trend-relevant. This includes footwear, apparel and accessories.

Business segment
TFG Africa

Income category
Mid to upper market

Target audience
Men and women aged 18 to 25

Number of outlets
2023: 372 (2022: 325)

Sneaker Factory

Sneaker Factory is a value branded sneaker destination constantly offering incredible deals to customers.

Business segment
TFG Africa

Income category
Value market

Target audience
Young families aged 29+

Number of outlets
2023: 125 (2022: 69)

Sterns

Since 1896, Sterns has provided customers with gifting solutions to celebrate important milestones in their lives.

Business segment
TFG Africa

Income category
Mid market

Target audience
Men and women of all age groups

Number of outlets
2023: 188 (2022: 191)

Tarocash

Tarocash is a leading on-trend menswear apparel brand.

Business segment
TFG Australia

Income category
Mid market

Target audience
Men aged 25 to 34

Number of outlets
2023: 111 (2022: 117)

Totalsports

Totalsports offers athletes and sports enthusiasts a broad range of apparel, footwear and equipment from leading sports brands.

Business segment
TFG Africa

Income category
Mid to upper market

Target audience
Men and women of all age groups

Number of outlets
2023: 355 (2022: 318)

The Bed Store

At The Bed Store, you will find the widest range of beds for sale in South Africa. We only stock the best bed brands, so you can be sure that you are getting great quality beds at the best value and affordable prices. Our beds are 100% homegrown, so you know that you are supporting local businesses when you purchase from us.

Business segment
TFG Africa

Income category
Mid market

Target audience
Men and women aged 25 years plus

Number of outlets
2023: 19 (2022: –)

Appendix 7: **Our brands** continued

Whistles

Whistles offers contemporary fashion and is a shopping destination for the busy, dynamic woman, renowned for timeless pieces with an intelligent sense of design.

Business segment
TFG London

Income category
Upper market

Target audience
Women aged 30+

Number of outlets
2023: 134 (2022: 138)

Volpes

Volpes, The Home of Linen, is a proudly South African brand. Throughout the years, we have made it our mission to travel and source quality materials to manufacture great value-for-money products that will please our family of customers. We can pride ourselves on providing you with the widest range of quality bed linen and curtains through constant innovation.

Business segment
TFG Africa

Income category
Mid market

Target audience
Men and women aged 25 years plus

Number of outlets
2023: 50 (2022: –)

yd.

yd. is a leading fashionable younger menswear brand.

Business segment
TFG Australia

Income category
Mid market

Target audience
Men aged 18 to 24

Number of outlets
2023: 126 (2022: 130)

Company information **and shareholders' calendar**

COMPANY INFORMATION

The Foschini Group Limited
Registration number 1937/009504/06
JSE codes: TFG – TFGP
ISIN: ZAE000148466 – ZAE000148516

Registered Office
Stanley Lewis Centre
340 Voortrekker Road
Parow East 7500
South Africa

Head Office
Stanley Lewis Centre
340 Voortrekker Road
Parow East 7500
South Africa
Telephone +27(0) 21 938 1911

Company Secretary
D van Rooyen, BAcc (Hons), CA(SA)
Stanley Lewis Centre
340 Voortrekker Road
Parow East 7500
South Africa
PO Box 6020, Parow East 7501
South Africa

Sponsor
Rand Merchant Bank
(a division of First Rand Bank Limited)
1 Merchant Place
Cnr Fredman Drive & Rivonia Road
Sandton
2196

Auditors
Deloitte & Touche

Attorneys
Edward Nathan Sonnenbergs Inc.
Baker & McKenzie Inc.

Principal Banker
FirstRand Bank Limited

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
South Africa
Telephone +27(0) 11 370 5000

Website
www.tfglimited.co.za

SHAREHOLDERS' CALENDAR

Financial year-end	31 March 2023
Integrated annual report publication date	21 July 2023
Annual general meeting (86th)	7 September 2023
Interim profit announcement (FY 2024)	10 November 2023

Queries regarding the report can be directed to D van Rooyen (Company Secretary) – email company_secretary@tfg.co.za.

16900

www.tfglimited.co.za