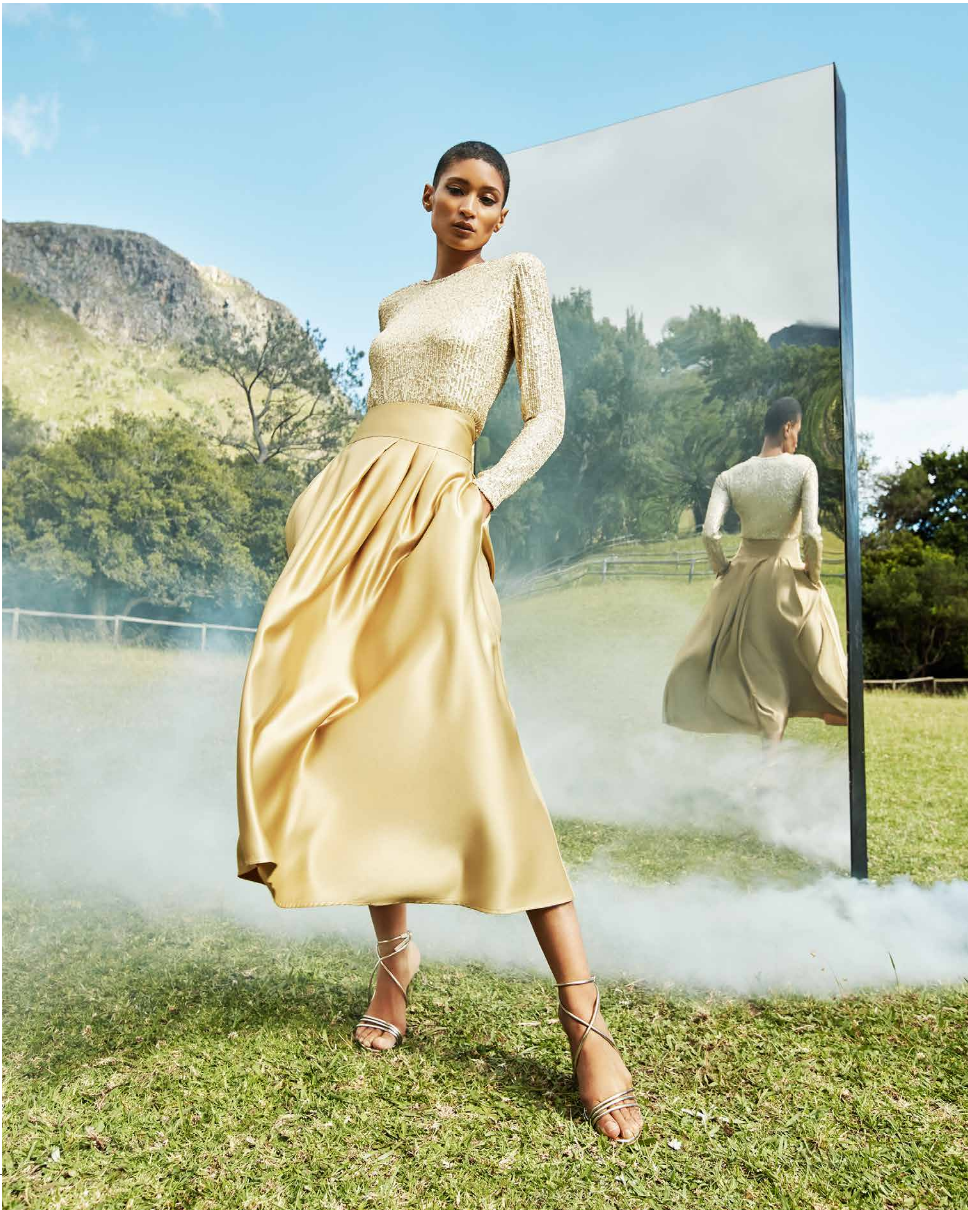

TRUWORTHS
INTERNATIONAL

UNAUDITED GROUP
INTERIM RESULTS
for the 26 weeks ended 26 December 2021
and CASH DIVIDEND DECLARATION

COMMENTARY

KEY FEATURES

Sale of merchandise	up 2.5% to **R9.6 billion**
Retail sales	up 2.0% to **R9.9 billion**
Gross margin	up from 51.5% to **53.6%**
Doubtful debt allowance to trade receivables	improved from 23.4% in June 2021 to **20.7%**
Operating margin	up from 20.5% to **26.5%**
Headline earnings per share	up **32.2%**
Diluted headline earnings per share	up **31.6%**
Cash generated from operations	**R2.8 billion**
Net cash to equity	**24.0%**
Share buy-backs for the period	14.5 million shares, **R780 million**
Cash realisation rate	**123%**
Interim dividend per share	up 29.3% to **300 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 sub-Saharan African countries.

POSITIVE PERFORMANCE

With continued focus on our Business Philosophy the Group's profitability in the current period has recovered to pre-COVID levels, and as a consequence we report the highest half year trading and operating profit performance in the Group's history.

The Group has emerged in a strong position despite significant macroeconomic challenges during the 26-week period ended 26 December 2021 (the current period) and in the months prior thereto. As previously reported the impact of the COVID-19 pandemic on the Group's main markets, the consequences of the exit of the United Kingdom from the European Union, the civil unrest in South Africa in mid-July 2021 and the resulting supply chain disruptions have made it a particularly difficult trading environment. The supply chain disruptions resulted in unusually lower than planned inventory levels which in turn caused some lost sales during November (Black Friday) and December (Christmas period). On the positive side these shortages, together with the obvious appeal the stock in stores had to customers, led to a much reduced season-end stock carryover and, therefore, lower markdowns and higher gross margin.

TRADING AND FINANCIAL OUTCOMES

Sales and gross margin performance

Group retail sales for the current period increased by 2.0% to R9.9 billion relative to the R9.7 billion reported for the 26-week prior period ended 27 December 2020 (the prior period). Account sales comprised 51% (2020: 51%) of Group retail sales for the current period, with account and cash sales increasing by 1.3% and 2.7%, respectively, 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) increased by 1.4% to R7.4 billion (2020: R7.3 billion), with account and cash sales increasing by 1.3% and 1.5%, respectively. Account sales comprised 68% of retail sales (2020: 68%). Comparable store retail sales, which amongst others adjust for the impact of stores damaged and unable to trade as a result of the civil unrest, increased by 1.8%. Online sales continued to show good growth in the current period, increasing by 32% and contributing 2.2% to the segment's total retail sales. Product deflation in the current period was 2.4% (2020: nil).

Retail sales for the Group's UK-based Office segment increased in Sterling terms by 8.1% to £123 million (2020: £114 million). In Rand terms, retail sales for Office increased by 3.9% to R2.5 billion. Office continues to benefit from its strong online presence, with online sales contributing approximately 47% (2020: 59%) of retail sales for the current period during which stores remained fully open, unlike the prior period where store closures increased the contribution from online sales.

Group sale of merchandise, which comprises Group retail sales, together with wholesale sales and delivery fee income, less variable consideration adjustments (refer to note 4 for further information), increased by 2.5% to R9.6 billion.

Divisional sales	26 weeks to 26 Dec 2021 Rm	26 weeks to 27 Dec 2020 Rm	Change on prior period %
Truworths Africa	**7 395**	7 295	1.4
Truworths ladieswear	**2 462**	2 501	(1.6)
Truworths menswear‡	**1 897**	1 897	–
Identity	**1 239**	1 189	4.2
Truworths Kids Emporium#	**960**	875	9.7
Other^	**837**	833	0.5
Office	**2 520**	2 425	3.9
Group retail sales	**9 915**	9 720	2.0
YDE agency sales	**118**	89	32.6

‡ 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 53.6% (2020: 51.5%). Truworths Africa's gross margin increased to 56.4% (2020: 54.7%), mainly due to lower promotional activity, off-set to some extent by the impact of the stock losses suffered in the civil unrest. The gross margin in Office improved to 45.7% (2020: 42.3%) mainly due to lower promotional activity and an increase in the contribution of higher-margin full-price sales.

Trading space

Since the end of the prior period a net 9 stores were closed across all brands. Truworths Africa opened 35 stores and closed 25, while Office closed 19 (including 2 Topshop/Topman concession stores). This resulted in a decrease in trading space of 0.7%, comprising a decrease of 0.2% and 14.7% in Truworths and Office, respectively. At the end of the current period the Group had 887 stores, including 11 concession outlets (2020: 896 stores, including 13 concession outlets).

Trading and operating profit

The Group continued to exercise rigorous expense control. Trading expenses for the current period decreased by 4.4% to R3.3 billion (2020: R3.4 billion) and constituted 34.2% (2020: 36.6%) of sale of merchandise. Trading expenses benefited from, amongst others, lower depreciation in respect of right-of-use assets, a reduction in trade receivable costs (refer to Account Management below for further information), no impairments in the current period and foreign exchange losses in the prior period compared to foreign exchange gains (included in other income) in the current period. Refer to note 15 for further detail on insurance claim income recognised during the current period.

Group trading profit increased 41.3% to R2.2 billion, mainly due to the increase in gross profit as a result of the stronger gross profit margin and lower expenses during the current period. The trading margin was 22.7% (2020: 16.5%).

Interest income decreased 5.1% to R353 million, mainly due to the improvement in the quality of the trade receivables book resulting in lower interest earned on delinquent accounts.

Group operating profit increased 32.5% to R2.5 billion (2020: R1.9 billion) resulting in the operating margin increasing to 26.5% (2020: 20.5%).

Finance costs decreased by 24.5% to R105 million (2020: R139 million) mainly as a consequence of repaying some of the Group's funding facilities in the prior financial year.

Earnings

Headline earnings per share (HEPS) and diluted HEPS increased 32.2% to 448.6 cents and 31.6% to 443.8 cents, respectively, compared to the prior period's HEPS of 339.3 cents and diluted HEPS of 337.3 cents.

Earnings per share (EPS) and diluted EPS increased by 46.3% to 452.7 cents and 45.6% to 447.8 cents, respectively, compared to the prior period's EPS of 309.5 cents and diluted EPS of 307.6 cents. The reason for the higher increase in EPS and diluted EPS compared to HEPS and diluted HEPS is the exclusion of impairments from headline earnings in the prior period.

The Group's earnings are in line with the guidance provided to the market in the trading statement released on the stock exchange news service of the JSE (SENS) on 21 January 2022. An interim cash dividend of 300 cents per share has been declared (2020: 232 cents per share), maintaining the dividend cover at 1.5 times.

COMMENTARY (CONTINUED)

FINANCIAL POSITION

The Group's financial position remains strong, with net asset value per share increasing 2.9% to 1 745 cents.

Inventories decreased by 12.8% to R1.6 billion (2020: R1.9 billion) and the Group's annualised inventory turn was 5.5 times (2020: 4.9 times). In Truworths Africa, gross inventory decreased by 13.5% to R1.3 billion (2020: R1.5 billion) and the annualised inventory turn increased to 5.6 times (2020: 5.0 times). The reduction in Truworths Africa's period-end inventory levels was in part due to supply chain disruption related to the COVID-19 pandemic. In Office, gross inventory decreased by 16.0% to £33 million (2020: £39 million) as the Group continues to optimise Office's inventory levels. Office's annualised inventory turn increased from 4.7 times to 5.3 times (in Sterling).

The Group continues to be highly cash generative. Net cash (excluding IFRS 16 lease liabilities) was unchanged at R1.6 billion relative to the prior period, notwithstanding the repurchase of 23.7 million of the company's shares for an aggregate cost of R1.2 billion since the prior period-end, of which 14.5 million shares with a cost of R780 million were bought back during the current period.

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

CAPITAL MANAGEMENT

During the current period the Group generated R2.8 billion in cash from operations and this funded dividend payments (R475 million), capital expenditure (R153 million), share buy-backs (R780 million), and lease liability payments in terms of IFRS 16 (R532 million).

The cash realisation rate, which is a measure of how profits are converted into cash, was 123% for the current period (2020: 126%).

The Group's net cash to equity ratio at the end of the current period was 24.0% (2020: 23.9%) and net cash to EBITDA was 0.3 times (2020: 0.3 times).

ACCOUNT MANAGEMENT

Gross trade receivables in respect of the Truworths Africa debtors book (relating to the Truworths, Identity and YDE businesses) were at R5.9 billion (2020: R5.8 billion), while the number of active accounts increased by 1% to 2.6 million. The debtors book is in a healthy position as reflected in the active account holders able to purchase at 85% (2020: 85%) and overdue balances as a percentage of gross trade receivables improving to 10% (2020: 12%).

At the current period-end the doubtful debt allowance in respect of the Truworths Africa debtors book was 20.7% of gross trade receivables (December 2020: 24.0% and June 2021: 23.4%). The decrease in the allowance compared to December 2020 and June 2021 is due to the improved performance observed in account collections. Net bad debt and related costs for the current period decreased by 33.5% to R538 million (2020: R809 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 R42. Financial services income only constitutes 0.6% of sale of merchandise (refer to note 4 for further information).

DIRECTORATE

Chief Operating Officer

The board has resolved to appoint Mr Emanuel Cristaudo, who was appointed as the Group's Chief Financial Officer (CFO) and an executive director of the company with effect from 1 July 2021, also into the role of the Group's Chief Operating Officer (COO) with effect from 1 March 2022. The appointment recognises Mr Cristaudo's responsibilities in the areas of credit risk, information technology and corporate finance, besides those in his finance portfolio. The latter portfolio includes oversight of both the Truworths and Office finance teams, as well as the company secretarial, internal audit and legal functions. The COO appointment recognises Mr Cristaudo's experienced and valued contribution to important operational aspects of the Group's business across a wide spectrum.

OUTLOOK

South Africa: Truworths

The further lifting of restrictions as the country passed the peak of the Omicron-fuelled fourth wave of the COVID-19 pandemic has contributed to normalising of the economy. This is favourable for consumer sentiment and, ultimately, retail spending. While COVID-19 uncertainty is expected to continue well into the future, the risk of further waves of infection will be mitigated by increasing vaccination levels and administering booster doses of the vaccine.

Although the economic outlook remains challenging, management expects growth to be supported by initiatives to increase its market share in categories where it is under-represented, the ongoing improvement in the health of the debtors book, the introduction of new credit products and payment options, new and expanded retail store concepts and brands, the continual expansion of the Group's e-commerce offering and further technological innovation to support the customer shopping experience.

Truworths' retail sales for the first seven weeks of the second half of the 2022 reporting period increased by 5% compared to the first seven weeks of the prior corresponding period.

Trading space is expected to remain unchanged for the 2022 financial year.

United Kingdom: Office

Office is expected to continue to benefit from its strategic positioning with the world's leading footwear brands, and its strong and expanding online presence supported by its network of 94 stores.

Office's retail sales for the first seven weeks of the second half of the 2022 reporting period increased by 41% in Sterling terms compared to the first seven weeks of the prior corresponding period, continuing the improving post-lockdown sales patterns reported for the first half.

Trading space is planned to reduce by approximately 11% for the 2022 financial year as Office continues to follow its strategy of exiting unprofitable stores as leases expire or lease breaks are agreed with landlords.

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 26 December 2021 in the amount of 300 South African cents (2020: 232 South African cents) per ordinary share to shareholders reflected in the company's register on the record date, being Friday, 11 March 2022.

The last day to trade in the company's shares *cum* dividend is Tuesday, 8 March 2022. Consequently no dematerialisation or rematerialisation of the company's shares may take place over the period from Wednesday, 9 March 2022 to Friday, 11 March 2022, both days inclusive. Trading in the company's shares *ex* dividend will commence on Wednesday, 9 March 2022. The dividend is scheduled to be paid in South African Rand (ZAR) on Monday, 14 March 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 240 South African cents. The company has 422 318 107 ordinary shares in issue on 17 February 2022. 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
17 February 2022

One Capital
JSE Sponsor

Merchantec Capital
NSX Sponsor

CONDENSED GROUP STATEMENTS OF FINANCIAL POSITION

	Note	**at 26 Dec 2021 Unaudited Rm**	at 27 Dec 2020 Unaudited Rm	at 27 Jun 2021 Audited Rm
ASSETS				
Non-current assets		**5 349**	5 314	5 305
Property, plant and equipment		**1 683**	1 737	1 707
Right-of-use assets		**2 305**	2 243	2 196
Intangible assets		**570**	546	551
Goodwill		**294**	294	294
Loans and receivables		**92**	54	91
Assets held at fair value		**24**	26	35
Derivative financial assets		**–**	2	–
Deferred tax		**381**	412	431
Current assets		**8 923**	9 430	7 216
Inventories		**1 624**	1 863	1 755
Trade and other receivables	7	**5 056**	4 633	4 327
Derivative financial assets		**19**	8	5
Loans and receivables		**–**	51	–
Prepayments		**88**	61	52
Cash and cash equivalents		**2 136**	2 791	1 077
Tax receivable		**–**	23	–
Total assets		**14 272**	14 744	12 521
EQUITY AND LIABILITIES				
Total equity		**6 736**	6 872	6 191
Share capital and premium	8, 9	**–**	743	521
Treasury shares	10	**(2 385)**	(2 113)	(2 259)
Retained earnings		**8 993**	8 052	7 778
Non-distributable reserves		**128**	190	151
Non-current liabilities		**2 171**	2 256	2 195
Lease liabilities		**2 042**	2 134	2 062
Provisions		**58**	77	70
Post-retirement medical benefit obligation		**43**	43	40
Put option liability		**19**	–	15
Derivative financial liabilities		**5**	–	5
Leave pay obligation		**4**	2	3
Current liabilities		**5 365**	5 616	4 135
Trade and other payables		**2 567**	2 423	1 965
Lease liabilities		**1 415**	1 434	1 397
Interest-bearing borrowings	11	**522**	1 147	346
Provisions		**249**	144	192
Bank overdraft		**–**	–	154
Derivative financial liabilities		**–**	70	29
Put option liability		**31**	–	10
Tax payable		**581**	398	42
Total liabilities		**7 536**	7 872	6 330
Total equity and liabilities		**14 272**	14 744	12 521
Number of shares in issue (net of treasury shares)	(millions)	**386.0**	405.1	396.4
Net asset value per share	(cents)	**1 745**	1 696	1 562

CONDENSED GROUP STATEMENTS OF COMPREHENSIVE INCOME

	Note	26 weeks to 26 Dec 2021 Unaudited Rm	26 weeks to 27 Dec 2020 Unaudited Rm	% change	52 weeks to 27 Jun 2021 Audited Rm
Revenue	4	**10 275**	9 890	3.9	17 534
Sale of merchandise	4	**9 596**	9 365	2.5	16 400
Cost of sales		**(4 457)**	(4 545)		(8 042)
Gross profit		**5 139**	4 820	6.6	8 358
Other income	4	**321**	152		365
Trading expenses		**(3 279)**	(3 429)	(4.4)	(6 454)
Depreciation and amortisation		**(554)**	(638)		(1 229)
Employment costs		**(1 110)**	(1 027)		(2 073)
Occupancy costs		**(392)**	(350)		(682)
Trade receivable costs		**(454)**	(482)		(768)
Other operating costs		**(769)**	(932)		(1 702)
Trading profit		**2 181**	1 543	41.3	2 269
Interest income	4	**353**	372	(5.1)	762
Dividend income	4	**5**	1		7
Operating profit		**2 539**	1 916	32.5	3 038
Finance costs		**(105)**	(139)	(24.5)	(292)
Profit before tax		**2 434**	1 777	37.0	2 746
Tax expense		**(652)**	(497)		(790)
Profit for the period		**1 782**	1 280	39.2	1 956
Attributable to:					
Equity holders of the company		**1 772**	1 276		1 951
Holders of the non-controlling interest		**10**	4		5
Profit for the period		**1 782**	1 280		1 956
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		**(8)**	14		17
Movement in foreign currency translation reserve		**(8)**	14		17
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**–**	1		6
Re-measurement gains on defined benefit plans		**–**	–		1
Fair value adjustment on assets held at fair value through other comprehensive income		**–**	1		5
Other comprehensive (loss)/income for the period, net of tax		**(8)**	15		23
Attributable to:					
Equity holders of the company		**(11)**	19		27
Holders of the non-controlling interest		**3**	(4)		(4)
Other comprehensive (loss)/income for the period, net of tax		**(8)**	15		23
Total comprehensive income for the period		**1 774**	1 295		1 979
Attributable to:					
Equity holders of the company		**1 761**	1 295		1 978
Holders of the non-controlling interest		**13**	–		1
Total comprehensive income for the period		**1 774**	1 295		1 979
Basic earnings per share	(cents)	**452.7**	309.5	46.3	480.2
Diluted basic earnings per share	(cents)	**447.8**	307.6	45.6	476.9

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
2021							
Balance at the beginning of the period	**521**	**(2 259)**	**7 778**	**151**	**6 191**	**–**	**6 191**
Total comprehensive income for the period	**–**	**–**	**1 772**	**(11)**	**1 761**	**13**	**1 774**
Profit for the period	**–**	**–**	**1 772**	**–**	**1 772**	**10**	**1 782**
Other comprehensive (loss)/income for the period	**–**	**–**	**–**	**(11)**	**(11)**	**3**	**(8)**
Dividends declared	**–**	**–**	**(475)**	**–**	**(475)**	**–**	**(475)**
Shares repurchased	**–**	**(780)**	**–**	**–**	**(780)**	**–**	**(780)**
Shares cancelled	**(521)**	**603**	**(82)**	**–**	**–**	**–**	**–**
Cost of shares vested and transferred to participants in terms of the 2012 restricted share scheme	**–**	**51**	**–**	**(51)**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**51**	**51**	**–**	**51**
Acquisition of non-controlling interest	**–**	**–**	**–**	**29**	**29**	**(29)**	**–**
Movement in put option liability	**–**	**–**	**–**	**(41)**	**(41)**	**16**	**(25)**
Balance at 26 December 2021	**–***	**(2 385)**	**8 993**	**128**	**6 736**	**–**	**6 736**
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/(loss) 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

* Zero due to rounding.

CONDENSED GROUP STATEMENTS OF CASH FLOWS

	Note	**26 weeks to 26 Dec 2021 Unaudited Rm**	26 weeks to 27 Dec 2020 Unaudited Rm	52 weeks to 27 Jun 2021 Audited Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash flow from trading		**2 759**	2 505	3 870
Working capital movements		**11**	178	196
Cash generated from operations		**2 770**	2 683	4 066
Interest received		**351**	373	764
Dividends received		**5**	1	7
Interest paid		**(105)**	(147)	(301)
Tax paid		**(60)**	(41)	(687)
Cash inflow from operations		**2 961**	2 869	3 849
Dividends paid		**(475)**	(130)	(1 086)
Net cash from operating activities		**2 486**	2 739	2 763
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment to expand operations		**(102)**	(97)	(203)
Acquisition of plant and equipment to maintain operations		**(26)**	(27)	(51)
Acquisition of computer software		**(25)**	(31)	(66)
Net acquisition of business		**–**	–	(36)
Premiums paid to insurance cell		**–**	–	(15)
Amounts received from insurance cell		**10**	5	7
Proceeds from disposal of plant and equipment		**–**	–	1
Proceeds from disposal of mutual fund units		**1**	1	1
Net cash used in investing activities		**(142)**	(149)	(362)
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares repurchased by subsidiaries and the company		**(780)**	(352)	(768)
Borrowings repaid	11	**(260)**	(900)	(1 694)
Borrowings incurred	11	**416**	–	–
Lease liability payments		**(532)**	(645)	(1 107)
Net cash used in financing activities		**(1 156)**	(1 897)	(3 569)
Net increase/(decrease) in cash and cash equivalents		**1 188**	693	(1 168)
Cash and cash equivalents at the beginning of the period		**923**	2 150	2 150
Net foreign exchange difference		**25**	(52)	(59)
NET CASH AND CASH EQUIVALENTS AT THE REPORTING DATE		**2 136**	2 791	923

SELECTED EXPLANATORY NOTES

1 STATEMENT OF COMPLIANCE

The unaudited condensed Group interim financial statements for the 26-week period ended 26 December 2021 (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 27 June 2021. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

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 EFPM Cristaudo, 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 basis, 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 27 June 2021.

New and amended IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations applicable to Group activities

COVID-19-related rent concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020 the IASB issued COVID-19-related rent concessions – amendment to IFRS 16: Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021 the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. The Group continued to apply the practical expedient during the current period.

New and amended IFRS and 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 **New and amended IFRS and IFRIC interpretations issued but not yet effective**

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

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 26 Dec 2021 Unaudited Rm	26 weeks to 27 Dec 2020 Unaudited Rm	% change	52 weeks to 27 Jun 2021 Audited Rm
4 REVENUE				
Sale of merchandise	**9 596**	9 365	2.5	16 400
Retail sales	**9 915**	9 720		16 995
Variable consideration adjustments*	**(371)**	(397)		(692)
Delivery fee income	**46**	39		76
Wholesale sales	**6**	3		21
Interest income	**353**	372	(5.1)	762
Trade receivables interest	**342**	348		729
Investment interest	**11**	24		33
Other income	**321**	152	111.2	365
Commission	**81**	87		159
Foreign exchange gains	**56**	–		–
Financial services income	**56**	47		90
Display fees	**14**	3		15
Lease rental income	**5**	5		6
Variable lease rental income	**2**	5		6
Gain on IFRS 16 re-measurements and modifications	**1**	–		46
Government grants	**–**	–		28
Insurance recoveries^	**97**	3		5
Other	**9**	2		10
Dividend income from insurance business arrangements	**5**	1		7
Total revenue	**10 275**	9 890	3.9	17 534

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

^ Refer to note 15 for more information regarding the insurance income as a result of the civil unrest in South Africa during July 2021.

Interest-free account sales contain a significant financing component in accordance with IFRS 15. The Group recognised notional interest of R45 million (2020: R45 million) in respect of interest-free account sales as a reduction to sale of merchandise.

SELECTED
EXPLANATORY NOTES (CONTINUED)

		26 weeks to 26 Dec 2021 Unaudited Rm	26 weeks to 27 Dec 2020 Unaudited 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	**1 772**	1 276		1 951
	Adjusted for:				
	Insurance recoveries in respect of plant and equipment	**(24)**	–		–
	Tax in relation to insurance recoveries in respect of plant and equipment	**7**	–		–
	Loss on write-off or disposal of plant and equipment	**1**	2		7
	Tax in relation to loss on write-off or disposal of plant and equipment	**–**	(1)		(2)
	Net impairment of right-of-use assets	**–**	150		190
	Tax on net impairment of right-of-use assets	**–**	(28)		(35)
	Loss on write-off of intangible assets	**–**	–		2
	Impairment of property, plant and equipment	**–**	–		4
	Tax in relation to impairment of property, plant and equipment	**–**	–		(1)
	Bargain purchase gain on acquisition of Barrie Cline	**–**	–		(2)
	Headline earnings	**1 756**	1 399		2 114
	Headline earnings per share (cents)	**448.6**	339.3	32.2	520.3
	Diluted headline earnings per share (cents)	**443.8**	337.3	31.6	516.7
	Weighted average number of shares (millions)	**391.4**	412.3		406.3
	Diluted weighted average number of shares (millions)	**395.7**	414.8		409.1

		26 weeks to 26 Dec 2021 Cents	26 weeks to 27 Dec 2020 Cents
6	**DIVIDENDS**		
	Dividends per share		
	Cash dividend declared in respect of the period – payable/paid in March	**300**	232

		26 weeks to 26 Dec 2021 Unaudited Rm	26 weeks to 27 Dec 2020 Unaudited Rm	52 weeks to 27 Jun 2021 Audited Rm
7 TRADE AND OTHER RECEIVABLES				
Gross trade receivables		**5 927**	5 835	5 366
Expected credit losses allowance		**(1 225)**	(1 399)	(1 256)
Net trade receivables		**4 702**	4 436	4 110
Other receivables		**354**	197	217
Trade and other receivables at the reporting date		**5 056**	4 633	4 327
Interest-bearing debtors as a % of trade receivables	(%)	**75**	75	78
Net bad debt as a % of trade receivables*	(%)	**13.1**	22.1	18.1
Expected credit losses allowance as a % of trade receivables	(%)	**20.7**	24.0	23.4
Expected credit losses allowance				
Balance at the beginning of the reporting period		**1 256**	1 660	1 660
Movement for the period		**(31)**	(261)	(404)
Allowance utilised		**(419)**	(688)	(914)
Allowance raised		**388**	427	510
Balance at the reporting date		**1 225**	1 399	1 256

* The net of gross bad debts, bad debt recovered and debt sold as a percentage of gross trade receivables. Ratios for December have been annualised.

At the reporting date the expected credit loss (ECL) allowance had decreased from 23.4% at June 2021 to 20.7% of gross trade receivables. The decrease in the ECL allowance is attributed to better-than-anticipated observed performance of the accounts portfolio since the June 2021 reporting period-end and reflects the improving health of the Group's accounts portfolio.

With nearly two years having passed since the first lockdown was imposed in South Africa, management now has access to more data to analyse and understand the longer-term impact of the COVID-19 pandemic on the accounts portfolio. This data was used to construct various forward-looking scenarios which were probability weighted to determine the final ECL allowance. The macroeconomic overlays applied to the ECL models reflect the high level of uncertainty around the longer-term impact of the COVID-19 pandemic on the economic environment and, in particular, credit consumers.

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

		26 weeks to 26 Dec 2021 Unaudited R'000	26 weeks to 27 Dec 2020 Unaudited R'000	52 weeks to 27 Jun 2021 Audited R'000
8	**SHARE CAPITAL**			
	Ordinary share capital			
	Authorised			
	650 000 000 (2020: 650 000 000) ordinary shares of 0.015 cent each	**98**	98	98
	Issued and fully paid			
	427 311 953 (2020: 442 963 993) ordinary shares of 0.015 cent each	**64**	66	66

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

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

	Number of shares 000's	Number of shares 000's	Number of shares 000's
Reconciliation of movement in issued shares			
Balance at the beginning of the reporting period	**438 407**	442 964	442 964
Shares repurchased and cancelled during the period	**(11 095)**	–	(4 557)
Balance at the reporting date	**427 312**	442 964	438 407
Treasury shares held by subsidiaries	**(41 289)**	(37 906)	(42 027)
Number of shares in issue (net of treasury shares)	**386 023**	405 058	396 380
Treasury shares as a % of the issued shares at the reporting date	**9.7**	8.6	9.6

During the current period 11 095 430 shares were repurchased, cancelled and delisted from the JSE at an average price of R54.36 and for an aggregate nominal value of R1 664 and an aggregate premium of R603 154 019.

		26 weeks to 26 Dec 2021 Unaudited Rm	26 weeks to 27 Dec 2020 Unaudited Rm	52 weeks to 27 Jun 2021 Audited Rm
9	**SHARE PREMIUM**			
	Balance at the beginning of the reporting period	**521**	743	743
	Premium reduced on shares repurchased and cancelled	**(521)**	–	(222)
	Balance at the reporting date	**–**	743	521

	26 weeks to 26 Dec 2021 Unaudited Rm	26 weeks to 27 Dec 2020 Unaudited Rm	52 weeks to 27 Jun 2021 Audited Rm
10 TREASURY SHARES			
Balance at the beginning of the reporting period	**2 259**	1 815	1 815
Shares repurchased by Truworths Trading (Pty) Ltd	**–**	237	431
Shares repurchased by the company	**780**	–	222
Shares cancelled by the company	**(603)**	–	(222)
Shares in terms of the share scheme:	**(51)**	61	13
Repurchased by Truworths Ltd	**–**	115	115
Vested and transferred to participants in terms of the 2012 restricted share scheme	**(51)**	(54)	(102)
Balance at the reporting date	**2 385**	2 113	2 259

Shares repurchased by the company are periodically cancelled and delisted. Shares repurchased by the company that have not been cancelled at the reporting date will be cancelled in due course.

SELECTED EXPLANATORY NOTES (CONTINUED)

		26 weeks to 26 Dec 2021 Unaudited Rm	26 weeks to 27 Dec 2020 Unaudited Rm	52 weeks to 27 Jun 2021 Audited Rm
11	**INTEREST-BEARING BORROWINGS**			
	Current interest-bearing borrowings at the beginning of the reporting period	**346**	2 106	2 106
	Borrowings repaid	**(260)**	(900)	(1 694)
	Borrowings incurred	**416**	–	–
	Movement in exchange rates through other comprehensive income	**21**	(51)	(56)
	Amortisation of arrangement fees	**–**	1	1
	Finance costs incurred	**2**	11	33
	Finance costs paid	**(3)**	(20)	(44)
	Current interest-bearing borrowings at the reporting date	**522**	1 147	346
	SA Rand-based interest-bearing borrowings	**–**	500	–
	Unsecured, variable-rate term loan	**–**	500	–
	UK Pound Sterling-based interest-bearing borrowings	**520**	644	343
	Unsecured, variable-rate revolving credit facility	**520**	644	343
	Accrued interest on interest-bearing borrowings	**2**	3	3
	Balance at the reporting date	**522**	1 147	346

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 JIBAR and requires drawdowns to be repaid at the end of each quarterly interest period. This facility expires 12 months after notice is given. There were no drawdowns against this facility during the period.

The UK Pound Sterling-based interest-bearing borrowings comprises a single unsecured variable-rate RCF of £32.5 million advanced to the Group's UK resident and managed subsidiary, Truworths UK Holdco 2 Ltd and is drawn down to £25 million (R522 million) (2020: £32.5 million (R644 million)). 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 reporting date was 0.23% p.a. (2020: 0.07%). 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 also has a South African Rand-based overdraft facility of R1 billion, of which R300 million is committed and R700 million is uncommitted (2020: R1 billion, of which R300 million is committed and R700 million is uncommitted), in addition to the facilities set out above. This facility bears interest at 1.25 percentage points below the prime lending rate in South Africa. At the period-end there were no drawdowns against this facility.

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

		26 weeks to 26 Dec 2021 Unaudited	26 weeks to 27 Dec 2020 Unaudited	52 weeks to 27 Jun 2021 Audited
12 CAPITAL MANAGEMENT				
Ratios				
Return on equity^	(%)	**55**	40	32
Return on assets^	(%)	**36**	26	24
Inventory turn^	(times)	**5.5**	4.9	4.6
Asset turnover^	(times)	**1.3**	1.3	1.3
Net cash to equity	(%)	**24.0**	23.9	9.3
Net cash to EBITDA^	(times)	**0.3**	0.3	0.1
Cash flow per share	(cents)	**757**	696	947
Cash equivalent earnings per share	(cents)	**616**	554	883
Cash realisation rate	(%)	**123**	126	107

^ Ratios for December have been annualised.

13 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 Office business unit comprises the footwear retail activities conducted by the Group through stores, concession outlets and an e-commerce channel in the United Kingdom, Germany and the Republic of Ireland.

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

		Truworths Rm	Office Rm	Consolidation entries Rm	Group Rm
13 SEGMENT REPORTING (continued)					
2021					
Total revenue		7 735	2 554	(14)	10 275
Third party		7 721	2 554	–	10 275
Inter-segment		14	–	(14)	–
Trading expenses		2 570	714	(5)	3 279
Depreciation and amortisation		492	62	–	554
Employment costs		875	239	(4)	1 110
Occupancy costs		291	101	–	392
Trade receivable costs		454	–	–	454
Other operating costs		458	312	(1)	769
Interest income		362	–	(9)	353
Finance costs		89	25	(9)	105
Profit for the period		1 430	352	–	1 782
Profit before tax		1 998	436	–	2 434
Tax expense		(568)	(84)	–	(652)
EBITDA		2 579	523	(9)	3 093
Segment assets		12 266	2 630	(624)*	14 272
Segment liabilities		5 177	2 529	(170)*	7 536
Capital expenditure		142	11	–	153
Other segmental information					
Gross margin	(%)	56.4	45.7	–	53.6
Trading margin	(%)	24.4	18.1	–	22.7
Operating margin	(%)	29.6	18.1	–	26.5
Inventory turn#	(times)	5.6	5.3	–	5.5
Account:cash sales mix	(%)	68:32	0:100	–	51:49

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

13 SEGMENT REPORTING (continued)

2020

		Truworths Rm	Office Rm	Consolidation entries Rm	Group Rm
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 income		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 inter-segment assets and liabilities.
\# Annualised.

	2021 Rm	2021 Contribution to revenue %	2020 Rm	2020 Contribution to revenue %
13 SEGMENT REPORTING (continued)				
Third-party revenue				
South Africa	**7 484**	**72.9**	7 181	72.6
United Kingdom	**2 375**	**23.1**	2 261	22.8
Republic of Ireland	**103**	**1.0**	92	0.9
Namibia	**80**	**0.8**	86	0.9
Botswana	**75**	**0.7**	68	0.7
Germany	**73**	**0.7**	108	1.1
Eswatini	**52**	**0.5**	57	0.6
Lesotho	**16**	**0.2**	17	0.2
Zambia	**10**	**0.1**	7	0.1
Mauritius	**4**	**–***	10	0.1
Kenya	**3**	**–***	3	–*
Total third-party revenue	**10 275**	**100**	9 890	100

* Zero due to rounding.

	26 weeks to 26 Dec 2021 Unaudited Rm	26 weeks to 27 Dec 2020 Unaudited Rm	52 weeks to 27 Jun 2021 Audited Rm
14 CAPITAL COMMITMENTS			
Store renovation and development	**144**	173	252
Land and buildings	**104**	13	–
Computer software and infrastructure	**74**	19	90
Distribution facilities	**3**	127	4
Head office refurbishments	**3**	–	2
Motor vehicles	**3**	3	3
Capital expenditure authorised but not contracted	**331**	335	351
Distribution facilities	**51**	–	–
Computer software and infrastructure	**8**	47	32
Buildings	**–**	–	5
Head office refurbishments	**–**	–	1
Capital expenditure authorised and contracted	**59**	47	38
Total capital commitments	**390**	382	389

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 2022 reporting period.

	Potential insurance claims Rm	Insurance claims recognised in other income Rm
15 INSURANCE CLAIMS IN RESPECT OF CIVIL UNREST, LOOTING AND DISRUPTION IN SOUTH AFRICA		
Stock losses*	**69**	**69**
Business interruption@	**105**	**4**
Property, plant and equipment^	**42**	**24**
Other	**3**	**–**

* Stock losses with a cost price of R69 million are accounted for in cost of sales. All insurance claims accounted for in other income have been received.
@ All insurance claims accounted for in other income have been received.
^ Loss on write-off of property, plant and equipment is accounted for in other operating expenses. At the reporting date R24 million of the insurance claim was determined to be virtually certain and was accrued accordingly.

16 EVENTS AFTER THE REPORTING DATE

No events, material to the understanding of this interim report, have occurred between the reporting date and the date of approval.

17 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. The Group's five-year average first-half retail sales, excluding the 2020 financial period due to the impact of the COVID-19 pandemic, have ranged between approximately 55% and 57% of annual retail sales.

18 RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's annual financial statements for the 52-week prior period ended 27 June 2021 took place during the interim period.

ADMINISTRATION

Truworths International Ltd
Registration number 1944/017491/06

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

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