2023

UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER

THE FOSCHINI GROUP LIMITED

Salient features

Record Group revenue up

+12,9%

TO R28,4 BILLION

Operating profit before finance costs up

+0,8%

TO R2,6 BILLION

Group retail turnover up

+12,4%

TO R26,4 BILLION

Headline earnings down

-14,9%

TO R1,3 BILLION

TFG Africa retail turnover up

+17,3%

(11,9% EXCLUDING TAPESTRY*)

Basic earnings per share down

-16,2%

TO 386,8 CENTS PER SHARE
(SEPT 2022: 461,6 CENTS PER SHARE)

Group online retail turnover up

+23,9%

TO R2,6 BILLION, CONTRIBUTING 9,8% TO TOTAL GROUP RETAIL TURNOVER, THE GROWTH LARGELY ATTRIBUTABLE TO STRONG GROWTH IN SOUTH AFRICA

Headline earnings per share down

-15,3%

TO 393,6 CENTS PER SHARE
(SEPT 2022: 464,6 CENTS PER SHARE)

Strong cash retail turnover growth of

+14,6%

CONTRIBUTING 82,0% TO TOTAL GROUP RETAIL TURNOVER

Cash generated from operations of

R4,3 billion

Gross profit up

+7,7%

TO R12,5 BILLION

Interim dividend declared of

150,0 cents per share

(SEPT 2022: 170,0 CENTS PER SHARE)

* *Non-IFRS performance measures – refer to note 21 of the unaudited interim condensed consolidated results for the half year ended 30 September 2023.*

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

Commentary

EFFECTIVE INVENTORY MANAGEMENT AND COST CONTROL ACROSS THE GROUP

The Group delivered a pleasing operational performance during the six months ended 30 September 2023 ('current period' or 'H1'2024') despite tough trading conditions and a comparative high base for the six months ended 30 September 2022 ('prior period' or 'H1'2023').

Performance in the current period was impacted by challenging trading conditions in all three territories, occasioned by rising interest rates, high inflation and, in South Africa specifically, taxi strikes and flooding in the Western Cape, as well as sustained levels of load shedding across all provinces.

Group retail turnover grew by 12,4%, supported by the continued expansion of our footprint and brand portfolio, and further growth in online retail turnover in South Africa.

The strong trade during the current period, along with continued focus on resetting the cost base, enabled growth of 0,8% in operating profit before finance costs. This mitigated the Group's headline earnings per share decline to 15,3% when compared to the prior period (being at the lower end of the expected 15,0% to 25,0% range in our trading statement guidance released on SENS on 5 September 2023).

Operating context

TFG Africa

In TFG Africa our performance showed resilience despite higher unemployment rates, reduced consumer confidence and increased levels of load shedding, which resulted in c. 287 000 lost trading hours during H1'2024.

Retail turnover growth of 17,3% was driven largely by the clothing and homeware merchandise categories, with jewellery and cosmetics lower due to the discretionary nature of these merchandise categories. Excluding Tapestry, which was acquired with effect from 1 August 2022, the segment grew 11.9%* on H1'2023.

As previously announced on SENS on 5 September 2023 in our trading update for the 22 weeks ended 26 August 2023, the increased frequency and extent of load shedding since December 2022 required significant inventory clearance throughout H1'2024, impacting gross margin, but positioning the brands well going into H2'2024.

International operations

TFG London and TFG Australia's performance in the current period is set against an unsustainable prior period due to the buoyant sales experienced in the post COVID-19 trading period. As a result of higher inflation and interest rates, consumers in both Australia and the United Kingdom remain under pressure which has adversely impacted both demand and consumer confidence in their respective core operating markets.

Consequently, and in line with previously communicated expectations, both the TFG London and TFG Australia business segments traded in the current period below prior period retail turnover levels. At a gross margin level, TFG London managed to maintain margins at prior period levels, whereas TFG Australia traded below prior period levels due to additional promotional activity.

Financial performance

The Group achieved record retail turnover of R26,4 billion, which was 12,4% ahead of the prior period, despite tough trading conditions across all three business segments.

Cash retail turnover increased by 14,6% compared to the prior period and now contributes 82,0% to total Group retail turnover. Credit retail turnover grew by 3,5% with credit extension still subject to stringent acceptance criteria.

Online retail turnover increased by 23,9% and now contributes 9,8% to total Group retail turnover. Our continued focus on diversification of brands and omnichannel retailing resulted in outlet retail turnover growth of 11,3% over the same period.

* *Pro forma management account numbers used to calculate an indicative retail turnover growth.*

Growth in each of the merchandise categories was as follows:

Merchandise category	H1'2024 retail turnover growth	H1'2024 contribution to total retail turnover
Clothing	9,5%	81,0%
Homeware	62,8%	9,3%
Cosmetics	4,5%	1,8%
Jewellery	1,8%	2,5%
Cellphones	5,1%	5,4%
Total Group	12,4%	100,0%

The Group increased gross profit by 7,7% to R12,5 billion despite having had to deal with increased inventory purchased for growth in all territories and consequent increased promotional activity. Further, due to the continued consumer pressure, especially in Africa, the Group chose to absorb cost inflation and undertook additional promotional activity to successfully manage inventory and increase market share gains.

The focus on cost control initiatives and the reduction of the cost base continued during the current period, with savings realised across a number of ongoing business optimisation projects. Consequently, trading expenses as a percentage of Group retail turnover improved to 41,9% from 42,3% in the prior period.

Finance costs for the current period increased to R0,9 billion, driven by heightened interest rates in South Africa and the United Kingdom.

Basic earnings per ordinary share and headline earnings per ordinary share decreased by 16,2% and 15,3%, respectively.

An interim dividend of 150,0 cents per share has been declared (Sept 2022: 170,0 cents per share).

Financial position

The Group generated R4,3 billion in cash from operations which was used to fund strategic investments and growth and to pay down interest-bearing debt.

Segmental performance

Retail turnover growth, when compared to the prior period, in each of our business segments in local currency was as follows:

Business segment	H1'2024 growth in retail turnover (LC)	H1'2024 contribution to Group retail turnover (ZAR)
TFG Africa (ZAR)	17,3%	68,5%
TFG London (GBP)	(10,5%)	14,1%
TFG Australia (AUD)	(7,2%)	17,4%
Group (ZAR)	12,4%	100,0%

Segmental retail turnover growth and contributions for our online and outlet channels were as follows:

Business segment	H1'2024 Online retail turnover growth	H1'2024 Online contribution to segment retail turnover	H1'2024 Outlet retail turnover growth	H1'2024 Outlet contribution to segment retail turnover
TFG Africa (ZAR)	**56,5%**	**4,1%**	**16,0%**	**95,9%**
TFG London (GBP)	**(2,8%)**	**40,8%**	**(15,2%)**	**59,2%**
TFG Australia (AUD)	**0,1%**	**7,0%**	**(7,7%)**	**93,0%**
Group (ZAR)	**23,9%**	**9,8%**	**11,3%**	**90,2%**

Credit

The average new account acceptance rates for the current period of 17,4% were stable when compared to the second half of the prior financial year and will remain conservative under the prevailing constrained economic conditions. As a result, credit retail turnover year-on-year growth for H1'2024 was 3,5% compared to 15,8% for H1'2023.

The retail net debtors' book increased by 1,7% from 31 March 2023 to R7,9 billion as at 30 September 2023. The allowance for impairment as a percentage of the debtors' book reduced to 19,3% (March 2023: 20,0%) due to the improvement in the quality of the book.

This position was supported by robust payment behaviour as cash collected for the current period exceeded that of the prior period.

Store portfolio

At 30 September 2023, the Group traded out of 4 805 outlets across 23 countries. Expansion of outlets continued during the current period with the opening of 199 outlets, while 91 outlets were closed, which includes 30 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 2023	**3 524**	**589**	**584**	**4 697**
New outlets	**168**	**12**	**19**	**199**
Closed outlets	**(48)**	**(37)**	**(6)**	**(91)**
Closing balance at 30 September 2023	**3 644**	**564**	**597**	**4 805**

Acquisition of Street Fever

As announced on SENS on 23 January 2023 (and further on 10 May 2023 and 9 June 2023), the Group, through its value athletic and leisure footwear retail brand, Sneaker Factory, acquired Street Fever, an independent retailer of affordable branded footwear and apparel, with effect from 26 April 2023. The integration of the 91 Street Fever outlets into Sneaker Factory has been seamless and this has allowed us to quickly scale our Sneaker Factory business to 219 stores.

Outlook

The Group continues to demonstrate its operating and financial strengths and agility and is well positioned to navigate through tough economic conditions and stretched consumer wallets in all territories in which we operate. Trading conditions and consumer confidence are likely to remain under pressure, exacerbated by the sustained high interest rates and inflation across the three territories and ongoing load shedding in South Africa.

As previously communicated, the Group has, in response to the muted growth environment, adopted a conservative approach to its organic growth plans with less store openings expected in H2 FY2024 when compared to H2 FY2023. The Group will continue to focus on the consolidation of its world class assets to further improve its balance sheet strength and, consequently, the return to shareholders.

Retail turnover in H2 FY2024 is expected to grow on that achieved in H2 FY2023, especially in Q4 FY2024, as it will be against the softer base of Q4 FY2023. Further, gross margins in H2 FY2024 are expected to improve in Africa.

The outlook remains cautious, especially in the UK, with possible further softening in the coming months as many industries battle persistent inflation, higher energy costs and higher interest rates, which may have a negative impact on jobs and consumer confidence. It is expected that customers will continue to seek value, which could drive further promotional activity as the cost of living pressures continue throughout 2023.

We are cautiously optimistic that TFG Australia's consumer will remain resilient.

Consistent with prior years, 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.

Any forecast financial information contained herein has not been reviewed or reported on by the Group's external auditors.

Pro forma financial information

Pro forma management account information for Tapestry is used in this announcement, for illustrative purposes only, to provide an indicative retail turnover growth for TFG Africa excluding the acquired Tapestry business.

Tapestry retail turnover for the period since acquisition on 1 August 2022 to 30 September 2023 was removed as if the acquisition did not take place.

This pro forma financial 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 material events subsequent to the reporting date which require adjustment to the pro forma financial information.

The pro forma management account retail turnover numbers used were:

	6 months ended 30 September 2023 Rm	6 months ended 30 September 2022 Rm	Growth %
TFG Africa retail turnover including Tapestry	**18 092,1**	15 427,2	17,3
Less: Tapestry retail turnover#	**(1 282,3)**	(408,9)	213,6
TFG Africa retail turnover excluding Tapestry	**16 809,8**	15 018,3	11,9

The adjustment is based on management accounts. The Group is satisfied with the quality and completeness of these management accounts which are unaudited.

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 underlying information used in the preparation of the pro forma financial information has been prepared applying consistently the accounting policies in place for the year ended 31 March 2023.

Results presentation webcast

A live webcast of the interim results presentation will be broadcast at 10:00 am (SAST) on Friday, 10 November 2023. 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 150,0 cents (120,00000 cents net of dividend withholding tax) per ordinary share for the six-month period ended 30 September 2023.

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 ordinary 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	Friday, 10 November 2023
Last day of trade to receive a dividend	Tuesday, 2 January 2024
Shares commence trading "ex" dividend	Wednesday, 3 January 2024
Record date	Friday, 5 January 2024
Payment date	Monday, 8 January 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 3 January 2024 and Friday, 5 January 2024, both days inclusive.

Preference cash dividend declaration

Notice is hereby given that the directors have declared a gross preference dividend (no. 174) 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 2024.

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 preference 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	Friday, 10 November 2023
Last day of trade to receive a dividend	Tuesday, 5 March 2024
Shares commence trading "ex" dividend	Wednesday, 6 March 2024
Record date	Friday, 8 March 2024
Payment date	Monday, 11 March 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 March 2024 and Friday, 8 March 2024, both days inclusive.

Signed on behalf of the Supervisory Board.

M Lewis
Chairman

A E Thunström
Chief Executive Officer

Cape Town
10 November 2023

Condensed consolidated statement of financial position

	As at 30 Sept 2023 Unaudited Rm	*Restated As at 30 Sept 2022 Unaudited Rm	*Restated As at 31 March 2023 Unaudited Rm
ASSETS			
Non-current assets			
Property, plant and equipment	**5 570,4**	3 797,1	5 184,6
Goodwill and intangible assets	**10 211,1**	9 497,9	9 813,4
Right-of-use assets	**10 225,4**	8 614,1	9 751,4
Investments	**159,4**	168,5	143,7
Insurance contract assets	**294,8**	269,6	230,6
Deferred taxation assets	**1 307,8**	1 328,9	1 345,3
	27 768,9	23 676,1	26 469,0
Current assets			
Inventory (note 4)	**12 758,9**	12 092,5	13 074,0
Trade receivables - retail	**7 876,3**	7 141,9	7 745,5
Other receivables and prepayments	**1 128,5**	1 991,7	1 469,4
Concession receivables	**229,6**	220,9	236,7
Cash and cash equivalents	**2 867,9**	5 313,4	4 095,2
Taxation receivable	**110,4**	23,5	14,3
	24 971,6	26 783,9	26 635,1
Total assets	**52 740,5**	50 460,0	53 104,1
EQUITY AND LIABILITIES			
Equity attributable to equity holders of The Foschini Group Limited	**22 748,2**	20 231,5	21 652,5
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	**7 410,8**	4 450,0	5 990,0
Put option liability	**–**	34,4	43,5
Lease liabilities	**7 512,1**	6 251,1	7 266,5
Deferred taxation liabilities	**1 106,4**	1 075,1	1 073,3
Post-retirement defined benefit plan	**239,3**	221,1	233,0
	16 268,6	12 031,7	14 606,3
Current liabilities			
Interest-bearing debt	**3 218,9**	7 717,4	5 230,3
Trade and other payables	**6 439,4**	6 870,8	7 799,2
Lease liabilities	**3 902,6**	3 465,4	3 675,0
Taxation payable	**162,8**	143,2	140,8
	13 723,7	18 196,8	16 845,3
Total liabilities	**29 992,3**	30 228,5	31 451,6
Total equity and liabilities	**52 740,5**	50 460,0	53 104,1

* *Refer to note 18 and 19.*

Condensed consolidated income statement

	6 months ended 30 Sept 2023 Unaudited Rm	*Restated 6 months ended 30 Sept 2022 Unaudited Rm	% change	*Restated Year ended 31 March 2023 Unaudited Rm
Revenue (note 5)	**28 395,0**	25 155,3		55 272,9
Retail turnover	**26 410,9**	23 494,5	12,4%	51 778,1
Cost of turnover	**(13 926,2)**	(11 902,9)		(26 959,6)
Gross profit	**12 484,7**	11 591,6	7,7%	24 818,5
Interest income (note 6)	**1 032,5**	760,1		1 673,8
Insurance revenue	**145,5**	130,0		266,2
Other income (note 7)	**806,1**	770,7		1 554,8
Net bad debt	**(667,7)**	(622,5)		(1 351,1)
Insurance service expense	**(81,3)**	(75,0)		(151,6)
Trading expenses (note 8)	**(11 068,0)**	(9 935,7)		(21 393,9)
Operating profit before acquisition costs	**2 651,8**	2 619,2	1,2 %	5 416,7
Acquisition costs	**–**	(5,5)		(5,6)
Gain on bargain purchase (note 16)	**4,5**	–		–
Impairment of goodwill (note 16)	**(22,9)**	–		–
Operating profit before finance costs	**2 633,4**	2 613,7	0,8 %	5 411,1
Finance costs (note 9)	**(890,9)**	(540,7)		(1 367,8)
Profit before tax	**1 742,5**	2 073,0	(15,9%)	4 043,3
Income tax expense	**(490,3)**	(584,6)		(1 017,5)
Profit for the period	**1 252,2**	1 488,4	(15,9%)	3 025,8
Attributable to:				
Equity holders of The Foschini Group Limited	**1 252,2**	1 488,4		3 025,8

* *Refer to note 19.*

	6 months ended 30 Sept 2023 Unaudited	6 months ended 30 Sept 2022 Unaudited	% change	Year ended 31 March 2023 Unaudited
Earnings per ordinary share (cents) – (note 11)				
Basic	**386,8**	461,6	(16,2%)	938,5
Diluted (basic)	**384,0**	458,0	(16,2%)	930,2

Condensed consolidated statement of comprehensive income

	6 months ended 30 Sept 2023 Unaudited Rm	6 months ended 30 Sept 2022 Unaudited Rm	Year ended 31 March 2023 Unaudited Rm
Profit for the period	**1 252,2**	1 488,4	3 025,8
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Movement in effective portion of changes in fair value of cash flow hedges	**(15,1)**	280,8	330,1
Foreign currency translation reserve movements	**246,9**	453,0	746,8
Deferred tax on items that are or may be reclassified to profit or loss	**4,0**	(77,1)	(96,5)
Other comprehensive income for the period, net of tax	**235,8**	656,7	980,4
Total comprehensive income for the period	**1 488,0**	2 145,1	4 006,2
Attributable to:			
Equity holders of The Foschini Group Limited	**1 488,0**	2 145,1	4 006,2

Supplementary information

	6 months ended 30 Sept 2023 Unaudited	6 months ended 30 Sept 2022 Unaudited	Year ended 31 March 2023 Audited
Net number of ordinary shares in issue (millions)	**324,9**	322,3	322,4
Weighted average number of ordinary shares in issue (millions)	**323,7**	322,5	322,4

Condensed consolidated statement of changes in equity

	Attributable to equity holders of The Foschini Group Limited Rm
Equity at 31 March 2022 – unaudited	19 137,9
Total comprehensive income for the period	2 145,1
Profit for the period	1 488,4
Other comprehensive income	
Movement in effective portion of changes in fair value of cash flow hedges	280,8
Foreign currency translation reserve movements	453,0
Deferred tax on movement in other comprehensive income	(77,1)
Share-based payments reserve movements	110,2
Dividends paid	(1 083,3)
Shares purchased in terms of share incentive schemes	(78,4)
Equity at 30 September 2022 – unaudited	20 231,5
Total comprehensive income for the period	1 861,1
Profit for the period	1 537,4
Other comprehensive income	
Movement in effective portion of changes in fair value of cash flow hedges	49,3
Foreign currency translation reserve movements	293,8
Deferred tax on movement in other comprehensive income	(19,4)
Share-based payments reserve movements	107,7
Dividends paid	(552,3)
Proceeds from sale of shares in terms of share incentive schemes	13,1
Shares purchased in terms of share incentive schemes	(8,6)
Equity at 31 March 2023 – unaudited	**21 652,5**
Total comprehensive income for the period	**1 488,0**
Profit for the period	**1 252,2**
Other comprehensive income	
Movement in effective portion of changes in fair value of cash flow hedges	**(15,1)**
Foreign currency translation reserve movements	**246,9**
Deferred tax on movement in other comprehensive income	**4,0**
Share-based payments reserve movements	**104,3**
Dividends paid	**(492,2)**
Shares purchased in terms of share incentive schemes	**(4,4)**
Equity at 30 September 2023 – unaudited	**22 748,2**

	6 months ended 30 Sept 2023 Unaudited	6 months ended 30 Sept 2022 Unaudited	Year ended 31 March 2023 Audited
Dividend per ordinary share (cents)			
Interim	**150,0**	170,0	170,0
Final	**–**	–	150,0
Total	**150,0**	170,0	320,0

Condensed consolidated cash flow statement

	6 months ended 30 Sept 2023 Unaudited Rm	*Restated 6 months ended 30 Sept 2022 Unaudited Rm	Year ended 31 March 2023 Audited Rm
Cash flows from operating activities			
Operating profit before working capital changes (note 10)	**5 314,2**	4 883,0	10 631,6
Increase in working capital	**(982,0)**	(3 353,4)	(3 528,0)
Cash generated from operations	**4 332,2**	1 529,6	7 103,6
Interest income	**82,8**	74,5	145,4
Finance costs (note 9)	**(890,9)**	(540,7)	(1 367,8)
Taxation paid	**(501,6)**	(759,1)	(1 223,2)
Dividends received	**19,8**	48,3	93,4
Dividends paid	**(492,2)**	(1 083,3)	(1 635,6)
Net cash inflows (outflows) from operating activities	**2 550,1**	(730,7)	3 115,8
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	**(971,1)**	(933,9)	(3 000,6)
Proceeds from sale of property, plant and equipment and intangible assets	**14,8**	4,9	15,8
Acquisitions during the period, net of cash acquired (note 16)	**(110,7)**	(2 089,1)	(2 096,2)
Purchase of other investments	**(3,1)**	–	–
Net cash outflows from investing activities	**(1 070,1)**	(3 018,1)	(5 081,0)
Cash flows from financing activities			
Shares purchased in terms of share incentive schemes	**(4,4)**	(77,6)	(87,0)
Proceeds from sale of shares in terms of share incentive schemes	**–**	–	13,1
Net (decrease) increase in interest-bearing debt	**(659,7)**	5 086,1	4 047,2
Borrowings received	**1 122,2**	5 086,1	9 008,2
Borrowings paid	**(1 781,9)**	–	(4 961,0)
Lease liability payments	**(2 147,9)**	(1 877,5)	(4 006,6)
Net cash (outflows) inflows from financing activities	**(2 812,0)**	3 131,0	(33,3)
Net decrease in cash and cash equivalents during the period	**(1 332,0)**	(617,8)	(1 998,5)
Cash and cash equivalents at the beginning of the period	**4 095,2**	5 745,8	5 745,8
Effect of exchange rate fluctuations on cash held	**104,7**	185,4	347,9
Cash and cash equivalents at the end of the period	**2 867,9**	5 313,4	4 095,2

* *Refer to note 18.*

Condensed consolidated segmental analysis

6 months ended 30 September 2023	TFG Africa Retail Unaudited Rm	TFG Africa Credit Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	Total Unaudited Rm
External revenue	**18 632,0**	**411,7**	**3 718,1**	**4 600,7**	**27 362,5**
External interest income	**80,4**	**949,7**	**–**	**2,4**	**1 032,5**
Total revenue*	**18 712,4**	**1 361,4**	**3 718,1**	**4 603,1**	**28 395,0**
External finance costs	**(457,6)**	**–**	**(73,5)**	**(1,7)**	**(532,8)**
External finance costs on lease liabilities	**(295,5)**	**–**	**(15,5)**	**(47,1)**	**(358,1)**
Depreciation and amortisation	**(468,9)**	**–**	**(40,5)**	**(70,3)**	**(579,7)**
Depreciation on right-of-use assets	**(1 443,4)**	**–**	**(101,8)**	**(572,3)**	**(2 117,5)**
Impairment reversal (Impairment) of property, plant and equipment, goodwill and intangible assets	**0,3**	**–**	**(22,9)**	**–**	**(22,6)**
Impairment of right-of-use assets	**–**	**–**	**(0,5)**	**–**	**(0,5)**
Gain on bargain purchase	**–**	**–**	**4,5**	**–**	**4,5**
Group profit before tax					**1 742,5**
Segmental profit before tax**	**597,2**	**376,5**	**244,6**	**524,2**	**1 742,5**

6 months ended 30 September 2022	***Restated TFG Africa Retail Unaudited Rm	TFG Africa Credit Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	***Restated Total Unaudited Rm
External revenue	15 977,1	350,8	3 496,4	4 570,9	24 395,2
External interest income	74,5	685,6	–	–	760,1
Total revenue*	16 051,6	1 036,4	3 496,4	4 570,9	25 155,3
External finance costs	(254,1)	–	(35,2)	5,3	(284,0)
External finance costs on lease liabilities	(200,3)	–	(15,6)	(40,8)	(256,7)
Depreciation and amortisation	(356,9)	–	(39,4)	(67,2)	(463,5)
Depreciation on right-of-use assets	(1 240,1)	–	(97,8)	(505,1)	(1 843,0)
(Impairment) impairment reversal of property, plant and equipment and intangible assets	(6,8)	–	3,4	–	(3,4)
Impairment reversal of right-of-use assets	–	–	1,5	–	1,5
Group profit before tax					2 073,0
Segmental profit before tax**	872,5	119,2	227,2	854,1	2 073,0

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

** *The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit before tax represents the profit 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.*

*** *Refer to note 19.*

Year ended 31 March 2023	***Restated TFG Africa Retail Audited Rm	TFG Africa Credit Audited Rm	TFG London Audited Rm	TFG Australia Audited Rm	***Restated Total Audited Rm
External revenue	36 551,2	750,3	6 900,1	9 397,5	53 599,1
External interest income	126,6	1 528,4	–	18,8	1 673,8
Total revenue*	36 677,8	2 278,7	6 900,1	9 416,3	55 272,9
External finance costs	(736,1)	–	(56,5)	(1,3)	(793,9)
External finance costs on lease liabilities	(459,5)	–	(30,4)	(84,0)	(573,9)
Depreciation and amortisation	(790,2)	–	(75,5)	(192,7)	(1 058,4)
Depreciation on right-of-use assets	(2 711,8)	–	(199,5)	(1 056,9)	(3 968,2)
(Impairment) impairment reversal of property, plant and equipment and intangible assets	(45,2)	–	32,5	(13,4)	(26,1)
Impairment of right-of-use assets	16,8	–	(16,2)	(49,2)	(48,6)
Group profit before tax					4 043,3
Segmental profit before tax**	1 944,8	311,5	397,0	1 390,0	4 043,3

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

** *The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit before tax represents the profit 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.*

*** *Refer to note 19.*

The Group has identified that the Chief Executive Officer (CEO) in conjunction with the Operating Board fulfils the role of the CODM. The Operating Board, which is distinct from the Group's Supervisory Board, consists only of executive directors. All operating segments' operating results are reviewed regularly by the CODM to make decisions about the allocation of resources to the operating segment and to assess its performance.

Performance is measured based on segmental profit before tax, as included in the monthly management report reviewed by the CODM.

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

6 months ended 30 September 2023	**TFG Africa Unaudited Rm**	**TFG London Unaudited Rm**	**TFG Australia Unaudited Rm**	**Total Unaudited Rm**
Clothing	**13 086,0**	**3 718,1**	**4 600,7**	**21 404,8**
Homeware	**2 462,4**	**–**	**–**	**2 462,4**
Cosmetics	**463,3**	**–**	**–**	**463,3**
Jewellery	**647,7**	**–**	**–**	**647,7**
Cellphones	**1 432,7**	**–**	**–**	**1 432,7**
Total retail turnover	**18 092,1**	**3 718,1**	**4 600,7**	**26 410,9**

6 months ended 30 September 2022	TFG Africa Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	Total Unaudited Rm
Clothing	11 471,8	3 496,4	4 570,9	19 539,1
Homeware	1 512,5	–	–	1 512,5
Cosmetics	443,4	–	–	443,4
Jewellery	636,5	–	–	636,5
Cellphones	1 363,0	–	–	1 363,0
Total retail turnover	15 427,2	3 496,4	4 570,9	23 494,5

Year ended 31 March 2023	TFG Africa Audited Rm	TFG London Audited Rm	TFG Australia Audited Rm	Total Audited Rm
Clothing	25 868,8	6 900,1	9 397,5	42 166,4
Homeware	4 270,6	–	–	4 270,6
Cosmetics	981,3	–	–	981,3
Jewellery	1 449,5	–	–	1 449,5
Cellphones	2 910,3	–	–	2 910,3
Total retail turnover	35 480,5	6 900,1	9 397,5	51 778,1

In presenting information on the basis of geographical segments, segment revenue is based on the location of the customers, while segment assets are based on the location of the asset.

The geographical analysis of information is presented in the table below:

6 months ended 30 September 2023	TFG Africa Retail Unaudited Rm	TFG Africa Credit Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	Total Unaudited Rm
Segment revenue					
South Africa	17 047,0	1 332,7	–	–	18 379,7
Rest of Africa	923,5	28,7	–	–	952,2
United Kingdom and Ireland	–	–	1 729,8	–	1 729,8
Australia	–	–	–	4 008,8	4 008,8
Rest of the World	–	–	470,3	275,0	745,3
E-commerce**	741,9	–	1 518,0	319,3	2 579,2
Total segment revenue*	18 712,4	1 361,4	3 718,1	4 603,1	28 395,0
Segment non-current assets					
South Africa					15 566,2
Rest of Africa					478,6
United Kingdom and Ireland					3 223,4
Australia					6 526,5
Rest of the World					212,2
Total segment non-current assets***					26 006,9

* *Includes retail turnover, interest income, other income and insurance revenue.*
** *E-commerce sales represents global revenue earned by the segment.*
*** *Non-current assets consist of property, plant and equipment, right-of-use assets, goodwill and intangible assets.*

6 months ended 30 September 2022	****Restated TFG Africa Retail Unaudited Rm	TFG Africa Credit Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	****Restated Total Unaudited Rm
Segment revenue					
South Africa	14 744,9	1 014,4	–	–	15 759,3
Rest of Africa	832,7	22,0	–	–	854,7
United Kingdom and Ireland	–	–	1 806,1	–	1 806,1
Australia	–	–	–	4 207,9	4 207,9
Rest of the World	–	–	376,4	69,2	445,6
E-commerce**	474,0	–	1 313,9	293,8	2 081,7
Total segment revenue*	16 051,6	1 036,4	3 496,4	4 570,9	25 155,3
Segment non-current assets					
South Africa					13 103,9
Rest of Africa					307,2
United Kingdom and Ireland					2 721,9
Australia					5 591,8
Rest of the World					184,3
Total segment non-current assets***					21 909,1

Year ended 31 March 2023	****Restated TFG Africa Retail Unaudited Rm	TFG Africa Credit Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	****Restated Total Unaudited Rm
Segment revenue					
South Africa	33 602,7	2 230,2	–	–	35 832,9
Rest of Africa	1 820,0	48,5	–	–	1 868,5
United Kingdom and Ireland	–	–	3 324,8	–	3 324,8
Australia	–	–	–	8 294,3	8 294,3
Rest of the World	–	–	732,6	529,0	1 261,6
E-commerce**	1 255,1	–	2 842,7	593,0	4 690,8
Total segment revenue*	36 677,8	2 278,7	6 900,1	9 416,3	55 272,9
Segment non-current assets					
South Africa					15 044,5
Rest of Africa					405,7
United Kingdom and Ireland					3 019,5
Australia					6 094,8
Rest of the World					184,9
Total segment non-current assets***					24 749,4

Includes retail turnover, interest income, other income and insurance revenue.

** *E-commerce sales represents global revenue earned by the segment.*

*** *Non-current assets consist of property, plant and equipment, right-of-use assets, goodwill and intangible assets.*

**** *Refer to note 19.*

Notes to the condensed consolidated financial statements

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated results for the half-year ended 30 September 2023 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports and the requirements of the Companies Act of South Africa applicable to interim financial statements. The JSE Limited Listings Requirements require interim reports to be prepared in accordance with and containing the information required by IAS 34 Interim Financial Reporting, as well as the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements, as issued by the Financial Reporting Standards Council. The Foschini Group Limited undertook a secondary listing of its ordinary shares on the A2X exchange, with effect from 10 October 2023.

The accounting policies applied in the preparation of the unaudited interim condensed consolidated results for the half-year ended 30 September 2023 are prepared in terms of International Financial Reporting Standards and are consistent with those applied in the preparation of the Group Annual Financial Statements for the year ended 31 March 2023, except for the changes in accounting policies adopted, as detailed in note 2. The unaudited interim condensed consolidated results have been prepared on the going concern and historical cost bases, except where otherwise indicated. The presentation currency is the South African Rand, rounded to the nearest million, except where otherwise indicated.

These results were prepared by the TFG Finance department acting under supervision of Bongiwe Ntuli, CFO of The Foschini Group Limited.

2. The Group has implemented the following changes in accounting policies during the current period:

Inventory

The Group changed the accounting policy for the valuation of certain inventories within TFG Africa from the Retail Inventory Method (RIM) to the Weighted Average Cost method (WAC). The change from RIM to WAC was implemented to ensure a consistent stock valuation method across the Group, and to drive improved margin management.

Group inventory is measured at the lower of cost and net realisable value. Inventory provisions are made for slow-moving, obsolete and damaged items and have been assessed for obsolescence using an inventory provision model.

The change in accounting policy has not resulted in any material change in the cost or net realisable value of inventory. The restatement has had no impact on the Group's statement of financial position, income statement, statement of changes in equity or statement of cash flows.

IFRS 17 Insurance contracts (IFRS 17)

Refer to note 19 for further details on the adoption of IFRS 17 and the impact on the financial results.

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 2023 Unaudited Rm	*Restated 6 months ended 30 Sept 2022 Unaudited Rm	*Restated Year ended 31 March 2023 Unaudited Rm
4. INVENTORY			
Inventory at period end	**12 758,9**	12 092,5	13 074,0
Inventory provision as a % of gross inventory	**11,6%**	13,0%	11,1%
Inventory losses	**138,9**	290,2	754,4
5. REVENUE			
Retail turnover	**26 410,9**	23 494,5	51 778,1
Interest income (note 6)	**1 032,5**	760,1	1 673,8
Insurance revenue	**145,5**	130,0	266,2
Other income (note 7)	**806,1**	770,7	1 554,8
	28 395,0	25 155,3	55 272,9
Retail turnover consists of:			
Cash sales**	**21 651,5**	18 894,9	42 081,6
Credit sales**	**4 759,4**	4 599,6	9 696,5
	26 410,9	23 494,5	51 778,1

** *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 consists of only cash sales.*

	6 months ended 30 Sept 2023 Unaudited Rm	*Restated 6 months ended 30 Sept 2022 Unaudited Rm	*Restated Year ended 31 March 2023 Unaudited Rm
Retail turnover per merchandise category:			
Clothing	**21 404,8**	19 539,1	42 166,4
Homeware	**2 462,4**	1 512,5	4 270,6
Cosmetics	**463,3**	443,4	981,3
Jewellery	**647,7**	636,5	1 449,5
Cellphones	**1 432,7**	1 363,0	2 910,3
	26 410,9	23 494,5	51 778,1
6. INTEREST INCOME			
Trade receivables – retail	**949,7**	685,6	1 528,4
Sundry***	**82,8**	74,5	145,4
	1 032,5	760,1	1 673,8

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

	6 months ended 30 Sept 2023 Unaudited Rm	*Restated 6 months ended 30 Sept 2022 Unaudited Rm	*Restated Year ended 31 March 2023 Unaudited Rm
7. OTHER INCOME			
Value-added services	**362,1**	384,0	702,3
Collection cost recovery and service fees	**411,7**	350,8	750,3
Sundry income	**32,3**	35,9	102,2
	806,1	770,7	1 554,8

* *Refer to note 19.*

	6 months ended 30 Sept 2023 Unaudited Rm	*Restated 6 months ended 30 Sept 2022 Unaudited Rm	*Restated Year ended 31 March 2023 Unaudited Rm

8. TRADING EXPENSES

Net occupancy costs^	**(485,2)**	(419,1)	(859,5)
Occupancy costs	**(2 991,1)**	(2 553,3)	(5 420,1)
Occupancy lease reversals	**2 505,9**	2 134,2	4 560,6
Depreciation on right-of-use assets	**(2 117,5)**	(1 843,0)	(3 968,2)
Depreciation and amortisation	**(579,7)**	(463,5)	(1 058,4)
Employee costs	**(4 732,6)**	(4 155,4)	(9 019,6)
Other operating costs	**(3 153,0)**	(3 054,7)	(6 488,2)
	(11 068,0)	(9 935,7)	(21 393,9)

^ *Net occupancy costs include occupancy costs and lease reversals. Occupancy costs refer to the total costs associated with the rental of property. Occupancy lease reversals refers to the costs associated with property leases that are accounted for under IFRS 16.*

9. FINANCE COSTS

Finance costs on lease liabilities	**(358,1)**	(256,7)	(573,9)
Interest-bearing debt	**(532,8)**	(284,0)	(793,9)
	(890,9)	(540,7)	(1 367,8)

10. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

Profit before tax	**1 742,5**	2 073,0	4 043,3
Finance costs (note 9)	**890,9**	540,7	1 367,8
Operating profit before finance costs	**2 633,4**	2 613,7	5 411,1
Interest income - sundry	**(82,8)**	(74,5)	(145,4)
Dividends received	**(19,8)**	(48,3)	(93,4)
Non-cash items	**2 783,4**	2 392,1	5 459,3
Depreciation and amortisation	**597,0**	477,6	1 095,9
Depreciation on right-of-use assets	**2 117,5**	1 843,0	3 968,2
Share-based payments	**104,3**	110,2	217,9
Post-retirement defined benefit medical aid liability	**6,3**	–	11,9
Employee cost-related provisions	**(12,3)**	15,5	22,1
Foreign currency (gain) loss	**(36,2)**	(14,8)	33,2
Put option liability movement	**(4,9)**	–	5,7
Fair value adjustment	**(12,6)**	(31,7)	1,9
Loss on disposal of property, plant and equipment and intangible assets	**11,8**	13,2	63,1
(Impairment reversal) impairment of property, plant and equipment and intangible assets	**(0,3)**	3,4	26,1
Profit on disposal of property, plant and equipment and intangible assets	**(0,7)**	(1,1)	(1,7)
Impairment (impairment reversal) of right-of-use assets	**0,5**	(1,5)	48,6
Profit on termination of leases	**(5,4)**	(21,7)	(33,6)
Impairment of goodwill	**22,9**	–	–
Gain on bargain purchase	**(4,5)**	–	–
	5 314,2	4 883,0	10 631,6

* *Refer to note 19.*

	6 months ended 30 Sept 2023 Unaudited Rm	6 months ended 30 Sept 2022 Unaudited Rm	Year ended 31 March 2023 Unaudited Rm
11. RECONCILIATION OF PROFIT TO HEADLINE EARNINGS			
Profit for the period attributable to equity holders of The Foschini Group Limited	**1 252,2**	1 488,4	3 025,8
Adjusted for:			
Loss on disposal of property, plant and equipment and intangible assets	**11,8**	13,2	63,1
(Impairment reversal) impairment of property, plant and equipment and intangible assets	**(0,3)**	3,4	26,1
Profit on disposal of property, plant and equipment and intangible assets	**(0,7)**	(1,1)	(1,7)
Impairment (impairment reversal) of right-of-use assets	**0,5**	(1,5)	48,6
Impairment of goodwill	**22,9**	–	–
Gain on bargain purchase	**(4,5)**	–	–
Headline earnings before tax	**1 281,9**	1 502,4	3 161,9
Tax on headline earnings adjustments	**(7,8)**	(4,6)	(38,1)
Headline earnings	**1 274,1**	1 497,8	3 123,8

	6 months ended 30 Sept 2023 Unaudited Rm	6 months ended 30 Sept 2022 Unaudited Rm	% change	Year ended 31 March 2023 Unaudited Rm
Earnings per ordinary share (cents)				
Basic	**386,8**	461,6	(16,2%)	938,5
Headline	**393,6**	464,6	(15,3%)	968,9
Diluted (basic)	**384,0**	458,0	(16,2%)	930,2
Diluted (headline)	**390,7**	461,0	(15,2%)	960,3

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 2023.

13. CHANGES TO DIRECTORS

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

Mr J N Potgieter also serves as a member of the Audit and Risk Committees.

As was announced on SENS on 13 October 2023, Ms Bongiwe Ntuli resigned as Chief Financial Officer as well as executive director of the Company with effect from 30 November 2023. Mr Anthony Thunström will, subject to confirmation by the JSE Limited, fulfil the role of both Chief Executive Officer and executive financial director for the period 1 December 2023 until the appointment of the new Chief Financial Officer.

14. JUDGEMENTS AND ESTIMATES

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.

Impairment of property, plant and equipment, goodwill and intangibles 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 generally marginally profitable or loss-making stores that the Group potentially seeks to close by no later than the next lease renewal date. These stores usually contribute negatively to the future projected cash flows or are not aligned with the Group's strategy. The Group continually assesses the store base and does not anticipate that these stores will return to profitability. Refer to segmental reporting for the allocation of impairment per segment.

Goodwill and intangibles

Indefinite life intangible assets and goodwill are tested at each reporting period for impairment. Prior to the testing of the relevant cash generating units (CGUs) 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. A detailed assessment is performed with scenarios appropriately weighted and stress tested. Key assumptions used by management in setting the financial budgets for the initial five-year period include forecast sales growth rates, expected changes to gross margins, and EBITDA margins. The key assumptions included in the impairment assessments are the weighted average cost of capital (WACC) and the applicable royalty rates. The Group has assessed the recoverable amount of goodwill and brands and there is no indication of impairment, other than the goodwill in the Hong Kong Investment (referred to in note 16).

15. FINANCIAL RESULTS AND GOING CONCERN

Financial performance during the current period:

TFG Africa

TFG Africa's retail turnover increased by 17,3% when compared to the same period in the previous financial year. Online retail turnover increased by 56,5% and now contributes 4,1% to total TFG Africa retail turnover. Outlet retail turnover increased by 16,0% and now contributes 95,9% to total TFG Africa retail turnover.

TFG Africa credit

The average new account acceptance rates for the current period of 17,4% were stable when compared to the second half of the prior financial year and will remain conservative under the prevailing constrained economic conditions. As a result, credit retail turnover year-on-year growth for H1'2024 was 3,5%, compared to 15,8% for H1'2023.

The retail net debtors' book increased by 1,7% from 31 March 2023 to R7,9 billion as at 30 September 2023. The allowance for impairment as a percentage of the debtors' book reduced to 19,3% (March 2023: 20,0%) due to the improvement in the quality of the book.

This position was supported by robust payment behaviour as cash collected for the current period exceeded that of the prior period.

TFG London

TFG London's retail turnover decreased by 10,5% (GBP) when compared to the same period in the previous financial year. Online retail turnover decreased by 2,8% (GBP) and now contributes 40,8% to total TFG London retail turnover. Outlet retail turnover decreased by 15,2% (GBP) and now contributes 59,2% to total TFG London retail turnover.

TFG Australia

TFG Australia's retail turnover decreased by 7,2% (AUD) when compared to the same period in the previous financial year. Online retail turnover increased by 0,1% (AUD) and now contributes 7,0% to total TFG Australia retail turnover. Outlet retail turnover decreased by 7,7% (AUD) and now contributes 93,0% to total TFG Australia retail turnover.

15. FINANCIAL RESULTS AND GOING CONCERN continued

Financial performance during the current period 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. The going concern assumption was considered to be appropriate for the preparation of the Group's results for the period ended 30 September 2023 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 to deal with the dynamic environment within which it operates through various cash and working capital initiatives, and continues to prioritise cost savings initiatives across all operations.

Management is confident that there is adequate 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.

Debt service and covenant requirements

The Group has adequate external borrowing facilities in each of its three segments. The borrowing facilities attract different covenant requirements which are calculated on a pre-IFRS 16 basis. There have been no amendments to the covenant requirements reported in March 2023. There is active management of cash flows and covenant compliance is measured on a regular basis. As at the end of September, all covenant ratios were complied with.

TFG Africa

The required covenant benchmarks agreed with lenders include (1) the leverage ratio (net interest-bearing debt to earnings before interest, income tax, depreciation and amortisation (EBITDA)) must not exceed 2.75 times and (2) the interest cover ratio (EBITDA divided by gross interest expense) must not be less than 3.5 times.

TFG London

The required covenant benchmarks agreed with lenders include (1) the net leverage ratio (net interest-bearing debt to earnings before interest, income tax, depreciation and amortisation (EBITDA)) must not exceed 2.3 times, (2) the interest cover ratio (EBITDA divided by gross interest expense) must not be less than 5.0 times and (3) minimum amounts of liquidity.

TFG Australia

The required covenant benchmarks agreed with lenders include (1) the leverage ratio (net interest-bearing debt to earnings before interest, income tax, depreciation and amortisation (EBITDA)) must not exceed 2.0 times, (2) the fixed charged cover ratio (earnings before interest, income tax, depreciation, amortisation and rent expense (EBITDAR)) must not be less than 1.3 times and (3) minimum amounts of shareholders' funds.

16. ACQUISITIONS DURING THE PERIOD

Street Fever

The Group, through its value athletic and leisure footwear retail brand, Sneaker Factory, entered into an agreement to acquire Street Fever, an independent retailer of affordable branded footwear and apparel (the "Transaction"). As announced on SENS on 10 May 2023, all conditions precedent to the Transaction have either been fulfilled or waived as set out in the agreement, it being noted that the approval from the relevant competition authorities was obtained. Accordingly, the Transaction is now unconditional in accordance with the terms of the agreement and was implemented with an effective date of 26 April 2023. The integration has been completed.

With effect from 26 April 2023, TFG acquired store locations, inventory and certain liabilities for a cash equivalent purchase consideration of R196,9 million, of which R46,9 million relating to inventory was deferred as at 30 September 2023. TFG measured the identifiable assets and liabilities of Street Fever at their acquisition-date fair values. Goodwill of R149,3 million has been recognised at acquisition. Goodwill represents the value paid in excess of the provisional fair value of the net assets. This consists largely of the value assigned to increase the Sneaker Factory footprint in a number of locations across South Africa.

Hong Kong Investments

The Group, through its TFG London operations by virtue of 3 separate legal entities, held joint ventures in Hong Kong investments. The Group held a put/call option over all 3 Hong Kong investments (the "Option"). The option provided the Group with the contractual right to acquire all the equity instruments of the Hong Kong investments and the right to sell their shares to the Group.

16. ACQUISITIONS DURING THE PERIOD continued

Hong Kong Investments continued

The Group exercised the option resulting in the Hong Kong investments being acquired on 1 April 2023, with a deemed cash equivalent purchase consideration of Nil. The Group measured the identifiable assets and liabilities of the Hong Kong investments at their fair value at acquisition-date, resulting in a cash balance at take-on of R39,3 million. Goodwill of R42,3 million has been recognised as an intangible asset at acquisition in two of the legal entities. Goodwill represents the value paid in excess of the provisional fair value of the net assets. The goodwill recognised is not tax depreciable or otherwise recognised for tax purposes. As a result of the transaction a gain on bargain purchase of R4,5 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 Group assessed the recoverable amount of the Hong Kong investments and recognised an impairment of goodwill of R22,9 million in one of the legal entities.

17. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

The table below is an analysis of financial instruments carried at fair value by the valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in an active market for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 30 Sept 2023 Unaudited Rm	*Restated As at 30 Sept 2022 Unaudited Rm	*Restated As at 31 March 2023 Unaudited Rm
Level 2			
Forward exchange contracts – asset	**143,3**	223,8	144,2
Forward exchange contracts – liability	**–**	(132,1)	–
Level 3			
Put option liability	**–**	(34,4)	(43,5)
Investments	**159,4**	168,5	143,7
Insurance cell captive receivables	**8,7**	7,5	8,4

* *Refer to note 19.*

There are no level 1 financial instruments held by the Group.

During the period the Group assessed all financial assets and classified investments and insurance cell captive receivables as level 3 financial instruments.

Measurement of fair values

The following valuation techniques were used for measuring level 2 and level 3 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.

17. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS continued

Measurement of fair values continued

Investments

The investment in 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 are payable at 7x EBITDA^, less net debt^. The put/call liability will increase/(decrease) at a 7x multiple of EBITDA^ increase/(decrease), less net debt^. The put option has been exercised during the current period. Refer to note 16.

^ *Pre IFRS 16*

18. RESTATEMENTS DURING THE PERIOD

Restatement of consolidated cash flow statement

During the previous year, the Group presented the movement in interest bearing debt as a net movement on the consolidated cash flow statement under financing activities. In order to comply with the requirements of IAS 7 Statement of Cash flows, which only permits net presentation of cash flows on short-term facilities under certain circumstances, the cash inflows and outflows on the long-term facilities are required to be split and presented on a gross basis.

The impact of the restatements on the Group's statement of cash flow is detailed as follows:

	6 months ended 30 September 2022		
	As previously reported Rm	**Restatement Rm**	**Restated Rm**
Increase (decrease) in interest-bearing debt	5 086,1	(5 086,1)	–
Net increase in interest-bearing debt	–	5 086,1	5 086,1
Borrowings received	–	5 086,1	5 086,1
Borrowings paid	–	–	–

Restatement of non-current interest bearing debt as current interest bearing debt

In February 2020, TFG London's existing funding arrangement with a consortium of UK based banks ("the consortium") was extended to cover a five-year period. The arrangement provided for a facility of three years and two further periods where the Group has the right to request extensions for 12 months each, subject to the approval of the consortium. In October 2022 the first extension was granted by the consortium, extending the facility to February 2024, with no changes to the existing terms as described above.

Subsequent to the extension, and on further analysis of the contractual terms of the funding arrangement, the Group has revised the classification of the liability previously disclosed as Non-current liabilities, to Current liabilities, restating the September 2022 financial information as illustrated below. The extension approval took place after the reporting period, which did not give the Group the substantive right as at 30 September 2022 to defer repayment beyond 12 months of that date, and in accordance with IAS 1 Presentation of Financial Statements (IAS 1), this liability should be classified as current in the September 2022 financial period. The Group has classified the liability as current through a restatement thereby complying with IAS 1 in line with the financial impacts as detailed below.

This restatement only impacts certain classifications within the Statement of financial position and the relevant notes reflecting current and non-current interest bearing debt, and has no impact on the profit or cash flows of the Group. The restatement had no impact on the Group's income statement, Statement of changes in equity and Statement of cash flows.

18. RESTATEMENTS DURING THE PERIOD continued

Restatement of non-current interest bearing debt as current interest bearing debt continued

The impact of the restatements on the Group statement of financial position is detailed as follows:

	As at 30 September 2022		
	As previously reported Rm	Restatement Rm	Restated Rm
Non-current liabilities			
Interest-bearing debt	5 542,4	(1 092,4)	4 450,0
Current liabilities			
Interest-bearing debt	6 625,0	1 092,4	7 717,4

19. IFRS 17 – INSURANCE CONTRACTS

IFRS 17 is effective for reporting periods starting on or after 1 January 2023. IFRS 17 was adopted by the Group for the first time for the 2024 financial year. The standard was applied retrospectively.

It was determined that the nature of the relationship between the third-party cell insurers and the Group, as the cell owner, where significant insurance risk is transferred, is in effect the same as the relationship between an insurer and a reinsurer. The Group has therefore accounted for these relationships that transfer significant insurance risk as a reinsurance contract issued in accordance with IFRS 17.

The Group has applied the simplified premium allocation approach (PAA), to recognise and measure the reinsurance contracts issued in terms of IFRS 17, which can be used for contracts with coverage periods of one year or less, or when doing so approximates the general measurement model. As the relationship between the third-party cell insurers and the Group can be terminated on twelve months written notice from either party, it was determined that the Group is eligible to apply the PAA.

The Group allocates the expected premium receipts to each coverage period based on the passage of time.

The third-party cell captive arrangements were previously accounted for by the Group in accordance with IFRS 9. It has been assessed by the Group that the adoption of IFRS 17 for these arrangements has not had a material impact on the condensed unaudited financial results.

The impact of the restatements on the Group's statement of financial position is detailed as follows:

	As at 31 March 2023		
	As previously reported Rm	Restatement Rm	Restated Rm
Assets			
Non-current assets			
Insurance contract assets	–	230,6	230,6
Current assets			
Other receivables and prepayments	1 700,0	(230,6)	1 469,4
	1 700,0	–	1 700,0

	As at 30 September 2022		
	As previously reported Rm	Restatement Rm	Restated Rm
Assets			
Non-current assets			
Insurance contract assets	–	269,6	269,6
Current assets			
Other receivables and prepayments	2 261,3	(269,6)	1 991,7
	2 261,3	–	2 261,3

19. IFRS 17 – INSURANCE CONTRACTS continued

The impact of the restatements on the Group's income statement is detailed as follows:

	Year ended 31 March 2023		
	As previously reported Rm	**Restatement Rm**	**Restated Rm**
Revenue	55 121,3	151,6	55 272,9
Insurance revenue	–	266,2	266,2
Other income	1 669,4	(114,6)	1 554,8
Insurance service expense	–	(151,6)	(151,6)
	1 669,4	–	1 669,4

	6 months ended 30 September 2022		
	As previously reported Rm	**Restatement Rm**	**Restated Rm**
Revenue	25 080,3	75,0	25 155,3
Insurance revenue	–	130,0	130,0
Other income	825,7	(55,0)	770,7
Insurance service expense	–	(75,0)	(75,0)
	825,7	–	825,7

20. SUBSEQUENT EVENTS

No further significant events took place between the period ended 30 September 2023 and date of issue of this report.

21. NON-IFRS PERFORMANCE MEASURES

Non-IFRS performance measures are measures that:

(i) are not defined by IFRS;

(ii) are not uniformly defined or used by all entities; and

(iii) may not be comparable with similar labelled measures and disclosures provided by other entities.

The directors are responsible for compiling the non-IFRS performance measures.

TFG Africa retail turnover excluding Tapestry

Retail turnover growth excluding the acquisition of Tapestry is a non-IFRS measure defined by the Group and presented as additional information to the shareholders. Management considers it to be more reflective of the operating performance of the Group.

The measure provides an indicative retail turnover growth for TFG Africa excluding the acquired Tapestry business. Tapestry retail turnover for the period since acquisition on 1 August 2022 to 30 September 2022 and for the 6 month period ending 30 September 2023 was removed as if the acquisition did not take place.

TFG Africa	**6 months ended 30 Sept 2023 Unaudited**	6 months ended 30 Sept 2022 Unaudited	Growth %
TFG Africa retail turnover including Tapestry	**18 092,1**	15 427,2	17,3%
Less: Tapestry retail turnover#	**(1 282,3)**	(408,9)	213,6%
TFG Africa retail turnover excluding Tapestry	**16 809,8**	15 018,3	11,9%

\# *The adjustment is based on management accounts. The Group is satisfied with the quality and completeness of these management accounts which are unaudited.*

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, J N Potgieter, 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
Tax reference number:	9925/133/71/3P
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)
Auditors:	Deloitte & Touche
Website:	www.tfglimited.co.za

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