The Foschini Group Limited

Unaudited interim condensed consolidated results

for the half-year ended
30 September 2021

WE INSPIRE OUR CUSTOMERS TO
LIVE THEIR BEST LIVES

SALIENT FEATURES

GROUP REVENUE
+47,1%
GROUP REVENUE UP 47,1% TO R20,4 BILLION

HEADLINE EARNINGS
+641,2%
HEADLINE EARNINGS UP 641,2% TO R1,3 BILLION

GROUP RETAIL TURNOVER
+51,8%
GROUP RETAIL TURNOVER UP 51,8% TO R19,0 BILLION

BASIC EARNINGS PER SHARE
+116,3%
BASIC EARNINGS PER SHARE UP 116,3% TO 319,5 CENTS PER SHARE (SEPT 2020: 147,7 CENTS PER SHARE^)

ONLINE RETAIL TURNOVER
+12,5%
ROBUST ONLINE RETAIL TURNOVER GROWTH OF 12,5% ON THE HIGH BASE OF THE PRIOR PERIOD, CONTRIBUTING 10,7% TO TOTAL GROUP RETAIL TURNOVER

HEADLINE EARNINGS PER SHARE
+572,2%
HEADLINE EARNINGS PER SHARE UP 572,2% TO 393,4 CENTS PER SHARE (SEPT 2020: HEADLINE LOSS PER SHARE OF 83,3 CENTS PER SHARE^)

CASH RETAIL TURNOVER
+56,8%
STRONG CASH RETAIL TURNOVER GROWTH OF 56,8%, CONTRIBUTING 79,1% TO TOTAL GROUP RETAIL TURNOVER

CASH GENERATION
R3,9 billion
STRONG CASH GENERATION FROM OPERATIONS OF R3,9 BILLION WITH A NET INCREASE IN CASH AND CASH EQUIVALENTS OF R0,9 BILLION

MARKET SHARE
+4,8%
CONTINUED MARKET SHARE GAINS IN MEN'S AND WOMEN'S CATEGORIES ACCORDING TO THE RETAIL LIAISON COMMITTEE (INCREASE IN MARKET SHARE OF 4,8% FOR H1 FY2022 COMPARED TO H1 FY2021)

NET DEBT*
R0,8 billion
FURTHER REDUCTION IN NET DEBT FROM R1,3 BILLION (MARCH 2021 PRE-IFRS 16)* TO R0,8 BILLION (SEPT 2021 PRE-IFRS 16)*

GROSS PROFIT
+64,0%
GROSS PROFIT UP 64,0% TO R9,3 BILLION

INTERIM DIVIDEND
170,0 cents
RESUMPTION OF DIVIDENDS WITH AN INTERIM DIVIDEND DECLARED OF 170,0 CENTS PER SHARE (SEPT 2020: NO INTERIM DIVIDEND DECLARED)

OPERATING PROFIT
+563,8%
OPERATING PROFIT BEFORE ACQUISITION COSTS AND GAIN ON BARGAIN PURCHASE UP 563,8% TO R1,9 BILLION

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

^ *The earnings per ordinary share figures above have been restated from what was previously reported in order to reflect the impact of the bonus element arising from the rights issue. As required by IAS 33, the basic and diluted weighted average number of shares for the prior corresponding period have been adjusted retrospectively to account for the bonus element arising from the rights issue.*

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

STRONG RECOVERY POST-COVID EVIDENT IN KEY METRICS; PERFORMANCE ENABLED BY INVESTMENT IN STRATEGIC INITIATIVES

The Group delivered a strong performance during the six months ended 30 September 2021 ('current period' or 'H1 FY2022'), recovering from the unprecedented trading conditions in the six months ended 30 September 2020 ('prior period' or 'H1 FY2021') caused by the COVID-19 pandemic. This performance was achieved despite continued disruptions during the current period, including extended lockdowns in Australia and New Zealand; and the civil unrest and resumption of load shedding in South Africa.

Group retail turnover grew by 51,8%, supported by continued market share gains, expansion of our footprint and brand portfolio and further growth in online retail turnover. According to the Retail Liaison Committee, TFG achieved market share gains in South Africa of 4,8% in the Men's and Women's categories for H1 FY2022 compared to H1 FY2021.

This strong trade, along with our continued focus on resetting our cost base, enabled a growth of 641,2% in headline earnings and 572,2% in headline earnings per share.

OPERATING CONTEXT

In South Africa, trading conditions during the current period were impacted by the civil unrest in July 2021, continued record high unemployment – which impacts consumer confidence and spend – and load shedding.

As previously announced on the JSE Stock Exchange News Service (SENS), 198 South African stores were looted and damaged to varying degrees by the civil unrest experienced in the KwaZulu-Natal (KZN) province and parts of the Gauteng province. The Group reopened 145 of these stores by the end of September 2021 with a further 22 stores reopening by December 2021. The remainder of the stores will only reopen from 2022 onwards due to the extensive structural damage caused. The Group estimates that retail turnover in excess of R400 million was lost during the current period as a result of the civil unrest.

As previously announced on SENS, the Group has insurance policies in place and is able to claim for the damages and losses of income as a result of the business interruption. The total SASRIA claim for damages and asset losses is estimated at R613 million and the Group has received two interim payments from SASRIA to date, R200 million during the current period and a further R260 million subsequent to period end. Further insurance payments are expected in the second half of the financial year.

The Group has raised an accrual of R100 million in the current period related to expected insurance recoveries in respect of losses of profit due to the business interruption.

In TFG Australia, further lockdowns and restrictions impacted the business during the current period. Performance was strong in Q1 FY2022, but during Q2 FY2022 an estimated 43,5% of its trade days were lost as State Governments attempted to curb the spread of the COVID-19 Delta variant. In total, TFG Australia lost approximately 25% of its trading hours for the current period. At the end of September 2021 the two significant Australian states, New South Wales and Victoria, as well as New Zealand, were still in lockdown. Both these Australian states have a roadmap to reopen non-essential retail with restrictions once a 70-80% vaccination target has been reached. For New South Wales, stores reopened on 11 October 2021, while for Victoria, stores reopened from 30 October 2021.

The remaining lockdown restrictions in England were relaxed from 19 July 2021 and demand for TFG London products has continued to exceed expectation, an indication that consumer confidence and footfall in the UK retail market is recovering.

FINANCIAL PERFORMANCE

The Group achieved retail turnover of R19,0 billion, enabled by improved performance across all retail turnover drivers.

Cash retail turnover increased by 56,8% compared to the prior period and now contributes 79,1% to total Group retail turnover. Credit retail turnover, purposefully restricted by stringent acceptance criteria in line with prevailing economic conditions, grew by 35,3% over the same period.

Online retail turnover, building on the high base of the prior period, increased by 12,5% and now contributes 10,7% to total Group retail turnover. Our continued strategic focus on technology-led omnichannel retailing supported outlet retail turnover growth of 58,4% over the same period.

Growth in the various merchandise categories was as follows:

Merchandise category	H1 FY2022	H1 FY2022 Contribution to retail turnover
Clothing	**57,1%**	**82,4%**
Homeware	**38,5%**	**5,1%**
Cosmetics	**23,5%**	**2,2%**
Jewellery	**48,8%**	**3,2%**
Cellphones	**22,5%**	**7,1%**
Total Group	**51,8%**	**100,0%**

The Group is encouraged by the recovery in gross profit, which increased by 64,0% to R9,3 billion. This recovery is particularly pleasing, considering the Group's investment in price and the impact of certain global trends which continue to put downward pressure on gross profit margins, including casualisation, shifts in product mix and the significant increase in the cost of transport and logistics.

The focus on cost control and the reduction of our cost base continued during the current period, with tangible savings yielded from our ongoing business optimisation projects. While trading expenses increased by 39,9% compared to the prior period, this was in part due to the base impact of the COVID-19-related rental concessions and various government assistance received in the prior period, as well as the impact in the current period of the acquisition of JET and continued strategic investments in technology and local manufacturing. Trading expenses as a percentage of Group retail turnover improved to 43,7% in the current period from 47,4% in the prior period.

Basic earnings per share and headline earnings per share increased by 116,3% and 572,2% respectively. Earnings performance in the prior period was impacted by the COVID-19 pandemic and related outlet closures, as well as, inter alia, by the non-comparable acquisition of certain commercially viable stores and selected assets of JET in South Africa (effective 25 September 2020) and in Botswana, the Kingdom of Eswatini, Lesotho and Namibia (effective on various dates in December 2020 and January 2021). The inclusion of a bargain purchase gain on acquisition of R694,3 million as well as acquisition costs of R14,3 million in the prior period has impacted specifically on basic earnings per ordinary share and diluted earnings per ordinary share.

FINANCIAL POSITION

The Group continued to strengthen its balance sheet through a further reduction in net debt from R1,3 billion (March 2021 pre-IFRS 16)* to R0,8 billion (Sept 2021 pre-IFRS 16)* and a net increase in cash and cash equivalents of R0,9 billion.

Particularly pleasing is the continued improvement in inventory which increased by only 2,5% compared to the balance as at 31 March 2021.

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

SEGMENTAL PERFORMANCE

All three territories were impacted by external factors during the current period which reduced their available trading hours.

TFG Africa lost c.7% of its trading hours due to load shedding, riots and COVID-19-related store closures while TFG London lost c.9% of its trading hours due to lockdowns and restricted trade. As outlined above, TFG Australia was impacted most, losing c.25% of its trading hours as a result of government-enforced lockdowns.

Despite the lost trading hours, all three segments recovered strongly compared to the prior period with retail turnover growths in the respective segments as follows:

Business segment	H1 FY2022	H1 FY2022 Contribution to Group retail turnover (ZAR)
TFG Africa (ZAR)	59,5%	69,4%
TFG London (GBP)	65,6%	15,3%
TFG Australia (AUD)	39,2%	15,3%
Group (ZAR)	51,8%	100,0%

Both online and outlet channels contributed to the strong recovery in all three territories, with the respective growths and contributions as follows:

Business segment	H1 FY2022 online retail turnover growth	H1 FY2022 online contribution to segment retail turnover	H1 FY2022 outlet retail turnover growth	H1 FY2022 outlet contribution to segment retail turnover
TFG Africa (ZAR)	15,7%	3,0%	61,4%	97,0%
TFG London (GBP)	24,0%	45,1%	128,5%	54,9%
TFG Australia (AUD)	22,4%	11,0%	41,6%	89,0%
Group (ZAR)	12,5%	10,7%	58,4%	89,3%

CREDIT

The new account approval strategy remained conservative for the current period. Approval rates were restricted to c.25%, ensuring that the level of risk remains within management expectations. Marketing initiatives were however resumed in this financial year, increasing demand for new accounts by 55% compared to the prior period. In addition to the negative impact on credit sales as a result of the lockdowns in the prior period, the increase in new accounts approved resulted in a significant improvement in year-on-year credit sales. Year-on-year credit sales reflected growth of 35,3% for the current period.

Despite the improvement in credit sales, robust customer payment behaviour contributed to the retail net debtors' book of R6,5 billion decreasing by 4,8% compared to the prior period. The allowance for impairment as a percentage of the debtors' book improved to 20,0% (Sept 2020: 25,0%) due to the tighter risk criteria maintained for new accounts during the pandemic. Customer payment behaviour has remained healthy and the cash collected for the current period exceeded that of the prior period.

STORE PORTFOLIO

At 30 September 2021, the Group traded out of 4 294 outlets across 25 countries. Expansion of outlets continued during the current period with the opening of 183 outlets, while 173 outlets were closed, which includes 102 concessions in TFG London.

The outlet movement in the respective business segments was as follows:

Outlets	TFG Africa	TFG London	TFG Australia	Group
Opening balance at 1 April 2021	2 929	801	554	4 284
New outlets	125	32	26	183
Closed outlets	(53)	(115)	(5)	(173)
Closing balance at 30 September 2021	3 001	718	575	4 294

SUPERVISORY BOARD UPDATES

As was announced on SENS on 2 July 2021, Samuel Ellis Abrahams retired from TFG's Supervisory Board at the conclusion of the Company's annual general meeting on 2 September 2021 after twenty three years of valued service.

OUTLOOK

Trading conditions and consumer confidence are likely to remain under pressure. The Group, however, continues to demonstrate its resilience and agility and is well positioned to benefit from the continued post-COVID recovery in all territories in which we operate.

We remain committed to the prioritisation of our strategic investments in technology, local sourcing, new stores and brands. We are confident with the strength of our balance sheet which enables us to capitalise on organic and inorganic growth opportunities and we will continue with our strong focus on expense control and capital management.

As always, the second half of the Group's financial year is heavily dependent on Black Friday and Christmas trade, which will largely determine performance for the full year.

PRO FORMA INFORMATION

Pro forma information for net debt pre-IFRS 16 was used in this announcement as this is a key metric 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 numbers were calculated as follows:

	30 Sept 2021 Rm	**31 March 2021 Rm**
Total interest-bearing debt	**14 720,6**	14 344,6
Less: Cash and cash equivalents	**5 743,7**	4 843,2
Net debt	**8 976,9**	9 501,4
Less: Lease liabilities	**8 200,9**	8 186,9
Net debt pre-IFRS 16	**776,0**	1 314,5

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 Company's 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 ending 31 March 2022.

RESULTS PRESENTATION WEBCAST

A live webcast of the interim results presentation will be broadcast at 10:00 am (SAS) on Thursday, 11 November 2021. A registration link for the webcast will be available on the Company's website at www.tfglimited.co.za. The slides for the interim results presentation will be made available on the Company's website prior to the commencement of the webcast. A delayed version of the webcast will be available later on the same day.

INTERIM ORDINARY CASH DIVIDEND DECLARATION

Notice is hereby given that the directors have declared an interim gross cash dividend of 170,0 cents (136,00000 cents net of dividend withholding tax) per ordinary share for the six-month period ended 30 September 2021.

The dividend has been declared from income reserves.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued share capital at the declaration date is 331 027 300 ordinary shares.

The salient dates for the dividend will be as follows:

Publication of declaration data	Thursday, 11 November 2021
Last day of trade to receive a dividend	Tuesday, 4 January 2022
Shares commence trading "ex" dividend	Wednesday, 5 January 2022
Record date	Friday, 7 January 2022
Payment date	Monday, 10 January 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 January 2022 and Friday, 7 January 2022, both days inclusive.

PREFERENCE DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a gross preference dividend (no. 170) of 3,25% or 6,5 cents per share (5,20000 cents net of dividend withholding tax) per preference share for the six-month period ending 31 March 2022.

The dividend has been declared from income reserves.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued share capital at the declaration date is 200 000 preference shares.

The salient dates for the dividend will be as follows:

Publication of declaration data	Thursday, 11 November 2021
Last day of trade to receive a dividend	Tuesday, 8 March 2022
Shares commence trading "ex" dividend	Wednesday, 9 March 2022
Record date	Friday, 11 March 2022
Payment date	Monday, 14 March 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 March 2022 and Friday, 11 March 2022, both days inclusive.

Signed on behalf of the Supervisory Board.

M Lewis
Chairman

A E Thunström
Chief Executive Officer

Cape Town
11 November 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 Sept 2021 Unaudited Rm	As at 30 Sept 2020 Unaudited Rm	As at 31 March 2021 Audited Rm
ASSETS			
Non-current assets			
Property, plant and equipment	**2 792,5**	2 847,1	2 525,0
Goodwill and intangible assets	**7 009,6**	10 612,9	7 301,8
Right-of-use assets	**7 022,6**	8 004,7	6 967,8
Investment	**136,8**	–	123,8
Deferred taxation assets	**1 109,2**	1 389,1	1 169,5
	18 070,7	22 853,8	18 087,9
Current assets			
Inventory (note 4)	**8 538,3**	7 457,2	8 331,5
Trade receivables – retail	**6 464,6**	6 793,1	6 636,9
Other receivables and prepayments	**2 091,9**	1 227,8	1 331,3
Concession receivables	**151,7**	80,2	39,3
Cash and cash equivalents	**5 743,7**	4 760,2	4 843,2
Taxation receivable	**–**	59,2	3,4
	22 990,2	20 377,7	21 185,6
Total assets	**41 060,9**	43 231,5	39 273,5
EQUITY AND LIABILITIES			
Equity attributable to equity holders of The Foschini Group Limited	**18 097,1**	20 263,0	17 211,0
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	**3 873,1**	5 618,6	3 894,6
Put option liability	**45,4**	52,9	45,5
Lease liabilities	**5 110,2**	5 627,4	5 064,6
Deferred taxation liabilities	**864,7**	1 297,7	816,5
Post-retirement defined benefit plan	**249,8**	237,9	246,7
	10 143,2	12 834,5	10 067,9
Current liabilities			
Interest-bearing debt	**2 646,6**	1 401,1	2 263,1
Trade and other payables	**6 806,4**	5 181,0	6 382,3
Lease liabilities	**3 090,7**	3 445,5	3 122,3
Taxation payable	**276,9**	106,4	226,9
	12 820,6	10 134,0	11 994,6
Total liabilities	**22 963,8**	22 968,5	22 062,5
Total equity and liabilities	**41 060,9**	43 231,5	39 273,5

CONDENSED CONSOLIDATED INCOME STATEMENT

	6 months ended 30 Sept 2021 Unaudited Rm	6 months ended 30 Sept 2020 Unaudited Rm	% change	Year ended 31 March 2021 Audited Rm
Revenue (note 5)	**20 390,8**	13 861,8		35 585,8
Retail turnover	**19 022,1**	12 530,0	51,8	32 950,3
Cost of turnover	**(9 732,4)**	(6 866,0)		(17 960,0)
Gross profit	**9 289,7**	5 664,0		14 990,3
Interest income (note 6)	**603,3**	718,9		1 358,4
Other income (note 7)	**765,4**	612,9		1 277,1
Net bad debt	**(496,2)**	(778,4)		(1 222,4)
Trading expenses (note 8)	**(8 304,9)**	(5 937,6)		(14 856,7)
Operating profit before acquisition costs, gain on bargain purchase and impairment of goodwill and brands	**1 857,3**	279,8	563,8	1 546,7
Acquisition costs	**–**	(14,3)		(16,8)
Gain on bargain purchase	**–**	694,3		709,0
Impairment of goodwill and brands	**–**	–		(2 958,1)
Operating profit (loss) before finance costs	**1 857,3**	959,8	93,5	(719,2)
Finance costs (note 9)	**(382,8)**	(571,0)		(993,5)
Profit (loss) before tax	**1 474,5**	388,8		(1 712,7)
Income tax	**(443,0)**	27,5		(149,1)
Profit (loss) for the period	**1 031,5**	416,3		(1 861,8)
Attributable to:				
Equity holders of The Foschini Group Limited	**1 031,5**	416,3		(1 861,8)

	6 months ended 30 Sept 2021 Unaudited	Restated* 6 months ended 30 Sept 2020 Unaudited	% change	Year ended 31 March 2021 Audited
Earnings per ordinary share (cents) – (note 11)				
Basic	**319,5**	147,7	116,3	(614,0)
Diluted (basic)	**318,3**	147,3	116,1	(611,8)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 Sept 2021 Unaudited Rm	6 months ended 30 Sept 2020 Unaudited Rm	Year ended 31 March 2021 Audited Rm
Profit (loss) for the period	**1 031,5**	416,3	(1 861,8)
Other comprehensive income (loss):			
Items that are or may be reclassified to profit or loss			
Movement in effective portion of changes in fair value of cash flow hedges	**206,9**	(345,1)	(402,1)
Foreign currency translation reserve movements	**(112,1)**	264,6	(281,3)
Deferred tax on items that are or may be reclassified to profit or loss	**(60,0)**	101,4	119,0
Other comprehensive income (loss) for the period, net of tax	**34,8**	20,9	(564,4)
Total comprehensive income (loss) for the period	**1 066,3**	437,2	(2 426,2)
Attributable to:			
Equity holders of The Foschini Group Limited	**1 066,3**	437,2	(2 426,2)

SUPPLEMENTARY INFORMATION

	30 Sept 2021 Unaudited	Restated* 30 Sept 2020 Unaudited	31 March 2021 Audited
Net number of ordinary shares in issue (millions)	**322,4**	326,2	323,4
Weighted average number of ordinary shares in issue (millions)	**322,8**	281,8	303,2

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of The Foschini Group Limited Rm
Equity at 31 March 2020 – audited	15 942,6
Total comprehensive income for the period	437,2
Profit for the period	416,3
Other comprehensive income	
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
Share capital issued and share premium raised^	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)
Equity at 30 September 2020 – unaudited	20 263,0
Total comprehensive loss for the period	(2 863,4)
Loss for the period	(2 278,1)
Other comprehensive loss	
Movement in effective portion of changes in fair value of cash flow hedges	(57,0)
Foreign currency translation reserve movements	(545,9)
Deferred tax on movement in other comprehensive loss	17,6
Share-based payments reserve movements	98,1
Proceeds from sale of shares in terms of share incentive schemes	2,0
Shares purchased in terms of share incentive schemes	(288,7)
Equity at 31 March 2021 – audited	**17 211,0**

^ *Net of transaction costs.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
continued

	Attributable to equity holders of The Foschini Group Limited Rm
Equity at 31 March 2021 – audited	17 211,0
Total comprehensive income for the period	1 066,3
Profit for the period	1 031,5
Other comprehensive income	
Movement in effective portion of changes in fair value of cash flow hedges	206,9
Foreign currency translation reserve movements	(112,1)
Deferred tax on movement in other comprehensive income	(60,0)
Share-based payments reserve movements	50,6
Proceeds from sale of shares in terms of share incentive schemes	13,6
Shares purchased in terms of share incentive schemes	(244,4)
Equity at 30 September 2021 – unaudited	18 097,1

	6 months ended 30 Sept 2021 Unaudited	6 months ended 30 Sept 2020 Unaudited	Year ended 31 March 2021 Audited
Dividend per ordinary share (cents)			
Interim	170,0	–	–
Final	–	–	–
Total	170,0	–	–

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30 Sept 2021 Unaudited Rm	6 months ended 30 Sept 2020 Unaudited Rm	Year ended 31 March 2021 Audited Rm
Cash flows from operating activities			
Operating profit before working capital changes (note 10)	**4 147,8**	2 495,3	6 523,7
(Increase) decrease in working capital	**(283,6)**	2 390,1	2 910,5
Cash generated from operations	**3 864,2**	4 885,4	9 434,2
Interest income	**35,3**	46,7	105,2
Finance costs (note 9)	**(382,8)**	(571,0)	(993,5)
Taxation paid	**(336,4)**	(31,7)	(396,6)
Dividends received	**26,4**	–	34,8
Net cash inflows from operating activities	**3 206,7**	4 329,4	8 184,1
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	**(744,8)**	(197,4)	(628,7)
Proceeds from sale of property, plant and equipment and intangible assets	**13,9**	3,5	10,8
Acquisitions during the period, net of cash acquired (note 17)	**(21,7)**	(160,8)	(374,1)
Investment in insurance arrangement	**–**	–	(127,0)
Net cash outflows from investing activities	**(752,6)**	(354,7)	(1 119,0)
Cash flows from financing activities			
Shares purchased in terms of share incentive schemes	**(244,4)**	(48,3)	(337,0)
Proceeds from sale of shares in terms of share incentive schemes	**13,6**	0,9	2,9
Increase (decrease) in interest-bearing debt	**364,7**	(4 284,3)	(5 076,4)
Lease liability payments	**(1 676,1)**	(1 654,4)	(3 491,7)
Net proceeds from rights issue	**–**	3 808,3	3 808,3
Net cash outflows from financing activities	**(1 542,2)**	(2 177,8)	(5 093,9)
Net increase in cash and cash equivalents during the period	**911,9**	1 796,9	1 971,2
Cash and cash equivalents at the beginning of the period	**4 843,2**	2 969,1	2 969,1
Effect of exchange rate fluctuations on cash held	**(11,4)**	(5,8)	(97,1)
Cash and cash equivalents at the end of the period	**5 743,7**	4 760,2	4 843,2

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

6 months ended 30 September 2021	TFG Africa retail Unaudited Rm	Credit Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	Total Unaudited Rm
External revenue	**13 680,1**	**280,5**	**2 906,3**	**2 920,6**	**19 787,5**
External interest income	**35,3**	**568,0**	**–**	**–**	**603,3**
Total revenue*	**13 715,4**	**848,5**	**2 906,3**	**2 920,6**	**20 390,8**
External finance costs	**(100,9)**	**–**	**(35,0)**	**(2,3)**	**(138,2)**
External finance costs on lease liabilities	**(189,1)**	**–**	**(21,7)**	**(33,8)**	**(244,6)**
Depreciation and amortisation	**(314,4)**	**–**	**(43,5)**	**(57,6)**	**(415,5)**
Depreciation on right-of-use assets	**(1 146,6)**	**–**	**(93,1)**	**(417,7)**	**(1 657,4)**
(Impairment) reversal of impairment of property, plant and equipment and intangible assets	**(131,0)**	**–**	**0,5**	**(1,1)**	**(131,6)**
Impairment of right-of-use assets	**–**	**–**	**(20,5)**	**–**	**(20,5)**
Group profit before tax					**1 474,5**
Segmental profit before tax**	**998,7**	**72,0**	**141,2**	**262,6**	**1 474,5**

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)

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

** *The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) before tax represents the profit (loss) before tax earned by each segment. This is the measure reported to the chief operating decision-maker (CODM) for the purpose of resource allocation and segment performance.*

*** *Relates to the TFG Africa – retail and credit segments.*

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

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

** *The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) before tax represents the profit (loss) before tax earned by each segment. This is the measure reported to the chief operating decision-maker (CODM) for the purpose of resource allocation and segment performance.*

The retail turnover merchandise category information per segment is presented in the table below:

6 months ended 30 September 2021	TFG Africa retail Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	Total Unaudited Rm
Clothing	**9 844,9**	**2 906,3**	**2 920,6**	**15 671,8**
Homeware	**964,0**	**–**	**–**	**964,0**
Cosmetics	**419,0**	**–**	**–**	**419,0**
Jewellery	**607,2**	**–**	**–**	**607,2**
Cellphones	**1 360,1**	**–**	**–**	**1 360,1**
Total retail turnover	**13 195,2**	**2 906,3**	**2 920,6**	**19 022,1**

6 months ended 30 September 2020	TFG Africa retail Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	Total Unaudited Rm
Clothing	5 718,1	1 943,4	2 314,8	9 976,3
Homeware	695,8	–	–	695,8
Cosmetics	339,4	–	–	339,4
Jewellery	407,6	–	0,6	408,2
Cellphones	1 110,3	–	–	1 110,3
Total retail turnover	8 271,2	1 943,4	2 315,4	12 530,0

Year ended 31 March 2021	TFG Africa retail Audited Rm	TFG London Audited Rm	TFG Australia Audited Rm	Total Audited Rm
Clothing	16 431,3	4 178,9	5 885,0	26 495,2
Homeware	1 745,6	–	–	1 745,6
Cosmetics	887,4	–	–	887,4
Jewellery	1 194,7	–	0,6	1 195,3
Cellphones	2 626,8	–	–	2 626,8
Total retail turnover	22 885,8	4 178,9	5 885,6	32 950,3

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS continued

The TFG Africa retail and Credit reportable segments earn revenue throughout South Africa and certain Africa countries, as well as online. TFG London operates through retail outlets throughout the United Kingdom (UK) and internationally, as well as online. TFG Australia operates through retail outlets throughout Australia and New Zealand, as well as online.

The geographical information is presented in the table below:

6 months ended 30 September 2021	TFG Africa retail Unaudited Rm	Credit Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	Total Unaudited Rm
Segment revenue					
South Africa	**12 579,7**	**829,0**	**–**	**–**	**13 408,7**
Rest of Africa	**736,6**	**19,5**	**–**	**–**	**756,1**
United Kingdom and Ireland	**–**	**–**	**1 331,6**	**–**	**1 331,6**
Australia	**–**	**–**	**–**	**2 427,3**	**2 427,3**
Rest of the World	**–**	**–**	**263,5**	**172,0**	**435,5**
E-commerce**	**399,1**	**–**	**1 311,2**	**321,3**	**2 031,6**
Total segment revenue*	**13 715,4**	**848,5**	**2 906,3**	**2 920,6**	**20 390,8**
Segment non-current assets					
South Africa					**8 536,6**
Rest of Africa					**324,3**
United Kingdom and Ireland					**2 832,1**
Australia					**4 910,3**
Rest of the World					**221,4**
Total segment non-current assets***					**16 824,7**

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
Segment revenue					
South Africa	7 877,4	906,6	–	–	8 784,0
Rest of Africa	453,3	20,8	–	–	474,1
United Kingdom and Ireland	–	–	513,4	–	513,4
Australia	–	–	2,8	1 918,0	1 920,8
Rest of the World	–	–	256,7	107,7	364,4
E-commerce**	344,9	–	1 170,5	289,7	1 805,1
Total segment revenue*	8 675,6	927,4	1 943,4	2 315,4	13 861,8
Segment non-current assets					
South Africa					8 586,9
Rest of Africa					207,1
United Kingdom and Ireland					6 628,3
Australia					5 680,7
Rest of the World					361,7
Total segment non-current assets***					21 464,7

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

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS continued

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

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

NOTES TO THE CONDENSED CONSOLIDATED RESULTS

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated results for the half-year ended 30 September 2021 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 Bongiwe Ntuli, CFO of The Foschini Group Limited.

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

- COVID-19-Related Rent Concessions beyond 30 June 2021 (amendment to IFRS 16).

Refer to note 15 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 2021 Unaudited Rm	6 months ended 30 Sept 2020 Unaudited Rm	Year ended 31 March 2021 Audited Rm
4. INVENTORY			
Inventory at period end	**8 538,3**	7 457,2	8 331,5
Inventory losses in the current period amounted to R207,5 million (Sept 2020: R122,6 million, March 2021: R291,4 million).			
5. REVENUE			
Retail turnover	**19 022,1**	12 530,0	32 950,3
Interest income (note 6)	**603,3**	718,9	1 358,4
Other income (note 7)	**765,4**	612,9	1 277,1
	20 390,8	13 861,8	35 585,8
Retail turnover consists of:			
Cash sales^	**15 050,5**	9 595,6	25 915,6
Credit sales^	**3 971,6**	2 934,4	7 034,7
	19 022,1	12 530,0	32 950,3
^ *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.*			
Online and stores retail turnover split included in the revenue disclosed under segmental reporting for TFG Africa, TFG London and TFG Australia.			
Retail turnover per merchandise category consists of:^^			
Clothing	**15 671,8**	9 976,3	26 495,2
Homeware	**964,0**	695,8	1 745,6
Cosmetics	**419,0**	339,4	887,4
Jewellery	**607,2**	408,2	1 195,3
Cellphones	**1 360,1**	1 110,3	2 626,8
	19 022,1	12 530,0	32 950,3
^^ *Refer to segmental reporting for the merchandise categories split per segment.*			
6. INTEREST INCOME			
Trade receivables – retail	**568,0**	672,2	1 253,2
Sundry*	**35,3**	46,7	105,2
	603,3	718,9	1 358,4

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

	6 months ended 30 Sept 2021 Unaudited Rm	6 months ended 30 Sept 2020 Unaudited Rm	Year ended 31 March 2021 Audited Rm
7. OTHER INCOME			
Value-added services	**370,4**	345,9	698,7
Collection cost recovery and service fees	**280,5**	255,2	543,9
Sundry income*	**114,5**	11,8	34,5
	765,4	612,9	1 277,1

* *Refer to note 16 for further information relating to the increase in sundry income as a result of the riots.*

	6 months ended 30 Sept 2021 Unaudited Rm	6 months ended 30 Sept 2020 Unaudited Rm	Year ended 31 March 2021 Audited Rm
8. TRADING EXPENSES			
Net occupancy costs^	**(367,0)**	24,9	(127,3)
Occupancy costs	**(2 287,7)**	(1 910,5)	(4 170,8)
Occupancy costs lease reversal	**1 920,7**	1 935,4	4 043,5
Depreciation on right-of-use assets	**(1 657,4)**	(1 602,3)	(3 418,3)
Depreciation and amortisation	**(415,5)**	(429,8)	(857,6)
Employee costs	**(3 261,7)**	(2 232,7)	(5 816,7)
Other operating costs	**(2 603,3)**	(1 697,7)	(4 636,8)
	(8 304,9)	(5 937,6)	(14 856,7)

^ *Net occupancy costs include occupancy costs and occupancy costs lease reversal. Occupancy costs refers to costs associated with the rental of property leases. Occupancy costs lease reversal refers to the costs associated with property leases that are accounted for under the IFRS 16 standard. Included within the occupancy costs line is COVID-19 rent concessions amounting to R11,2 million (Sept 2020: R276,9 million, March 2021: R469,3 million). Refer to note 15 for further details relating to the COVID-19 rent concessions.*

	6 months ended 30 Sept 2021 Unaudited Rm	6 months ended 30 Sept 2020 Unaudited Rm	Year ended 31 March 2021 Audited Rm
9. FINANCE COSTS			
Finance costs on lease liabilities	**(244,6)**	(281,0)	(551,8)
Interest-bearing debt	**(138,2)**	(290,0)	(441,7)
	(382,8)	(571,0)	(993,5)
10. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			
Profit (loss) before tax	**1 474,5**	388,8	(1 712,7)
Finance costs (note 9)	**382,8**	571,0	993,5
Operating profit (loss) before finance costs	**1 857,3**	959,8	(719,2)
Interest income – sundry	**(35,3)**	(46,7)	(105,2)
Dividends received	**(26,4)**	–	(34,8)
Non-cash items	**2 352,2**	1 582,2	7 382,9
Depreciation and amortisation	**424,4**	438,3	874,7
Depreciation on right-of-use assets	**1 657,4**	1 602,3	3 418,3
Share-based payments	**50,6**	122,3	220,4
Post-retirement defined benefit medical aid movement	**3,1**	9,3	18,1
Employee-related provisions	**–**	–	(7,3)
Foreign currency transactions	**5,4**	6,6	12,1
Hedge ineffectiveness on cash flow hedges	**–**	42,1	42,1
Put option liability movement	**–**	–	(4,5)
Fair value adjustment	**(13,0)**	–	3,2
Loss on disposal of property, plant and equipment and intangible assets	**108,8**	25,6	165,8
Impairment of property, plant and equipment and intangible assets	**131,6**	31,5	183,3
Profit on disposal of property, plant and equipment and intangible assets	**(0,1)**	(0,1)	(0,6)
Impairment of right-of-use assets	**20,5**	–	239,5
Impairment of trademarks and brands	**–**	–	1 253,5
Impairment of goodwill	**–**	–	1 704,6
Profit on termination of leases	**(36,5)**	(1,4)	(31,3)
Gain on bargain purchase	**–**	(694,3)	(709,0)
	4 147,8	2 495,3	6 523,7

	6 months ended 30 Sept 2021 Unaudited Rm	6 months ended 30 Sept 2020 Unaudited Rm	Year ended 31 March 2021 Audited Rm

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

	6 months ended 30 Sept 2021 Unaudited Rm	6 months ended 30 Sept 2020 Unaudited Rm	Year ended 31 March 2021 Audited Rm
Profit (loss) for the period attributable to equity holders of The Foschini Group Limited	**1 031,5**	416,3	(1 861,8)
Adjusted for:			
Loss on disposal of property, plant and equipment and intangible assets	**108,8**	25,6	165,8
Impairment of property, plant and equipment and intangible assets	**131,6**	31,5	183,3
Profit on disposal of property, plant and equipment and intangible assets	**(0,1)**	(0,1)	(0,6)
Impairment of right-of-use assets	**20,5**	–	239,5
Impairment of trademarks and brands	**–**	–	1 253,5
Impairment of goodwill	**–**	–	1 704,6
Gain on bargain purchase	**–**	(694,3)	(709,0)
Headline earnings before tax	**1 292,3**	(221,0)	975,3
Tax on headline earnings adjustments	**(22,3)**	(13,6)	(375,2)
Headline earnings	**1 270,0**	(234,6)	600,1

	6 months ended 30 Sept 2021 Unaudited	Restated* 6 months ended 30 Sept 2020 Unaudited	% change	Year ended 31 March 2021 Audited
Earnings per ordinary share (cents)				
Basic	**319,5**	147,7	116,3	(614,0)
Headline	**393,4**	(83,3)	572,2	197,9
Diluted (basic)	**318,3**	147,3	116,1	(611,8)
Diluted (headline)	**391,8**	(83,1)	571,5	197,2

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

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 2021.

13. CHANGES TO DIRECTORS

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

- Samuel Ellis Abrahams retired from TFG's Supervisory Board at the conclusion of the Company's annual general meeting on 2 September 2021.

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

Property, plant and equipment and right-of-use assets are assessed at an individual store level for indicators of impairment. Stores with indicators of impairment are often marginally profitable and loss-making stores that we potentially seek to close by no later than the next lease renewal date. These stores usually are loss making and contribute negatively to the future projected cash flows or are not aligned with our expansion strategy. We continually assess the current store base and do not anticipate that these stores will return to profitability in the future until their respective closures. Certain IT assets were written-off and impaired due to the new digitalisation strategy in TFG Africa. Indefinite life intangible assets and goodwill are tested at each reporting period for impairment. Prior to the testing of the relevant cash-generating units for impairment, the indefinite life brands are individually assessed for impairment. The Group is required to assess the recoverable amount in accordance with IAS 36 *Impairment of assets*. The Group assessed the recoverable amount of goodwill and brands and there is no indication of impairment.

15. ACCOUNTING STANDARD AMENDMENT ADOPTED IN THE CURRENT PERIOD

The International Accounting Standards Board (IASB) issued a COVID-19-Related Rent Concessions beyond 30 June 2021 (amendment to IFRS 16), which extends the practical relief on COVID-19-related rent concessions.

The 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 2022; and
- there is no substantive change to other terms and conditions of the lease.

The practical expedient has been adopted for rent concessions that satisfy the criteria above. Accounting for the rent concessions as lease modifications would have resulted in the 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 R11,2 million (Sept 2020: R276,9 million, March 2021: R469,3 million) and is accounted for within the occupancy costs line item under trading expenses.

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

For the purposes of the current reporting period, ended 30 September 2021, management has assessed COVID-19 and related impacts on the Group's operations.

Judgements and estimates applied in the current financial results

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

Financial performance during the current period:

TFG Africa

TFG Africa's retail turnover increased by 59,5% (ZAR) when compared to the same period in the previous financial year, despite continued disruptions during the current period, including the civil unrest and resumption of load shedding in South Africa. Online retail turnover, increased by 15,7% and now contributes 3,0% to total TFG Africa retail turnover. Outlet retail turnover, increased by 61,4% and now contributes 97,0% to total TFG Africa retail turnover.

TFG Africa credit

Interest rates are at a historical low, which are amongst other factors, as a result of the impact of the COVID-19 pandemic on the macro-economic environment. Interest rates are down 325bps over the past two years, reducing income for the period ended September 2021 by c.R55 million. Net bad debt reduced by 36,3% when compared to the same period in the previous financial year as the smaller retail debtors' book requires a lower total allowance for impairment. The allowance for impairment as a percentage of the debtors' book also reduced due to the conservative new account strategy adopted to mitigate the impact of the pandemic on credit losses. As a result of the pandemic, marketing initiatives were curtailed during the first half of the prior financial year, which once resumed, contributed to the 16,9% increase in credit costs when compared to the same period in the previous financial year.

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

Financial performance during the current period continued

TFG London

The remaining lockdown restrictions in England were relaxed from 19 July 2021 and demand for TFG London products has continued to exceed expectation, an indication that consumer confidence and footfall in the UK retail market is recovering. TFG London's retail turnover increased by 65,6% (GBP) when compared to the same period in the previous financial year. Online retail turnover, increased by 24,0% and now contributes 45,1% to total TFG London retail turnover. Outlet retail turnover, increased by 128,5% and now contributes 54,9% to total TFG London retail turnover.

TFG Australia

In TFG Australia, further lockdowns and restrictions impacted the business during the current period. At the end of September 2021 the two significant Australian states, New South Wales and Victoria, as well as New Zealand, were still in lockdown. For New South Wales, stores reopened on 11 October 2021, while for Victoria, stores reopened from 30 October 2021. TFG Australia's retail turnover increased by 39,2% (AUD) when compared to the same period in the previous financial year, despite the extended lockdowns in Australia and New Zealand. Online retail turnover, increased by 22,4% and now contributes 11,0% to total TFG Australia retail turnover. Outlet retail turnover, increased by 41,6% and now contributes 89,0% to total TFG Australia retail turnover.

Impact of COVID-19 on trade receivables – retail

The latest available data suggests that South Africa has exited the third wave of the COVID-19 pandemic, but that a fourth wave of infections is possible following the festive season. Customer payment behaviour has remained healthy and the cash collected for the period ended 30 September 2021 exceeded the comparative prior period. For the period ended 30 September 2021, due to the uncertainty relating to the impact on credit losses from the pandemic itself, as well as government interventions, an assessment of the potential effects of the COVID-19 pandemic was retained in the allowance for impairment of the trade receivables – retail book.

Impact of COVID-19 on concession receivables

Concession receivables relates to balances due from stores located in the United Kingdom, Australia and internationally, where concessions are in place. The provision relating to concessions has taken into account the uncertain environment and forward-looking component available at 30 September 2021.

Impact of riots in TFG Africa

TFG Africa was impacted by the week of unrest which took place in the KwaZulu-Natal and Gauteng provinces in South Africa during July 2021. The riots resulted in vandalisation and looting of retail stores. 198 retail stores were impacted by the riots, inventory was looted and certain stores were damaged as well as being set on fire. The Group was therefore impacted by inventory losses and property, plant and equipment write-offs for the period ended 30 September 2021. Of the 198 stores confirmed as looted and damaged to varying degrees during the July civil unrest in the KwaZulu-Natal province and parts of the Gauteng province, 145 stores were open and trading by the end of 30 September 2021 with a further 22 stores reopening by December 2021. The remainder of the stores will only reopen from 2022 onwards due to the extensive structural damage caused.

The Group has insurance policies in place and is able to claim for the damages and loss of income as a result of the business interruption. The total SASRIA claim for damages, stock and asset losses is estimated at R613 million and the Group has received its first interim insurance payment of R200 million from SASRIA in the current period, with a further R260 million received subsequent to period end. Further insurance payments are expected in the second half of the financial year. The Group has raised an accrual of R100 million for the period ended 30 September 2021 to recover for the loss of profit due to the business interruption.

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

Financial performance during the current period continued

Impact of COVID-19 on inventory

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 periods. The current season stock has been managed through a significant reduction in purchases in line with expected lower demand. The Group has made provision where it is anticipated that stock will be sold under circumstances which require significant discounting. The total inventory provision amounted to R1,1 billion.

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 2021 and management is not aware of material uncertainties related to events or circumstances that may cast significant doubt upon the Group's ability to do so. The Group continues to adapt the business as effectively as possible to deal with the dynamic environment within which we operate and continues to make significant progress in respect of our ongoing cost saving initiatives. In this regard, key considerations included:

- **the Group's outlook regarding trading conditions that will persist into the foreseeable future:** the Group delivered a strong performance for the period ended 30 September 2021, recovering from the unprecedented trading conditions caused by the COVID-19 pandemic. The Group grew retail turnover by 51,8%, supported by continued market share gains, expansion of our footprint and brand portfolio and further growth in online retail turnover. Trading conditions and consumer confidence are likely to remain under pressure, however the Group continues to demonstrate its resilience and agility and is well positioned to benefit from the continued post-COVID recovery in all territories in which we operate;
- **the Group's debt service and covenants requirements:** the Group has complied with its financial covenants for the reporting period. The Group currently has adequate available unutilised facilities in place of R4,9 billion, as well as available cash of R5,7 billion as at 30 September 2021; and
- **the Group's working capital requirements and access to short-term funding:** the Group continues to manage its cash resources through various working capital initiatives and also continues to prioritise cost saving initiatives across all operations.

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

17. ACQUISITIONS DURING THE PERIOD

During the period, the Group acquired certain manufacturing assets from House of Monatic Proprietary Limited, Trade Call Investments Apparel Proprietary Limited, Radeen Fashions Proprietary Limited and Hanes South Africa Proprietary Limited for a combined consideration of R21,7 million. The acquisitions align with TFG's strategy to increase both local procurement and local jobs within the industry.

18. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

	6 months ended 30 Sept 2021 Unaudited Rm	6 months ended 30 Sept 2020 Unaudited Rm	Year ended 31 March 2021 Audited Rm
Level 2			
Forward exchange contracts – asset	**103,5**	–	–
Forward exchange contracts – liability	**–**	(49,5)	(106,2)
Insurance cell captive receivables	**270,7**	312,0	292,5
Investment in insurance arrangement	**136,8**	–	123,8
Level 3			
Put option liability	**(45,4)**	(52,9)	(45,5)

Measurement of fair values:

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

Forward exchange contracts

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

Insurance cell captive receivables

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

Investment in insurance arrangement

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

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

Put option liability

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

19. SUBSEQUENT EVENTS

The Group acquired Flat Circle, a specialist mobile software development agency with effect from 1 October 2021 for a consideration of R18,4 million to reinforce the development of TFG's upcoming new digital platform and architecture. This will accelerate our digital transformation efforts towards becoming the leading omnichannel retailer in the country. By bringing this capability in-house, this will enable TFG to redefine the customer shopping experience and reshape TFG's omnichannel capabilities.

The Group acquired the iconic brand Granny Goose for a consideration of R13,4 million, effective 1 October 2021. Granny Goose products will be available exclusively to TFG's @home brand giving TFG a competitive advantage in the high quality, premium duvet sector. As part of the acquisition, the Group also acquired Cotton Traders for a consideration of R45,0 million, which is the manufacturing arm of Granny Goose. The acquisitions represent TFG's long-standing commitment to harness innovation and home-grown talent in South Africa as well as support our overall local manufacturing strategy.

The Group has entered into a partnership with TymeBank which will allow an integrated end-to-end service offering into the retail environment, both instore and via digital platforms. TFG currently offers store credit facilities to enable merchandise sales, but this strategic partnership will allow TFG to expand product offerings and make transacting easier to meet customers' changing needs throughout their financial journey. During the course of the second half of the financial year, TFG expects to have 600 kiosks rolled out to stores offering various financial products and services including a TFG/TymeBank branded debit card.

No further significant events took place between the period ended 30 September 2021 and date of issue of this report.

COMPANY INFORMATION

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

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EXACT

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THE FIX

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GRANNY GOOSE

G-STAR RAW

hi

HOBBS
LONDON

Jet

Johnny BIGG
BY TAROCASH

MARKHAM

Phase Eight

RJ RELAY JEANS

RFO
RENEGADE FASHION OUTLET

ROCKWEAR
ACTIVEWEAR SINCE 1991

SNEAKER FACTORY

SODA BLOC

sportscene

STERNS
1896

TAROCASH

TOTALSPORTS

WHISTLES

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