Preliminary Report on the

AUDITED GROUP ANNUAL RESULTS

for the 52 weeks ended 27 June 2021 and cash dividend declaration

2021

TRUWORTHS INTERNATIONAL

COMMENTARY

KEY FEATURES

Sale of merchandise	up 0.1% to **R16.4 billion**
Retail sales	up 0.5% to **R17.0 billion**
Gross margin	up from 50.8% to **51.0%**
Doubtful debt allowance to trade receivables	improved from 30.2% at 28 June 2020 to **23.4%**
Operating margin	**18.5%**
Headline earnings per share	up **26.8%**
Diluted headline earnings per share	up **26.3%**
Cash generated from operations	**R4.1 billion**
Net cash to equity	**9.3%**
Share buy-backs for the period	19.3 million shares, **R768 million**
Cash realisation rate	**107%**
Annual dividend per share	up 25% to **350 cents**

GROUP PROFILE

Truworths International Ltd (the company) is an investment holding and management company listed on the stock exchange operated by the JSE Limited (JSE) and the Namibian Stock Exchange. Its principal trading entities, Truworths Ltd and Office Holdings Ltd, are engaged either directly or indirectly through subsidiaries, concessions, agencies or wholesale partners, in the cash and account retailing of fashion clothing, footwear, homeware and related merchandise. The company and its subsidiaries (the Group) operate primarily in South Africa and the United Kingdom (UK), and have a presence in Germany, the Republic of Ireland and other sub-Saharan African countries.

IMPACT OF COVID-19

Over the last 18 months the COVID-19 pandemic has severely disrupted retail businesses across the globe. The Group continued to be materially affected by the impact of the pandemic in its main markets in South Africa and the UK during its 52-week financial period ended 27 June 2021 (the current period).

While there were no hard lockdowns in South Africa during the current period, various levels of lockdown restrictions adversely impacted economic growth, employment, consumer confidence and spending, as well as retail foot traffic as the country experienced severe second and third waves of infection.

In the UK, trading conditions were exceptionally challenging amidst the Brexit transition and the closure of the Group's stores from 5 November 2020 to 2 December 2020, and then again from 5 January 2021 to 12 April 2021, as all non-essential retail activity was suspended by the government in an attempt to curb the spread of the virus. Online trading activity, however, continued throughout these closures, and benefited from the UK-based Office segment's strong e-commerce presence. Lockdown restrictions in the UK have been gradually relaxed in the last quarter of the current period as the government's vaccine programme gained momentum. However retail footfall continued to be impacted by low levels of tourism and work-from-home arrangements.

The Group continued to mitigate the impact of COVID-19 on its operations through all available measures. These included steps to exercise rigorous operating and capital expenditure control, access available government support schemes, manage inventory levels and the order book, ensure greater focus on the online element of the business with particular emphasis on the UK segment and closely monitor all aspects of the trade receivables portfolio. In addition, strict COVID-19 protocols were implemented at the start of the pandemic and remain in force across all areas of operation to ensure the safety of employees and customers. Notwithstanding these measures, the pandemic has had an impact on the Group's performance in the current period, most notably on revenue growth, and the recoverable value of right-of-use (property lease) assets. On the other hand, the performance of the Truworths Africa segment's trade receivables portfolio has been better than was anticipated at June 2020 and the reduction in the expected credit loss allowance has exceeded the anticipated increase in bad debts. Government support schemes, specifically in relation to business rates and job retention in the UK, have further mitigated the impact on the Group's cash flows and profits.

While the uncertainty around COVID-19 is expected to continue for many months ahead, especially in light of new variants of the virus and uncertainty around vaccine efficacy, the Group's strong balance sheet and ability to manage margins and costs effectively, positions it to succeed in these challenging times.

CIVIL UNREST, LOOTING AND DISRUPTION IN SOUTH AFRICA

Between 9 and 17 July 2021 South Africa witnessed civil unrest and rioting which temporarily disrupted some parts of the Group's operations. A number of the Group's stores were targeted, resulting in stock losses, damage to property and equipment and loss of profits. The Group believes that it has adequate insurance cover to mitigate a significant portion of these losses.

Thankfully staff members employed in these stores were unharmed, which was a fortunate outcome as employee safety will always be management's highest priority.

In these incidents 57 of the Group's South African portfolio of 758 stores were impacted directly and severely by looting and destruction of property. More than 55% of the affected stores are located in central business districts and small shopping malls, and approximately 45% are located in regional centres. These stores would normally account for approximately 7% of the retail sales in the Group's South African store portfolio. No super-regional malls were affected. Furthermore, approximately 160 stores were impacted indirectly as a consequence of precautionary temporary closures. The Group is pleased to announce that at the date of this report it has been able to reopen 51 of the 57 stores that had been impacted directly. The remaining six stores were located in fire damaged shopping centres and information regarding the reopening of these shopping centres is still unclear. All stores that were closed as a precautionary measure have resumed trading.

These events occurred after the current period-end and have therefore not affected the current period's financial position or results. Refer to note 16 for further information.

TRADING AND FINANCIAL PERFORMANCE

Sales and gross margin performance

Retail sales of the Group for the current period increased by 0.5% to R17.0 billion relative to the R16.9 billion reported for the 52-week period ended 28 June 2020 (the prior period). Account sales comprised 52% (2020: 51%) of Group retail sales for the current period, with account sales increasing by 2.8% and cash sales decreasing by 2.0%, relative to the prior period.

Retail sales for the Truworths Africa segment (being the Group, excluding the UK-based Office segment and comprising mainly the Truworths businesses in South Africa) increased by 5.5% to R13.0 billion relative to the prior period's R12.3 billion, with account and cash sales increasing by 2.8% and 11.8%, respectively. Account sales comprised 68% of retail sales (2020: 70%). Truworths Africa's like-for-like store retail sales increased by 4.3%. Product inflation averaged 1.4% for the current period (2020: 1.2% product deflation).

Retail sales for the Group's UK-based Office segment decreased in Sterling terms by 17.4% to £192.4 million relative to the prior period's £232.8 million, as a consequence of the prolonged store closures and a reduction in the store footprint. In Rand terms, retail sales for Office decreased by 13.1% to R4.0 billion. Office continues to benefit from its strong online presence, with online sales growing by 18.2% relative to the prior period and contributing approximately 63% (2020: 44%) of the segment's retail sales for the current period.

Group sale of merchandise, which comprises Group retail sales, together with wholesale sales and delivery fee income, less variable consideration adjustments (refer to note 4 for further information), increased by 0.1% to R16.4 billion.

Divisional sales	**52 weeks to 27 Jun 2021 Rm**	52 weeks to 28 Jun 2020 Rm	Change on prior period %
Truworths ladieswear	**4 676**	4 571	2.3
Office	**3 980**	4 581	(13.1)
Truworths menswear‡	**3 438**	3 304	4.1
Identity	**2 117**	1 978	7.0
Truworths kids emporium#	**1 265**	1 112	13.8
Other^	**1 519**	1 371	10.8
Group retail sales	**16 995**	16 917	0.5
Delivery fee income	**76**	71	7.0
Wholesale sales	**21**	37	(43.2)
Variable consideration adjustments~	**(692)**	(646)	7.1
Sale of merchandise	**16 400**	16 379	0.1
YDE agency sales	**171**	209	(18.2)

‡ Truworths Man, Uzzi, Daniel Hechter Mens, LTD Mens and Fuel.
# LTD Kids, Earthchild and Naartjie.
^ Cosmetics, Cellular, Truworths Jewellery, Office London (South Africa), Loads of Living and Primark.
~ Refer to note 4 for further information.

The Group's gross margin increased to 51.0% (2020: 50.8%). Truworths Africa's gross margin decreased to 54.1% (2020: 55.6%), mainly due to higher levels of promotional activity. The gross margin in Office increased to 41.5% (2020: 38.7%), mainly as a result of a higher proportion of full price sales due to improved stock control.

Trading space

Since the end of the prior period a net 32 stores were closed across all brands. Truworths Africa opened 26 stores and closed 27, while Office closed 31 (including 3 Topshop/Topman concession stores). This resulted in a decrease in trading space of 1.8%, comprising a decrease of 1.1% and 22.0% in Truworths and Office, respectively. At the end of the current period the Group had 891 stores, including 13 concession outlets (2020: 923 stores, including 16 concession outlets).

Trading and operating profit

The Group continued to exercise rigorous expense control. After adjusting for the goodwill and intangible assets impairments in 2020 (adjusted basis) (refer to note 17 for further information), trading expenses for the current period decreased by 13.5% to R6.5 billion (2020: R7.5 billion), and constituted 39.4% (2020: 45.5%) of sale of merchandise. Trading expenses benefited from, amongst others, lower depreciation in respect of right-of-use assets, employment cost savings as a result of furlough scheme benefits, the business rates holidays and lower trade receivable costs (refer to Account Management below for further information).

On an adjusted basis, Group trading profit increased 75.1% to R2.3 billion (refer to note 17 for further information), mainly due to the reduction in trading expenses. The trading margin increased to 13.8% relative to the 7.9% reported in the prior period, on an adjusted basis.

Interest received decreased 34.0% to R762 million due to a material reduction in the South African repo rate since the start of the COVID-19 pandemic as well as a reduction in the Truworths Africa gross debtors book relative to the prior period.

On an adjusted basis, Group operating profit increased 23.5% to R3.0 billion. The operating margin increased to 18.5% relative to the 15.0% reported in the prior period, on an adjusted basis.

Finance costs decreased by 17.3% to R292 million (2020: R353 million) mainly as a consequence of the reduction in finance costs in respect of lease liabilities and the repayment of borrowings.

Earnings

Headline earnings per share (HEPS) and diluted HEPS increased 26.8% and 26.3% to 520.3 cents and 516.7 cents, respectively, compared to the prior period's HEPS of 410.4 cents and diluted HEPS of 409.0 cents.

Basic earnings per share (EPS) and diluted basic EPS increased to 480.2 cents and 476.9 cents, respectively, compared to the prior period's basic loss per share (LPS) of 133.0 cents and diluted LPS of 132.5 cents.

The Group's earnings are in line with the guidance provided to the market in the trading statement released on the stock exchange news service of the JSE (SENS) on 16 August 2021.

Dividend

A final cash dividend of 118 cents per share has been declared (2020: 31 cents per share), maintaining the dividend cover at 1.5 times and bringing the annual dividend per share to 350 cents per share (2020: 280 cents per share).

FINANCIAL POSITION

The Group's financial position remains strong with net asset value per share increasing by 7.7% to 1 562 cents per share.

Right-of-use assets decreased 17.2% to R2.2 billion, in part due to the net impairment of right-of-use assets in the current period of R202 million before tax (2020: R379 million before tax) as a result of the ongoing challenging trading conditions in the UK.

Inventories decreased by 12.7% to R1.8 billion (2020: R2.0 billion), driven by a 16.6% decrease (in Sterling) in Office's inventory. Inventory turn was 4.6 times (2020: 4.0 times). In Truworths Africa gross inventory decreased by 1% to R1.4 billion and the inventory turn increased to 4.9 times (2020: 4.2 times, but impacted by the 5-week hard lockdown). In Office the inventory turn decreased to 3.8 times (in Sterling) (2020: 4.0 times).

Group net cash (excluding IFRS 16 lease liabilities) increased from R44 million at the prior period-end to R577 million, notwithstanding the repurchase of 19.3 million of the company's shares for a total of R768 million during the current period.

CAPITAL MANAGEMENT

During the current period the Group generated R4.1 billion in cash from operations and this funded dividend payments (R1 086 million), capital expenditure (R320 million), share buy-backs (R768 million), the repayment of borrowings (R1 694 million) and lease liability payments in terms of IFRS 16 (R1 107 million).

The cash realisation rate, which is a measure of how profits are converted into cash, was 107% for the current period (2020: 136%). In the prior period the cash realisation rate benefited from the timing of creditors and tax payments in the 2019 financial period, which increased the cash inflow from operations and consequently the cash realisation rate.

The Group's net cash to equity ratio at the end of the current period was 9.3% (2020: 0.7%) and net cash to EBITDA was 0.1 times (2020: nil times).

ACCOUNT MANAGEMENT

Gross trade receivables in respect of the Truworths Africa debtors book (relating to the Truworths, Identity and YDE businesses) were at R5.4 billion (2020: R5.5 billion), while the number of active accounts was almost unchanged at 2.6 million. Active account holders able to purchase were at 82% (2020: 77%) and overdue balances as a percentage of gross trade receivables were at 15% (2020: 20%), evidencing the improvement in the overall quality of the book since June 2020.

COMMENTARY continued

At the current period-end the doubtful debt allowance in respect of the Truworths Africa debtors book was 23.4% of gross trade receivables (June 2020: 30.1%). The decrease in the allowance compared to June 2020 is a consequence of the impact of the hard lockdown having rolled through the portfolio as well as the improved performance observed in account collections. Consequently, trade receivable costs decreased by 52.6% to R768 million (2020: R1 621 million). Net bad debt and related costs increased 8.1% to R1.3 billion.

The Group uses accounts as an enabler of merchandise sales to customers in the mainstream middle-income market in the Truworths segment, as opposed to operating a financial services business. No fees are charged to customers, such as initiation fees, club fees, or magazine fees, except for an annual account service fee of R37. Financial services income constitutes only 0.5% of sale of merchandise (refer to note 4 for further information).

DIRECTORATE

Mr Hermanus (Reon) Smit was appointed as acting Chief Financial Officer with effect from 1 March 2021 as announced on SENS on 19 February 2021 prior to the appointment of Mr Emanuel (Mannie) Cristaudo.

Ms Dawn Earp and Mr Thabo Mosololi were appointed as independent non-executive directors of the company with effect from 20 May 2021 as announced on SENS on 14 May 2021. As announced on SENS on 6 July 2021 Ms Earp has been appointed as a member of the Audit Committee, thus giving effect to the board's succession plan for its committee members.

On 14 May 2021 the company also announced the retirement of Mr Doug Dare as an executive director of the company with effect from 31 May 2021 after a career of more than 35 years with the Group. Mr Dare will continue to serve the Group in a part-time project consulting role.

Mr Emanuel (Mannie) Cristaudo was appointed as Chief Financial Officer of the Group and an executive director of the company with effect from 1 July 2021 as announced on SENS on 19 April 2021. Furthermore, as announced on SENS on 6 July 2021, Mr Cristaudo has been appointed as a member of the Social and Ethics Committee, thereby filling a vacancy in its membership.

OUTLOOK

South Africa: Truworths

The uncertainty around COVID-19 is expected to continue for many months ahead and this will be compounded by vaccine hesitancy and roll-out rates in South Africa, potential new variants of the virus emerging and the risk of further waves of infection. Following a slow start, South Africa's vaccination programme is gaining momentum, with approximately 10% of the population fully vaccinated and 16% partially vaccinated to date.

The Group's robust balance sheet and strong cash generation will provide resilience in the current environment of depressed consumer spending and weaker demand for fashion apparel.

Growth in the new financial period will be supported by continued recovery and growth in the debtors book, remodelling of emporium and large stores, new and expanded store retail concepts and brands, expansion of the e-commerce offering and investment in technology to offer customers a true omni-channel retail experience.

Truworths' retail sales for the first nine weeks of the 2022 reporting period decreased by 5.3% compared to the first nine weeks of the prior corresponding period. Retail sales during this period were lower due to reduced markdown activity compared to the prior comparative period, slower consumer spending when stricter lockdown regulations were applied in response to the third wave of COVID-19 infections, and the civil unrest and rioting in KwaZulu-Natal and Gauteng in July referred to above. Excluding sales of the stores directly affected by the civil unrest and riots for weeks three to nine from the first nine weeks of the 2022 reporting period as well as the prior corresponding period, retail sales decreased by 0.8%.

Trading space is planned to remain unchanged for the 2022 reporting period.

United Kingdom: Office

The Office turnaround plan aimed at restoring the profitability of the chain continues to gain traction despite being adversely impacted by COVID-19 limitations. The focus areas in the year ahead will continue to be on stock management, the closure of loss-making and marginal stores, remodelling of important high-profile stores, expanded e-commerce offering, investment in IT systems and in payment options for customers, and ongoing expense control.

High street footfall remains under pressure due to COVID-19, particularly in major city centres which are dependent on office workers and tourists. However, the rapid roll-out of the UK's COVID-19 vaccine programme, with an estimated 64% of the population already having been vaccinated, is expected to reduce the risk of further lockdown restrictions and support the recovery of the retail sector.

Office's retail sales for the first nine weeks of the 2022 reporting period increased by 3.2% in Sterling terms compared to the first nine weeks of the prior corresponding period.

Trading space is planned to decrease by approximately 12% for the 2022 reporting period.

Group: capital expenditure

Capital expenditure of R389 million (Truworths R332 million and Office £3 million) has been committed for the 2022 reporting period.

H Saven
Chairman

M. Mark

MS Mark
Chief Executive Officer

FINAL DIVIDEND

The directors of the company have resolved to declare a gross cash dividend from retained earnings in respect of the 52-week period ended 27 June 2021 in the amount of 118 South African cents (2020: 31 South African cents) per ordinary share to shareholders reflected in the company's register on the record date, being Thursday, 23 September 2021.

The last day to trade in the company's shares *cum* dividend is Monday, 20 September 2021. Consequently no dematerialisation or rematerialisation of the company's shares may take place over the period from Tuesday, 21 September 2021 to Thursday, 23 September 2021, both days inclusive. Trading in the company's shares *ex* dividend will commence on Tuesday, 21 September 2021. The dividend is scheduled to be paid in South African Rand (ZAR) on Monday, 27 September 2021.

Dividends will be paid net of dividends tax (currently 20%), to be withheld and paid to the South African Revenue Service. Such tax must be withheld unless beneficial owners of the dividend have provided the necessary documentary proof to the relevant regulated intermediary (being a broker, CSD participant, nominee company or the company's transfer secretaries Computershare Investor Services (Pty) Ltd, Private Bag X9000, Saxonwold, 2132, South Africa) that they are exempt therefrom, or entitled to a reduced rate, as a result of a double taxation agreement between South Africa and the country of tax domicile of such owner.

The withholding tax, if applicable at the rate of 20%, will result in a net cash dividend per share of 94.40000 South African cents. The company has 438 007 383 ordinary shares in issue on the date of this announcement. In accordance with the company's memorandum of incorporation the dividend will only be paid by electronic funds transfer, and no cheque payments will be made. Accordingly, shareholders who have not yet provided their bank account details should do so to the company's transfer secretaries.

The directors have determined that gross dividends amounting to less than 2 000 South African cents, due to any one shareholder of the company's shares held in certificated form, will not be paid, unless otherwise requested in writing, but the net amount thereof will be aggregated with other such net amounts and donated to a charity to be nominated by the directors of the company.

By order of the board.

C Durham
Company Secretary

Cape Town
2 September 2021

One Capital
JSE Sponsor

Merchantec Capital
NSX Sponsor

SUMMARISED GROUP STATEMENTS OF
FINANCIAL POSITION

	Note	at 27 Jun 2021 Audited Rm	at 28 Jun 2020 Audited Rm
ASSETS			
Non-current assets		**5 305**	5 856
Property, plant and equipment		**1 707**	1 788
Right-of-use assets	7	**2 196**	2 651
Intangible assets		**551**	569
Goodwill		**294**	294
Loans and receivables		**91**	53
Assets held at fair value		**35**	32
Derivative financial assets		**–**	2
Deferred tax		**431**	467
Current assets		**7 216**	8 425
Inventories		**1 755**	2 010
Trade and other receivables	8	**4 327**	4 091
Derivative financial assets		**5**	65
Loans and receivables		**–**	51
Prepayments		**52**	26
Cash and cash equivalents		**1 077**	2 150
Tax receivable		**–**	32
Total assets		**12 521**	14 281
EQUITY AND LIABILITIES			
Total equity		**6 191**	6 008
Share capital and premium	9, 10	**521**	743
Treasury shares	11	**(2 259)**	(1 815)
Retained earnings		**7 778**	6 906
Non-distributable reserves		**151**	174
Non-current liabilities		**2 195**	2 698
Lease liabilities		**2 062**	2 562
Provisions		**70**	95
Post-retirement medical benefit obligation		**40**	39
Put option liability		**15**	–
Derivative financial liabilities		**5**	–
Leave pay obligation		**3**	2
Current liabilities		**4 135**	5 575
Trade and other payables		**1 965**	1 801
Lease liabilities		**1 397**	1 557
Interest-bearing borrowings	12	**346**	2 106
Provisions		**192**	111
Bank overdraft		**154**	–
Derivative financial liabilities		**29**	–
Put option liability		**10**	–
Tax payable		**42**	–
Total liabilities		**6 330**	8 273
Total equity and liabilities		**12 521**	14 281
Number of shares in issue (net of treasury shares)	(millions)	**396.4**	414.4
Net asset value per share	(cents)	**1 562**	1 450

SUMMARISED GROUP STATEMENTS OF COMPREHENSIVE INCOME

	Note	52 weeks to 27 Jun 2021 Audited Rm	% change	52 weeks to 28 Jun 2020 Audited Rm
Revenue	4	**17 534**	(2.5)	17 982
Sale of merchandise	4	**16 400**	0.1	16 379
Cost of sales		**(8 042)**		(8 065)
Gross profit		**8 358**	0.5	8 314
Other income	4	**365**		439
Trading expenses		**(6 454)**	(35.6)	(10 027)
Depreciation and amortisation		**(1 229)**		(1 452)
Employment costs		**(2 073)**		(2 015)
Occupancy costs		**(682)**		(675)
Trade receivable costs		**(768)**		(1 621)
Other operating costs		**(1 702)**		(4 264)
Trading profit/(loss)		**2 269**	278.1	(1 274)
Interest income	4	**762**		1 155
Dividend income	4	**7**		9
Operating profit/(loss)		**3 038**	2 861.8	(110)
Finance costs		**(292)**	(17.3)	(353)
Profit/(loss) before tax		**2 746**	693.1	(463)
Tax expense		**(790)**		(213)
Profit/(loss) for the period		**1 956**	389.3	(676)
Attributable to:				
Equity holders of the company		**1 951**		(556)
Holders of the non-controlling interest		**5**		(120)
Profit/(loss) for the period		**1 956**		(676)
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**17**		335
Movement in foreign currency translation reserve		**17**		335
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**6**		11
Re-measurement gains on defined benefit plans		**1**		14
Fair value adjustment on assets held at fair value through other comprehensive income		**5**		(3)
Other comprehensive income for the period, net of tax		**23**		346
Attributable to:				
Equity holders of the company		**27**		308
Holders of the non-controlling interest		**(4)**		38
Other comprehensive income for the period, net of tax		**23**		346
Total comprehensive income/(loss) for the period		**1 979**		(330)
Attributable to:				
Equity holders of the company		**1 978**		(248)
Holders of the non-controlling interest		**1**		(82)
Total comprehensive income/(loss) for the period		**1 979**		(330)
Basic earnings/(loss) per share	(cents)	**480.2**	461.1	(133.0)
Diluted basic earnings/(loss) per share	(cents)	**476.9**	459.9	(132.5)

SUMMARISED GROUP STATEMENTS OF
CHANGES IN EQUITY

	Share capital and premium Rm	Treasury shares Rm	Retained earnings Rm	Non-distributable reserves Rm	Equity holders of the company Rm	Holders of the non-controlling interest Rm	Total equity Rm
2021							
Balance at the beginning of the period	**743**	**(1 815)**	**6 906**	**174**	**6 008**	**–**	**6 008**
Total comprehensive income for the period	**–**	**–**	**1 952**	**26**	**1 978**	**1**	**1 979**
Profit for the period	**–**	**–**	**1 951**	**–**	**1 951**	**5**	**1 956**
Other comprehensive income/(loss) for the period	**–**	**–**	**1**	**26**	**27**	**(4)**	**23**
Dividends declared	**–**	**–**	**(1 086)**	**–**	**(1 086)**	**–**	**(1 086)**
Shares repurchased	**–**	**(768)**	**–**	**–**	**(768)**	**–**	**(768)**
Shares cancelled	**(222)**	**222**	**–**	**–**	**–**	**–**	**–**
Cost of shares vested and transferred to participants in terms of the 2012 restricted share scheme	**–**	**102**	**–**	**(102)**	**–**	**–**	**–**
Share options and appreciation rights expired	**–**	**–**	**6**	**(6)**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**83**	**83**	**–**	**83**
Movement in put option liability	**–**	**–**	**–**	**(24)**	**(24)**	**(1)**	**(25)**
Balance at 27 June 2021	**521**	**(2 259)**	**7 778**	**151**	**6 191**	**–**	**6 191**
2020							
Balance at the beginning of the period	739	(1 291)	9 076	(145)	8 379	–	8 379
Total comprehensive (loss)/income for the period	–	–	(542)	294	(248)	(82)	(330)
Loss for the period	–	–	(556)	–	(556)	(120)	(676)
Other comprehensive income for the period	–	–	14	294	308	38	346
Dividends declared	–	–	(1 628)	–	(1 628)	–	(1 628)
Shares repurchased	–	(583)	–	–	(583)	–	(583)
Premium on shares issued in terms of the 1998 share option scheme	4	–	–	–	4	–	4
Cost of shares vested and transferred to participants in terms of the 2012 restricted share scheme	–	59	–	(59)	–	–	–
Share-based payments	–	–	–	102	102	–	102
Acquisition of non-controlling interest	–	–	–	16	16	(73)	(57)
Movement in put option liability	–	–	–	(34)	(34)	155	121
Balance at 28 June 2020	743	(1 815)	6 906	174	6 008	–	6 008

SUMMARISED GROUP STATEMENTS OF CASH FLOWS

	Note	52 weeks to 27 Jun 2021 Audited Rm	52 weeks to 28 Jun 2020 Audited Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from trading		**3 870**	3 091
Working capital movements		**196**	1 411
Cash generated from operations		**4 066**	4 502
Interest received		**764**	1 155
Dividends received		**7**	9
Interest paid		**(301)**	(332)
Tax paid		**(687)**	(817)
Cash inflow from operations		**3 849**	4 517
Dividends paid		**(1 086)**	(1 628)
Net cash from operating activities		**2 763**	2 889
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment to expand operations		**(203)**	(280)
Acquisition of plant and equipment to maintain operations		**(51)**	(87)
Acquisition of computer software		**(66)**	(68)
Net acquisition of business		**(36)**	–
Premiums paid to insurance cell		**(15)**	(12)
Amounts received from insurance cell		**7**	6
Proceeds from disposal of plant and equipment		**1**	–
Proceeds from disposal of mutual fund units		**1**	1
Loans advanced		**–**	(2)
Net cash used in investing activities		**(362)**	(442)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on shares issued	9, 10	**–**	4
Shares repurchased by subsidiaries and the company	11	**(768)**	(583)
Borrowings repaid	12	**(1 694)**	(914)
Borrowings incurred	12	**–**	1 592
Lease liability payments		**(1 107)**	(1 028)
Acquisition of non-controlling interest		**–**	(57)
Contributions to post-retirement medical benefit plan asset		**–**	(5)
Net cash used in financing activities		**(3 569)**	(991)
Net (decrease)/increase in cash and cash equivalents		**(1 168)**	1 456
Cash and cash equivalents at the beginning of the period		**2 150**	597
Net foreign exchange difference		**(59)**	97
NET CASH AND CASH EQUIVALENTS AT THE REPORTING DATE		**923**	2 150

INDEPENDENT AUDITOR'S REPORT

on the summary Group financial statements to the shareholders of Truworths International Limited

INTRODUCTION

The summary Group annual financial statements of Truworths International Limited, contained in the accompanying preliminary report and comprising the summary Group statement of financial position as at 27 June 2021, the summary Group statement of comprehensive income, summary Group statement of changes in equity and summary Group statement of cash flows for the 52-week period then ended, and related notes, set out on pages 6 to 23, are derived from the audited Group and company annual financial statements of Truworths International Limited for the said period.

OPINION

In our opinion, the accompanying summary Group financial statements are consistent, in all material respects, with the said audited Group and company annual financial statements, in accordance with the requirements of the JSE Listings Requirements for preliminary reports, as set out in note 1 to the summary Group financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary Group financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary Group financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited Group and company annual financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited Group annual financial statements for the period ended 27 June 2021 in our report dated 2 September 2021. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual financial statements for the period. The Group and company audited annual financial statements and the summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Group and company audited annual financial statements.

OTHER INFORMATION

The directors are responsible for other information. The other information comprises information included in this 25-page document titled 'Truworths International Limited Preliminary Report on the Audited Group Annual Results for the 52 weeks ended 27 June 2021 and cash dividend declaration', which includes key features, Group profile, impact of COVID-19, civil unrest looting and disruption in South Africa, trading and financial performance, financial position, capital management, account management, directorate, outlook and final dividends. The other information does not include the audited consolidated and separate annual financial statements and our auditor's report thereon.

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

In connection with our audit of the summary consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Listings Requirements for preliminary reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated and separate annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Pierre Gustav du Plessis
Registered Auditor
Chartered Accountant (SA)

Cape Town
2 September 2021

SELECTED EXPLANATORY NOTES

1 STATEMENT OF COMPLIANCE

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements (Listings Requirements) for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework, concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, unless otherwise stated. Any forward-looking statement in this announcement has neither been reviewed nor reported on by the company's external auditor, Ernst & Young Inc.

The preliminary report and these summarised consolidated financial statements have been prepared under the supervision of Mr EFPM Cristaudo, the Chief Financial Officer of the Group.

These summarised consolidated financial statements for the year ended 27 June 2021 have been audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which these summarised consolidated financial statements were derived.

The auditor's report on the summarised consolidated financial statements appears on page 10 of this preliminary report. The consolidated annual financial statements, including the auditor's report in relation thereto, is available on the company's website at www.truworthsinternational.com or at the company's registered office.

The auditor's report on the summarised consolidated annual financial statements does not necessarily report on all of the information contained in this preliminary report. Investors are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should review the auditor's report on the summarised consolidated financial statements on page 10.

2 BASIS OF PREPARATION

The Group's annual financial statements for the period ended 27 June 2021 have been prepared in accordance with the going concern and historical cost bases except where otherwise indicated. The accounting policies are applied consistently throughout the Group. The presentation and functional currency used in the preparation of the Group and company financial statements is the South African Rand (ZAR or Rand) and all amounts are rounded to the nearest million, except where otherwise indicated.

3 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

3.1 The accounting policies and methods of computation applied in the preparation of the consolidated annual financial statements comply with IFRS and are consistent with those applied in the preparation of the consolidated annual financial statements for the prior period ended 28 June 2020.

Other IFRS, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations not applicable to Group activities

Various new and amended IFRS and IFRIC interpretations that have been issued are effective in the reporting period but do not have a material impact on the Group's activities.

3.2 **IFRS, amendments and IFRIC interpretations issued but not yet effective**

Various IFRS amendments and IFRIC interpretations that have been issued and are not yet effective have not been disclosed by the Group as they do not have a material impact on Group activities.

3.3 **Basis of consolidation of financial results**

The Group consolidated annual financial statements comprise the annual financial statements of the company and its consolidated subsidiaries and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

	52 weeks to 27 Jun 2021 Audited Rm	% change	52 weeks to 28 Jun 2020 Audited Rm
4 REVENUE			
Sale of merchandise	**16 400**	0.1	16 379
Retail sales	**16 995**		16 917
Variable consideration adjustments*	**(692)**		(646)
Delivery fee income	**76**		71
Wholesale sales	**21**		37
Interest received	**762**	(34.0)	1 155
Trade receivables interest	**729**		1 072
Investment and other interest	**33**		83
Other income	**365**	(16.9)	439
Commission	**159**		149
Foreign exchange gains	**–**		146
Financial services income	**90**		75
Gain on IFRS 16 re-measurements and modifications	**46**		–
Government grants	**28**		–
Display fees	**15**		35
Lease rental income	**6**		9
Variable lease rental income	**6**		10
Other	**10**		9
Insurance recoveries	**5**		6
Dividends received from insurance business arrangements	**7**		9
Total revenue	**17 534**	(2.5)	17 982

* Variable consideration adjustments made in terms of IFRS and generally accepted accounting practice relating to promotional vouchers, staff discounts on merchandise purchased, cellular retail sales, notional interest on non-interest-bearing trade receivables and the sales returns provision.

Notional interest represents a significant financing component in accordance with IFRS 15. The Group recognised notional interest of R81 million (2020: R107 million) as a reduction to sale of merchandise.

		52 weeks to 27 Jun 2021 Audited Rm	% change	52 weeks to 28 Jun 2020 Audited Rm
5 RECONCILIATION OF PROFIT/(LOSS) FOR THE PERIOD TO HEADLINE EARNINGS				
Profit/(loss) for the period, attributable to equity holders of the company		**1 951**		(556)
Adjusted for:				
Net impairment of right-of-use assets		**190**		363
Tax in relation to net impairment of right-of-use assets		**(35)**		(78)
Loss on write-off or disposal of plant and equipment		**7**		3
Tax on loss on write-off or disposal of plant and equipment		**(2)**		(1)
Loss on write-off of intangible assets		**2**		–
Impairment of property, plant and equipment		**4**		7
Tax in relation to impairment of property, plant and equipment		**(1)**		(1)
Impairment of trademarks		**–**		2 379
Tax in relation to impairment of trademarks		**–**		(452)
Impairment of goodwill		**–**		52
Bargain purchase gain on acquisition of Barrie Cline		**(2)**		–
Headline earnings		**2 114**		1 716
Headline earnings per share	(cents)	**520.3**	26.8	410.4
Diluted headline earnings per share	(cents)	**516.7**	26.3	409.0
Weighted average number of shares	(millions)	**406.3**		418.1
Diluted weighted average number of shares	(millions)	**409.1**		419.6

	2021 Cents	2020 Cents
6 DIVIDENDS		
Dividends per share		
Cash final – payable/paid September	**118**	31
Cash interim – paid March	**232**	249
	350	280

		52 weeks to 27 Jun 2021 Audited Rm	52 weeks to 28 Jun 2020 Audited Rm
7	**RIGHT-OF-USE ASSETS**		
	Balance at the beginning of the reporting period, net of accumulated depreciation and impairment	**2 651**	3 361
	Additions for new or renewed leases	**136**	181
	Modifications and re-measurements	**806**	415
	Disposal on lease terminations	**(293)**	(50)
	Cost	**(1 036)**	(559)
	Accumulated depreciation	**743**	509
	Depreciation	**(838)**	(1 050)
	Impairment of right-of-use assets	**(252)**	(391)
	Truworths cash-generating unit	**(27)**	(107)
	Office cash-generating unit	**(225)**	(284)
	Reversal of previously recognised right-of-use assets impairments	**50**	12
	Truworths cash-generating unit	**40**	12
	Office cash-generating unit	**10**	–
	Other adjustments	**(19)**	–
	Movement in exchange rates through other comprehensive income	**(45)**	173
	Balance at the reporting date, net of accumulated depreciation and impairment	**2 196**	2 651

Impairment testing of right-of-use assets
Right-of-use assets are tested for impairment, or reversal of previously recognised impairment losses, annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (such as a store becoming loss-making), or the recoverable amount exceeds the carrying amount. Some of the factors considered in the reversal of previously recognised impairments include previously impaired stores becoming profitable and renegotiation of lease terms and conditions with landlords.

The ongoing difficult economic conditions in the UK due to COVID-19 lockdown restrictions, negative consumer sentiment, Brexit-related uncertainty as well as ongoing cost and margin pressure from the consumer shift from store-based retailing to online shopping have been identified as specific indicators requiring the lease portfolio of the Office segment to be tested comprehensively for impairment. Accordingly, all right-of-use assets in respect of the Office segment have been assessed for impairment. Other general indicators affecting the Truworths segment (such as loss-making stores) further required management to test certain right-of-use assets belonging to this segment. The resulting impairments were recognised in other operating costs.

The recoverable amount of the cash-generating units to which the right-of-use assets belong has been determined based on their value in use using the discounted cash flow approach. Cash flow projections, covering the remaining lease period, were based on historical information, financial budgets and forecasts approved by senior management.

The total recoverable amount of impaired right-of-use assets allocated to the Truworths and Office cash-generating units were R373 million and R223 million (2020: R350 million and R452 million), respectively, at the reporting date.

Key assumptions applied in the value-in-use calculations and sensitivity analysis were as follows:

The value in use of cash-generating units to which the right-of-use assets have been assigned is most sensitive to the following assumptions:

- sales growth rate;
- gross profit margin;
- head office cost allocation;
- working capital requirements; and
- the discount rate applied in determining the present value of future cash flows.

		52 weeks to 27 Jun 2021 Audited	52 weeks to 28 Jun 2020 Audited
7 RIGHT-OF-USE ASSETS (continued)			
Truworths			
Assumptions applied:			
Discount rate applied to projected cash flows	(%)	**10.1**	12.1
Discount rate calculated using the following variables:			
Risk-free rate, based on the annualised yield of a South African government issued bond with a maturity of 2 years	(%)	**5.2**	7.6
Market risk premium	(% points)	**5.0**	5.0
Beta value	(:1)	**1.1**	1.2
Office			
Assumptions applied:			
Discount rate applied to projected cash flows	(%)	**11.7**	10.9
Discount rate calculated using the following variables:			
Risk-free rate, based on the annualised yield of a UK government issued bond with a maturity of 10 years	(%)	**0.8**	0.9
Market risk premium	(% points)	**6.0**	6.0
Beta value	(:1)	**0.8**	0.9

		52 weeks to 27 Jun 2021 Audited Rm	52 weeks to 28 Jun 2020 Audited Rm
8 TRADE AND OTHER RECEIVABLES			
Gross trade receivables		**5 366**	5 504
Expected credit losses allowance		**(1 256)**	(1 660)
Net trade receivables		**4 110**	3 844
Other receivables		**217**	247
Trade and other receivables at the reporting date		**4 327**	4 091
Interest-bearing debtors as a % of trade receivables	(%)	**78**	83
Net bad debt as a % of trade receivables*	(%)	**18.1**	16.2
Expected credit losses allowance as a % of trade receivables	(%)	**23.4**	30.2
Expected credit losses allowance			
Balance at the beginning of the reporting period		**1 660**	1 135
Movement for the period		**(404)**	525
Allowance utilised		**(914)**	(794)
Allowance raised		**510**	1 319
Balance at the reporting date		**1 256**	1 660

* The net of gross bad debts, bad debt recovered and debt sold as a percentage of gross trade receivables.

At the reporting date the expected credit losses (ECL) allowance decreased to 23.4% (2020: increased from 19.2% to 30.2%) of gross trade receivables.

The decrease in the ECL allowance is attributed to better-than-anticipated observed performance of the accounts portfolio during the 2021 reporting period as well as the fact that a significant portion of the accounts impacted by COVID-19 had already been charged off as at the reporting date given the shorter-term nature of the portfolio.

With more than a year having passed since the first lockdown was imposed in South Africa, management now has access to more data to analyse and understand the longer-term impact of the COVID-19 pandemic on the accounts portfolio. This data was used to construct various forward-looking scenarios which were probability weighted to determine the final ECL allowance.

The macroeconomic overlays applied to the ECL models reflect the high level of uncertainty around the longer-term impact of the COVID-19 pandemic on the economic environment and, in particular, credit consumers.

The directors consider the carrying amounts of trade and other receivables to approximate their fair values and that no further allowance in excess of the ECL allowance is required.

	52 weeks to 27 Jun 2021 Audited R'000	52 weeks to 28 Jun 2020 Audited R'000
9 SHARE CAPITAL		
Ordinary share capital		
Authorised		
650 000 000 (2020: 650 000 000) ordinary shares of 0.015 cent each	**98**	98
Issued and fully paid		
438 407 383 (2020: 442 963 993) ordinary shares of 0.015 cent each	**66**	66

The company has one class of ordinary shares which carry no rights to fixed income.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company's shareholders.

	Number of shares 000's	Number of shares 000's
Reconciliation of movement in issued shares		
Balance at the beginning of the reporting period	**442 964**	442 876
Shares issued during the period	**–**	88
Shares repurchased and cancelled during the period	**(4 557)**	–
Balance at the reporting date	**438 407**	442 964
Treasury shares held by subsidiaries	**(42 027)**	(28 537)
Number of shares in issue (net of treasury shares)	**396 380**	414 427
Treasury shares as a % of the issued shares at the reporting date	**9.6**	6.4

During the current period 4 556 610 shares were repurchased, cancelled and delisted from the JSE at an average price of R48.77 and for an aggregate nominal value of R683 and an aggregate premium of R222 211 131.

During the prior period 87 523 shares were allotted pursuant to the exercise of options by participant employees in the Group's 1998 share scheme, in terms of the authority granted at a general meeting of members in 1998, at an average price of R44.72 per share, and for an aggregate nominal value of R13.13 and an aggregate premium of R3 913 629.

	52 weeks to 27 Jun 2021 Audited Rm	52 weeks to 28 Jun 2020 Audited Rm
10 SHARE PREMIUM		
Balance at the beginning of the reporting period	**743**	739
Premium on shares issued in terms of the 1998 share option scheme	**–**	4
Premium on shares repurchased and cancelled	**(222)**	–
Balance at the reporting date	**521**	743
11 TREASURY SHARES		
Balance at the beginning of the reporting period	**1 815**	1 291
Shares repurchased by Truworths Trading (Pty) Ltd	**431**	500
Shares repurchased by the company	**222**	–
Shares cancelled by the company	**(222)**	–
Shares in terms of share scheme:		
Repurchased by Truworths Ltd	**115**	83
Vested and transferred to participants in terms of the 2012 restricted share scheme	**(102)**	(59)
Balance at the reporting date	**2 259**	1 815

	52 weeks to 27 Jun 2021 Audited Rm	52 weeks to 28 Jun 2020 Audited Rm
12 INTEREST-BEARING BORROWINGS		
Balance at the beginning of the reporting period, comprising:	**2 106**	1 260
Non-current portion of interest-bearing borrowings	**–**	1 130
Current portion of interest-bearing borrowings	**2 106**	130
Borrowings repaid	**(1 694)**	(914)
Borrowings incurred	**–**	1 592
Movement in exchange rates through other comprehensive income	**(56)**	147
Amortisation of arrangement fees	**1**	10
Finance costs incurred	**33**	78
Finance costs paid	**(44)**	(67)
Balance at the reporting date, comprising:	**346**	2 106
Non-current portion of interest-bearing borrowings	**–**	–
Current portion of interest-bearing borrowings	**346**	2 106
SA Rand-based interest-bearing borrowings	**–**	1 400
Unsecured, variable-rate term loan	**–**	500
Unsecured, variable-rate revolving credit facility	**–**	900
UK Pound Sterling-based interest-bearing borrowings	**343**	692
Unsecured, variable-rate revolving credit facility	**343**	692
Accrued interest on interest-bearing borrowings	**3**	14
Balance at the reporting date	**346**	2 106

The SA Rand-based interest-bearing borrowings comprising an unsecured variable-rate term loan of R500 million and an unsecured variable-rate revolving credit facility (RCF) of R1.2 billion (R900 million drawn down at the prior reporting date) advanced to the Group's main operating subsidiary Truworths Ltd were repaid and cancelled during the reporting period and refinanced with an unsecured 12-month notice RCF of R1.2 billion. The settled loan and RCF bore variable interest at margins of 1.35 and 1.79 percentage points respectively above Johannesburg Interbank Agreed Rate (JIBAR). The three-month JIBAR at the repayment dates was 3.54% p.a. (2020 reporting date: 3.98%) and 4.58% p.a. (2020 reporting date: 4.58%) for the term loan and RCF, respectively.

The 12-month notice revolving credit facility of R1.2 billion bears an interest at a margin of 1.4 percentage points above the three-month JIBAR and requires drawdowns to be repaid at the end of each quarterly interest period. This facility expires 12 months after notice is given. At the period-end there were no drawdowns against this facility.

The UK Pound Sterling-based interest-bearing borrowings comprises a single unsecured variable-rate revolving credit facility of £32.5 million advanced to the Group's UK resident and managed subsidiary, Truworths UK Holdco 2 Ltd. At the reporting date £17.7 million (R346 million) (2020: £32.5 million (R692 million)) was drawn against this facility. It is repayable in January 2022 and has been guaranteed by the company and its subsidiary, Truworths Ltd. It requires interest to be paid at the end of each quarterly interest period and bears variable interest at a margin of 1.57 percentage points above the London Interbank Offered Rate (LIBOR). The three-month LIBOR at the reporting date was 0.08% (2020: 0.59%).

In terms of the company's memorandum of incorporation its borrowing powers are unlimited. The borrowing powers of the Group's main operating subsidiaries may be limited by the company.

The Group utilises cash reserves and borrowings to fund operational expenditure, working capital and capital investment requirements. The Group also has a South African Rand-based overdraft facility of R1 billion, of which R300 million is committed and R700 million is uncommitted (2020: R1 billion, of which R300 million is committed and R700 million is uncommitted), in addition to the facilities set out above. This facility bears interest at 1.25 percentage points below the prime lending rate in South Africa. At the period-end R154 million of this facility had been drawn down.

The Group met all the bank covenants relating to these interest-bearing borrowings during the period.

		52 weeks to 27 Jun 2021 Audited	52 weeks to 28 Jun 2020 Audited
13 CAPITAL MANAGEMENT			
Ratios			
Return on equity	(%)	**32**	(8)
Return on capital	(%)	**50**	–
Return on assets	(%)	**24**	(1)
Inventory turn	(times)	**4.6**	4.0
Asset turnover	(times)	**1.3**	1.1
Net cash to equity	(%)	**9.3**	0.7
Net cash to EBITDA	(times)	**0.1**	–
Cash flow per share	(cents)	**947**	1 080
Cash equivalent earnings per share	(cents)	**883**	795
Cash realisation rate	(%)	**107**	136

14 SEGMENT REPORTING

The Group's reportable segments have been identified as the Truworths and Office business units. The Truworths business unit comprises all the retailing activities conducted by the Group in Africa through which the Group retails fashion apparel comprising clothing, footwear and other fashion products as well as homeware. Included in the Truworths business unit is the YDE business unit which comprises the agency activities through which the Group retails clothing, footwear and related products on behalf of emerging South African designers, the Loads of Living business unit which retails homeware as well as the Barrie Cline business unit which designs and manufactures and supplies finished garments to Truworths. The Office business unit comprises the footwear retail activities conducted by the Group through stores, concession outlets and an e-commerce channel in the United Kingdom, Germany and the Republic of Ireland.

Management monitors the operating results of the business segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is reported on an IFRS basis and evaluated based on revenue, EBITDA and profit before tax.

		Truworths Rm	Office Rm	Consolidation entries Rm	Group Rm
14 SEGMENT REPORTING (continued)					
2021					
Total revenue		13 449	4 108	(23)	17 534
Third party		13 426	4 108	–	17 534
Inter-segment		23	–	(23)	–
Trading expenses		4 927	1 535	(8)	6 454
Depreciation and amortisation		1 014	215	–	1 229
Employment costs		1 666	413	(6)	2 073
Occupancy costs		527	155	–	682
Trade receivable costs		768	–	–	768
Other operating costs		952	752	(2)	1 702
Interest received		777	–	(15)	762
Finance costs		244	63	(15)	292
Profit for the period		1 863	93	–	1 956
Profit before tax		2 615	131	–	2 746
Tax expense		(752)	(38)	–	(790)
EBITDA		3 873	409	(15)	4 267
Segment assets		11 087	2 041	(607)*	12 521
Segment liabilities		4 221	2 262	(153)*	6 330
Capital expenditure		296	24	–	320
Other segmental information					
Gross margin	(%)	54.1	41.5	–	51.0
Trading margin	(%)	16.8	4.8	–	13.8
Operating margin	(%)	23.2	4.8	–	18.5
Inventory turn	(times)	4.9	4.0	–	4.6
Account:cash sales mix	(%)	68:32	0:100	–	52:48

* Elimination of investment in Office as well as inter-segment assets and liabilities.

14 SEGMENT REPORTING (continued)

		Truworths Rm	Office Rm	Consolidation entries Rm	Restated Group Rm
2020					
Total revenue		13 290	4 700	(8)	17 982
Third party		13 284	4 698	–	17 982
Inter-segment		6	2	(8)	–
Trading expenses		5 466	4 569	(8)	10 027
Depreciation and amortisation		1 108	344	–	1 452
Employment costs		1 467	552	(4)	2 015
Occupancy costs		345	330	–	675
Trade receivable costs		1 613	8	–	1 621
Other operating costs		933	3 335	(4)	4 264
Interest received		1 153	2	–	1 155
Finance costs		278	75	–	353
Profit/(loss) for the period		1 670	(2 346)	–	(676)
Profit/(loss) before tax		2 345	(2 808)	–	(463)
Tax (expense)/credit		(675)	462	–	(213)
EBITDA		3 731	(2 389)	–	1 342
Segment assets		11 561	3 202	(482)*	14 281
Segment liabilities		5 250	3 500	(477)*	8 273
Capital expenditure		374	61	–	435
Other segmental information					
Gross margin	(%)	55.6	38.7	–	50.8
Trading margin	(%)	12.5	(58.5)	–	(7.8)
Operating margin	(%)	22.4	(58.5)	–	(0.7)
Inventory turn	(times)	4.2	3.7	–	4.0
Account:cash sales mix	(%)	70:30	0:100	–	51:49

* Elimination of investment in Office as well as inter-segment assets and liabilities.

14 SEGMENT REPORTING (continued)

	2021 Rm	**2021 Contribution to revenue %**	2020 Rm	2020 Contribution to revenue %
Third-party revenue				
South Africa	**12 963**	**73.9**	12 861	71.5
United Kingdom	**3 757**	**21.4**	4 178	23.3
Republic of Ireland	**163**	**1.0**	222	1.3
Namibia	**161**	**0.9**	159	0.9
Germany	**135**	**0.8**	240	1.3
Botswana	**129**	**0.7**	112	0.6
Eswatini	**109**	**0.6**	94	0.5
Rest of Europe	**36**	**0.2**	37	0.2
Lesotho	**30**	**0.2**	23	0.1
Mauritius	**15**	**0.1**	17	0.1
United States	**15**	**0.1**	16	0.1
Zambia	**13**	**0.1**	12	0.1
Kenya	**6**	**–***	6	–*
Middle East and Asia	**2**	**–***	4	–*
Australia	**–**	**–***	1	–*
Total third-party revenue	**17 534**	**100**	17 982	100

* Zero due to rounding.

15 CAPITAL COMMITMENTS

	at 27 Jun 2021 Audited Rm	at 28 Jun 2020 Audited Rm
Store renovation and development	**252**	272
Computer software and infrastructure	**90**	89
Distribution facilities	**4**	2
Motor vehicles	**3**	3
Head office refurbishment	**2**	4
Capital expenditure authorised but not contracted	**351**	370
Computer software and infrastructure	**32**	22
Buildings	**5**	19
Head office refurbishments	**1**	4
Capital expenditure authorised and contracted	**38**	45
Total capital commitments	**389**	415

The capital commitments will be financed from cash generated from operations and available cash resources and are expected to be incurred in the 2022 reporting period.

16 EVENTS AFTER THE REPORTING DATE

Between the 9th and 17th of July 2021 South Africa witnessed civil unrest and rioting which temporarily disrupted some parts of the Group's operations. Several of the Group's stores were targeted, leaving Truworths with stock losses and damage to properties and equipment. The Group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the period ended 27 June 2021 have not been adjusted to reflect the impact of these events.

In these incidents 57 of the Group's South African portfolio of 758 stores have been impacted directly and severely by looting and destruction of property of which 51 have reopened to trade at the date of these annual financial statements. More than 55% of the 57 stores are located in central business districts and small shopping malls and approximately 45% are located in regional centres. These stores would normally account for approximately 7% of the retail sales of the Group's South African store portfolio. No super-regional malls have been impacted. Furthermore, approximately 160 stores were impacted indirectly because of precautionary closures which have all reopened to trade at the date of these annual financial statements.

At the date of approval of these annual financial statements it is not possible to assess the full financial impact of these events as it is uncertain when all the affected stores will reopen. Management is in the process of assessing the damage to plant and equipment and inventory losses, and the estimated financial impact to date is approximately R46 million and R75 million, respectively.

The claim, relating to inventory losses, submitted to SASRIA to date amounts to R67 million, with the balance of inventory losses and the damage to plant and equipment to be claimed in due course from SASRIA.

The Group also has insurance for loss of gross profit due to business disruption and expenses incurred specifically due to the looting. Management has agreed a methodology to determine the insurance claims in this regard with the Group's insurers. The claim calculation applying this methodology is in progress and has not been finalised at the date of approval of these financial statements.

The Group believes that it has adequate insurance cover to mitigate a significant portion of these losses.

These losses and resultant insurance recoveries are expected to affect the cash flows from operating activities whilst the replacement of damaged plant and equipment will impact the cash flows from investing activities.

17 PRO FORMA INFORMATION

In the prior period pro forma financial information was presented to remove the impact of the impairment of the Office segment's intangible assets and the impairment of the YDE goodwill. Ernst & Young Inc. previously issued an independent reporting accountant's report on the non-IFRS financial information for the 52-week period ended 28 June 2020 on 3 September 2020, which is available for inspection at the Group's registered office. For further information on the pro forma financial information, please refer to the 2020 Truworths International Limited Group and Company Audited Annual Financial Statements.

			52 weeks to 27 Jun 2021 Audited[1] Rm
17	**PRO FORMA INFORMATION** (continued)		
	Pro forma summarised statements of comprehensive income		
	Sale of merchandise		16 400
	Cost of sales		(8 042)
	Gross profit		8 358
	Other income		365
	Trading expenses		(6 454)
	Depreciation and amortisation		(1 229)
	Employment costs		(2 073)
	Occupancy costs		(682)
	Trade receivable costs		(768)
	Other operating costs		(1 702)
	Trading profit/(loss)		2 269
	Interest income		762
	Dividend income		7
	Operating profit/(loss)		3 038
	Finance costs		(292)
	Profit/(loss) before tax		2 746
	Tax expense		(790)
	Profit/(loss) for the period		1 956
	Attributable to:		
	Equity holders of the company		1 951
	Holders of the non-controlling interest		5
	Profit/(loss) for the period		1 956
	Basic earnings/(loss) per share	(cents)	480.2
	Headline earnings per share	(cents)	520.3
	Diluted basic earnings/(loss) per share	(cents)	476.9
	Diluted headline earnings per share	(cents)	516.7
	Weighted average number of shares	(millions)	406.3
	Diluted weighted average number of shares	(millions)	409.1
	Key ratios		
	Gross margin	(%)	51.0
	Trading expenses to sale of merchandise	(%)	39.4
	Trading margin	(%)	13.8
	Operating margin	(%)	18.5

Notes

1. The '52 weeks to 27 Jun 2021 Audited' and '52 weeks to 28 Jun 2020' columns set out the audited results for the 52-week period ended 27 June 2021 and the audited results for the 52-week period ended 28 June 2020 respectively, which have been extracted, without adjustment, from the 2021 and 2020 Truworths International Limited Group and Company Audited Annual Financial Statements.
2. The amounts in the '28 Jun 2020 Pro forma' column set out the non-IFRS financial information after adjusting for the pro forma adjustments.
3. The amounts in the 'Pro forma adjustments 2020' column relate to the impairment of goodwill allocated to the YDE cash-generating unit amounting to R52 million, the impairment of trademarks allocated to the Office cash-generating unit amounting to R2 518 million and the related deferred tax in relation to trademarks amounting to R478 million.
4. The relevant adjustments have been extracted from the Group's accounting records.
5. The amounts in the 'Pro forma adjustments 2020' column are not expected to have a continuing effect on the Group's statement of comprehensive income.
6. The 'Pro forma adjustments' columns, and the resultant non-IFRS financial information, in the opinion of the directors, fairly reflect the impact of the specified pro forma adjustments.

52 weeks to 28 Jun 2020 Audited[1] Rm	Pro forma adjustments 2020[3] Rm	52 weeks to 28 Jun 2020 Pro forma[2] Rm	Reported results Change on prior period %	Pro forma results Change on pro forma prior period %
16 379		16 379	0.1	0.1
(8 065)		(8 065)		
8 314		8 314	0.5	0.5
439		439		
(10 027)	2 570	(7 457)	(35.6)	(13.5)
(1 452)		(1 452)		
(2 015)		(2 015)		
(675)		(675)		
(1 621)		(1 621)		
(4 264)	2 570	(1 694)	(60.1)	0.5
(1 274)	2 570	1 296	(278.1)	75.1
1 155		1 155		
9		9		
(110)	2 570	2 460	2 861.8	23.5
(353)		(353)		
(463)	2 570	2 107	693.1	30.3
(213)	(478)	(691)		
(676)	2 092	1 416	389.3	38.1
(556)	1 979	1 423	450.9	37.1
(120)	113	(7)	104.2	171.4
(676)	2 092	1 416	389.3	38.1
(133.0)	473.3	340.3	461.1	41.1
410.4	–	410.4	26.8	26.8
(132.5)	471.6	339.1	459.9	40.6
409.0	–	409.0	26.3	26.3
418.1		418.1		
419.6		419.6		
50.8		50.8		
61.2		45.5		
(7.8)		7.9		
(0.7)		15.0		

ADMINISTRATION

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Registration number 1944/017491/06

Tax reference number 9875/145/71/7
JSE code: TRU
NSX code: TRW
ISIN: ZAE000028296
LEI: 37890099AFD770037522

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