

2021

# UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS

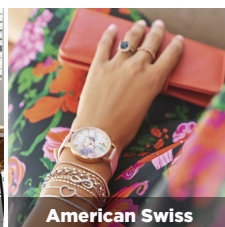
FOR THE HALF-YEAR ENDED  
30 SEPTEMBER 2020



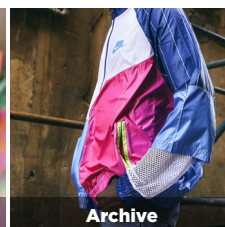
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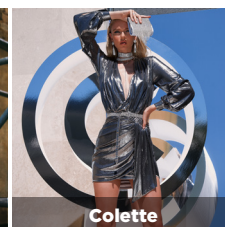
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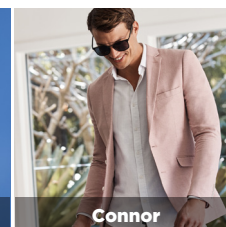
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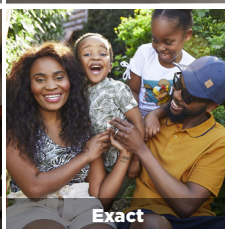
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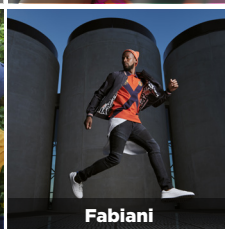
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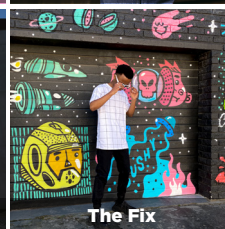
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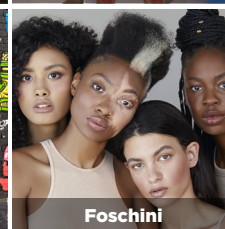
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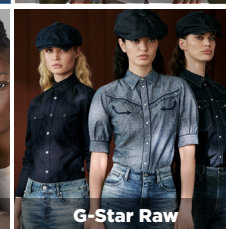
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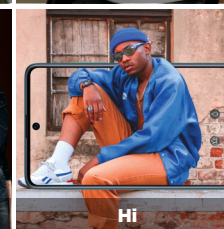
The Fix



Foschini



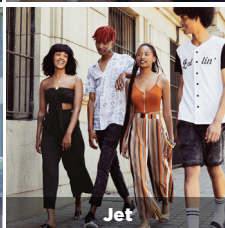
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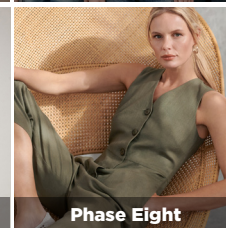
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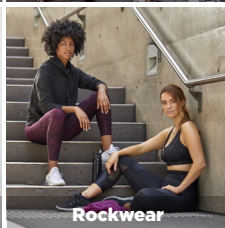
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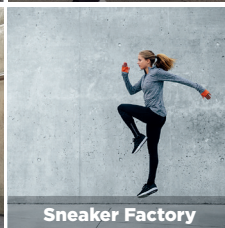
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RFO

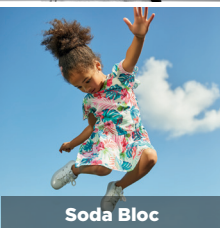


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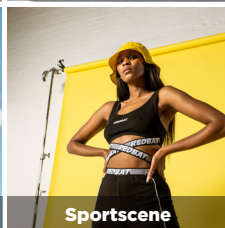


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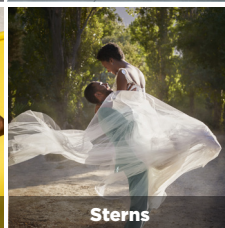
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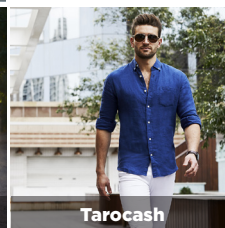
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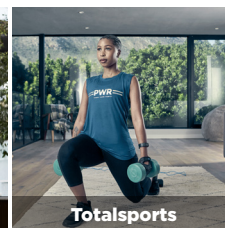
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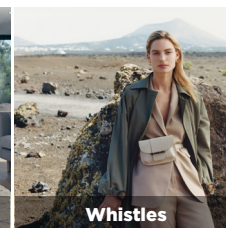
Sterns



Tarocash



Totalsports



Whistles



Yd.

## SALIENT FEATURES

**-25,3%**

### GROUP REVENUE

Group revenue down 25,3% to R13,9 billion

**-117,1%**

### HEADLINE LOSS PER SHARE

Headline loss per share of 91,0 cents down 117,1% (Sept 2019: headline earnings per share of 531,2 cents per share)

**-26,1%**

### GROUP RETAIL TURNOVER

Group retail turnover down 26,1% to R12,5 billion

**-88,0%**

### OPERATING PROFIT

Operating profit before acquisition costs, gain on bargain purchase and finance costs down 88,0% to R279,8 million

**14,4%**

### GROUP ONLINE TURNOVER

Group online turnover now contributes 14,4% to Group retail turnover with strong growth for TFG Africa and TFG Australia at 115,8% (ZAR) and 66,8% (AUD) respectively

**R4,9 billion**

### STRONG CASH GENERATION

Strong cash generation from operations of R4,9 billion (Sept 2019: R4,0 billion)

**45,2%**

### GROSS MARGIN

Gross margin contracted to 45,2% (Sept 2019: 53,2%) mainly as a result of dealing with seasonal inventory where clearances were impacted by the various lockdowns

**11,2%**

### DEBT TO EQUITY

Reduction in net debt from R8,4 billion (March 2020 pre-IFRS 16) to R2,3 billion (Sept 2020 pre-IFRS 16) as a result of the successful R3,8 billion rights issue and strong cash generation. Debt to equity improved to 11,2% (pre-IFRS 16)\*

**-22,8%**

### TRADING EXPENSES

Trading expenses decreased by 22,8% to R5,9 billion (Sept 2019: R7,7 billion)

### INTERIM DIVIDEND

No interim dividend has been declared (Sept 2019: 335,0 cents per share)

**-69,7%**

### BASIC EARNINGS PER SHARE

Basic earnings per share down 69,7% to 161,5 cents per share (Sept 2019: 533,4 cents per share)

### ACQUISITION OF JET BUSINESS

Acquisition of Jet business in South Africa for a purchase consideration of R333,2 million

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

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

# Commentary

## **SUCCESSFUL EXECUTION OF STRATEGIC AND TACTICAL MEASURES SUPPORTS GROUP PERFORMANCE DURING UNPRECEDENTED COVID-19 PANDEMIC**

The first half of financial year 2021 was delivered in unprecedented circumstances. The COVID-19 pandemic was declared a global emergency on 30 January 2020 and the impact of the pandemic has been felt across all our operations since the beginning of March 2020 with significant trading disruptions caused by government-enforced lockdowns and regulations on social distancing in all three of our major operating territories - South Africa, the United Kingdom (UK) and Australia.

As was announced in the Group's trading statement on SENS on 23 October 2020, most of the Group's 4 083 trading outlets across all our major trading territories were closed in the month of April. Further lockdowns have since been announced in certain states of Australia, as well as in the UK and other international markets, which will continue to adversely impact trade performance in these countries well into the second half of the 2020 calendar year.

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

From 1 May, in excess of 2 100 of TFG Africa's outlets reopened, with all 2 577 stores reopened from the 1st week of June. While trade has steadily improved since May, it remains volatile.

In TFG London, the regional store and concession estate gradually reopened during May and June (in the UK from 15 June), albeit with significantly lower than usual levels of footfall. The reopening of our city centre locations was generally held back until October, as footfall in these locations has been consistently weak, with commuter and tourist traffic slow to return, especially in central London. A second national lockdown has been announced in the UK and is expected to last for four weeks from 5 November to 2 December which will have a significant adverse impact on trade performance.

In TFG Australia, the reopening of stores commenced end April and all 534 stores across Australia and New Zealand were reopened by the end of May. A strong improvement in trade - relative to April - was seen in the months of May to July, but overall trade in August and September was again negatively impacted by government restrictions responding to the second wave which resulted in store closures in both New Zealand and Victoria. New Zealand had 17 stores closed for two weeks, however these have subsequently reopened. Victoria had 84 stores closed from 2 August to 28 October. Due to immediate actions taken by management, the business has remained significantly cash positive and has to date not accessed any of its borrowing facilities.

## **FINANCIAL PERFORMANCE**

Against this backdrop, the Group's turnover for the six months ended 30 September 2020 decreased by 26,1% to R12,5 billion. Cash turnover decreased by 23,0% while credit turnover, which was purposely restricted by stringent and reduced acceptance criteria, decreased by 34,7%. Cash turnover now contributes 76,6% to total Group turnover.

Online turnover in TFG Africa and TFG Australia exceeded management's expectation with strong growth of 115,8% (ZAR) in TFG Africa and 66,8% (AUD) in TFG Australia for the six months ended 30 September 2020. In the UK however, online performance continues to be negatively impacted by weaker department store online channels. Online turnover from TFG London's own sites for the six months ended 30 September 2020 increased marginally by 1,6% (GBP) compared to the previous comparable period. For the six months ended 30 September 2020, online turnover contributed 14,4% to total Group turnover, up from an 8,5% contribution in the comparative six month period.

Gross margin for the Group decreased by 8,0% to 45,2% due to increased promotional activity in response to challenging trading conditions, stock provisions and a change in product mix across all three segments. Additional stock provisions were taken in all three of our major operating territories to deal with the impact that the various lockdowns had on the clearance of seasonal product, to ensure that the Group is well positioned going into the second half of the year.

A significant effort from management teams across the three segments, ensured that trading expenses for the six month period ended 30 September 2020, reduced by 22,8% when compared to the same period in the previous financial year. This was achieved through operational discipline and various cost savings initiatives, including business optimisation initiatives in TFG Africa. The Group also benefitted from various government relief measures related to COVID-19.



## Commentary (continued)

Basic earnings per share and headline earnings per share decreased by 69,7% and 117,1% respectively. Earnings performance was impacted by the COVID-19 pandemic and outlet closures as outlined above as well as by the following non-comparable events:

- The dilution impact of the successfully concluded rights offer as announced on SENS on 11 August 2020; and
- The acquisition of certain commercially viable stores and selected assets of Jet in South Africa as announced on SENS on 25 September 2020. The effective date of the acquisition was 25 September 2020 and the inclusion of a purchase gain on acquisition of R694,3 million as well as acquisition costs of R14,3 million has impacted specifically on basic earnings per ordinary share and diluted earnings per ordinary share.

### SEGMENTAL PERFORMANCE

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

Merchandise category	Total turnover decline/growth Q1 April to June 2020	Total turnover decline/growth Q2 July to Sept 2020	Total turnover decline/growth H1 April to Sept 2020	Contribution to TFG Africa turnover for the 6 months to Sept 2020
Clothing	(41,4%)	(9,5%)	(25,7%)	69,1%
Homeware	(25,0%)	4,9%	(10,0%)	8,4%
Cosmetics	(51,5%)	(18,7%)	(34,3%)	4,1%
Jewellery	(70,3%)	(15,1%)	(41,0%)	5,0%
Cellphones	5,1%	29,6%	17,6%	13,4%
<b>Total TFG Africa</b>	<b>(38,4%)</b>	<b>(5,8%)</b>	<b>(22,1%)</b>	<b>100,0%</b>

Cash turnover, contributing 64,5% of the segment's turnover, decreased by 12,9% when compared to the same period in the previous financial year, while credit turnover decreased by 34,7% when compared to the same period in the previous financial year. Product deflation for clothing was 3,5%.

TFG Australia's turnover, contributing 18,5% to Group turnover, decreased by 26,9% (AUD) when compared to the same period in the previous financial year, while TFG London's turnover, contributing 15,5% to Group turnover, decreased by 56,2% (GBP) when compared to the same period in the previous financial year.

The retail turnover decline when compared to the same period in the previous financial year in each of our business divisions was as follows:

Business division	Total turnover decline Q1 April to June 2020	Total turnover decline Q2 July to Sept 2020	Total turnover decline H1 April to Sept 2020	Contribution to Group turnover for the 6 months to Sept 2020
TFG Africa (ZAR)	(38,4%)	(5,8%)	(22,1%)	66,0%
TFG London (GBP)	(68,5%)	(41,9%)	(56,2%)	15,5%
TFG Australia (AUD)	(42,4%)	(12,4%)	(26,9%)	18,5%
<b>Group (ZAR)</b>	<b>(43,0%)</b>	<b>(8,7%)</b>	<b>(26,1%)</b>	<b>100,0%</b>

## Commentary (continued)

Given the strong consumer association of our UK brands with occasion and formal workwear, it is clear that a recovery in demand for their clothing and accessories will be closely linked to the timing of a return to social mixing and in-office attendance. Taking into consideration the recent tightening of COVID-19 controls in the UK and Europe and the announcement of a second national lockdown in the UK, it is increasingly likely that this recovery will be slower than originally anticipated.

Whilst we are very cognisant of the current retail challenges in the UK, we do believe that our UK brands remain very strong within their specific categories and we are in the process of further reviewing our cost base and operating model for TFG London, to ensure that we are well positioned for recovery.

### ACQUISITION OF CERTAIN COMMERCIALLY VIABLE ASSETS OF JET

As was announced on SENS on 25 September 2020, TFG concluded an agreement to acquire certain commercially viable stores and selected assets of Jet in South Africa.

With effect from 25 September 2020, the Group acquired 382 Jet stores in South Africa for a consideration of R333,2 million (being the South African portion of the maximum purchase consideration of R480 million, proportionally adjusted by the percentage by which the actual stock value at the effective date was less than the required minimum stock value).

The initial accounting for the acquisition of Jet has only been provisionally determined at the end of the reporting period and a gain on purchase of R694,3 million has been recognised in profit or loss in the current period. Acquisition costs related to the Jet acquisition of R14,3 million have been expensed in the current period in profit or loss.

The contracts for the acquisition of the Jet stores and assets located within the Republic of Botswana, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of eSwatini have been signed on 23 September 2020, however they remain subject to satisfactory fulfilment or waiver, as the case may be, of conditions precedent including, *inter alia*, approval by regulatory authorities in these jurisdictions. Therefore the purchase price allocation will only be finalised once these transactions have been concluded.

### STORE PORTFOLIO

At 30 September 2020, the Group traded out of 4 345 outlets across 31 countries. This includes the acquisition of 382 Jet stores in South Africa effective 25 September 2020. During the period, 63 outlets were opened and 183 outlets closed, with outlet movement in the respective business segments as follows:

Outlets	TFG Africa	TFG London	TFG Australia	Group
Opening balance at April	2 577	972	534	4 083
New outlets	23	37	3	63
Closed outlets	(33)	(148)	(2)	(183)
<b>Closing balance before Jet acquisition</b>	<b>2 567</b>	<b>861</b>	<b>535</b>	<b>3 963</b>
SA Jet stores acquired	382	-	-	382
<b>Closing balance at 30 Sept 2020</b>	<b>2 949</b>	<b>861</b>	<b>535</b>	<b>4 345</b>

### CREDIT

A restricted credit appetite was maintained for the six month period ended 30 September 2020, with curtailed marketing during the COVID-19 pandemic contributing to a decrease in demand for new accounts of 55,0%. Approval rates have been reduced to less than 10% as a preventative measure. The lack of new accounts and the hard lockdown during the COVID-19 pandemic have resulted in credit sales decreasing by 34,7% compared to the same period in the previous financial year. The retail net debtors' book of R6,8 billion decreased by 9,6% compared to the same period in the previous financial year. The allowance for impairment as percentage of debtors' book increased to 25,0% (Sept 2019: 19,7%) as the allowance includes an assessment for the impact of COVID-19 on expected credit losses.

# Commentary (continued)

## SUCCESSFULLY CONCLUDED RIGHTS OFFER

As was announced on SENS on 11 August 2020, TFG implemented a fully underwritten, renounceable rights offer that raised gross proceeds of R3,95 billion. The rights offer consisted of an offer of 94 270 486 new TFG ordinary shares at a subscription price of R41,90 per rights offer share. The net proceeds raised amounted to R3,8 billion.

## STRONG BALANCE SHEET

The Group generated net cash of R2,3 billion excluding the net proceeds of c.R3,8 billion from the successfully concluded rights offer, and R6,1 billion including the net proceeds from the rights offer. This strong cash generation, especially from operations (i.e. cash generated of R4,9 billion), is a pleasing result and has supported the reduction in net debt from R8,4 billion (pre-IFRS 16) at the end of March 2020 to R2,3 billion (pre-IFRS 16) at the end of September 2020. The Group's debt to equity ratio has improved to 11,2% (pre-IFRS 16) from 52,4% (pre-IFRS 16) at end March 2020\*.

Ongoing focus on working capital management has also resulted in the Group's current ratio improving to 2,0 from 1,5 at year-end, with inventory balances reducing by R973,9 million since year-end and inventory days reducing by a further 2 days to 186 days (excluding the inventory acquired as part of the Jet acquisition).

## PRO FORMA INFORMATION

Pro forma information for net debt pre-IFRS 16 and the debt to equity ratio pre-IFRS 16 were used in this announcement as these are key metrics within the Group's debt reporting. This pro forma information, because of its nature, may not be a fair reflection of the Group's results of operations, financial position, changes in equity or cash flows. There are no events subsequent to the reporting date which require adjustment to the pro forma information.

The pro forma net debt pre-IFRS 16 and debt to equity pre-IFRS 16 numbers were calculated as follows:

	Sept 2020 Rm	Sept 2019 Rm	March 2020 Rm
Total interest-bearing debt	16 092,6	18 152,0	19 927,3
Less: Cash and cash equivalents	(4 760,2)	(1 159,8)	(2 969,1)
<b>Net debt</b>	<b>11 332,4</b>	16 992,2	16 958,2
Less: Lease liabilities	(9 072,9)	(8 495,2)	(8 597,8)
<b>Net debt pre-IFRS 16</b>	<b>2 259,5</b>	8 497,0	8 360,4
<b>Equity</b>	<b>20 263,0</b>	14 153,5	15 942,6
	%	%	%
<b>Debt to equity</b>	<b>55,9</b>	120,1	106,4
<b>Debt to equity pre-IFRS 16</b>	<b>11,2</b>	60,0	52,4

The directors are responsible for compiling the pro forma financial information in accordance with the JSE Limited Listings Requirements and in compliance with the SAICA Guide on Pro Forma Financial Information. The pro forma financial information has not been audited or reviewed by the external auditors. The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies in place for the year ended 31 March 2020.

## SUPERVISORY BOARD UPDATES

During the period, the following changes took place, as was communicated on SENS on 29 July 2020:

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

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

# Commentary (continued)

## OUTLOOK

The outlook for trading conditions remain uncertain as consumer confidence remains under pressure and further lockdowns as a result of the second wave of COVID-19 infections have already been experienced in TFG Australia and are currently being experienced in TFG London.

As previously communicated, the impact of the COVID-19 pandemic on our 2021 financial year is expected to be significant across all territories, the extent of which is difficult to predict with accuracy. Any re-introduction of significant lockdowns and store closures across our three business segments would have a further material and negative impact on our business and results of operations in our 2021 financial year.

We are however confident that the Group is well positioned to take advantage of any economic recovery and that our continued investment in our brands, digital transformation initiatives, e-commerce platforms and vertical quick response supply chain capacity, will continue to benefit the Group.

## RESULTS PRESENTATION WEBCAST

A live webcast of the results presentation will be broadcast at 09:00 am (SAST) on 5 November 2020. A registration link for the webcast is available on the Company's website: <http://www.tfglimited.co.za>.

The interim results presentation will be made available on the Company's website prior to the commencement of the webcast.

## INTERIM ORDINARY DIVIDEND ANNOUNCEMENT

In light of the current subdued economic environment and the heightened levels of uncertainty posed by COVID-19, the Supervisory Board has decided that it would be prudent not to declare an interim ordinary dividend at this period-end (Sept 2019: 335,0 cents per share). Dividends will be resumed when appropriate to do so.

## PREFERENCE DIVIDEND ANNOUNCEMENT

Dividend no. 168 of 3,25% (6,5 cents per share) (gross) in respect of the six months ending 31 March 2021 has been declared from income reserves, payable on Monday, 15 March 2021 to holders of 6,5% preference shares recorded in the books of the company at the close of business on Friday, 12 March 2021. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 9 March 2021. The Foschini Group Limited preference shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 10 March 2021 and the record date, as indicated, will be Friday, 12 March 2021.

Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 10 March 2021 to Friday, 12 March 2021, both dates inclusive.

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

- 1) Local dividend tax rate is 20%;
- 2) The withholding tax, if applicable at the rate of 20%, will result in a net cash dividend per share of 5,20000 cents;
- 3) The issued preference share capital of The Foschini Group Limited is 200 000 shares at 5 November 2020; and
- 4) The Foschini Group Limited's tax reference number is 9925/133/71/3P.

Signed on behalf of the Board.

**M Lewis**  
Chairman

**A E Thunström**  
Chief Executive Officer

Cape Town  
5 November 2020

# Condensed consolidated statement of financial position

	As at 30 Sept 2020 Unaudited Rm	As at 30 Sept 2019 Unaudited Rm	As at 31 March 2020 Audited Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2 847,1	2 842,8	2 937,4
Goodwill and intangible assets	10 612,9	8 551,3	9 738,5
Right-of-use assets	8 004,7	7 545,8	7 499,3
Deferred taxation assets	1 389,1	1 134,6	1 228,2
	22 853,8	20 074,5	21 403,4
<b>Current assets</b>			
Inventory (note 4)	7 457,2	8 011,6	8 431,1
Trade receivables – retail	6 793,1	7 510,4	7 762,4
Other receivables and prepayments	1 227,8	1 376,3	1 490,4
Concession receivables	80,2	153,1	62,7
Cash and cash equivalents	4 760,2	1 159,8	2 969,1
Taxation receivable	59,2	–	39,6
	20 377,7	18 211,2	20 755,3
<b>Total assets</b>	<b>43 231,5</b>	<b>38 285,7</b>	<b>42 158,7</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of The Foschini Group Limited</b>	<b>20 263,0</b>	<b>14 153,5</b>	<b>15 942,6</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing debt	5 618,6	6 051,3	5 480,3
Put option liability	52,9	71,6	54,2
Lease liabilities	5 627,4	5 603,3	5 596,8
Deferred taxation liabilities	1 297,7	928,9	1 087,2
Post-retirement defined benefit plan	237,9	243,1	228,6
	12 834,5	12 898,2	12 447,1
<b>Current liabilities</b>			
Interest-bearing debt	1 401,1	3 605,5	5 849,2
Trade and other payables	5 181,0	4 704,6	4 786,4
Lease liabilities	3 445,5	2 891,9	3 001,0
Taxation payable	106,4	32,0	132,4
	10 134,0	11 234,0	13 769,0
<b>Total liabilities</b>	<b>22 968,5</b>	<b>24 132,2</b>	<b>26 216,1</b>
<b>Total equity and liabilities</b>	<b>43 231,5</b>	<b>38 285,7</b>	<b>42 158,7</b>



# Condensed consolidated income statement

	6 months ended 30 Sept 2020 Unaudited Rm	6 months ended 30 Sept 2019 Unaudited Rm	% change	Year ended 31 March 2020 Audited Rm
<b>Revenue (note 5)</b>	<b>13 861,8</b>	18 567,7		38 476,5
Retail turnover	<b>12 530,0</b>	16 955,2	(26,1)	35 323,3
Cost of turnover	<b>(6 866,0)</b>	(7 928,2)		(16 700,1)
<b>Gross profit</b>	<b>5 664,0</b>	9 027,0		18 623,2
Interest income (note 6)	<b>718,9</b>	930,8		1 759,7
Other income (note 7)	<b>612,9</b>	681,7		1 393,5
Net bad debt	<b>(778,4)</b>	(617,0)		(1 275,5)
Trading expenses (note 8)	<b>(5 937,6)</b>	(7 695,7)		(15 816,2)
<b>Operating profit before acquisition costs, gain on bargain purchase and finance costs</b>	<b>279,8</b>	2 326,8	(88,0)	4 684,7
Acquisition costs (note 17)	<b>(14,3)</b>	-		-
Gain on bargain purchase (note 17)	<b>694,3</b>	-		-
Finance costs (note 9)	<b>(571,0)</b>	(650,5)		(1 335,4)
<b>Profit before tax</b>	<b>388,8</b>	1 676,3		3 349,3
Income tax expense	<b>27,5</b>	(443,4)		(905,5)
<b>Profit for the period</b>	<b>416,3</b>	1 232,9		2 443,8
<b>Profit for the period attributable to:</b>				
Equity holders of The Foschini Group Limited	<b>416,3</b>	1 232,9		2 443,8
<b>Earnings per ordinary share (cents) - (note 11)</b>				
Basic	<b>161,5</b>	533,4	(69,7)	1 056,2
Diluted (basic)	<b>161,0</b>	530,6	(69,7)	1 050,6

# Condensed consolidated statement of comprehensive income

	6 months ended 30 Sept 2020 Unaudited Rm	6 months ended 30 Sept 2019 Unaudited Rm	Year ended 31 March 2020 Audited Rm
<b>Profit for the period</b>	<b>416,3</b>	1 232,9	2 443,8
<b>Other comprehensive income (loss):</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Actuarial gain on post-retirement defined benefit plan	-	-	14,7
Deferred tax on items that will never be reclassified to profit or loss	-	-	(4,1)
<b>Items that are or may be reclassified to profit or loss</b>			
Movement in effective portion of changes in fair value of cash flow hedges	(345,1)	38,0	212,8
Foreign currency translation reserve movements	264,6	(99,9)	1 103,8
Deferred tax on items that are or may be reclassified to profit or loss	101,4	(11,2)	(62,4)
<b>Other comprehensive income (loss) for the period, net of tax</b>	<b>20,9</b>	(73,1)	1 264,8
<b>Total comprehensive income for the period</b>	<b>437,2</b>	1 159,8	3 708,6
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of The Foschini Group Limited	<b>437,2</b>	1 159,8	3 708,6

## Supplementary information

	30 Sept 2020 Unaudited	30 Sept 2019 Unaudited	31 March 2020 Audited
Net number of ordinary shares in issue (millions)	<b>326,2</b>	231,6	231,7
Weighted average number of ordinary shares in issue (millions)	<b>257,8</b>	231,1	231,4

# Condensed consolidated statement of changes in equity

Attributable  
to equity  
holders of  
The Foschini  
Group  
Limited  
Rm

<b>Equity at 31 March 2019 – audited</b>	14 049,1
<b>Total comprehensive income for the period</b>	1 159,8
Profit for the period	1 232,9
<i>Other comprehensive loss</i>	
Movement in effective portion of changes in fair value of cash flow hedges	38,0
Foreign currency translation reserve movements	(99,9)
Deferred tax on movement in other comprehensive loss	(11,2)
Share-based payments reserve movements	47,7
Dividends paid	(1 053,8)
Proceeds from sale of shares in terms of share incentive schemes	170,8
Shares purchased in terms of share incentive schemes	(228,2)
Decrease in the fair value of the put option liability	8,1
<b>Equity at 30 September 2019 – unaudited</b>	14 153,5
<b>Total comprehensive income for the period</b>	2 548,8
Profit for the period	1 210,9
<i>Other comprehensive income</i>	
Actuarial gain on post-retirement defined benefit plan	14,7
Movement in effective portion of changes in fair value of cash flow hedges	174,8
Foreign currency translation reserve movements	1 203,7
Deferred tax on movement in other comprehensive income	(55,3)
Share-based payments reserve movements	28,4
Dividends paid	(785,5)
Proceeds from sale of shares in terms of share incentive schemes	20,2
Shares purchased in terms of share incentive schemes	(14,7)
Increase in the fair value of the put option liability	(8,1)
<b>Equity at 31 March 2020 – audited</b>	<b>15 942,6</b>

# Condensed consolidated statement of changes in equity (continued)

	Attributable to equity holders of The Foschini Group Limited Rm
<b>Equity at 31 March 2020 – audited</b>	<b>15 942,6</b>
<b>Total comprehensive income for the period</b>	<b>437,2</b>
Profit for the period	416,3
<i>Other comprehensive income</i>	
Movement in effective portion of changes in fair value of cash flow hedges	(345,1)
Foreign currency translation reserve movements	264,6
Deferred tax on movement in other comprehensive income	101,4
Share-based payments reserve movements	122,3
Issue of share capital (note 16)	3 808,3
Proceeds from sale of shares in terms of share incentive schemes	0,9
Shares purchased in terms of share incentive schemes	(48,3)
<b>Equity at 30 September 2020 – unaudited</b>	<b>20 263,0</b>

	6 months ended 30 Sept 2020 Unaudited	6 months ended 30 Sept 2019 Unaudited	Year ended 31 March 2020 Audited
<b>Dividend per ordinary share (cents)</b>			
Interim	-	335,0	335,0
Final	-	-	-
<b>Total</b>	<b>-</b>	<b>335,0</b>	<b>335,0</b>

# Condensed consolidated cash flow statement

	6 months ended 30 Sept 2020 Unaudited Rm	6 months ended 30 Sept 2019 Unaudited Rm	Year ended 31 March 2020 Audited Rm
<b>Cash flows from operating activities</b>			
Operating profit before working capital changes (note 10)	2 495,3	4 268,9	8 794,5
Decrease (increase) in working capital	2 390,1	(259,0)	(542,1)
Cash generated from operations	4 885,4	4 009,9	8 252,4
Interest income	46,7	9,4	24,4
Finance costs (note 9)	(571,0)	(650,5)	(1 335,4)
Taxation paid	(31,7)	(696,2)	(1 148,0)
Dividends paid	-	(1 053,8)	(1 839,3)
<b>Net cash inflows from operating activities</b>	<b>4 329,4</b>	<b>1 618,8</b>	<b>3 954,1</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets	(197,4)	(514,3)	(1 119,4)
Proceeds from sale of property, plant and equipment and intangible assets	3,5	28,7	18,5
Business combination acquisition, net of cash acquired (note 17)	(160,8)	-	-
<b>Net cash outflows from investing activities</b>	<b>(354,7)</b>	<b>(485,6)</b>	<b>(1 100,9)</b>
<b>Cash flows from financing activities</b>			
Shares purchased in terms of share incentive schemes	(48,3)	(228,2)	(242,9)
Proceeds from sale of shares in terms of share incentive schemes	0,9	170,8	191,0
(Decrease) increase in interest-bearing debt	(4 284,3)	465,5	1 948,3
Lease liability payments	(1 654,4)	(1 483,5)	(2 997,9)
Net proceeds from rights issue (note 16)	3 808,3	-	-
<b>Net cash outflows from financing activities</b>	<b>(2 177,8)</b>	<b>(1 075,4)</b>	<b>(1 101,5)</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>1 796,9</b>	<b>57,8</b>	<b>1 751,7</b>
Cash and cash equivalents at the beginning of the period	2 969,1	1 111,0	1 111,0
Effect of exchange rate fluctuations on cash held	(5,8)	(9,0)	106,4
<b>Cash and cash equivalents at the end of the period</b>	<b>4 760,2</b>	<b>1 159,8</b>	<b>2 969,1</b>



# Condensed consolidated segmental analysis

6 months ended 30 September 2020	TFG Africa retail** Unaudited Rm	Credit Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	Total Unaudited Rm
External revenue	8 628,9	255,2	1 943,4	2 315,4	13 142,9
External interest income	46,7	672,2	-	-	718,9
Total revenue*	8 675,6	927,4	1 943,4	2 315,4	13 861,8
External finance costs	(262,0)	-	(26,0)	(2,0)	(290,0)
External finance costs on lease liabilities	(197,9)	-	(38,7)	(44,4)	(281,0)
Depreciation and amortisation	(283,1)	-	(86,7)	(60,0)	(429,8)
Depreciation on right-of-use assets	(922,9)	-	(227,8)	(451,6)	(1 602,3)
Impairment of property, plant and equipment	-	-	(13,5)	(18,0)	(31,5)
Group profit before tax					388,8
Segmental profit (loss) before tax	935,8	(90,7)	(502,8)	168,8	511,1
Reconciling items to Group profit before tax					
Share-based payments					(122,3)

6 months ended 30 September 2019	TFG Africa retail Unaudited Rm	Credit Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	Total Unaudited Rm
External revenue	10 995,4	305,9	3 666,3	2 669,3	17 636,9
External interest income	9,4	921,4	-	-	930,8
Total revenue*	11 004,8	1 227,3	3 666,3	2 669,3	18 567,7
External finance costs	(343,3)	-	(15,5)	(5,6)	(364,4)
External finance costs on lease liabilities	(206,3)	-	(38,6)	(41,2)	(286,1)
Depreciation and amortisation	(280,8)	-	(82,7)	(48,3)	(411,8)
Depreciation on right-of-use assets	(931,2)	-	(210,3)	(363,4)	(1 504,9)
Group profit before tax					1 676,3
Segmental profit before tax	970,7	354,7	172,2	226,4	1 724,0
Reconciling items to Group profit before tax					
Share-based payments					(47,7)

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

\*\* The Jet division is included within the TFG Africa retail segment.

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

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

# Notes to the condensed consolidated results

## 1. Basis of preparation

The unaudited interim condensed consolidated results for the half-year ended 30 September 2020 are prepared in accordance with and containing information required by IAS 34 *Interim Financial Reporting*, as well as the SAICA Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and in accordance with the requirements of the Companies Act of South Africa, No. 71 of 2008, as amended (Companies Act). The accounting policies applied in the preparation of these unaudited interim condensed consolidated results are in terms of International Financial Reporting Standards (IFRS) and are consistent with those applied in the previous consolidated annual financial statements except as disclosed in note 2. These results were prepared by the TFG Finance and Advisory department acting under supervision of Bongiwé Ntuli, CFO of The Foschini Group Limited.

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

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

Refer to note 14 for the impact of the adoption of the amendment to IFRS 16.

## 3. These unaudited interim condensed consolidated results incorporate the results of the company, all its subsidiaries and all entities over which it has operational and financial control.

	6 months ended 30 Sept 2020 Unaudited Rm	6 months ended 30 Sept 2019 Unaudited Rm	Year ended 31 March 2020 Audited Rm
<b>4. Inventory</b>			
Inventory at period end	7 457,2	8 011,6	8 431,1
Inventory losses in the period amounted to R122,6 million (Sept 2019: R146,4 million; March 2020: R304,6 million).			
<b>5. Revenue</b>			
Retail turnover	12 530,0	16 955,2	35 323,3
Interest income (note 6)	718,9	930,8	1 759,7
Other income (note 7)	612,9	681,7	1 393,5
	13 861,8	18 567,7	38 476,5
Retail turnover consists of:			
Cash sales*	9 595,6	12 459,9	26 114,7
Credit sales*	2 934,4	4 495,3	9 208,6
	12 530,0	16 955,2	35 323,3
* Retail turnover included in the revenue disclosed under segmental reporting for TFG Africa retail includes both cash and credit sales. For the TFG London and TFG Australia segments, revenue only includes cash sales.			
<b>6. Interest income</b>			
Trade receivables – retail	672,2	921,4	1 735,3
Sundry**	46,7	9,4	24,4
	718,9	930,8	1 759,7
** Sundry primarily relates to bank interest income earned.			
<b>7. Other income</b>			
Value-added services	345,9	368,9	738,8
Collection cost recovery and service fees	255,2	305,9	640,2
Sundry income	11,8	6,9	14,5
	612,9	681,7	1 393,5

# Notes to the condensed consolidated results (continued)

	6 months ended 30 Sept 2020 Unaudited Rm	6 months ended 30 Sept 2019 Unaudited Rm	Year ended 31 March 2020 Audited Rm
<b>8. Trading expenses</b>			
Net occupancy costs <sup>^</sup>	24,9	(321,8)	(685,6)
Occupancy costs (note 14)	(1 910,5)	(2 091,4)	(4 269,8)
Occupancy costs lease reversal	1 935,4	1 769,6	3 584,2
Depreciation on right-of-use assets	(1 602,3)	(1 504,9)	(3 000,1)
Depreciation and amortisation	(429,8)	(411,8)	(828,5)
Employee costs	(2 232,7)	(3 096,3)	(6 311,6)
Other operating costs	(1 697,7)	(2 360,9)	(4 990,4)
	<b>(5 937,6)</b>	<b>(7 695,7)</b>	<b>(15 816,2)</b>
<sup>^</sup> Net occupancy costs include occupancy costs and occupancy costs lease reversal. Occupancy costs refers to costs associated with the rental of property leases. Occupancy costs lease reversal refers to the costs associated with property leases that are accounted for under the IFRS 16 standard.			
<b>9. Finance costs</b>			
Finance costs on lease liabilities	(281,0)	(286,1)	(586,3)
Interest-bearing debt	(290,0)	(364,4)	(749,1)
	<b>(571,0)</b>	<b>(650,5)</b>	<b>(1 335,4)</b>
<b>10. Operating profit before working capital changes</b>			
Profit before tax	388,8	1 676,3	3 349,3
Finance costs (note 9)	571,0	650,5	1 335,4
Operating profit before finance costs	959,8	2 326,8	4 684,7
Interest income – sundry	(46,7)	(9,4)	(24,4)
Non-cash items	1 582,2	1 951,5	4 134,2
Depreciation and amortisation	438,3	411,8	843,0
Depreciation on right-of-use assets	1 602,3	1 504,9	3 000,1
Share-based payments	122,3	47,7	76,1
Post-retirement defined benefit medical aid movement	9,3	9,3	9,5
Employee related provisions	-	-	(2,5)
Foreign currency transactions	6,6	-	(6,3)
Hedge ineffectiveness on cash flow hedges	42,1	-	(42,1)
Put option liability movement	-	-	(34,8)
Loss on disposal of property, plant and equipment and intangible assets	25,6	8,2	68,7
Impairment of property, plant and equipment	31,5	-	55,7
Profit on disposal of property, plant and equipment and intangible assets	(0,1)	(15,8)	(1,4)
Impairment of right-of-use assets	-	-	189,3
Profit on termination of leases	(1,4)	(14,6)	(21,1)
Gain on bargain purchase	(694,3)	-	-
	<b>2 495,3</b>	<b>4 268,9</b>	<b>8 794,5</b>

# Notes to the condensed consolidated results (continued)

	6 months ended 30 Sept 2020 Unaudited Rm	6 months ended 30 Sept 2019 Unaudited Rm	Year ended 31 March 2020 Audited Rm
<b>11. Reconciliation of profit for the period to headline earnings</b>			
Profit for the period attributable to equity holders of The Foschini Group Limited	<b>416,3</b>	1 232,9	2 443,8
Adjusted for:			
Loss on disposal of property, plant and equipment and intangible assets	<b>25,6</b>	8,2	68,7
Impairment of property, plant and equipment	<b>31,5</b>	-	55,7
Profit on disposal of property, plant and equipment and intangible assets	<b>(0,1)</b>	(15,8)	(1,4)
Impairment of right-of-use assets	<b>-</b>	-	189,3
Gain on bargain purchase	<b>(694,3)</b>	-	-
Headline earnings before tax	<b>(221,0)</b>	1 225,3	2 756,1
Tax on headline earnings adjustments	<b>(13,6)</b>	2,6	(38,7)
Headline earnings <sup>^</sup>	<b>(234,6)</b>	1 227,9	2 717,4

	6 months ended 30 Sept 2020 Unaudited	6 months ended 30 Sept 2019 Unaudited	% change	Year ended 31 March 2020 Audited
<b>Earnings per ordinary share (cents)</b>				
Basic	<b>161,5</b>	533,4	(69,7)	1 056,2
Headline <sup>^</sup>	<b>(91,0)</b>	531,2	(117,1)	1 174,4
Diluted (basic)	<b>161,0</b>	530,6	(69,7)	1 050,6
Diluted (headline) <sup>^</sup>	<b>(90,8)</b>	528,5	(117,2)	1 168,2

<sup>^</sup> Prior period headline earnings has been amended as a result of SAICA circular 1/2019.

## 12. Related parties

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

## 13. Changes to directors

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

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



# Notes to the condensed consolidated results (continued)

## 14. Accounting standard amendment adopted in the current period

The International Accounting Standards Board (IASB) issued COVID-19-Related Rent Concessions (amendment to IFRS 16), which became effective from 1 June 2020 with earlier application permitted.

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

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

The practical expedient has been early adopted from 1 April 2020 for rent concessions that satisfy the criteria above. Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration and discount rate, with the adjustment to the lease liability resulting in a decrease in the right-of-use asset. By applying the practical expedient, the Group is not required to reassess the lease liability and the effect of the change to the lease liability is reflected in profit or loss in the period in which the rent concession occurs. The impact on profit or loss amounted to R276,9 million and is accounted for within the occupancy costs line item under trading expenses.

## 15. Impact of COVID-19 on financial results and going concern

For the purposes of the current reporting period ended 30 September 2020, management has assessed COVID-19 and related impacts on the Group's operations.

### Financial performance during the current period:

#### *TFG Africa*

TFG Africa's retail turnover for the period ended 30 September 2020 declined 22,1% compared to the same period in the previous financial year. While trade has improved in line with the easing of lockdown restrictions, it remains volatile. Homeware and cellphones, comprising nearly 21,8% of TFG Africa's retail turnover, have however consistently showed turnover growth since the reopening of stores on 1 May 2020. Online turnover continues to exceed management's expectation with growth in excess of 100%, for the period compared to the same period in the previous financial year.

#### *TFG Africa credit*

A restricted credit appetite was maintained for the period ended 30 September 2020, with curtailed marketing during the COVID-19 pandemic contributing to a decrease in demand for new accounts of 55,0%. Approval rates have been reduced to less than 10% as a preventative measure. The lack of new accounts and the hard lockdown during the COVID-19 pandemic have resulted in credit sales decreasing by 34,7% compared to the same period in the previous financial year. The retail net debtors' book of R6,8 billion decreased by 9,6% compared to the same period in the previous financial year. The allowance for impairment as percentage of debtors' book increased to 25,0% (Sept 2019: 19,7%) as the allowance includes an assessment for the impact of COVID-19 on expected credit losses.

#### *TFG London*

TFG London's Pound Sterling-denominated retail turnover for the period ended 30 September 2020 declined 56,2% compared to the same period in the previous financial year. United Kingdom (UK) stores began to gradually reopen from 15 June following government guidelines. However, at the end of September, nearly all central London stores remained closed given the significantly reduced footfall, which largely relies on tourists and office workers. It remains unclear as to when the majority of our UK consumers will return to working from their offices or attending social events, both of which have a direct bearing on the demand for our UK brands. Online turnover from TFG London's own sites for the period ended 30 September 2020 however increased marginally by 1,6% compared to the same period in the previous financial year.

Whilst the Group are very cognisant of the current retail challenges in the UK, we do believe that our UK brands remain very strong within their specific categories and we are in the process of further reviewing our cost base and operating model for TFG London, to ensure that we are well positioned for recovery.

# Notes to the condensed consolidated results (continued)

## 15. Impact of COVID-19 on financial results and going concern (continued)

### *TFG Australia*

TFG Australia's Australian Dollar-denominated retail turnover for the period ended 30 September 2020 declined 26,9% compared to the same period in the previous financial year. Online turnover growth for the period was strong at 66,8% compared to the same period in the previous financial year.

The reopening of stores commenced end April, and all stores across Australia and New Zealand were reopened by the end of May. Trade in this business segment has continued to be impacted by individual states having different levels of restrictions based on the number of active COVID-19 cases.

During August, government restrictions resulted in store closures in both New Zealand and Victoria. New Zealand had 17 stores closed for two weeks, however these have subsequently reopened. Victoria has had 84 stores closed from 2 August to 28 October.

Due to immediate actions taken by management, the business has remained significantly cash positive and has to date not accessed any of its borrowing facilities.

### **Impact of COVID-19 on trade receivables – retail**

Since the gradual easing of lockdown restrictions, collections from the trade receivables – retail book remained in excess of anticipated levels, but were circa 10% lower compared to the same period in the previous financial year. In response to the increased risk of credit losses resulting from the deteriorating customer payment behaviour, approximately 50% of the customer base as at March 2020 were given either one or two payment holidays in April and May during the most restrictive lockdown period. Additional payment channels were also introduced and customer payments were incentivised.

For the period ended 30 September 2020, the allowance for impairment of the trade receivables – retail book includes an assessment of the potential effects of the COVID-19 pandemic on expected credit losses. Credit losses that could arise from the pandemic itself, as well as other interventions announced by governments such as a lockdown, were considered for this assessment. Payment behaviour up to the reporting date and the anticipated performance for the remainder of the financial year, was also assessed.

### **Impact of COVID-19 on concession receivables**

Concession receivables relate to balances due from stores located in the UK and internationally, where concessions are in place. The provision relating to concessions has taken into account the uncertain environment and forward-looking component available at 30 September 2020.

### **Impact of COVID-19 on leases**

As a result of store closures, the Group communicated with various landlords with request for concessions or reductions in rental arrangements. Rental concessions were agreed where trade had been impacted by store closures due to COVID-19 restrictions. Refer to note 14 for the adoption of the COVID-19-Related Rent Concessions (amendment to IFRS 16) for details on the financial impact.

### **Impact of COVID-19 on inventory**

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

# Notes to the condensed consolidated results (continued)

## 15. Impact of COVID-19 on financial results and going concern (continued)

### Going concern

The going concern assumption is evaluated based on information available up to the date on which the results are approved for issuance by the Supervisory Board. While there is continuing widespread economic uncertainty regarding the extent of the financial impact of COVID-19 on the segments in which the Group operates, the going concern assumption was considered to be appropriate for the preparation of the Group's results for the period ended 30 September 2020 and management is not aware of material uncertainties related to events or circumstances that may cast significant doubt upon the Group's ability to do so. The Group is adapting business as effectively as possible to deal with the dynamic environment within which it operates and continues to make significant progress in respect of cost saving initiatives. The conclusion of the rights offer has insulated the statement of financial position during this time of global economic uncertainty and allowed the Group to further execute on the company's growth strategy and vision for the future.

### Key going concern considerations include:

- **the Group's outlook regarding trading conditions that will persist into the foreseeable future:** trade has exceeded the amounts expected in the cash flow assessment in the range of varied scenarios that was performed, including assumptions regarding a worst case, slower rate of return to normal trading;
- **the Group's debt service and covenants requirements:** the Group has complied with its financial covenants for the reporting period. In light of the anticipated challenging economic environment triggered by COVID-19, management has proactively engaged with the Group's primary lenders to restructure the future debt maturity profile and debt covenants as the Group could have possibly breached its currently agreed debt covenants requirements for the year ending 31 March 2021 as these were agreed in a pre-COVID-19 environment. A relaxation of covenants has been agreed with primary lenders for the March 2021 financial year. The Group currently has adequate available facilities in place of R9,1 billion, as well as available cash of R4,8 billion as at 30 September 2020; and
- **the Group's working capital requirements and access to short-term funding:** the Group is managing its cash resources through rental negotiations, minimising expenditure and capex, cutting back on purchases in line with expected demand and securing government assistance where available. The Group has also accessed government funding, where available, in each of our territories of operation and also continues to prioritise cost savings initiatives across all operations and business optimisation initiatives in TFG Africa.

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

## 16. Rights issue

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

## 17. Business combination – Jet acquisition

Jet is a leading Southern African retailer (by brand recognition and market share) and will provide TFG with a strategically important expansion into the value segment of the Southern African retail apparel market. TFG concluded an agreement to acquire certain commercially viable stores and stock-holding of Jet in South Africa. With effect from 25 September 2020, the Group acquired 382 Jet stores in South Africa for a consideration of R333,2 million.

The initial accounting for the acquisition of Jet has only been provisionally determined at the end of the reporting period. The contracts for the acquisition of the Jet stores and assets located within the Republic of Botswana, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of eSwatini have been signed on 23 September 2020, however they remain subject to satisfactory fulfilment or waiver, as the case may be, of conditions precedent including, *inter alia*, approval by regulatory authorities in these jurisdictions. Therefore the purchase price allocation will only be finalised once these transactions have been concluded.

# Notes to the condensed consolidated results (continued)

## 17. Business combination – Jet acquisition (continued)

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

The provisional at-acquisition values are presented below:

	Rm
<b>Non-current assets</b>	<b>2 187,0</b>
Property, plant and equipment	210,7
Intangible assets	676,3
Right-of-use assets	1 300,0
<b>Current assets</b>	<b>476,3</b>
Inventory	473,5
Cash and cash equivalents	2,8
<b>Non-current liabilities</b>	<b>1 063,1</b>
Lease liabilities	866,7
Deferred taxation liability	196,4
<b>Current liabilities</b>	<b>572,7</b>
Trade and other payables	139,4
Lease liabilities	433,3
<b>Total identifiable net assets at fair value</b>	<b>1 027,5</b>
Gain on bargain purchase arising from acquisition	(694,3)
<b>Purchase consideration</b>	<b>333,2</b>
Satisfied by:	
Cash consideration	163,6
Deferred consideration	169,6
<b>Total consideration</b>	<b>333,2</b>
Cash consideration	163,6
Less: Cash and cash equivalents acquired	(2,8)
<b>Net cash outflow on acquisition</b>	<b>160,8</b>

A gain on bargain purchase of R694,3 million has been recognised in profit or loss in the current period. A gain on bargain purchase occurs when the fair value of net assets of the acquiree exceeds the purchase consideration paid by the acquirer. The gain on bargain purchase arose from a combination of Edcon Limited (the previous owner of the Jet business) being managed under business rescue in terms of the Companies Act and TFG being strategically well placed to absorb the commercially viable parts of the Jet business, to integrate the business successfully and to secure the jobs of approximately 4 800 employees. Acquisition costs related to the Jet acquisition of R14,3 million have been expensed in the current period in profit or loss.

Revenue and profit or loss resulting from the Jet acquisition included in the reporting period is immaterial.

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

## 18. Subsequent events

Further lockdowns have been announced in certain states of Australia, as well as in the UK, which will continue to adversely impact trade performance in these countries well into the second half of the 2020 calendar year.

No further significant events took place between the period ended 30 September 2020 and date of issue of this report.

# Company information

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





TFG is made up of the following retail brands:

@home @homelivingspace AmericanSwiss Archive Colette Connor Donna Duesouth Escapes Exact Fabiani  
The Fix Foschini G-Star Raw hi Hobbs Jet Johnny Bigg Markham myTFGworld Phase Eight Relay Jeans  
RFO Rockwear Sneaker Factory Soda Bloc Sportscene Sterns Tarocash Totalsports Whistles yd.

