PRELIMINARY
REPORT ON THE

AUDITED GROUP ANNUAL RESULTS

FOR THE 53 WEEKS
ENDED 3 JULY 2022
AND CASH DIVIDEND
DECLARATION

'22

TRUWORTHS
INTERNATIONAL

COMMENTARY

KEY FEATURES

SALE OF MERCHANDISE UP **9.1%** to R17.9 billion (Pro forma*: up 6.6% to R17.5 billion)	RETAIL SALES UP **9.0%** to R18.5 billion (Pro forma*: up 6.6% to R18.1 billion)	GROSS MARGIN UP AT **53.5%** (June 2021: 51.0%)	EXPECTED CREDIT LOSS ALLOWANCE TO TRADE RECEIVABLES IMPROVED TO **20.9%** (June 2021: 23.4%)
OPERATING MARGIN UP AT **24.7%** (June 2021: 18.5%)	HEADLINE EARNINGS PER SHARE UP **49.9%** (Pro forma*: up 42.4%)	DILUTED HEADLINE EARNINGS PER SHARE UP **49.2%** (Pro forma*: up 41.7%)	CASH GENERATED FROM OPERATIONS **R3.9 billion**
NET DEBT TO EQUITY **9.2%**	SHARE BUY-BACKS FOR THE PERIOD **R1.6 billion**	CASH REALISATION RATE **80%**	ANNUAL DIVIDEND PER SHARE UP **44%** to 505 cents

* Pro forma refers to 52 weeks to 26 June 2022. Refer to note 18.

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.

OVERVIEW OF THE PERIOD

The 53-week period ended 3 July 2022 (the current period) presented several challenges for the Group in both of its main markets, South Africa and the UK.

Although waves of the COVID-19 pandemic were less severe than those experienced in the previous 52-week period ended 27 June 2021 (the prior period), the pandemic caused wide-scale global supply chain disruption in the form of reduced manufacturing output, port congestion and container shortages. The global economy continues to be hit hard by the invasion of Ukraine by Russia in February 2022, resulting in further supply chain disruption, higher energy prices, pressure on food resources and consequently, significantly increased inflation in many countries around the world.

In South Africa, the further relaxation of COVID-19 restrictions during the current period contributed to normalising the economy, which was favourable for consumer sentiment and ultimately retail spending. Trading was however negatively impacted by the civil unrest in July 2021, mainly in the provinces of KwaZulu-Natal and Gauteng, as well as the flooding in KwaZulu-Natal in April 2022 which resulted in the loss of hundreds of lives and devastating damage to infrastructure, leaving thousands of people homeless. The Group is deeply saddened by these events and their impact on our customers and employees. As always, the wellbeing of the Group's employees was our first and foremost priority and the Group is fortunate to report that its employees were unharmed in these unfortunate events. Furthermore, electricity supply constraints in South Africa continued throughout much of the current period, affecting many of the Group's stores where back-up power is not available.

In the UK, trading conditions were much improved in the current period with no COVID-19-related store closures (compared to 18 weeks of store closures in the prior period), workers returning to their offices and a rebound in tourism. The consequences of the exit of the UK from the European Union and the ongoing Ukrainian conflict have however, impacted trading and sentiment in general. In particular, the unusually high inflationary environment is putting strain on consumers' disposable income.

Notwithstanding these significant macro-economic headwinds, through our continued focus on our business philosophy, the Group has successfully navigated these challenges, backed by a strong balance sheet and our ability to manage margins and costs effectively.

IMPACT OF THE 53rd WEEK ON 2022 RESULTS

In line with the practice generally prevailing in the South African retailing industry, the Group manages its operations in accordance with a retail calendar, which treats each financial year as an exact 52-week period. This treatment effectively results in the 'loss' of a day (or two in a leap year) per calendar year. These days are brought to account every five to seven years by including a 53rd week in the financial reporting calendar.

Although the Group will report financial results for 53 weeks to 3 July 2022, it is useful to report *pro forma* information for a 52-week period so as to facilitate comparisons against the prior and the following year's 52-week period results. Refer to note 18 for the impact of the 53rd week on the 2022 results.

TRADING AND FINANCIAL PERFORMANCE

Sales and gross margin performance

Retail sales of the Group for the current period increased by 9.0% (6.6% on a 52-week basis*) to R18.5 billion relative to the R17.0 billion reported for the prior period. Group retail sales in the second half of the current period, on a 26-week basis^, increased by 12.7% relative to the comparable prior 26-week period. Account sales for the current period comprised 52% (2021: 52%) of Group retail sales, with account sales increasing by 8.7% and cash sales increasing by 9.3%, relative to the prior period.

Retail sales for the Truworths Africa segment (being the Group, excluding the UK-based Office segment and comprising mainly of the Truworths businesses in South Africa) increased by 7.5% (increased by 5.0% on a 52-week basis*) to R14.0 billion relative to the prior period's R13.0 billion, with account and cash sales increasing by 8.7% and 4.9%, respectively. Truworths Africa's retail sales in the second half of the current period, on a 26-week basis^, increased by 9.7% relative to the comparable prior 26-week period. Account sales comprised 69% of retail sales (2021: 68%). Truworths Africa's like-for-like store retail sales increased by 7.3% (2021: 4.3%). Product deflation averaged 0.6% for the current period (2021: 1.4% product inflation).

Retail sales for the Group's UK-based Office segment increased in Sterling terms by 16.6% (increased by 14.2% on a 52-week basis*) to £224.3 million relative to the prior period's £192.4 million, as a consequence of improved trading conditions. In Rand terms, retail sales for Office increased by 14.0% to R4.5 billion. Office's retail sales in the second half of the current period, on a 26-week basis^, increased in Sterling terms by 23.1% relative to the comparable prior 26-week period. Office continues to benefit from its strong online presence, with online sales contributing approximately 45% (2021: 63%) of retail sales for the current period during which stores remained fully open, unlike the prior period where store closures boosted the contribution from online sales.

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), increased by 9.1% (increased by 6.6% on a 52-week basis*) to R17.9 billion.

* The 52-week period from 28 June 2021 to 26 June 2022, being the current period, excluding the 53rd week from 27 June 2022 to 3 July 2022.

^ The 26-week period from 27 December 2021 to 26 June 2022, being the second half of the current period excluding the 53rd week from 27 June 2022 to 3 July 2022.

COMMENTARY
continued

Divisional sales	53 weeks to 3 Jul 2022 Rm	52 weeks to 27 Jun 2021 Rm	Change on prior period 53 on 52 weeks %
Truworths Africa	**13 986**	13 015	7.5
Truworths ladieswear	**4 974**	4 676	6.4
Truworths menswear[‡]	**3 645**	3 438	6.0
Identity	**2 287**	2 117	8.0
Truworths kids emporium[#]	**1 409**	1 265	11.4
Other[@]	**1 671**	1 519	10.0
Office	**4 536**	3 980	14.0
Group retail sales	**18 522**	16 995	9.0
YDE agency sales	**230**	171	34.5

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

The Group's gross margin increased to 53.5% (2021: 51.0%). Truworths Africa's gross margin increased to 56.7% (2021: 54.1%) mainly due to lower markdown activity. The gross margin in Office increased to 44.2% (2021: 41.5%), benefiting from lower markdowns due to improved stock control and an increase in contribution of higher margin merchandise.

Trading space

Since the end of the prior period, a net 14 stores were closed across all brands. Truworths Africa opened 15 stores and closed 23, while Office closed six (including two concession outlets). This resulted in a decrease in trading space of 0.3%, comprising decreases of 0.2% and 4.4% in Truworths Africa and Office, respectively. At the end of the current period the Group had 877 stores, including 11 concession outlets (2021: 891 stores, including 13 concession outlets).

Trading profit and profit before finance costs and tax

The Group continued to exercise rigorous expense control. Trading expenses for the current period increased by 2.4% to R6.6 billion from the prior period, and constituted 36.9% (2021: 39.4%) of sale of merchandise. Trading expenses were contained as a result of lower right-of-use asset impairments in the current period, foreign exchange losses in the prior period (compared to foreign exchange gains in the current period, included in other income), business rates relief in Office (albeit lower than in the prior period), and further rent relief received in the current period in Office in respect of COVID-19 lockdown periods in the prior period.

Group trading profit increased 59.5% to R3.6 billion, mainly as a result of the improved sales and gross profit margin performance. The trading margin increased notably to 20.2% relative to 13.8% in the prior period.

Interest income increased 3.5% to R789 million as a consequence of higher credit sales and interest rates, countered to some extent by the improvement in the quality of the trade receivables portfolio resulting in lower interest earned on overdue accounts.

Group profit before finance costs and tax increased 45.4% to R4.4 billion (2021: R3.0 billion). The operating margin† increased to 24.7% relative to the 18.5% reported in the prior period.

Finance costs decreased by 19.5% to R235 million (2021: R292 million) mainly as a consequence of the repayment of portion of the Group's borrowings in the prior period.

Earnings

Notwithstanding the challenging trading conditions outlined in this announcement, the Group is pleased to announce that headline earnings per share (HEPS) and diluted HEPS (DHEPS) for the period increased by 49.9% and 49.2% to 779.8 cents and 770.8 cents respectively, compared to the prior period's HEPS of 520.3 cents and DHEPS of 516.7 cents.

† Operating margin represents profit before finance costs and tax expressed as a percentage of sale of merchandise.

Similarly, earnings per share (EPS) and diluted EPS increased by 65.4% to 794.1 cents and 64.6% to 784.9 cents, respectively, compared to the prior period's EPS of 480.2 cents and diluted EPS of 476.9 cents. The higher increase in EPS relative to HEPS is in the main a consequence of net right-of-use asset impairment reversals in the current period, compared to net right-of-use asset impairments in the prior period.

The previous highest HEPS and EPS achieved by the Group were in 2016 at 667.6 cents and 667.1 cents respectively. There have been no material acquisitions by the Group since 2016, so the results are reflective of organic rather than acquisitive growth, driven by an improved sales performance, strong gross profit margins and a continued focus on expense management.

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 (SENS) of the JSE on 16 August 2022.

Dividend

A final cash dividend of 205 cents per share has been declared (2021: 118 cents per share), maintaining the dividend cover at 1.5 times and bringing the annual dividend per share to 505 cents per share (2021: 350 cents per share).

FINANCIAL POSITION

The Group's financial position remains strong with net asset value per share increasing by 6.2% to 1 658 cents per share.

Inventories increased by 3.6% to R1 819 million (2021: R1 755 million) and the Group's inventory turn was 4.6 times (2021: 4.6 times). In Truworths Africa, gross inventory increased 4.9% to R1 506 million (2021: R1 435 million) and the inventory turn decreased to 4.4 times (2021: 4.9 times). In Office, gross inventory decreased by 11.2% to £34.1 million (2021: £38.4 million) as the Group continues to optimise Office's inventory levels. Office's inventory turn increased to 4.8 times from 3.8 times (in Sterling).

Refer to Account Management below for further information in relation to the Group's trade receivables.

Trade and other payables decreased to R1.7 billion at the end of the current period (2021: R2.0 billion), because creditor payments for June 2022 were made before the current period-end compared to June 2021 when payments were made after the prior period-end.

CAPITAL MANAGEMENT

During the current period the Group generated R3.9 billion in cash from operations, which was used to fund dividend payments (R1 646 million) and share buy-backs (29.4 million shares for R1 588 million).

The cash realisation rate, which is a measure of how profits are converted into cash, was 80% for the current period (2021: 107%). In the current period the cash realisation rate was negatively impacted by the timing of creditors' payments, which decreased the cash inflow from operations.

The Group's net debt to equity ratio at the end of the current period was 9.2% (2021: net cash to equity ratio of 9.3%) and net debt to EBITDA was 0.1 times (2021: net cash to EBITDA of 0.1 times).

ACCOUNT MANAGEMENT

Gross trade receivables in respect of the Truworths Africa accounts portfolio (relating to the Truworths, Identity and YDE businesses) increased by 9.4% to R5.9 billion (2021: R5.4 billion), while the number of active accounts increased by 2.3% to 2.6 million. The accounts portfolio is in a healthy position as reflected in the active account holders able to purchase at 82% (2021: 82%) and overdue balances as a percentage of gross trade receivables improving to 14% (2021: 15%).

At the current period-end the expected credit loss (ECL) allowance in respect of the Truworths Africa accounts portfolio was 20.9% of gross trade receivables (June 2021: 23.4%). The decrease in the ECL allowance is due to improved account collections. Net bad debt and related costs (excluding the movement in the ECL allowance) for the current period decreased 24.3% to R976 million.

Truworths Africa uses accounts as an enabler of merchandise sales to customers in the mainstream middle-income market, 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 R42. Financial services income constitutes only 0.6% of sale of merchandise. Refer to note 4 for further information.

COMMENTARY
continued

DIRECTORATE

As reported on SENS on 21 June 2022, Ms Cindy Hess, an independent non-executive director of the company, resigned with immediate effect. The company would like to thank Ms Hess for her contribution to the board and the Audit Committee over the past three years.

It was also announced on SENS on 27 July 2022 that Ms Tshidi Mokgabudi, an independent non-executive director, was appointed as a member of the Audit Committee and Mr Thabo Mosololi, an independent non-executive director, was appointed as a member of the Social and Ethics Committee, both effective from 26 July 2022.

Mr Mike Thompson retired as a non-executive director and chairman of the Social and Ethics Committee with effect from the close of business on 1 September 2022. The board thanks Mike for his most valuable contribution to the Group over a period of more than 18 years, during which he also served as the chairman and as a member of the Audit Committee. His wise counsel, calmness and leadership in terms of ESG matters have been most appreciated by the board.

OUTLOOK

South Africa: Truworths

The trading environment is expected to remain constrained in the year ahead as consumers battle escalating fuel, electricity and food prices, together with steadily rising interest rates. These factors contributed to a sharp decline in consumer confidence in the second quarter of calendar year 2022. Ongoing electricity load shedding and the weak labour market will continue to weigh on the prospects for the retail sector.

In this constrained consumer-spending environment Truworths plans to sustain growth by increasing market share in key categories, utilising credit and the strength of its book, launching new and expanded retail store concepts and brands, focusing on supply chain and speed to market, and continuing to invest in technology including the omni-channel experience. The current health of the accounts portfolio highlights both the resilience of the customer base and the demand for Truworths' quality, aspirational fashion.

Truworths' retail sales for the first eight weeks of the 2023 reporting period increased by 12.8% compared to the corresponding prior eight weeks (weeks two to nine of the 2022 financial period, which align in terms of dates), during which trading was severely impacted by the civil unrest in KwaZulu-Natal and Gauteng. Excluding sales of the stores directly affected by the civil unrest for weeks two to eight from the first eight weeks of the 2023 reporting period as well as the prior corresponding period, retail sales increased by 9.1%.

Trading space is planned to increase by approximately 2% for the 2023 reporting period.

UK: Office

Office aims to build on the post-COVID-19 lockdown recovery and sustain the recent turnaround in performance, supported by improved stock management, stabilisation of the store portfolio and strengthening brand relationships through the chain's positioning as a full price retailer.

The UK retail sector is facing headwinds from the deteriorating consumer-spending environment as the annual inflation rate reached a four-decade high level in June 2022, driven by rapidly rising fuel and energy costs. Inflationary pressures are expected to intensify in the months ahead, compounded by rising interest rates and an anticipated slowing of the economy.

Office's retail sales for the first eight weeks of the 2023 reporting period increased by 11.0% in Sterling terms compared to the corresponding prior eight week period (weeks two to nine of the 2022 financial period, which align in terms of dates).

Trading space is planned to decrease by approximately 4% for the 2023 reporting period.

Group: Capital expenditure

Capital expenditure of R817 million (Truworths R740 million and Office £3.9 million) has been committed for the 2023 reporting period. Of the Truworths capital expenditure, R431 million relates to the development of a new distribution facility, which is scheduled to be completed in the next three years.

H Saven
Chairman

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 53-week period ended 3 July 2022 in the amount of 205 South African cents (2021: 118 South African cents) per ordinary share to shareholders reflected in the company's register on the record date, being Friday, 23 September 2022.

The last day to trade in the company's shares *cum* dividend is Tuesday, 20 September 2022. Consequently no dematerialisation or rematerialisation of the company's shares may take place over the period from Wednesday, 21 September 2022 to Friday, 23 September 2022, both days inclusive. Trading in the company's shares *ex* dividend will commence on Wednesday, 21 September 2022. The dividend is scheduled to be paid in South African Rand (ZAR) on Monday, 26 September 2022.

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 164 South African cents. The company has 408 498 899 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.

CDurham

C Durham
Company Secretary

Cape Town
1 September 2022

One Capital
JSE sponsor

Merchantec Capital
NSX sponsor

SUMMARISED GROUP STATEMENTS OF FINANCIAL POSITION

	Note	at 3 Jul 2022 Audited Rm	at 27 Jun 2021 Audited Rm
ASSETS			
Non-current assets		**5 520**	5 305
Property, plant and equipment		**1 685**	1 707
Right-of-use assets	7	**2 594**	2 196
Intangible assets		**539**	551
Goodwill		**294**	294
Loans and receivables		**36**	91
Assets held at fair value		**33**	35
Deferred tax		**339**	431
Current assets		**7 971**	7 216
Inventories		**1 819**	1 755
Trade and other receivables	8	**4 908**	4 327
Derivative financial assets		**29**	5
Loans and receivables		**58**	–
Prepayments		**89**	52
Cash and cash equivalents		**1 068**	1 077
Total assets		**13 491**	12 521
EQUITY AND LIABILITIES			
Total equity		**6 106**	6 191
Share capital and premium	9, 10	**–**	521
Treasury shares	11	**(2 186)**	(2 259)
Retained earnings		**8 144**	7 778
Non-distributable reserves		**148**	151
Non-current liabilities		**2 628**	2 195
Lease liabilities		**2 464**	2 062
Provisions		**112**	70
Post-retirement medical benefit obligation		**36**	40
Put option liability		**6**	15
Derivative financial liabilities		**6**	5
Leave pay obligation		**4**	3
Current liabilities		**4 757**	4 135
Trade and other payables		**1 678**	1 965
Lease liabilities		**979**	1 397
Bank overdraft		**930**	154
Interest-bearing borrowings	12	**702**	346
Provisions		**259**	192
Put option liability		**33**	10
Derivative financial liabilities		**23**	29
Tax payable		**153**	42
Total liabilities		**7 385**	6 330
Total equity and liabilities		**13 491**	12 521
Number of shares in issue (net of treasury shares)	(millions)	**368.3**	396.4
Net asset value per share	(cents)	**1 658**	1 562

SUMMARISED GROUP STATEMENTS OF COMPREHENSIVE INCOME

	Note	53 weeks to 3 Jul 2022 Audited Rm	Change %	52 weeks to 27 Jun 2021 Audited Rm
Revenue	4	**19 340**	10.3	17 534
Sale of merchandise	4	**17 886**	9.1	16 400
Cost of sales		**(8 316)**		(8 042)
Gross profit		**9 570**	14.5	8 358
Other income	4	**655**		365
Trading expenses		**(6 607)**	2.4	(6 454)
Depreciation and amortisation		**(1 161)**		(1 229)
Employment costs		**(2 267)**		(2 073)
Occupancy costs		**(801)**		(682)
Trade receivable costs		**(851)**		(768)
Other operating costs		**(1 527)**		(1 702)
Trading profit		**3 618**	59.5	2 269
Interest income	4	**789**	3.5	762
Dividend income	4	**10**		7
Profit before finance costs and tax		**4 417**	45.4	3 038
Finance costs		**(235)**	(19.5)	(292)
Profit before tax		**4 182**	52.3	2 746
Tax expense		**(1 115)**		(790)
Profit for the period		**3 067**	56.8	1 956
Attributable to:				
Equity holders of the company		***3 051***		*1 951*
Holders of the non-controlling interest		***16***		*5*
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		**(17)**		17
Movement in foreign currency translation reserve		**(17)**		17
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**6**		6
Re-measurement gains on defined benefit plans		**6**		1
Fair value adjustment on assets held at fair value through other comprehensive income		**–**		5
Other comprehensive (loss)/income for the period, net of tax		**(11)**		23
Attributable to:				
Equity holders of the company		***(11)***		*27*
Holders of the non-controlling interest		**–**		*(4)*
Total comprehensive income for the period		**3 056**		1 979
Attributable to:				
Equity holders of the company		***3 040***		*1 978*
Holders of the non-controlling interest		***16***		*1*
Basic earnings per share	(cents)	**794.1**	65.4	480.2
Diluted basic earnings per share	(cents)	**784.9**	64.6	476.9

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
2022							
Balance at the beginning of the period	**521**	**(2 259)**	**7 778**	**151**	**6 191**	**–**	**6 191**
Total comprehensive income for the period	**–**	**–**	**3 057**	**(17)**	**3 040**	**16**	**3 056**
Profit for the period	**–**	**–**	**3 051**	**–**	**3 051**	**16**	**3 067**
Other comprehensive income/(loss) for the period	**–**	**–**	**6**	**(17)**	**(11)**	**–**	**(11)**
Dividends declared	**–**	**–**	**(1 646)**	**–**	**(1 646)**	**–**	**(1 646)**
Shares repurchased	**–**	**(1 588)**	**–**	**–**	**(1 588)**	**–**	**(1 588)**
Shares cancelled	**(521)**	**1 567**	**(1 046)**	**–**	**–**	**–**	**–**
Cost of shares vested and transferred to participants in terms of the 2012 restricted share scheme	**–**	**93**	**–**	**(93)**	**–**	**–**	**–**
Shares sold by Truworths International Share Trust	**–**	**1**	**–**	**(1)**	**–**	**–**	**–**
Share options and appreciation rights expired	**–**	**–**	**1**	**(1)**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**107**	**107**	**–**	**107**
Acquisition of non-controlling interest				**29**	**29**	**(29)**	**–**
Movement in put option liability	**–**	**–**	**–**	**(27)**	**(27)**	**13**	**(14)**
Balance at 3 July 2022	**–***	**(2 186)**	**8 144**	**148**	**6 106**	**–**	**6 106**
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

* Zero due to rounding.

SUMMARISED GROUP STATEMENTS OF CASH FLOWS

	Note	**53 weeks to 3 Jul 2022 Audited Rm**	52 weeks to 27 Jun 2021 Audited Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from profit before tax		**4 838**	3 870
Working capital movements		**(946)**	196
Cash generated from operations		**3 892**	4 066
Interest received		**791**	764
Dividends received		**10**	7
Interest paid		**(236)**	(301)
Tax paid		**(909)**	(687)
Cash inflow from operations		**3 548**	3 849
Dividends paid		**(1 646)**	(1 086)
Net cash from operating activities		**1 902**	2 763
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment to expand operations		**(241)**	(203)
Acquisition of plant and equipment to maintain operations		**(61)**	(51)
Acquisition of computer software		**(38)**	(66)
Insurance proceeds in relation to plant and equipment		**50**	–
Premiums paid to insurance cell		**(16)**	(15)
Amounts received from insurance cell		**20**	7
Loans advanced		**(11)**	–
Proceeds from disposal of mutual fund units		**1**	1
Proceeds from disposal of plant and equipment		**–**	1
Net acquisition of business		**–**	(36)
Net cash used in investing activities		**(296)**	(362)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased by subsidiaries and the company	11	**(1 588)**	(768)
Borrowings repaid	12	**(743)**	(1 694)
Borrowings incurred	12	**1 096**	–
Lease liability payments		**(1 134)**	(1 107)
Net cash used in financing activities		**(2 369)**	(3 569)
Net decrease in cash and cash equivalents		**(763)**	(1 168)
Cash and cash equivalents at the beginning of the period		**923**	2 150
Net foreign exchange difference		**(22)**	(59)
NET CASH AND CASH EQUIVALENTS AT THE REPORTING DATE		**138**	923

INDEPENDENT AUDITOR'S REPORT

on the summary consolidated 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 3 July 2022, the summary group statement of comprehensive income, summary group statement of changes in equity and summary group statement of cash flows for the 53-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 3 July 2022 in our report dated 1 September 2022. 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 53-weeks ended 3 July 2022 and cash dividend declaration', which includes key features, group profile, overview of the period, impact of the 53rd week on 2022 results, trading and financial performance, financial position, capital management, account management, directorate, outlook and final dividend. 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
1 September 2022

SELECTED
EXPLANATORY NOTES

1 STATEMENT OF COMPLIANCE

The summarised consolidated financial statements are prepared in accordance with 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 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 from, comply with 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 53-week period ended 3 July 2022 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.truworths.co.za/reports 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 3 July 2022 have been prepared in accordance with the going concern and historical cost basis 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 27 June 2021.

New and amended 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 are not expected to have a material impact on the Group's 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.

SELECTED EXPLANATORY NOTES continued

	53 weeks to 3 Jul 2022 Audited Rm	Change %	52 weeks to 27 Jun 2021 Audited Rm
4 REVENUE			
Sale of merchandise	**17 886**	9.1	16 400
Retail sales	**18 522**		16 995
Variable consideration adjustments*	**(731)**		(692)
Delivery fee income	**77**		76
Wholesale sales	**18**		21
Interest income	**789**	3.5	762
Trade receivables interest	**764**		729
Investment and other interest	**25**		33
Other income	**655**	79.5	365
Commission	**172**		159
Insurance recoveries^	**137**		5
Financial services income	**104**		90
Reversal of previously recognised impairment losses	**73**		–
Foreign exchange gains	**65**		–
Gain on IFRS 16 re-measurements and modifications	**40**		46
Display fees	**36**		15
Lease rental income	**8**		6
Variable lease rental income	**4**		6
Government grants	**1**		28
Other	**15**		10
Dividends received from insurance business arrangements	**10**		7
Total revenue	**19 340**	10.3	17 534

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

^ Refer to note 16 for more information regarding the insurance claim income as a result of the civil unrest in South Africa during July 2021.

Notional interest represents a significant financing component in accordance with IFRS 15. The Group recognised notional interest of R84 million (2021: R81 million) as a reduction to sale of merchandise.

		53 weeks to 3 Jul 2022 Audited Rm	Change %	52 weeks to 27 Jun 2021 Audited Rm
5	**RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS**			
	Profit for the period, attributable to equity holders of the company	**3 051**	56.4	1 951
	Adjusted for:			
	Insurance recoveries in respect of plant and equipment	**(50)**		–
	Tax in relation to insurance recoveries in respect of plant and equipment	**14**		–
	Net (impairment reversal)/impairment of right-of-use assets	**(31)**		190
	Tax in relation to net impairment reversal/(impairment) of right-of-use assets	**4**		(35)
	Loss on write-off or disposal of plant and equipment	**11**		7
	Tax on loss on write-off or disposal of plant and equipment	**(3)**		(2)
	Tax rate change impact on right-of-use asset impairment	**1**		–
	(Reversal of impairment)/impairment of property, plant and equipment	**(1)**		4
	Tax in relation to impairment of property, plant and equipment	**–**		(1)
	Loss on write-off of intangible assets	**–**		2
	Bargain purchase gain on acquisition of Barrie Cline	**–**		(2)
	Headline earnings	**2 996**	41.7	2 114
	Headline earnings per share (cents)	**779.8**	49.9	520.3
	Diluted headline earnings per share (cents)	**770.8**	49.2	516.7
	Weighted average number of shares (millions)	**384.2**		406.3
	Diluted weighted average number of shares (millions)	**388.7**		409.1

		2022 cents	2021 cents
6	**DIVIDENDS PER SHARE**		
	Cash final – payable/paid September	**205**	118
	Cash interim – paid March	**300**	232
	Annual dividend per share	**505**	350

SELECTED
EXPLANATORY NOTES continued

		53 weeks to 3 Jul 2022 Audited Rm	52 weeks to 27 Jun 2021 Audited Rm
7	**RIGHT-OF-USE ASSETS**		
	Balance at the beginning of the reporting period, net of accumulated depreciation and impairment	**2 196**	2 651
	Additions for new or renewed leases	**550**	136
	Modifications and re-measurements	**624**	806
	Derecognition on lease terminations	**(16)**	(293)
	Depreciation	**(799)**	(838)
	Impairment of right-of-use assets	**(40)**	(252)
	Truworths cash-generating unit	**(33)**	(27)
	Office cash-generating unit	**(7)**	(225)
	Reversal of previously recognised right-of-use assets impairments	**73**	50
	Truworths cash-generating unit	**9**	40
	Office cash-generating unit	**64**	10
	Other adjustments	**–**	(19)
	Movement in exchange rates through other comprehensive income	**6**	(45)
	Balance at the reporting date, net of accumulated depreciation and impairment	**2 594**	2 196

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 (such as a previously loss-making store becoming profitable). The decision to reverse impairment losses recognised in prior periods takes into account internal and external qualitative and quantitative factors.

The ongoing difficult economic conditions in the UK following 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 owned by this segment. The resulting impairments or reversals of these impairments are recognised in other operating costs or other operating income respectively.

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 a 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 R224 million and R239 million (2021: R373 million and R223 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.

		53 weeks to 3 Jul 2022 Audited Rm	52 weeks to 27 Jun 2021 Audited Rm
7 RIGHT-OF-USE ASSETS continued			
Truworths			
Assumptions applied			
Average discount rate applied to projected cash flows	(%)	**12.9**	10.1
Discount rate calculated using the following variables:			
Average risk-free rate, based on the annualised yield of a South African government issued bond with a maturity of 2 to 5 years	(%)	**7.2**	5.2
Market risk premium	(% points)	**5.0**	5.0
Beta value	(:1)	**1.1**	1.1
Office			
Assumptions applied			
Discount rate applied to projected cash flows	(%)	**13.4**	11.7
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	(%)	**2.2**	0.8
Market risk premium	(% points)	**6.0**	6.0
Beta value	(:1)	**0.9**	0.8

		53 weeks to 3 Jul 2022 Audited Rm	52 weeks to 27 Jun 2021 Audited Rm
8 TRADE AND OTHER RECEIVABLES			
Gross trade receivables		**5 871**	5 366
Expected credit losses allowance		**(1 229)**	(1 256)
Net trade receivables		**4 642**	4 110
Other receivables		**266**	217
Trade and other receivables at the reporting date		**4 908**	4 327
Interest-bearing debtors as a % of trade receivables	(%)	**78**	78
Net bad debt* as a % of trade receivables	(%)	**11.3**	18.1
Expected credit losses allowance as a % of trade receivables	(%)	**20.9**	23.4
Expected credit losses allowance			
Balance at the beginning of the reporting period		**1 256**	1 660
Movement for the period		**(27)**	(404)
Allowance utilised		**(654)**	(914)
Allowance raised		**627**	510
Balance at the reporting date		**1 229**	1 256

* The net of gross bad debts, bad debt recovered and debt sold.

SELECTED
EXPLANATORY NOTES continued

8 TRADE AND OTHER RECEIVABLES continued

At the reporting date, the expected credit losses (ECL) allowance decreased to 20.9% from 23.4% (2021: decreased from 30.2% to 23.4%) of gross trade receivables.

The decrease in the ECL allowance is attributed to further improvement in observed performance (collections) of the accounts portfolio during the 2022 reporting period. Management now has access to more data to analyse and understand the post-COVID-19 behaviour of the accounts portfolio. This data was used to construct various forward-looking scenarios which were probability weighted to determine the final ECL allowance.

The macro-economic overlays applied to the ECL models reflect the challenges and high level of uncertainty in the current macro-environment as credit consumers come under pressure due to high levels of unemployment, rising costs of living and higher interest rates.

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.

	53 weeks to 3 Jul 2022 Audited R'000	52 weeks to 27 Jun 2021 Audited R'000
9 SHARE CAPITAL		
Ordinary share capital		
Authorised		
650 000 000 (2021: 650 000 000) ordinary shares of 0.015 cent each	**98**	98
Issued and fully paid		
409 455 554 (2021: 438 407 383) ordinary shares of 0.015 cent each	**61**	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	**438 407**	442 964
Shares repurchased and cancelled during the period	**(28 952)**	(4 557)
Balance at the reporting date	**409 455**	438 407
Treasury shares held by subsidiaries	**(41 121)**	(42 027)
Number of shares in issue (net of treasury shares)	**368 334**	396 380
Treasury shares as a % of the issued shares at the reporting date	**10.0**	9.6

During the current period 28 951 829 (2021: 4 556 610) shares were repurchased, cancelled and delisted from the JSE at an average price of R54.13 (2021: R48.77) and for an aggregate nominal value of R4 343 (2021: R683) and an aggregate premium of R1 567 091 500 (2021: R222 211 131).

A further 400 000 shares repurchased by the company during the period that had not been cancelled at the reporting date were cancelled on 4 August 2022.

		53 weeks to 3 Jul 2022 Audited Rm	52 weeks to 27 Jun 2021 Audited Rm
10	**SHARE PREMIUM**		
	Balance at the beginning of the reporting period	**521**	743
	Premium reduced on shares repurchased and cancelled	**(521)**	(222)
	Balance at the reporting date	**–**	521
11	**TREASURY SHARES**		
	Balance at the beginning of the reporting period	**2 259**	1 815
	Shares repurchased by the company	**1 588**	222
	Shares cancelled by the company	**(1 567)**	(222)
	Shares repurchased by Truworths Trading (Pty) Ltd	**–**	431
	Shares sold by Truworths International Share Trust	**(1)**	–
	Intragroup share transfers	**–**	–
	Shares transferred from Truworths Trading (Pty) Ltd to Truworths Ltd	**(110)**	–
	Shares transferred to Truworths Ltd from Truworths Trading (Pty) Ltd	**110**	–
	Shares in terms 2012 restricted share scheme	**(93)**	13
	Repurchased by Truworths Ltd	**–**	115
	Vested and transferred to participants	**(93)**	(102)
	Balance at the reporting date	**2 186**	2 259
12	**INTEREST-BEARING BORROWINGS**		
	Current interest-bearing borrowings at the beginning of the reporting period	**346**	2 106
	Borrowings incurred	**1 096**	–
	Borrowings repaid	**(743)**	(1 694)
	Finance costs incurred	**15**	33
	Finance costs paid	**(12)**	(44)
	Movement in exchange rates through other comprehensive income	**–**	(56)
	Amortisation of arrangement fees	**–**	1
	Current interest-bearing borrowings at the reporting date	**702**	346
	SA Rand-based interest-bearing borrowings		
	Unsecured, variable-rate revolving credit facility	**700**	–
	UK Pound Sterling-based interest-bearing borrowings		
	Unsecured, variable-rate revolving credit facility	**–**	343
	Accrued interest on interest-bearing borrowings	**2**	3
	Balance at the reporting date	**702**	346

SELECTED EXPLANATORY NOTES continued

12 INTEREST-BEARING BORROWINGS continued

The Group has an unsecured SA Rand-based 12-month notice Revolving Credit Facility (RCF) of R1.2 billion which bears interest at a margin of 1.4 percentage points above the three-month Johannesburg Interbank Average Rate (JIBAR) and requires drawdowns to be repaid at the end of each quarterly interest period. This facility expires 12 months after notice is given by the lender. The three-month JIBAR at the reporting date was 4.9% p.a. At the period-end there was R700 million drawn down 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, £nil (Rnil) (2021: £17.7 million (R346 million)) was drawn against this facility. This facility, which has been guaranteed by the company and its subsidiary, Truworths Ltd, was extended during December 2021 until January 2023. It requires interest to be paid at the end of each quarterly interest period. Prior to it being extended, this facility bore variable interest at a margin of 1.57 percentage points above the London Interbank Offered Rate (LIBOR). The three-month LIBOR at the previous reporting date was 0.08% p.a. As LIBOR was phased out at the end of December 2021, the facility now bears interest at a margin of 1.4 percentage points above the floating base rate, being the Sterling Overnight Interbank Average Rate (SONIA) plus a credit adjustment spread.

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 (2021: R1 billion, of which R300 million is committed and R700 million is uncommitted), in addition to the facilities set out above. At the reporting date, R930 million of this facility was utilised (2021: R154 million). The Group funds its liquidity needs through cash generated from operations and available overdraft and revolving credit facilities. Cash flow forecasts are prepared to determine the future liquidity needs of the business and these facilities will be activated based on those. If the forecast indicates liquidity pressure for a period longer than three months, the RCF will be activated to fund the operations. All short-term funding requirements will be funded by the available overdraft facility.

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

		53 weeks to 3 Jul 2022 Audited Rm	52 weeks to 27 Jun 2021 Audited Rm
13 CAPITAL MANAGEMENT			
Ratios			
Return on equity	(%)	**50**	32
Return on capital	(%)	**72**	50
Return on assets	(%)	**33**	24
Inventory turn	(times)	**4.6**	4.6
Asset turnover	(times)	**1.3**	1.3
Net (debt)/cash to equity	(%)	**(9.2)**	9.3
Net (debt)/cash to EBITDA	(times)	**(0.1)**	0.1
Cash flow per share	(cents)	**923**	947
Cash equivalent earnings per share	(cents)	**1 155**	883
Cash realisation rate	(%)	**80**	107

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 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 UK, 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
2022					
Total revenue		14 643	4 730	(33)	19 340
Third party		14 610	4 730	–	19 340
Inter-segment		33	–	(33)	–
Trading expenses		5 278	1 345	(16)	6 607
Depreciation and amortisation		1 046	115	–	1 161
Employment costs		1 806	471	(10)	2 267
Occupancy costs		575	226	–	801
Trade receivable costs		851	–	–	851
Other operating costs		1 000	533	(6)	1 527
Interest income		806	–	(17)	789
Finance costs		207	45	(17)	235
Profit for the period		2 453	614	–	3 067
Profit before tax		3 416	766	–	4 182
Tax expense		(963)	(152)	–	(1 115)
EBITDA		4 669	926	(17)	5 578
Segment assets		12 316	2 137	(962)*	13 491
Segment liabilities		5 789	1 774	(178)*	7 385
Capital expenditure		325	20	–	345
Other segmental information					
Gross margin	(%)	56.7	44.2	–	53.5
Trading margin	(%)	21.2	17.6	–	20.2
Operating margin	(%)	27.3	17.6	–	24.7
Inventory turn	(times)	4.4	4.9	–	4.6
Account:cash sales mix	(%)	69:31	0:100	–	52:48

SELECTED
EXPLANATORY NOTES continued

14 SEGMENT REPORTING continued

		Truworths Rm	Office Rm	Consolidation entries Rm	Group Rm
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 income		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.

	2022		2021	
	Rm	**Contribution to revenue %**	Rm	Contribution to revenue %
14 SEGMENT REPORTING continued				
Third-party revenue				
South Africa	**14 139**	**73.1**	12 963	73.9
United Kingdom	**4 343**	**22.5**	3 757	21.4
Republic of Ireland	**220**	**1.1**	163	1.0
Namibia	**162**	**0.8**	161	0.9
Botswana	**150**	**0.8**	129	0.7
Germany	**129**	**0.7**	135	0.8
Eswatini	**109**	**0.6**	109	0.6
Lesotho	**30**	**0.2**	30	0.2
United States	**19**	**0.1**	15	0.1
Zambia	**18**	**0.1**	13	0.1
Rest of Europe	**12**	**—***	36	0.2
Mauritius	**4**	**—***	15	0.1
Kenya	**3**	**—***	6	—*
Middle East, Asia and Australia	**2**	**—***	2	—*
Total third-party revenue	**19 340**	**100**	17 534	100

* Zero due to rounding

SELECTED
EXPLANATORY NOTES continued

		53 weeks to 3 Jul 2022 Audited Rm	52 weeks to 27 Jun 2021 Audited Rm
15	**CAPITAL COMMITMENTS**		
	To be incurred in the next 12 months	**592**	351
	Store renovation and development	**273**	252
	Computer software and infrastructure	**79**	90
	Distribution facilities	**233**	4
	Motor vehicles	**3**	3
	Head office refurbishment	**4**	2
	To be incurred after more than 12 months	**65**	–
	Distribution facilities	**65**	–
	Capital expenditure authorised but not contracted	**657**	351
	To be incurred in the next 12 months	**225**	38
	Distribution facilities	**198**	–
	Computer software and infrastructure	**24**	32
	Head office refurbishments	**3**	1
	Buildings	**–**	5
	To be incurred after more than 12 months	**268**	–
	Distribution facilities	**268**	–
	Capital expenditure authorised and contracted	**493**	38
	Total capital commitments	**1 150**	389

The capital commitments will be financed from cash generated from operations, available cash resources and borrowings.

		Potential insurance claims Rm	Insurance claims recognised^ Rm
16	**INSURANCE CLAIMS IN RESPECT OF CIVIL UNREST IN SOUTH AFRICA**		
	Stock losses*	**69**	**69**
	Business interruption@	**88**	**17**
	Property, plant and equipment@	**50**	**50**
	Other@	**1**	**1**

* Stock losses with a cost price of R69 million were accounted for in cost of sales. All insurance claim payments in respect of stock losses have been received and recognised in other income.

@ The insurance claim payments received in respect of business interruption, property, plant and equipment and other were accounted for in other income.

^ Insurance claims were recognised in other income during the current period.

Outstanding insurance claims, being the difference between potential claims and claims recognised, are expected to be received and recognised during the 2023 financial period.

17 EVENTS AFTER THE REPORTING DATE

On 2 August 2022 the Group concluded a suite of agreements with the Atterbury group to establish a 50/50 joint venture that will acquire a 99-year leasehold title to industrial land, and develop thereon a distribution centre that will be equipped by the wholly owned subsidiary Truworths Limited and leased to it for an initial period of 15 years. The estimated capital commitments by the Group that are envisaged to be expended over the 24-month period to September 2024 amount to R299 million in respect of the land and buildings, which capital is to be funded by borrowings, and R633 million in respect of materials handling equipment envisaged to be funded internally.

No other event which is material to the understanding of these summarised consolidated annual financial statements, has occurred between the reporting date and the date of approval.

18 IMPACT OF THE 53rd WEEK ON 2022 YEAR-END FINANCIAL REPORTING

In line with the practice generally prevailing in the South African retail industry, the Group manages its internal accounting and retail operations in accordance with a retail calendar, which treats each financial year as an exact 52-week period. This treatment effectively results in the 'loss' of a day (or two in a leap year) per calendar year. These days are brought to account every five to seven years by including a 53rd week in the financial reporting calendar. The Group's earnings are higher as a result of trading during this week.

Although the Group has reported financial results for 53 weeks to 3 July 2022, it is useful and good governance to also report pro forma financial information for a 52-week period, so as to facilitate comparisons against the prior and next year's 52-week period results (pro forma 52-week financial information).

This pro forma 52-weeks financial information is presented for illustrative purposes only. The preparation of the pro forma 52-weeks financial information is the responsibility of the directors. Due to its nature pro forma 52-weeks financial information may not fairly represent the Group's financial position, changes in equity, results of operations and cash flows. The pro forma 52-weeks financial information is presented in accordance with the JSE Listings Requirements and the SAICA Guide on Pro forma Financial Information.

Ernst & Young Inc's independent reporting accountant's report on the pro forma 52-weeks financial information is available for inspection at the Group's registered office. The table overleaf illustrates the pro forma summarised statement of comprehensive income for the 52-week period ended 26 June 2022, and these illustrate the impact of the specified non-comparable events and transactions.

SELECTED EXPLANATORY NOTES continued

STATEMENTS OF COMPREHENSIVE INCOME		53 weeks to 3 Jul 2022 Audited Rm	53rd week Adjustments Rm	52 weeks to 26 Jun 2022 Pro forma Rm
18 IMPACT OF THE 53rd WEEK ON 2022 YEAR-END FINANCIAL REPORTING continued				
Sale of merchandise		17 886	(410)	17 476
Retail sales		18 522	(409)	18 113
Accounting adjustments/other		(636)	(1)	(637)
Cost of sales		(8 316)	188	(8 128)
Gross profit		9 570	(222)	9 348
Other income		655	–	655
Trading expenses		(6 607)	16	(6 591)
Depreciation and amortisation		(1 161)	–	(1 161)
Employment costs		(2 267)	13	(2 254)
Occupancy costs		(801)	3	(798)
Trade receivable costs		(851)	–	(851)
Other operating costs		(1 527)	–	(1 527)
Trading profit		3 618	(206)	3 412
Interest		789	–	789
Dividends		10	–	10
Profit before finance costs and tax		4 417	(206)	4 211
Finance costs		(235)	–	(235)
Profit before tax		4 182	(206)	3 976
Tax expense		(1 115)	56	(1 059)
Profit for the period		3 067	(150)	2 917
Attributable to:				
Equity holders of the company		*3 051*	*(150)*	*2 901*
Holders of the non-controlling interest		*16*	*–*	*16*
Basic earnings per share	(cents)	794.1	39.0	755.1
Headline earnings per share	(cents)	779.8	39.0	740.8
Diluted basic earnings per share	(cents)	784.9	38.6	746.3
Diluted headline earnings per share	(cents)	770.8	38.6	732.2
Weighted average number of shares		384.2		384.2
Diluted weighted average number of shares		388.7		388.7
Key ratios				
Gross margin	(%)	53.5		53.5
Expenses as % of sale of merchandise	(%)	36.9		37.7
Trading margin	(%)	20.2		19.5
Operating margin	(%)	24.7		24.1
Retail Sales				
Truworths	(Rm)	13 986	(318)	13 668
Office	(£m)	224	(5)	219
Office	(Rm)	4 536	(91)	4 445

Change on prior period 53 weeks %	Change on prior period pro forma 52 weeks %	52 weeks to 27 Jun 2021 Audited Rm
9	7	16 400
9	7	16 995
7	7	(595)
3	1	(8 042)
15	12	8 358
79	79	365
2	2	(6 454)
(6)	(6)	(1 229)
9	9	(2 073)
17	17	(682)
11	11	(768)
(10)	(10)	(1 702)
59	50	2 269
4	4	762
43	43	7
45	39	3 038
(20)	(20)	(292)
52	45	2 746
41	34	(790)
57	49	1 956
56	*49*	*1 951*
220	*220*	*5*
65.4	57.2	480.2
49.9	42.4	520.3
64.6	56.5	476.9
49.2	41.7	516.7
		406.3
		409.1
		51.0
		39.4
		13.8
		18.5
7	5	13 015
17	14	192
14	12	3 980

Notes:

1. The accounting policies adopted by the Group in the 2022 audited annual financial statements, which have been prepared in accordance with IFRS, have been used in preparing the pro forma 52-weeks financial information.
2. The "53 weeks to 3 July 2022" column is the audited results for the 53-week period ended 3 July 2022, which information has been extracted without adjustment from the audited statement of comprehensive income included in the summarised group statements of comprehensive income.
3. The amounts in the "53rd week Adjustments" column relate to sale of merchandise, the related cost of sales (calculated with reference to the gross profit margin for the 53-week period), weekly payroll expense, concession rent, and tax expense (calculated with reference to the actual tax rate for the 53-week period) for the one-week period from 27 June 2022 to 3 July 2022, together with the resultant gross profit, trading profit, profit before finance costs and tax, profit before tax and profit for the said one-week period.
4. The relevant amounts for the one-week period from 27 June 2022 to 3 July 2022 have been extracted from the Group's accounting records.
5. The "53rd week Adjustments" column, in the opinion of the directors, fairly reflects the results for the one-week period from 27 June 2022 to 3 July 2022.
6. The calculation of earnings per share and headline earnings per share for the pro forma 52-week period is based on the weighted average number of shares in issue over that period.
7. The "52 weeks to 26 June 2022" column is the pro forma 52-weeks financial information, after making the adjustments in the "53rd week Adjustments" column to the "53 weeks to 3 July 2022" column.

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Tax reference number: 9875/145/71/7
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NSX code: TRW
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