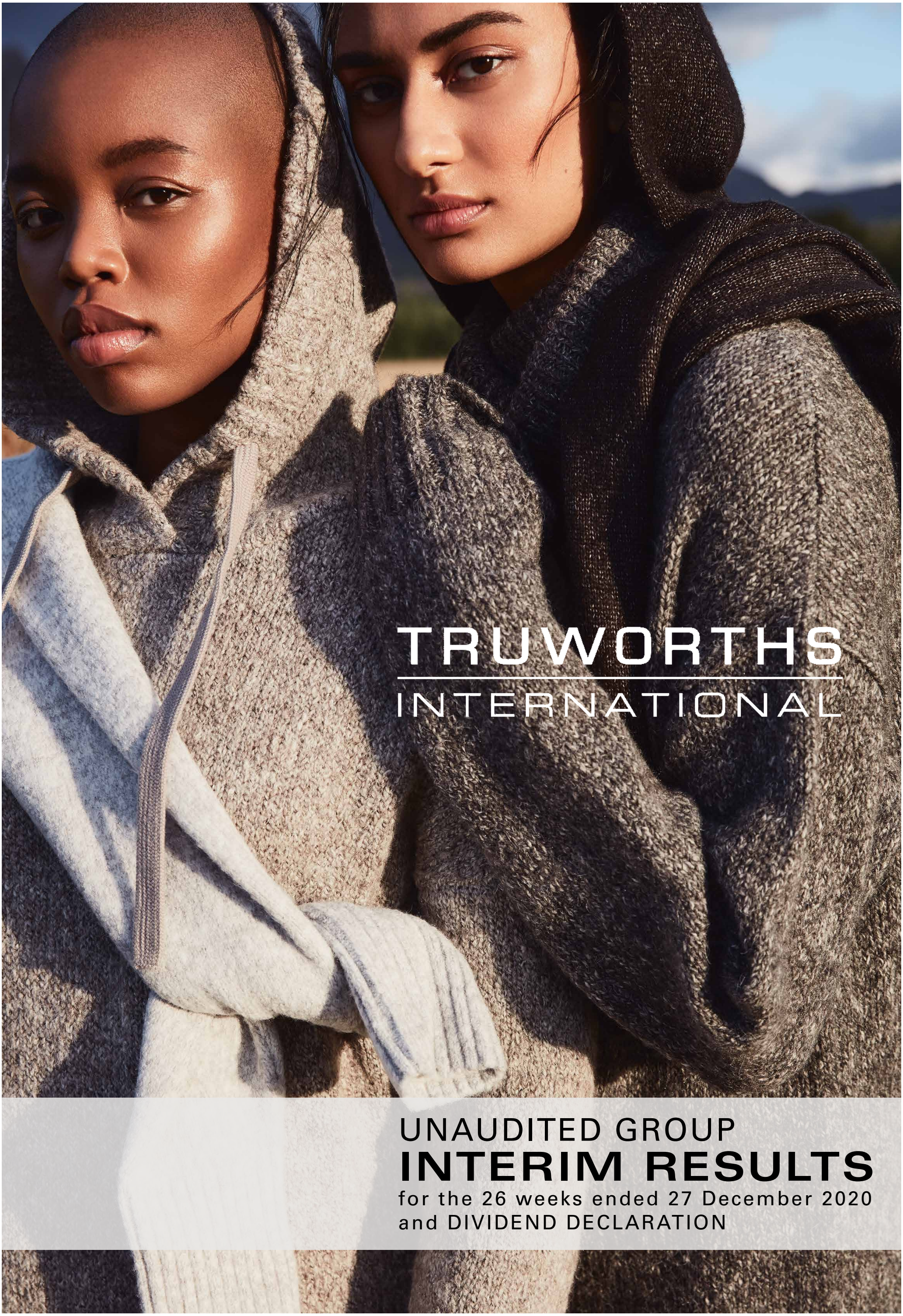

TRUWORTHS INTERNATIONAL

UNAUDITED GROUP

INTERIM RESULTS

for the 26 weeks ended 27 December 2020
and DIVIDEND DECLARATION

COMMENTARY

KEY FEATURES

Sale of merchandise	down 8.9% to **R9.4 billion**
Retail sales	down 8.5% to **R9.7 billion**
Gross margin	down from 52.5% to **51.5%**
Doubtful debt allowance to trade receivables	improves from 30.2% in June 2020 to **24.0%**
Operating margin	down from 22.6% to **20.5%**
Headline earnings per share	down **7.0%**
Diluted headline earnings per share	down **7.2%**
Cash generated from operations	**R2.7 billion**
Net cash to equity	**23.9%**
Share buy-backs for the period	(10.1 million shares) **R352 million**
Cash realisation rate	**126%**
Interim dividend per share	**232 cents** (2019: 249 cents)

GROUP PROFILE

Truworths International Ltd (the company) is an investment holding and management company listed on 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

Both of the Group's main markets, South Africa and the UK, continue to be affected materially by the impact of the COVID-19 pandemic. While there have not been any further hard lockdown restrictions in South Africa since the Group was allowed to reopen its stores in May 2020, consumer spending remains subdued in the wake of the ongoing economic crisis resulting from the severe negative impact of the pandemic, and generally depressed economic conditions.

In the UK, trading conditions have been exceptionally challenging amidst Brexit uncertainty and the closure of the Group's stores from 5 November 2020 to 2 December 2020 (except for 'click & collect' orders) as all non-essential retail activity was suspended in an attempt to curb the spread of the virus. The government again imposed a national lockdown in January 2021 forcing the Group to close its stores in the UK. Online trading, however, continued throughout the hard lockdowns, and the Group benefited from Office's strong e-commerce presence.

TRADING AND FINANCIAL PERFORMANCE

Sales and gross margin performance

Group retail sales for the 26-week period ended 27 December 2020 (the 'current period') decreased by 8.5% to R9.7 billion relative to the R10.6 billion reported for the 26-week prior period ended 29 December 2019 (the 'prior period'). Account sales comprised 51% (2019: 52%) of Group retail sales for the current period, with account sales decreasing by 10.3% and cash sales decreasing by 6.5%, relative to the prior period.

Retail sales for Truworths Africa (being the Group, excluding the UK-based Office segment and comprising mainly the Truworths businesses in South Africa) decreased by 6.8% to R7.3 billion (2019: R7.8 billion), with account sales decreasing by 10.3% and cash sales increasing by 1.9%. Account sales comprised 68% of retail sales (2019: 71%). In the current environment online sales delivered a strong performance, growing by more than 150% relative to the prior period, now comprising 2% of Truworths Africa's retail sales. There was no product inflation or deflation in the current period (2019: 1.1% inflation).

Retail sales for the Group's UK-based Office segment decreased in Sterling terms by 24.6% to £114 million (2019: £151 million). In Rand terms, retail sales for Office decreased by 13.3% to R2.4 billion. Online sales contributed approximately 59% (2019: 34%) of retail sales for the current period.

Group sale of merchandise, which comprises Group retail sales, together with wholesale sales and delivery fee income, less accounting adjustments (refer to note 4 for further information), decreased by 8.9% to R9.4 billion.

Divisional sales	**26 weeks to 27 Dec 2020 Rm**	26 weeks to 29 Dec 2019 Rm	Change on prior period %
Truworths ladieswear	**2 501**	2 846	(12.1)
Office	**2 425**	2 809	(13.3)
Truworths menswear‡	**1 897**	2 063	(8.0)
Identity	**1 189**	1 240	(4.1)
Truworths kids emporium#	**875**	823	6.3
Other^	**833**	851	(2.2)
Group retail sales	**9 720**	10 632	(8.5)
YDE agency sales	**89**	148	(39.9)

‡ Truworths Man, Uzzi, Daniel Hechter Mens and LTD Mens.
# LTD Kids, Earthchild and Naartjie.
^ Cosmetics, Cellular, Truworths Jewellery, Office London (South Africa) and Loads of Living.

The Group's gross margin reduced to 51.5% (2019: 52.5%). Truworths Africa's gross margin decreased to 54.7% (2019: 56.2%), mainly due to increased promotional activity. The gross margin in Office declined to 42.3% (2019: 43.0%) mainly due to an increase in the contribution of lower margin products as own-brand product sales continued to decline.

Trading space

Since the end of the prior period, a net 40 stores were closed across all brands. Truworths Africa opened 5 stores and closed 26, while Office closed 19 (including 5 Topshop/Topman concession stores). This resulted in a decrease in trading space of 1.5%. At the end of the current period the Group had 896 stores, including 13 concession outlets (2019: 936 stores, including 18 concession outlets).

Trading and operating profit

The Group continued to exercise rigorous expense control. Trading expenses for the current period decreased by 10.4% to R3.4 billion (2019: R3.8 billion), and constituted 36.6% (2019: 37.2%) of sale of merchandise. Trading expenses benefited from, amongst other, lower depreciation in respect of right-of-use assets, employment cost savings as a result of furlough schemes, the UK business rates holiday, and lower trade receivable costs, countered to some extent by right-of-use asset impairments and foreign exchange losses.

Group trading profit decreased 12.0% to R1.5 billion, mainly due to the adverse impact of COVID-19 on the Group's sales and gross profit during the current period. The trading margin was 16.5% (2019: 17.1%).

Interest received decreased 34.0% to R372 million, due to material reductions in the South African interest rate and the reduction in the Truworths Africa debtors book relative to the prior period.

Group operating profit decreased 17.5% to R1.9 billion (2019: R2.3 billion) resulting in the operating margin decreasing to 20.5% (2019: 22.6%).

Finance costs decreased 22.3% to R139 million (2019: R179 million) mainly as a consequence of the reduction in finance costs in respect of lease liabilities.

Earnings

Headline earnings per share (HEPS) and diluted HEPS decreased 7.0% to 339.3 cents and 7.2% to 337.3 cents, respectively, compared to the prior period's HEPS of 364.9 cents and diluted HEPS of 363.6 cents.

Earnings per share (EPS) and diluted EPS decreased by 15.1% to 309.5 cents and 15.3% to 307.6 cents, respectively, compared to the prior period's EPS of 364.7 cents and diluted EPS of 363.3 cents.

The Group's earnings are in line with the guidance provided to the market in the business update released on the stock exchange news service of the JSE (SENS) on 15 January 2021. An interim cash dividend of 232 cents per share has been declared (2019: 249 cents per share), maintaining the dividend cover at 1.5 times.

COMMENTARY (CONTINUED)

FINANCIAL POSITION

The Group's financial position remains strong, despite the net asset value per share decreasing 21.2% to 1 696 cents, principally due to the impairment of R2.0 billion (after tax) recognised against the Office trademarks in June 2020. Relative to June 2020, the Group's net asset value per share has increased 17.0%.

Inventories decreased by 13.4% to R1.9 billion (2019: R2.2 billion), driven by a 36% decrease (in Sterling) in Office's inventory. Inventory turn was 4.9 times (2019: 4.5 times). In Truworths Africa, gross inventory was unchanged at R1.5 billion and the inventory turn decreased to 5.0 times (2019: 5.1 times). In Office, the inventory turn increased from 3.3 times to 4.7 times (in Sterling) due to improved stock management.

Group net cash (excluding IFRS 16 lease liabilities) increased from R734 million to R1.6 billion, despite the repurchase of 10.1 million of the company's shares for R352 million during the current period.

CAPITAL MANAGEMENT

During the current period the Group generated R2.7 billion in cash from operations and this funded dividend payments (R130 million), capital expenditure (R155 million), share buy-backs (R352 million), loan repayments (R900 million) and lease liability payments in term of IFRS 16 (R645 million). Similar to the prior period, creditors, lease and tax payments were made on 31 December, shortly after the current period-end, boosting the cash inflow from operations and consequently the cash realisation rate for the current period.

The cash realisation rate, which is a measure of how profits are converted into cash, was 126% for the current period (2019: 133%).

The Group's net cash to equity ratio at the end of the current period was 24% (2019: 8%) and net cash to EBITDA was 0.3 times (2019: 0.1 times).

Share buy-backs during the period of R352 million (10.1 million shares at an average price of R34.94) were followed by additional share buy-backs of R80 million (2.2 million shares at an average price of R35.87) post-period-end.

ACCOUNT MANAGEMENT

Gross trade receivables in respect of the Truworths Africa debtors book (relating to the Truworths, Identity and YDE businesses) were at R5.8 billion (2019: R6.8 billion), while the number of active accounts decreased by 6% to 2.6 million. Active account holders able to purchase were at 85% (December 2019: 85%, June 2020: 77%, and October 2020: 83%) and overdue balances to gross trade receivables were at 12% (December 2019: 10%, June 2020: 20%, and October 2020: 15%), reflecting signs of improvement in the overall quality of the book since June 2020 as announced in November 2020.

At the current period-end the doubtful debt allowance in respect of the Truworths Africa debtors book was 24.0% of gross trade receivables (December 2019: 20.0% and June 2020: 30.1%). The decrease in the allowance compared to June 2020 is due to the impact of the hard lockdown rolling through the portfolio as well as the improved performance observed in account collections. Consequently, trade receivable costs decreased by 38.4% to R482 million (2019: R783 million). Net bad debt and related costs increased 33% to R809 million (2019: R608 million).

The Group uses accounts as an enabler of 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 only constitutes 0.5% of sale of merchandise (refer to note 4 for further information).

DIRECTORATE

In the process of implementing the succession plan for the Group and specifically for the Truworths Africa segment, Ms Sarah Proudfoot, an executive director of the company, and an employee since 2001, has been appointed Deputy Managing Director of the Group's main operating subsidiary Truworths Limited, and seven further director appointments have also been made to that company's board, with effect from 1 February 2021.

Mr David Pfaff, the Group's chief financial officer and chief operating officer, has resigned with effect from 28 February 2021. The board has commenced the process to appoint a successor for Mr Pfaff.

Mr Emanuel (Mannie) Cristaudo was appointed as an independent non-executive director of the company with effect from 1 January 2021.

OUTLOOK

South Africa: Truworths

The second wave of the COVID-19 pandemic and the associated restrictions under the adjusted level 3 lockdown continues to adversely impact consumer spending and limit retail foot traffic to ensure their safety and limit possible exposure to infection.

While it is critical for government to accelerate the COVID-19 vaccination programme to protect the South African population and enable the country to start the protracted process of rebuilding the economy, the efficacy of current vaccines against the mutated strain of the virus remains uncertain.

Despite the challenges in the macro environment, Truworths remains a highly stable and long-term sustainable business with robust cash flows and a strong balance sheet. Medium-term growth prospects will be supported by the significant improvement in the quality of the debtors book since most of the adverse impact of the hard lockdown in April 2020 has rolled through the portfolio, together with the quality of new accounts and growth in shoppable accounts. The launch of several new concepts to expand the Group's offering, including a more value-focused chain to gain entry into the lower end of the South African fashion market, an increased focus on excellent value and in-demand product (increasing range of promotional items), as well as the strong growth in e-commerce will further support Truworths' medium-term performance.

Truworths' retail sales for the first six weeks of the second half of the 2021 reporting period decreased by 6.9% compared to the first six weeks of the prior corresponding period, mainly due to the subdued consumer spending environment in the wake of the second wave of infections and lockdown restrictions. If there are no further hard lockdowns in South Africa for the remainder of the financial year, management expects sales to increase in the second half of the current financial year relative to the second half of the prior financial year due to the impact of the hard lockdown in that period.

Trading space is expected to remain unchanged for the 2021 financial year.

United Kingdom: Office

A third national lockdown imposed by the UK Government from 5 January 2021 is currently expected to continue until early March 2021, and will severely impact Office's sales performance for the third quarter of the 2021 financial year. Sales through Office's online platform are expected to partially compensate for the loss of in-store sales during this time when all non-essential retail activity is suspended. The UK retail environment is likely to remain challenging for the remainder of the financial year.

The Office turnaround plan is ongoing and progress has been made in the following key areas: stock management through the trading (buying and planning) alignment initiative; the closure or renegotiation of lease terms of several loss-making stores; the completion of the head office redundancy programme; and general cost and capital expenditure control. The roll-out of the UK's COVID-19 vaccine programme, with an estimated 22% of the population having already received their first vaccine shot, will hopefully reduce the risk of further lockdown restrictions and support the reopening of the retail sector.

Office's retail sales for the first six weeks of the second half of the 2021 reporting period decreased by 37.6% in Sterling compared to the first six weeks of the prior corresponding period. This is due to the lockdown restrictions and temporary store closures.

Trading space is planned to decrease by approximately 22% for the 2021 financial year as Office continues to close marginal and unprofitable stores.

H Saven
Chairman

MS Mark
Chief Executive Officer

INTERIM DIVIDEND

The directors of the company have resolved to declare a gross cash dividend from retained earnings in respect of the 26-week period ended 27 December 2020 in the amount of 232 South African cents (2019: 249 South African cents) per ordinary share to shareholders reflected in the company's register on the record date, being Friday, 12 March 2021.

The last day to trade in the company's shares *cum* dividend is Tuesday, 9 March 2021. Consequently no dematerialisation or rematerialisation of the company's shares may take place over the period from Wednesday, 10 March 2021 to Friday, 12 March 2021, both days inclusive. Trading in the company's shares *ex* dividend will commence on Wednesday, 10 March 2021. The dividend is scheduled to be paid in South African Rand (ZAR) on Monday, 15 March 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 185.6 South African cents. The company has 442 963 993 ordinary shares in issue on 18 February 2021. 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
18 February 2021

One Capital
JSE Sponsor

Merchantec Capital
NSX Sponsor

CONDENSED GROUP STATEMENTS OF
FINANCIAL POSITION

	Note	at 27 Dec 2020 Unaudited Rm	at 29 Dec 2019 Unaudited Rm	at 28 Jun 2020 Audited Rm
ASSETS				
Non-current assets		**5 314**	8 376	5 856
Property, plant and equipment		**1 737**	1 798	1 788
Right-of-use assets	7	**2 243**	2 892	2 651
Intangible assets		**546**	2 680	569
Goodwill		**294**	346	294
Loans and receivables		**54**	102	53
Assets held at fair value		**26**	31	32
Derivative financial assets		**2**	12	2
Deferred tax		**412**	515	467
Current assets		**9 430**	9 658	8 425
Inventories		**1 863**	2 151	2 010
Trade and other receivables	8	**4 633**	5 607	4 091
Derivative financial assets		**8**	–	65
Loans and receivables		**51**	–	51
Prepayments		**61**	68	26
Cash and cash equivalents		**2 791**	1 832	2 150
Tax receivable		**23**	–	32
Total assets		**14 744**	18 034	14 281
EQUITY AND LIABILITIES				
Total equity		**6 872**	8 972	6 008
Share capital and premium		**743**	743	743
Treasury shares	9	**(2 113)**	(1 734)	(1 815)
Retained earnings		**8 052**	10 036	6 906
Non-distributable reserves		**190**	(73)	174
Non-current liabilities		**2 256**	3 667	2 698
Lease liabilities		**2 134**	2 564	2 562
Interest-bearing borrowings	10	**–**	500	–
Provisions		**77**	80	95
Post-retirement medical benefit obligation		**43**	55	39
Leave pay obligation		**2**	4	2
Put option liability		**–**	76	–
Deferred tax		**–**	388	–
Current liabilities		**5 616**	5 395	5 575
Trade and other payables		**2 423**	2 593	1 801
Lease liabilities		**1 434**	1 415	1 557
Interest-bearing borrowings	10	**1 147**	598	2 106
Provisions		**144**	129	111
Put option liability		**–**	49	–
Derivative financial liabilities		**70**	47	–
Tax payable		**398**	564	–
Total liabilities		**7 872**	9 062	8 273
Total equity and liabilities		**14 744**	18 034	14 281
Supplementary information				
Number of shares in issue (net of treasury shares)	(millions)	**405.1**	416.9	414.4
Net asset value per share	(cents)	**1 696**	2 152	1 450

CONDENSED GROUP STATEMENTS OF **COMPREHENSIVE INCOME**

	Note	26 weeks to 27 Dec 2020 Unaudited Rm	26 weeks to 29 Dec 2019 Unaudited Rm	% change	52 weeks to 28 Jun 2020 Audited Rm
Revenue	4	**9 890**	11 031	(10.3)	17 982
Sale of merchandise	4	**9 365**	10 283	(8.9)	16 379
Cost of sales		**(4 545)**	(4 882)		(8 065)
Gross profit		**4 820**	5 401	(10.8)	8 314
Other income	4	**152**	179		439
Trading expenses		**(3 429)**	(3 826)	(10.4)	(10 027)
Depreciation and amortisation		**(638)**	(766)		(1 452)
Employment costs		**(1 027)**	(1 134)		(2 015)
Occupancy costs		**(350)**	(446)		(675)
Trade receivable costs		**(482)**	(783)		(1 621)
Other operating costs		**(932)**	(697)		(4 264)
Trading profit/(loss)		**1 543**	1 754	(12.0)	(1 274)
Interest received	4	**372**	564	(34.0)	1 155
Dividends received	4	**1**	5		9
Operating profit/(loss)		**1 916**	2 323	(17.5)	(110)
Finance costs		**(139)**	(179)	(22.3)	(353)
Profit/(loss) before tax		**1 777**	2 144	(17.1)	(463)
Tax expense		**(497)**	(592)		(213)
Profit/(loss) for the period		**1 280**	1 552	(17.5)	(676)
Attributable to:					
Equity holders of the company		**1 276**	1 535		(556)
Holders of the non-controlling interest		**4**	17		(120)
Profit/(loss) for the period		**1 280**	1 552		(676)
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**14**	46		335
Movement in foreign currency translation reserve		**14**	46		335
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**1**	–		11
Re-measurement gains on defined benefit plans		**–**	–		14
Fair value adjustment on assets held at fair value through other comprehensive income		**1**	–		(3)
Other comprehensive income for the period, net of tax		**15**	46		346
Attributable to:					
Equity holders of the company		**19**	41		308
Holders of the non-controlling interest		**(4)**	5		38
Other comprehensive income for the period, net of tax		**15**	46		346
Total comprehensive income/(loss) for the period		**1 295**	1 598		(330)
Attributable to:					
Equity holders of the company		**1 295**	1 576		(248)
Holders of the non-controlling interest		**–**	22		(82)
Total comprehensive income/(loss) for the period		**1 295**	1 598		(330)
Basic earnings/(loss) per share	(cents)	**309.5**	364.7	(15.1)	(133.0)
Diluted basic earnings/(loss) per share	(cents)	**307.6**	363.3	(15.3)	(132.5)

CONDENSED 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
2020							
Balance at the beginning of the period	**743**	**(1 815)**	**6 906**	**174**	**6 008**	**–**	**6 008**
Total comprehensive income for the period	**–**	**–**	**1 276**	**19**	**1 295**	**–**	**1 295**
Profit for the period	**–**	**–**	**1 276**	**–**	**1 276**	**4**	**1 280**
Other comprehensive income/(losses) for the period	**–**	**–**	**–**	**19**	**19**	**(4)**	**15**
Dividends declared	**–**	**–**	**(130)**	**–**	**(130)**	**–**	**(130)**
Shares repurchased	**–**	**(352)**	**–**	**–**	**(352)**	**–**	**(352)**
Fair value movement on investments	**–**	**–**	**–**	**1**	**1**	**–**	**1**
Cost of shares vested and transferred to participants in terms of the 2012 restricted share scheme	**–**	**54**	**–**	**(54)**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**50**	**50**	**–**	**50**
Balance at 27 December 2020	**743**	**(2 113)**	**8 052**	**190**	**6 872**	**–**	**6 872**
2019							
Balance at the beginning of the period	739	(1 291)	9 076	(145)	8 379	–	8 379
Total comprehensive income for the period	–	–	1 535	41	1 576	22	1 598
Profit for the period	–	–	1 535	–	1 535	17	1 552
Other comprehensive income for the period	–	–	–	41	41	5	46
Dividends declared	–	–	(575)	–	(575)	–	(575)
Shares repurchased	–	(481)	–	–	(481)	–	(481)
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	–	38	–	(38)	–	–	–
Share-based payments	–	–	–	51	51	–	51
Movement in put option liability	–	–	–	18	18	(22)	(4)
Balance at 29 December 2019	743	(1 734)	10 036	(73)	8 972	–	8 972

CONDENSED GROUP STATEMENTS OF **CASH FLOWS**

	Note	**26 weeks to 27 Dec 2020 Unaudited Rm**	26 weeks to 29 Dec 2019 Unaudited Rm	52 weeks to 28 Jun 2020 Audited Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash flow from trading		**2 505**	2 619	3 091
Working capital movements		**178**	420	1 411
Cash generated from operations		**2 683**	3 039	4 502
Interest received		**373**	563	1 155
Dividends received		**1**	5	9
Finance costs		**(147)**	(170)	(332)
Tax paid		**(41)**	(207)	(817)
Cash inflow from operations		**2 869**	3 230	4 517
Dividends paid		**(130)**	(575)	(1 628)
Net cash from operating activities		**2 739**	2 655	2 889
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment to expand operations		**(97)**	(164)	(280)
Acquisition of plant and equipment to maintain operations		**(27)**	(44)	(87)
Acquisition of computer software		**(31)**	(30)	(68)
Premiums paid to insurance cell		**–**	–	(12)
Amounts received from insurance cell		**5**	2	6
Loans advanced		**–**	(2)	(2)
Disposal of mutual fund units		**1**	–	1
Net cash used in investing activities		**(149)**	(238)	(442)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds on shares issued		**–**	4	4
Shares repurchased by subsidiaries		**(352)**	(481)	(583)
Borrowings repaid	10	**(900)**	(786)	(914)
Borrowings incurred	10	**–**	595	1 592
Lease liability payments		**(645)**	(519)	(1 028)
Acquisition of non-controlling interest		**–**	–	(57)
Contributions to post-retirement medical benefit plan asset		**–**	–	(5)
Net cash used in financing activities		**(1 897)**	(1 187)	(991)
Net increase in cash and cash equivalents		**693**	1 230	1 456
Cash and cash equivalents at the beginning of the period		**2 150**	597	597
Net foreign exchange difference		**(52)**	5	97
CASH AND CASH EQUIVALENTS AT THE REPORTING DATE		**2 791**	1 832	2 150

SELECTED
EXPLANATORY NOTES

1 STATEMENT OF COMPLIANCE

The unaudited condensed Group interim financial statements for the 26-week period ended 27 December 2020 (interim report) have been prepared in compliance with, and contain the information required by, the International Financial Reporting Standards (IFRS), specifically IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act (71 of 2008, as amended) of South Africa and the Listings Requirements of the JSE.

The interim report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the 52-week period ended 28 June 2020.

The information contained in the interim report has neither been audited nor reviewed by the Group's external auditors. The interim report has been prepared under the supervision of Mr DB Pfaff CA(SA), the Chief Financial Officer of the Group.

2 BASIS OF PREPARATION

The interim report has been prepared in accordance with the going concern and historical cost bases, unless otherwise indicated. The accounting policies are applied consistently throughout the Group. The presentation and functional currency used in the preparation of the interim report 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 interim report are in accordance with IFRS and are consistent with those applied in the preparation of the Group's annual financial statements for the 52-week prior period ended 28 June 2020.

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

Various other new and amended IFRS and IFRIC interpretations that have been issued are effective in the reporting period but are not applicable to the Group's activities.

3.2 **IFRS issued but not yet effective**

The following International Financial Reporting Standard, that is relevant to the Group, has been issued but is not yet effective for the period under review. The Group will adopt this standard no later than its effective date, to the extent that it is applicable to the Group's activities:

IFRS 17: Insurance Contracts

Effective for annual periods beginning on or after 1 January 2023

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The objective of the standard is to ensure that reporting entities provide relevant information in a way that faithfully represents those contracts. Management is in the process of assessing the potential impact of the implementation of this standard.

3.3 **Basis of consolidation of financial results**

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

	26 weeks to 27 Dec 2020 Unaudited Rm	26 weeks to 29 Dec 2019 Unaudited Rm	% change	52 weeks to 28 Jun 2020 Audited Rm
4 REVENUE				
Sale of merchandise	**9 365**	10 283	(8.9)	16 379
Retail sales	**9 720**	10 632		16 917
Accounting adjustments*	**(397)**	(410)		(646)
Wholesale sales	**3**	28		37
Delivery fee income	**39**	33		71
Interest received	**372**	564	(34.0)	1 155
Trade receivables interest	**348**	542		1 072
Investment interest	**24**	22		83
Other income	**152**	179	(15.1)	439
Commission	**87**	89		149
Foreign exchange gains	**–**	–		146
Financial services income	**47**	44		75
Display fees	**3**	24		35
Lease rental income	**5**	11		9
Variable lease rental income	**5**	–		10
Insurance recoveries	**3**	6		6
Other	**2**	5		9
Dividends received from insurance business arrangements	**1**	5		9
Total revenue	**9 890**	11 031	(10.3)	17 982

* Accounting 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.

		26 weeks to 27 Dec 2020 Unaudited Rm	26 weeks to 29 Dec 2019 Unaudited 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		**1 276**	1 535		(556)
Adjusted for:					
Net impairment of right-of-use assets		**150**	–		363
Tax in relation to net impairment of right-of-use assets		**(28)**	–		(78)
Loss on write-off of plant and equipment		**2**	2		3
Tax on write-off of plant and equipment		**(1)**	(1)		(1)
Impairment of trademarks		**–**	–		2 379
Tax in relation to impairment of trademarks		**–**	–		(452)
Impairment of goodwill		**–**	–		52
Impairment of property, plant and equipment		**–**	–		7
Tax in relation to impairment of property, plant and equipment		**–**	–		(1)
Headline earnings		**1 399**	1 536		1 716
Headline earnings per share	(cents)	**339.3**	364.9	(7.0)	410.4
Diluted headline earnings per share	(cents)	**337.3**	363.6	(7.2)	409.0
Weighted average number of shares	(millions)	**412.3**	420.9		418.1
Diluted weighted average number of shares	(millions)	**414.8**	422.5		419.6

	26 weeks to 27 Dec 2020 Cents	26 weeks to 29 Dec 2019 Cents
6 DIVIDENDS		
Dividends per share		
Cash dividend declared in respect of the period – payable/paid in March	**232**	249

	26 weeks to 27 Dec 2020 Unaudited Rm	26 weeks to 29 Dec 2019 Unaudited 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	3 361
Additions in respect of new or renewed leases	**220**	112	181
Modifications and re-measurements	**263**	(27)	415
Disposals	**(246)**	(13)	(50)
Cost	**(853)**	(311)	(559)
Accumulated depreciation	**607**	298	509
Depreciation	**(445)**	(568)	(1 050)
Impairment of right-of-use assets	**(159)**	–	(391)
Truworths cash-generating unit	**(1)**	–	(107)
Office cash-generating unit	**(158)**	–	(284)
Reversal of previously recognised right-of-use asset impairments	**–**	–	12
Truworths cash-generating unit	**–**	–	12
Movement in exchange rates through other comprehensive income	**(41)**	27	173
Balance at the reporting date, net of accumulated depreciation and impairment	**2 243**	2 892	2 651

Impairment testing of right-of-use assets
Right-of-use assets are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (such as a store becoming loss-making).

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 that the lease portfolio of the Office segment should be tested comprehensively for impairment.

The recoverable amounts of the cash-generating units to which the Office right-of-use assets belong have 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. Key assumptions applied in the value-in-use calculations and sensitivity analysis were as follows:

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

		26 weeks to 27 Dec 2020 Unaudited	26 weeks to 29 Dec 2019 Unaudited	52 weeks to 28 Jun 2020 Audited
7 RIGHT-OF-USE ASSETS (continued)				
Office				
Assumptions applied:				
Discount rate applied to projected cash flows	(%)	**10.9**	N/A*	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 20 years	(%)	**0.9**	N/A*	0.9
Market risk premium	(% points)	**6**	N/A*	6
Beta value	(:1)	**0.9**	N/A*	0.9

* There were no specific impairment indicators at 29 December 2019, hence no impairment testing was performed.

		26 weeks to 27 Dec 2020 Unaudited Rm	26 weeks to 29 Dec 2019 Unaudited Rm	52 weeks to 28 Jun 2020 Audited Rm
8 TRADE AND OTHER RECEIVABLES				
Gross trade receivables		**5 835**	6 751	5 504
Expected credit losses allowance		**(1 399)**	(1 352)	(1 660)
Net trade receivables		**4 436**	5 399	3 844
Other receivables		**197**	208	247
Trade and other receivables at reporting date		**4 633**	5 607	4 091
Interest-bearing debtors as a % of trade receivables	(%)	**75**	75	83
Net bad debt as a % of trade receivables*	(%)	**22.1**	13.4	16.2
Expected credit losses allowance as a % of trade receivables	(%)	**24.0**	20.0	30.2
Expected credit losses allowance				
Balance at the beginning of the reporting period		**1 660**	1 135	1 135
Movement for the period		**(261)**	217	525
Allowance utilised		**(688)**	(490)	(794)
Allowance raised		**427**	707	1 319
Balance at the reporting date		**1 399**	1 352	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 loss (ECL) allowance had decreased from 30.2% at June 2020 to 24.0% of gross trade receivables. The decrease in the ECL allowance is attributed to better-than-anticipated observed performance of the accounts portfolio over the last 26 weeks as well as the fact that a significant portion of the accounts impacted by COVID-19 had already been charged off by December 2020 given the shorter-term nature of the portfolio.

With nine months having passed since the first lockdown was imposed in South Africa, management now has access to more data to analyse the longer-term impact of the COVID-19 pandemic on the accounts portfolio. This data was used to construct various forward-looking scenarios with an expectation of lower future recoveries, and taking into account the possibility of future COVID-19 restrictions. The various scenarios were probability weighted to determine the final ECL allowance.

Management is closely monitoring all aspects of the portfolio and making the necessary adjustments to the Group's credit strategies to mitigate the impact of the pandemic.

		26 weeks to 27 Dec 2020 Unaudited Rm	26 weeks to 29 Dec 2019 Unaudited Rm	52 weeks to 28 Jun 2020 Audited Rm
9	**TREASURY SHARES**			
	Balance at the beginning of the reporting period	**1 815**	1 291	1 291
	Shares repurchased by Truworths Trading (Pty) Ltd	**237**	424	500
	Shares in terms of the 2012 restricted share scheme	**61**	19	24
	Repurchased by Truworths Ltd	**115**	57	83
	Vested and transferred to share scheme participants	**(54)**	(38)	(59)
	Balance at the reporting date	**2 113**	1 734	1 815
10	**INTEREST-BEARING BORROWINGS**			
	Balance at the beginning of the reporting period	**2 106**	1 260	1 260
	Non-current portion of interest-bearing borrowings	**–**	1 130	1 130
	Current portion of interest-bearing borrowings	**2 106**	130	130
	Borrowings repaid	**(900)**	(786)	(914)
	Borrowings incurred	**–**	595	1 592
	Movement in exchange rates through other comprehensive income	**(51)**	20	147
	Amortisation of arrangement fees	**1**	9	10
	Finance costs incurred	**11**	21	78
	Finance costs paid	**(20)**	(21)	(67)
	Balance at the reporting date, comprising:	**1 147**	1 098	2 106
	Non-current portion of interest-bearing borrowings	**–**	500	–
	Current portion of interest-bearing borrowings	**1 147**	598	2 106
	SA Rand-based interest-bearing borrowings	**500**	500	1 400
	Unsecured, variable-rate term loan	**500**	500	500
	Unsecured, variable-rate revolving credit facility	**–**	–	900
	UK Pound Sterling-based interest-bearing borrowings	**644**	598	692
	Unsecured, variable-rate revolving credit facility	**644**	598	692
	Accrued interest on interest-bearing borrowings	**3**	–	14
	Balance at the reporting date	**1 147**	1 098	2 106

The SA Rand-based interest-bearing borrowings comprises an unsecured variable-rate term loan of R500 million repayable in June 2021 advanced to the Group's main operating subsidiary Truworths Ltd. This facility bears variable interest at a margin of 1.35 percentage points above the three-month Johannesburg Interbank Agreed Rate (JIBAR). The three-month JIBAR at the reporting date was 3.54% p.a. (2019: 6.81% p.a.).

The UK Pound Sterling-based interest-bearing borrowings comprises a single unsecured variable-rate revolving credit facility of £32.5 million (R644 million) advanced to the Group's UK resident and managed subsidiary, Truworths UK Holdco 2 Ltd and is drawn down in full. This facility 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 0.07% p.a. (2019: 0.77%). The Sterling-based RCF was extended during December 2020 to January 2022 as it was due to expire at the end of January 2021.

In addition to the facilities described above, Truworths Ltd has access to an unsecured RCF of R1.2 billion. This South African-based RCF bears variable interest linked to the three-month JIBAR and requires drawdowns to be repaid at the end of each quarterly interest period. This facility expires in April 2022. At the period-end there were no drawdowns against this facility.

		26 weeks to 27 Dec 2020 Unaudited	26 weeks to 29 Dec 2019 Unaudited	52 weeks to 28 Jun 2020 Audited
11 CAPITAL MANAGEMENT				
Ratios				
Return on equity^	(%)	**40**	35	(8)
Return on capital^	(%)	**60**	53	–
Return on assets^	(%)	**26**	26	(1)
Inventory turn^	(times)	**4.9**	4.5	4.0
Asset turnover^	(times)	**1.3**	1.1	1.1
Net cash to equity	(%)	**(23.9)**	(8.2)	(0.7)
Net cash to EBITDA^	(times)	**(0.3)**	(0.1)	–
Cash flow per share	(cents)	**696**	767	1 080
Cash equivalent earnings per share	(cents)	**554**	577	795
Cash realisation rate	(%)	**126**	133	136

^ Ratios for December have been annualised.

12 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, as well as the Loads of Living business unit which retails homeware. 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 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
12 **SEGMENT REPORTING** (continued)					
2020					
Total revenue		**7 439**	**2 463**	**(12)**	**9 890**
Third party		**7 429**	**2 461**	**–**	**9 890**
Inter-segment		**10**	**2**	**(12)**	**–**
Trading expenses		**2 511**	**924**	**(6)**	**3 429**
Depreciation and amortisation		**513**	**125**	**–**	**638**
Employment costs		**782**	**248**	**(3)**	**1 027**
Occupancy costs		**246**	**104**	**–**	**350**
Trade receivable costs		**482**	**–**	**–**	**482**
Other operating costs		**488**	**447**	**(3)**	**932**
Interest received		**378**	**–**	**(6)**	**372**
Finance costs		**113**	**32**	**(6)**	**139**
Profit for the period		**1 210**	**70**	**–**	**1 280**
Profit before tax		**1 690**	**87**	**–**	**1 777**
Tax expense		**(480)**	**(17)**	**–**	**(497)**
EBITDA		**2 316**	**244**	**(6)**	**2 554**
Segment assets		**12 372**	**2 522**	**(150)***	**14 744**
Segment liabilities		**5 281**	**2 741**	**(150)***	**7 872**
Capital expenditure		**145**	**10**	**–**	**155**
Other segmental information					
Gross margin	(%)	**54.7**	**42.3**	**–**	**51.5**
Trading margin	(%)	**20.6**	**4.9**	**–**	**16.5**
Operating margin	(%)	**26.1**	**4.9**	**–**	**20.5**
Inventory turn#	(times)	**5.0**	**4.6**	**–**	**4.9**
Account:cash sales mix	(%)	**68:32**	**0:100**	**–**	**51:49**

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

12 SEGMENT REPORTING (continued)

2019

		Truworths Rm	Office Rm	Consolidation entries Rm	Group Rm
Total revenue		8 169	2 865	(3)	11 031
Third party		8 166	2 865	–	11 031
Inter-segment		3	–	(3)	–
Trading expenses		2 834	995	(3)	3 826
Depreciation and amortisation		559	207	–	766
Employment costs		795	341	(2)	1 134
Occupancy costs		240	206	–	446
Trade receivable costs		783	–	–	783
Other operating costs		457	241	(1)	697
Interest received		563	1	–	564
Finance costs		137	42	–	179
Profit for the period		1 393	159	–	1 552
Profit before tax		1 946	198	–	2 144
Tax expense		(553)	(39)	–	(592)
EBITDA		2 642	447	–	3 089
Segment assets		14 605	5 233	(1 804)*	18 034
Segment liabilities		5 680	3 383	(1)*	9 062
Capital expenditure		213	25	–	238
Other segmental information					
Gross margin	(%)	56.2	43.0	–	52.5
Trading margin	(%)	20.4	8.3	–	17.1
Operating margin	(%)	28.1	8.4	–	22.6
Inventory turn#	(times)	5.1	3.7	–	4.5
Account:cash sales mix	(%)	71:29	0:100	–	52:48

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

	2020 Rm	2020 Contribution to revenue %	2019 Rm	2019 Contribution to revenue %
12 SEGMENT REPORTING (continued)				
Third-party revenue				
South Africa	**7 181**	**72.6**	7 912	71.7
United Kingdom	**2 261**	**22.8**	2 600	23.6
Germany	**108**	**1.1**	144	1.3
Republic of Ireland	**92**	**0.9**	118	1.1
Namibia	**86**	**0.9**	96	0.9
Botswana	**68**	**0.7**	66	0.6
Eswatini	**57**	**0.6**	56	0.5
Lesotho	**17**	**0.2**	13	0.1
Mauritius	**10**	**0.1**	12	0.1
Zambia	**7**	**0.1**	7	0.1
Kenya	**3**	**–***	4	–*
United States	**–**	**–**	1	–*
Rest of Europe	**–**	**–**	1	–*
Middle East and Asia	**–**	**–**	1	–*
Total third-party revenue	**9 890**	**100**	11 031	100

* Zero due to rounding.

	26 weeks to 27 Dec 2020 Unaudited Rm	26 weeks to 29 Dec 2019 Unaudited Rm	52 weeks to 28 Jun 2020 Audited Rm
13 CAPITAL COMMITMENTS			
Store renovation and development	**173**	168	272
Distribution facilities	**127**	68	2
Computer software and infrastructure	**19**	34	89
Buildings	**13**	–	–
Head office refurbishment	**–**	5	4
Motor vehicles	**3**	4	3
Capital expenditure authorised but not contracted	**335**	279	370
Buildings	**–**	27	19
Computer software and infrastructure	**47**	26	22
Distribution facilities	**–**	2	–
Head office refurbishments	**–**	–	4
Capital expenditure authorised and contracted	**47**	55	45
Total capital commitments	**382**	334	415

The capital commitments will be financed from cash generated from operations and available cash resources and are expected to be incurred in the remainder of the 2021 reporting period.

14 EVENTS AFTER THE REPORTING DATE

The COVID-19 pandemic continues to weigh negatively on the Group's operations in South Africa and the UK. The UK Government has imposed a further national lockdown from 5 January 2021 requiring all non-essential retailers such as Office to close their stores. While there are no restrictions on online trading in the UK, the closure of Office's stores has a significant impact on the Group's store-based revenue and earnings. No other events, material to the understanding of this interim report, have occurred between the reporting date and the date of approval.

15 SEASONALITY

Historically retail sales in the first half of the financial period have exceeded those of the second half, because of the inclusion in the former of Black Friday and the Christmas trading period. Since the acquisition of Office the Group's first half retail sales have ranged between approximately 55% and 57% of annual retail sales (excluding the 2020 reporting period in which the second half retail sales were impacted by COVID-19 lockdown restrictions).

16 RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's annual financial statements for the 52-week prior period ended 28 June 2020 took place during the interim period.

ADMINISTRATION

Truworths International Ltd
Registration number 1944/017491/06

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

Company secretary
Chris Durham, FCIS, PG Dip. Adv. Co Law (UCT)

Registered office
No. 1 Mostert Street, Cape Town, 8001, South Africa

Postal address
PO Box 600, Cape Town, 8000, South Africa

Contact details
Tel: +27 (21) 460 7911 Telefax: +27 (21) 460 7132

www.truworthsinternational.com
www.truworths.co.za
www.office.co.uk

Principal bankers
The Standard Bank of South Africa Ltd
Lloyds Bank plc

Auditors
Ernst & Young Inc.

Attorneys
Bernadt Vukic Potash and Getz
Edward Nathan Sonnenbergs
Spoor & Fisher
Webber Wentzel
Bowman Gilfillan
Shoosmiths

Sponsor in South Africa
One Capital

Sponsor in Namibia
Merchantec Capital Namibia

Transfer secretaries
In South Africa
Computershare Investor Services (Pty) Ltd
15 Biermann Avenue, Rosebank, 2196, South Africa
Private Bag X9000, Saxonwold, 2132

Tel: +27 (11) 370 5000 Telefax: +27 (11) 688 5248

www.computershare.com

In Namibia
Transfer Secretaries (Pty) Ltd
Robert Mugabe Avenue No. 4
Windhoek, Namibia
PO Box 2401, Windhoek, Namibia

Tel: +264 (61) 22 7647 Telefax: +264 (61) 24 8531

Investor relations
David Pfaff (CFO/COO)
Tel: +27 (21) 460 7956

Graeme Lillie (Tier 1 Investor Relations)
Tel: +27 (21) 702 3102

Directors
H Saven (Chairman)§‡, MS Mark (CEO)*, DB Pfaff (CFO/COO)*, DN Dare*, SJ Proudfoot*, EFPM Cristaudo§‡, RG Dow§‡, JHW Hawinkels§‡, CJ Hess§‡, M Makanjee§‡, AMSS Mokgabudi§‡, RJA Sparks§‡, AJ Taylor§‡ and MA Thompson§‡
* Executive § Non-executive ‡ Independent