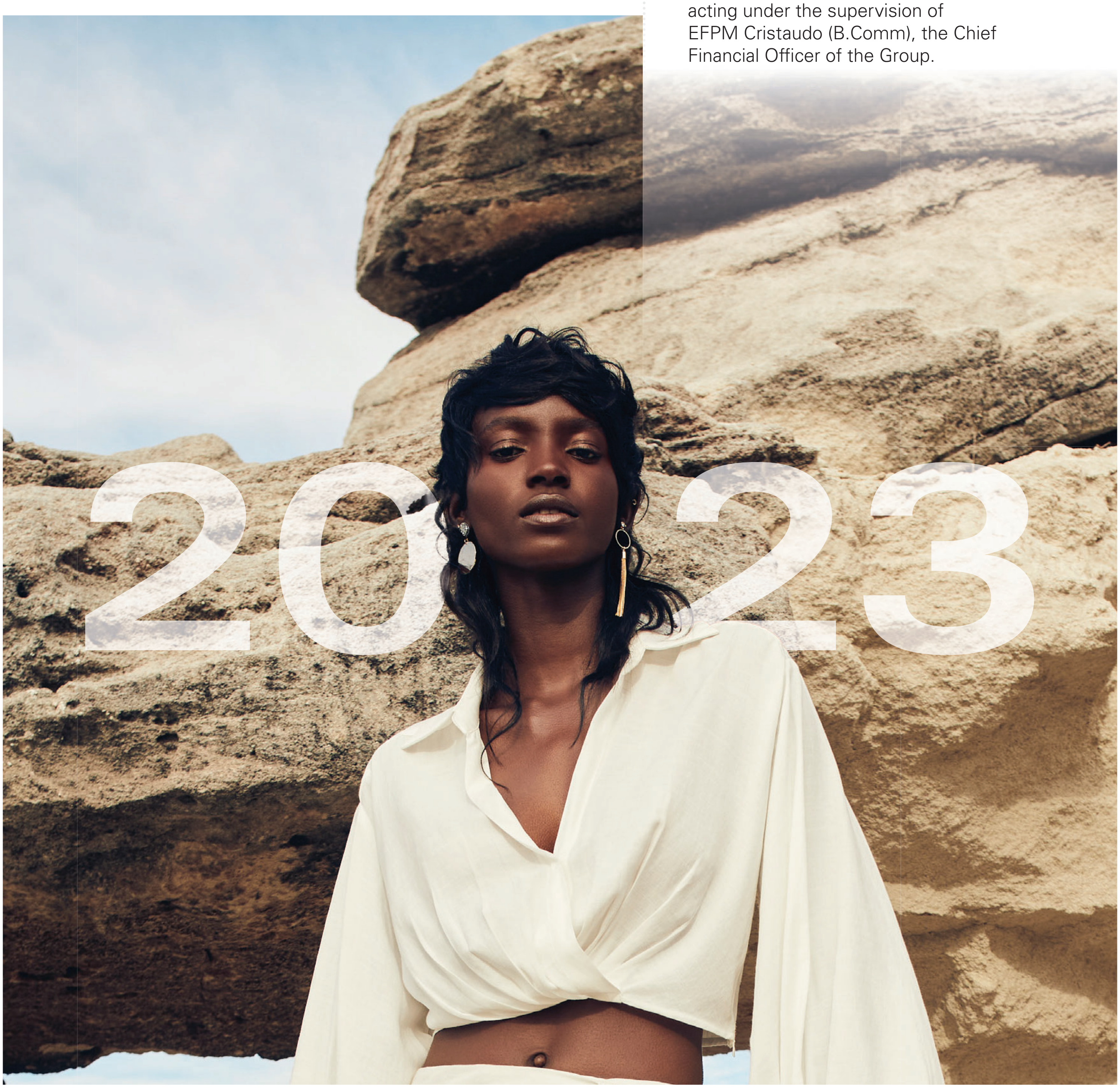
TRUWORTHS

INTERNATIONAL

GROUP AND COMPANY AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2 JULY 2023

These annual financial statements were prepared by the finance department of the Truworths International Ltd Group acting under the supervision of EFPM Cristaudo (B.Comm), the Chief Financial Officer of the Group.



CONTENTS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRUWORTHS INTERNATIONAL LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the financial statements of Truworths International Limited ('the Company') and Truworths International Limited and its subsidiaries ('the Group') set out on pages 13 to 156 which comprises of the consolidated and separate statements of financial position as at 02 July 2023, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the 52 weeks then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and Company as at 02 July 2023, and its consolidated and separate financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) together with the ethical requirements that are relevant to our audit of the Group and Company financial statements in South Africa, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IRBA Code. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

The key audit matter applies to the audit of the consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
IAS 36: Impairment of assets – Office trademark reversal (Group)	
The carrying value of the Office trademarks amounted to R341 million at 2 July 2023 (2022: R281 million) – refer to Note 5 to the annual financial statements. These trademarks were acquired at a cost of R3 917 million and were subsequently impaired by R3 576 million. Due to the improved performance of The Office Retail Group ("ORG") in the prior and current year, an impairment reversal was considered. In accordance with IAS 36 Impairment of assets, an entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased.	We focused on this significant area as underlying performance of the ORG has improved since the previous impairment of the trademarks and managements valuation of the ORG cash generating unit indicated headroom above the carrying value of the assets. The underlying business performance required significant consideration of whether the requirements, per IAS 36: Impairment of Assets, for reversal of previous impairments had been met. Together with our internal valuation specialists, we assessed the methodologies and assumptions applied in determining the recoverable amount ORG. Our procedures included: • Consideration of the valuation methodology used against acceptable industry methods and accounting

An entity shall consider, as a minimum the following indications: External factors • Observable indications that the asset's value has increased significantly during the period. • Significant changes with a favourable effect on the entity have taken place during the period, or will take place soon. • Market interest rates have decreased during the period, and those decreases are likely to affect the discount rate used in the value in use and increase the asset's recoverable amount materially Internal factors • Significant changes with a favourable effect on the entity have taken place during the period or are expected to take place in the near future. • Evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be, better than expected. The recoverable amount of ORG has been determined based on its value in use using a discounted cash flow approach. Key forecast assumption considered include but not limited to revenue growth, gross margin, EBITDA margin, terminal value growth rate and the weighted average cost of capital discount rate ("WACC"). In the current financial year, management have concluded that while there has been an improvement in the ORG performance and headroom, the factors stated above have not been met and as such a reversal of impairment is unwarranted which required significant judgement and may be significant to the group's financial statements.	standards; • Evaluating the forecasted revenue growth, gross margin, EBITDA margin by considering past performance of ORG, and the macro-economic conditions supporting the forecast, growth rates and terminal value used with reference to external data sources industry norms and assumptions used when the previous impairment was recognised; • Evaluating the inputs into the cash flow forecasts against the growth; • We agreed the source data used in the valuation to audited financial figures and approved budgets to assess accuracy and completeness of the carrying value of the cash generating unit. • Sensitivity analyses on key assumptions scenarios and determination of an appropriate WACC range by adjusting the probability weighting to these scenarios We performed an assessment of the requirements, per IAS 36: Impairment of Assets, for impairment reversal to determine whether the external and internal factors had been met. Our assessment and consideration in this regard included: • Changes in the economic environment and estimated economic performance of the ORG trademarks since the previous impairment. • The sustainability of revenue growth from sales of third-party brands with the risk of direct sales by these parties. • Stronger EBITDA performance attributable to low store running costs experienced due to short-term rental deals, rent relief and rate holidays – all of which are beyond management's control and not expect to be granted in future years. • The impact of higher than usual inflation in the UK and continued geopolitical conflict in Ukraine, the rising cost of living and the pressure on consumer's disposable income is still to be expected in the foreseeable future. This too, has further impacted market interest rates resulting in an increase in the WACC used. Evaluation of disclosures in Note 5 in the annual financial statements relating to the treatment of internal and external indicators identified by management in evaluating permissibility of trademark reversal and disclosure requirements in terms of IAS 36.

Other Information
The directors are responsible for the other information. The other information comprises the information included in the 165-page document titled "Truworths International Limited Group and company audited annual financial statements for the year ended 02 July 2023", which includes the Approval of Annual Financial Statements, CEO and CFO Responsibility Statement, Certificate by Company Secretary, Directors' Report and Audit Committee Report as required by the Companies Act of South Africa as well as Annexure Four- Employment Equity Act Summary and Shareholder Information, which we obtained prior to the date of this report. The other information that will be available after this report date consists of the Integrated Annual Report, Ten-year Review, Ratios, Share Statistics and Definitions, Corporate Governance Report, Application of King IV Corporate Governance Principles, Social and Environmental Report and Social and Ethics Committee Report. Other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Truworths International Limited for 48 years.

Ernst & Young Inc.

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

3rd Floor, Waterway House
3 Dock Road, V&A Waterfront
Cape Town
31 August 2023

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors are responsible for preparing annual financial statements that fairly present the financial position and changes in equity of the Group and company and the results of its operations and cash flows in accordance with the Companies Act (71 of 2008, as amended), International Financial Reporting Standards (IFRS) and the Listings Requirements of the JSE Limited (JSE). The application of IFRS is reviewed by the Group's Accounting Forum, which meets quarterly with the external auditor, comprises members of the Group's financial management team, and makes recommendations to management and the directors relating to accounting treatment and disclosure.

The Group and company annual financial statements, which appear on pages 8 to 165, were approved by the board of directors on 31 August 2023 and are signed on its behalf by:

H Saven
Chairman

MS Mark
Chief Executive Officer

CEO AND CFO RESPONSIBILITY STATEMENT

The Chief Executive Officer and Chief Financial Officer hereby confirm, in accordance with the JSE Listings Requirements, that:

- the annual financial statements set out on pages 8 to 165, fairly present in all material respects the financial position, financial performance and cash flows of the Group and the company for the 52-week period ended 2 July 2023 in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries has been provided to effectively prepare the annual financial statements of the Group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with the primary responsibility for the implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and where required have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

MS Mark
Chief Executive Officer

EFPM Cristaudo
Chief Financial Officer

CERTIFICATE BY COMPANY SECRETARY

I certify that, in respect of the reporting period, the company has, to the best of my knowledge and belief, lodged with the Companies and Intellectual Property Commission (CIPC) all returns and notices required of a public company in terms of the Companies Act (71 of 2008, as amended) of South Africa and that all such returns appear to be true, correct and up to date.

C Durham
Company Secretary
31 August 2023

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the state of affairs, the business and profit of the company and the Group, together with the Group and company annual financial statements for the 52-week period ended 2 July 2023.

NATURE OF BUSINESS

Truworths International Ltd (the company) is an investment holding and management company listed on the Johannesburg Stock Exchange and the Namibian Stock Exchange. Its principal trading entities, Truworths Ltd and Office Holdings Ltd, are engaged either directly or through subsidiaries, concessions or agencies, 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, and have continuing operations in the Republic of Ireland and certain southern African countries.

RESULTS OF OPERATIONS

The results for the period are detailed in the Group and company annual financial statements that follow.

DIVIDENDS

Details of the dividends paid by the company during the period are disclosed in note 32 of the company annual financial statements.

On 31 August 2023 the directors of the company resolved to declare a final cash dividend of 245 cents per share (before dividends tax) for the period ended 2 July 2023 from retained earnings of the company to shareholders recorded in the company's register on the record date, being Friday, 22 September 2023, bringing the annual dividend per share to 565 cents per share.

PROPERTY, PLANT AND EQUIPMENT

During the period the Group established a 50/50 joint operation that acquired a 99-year leasehold title to industrial land in Cape Town, South Africa, and commenced the development thereon of a distribution centre. Please refer to note 36 for further information. There were no other major changes in the nature of the Group's property, plant and equipment during the period, but the useful lives and residual values of certain assets were reviewed and no material adjustments were required.

SHARE CAPITAL

Details of the authorised and issued share capital of the company and the movements during the period are disclosed in note 15 of the company annual financial statements.

During the current period 556 655 (2022: 28 951 829) shares were repurchased, cancelled and delisted from the JSE and NSX at an average price of R49.85 (2022: R54.13) and for an aggregate nominal value of R83 (2022: R4 343) and an aggregate premium of R27 748 987 (2022: R1 567 091 500).

400 000 shares that were repurchased in the prior period from the JSE and NSX at an average price of R51.82 and for an aggregate nominal value of R144 and an aggregate premium of R20 726 912 were cancelled and delisted in the current period.

DIRECTORS, SECRETARY AND COMMITTEE MEMBERS

The names of the directors and Company Secretary in office at 2 July 2023 will be set out in the Administration section of the 2023 Integrated Annual Report. Mr Thompson retired as a non-executive director, chairman of the Social and Ethics Committee and member of the Risk Committee, with effect from 1 September 2022. Ms Mokgabudi was appointed as a member of the Audit Committee with effect from 26 July 2022 and Mr Mosololi was appointed as chairman of the Social and Ethics Committee, with effect from 1 October 2022. Mr Saven was appointed as a member of the Social and Ethics Committee with effect from 1 October 2022. Ms Proudfoot and Mr Cristaudo were appointed as joint deputy Chief Executive Officers with effect from 1 October 2022. Ms Earp was appointed as a member of the Risk Committee with effect from 3 July 2023.

Subsequent to the reporting date, Ms Motsepe and Mr Muller were appointed as independent non-executive directors with effect from 1 August 2023. Ms Makanjee has advised that she will not stand for re-election as non-executive director and member of the Social and Ethics Committee at the company's Annual General Meeting scheduled for 2 November 2023. Mr Muller was appointed as a member of the Remuneration Committee and Nomination Committee with effect from 1 September 2023. Mr Hawinkels was appointed as lead independent director of the board with effect from 1 September 2023.

DIRECTORS' REPORT (continued)

SUBSIDIARY COMPANIES

Annexure One, containing full particulars of the Group's non-dormant subsidiary companies, appears on pages 132 and 133 of the Group annual financial statements.

BORROWING POWERS

In terms of the company's memorandum of incorporation, its borrowing powers are unlimited. The borrowing powers of the Group's subsidiaries may be limited by the company. Any borrowings by the Group are subject to the provisions of the Group's board-approved treasury policy.

SPECIAL RESOLUTIONS BY SUBSIDIARY COMPANIES

By way of special resolution taken on 3 November 2022, the wholly-owned subsidiary company, Truworths Ltd, was authorised specifically to provide financial assistance to the company and to the Group investment company, Truworths Trading (Pty) Ltd, in the form of loans for the purpose of acquiring shares in the company, and prior such assistance given was ratified. The special resolution further generally authorised financial assistance (and ratified prior such assistance given) in the form of loans and/or guarantees to (a) the Group's subsidiaries and related companies in South Africa and the rest of Africa and the United Kingdom to enable them to meet various expense and working capital requirements relating to their operations, (b) the Group's charitable, enterprise development and share scheme trusts, so as to enable them to carry out their activities, and (c) to certain directors of that company for housing purposes. The aforesaid financial assistance was authorised subject to the provisos that any loans and guarantees granted are made in the ordinary course of the Group's business and to further its objectives, that they do not impair the solvency or liquidity of Truworths Ltd and when viewed objectively are regarded by its board as being fair and reasonable to the said company

By way of special resolution taken on 3 November 2022, the wholly-owned subsidiary company, Truworths Ltd, was authorised to repurchase the shares of the company (being the holding company of Truworths Ltd), for the purpose of awarding shares to the employees of Truworths Ltd pursuant to the company's 2012 Share Plan.

By way of special resolution taken on 3 July 2022, the wholly-owned subsidiary company Young Designers Emporium (Pty) Ltd was authorised to provide financial assistance (and ratified prior such assistance given) to the fellow subsidiary company Truworths Ltd and other Group companies in the form of loans for the purpose of investing such funds centrally within the Group. The aforesaid financial assistance was authorised subject to the provisos that any loans and guarantees granted are made in the ordinary course of the Group's business and to further its objectives, that they do not impair the solvency or liquidity of Young Designers Emporium (Pty) Ltd and when viewed objectively are regarded by its board as being fair and reasonable to the said company.

The aforesaid special resolutions did not require filing with CIPC in terms of the Companies Act (71 of 2008, as amended) of South Africa, and have the effect of authorising the said financial assistance for two years following the passing of such resolutions.

The directors of the aforesaid subsidiaries have performed the required solvency and liquidity tests required by the Companies Act (71 of 2008, as amended) of South Africa and are satisfied that the companies have met the requirements of these tests prior to and, where applicable, immediately after the conclusion of the transactions authorised by the aforesaid special resolutions.

No other material special resolutions were passed by subsidiary companies between the reporting date and the date of this report.

EVENTS AFTER THE REPORTING DATE

No event which is material to the understanding of this report has occurred between the reporting date and the date of this report.

AUDIT COMMITTEE REPORT

The Audit Committee (the committee) of the Truworths International board complies with relevant legislation, regulation and governance practices. The responsibilities of the committee are outlined in its written charter which reflects aspects recommended by the King IV Report on Corporate Governance for South Africa, 2016 (King IV).

This report of the committee is presented to shareholders in compliance with the requirements of the Companies Act.

ROLE OF THE COMMITTEE

The objectives and functions of the committee are set out in its charter. In summary the committee:

- aims to ensure the maintenance of adequate accounting records, effective financial reporting and internal control systems;
- aims to ensure compliance of published financial reports with relevant legislation, financial reporting standards and good governance;
- aims to ensure Group assets are safeguarded;
- has oversight of fraud, information security and information technology risks in so far as these impact on the financial reporting process;
- confirms the nomination and appointment of the external auditor, ensuring such appointment is legislatively compliant;
- approves the terms of engagement and fees of the external auditor, in consultation with management;
- defines and considers the non-audit services that may be rendered by the external auditor;
- considers the external auditor’s findings arising from the annual financial statement audit;
- monitors the functioning and approves the coverage plan of the internal audit department;
- reviews tax compliance and tax risk management programmes and initiatives;
- fulfils the function of audit committee to Group subsidiaries that are public companies;
- considers the external auditor’s findings arising from the annual financial statement audit of, and deals with any other material financial matters deserving attention relating to, the Group’s other subsidiaries and charitable and other trusts;
- reviews the expertise, resources and experience of the Group’s finance function and the expertise and experience of the Chief Financial Officer; and
- reviews and recommends to the board the approval of the Group’s Integrated Report, Interim Report, Summarised Audited Group Annual Results, annual financial statements and published results announcements.

STRUCTURE OF THE COMMITTEE

The committee comprises the following independent non-executive directors, and the Chairman of the committee is not the Chairman of the board of the company. The following directors served on the committee during the reporting period:

- Mr Roddy Sparks (Chairman)
- Ms Dawn Earp
- Ms Tshidi Mokgabudi (appointed as committee member with effect from 26 July 2022)

Biographical details of the committee members appear in the Board of Directors Report in the 2023 Integrated Report. Fees paid to the committee members are outlined in note 30.1 of the Group annual financial statements. Having regard to their financial and business qualifications, as well as their extensive work experience in financial accounting, auditing, consulting and corporate business, the members of the committee are regarded as having the relevant financial expertise and experience required of an audit committee member.

The Chairman of the board, certain directors, the Chief Financial Officer, the Company Secretary, the Truworths Ltd. Director: Internal Audit, Legal, Governance and Risk, the Truworths Ltd. Head: Governance Risk and Controls, the Truworths Ltd. Divisional Director: Finance, the Chairman of the Risk Committee and the external auditor also attend meetings of the committee as invitees.

The Chairman of the committee periodically meets separately with the external auditor and the Truworths Ltd. Director: Internal Audit, Legal, Governance and Risk without members of executive management being present in order to maintain a direct line of communication between these assurance providers and the committee. In addition the committee meets separately with the external auditor and said director respectively without members of executive management being present, as part of the governance process.

INTERNAL AUDIT

The internal audit function provides assurance to the Truworths International board, via the committee, on the adequacy and effectiveness of the Group's internal control and risk management practices, and the integrity of financial reporting systems. Internal audit also assists management by making recommendations for improvements to the control and risk management environment.

The principle of independence of the internal audit department is upheld and the Truworths Ltd. Director: Internal Audit, Legal, Governance and Risk reports on operational matters to the Chief Executive Officer and on administrative matters to the Chief Financial Officer. The said director also has direct access to the Chairman of the committee.

The scope of the internal audit department's work includes:

- reviewing, appraising and reporting on the adequacy and effectiveness of the Group's system of internal control;
- reviewing the processes and systems which are designed to ensure integrity of the Group's reporting of financial and operating information; and
- reviewing the adequacy of the Group's compliance with applicable policies, plans, procedures, laws and regulations.

Specific focus is placed on the system of internal control that ensures that assets and information are protected against loss, theft or misuse, as well as on those controls that ensure key transactional information is of high integrity. Internal audit also provides consultation and other services to management such as due diligence services, forensic audit services, systems auditing services, risk management services, business continuity plan monitoring services and special reviews or audits.

INTERNAL CONTROLS

The Group aims to maintain a high standard of internal control. The sound control environment in the Group is founded on:

- strong responsibility for controls by executives;
- executive commitment to integrity and ethical values; and
- the skills and competence of executives.

The soundness of the Group's control environment is illustrated through:

- management's hands-on operating style;
- clear communication through employee policies and operating procedures;
- assignment of authority and responsibility to appropriate levels of management; and
- a control-consciousness throughout the Group.

The Truworths International board is ultimately responsible for the Group's system of internal control, which is designed to ensure:

- effectiveness and efficiency of operations;
- safeguarding and verification of and accountability for assets;
- detection and minimisation of fraud and losses;
- reliability of financial and operational information and reporting; and
- compliance with applicable laws, regulations, policies and procedures.

The Truworths International board delegates responsibility for the implementation and maintenance of the control framework to management. The committee, together with the Risk Committee and the internal and external auditors, assists the board in monitoring the effectiveness and adequacy of the control environment.

The committee reports that during the period under review:

- internal control procedures were represented by management as having been substantially effective and appropriate;
- no material breach of internal controls and procedures was brought to its attention;
- key risks appeared to be adequately documented and appropriately monitored and reported on by management;
- policies and authority levels were represented by management as having been enforced and adhered to; and
- no material breaches of any laws affecting the Group were brought to its attention.

EXTERNAL AUDIT

The Group's external auditor is Ernst & Young Inc. Fees paid to the external auditors (including the Office segment's external auditor, PricewaterhouseCoopers LLP) are detailed in note 29.6 of the Group annual financial statements.

The external auditor's plan for the annual audit of the Group's financial statements, which incorporates the identification of significant risks and how they are to be addressed during the audit, is presented and approved at a meeting of the committee before the commencement of audit fieldwork.

AUDIT COMMITTEE REPORT (continued)

The external auditor has unrestricted access to the Group's records and management. The external auditor furnishes a written report to the committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the Chairman of the committee.

AUDITOR INDEPENDENCE

The committee is satisfied that the Group's external auditor Ernst & Young Inc. and the designated audit partner are independent of the Group and management, and are therefore able to express an independent opinion on the fair presentation of the Group's 2023 annual financial statements.

The committee remained fully comfortable with the ongoing independence, impartiality, competence, resources, service levels and objectivity of the firm, notwithstanding that Ernst & Young Inc. and its constituent predecessor firms have been the Group's auditors since 1975. The consistently high levels of financial reporting maintained by the Group over an extended period, as evidenced by financial and integrated reporting awards received, and the Group's robust internal control environment, further indicate that the audit process and the assurance it provides remain sound. Based on this assessment, in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements, the committee was satisfied that Ernst & Young Inc. was suitable for appointment as the external audit firm for the 2023 financial period. The committee also considered and was satisfied with the suitability for retention of Mr Pierre du Plessis as the designated audit partner for the said period.

The conclusion of the committee as regards the ongoing independence of Ernst & Young Inc was, *inter alia,* based on the following:

- the Group's policy that prohibits or otherwise restricts the non-audit services that may be provided by the external auditor;
- auditing profession standards that preclude the external auditor's personnel from holding shares in or having other business relationships with the Group;
- the external auditor may not provide services that could be seen as participating in the management of the Group's affairs; and
- the assurance provided by the external auditor that internal governance processes within the audit firm support the claim to independence.

In terms of the committee's policy, the auditor is restricted from rendering accounting, company secretarial, internal audit, legal, valuation, financial information system design, actuarial, management, human resource and investment services to the Group.

Furthermore, the provision of non-restricted non-audit services by the external auditor in the reporting period has been subject to prior approval by the committee by round robin resolution if the fees exceeded R100 000 (currently less than 1% of the annual audit fee). Fees for all such non-audit services require appropriate disclosure in the financial statements. Details of non-audit fees below the said threshold incurred between committee meetings during the reporting period were presented and ratified at committee meetings.

During the period the external auditor (including the Office segment's external auditor) received fees of R893 495 (2022: R703 217) for non-audit services relating to taxation, agreed upon procedures and other services to the Group, equivalent to 5.9% (2022: 4.3%) of the annual audit fee. (Refer to note 29.6 of the Group annual financial statements for further detail.)

AUDITOR ROTATION

During the prior reporting period the committee participated in the process to identify and appoint a new external auditor (pursuant to the IRBA's mandatory auditor rotation policy) culminating in its nominating for approval by the board the appointment of Deloitte & Touche (Deloitte) as the Group's external auditor with effect from the 2024 financial period, subject to shareholder approval. The deferred appointment has enabled a thorough transition process during which Ernst & Young Inc acted as external auditor for the 2022 and 2023 financial periods, whilst Deloitte has observed the audit processes and familiarised themselves with matters such as the Group's control framework, key audit matters, financial reporting processes, accounting policies, and areas of estimate and judgement in preparing the annual financial statements.

In accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements the committee is satisfied with the independence, competence, resources, and service levels of Deloitte, and its suitability for appointment as the Group's external auditor, and therefore recommends to shareholders that they vote in favour of the said appointment for the 2024 financial year at the upcoming annual general meeting in November 2023.

The committee has ensured that a resolution proposing the appointment of Deloitte as the external audit firm (and Ms Jolandi Grace as the designated audit partner) for the 2024 financial period is included in the notice of the company's 2023 annual general meeting, which notice is shortly to be published in terms of section 61(8) of the Companies Act.

AUDIT COMMITTEE REPORT (continued)

COMMITTEE FUNCTIONING

During the reporting period, three committee meetings were held. Meetings are scheduled to coincide with the key dates in the Group's financial reporting and audit cycle.

Reports routinely considered by the committee at these meetings included the Truworths Africa Chief Financial Officer's Report, the Office Chief Financial Officer's Report, the report of the Internal Audit Department (including its coverage plan and IT audit activities) and the Group Tax Report.

In addition, the Chairman of the committee is also a member of the Risk Committee, attends its quarterly meetings and is able to provide feedback to the committee on the Risk Committee's activities and recommendations.

The committee also considered the draft interim, Summarised Audited Group Annual Results, annual and short-form financial reports and announcements, and the integrated annual report, prepared by management, and recommended their adoption by the board subject to identified amendments. The committee further considered the external auditor's audit plan and the appropriateness of the responses of management to the comments raised by the auditor in relation to the prior period audit.

During the reporting period the committee also undertook the following:

- nominated for re-appointment Ernst & Young Inc. as the external auditor and obtained assurance from management that this appointment complied with legislative requirements, including providing for a resolution relating to such appointment to be incorporated in the notice of the company's annual general meeting;
- considered the suitability of the audit partner assigned to do the annual audit engagement, in accordance with legislative requirements;
- noted the reports of the Independent Regulatory Board of Auditors (IRBA) on their satisfactory findings following a routine technical reviews of the audit work conducted by the audit firm Ernst & Young Inc. and partner;
- approved the external auditor's fees and terms of engagement that had been negotiated by management;
- confirmed the nomination, made in the prior reporting period for approval by the board, of Deloitte for appointment as the external auditor with effect from the 2024 financial period, subject to shareholder approval;
- reviewed the Group's tax risk management and compliance activities, particularly relating to value added tax and income tax in South Africa and the United Kingdom, and the Group's fiscal obligations in other countries of operation;
- considered the methods deployed by management to promote sound IT governance as well as information security and privacy and monitored progress, by way of a scorecard maintained by the Head: Governance, Risk and Controls made by management towards attaining the Group's objectives in these areas;
- considered progress made in the implementation of the Group's internal audit coverage plan, the key findings from such audits and special investigations conducted, and key outcomes arising from the Group's loss prevention programme;
- considered the assumptions made, methodologies employed and judgements exercised by management in the course of conducting impairment testing and determining the carrying value of the Group's intangible and right of use assets;
- considered the annual report of the Johannesburg Stock Exchange (JSE) on its findings arising from the proactive monitoring of the financial reports published by JSE listed companies during 2022;
- considered the limited scope thematic review of cash flow information and disclosures of liquidity and going concern conclusions, issued by the JSE pursuant to its proactive monitoring programme;
- ensured that management modified certain of its financial statement disclosures, and accounting policy descriptions, as agreed with the JSE following its review (pursuant to the aforesaid proactive monitoring process) in the prior year of the company's annual financial statements for the 2021 period;
- monitored the functioning of the audit committee within Office, the Group's business segment in the United Kingdom, which subsidiary committee has reporting obligations to the committee;
- considered the reports and meeting minutes of the Office audit committee;
- confirmed its satisfaction with the framework and process implemented by management designed to enable the Chief Executive Officer and Chief Financial Officer to attest with assurance in the Group's annual financial statements as to their fair presentation, correctness and completeness, and as to the effectiveness of the internal controls relating to the Group's financial reporting;
- considered presentations and recent developments relating to the JSE Listings Requirements and matters for consideration in relation to King IV and the Companies Amendment Act; and
- considered presentations by management on IFRS applicable to the Group, including in relation to the judgement exercised by management in making financial estimates, the methods of measurement deployed, the choices made in relation to the basis of adoption, practical expedients, and exemptions available and the accounting policy disclosures.

AUDIT COMMITTEE REPORT (continued)

The committee was not required to deal with any complaints relating to accounting practices or internal audit, nor to the content or audit of the Group's annual financial statements.

The committee carried out its other responsibilities as set out in its board-approved charter, including those relating to the audit and financial reporting obligations of the Group's subsidiary companies and charitable and other trusts, during the reporting period by way of a consideration of the status of finalisation of the statutory annual financial statements of such entities.

Following each meeting of the committee, the Chairman of the committee submits a written report to the directors on the committee's activities, findings and recommendations, and presents and invites questions on this report at the board meeting immediately following the committee meeting.

The Chairman and members of the committee attend the annual general meeting of shareholders to answer any questions relating to the committee's activities.

CHIEF FINANCIAL OFFICER'S EXPERTISE AND EXPERIENCE

The committee reports in terms of the JSE Listings Requirements that, based on a formal assessment process, it was satisfied as to the appropriateness of the expertise and experience of the Group's Chief Financial Officer during the reporting period.

FINANCE FUNCTION'S EXPERTISE, RESOURCES AND EXPERIENCE

Based on a consideration of the qualifications, participation in continuing professional education and the nature, duration and relevance of the experience of key managers in the Group's finance department, as well as a review of the staff complement, functional responsibilities of and information systems available to the department, the committee reports in terms of King IV that it is satisfied as to the appropriateness of the collective expertise, experience and effectiveness of the Group's finance functions, both in South Africa and the United Kingdom and the adequacy of their human and technological resources.

FINANCIAL REPORTING PROCEDURES

Having regard for both the aforesaid assessments, and the comprehensive, timeous and consistent nature of management's financial reporting to the committee and the Group's financial reporting to its shareholders, the committee is satisfied that the Group has established appropriate financial reporting procedures and that such procedures (which relate to all Group entities) are operating as intended so that the committee has access to all information required to effectively prepare and report on the Group's annual financial statements.

ANNUAL FINANCIAL STATEMENTS AND INTEGRATED ANNUAL REPORT

The committee has recommended the Group's 2023 audited annual financial statements (of which this report forms part), and in due course following the appropriate review process envisages recommending the Group's 2023 Integrated Report, to the board for approval.

APPROVAL OF THE REPORT

The committee confirms that it has functioned in accordance with its charter for the reporting period and that its report to shareholders was approved by the board on 31 August 2023.

RJA Sparks
Chairman

Audit Committee
31 August 2023

GROUP STATEMENTS OF FINANCIAL POSITION

		Note	at 2 July 2023 Rm	at 3 July 2022 Rm
ASSETS				
Non-current assets			**6 716**	5 520
Property, plant and equipment		2	**2 069**	1 685
Right-of-use assets		3	**3 329**	2 594
Intangible assets		5	**590**	539
Goodwill		4	**294**	294
Loans and receivables		8	**77**	36
Assets held at fair value		7	**36**	33
Deferred tax		9	**321**	339
Current assets			**9 417**	7 971
Inventories		10	**2 244**	1 819
Trade and other receivables		11	**5 546**	4 908
Derivative financial assets		6	**28**	29
Loans and receivables		8	**-**	58
Prepayments			**137**	89
Cash and cash equivalents		12	**1 462**	1 068
Total assets			**16 133**	13 491
EQUITY AND LIABILITIES				
Total equity			**7 654**	6 106
Share capital and premium*		13,14	**-**	-
Treasury shares		15	**(2 066)**	(2 186)
Retained earnings			**9 393**	8 144
Non-distributable reserves		16	**327**	148
Non-current liabilities			**3 237**	2 628
Lease liabilities		21	**2 827**	2 464
Interest-bearing borrowings		17	**169**	-
Provisions		23	**166**	112
Put option liability		18	**30**	6
Post-retirement medical net benefit obligation		19.1	**27**	36
Derivative financial liability		24	**-**	6
Leave pay obligation		20	**18**	4
Current liabilities			**5 242**	4 757
Trade and other payables		22	**1 591**	1 678
Lease liabilities		21	**1 019**	979
Interest-bearing borrowings		17	**1 208**	702
Bank overdraft		12	**935**	930
Provisions		23	**267**	259
Put option liability		18	**20**	33
Derivative financial liability		24	**-**	23
Tax payable			**202**	153
Total liabilities			**8 479**	7 385
Total equity and liabilities			**16 133**	13 491
Number of shares in issue (net of treasury shares)	(millions)	13	**369.3**	368.3
Net asset value per share	(cents)		**2 073**	1 658

* Zero due to rounding

GROUP STATEMENTS OF COMPREHENSIVE INCOME

		Note	52 weeks to 2 July 2023 Rm	53 weeks to 3 July 2022 Rm
Revenue		28	**21 992**	19 340
Sale of merchandise		28	**19 894**	17 886
Cost of sales		29.1	**(9 445)**	(8 316)
Gross profit			**10 449**	9 570
Other income		28	**939**	655
Trading expenses			**(7 772)**	(6 607)
Depreciation and amortisation		29.2	**(1 359)**	(1 161)
Employment costs		29.3	**(2 489)**	(2 267)
Occupancy costs		29.4	**(961)**	(801)
Trade receivable costs*		29.5	**(1 283)**	(851)
Expected credit losses raised			**(959)**	(627)
Other trade receivable costs			**(324)**	(224)
Other operating costs		29.6	**(1 680)**	(1 527)
Trading profit			**3 616**	3 618
Interest income		28	**1 143**	789
Dividend income		28	**16**	10
Profit before finance costs and tax			**4 775**	4 417
Finance costs		29.7	**(378)**	(235)
Profit before tax		29	**4 397**	4 182
Tax expense		31.1	**(1 109)**	(1 115)
Profit for the period			**3 288**	3 067
Attributable to:				
Equity holders of the company			**3 275**	3 051
Holders of the non-controlling interest			**13**	16
Profit for the period			**3 288**	3 067
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods			**181**	(17)
Movement in foreign currency translation reserve		16.5	**181**	(17)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			**17**	6
Re-measurement gains on defined benefit plans		19.1	**12**	6
Fair value adjustment on assets held at fair value through other comprehensive income		16.3,16.4	**5**	-
Other comprehensive income/(loss) for the period, net of tax			**198**	(11)
Attributable to:				
Equity holders of the company			**190**	(11)
Holders of the non-controlling interest			**8**	-
Other comprehensive income/(loss) for the period, net of tax			**198**	(11)
Total comprehensive income for the period			**3 486**	3 056
Attributable to:				
Equity holders of the company			**3 465**	3 040
Holders of the non-controlling interest			**21**	16
Total comprehensive income for the period			**3 486**	3 056
Basic earnings per share	(cents)	33.1	**888.5**	794.1
Diluted basic earnings per share	(cents)	33.2	**876.4**	784.9

* Trade receivable costs have been disaggregated to present expected credit losses raised and other trade receivable costs separately on the face of the Statement of Comprehensive Income. Prior year presentation has been adjusted accordingly.

GROUP STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital and premium Rm	Treasury shares Rm	Retained earnings Rm	Non-distri-butable reserves Rm	Equity holders of the company Rm	Holders of the non-controlling interest Rm	Total equity Rm
2023								
Balance at the beginning of the reporting period		**-**	**(2 186)**	**8 144**	**148**	**6 106**	**-**	**6 106**
Total comprehensive income for the period		**-**	**-**	**3 287**	**178**	**3 465**	**21**	**3 486**
Profit for the period		**-**	**-**	**3 275**	**-**	**3 275**	**13**	**3 288**
Other comprehensive income for the period		**-**	**-**	**12**	**178**	**190**	**8**	**198**
Dividends declared	32	**-**	**-**	**(1 990)**	**-**	**(1 990)**	**-**	**(1 990)**
Shares repurchased	15	**-**	**(28)**	**-**	**-**	**(28)**	**-**	**(28)**
Shares cancelled	14,15	**-**	**49**	**(49)**	**-**	**-**	**-**	**-**
Cost of shares vested and transferred to participants in terms of the 2012 restricted share scheme	15,16.1	**-**	**99**	**-**	**(99)**	**-**	**-**	**-**
Shares sold by Truworths International Share Trust	15	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share appreciation rights expired	16.1	**-**	**-**	**1**	**(1)**	**-**	**-**	**-**
Share-based payments	16.1	**-**	**-**	**-**	**137**	**137**	**-**	**137**
Acquisition of non-controlling interest		**-**	**-**	**-**	**(13)**	**(13)**	**(33)**	**(46)**
Movement in put option liability	16.2	**-**	**-**	**-**	**(23)**	**(23)**	**12**	**(11)**
Balance at 2 July 2023		**-**	**(2 066)**	**9 393**	**327**	**7 654**	**-**	**7 654**
2022								
Balance at the beginning of the reporting period		521	(2 259)	7 778	151	6 191	-	6 191
Total comprehensive income/(loss) 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	32	-	-	(1 646)	-	(1 646)	-	(1 646)
Shares repurchased	15	-	(1 588)	-	-	(1 588)	-	(1 588)
Shares cancelled	14,15	(521)	1 567	(1 046)	-	-	-	-
Cost of shares vested and transferred to participants in terms of the 2012 restricted share scheme	15,16.1	-	93	-	(93)	-	-	-
Shares sold by Truworths International Share Trust	15	-	1	-	(1)	-	-	-
Share appreciation rights expired	16.1	-	-	1	(1)	-	-	-
Share-based payments	16.1	-	-	-	107	107	-	107
Acquisition of non-controlling interest		-	-	-	29	29	(29)	-
Movement in put option liability	16.2	-	-	-	(27)	(27)	13	(14)
Balance at 3 July 2022		-	(2 186)	8 144	148	6 106	-	6 106

GROUP STATEMENTS OF CASH FLOWS

	Note	52 weeks to 2 July 2023 Rm	53 weeks to 3 July 2022 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flow from profit before tax	35.1	**5 038**	4 838
Working capital movements	35.2	**(1 227)**	(946)
Cash generated from operations		**3 811**	3 892
Interest received	35.1	**1 139**	791
Dividends received	28	**16**	10
Interest paid	35.1	**(370)**	(236)
Capitalised finance costs paid		**(6)**	-
Tax paid	35.3	**(1 068)**	(909)
Cash inflow from operations		**3 522**	3 548
Dividends paid	35.4	**(1 989)**	(1 646)
Net cash from operating activities		**1 533**	1 902
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment to expand operations	35.5	**(599)**	(241)
Acquisition of plant and equipment to maintain operations	35.6	**(79)**	(61)
Acquisition of computer software		**(39)**	(38)
Insurance proceeds in relation to plant and equipment		**-**	50
Premiums paid to insurance cell	7.2	**(14)**	(16)
Amounts received from insurance cell	7.2	**8**	20
Loans and receivables repaid	8.3	**13**	-
Loans advanced	8.3	**(19)**	(11)
Disposal of mutual fund units		**2**	1
Net cash used in investing activities		**(727)**	(296)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased by the company and its subsidiaries	15	**(28)**	(1 588)
Borrowings repaid	17	**-**	(743)
Borrowings incurred	17	**669**	1 096
Lease liability payments	35.7	**(1 254)**	(1 134)
Acquisition of non-controlling interest		**(46)**	-
Net cash used in financing activities		**(659)**	(2 369)
Net increase/(decrease) in cash and cash equivalents		**147**	(763)
Cash and cash equivalents at the beginning of the period		**138**	923
Net foreign exchange difference		**242**	(22)
NET CASH AND CASH EQUIVALENTS AT THE REPORTING DATE	12	**527**	138

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

CORPORATE INFORMATION
The consolidated annual financial statements of Truworths International Ltd and its subsidiaries (the Group) for the 52 weeks ended 2 July 2023 were authorised for issue in accordance with a resolution of the directors taken on 31 August 2023. Truworths International Ltd, the holding company of the Group, is incorporated and domiciled in the Republic of South Africa, and its shareholders have limited liability.

STATEMENT OF COMPLIANCE
The annual financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), Financial Reporting Guides as issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act (71 of 2008, as amended) of South Africa and the JSE Listings Requirements.

IMPACT OF MACRO FACTORS ON FINANCIAL RESULTS
The global macro environment remained challenging throughout the current period. Low economic growth, high inflation, rising interest rates and relatively low consumer sentiment continued to weigh on the retail sector globally in the aftermath of the COVID-19 pandemic and the invasion of Ukraine by Russia in February 2022. The Group's results for the previous 53-week period ended 3 July 2022 (the 'prior period') were materially affected by the consequential impacts of these events, including wide-scale global supply chain disruption, higher energy prices, pressure on food resources and rising inflation. The prior period base of the Truworths Africa segment was further impacted by the civil unrest in July 2021 and flooding in April 2022 in parts of South Africa.

In the Truworths Africa segment, current period trading continued to be impacted by pressure on consumer disposable income and discretionary spending in the current low growth, high inflationary environment. The challenging macro environment was further affected by the energy crisis in South Africa, with significantly higher levels of electricity load shedding observed from September 2022. The consequences of electricity load shedding on the economy and retail trade in general are far reaching, impacting economic growth, job creation and in turn consumer disposable income. During the current period the Group spent around R40 million on backup power solutions for its stores in South Africa, and incurred additional operating expenditure on diesel for backup generators for distribution centres and stores. At the current period-end, stores covering 87% of the Truworths Africa segment's sales were equipped with alternative power and the balance of 13% have historically not required alternative power either because they do not experience load shedding or have sufficient natural and artificial lighting and can therefore trade manually. There has also been a general deterioration in the South African consumer credit environment during the current period as reported in the Transunion Consumer Credit Index ('TCCI'). The TCCI, which measures the general health of the credit consumer across the total credit market, declined below 50 points in the second quarter of the 2022 calendar. The deterioration in the credit environment has a direct impact on the results of the Truworths Africa segment as approximately 70% of the segment's sales are on credit. The increase in South African lending rates has however to some extent mitigated the increase in credit losses. Finally, the depreciation of the South African Rand against major currencies throughout the current period has resulted in higher merchandise selling price inflation, higher input costs and greater volatility in mark-to-market adjustments of forward exchange positions.

In the United Kingdom, trading conditions were much improved in the current period as tourism rebounded and workers returned to the office after all COVID-19 related restrictions were abolished in the prior period. However consumer spending remained under pressure as a result of the fall in real disposable incomes that the UK has experienced since late 2021 which is commonly referred to as the cost of living crisis. Higher interest rates, unusually high inflation and modest economic growth continued to weigh negatively on consumer sentiment. Despite the macro challenges the branded fashion footwear sold by Office proved to be a resilient category and traded well throughout the period.

Notwithstanding these significant macro 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. The impact of these adverse events on the Group's significant judgements and estimates applied in the preparation of its financial statements is discussed in notes 1.3 and 1.4.

GLOSSARY OF FINANCIAL REPORTING TERMS

This glossary of financial reporting terms is provided to ensure clarity of meaning, as certain terms may not always have the same meaning or interpretation as in other countries.

GROUP STRUCTURES

Company
Truworths International Ltd.

Group
Truworths International Ltd and its consolidated subsidiaries.

Entity
The company or any one of its subsidiaries or, where the context requires, an entity outside of the Group.

Subsidiary
Any entity over which the Group has the power to exercise control (including the Truworths International Limited Share Trust).

Associate
An entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement.

Joint arrangement
An arrangement in which two or more parties have joint control being the contractually agreed sharing of control.

Joint operation
A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

Joint operator
A party to a joint operation that has joint control of that joint operation.

Joint venture
A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

ACCOUNTING

Acquisition date
The date on which an acquiring entity (the acquirer) obtains control of the entity acquired (the acquiree).

Acquisition method of accounting
The method of accounting for business combinations whereby the acquirer recognises, on the acquisition date, the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the related goodwill (or gain from a bargain purchase).

Allowance
An estimate of the reduction or diminution in the cost or subsequent carrying amount of current assets, such as inventories and trade receivables, attributable to factors such as markdowns, shrinkage and irrecoverability.

Business combination
A transaction or other event in which the acquirer obtains control of one or more businesses.

Borrowing costs
Borrowing costs are interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs may include:
(a) interest expense calculated using the effective interest method as described in IFRS9;
(b) interest in respect of lease liabilities recognised in accordance with IFRS16; and
(c) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest costs.

Cash-generating unit
The smallest identifiable group of assets that generates cash inflows within the Group that are largely independent of the cash inflows from other assets or groups of assets.

Contingent liability
(a) a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of an entity; or
(b) a present obligation that arises from past events but is not recognised because:
 (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 (ii) the amount of the obligation cannot be measured with sufficient reliability.

Control
Control over an investee requires the Group to possess three essential elements:
(a) power over the investee;
(b) exposure or rights to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the amount of the Group's variable returns.

Defined benefit plan
An arrangement, for example a post-employment benefit plan, under which an entity pays fixed contributions to a separate entity (such as a fund or an insurer), and in respect of which that entity will have a legal or constructive obligation to pay further contributions if the separate entity does not hold sufficient assets to pay all employee benefits relating to the service of such employees during the current and prior periods.

Defined contribution plan
An arrangement under which an entity pays fixed contributions to a separate entity (such as a fund or an insurer), and in respect of which that entity will have no legal or constructive obligation to pay further contributions if the separate entity does not hold sufficient assets to pay all employee benefits relating to the service of such employees during the current and prior periods.

Discount rate
The pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the asset for which future cash flow estimates have not been adjusted. It is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.

Fair value
The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Foreign currency
A currency other than the functional currency of the entity.

Functional currency
The currency of the primary economic environment in which the entity operates.

Key management personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any director (executive and non-executive) of that entity.

Operating segment
An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the entity's or the company's board to make decisions about resource allocation and assess segmental performance, and for which separate financial information is available.

Presentation currency
The currency in which the financial statements are presented.

Projected unit credit method
An actuarial valuation method used to determine the present value of an entity's defined benefit obligations and the related current, and where applicable, past service cost. The method treats each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Provision
A liability of uncertain timing or amount.

Qualifying asset
A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Qualifying payment
When an account holder pays at least 90% of the amount payable by the payment due date.

Recoverable amount
For an asset or a cash-generating unit, this is the higher of its fair value less costs to sell, and its value in use.

Related party
A related party is a person or an entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').
(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of the parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions apply:
- (i) the entity and the reporting entity are members of the same group (which means that the parent, and each subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Residual value
The estimated amount that an entity would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Separate vehicle
A separately identifiable financial structure, including separate legal entities or entities recognised by statute, regardless of whether those entities have a legal personality.

Significant
An asset, liability or other transaction is considered to be significant when, in the judgement of management, it is sufficiently relevant to the Group based on its nature and/or magnitude that to omit or misstate it could influence users of the financial statements.

Value in use
The present value of the future cash flows expected to be derived from an asset or a cash-generating unit.

FINANCIAL INSTRUMENTS
Amortised cost
The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation (using the effective interest method) of any difference between that initial amount and the maturity amount, minus any reduction (directly or through the use of an allowance account) for impairment.

Credit risk
The risk that a counter-party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

Currency risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Debt instrument
A debt instrument is a contractual obligation that enables an entity to raise funds by promising to repay a lender in accordance with the terms of a contract.

Derivative financial instrument
A financial instrument with all the following characteristics:
- its value changes in response to movements in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; provided that, in the case of a non-financial variable, the variable is not specific to a party to the contract;
- it requires no initial net investment or the initial net investment is smaller than would be required for other types of contracts that would be expected to respond similarly to changes in market factors; and
- it is settled at a future date.

Effective interest rate
The interest rate that exactly discounts estimated future cash payments or receipts during the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Equity instrument
A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial asset
Any asset of an entity that is:
- cash;
- an equity instrument of another entity;
- a contractual right to:
  (i) receive cash or another financial asset from another entity; or
  (ii) exchange financial instruments with another entity under conditions that are potentially favourable; or
- a contract that will or may be settled in an entity's own equity instruments and is:
  (i) a non-derivative financial instrument for which the entity is or may be obliged to receive a variable number of its own equity instruments; or
  (ii) a derivative financial instrument that will or may be settled by the entity, other than by the exchange of a fixed amount of cash or another financial asset, by the delivery by the entity of a fixed number of its own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial asset measured at amortised cost
A debt instrument is measured at amortised cost if:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of this asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Financial asset measured at fair value through other comprehensive income (FVOCI)
An equity instrument that is designated as such or a debt instrument where the asset:
- is held and managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

Financial asset measured at fair value through profit or loss (FVTPL)
A financial asset:
- held within a business model where the objective is to sell and manage the asset on a fair value basis; or
- which does not meet the criteria for measuring the asset at amortised cost or at FVOCI; or
- where the use of this classification removes or significantly reduces an accounting mismatch.

Financial instrument
A contract giving rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial liability
Any liability of an entity that is:
- a contractual obligation:
  (i) to deliver cash or another financial asset to another entity; or
  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- a contract that will or may be settled in an entity's own equity instruments and is:
  (i) a non-derivative financial instrument for which the entity is or may be obliged to deliver a variable number of its own equity instruments; or a derivative financial instrument that will or may be settled by the entity, other than by the exchange of a fixed amount of cash or another financial asset, by the delivery of a fixed number of the entity's own equity instruments to the other entity. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.
  (ii) a derivative financial instrument that will or may be settled by the entity, other than by the exchange of a fixed amount of cash or another financial asset, by the delivery of a fixed number of the entity's own equity instruments to the other entity. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial liability measured at fair value through profit or loss (FVTPL)
A financial liability that:
- is classified as held-for-trading; or
- upon initial recognition, it is designated as such. An entity may use this designation only when permitted, or when doing so would result in more relevant information because either:
  (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or from recognising the gains and losses on them on different bases; or
  (ii) a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about such group is provided internally on that basis to the entity's key management personnel.

Interest rate risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates of interest.

Liquidity risk
The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or other financial assets.

Market risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk.

Monetary items
Units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

Other price risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Regular way purchase or sale
A purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

LEASES
Dismantling costs
Costs to dismantle stores at the end of the lease term as required by the terms and conditions of the lease.

Fixed lease payments
Payments made by a lessee to a lessor for the right to use an underlying asset during the lease term, excluding variable lease payments.

Incremental borrowing rate
The rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Initial direct costs of a lease
Incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained.

Lease
A contract or part of a contract that conveys the right to use an underlying asset for a period of time in exchange for a consideration.

Lease commencement date
The date on which the lessor makes an underlying asset available for use by the lessee.

Lease incentive
Payments made by a lessor to a lessee associated with a lease, or the reimbursement or assumption by a lessor of costs of a lessee.

Lease liability
Present value of future lease payments over the lease term, discounted using the lessee's relevant incremental borrowing rate.

Lease modification
A change in the scope of the lease, or the consideration for a lease that was not part of the original terms and conditions of the lease.

Lease term
The non-cancellable period of the lease, taking into account options to extend or terminate the lease period if such options are reasonably certain to be exercised.

Lessee
An entity that obtains the right to use an underlying asset for a period of time in exchange for consideration.

Lessor
An entity that provides the right to use an underlying asset for a period of time in exchange for consideration.

Low value asset
An asset whose value for a new asset of the same kind is considered to be low and both of the following requirements are met: the lessee can benefit from the use of the asset on its own, or together with other resources, that are readily available to the lessee; and the underlying asset is not dependent on, or highly interrelated with, other assets.

Right-of-use asset
An asset that represents the lessee's right to use the underlying assets for the lease term.

Short-term lease
A lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset.

Underlying asset
An asset that is subject to a lease, for which the right-of-use asset has been provided by a lessor to a lessee.

Variable lease payment
The portion of payments made by a lessee to a lessor for the right to use an underlying asset during the lease term that varies because of the changes in facts and circumstances occurring after the commencement date, other than passage of time.

1. PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation of financial results

The annual financial statements for the period ended 2 July 2023 have been prepared in accordance with the going concern and historical cost bases except where otherwise indicated. The accounting policies are applied consistently throughout the Group. The presentation and functional currency used in the preparation of the Group and company financial statements is the South African Rand (ZAR or Rand) and all amounts are rounded to the nearest million, except where otherwise indicated.

Accounting policies and methods of computation

The accounting policies and methods of computation applied in the preparation of these financial statements comply with IFRS and are consistent with those applied in the preparation of the Group's annual financial statements for the prior period ended 3 July 2022.

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.

1.2 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.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment loss. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

The results of subsidiaries are consolidated from the effective acquisition date to the effective date of loss of control. Acquisitions from outside the Group are included in the Group financial statements using the acquisition method of accounting.

In the course of such consolidation, intra-group balances and transactions, as well as unrealised gains and losses resulting from intra-group transactions and dividends, are eliminated in full.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.2 Basis of consolidation of financial results (continued)

Business combinations (continued)

Subsidiaries

All dividends received from subsidiaries are recognised in profit or loss in the financial statements of the company when its entitlement to receive the dividends has arisen. When such dividends are received, the company considers whether this indicates an impairment of the investment.

The company carries its investments in subsidiaries at fair value. The financial statements of subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies.

1.3 Joint arrangements

A joint arrangement can be classified as a joint venture or joint operation depending on the structure, legal form and contractual arrangement thereof. The Group's joint arrangement is classified as a joint operation.

The Group, as joint operator, recognises its assets, liabilities and transactions including its share of those incurred jointly, in both its consolidated and separate financial statements. The respective assets, liabilities and transactions are to be accounted for in accordance with the relevant international financial reporting standards.

1.4 Use of estimates in the preparation of annual financial statements

In the preparation of the annual financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates and these differences may be material to the financial statements within the next reporting period. The key assumptions concerning estimation uncertainties at the reporting date are discussed below.

Property, plant and equipment

The Group assesses the depreciation methods, and estimates the useful lives and residual values of property, plant and equipment at each reporting date. These estimates take cognisance of current market and trading conditions for the Group's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology. (Refer to note 2 for further detail.)

Impairment of right-of-use assets

Right-of-use assets, being principally leasehold rights in respect of retail store premises, are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (such as a store becoming loss making). Generally, such right-of-use assets cannot generate cash flows largely independently from other assets and are therefore tested for impairment as part of the cash-generating units to which they have been assigned, such as retail stores. Judgement is applied in determining the value-in-use of each cash-generating unit to which a right-of-use asset has been assigned, including estimates of future profitability and cash flows, an appropriate and consistent allocation of head office costs, the sales terminal growth rate where applicable, and the discount rate. In determining the discount rate applied to calculate the present value of future earnings, the Group estimates the market risk return and debt to equity ratio. (Refer to note 3 for further detail.)

The impact of prolonged store closures in the UK in the 2020 and 2021 financial periods due to the COVID-19 pandemic necessitated management to re-evaluate its store selection criteria for purposes of impairment testing of the Office segment's store lease portfolio. The COVID-19 pandemic exacerbated the already difficult economic conditions in the UK due to negative consumer sentiment, uncertainty following the UK's exit from the European Union, as well as ongoing cost and margin pressure resulting from the consumer shift from store-based retailing to online shopping. Accordingly management decided in the 2020 and 2021 financial periods to assess all right-of-use assets of the Office segment for impairment and continued to do so in the 2022 financial period in light of the volatile macro environment. Since all COVID-19 related restrictions were abolished in the 2022 financial period, and taking into account that most of the Office segment's leases have now been renegotiated, as well as the greater general level of stability in the UK property rental market the Office segment has reverted to the store selection criteria used for purposes of impairment testing by the Truworths Africa segment 2023 financial period. The impact of the COVID-19 pandemic on the Truworths segment was less severe and did not require a change in selection criteria.

Key assumptions used in the cash flow calculations were adjusted to reflect management's best estimate of the potential impact of macro challenges on future earnings and cash flows, in particular the sales growth rate and gross profit margin.

1. **PRINCIPAL ACCOUNTING POLICIES** (continued)

1.4 **Use of estimates in the preparation of annual financial statements** (continued)

Impairment of goodwill and trademarks

The Group assesses whether goodwill and trademarks are impaired at each reporting date or more frequently if events or changes in circumstances indicate that their carrying amounts may be impaired. This assessment involves a discounted cash flow calculation, and key assumptions made in determining future earnings relate to the sales growth rate, operating margin, return on investment, reinvestment of profits, working capital requirements, terminal growth rate and capital expenditure. The growth rate used to extrapolate cash flows beyond the most recent budget period is also estimated. In determining the discount rate applied to calculate the present value of future earnings, the Group estimates the market risk return and debt to equity ratio.

Similarly, the Group also assesses at each reporting date or more frequently if events or changes in circumstances indicate that their recoverable amounts have increased and whether any previously recognised impairments of trademarks should be reversed. In making this assessment, which requires significant judgement, the Group considers both quantitative and qualitative factors, including the recoverable amount of the trademarks and whether there are any observable internal (e.g. the economic performance of the cash generating unit is or will be better than expected) or external indicators (e.g. significant changes in the external environment that will have a favourable impact on the value of the cash generating unit) that the value of the trademarks has increased significantly.

The key assumptions used in the cash flow calculations have been adjusted to reflect management's best estimate of the potential impact of macro challenges on future earnings and cash flows, in particular the sales growth rate and gross profit margin, working capital requirements and the terminal growth rate. (Refer to notes 4 and 5 for further detail.)

Expected credit losses (ECL) allowance

The Group assesses its ECL allowance at each reporting date.

Impairment modelling

The measurement of expected credit losses in respect of the Group's trade receivables considers the probability and the expected timing of write-off and the Group's anticipated exposure at the time of write-off as well as the loss resulting from the write-off.

The ECL model uses transition matrices to forecast balance movements within a portfolio between successive risk states. Risk states are determined using historical account and balance history movements. By modelling the eventual portfolio write-off through the transition of balances within the model, it combines the probability of account write-off and exposure at write-off, with the monthly portfolio expected write-off outputs.

The loss given write-off model considers the expected post write-off recoveries net of direct costs of recovery to determine the final loss related to such write-offs.

Forward-looking information

The calculation of ECLs incorporates forward-looking variables, which include the following:

- an economic overlay model, developed using linear regressions to model the relationship between historic lagged and future macroeconomic indicators and ECL provisions;
- the potential impact of industry-specific challenges, including changes in the regulatory environment as well as the anticipated impact of macro factors; and
- expert management judgement.

The deterioration in the credit environment in South Africa referred to under "Impact of macro factors on financial results" on page 17 was taken into account in the modelling of various forward-looking scenarios for determining the ECL. These forward-looking scenarios were probability weighted based on management's best estimate of their relative likelihood of occurrence to determine the ECL allowance in the current reporting period. This process involves significant judgement and is governed by a formally mandated committee appointed by the board of the Group's wholly-owned subsidiary and licensed credit provider, Truworths Ltd. (Refer to note 11.2 for further detail.)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.4 Use of estimates in the preparation of annual financial statements (continued)

Allowances for inventories

The allowance for markdown of inventory takes into account historic information related to sales trends and represents the expected markdown between the original cost and the estimated net realisable value. The net realisable value assigned to inventory is the net selling price in the ordinary course of business less the estimated costs of completion (where applicable) less the estimated costs to make the sale. The allowance for shrinkage applies the historic shrinkage percentage to sales between the most recent inventory count and the reporting date. (Refer to note 10 for further detail.)

The challenges experienced in the macro environment did not have a material impact on inventory provisioning as management proactively manages inventory levels taking into account the impact that macro factors are expected to have on merchandise clearance rates.

Post-retirement medical benefits

The Group provides limited post-retirement medical benefits and obtains an actuarial valuation annually of its net obligation in this regard. The key assumptions applied in arriving at the net obligation relate to mortality rates and other demographic information, medical inflation rates, investment return, the discount rate and current market conditions. (Refer to note 19 for further detail.)

The valuation of post-retirement medical benefit plan assets reflects market conditions and as such incorporates the impact of macro factors.

Fair value of equity- and cash-settled share options and share appreciation rights

The fair value attached to the 2012 share incentive scheme's share appreciation rights granted is determined with the use of a binomial option pricing model. The key assumptions used in the calculation include estimates of the company's shares' expected volatility, dividend yield, risk-free interest rate and, for equity-settled share appreciation rights, the forfeiture rate. (Refer to note 30.6 for further detail.)

Fair value of equity-settled shares with market-based performance conditions granted

The fair value attached to the share incentive scheme's performance shares with market-based performance conditions attached is determined using a Monte-Carlo simulation pricing model. The key assumptions used in the calculation include expected volatility, dividend yield, the risk- free interest rate and the forfeiture rate.
(Refer to note 30.6 for further detail.)

Fair value of subsidiaries

The fair value of subsidiaries in the company annual financial statements is determined using either a market or income approach valuation technique. The fair value is determined with reference to the relative profit performance of directly held subsidiaries and their subsidiaries as a whole and company market capitalisation (in the case of directly held trading subsidiaries), a discounted cash flow valuation or net asset value (in the case of directly held non-trading subsidiaries). (Refer to notes 2 and 11.6.1 of the company annual financial statements for further detail.)

Uncertain tax positions

Tax benefits are not recognised unless the Group's tax position is more likely than not to be accepted by tax authorities. If considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable result. Where the amount of tax payable or recoverable is uncertain, the Group provides for a liability based on either the Group's estimate of the most likely amount or when there is a wide range of possible outcomes, a probability weighted approach is applied.

Incremental borrowing rate (IBR)

Where the Group has existing borrowings with external parties, the incremental borrowing rate is determined using actual margins, adjusted for market rates, company specific risk as well as tenor of the lease. Where there are no borrowings with external parties, the Group applies an incremental borrowing rate similar to rates that would have been incurred to borrow funds equivalent in value to the right-of-use assets for a similar term.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.4 Use of estimates in the preparation of annual financial statements (continued)

Going concern assessment

The directors have reviewed the Group's budget, cash flow and working capital forecast and medium-term financial forecasts. On the basis of this review, and taking into account the Group's current strong financial position at the reporting date as well as the level of existing borrowing facilities and the Group's overall borrowing capacity, the directors are satisfied that the Group is a going concern and have continued to adopt the going concern basis in preparing the audited annual financial statements. All covenants related to the Group's borrowings, which include gearing and debt serviceability ratios, have been met throughout the period and show significant headroom on an actual and forecast basis.

1.5 Use of judgements in the preparation of annual financial statements

In the process of applying the Group's accounting policies, management exercised some judgments in situations where a different judgement might have led to a materially different accounting treatment. Judgements which have a significant effect on amounts recognised in the financial statements at reporting date are discussed below:

Bad debts:

Trade receivables are written off when customer accounts are subject to legal processes (i.e. in legal status) or when:

- the customer has been in default for 210 days; and
- the customer has not made a qualifying payment since account billing in the immediately preceding calendar month; or
- the customer has not met certain behavioural risk score cut-offs determined by the Group's account management practices. These behavioural risk score cut-offs are not met when Group's internal and external scorecards identify that there is no possibility of payment, or remote possibility of payment, where the value of such payment is not expected to cover the related collection costs.

Trademarks

The Group's acquired trademarks are adjudged to have indefinite useful lives. The useful lives are assessed at each reporting date. This judgement is based on the market and trading conditions applicable to the Group and management's expectations and strategy for the use of the trademarks. (Refer to note 5 for further detail.)

Taxation

In determining the liability for taxation (including indirect and withholding taxes) management makes certain assumptions regarding the interpretation of the relevant taxation legislation and its practical application by the relevant revenue authorities.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Leases

Lease term

The Group generally enters into retail store leases for periods no longer than five years to ensure flexibility in the overall lease portfolio given the fast changing retail landscape. This ensures that the Group can exit leases within a relatively short period of time. Accordingly, it is generally not possible at the time of entering into the lease to determine with reasonable certainty whether an option to extend the lease (if available) will be exercised, as the sales and profitability of a retail store are subject to several unknown factors including the development of new retail space in close proximity and the on-going migration of sales from stores to online platforms. The Group has however identified a portfolio of individually significant leases based on sales, profitability, geographic spread and key retail locations. Such leases are considered to form the core retail store portfolio. Where such leases were entered into or reassessed prior to the start of the 2015 financial year, the Group has included the period in respect of one extension option in the assessment of the lease term, provided that such inclusion does not result in the lease term exceeding ten years. For all other leases that are not considered to be individually significant, or in the case of individually significant core retail store leases entered or reassessed after the start of the 2015 financial year, no option periods are included in the assessment of the lease term.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.5 Use of judgements in the preparation of annual financial statements (continued)

Insurance cell captive

The Group has determined that it does not have control of its short-term insurance cell captive arrangement as the current insurance legislative framework regards all the assets and liabilities in the cell as that of the insurer. Therefore the cell captive is not considered to be a silo in accordance with IFRS 10. The Group has therefore not consolidated the cell captive.

The Group is exposed to financial risk rather than insurance risk and has therefore accounted for its investment in the cell captive as an asset held at fair value through profit or loss (FVTPL) in accordance with IFRS 9.

Put options held by non-controlling interests

In the Group's judgement, the option of non-controlling shareholders to put their shares in a subsidiary of the Group to the Group and the Group's contractual obligation to purchase these equity instruments from non-controlling shareholders for cash, while giving rise to a financial liability, does not transfer such non-controlling ownership interests to the Group. Rather, ownership interests remain with the non-controlling shareholders while they hold their shares. This conclusion is based on the pricing of the options being at fair value and the non-controlling interests continuing to have voting rights and rights to dividends.

1.6 Foreign currency translation

The Group and company financial statements are presented in Rand, the functional currency of the company. Each entity in the Group determines its own functional currency depending on the country of operation of the entity, and items included in the financial statements of each entity are measured in that currency.

Translation of foreign currency transactions and balances

Transactions in foreign currencies are translated to the company's functional currency at exchange rates prevailing at the date of the transaction. Subsequent to initial measurement, monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rate when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translation of monetary items at rates different from those at which they were translated at initial recognition are recognised in profit or loss. Exchange differences on non-monetary items carried at fair value are recognised in profit or loss, except where the fair value adjustments are recognised in other comprehensive income, in which case the translation differences arising are recognised in other comprehensive income.

Translation for consolidation

For financial statement consolidation purposes, the assets and liabilities of entities with a functional currency other than the Rand are translated into Rand at the exchange rates prevailing at the reporting date, and their statements of comprehensive income are translated at the average exchange rates of the reporting period, with the exception of individually significant transactions, such as asset impairments, that occur on specific dates that are translated at the prevailing exchange rates on those dates. Exchange differences arising on translation for consolidation are recognised in other comprehensive income in a separate foreign currency translation reserve (FCTR).

1.7 Property, plant and equipment

Initial recognition and measurement

Each item of property, plant and equipment is initially recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be reliably measured. Each item that qualifies for recognition is initially measured at cost, being the cash equivalent of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.7 Property, plant and equipment (continued)

Subsequent measurement

Buildings owned by the Group are classified as owner-occupied property and carried at cost less accumulated depreciation and/or accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any, and is not depreciated. Motor vehicles, plant, equipment, furniture and fittings, and computer equipment are carried at cost less accumulated depreciation and/or accumulated impairment losses, if any. When these assets comprise of major components with different useful lives, these components are accounted for as separate items. Expenditure incurred to replace or modify a significant component of these assets is capitalised if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be reliably measured. Any remaining carrying amount of the component replaced is written off in profit or loss or derecognised on disposal. All other expenditure is recognised in profit or loss.

Depreciation

Buildings, motor vehicles, plant, equipment, furniture and fittings and computer equipment are depreciated to their estimated residual values on a straight-line basis over their expected useful lives. The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking into account technological innovations and asset maintenance programmes. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in profit or loss in the depreciation and amortisation expense category.

Depreciation commences when an asset is available for its intended use and ceases temporarily if the residual value exceeds or is equal to the carrying amount. Depreciation ceases permanently at the earlier of the date the asset is classified as held-for-sale in accordance with *IFRS 5: Non-current Assets Held for Sale and Discontinued Operations*, and the date that the asset is derecognised. The following estimated useful lives apply:

Buildings	10 years
Motor vehicles	4 years
Plant, equipment, furniture and fittings	5 – 10 years
Computer equipment	5 years

Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on derecognition are included in profit or loss in the period of derecognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of derecognition.

Impairment

Items of property, plant and equipment are assessed for impairment in terms of the accounting policy set out in note 1.10.

1.8 Borrowing costs

Borrowing costs incurred which are directly attributable to the acquisition, construction or production of an asset over a substantial period of time, are capitalised to the cost of the related qualifying asset.

The Group generally considers a substantial period of time to be a period exceeding 12 months.

Capitalisation of borrowing costs commences when expenditures are incurred, borrowing costs are incurred and the activities necessary to prepare the asset for its intended use or sale are in progress. Capitalisation is suspended during periods in which active development of the qualifying asset are interrupted. Borrowing costs cease to be capitalised only when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

Where specific funding is obtained to finance a qualifying asset the borrowing costs are the actual costs incurred in respect of that specific funding less any income earned on the temporary investment of such borrowings. General borrowing costs are capitalised by making use of a capitalisation rate that represents the weighted average borrowing costs applicable to the general funding pool.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.9 Goodwill

Initial recognition and measurement

Goodwill arising from a business combination is initially measured at cost, being the excess of the aggregate of the fair value of the consideration transferred [and the amount (if any) recognised for the non-controlling interest] over the fair value of the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is a bargain purchase gain and is recognised in profit or loss.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the acquisition, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Subsequent measurement

Goodwill is stated at cost less accumulated impairment losses, if any.

Impairment

Goodwill is not amortised but tested for impairment bi-annually at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

Cash-generating units to which goodwill has been allocated are tested for impairment bi-annually at each reporting date by assessing the recoverable amount of the cash-generating unit, which is the higher of fair value (less costs of disposal) and value in use. The value in use is calculated as the present value of the future cash flows expected to be derived from the cash-generating unit.

Where the recoverable amount of the unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is applied firstly to the carrying amount of any goodwill in the unit assessed. Thereafter, any remaining impairment is allocated to the other assets of the unit on a pro-rata basis, based on the carrying amount of each asset. Losses arising from the impairment of goodwill cannot be reversed.

1.10 Trademarks

The Group's acquired trademarks are classified as intangible assets with indefinite useful lives.

Initial recognition and measurement

Where payments are made for the acquisition of trademarks, the amounts are capitalised at cost. Trademarks acquired through an acquisition of an entity are initially recognised at fair value.

At the acquisition date, any trademarks acquired are allocated to each of the cash-generating units expected to benefit from the acquisition, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Subsequent measurement

Acquired trademarks are stated at cost less accumulated impairment losses, if any. Subsequent expenditure incurred is capitalised if it is probable that future economic benefits associated with the trademarks will flow to the entity and costs can be reliably measured. Trademarks are considered to have indefinite useful lives, if based on an analysis of all relevant factors, there is no foreseeable limit to the period over which they are expected to generate net cash flows for the entity. The useful lives are reviewed at each reporting date to determine whether events or circumstances continue to support an indefinite useful life assessment. A change resulting from the review is accounted for as a change in accounting estimate.

Impairment

Trademarks are tested for impairment bi-annually at each reporting date or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired.

Cash-generating units to which trademarks have been allocated are tested for impairment bi-annually by assessing the recoverable amount of the cash-generating unit, which is the higher of fair value (less costs of disposal) and value in use. The value in use is calculated as the present value of the future cash flows expected to be derived from the cash-generating unit.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.10 Trademarks (continued)

Impairment (continued)

Where the recoverable amount of the unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is applied firstly to the carrying amount of any goodwill in the unit assessed. Thereafter, any remaining impairment is allocated to the other assets of the unit on a pro-rata basis, based on the carrying amount of each asset. The impairment recognised in profit or loss is the excess of the carrying amount over the recoverable amount.

A previously recognised impairment will be reversed in so far as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the trademark's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised.

A reversal of impairment is recognised in profit or loss.

1.11 Computer software

Computer software is classified as an intangible asset with a finite useful life.

Initial recognition and measurement

Purchased software and the direct costs associated with the customisation and installation thereof are capitalised.
Expenditure on software developed internally is capitalised if the following criteria are satisfied:

- it can be demonstrated that it is probable that the intangible asset will generate future economic benefits;
- it is technically feasible to complete the asset;
- the intention and ability to complete and use the asset exist;
- adequate financial, technical and other resources to complete the development are available; and
- the costs attributable to the process or product can be separately identified and reliably measured.

Subsequent measurement

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software is recognised in profit or loss. Expenditure incurred to replace or modify software is capitalised if it is probable that future economic benefits associated therewith will flow to the entity and the cost thereof can be reliably measured.

Amortisation

Computer software is amortised to its estimated residual value on a straight-line basis over its expected useful life of 5 to 10 years. Amortisation commences when the computer software is available for its intended use, and ceases temporarily if the residual value exceeds or is equal to the carrying amount. Amortisation ceases permanently at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised. The amortisation period, amortisation method and residual values are reviewed at each reporting date. A change resulting from the review is treated as a change in accounting estimate. The amortisation expense is recognised in profit or loss in the depreciation and amortisation expense category.

Derecognition

Computer software is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses which arise on derecognition are included in profit or loss in the period of derecognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of derecognition.

Impairment

Computer software is assessed for impairment in terms of the accounting policy set out in note 1.10.

1.12 Impairment of property, plant and equipment and computer software

The carrying amounts of the Group's property, plant and equipment (including property, motor vehicles, plant, equipment, furniture and fittings and computer equipment) and computer software are reviewed at each reporting date to determine whether there is any indication of impairment. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, the recoverable amount of the asset is estimated.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.12 Impairment of property, plant and equipment and computer software (continued)

Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, for the larger cash-generating unit to which the asset belongs. If the recoverable amount of the asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount. The impairment is recognised in profit or loss as an expense. Where an impairment loss is recognised for a cash-generating unit, it is firstly allocated to any goodwill belonging to that unit and thereafter to the other assets of the unit, pro-rata based on their carrying amounts.

A previously recognised impairment will be reversed in so far as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined at the reversal date, had no impairment been recognised. A reversal of impairment is recognised in profit or loss.

After recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, on a straight-line basis over its remaining useful life.

Impairment policies for goodwill, trademarks, inventories and right-of-use assets are described within their respective accounting policies.

1.13 Financial instruments

Financial instruments recognised in the statement of financial position include financial assets held at fair value, derivative financial instruments, loans and receivables, trade and other receivables, cash and cash equivalents, interest-bearing borrowings, put option liabilities and trade and other payables. Financial instruments are recognised only when the Group becomes party to the contractual provisions of the instrument.

Initial recognition and measurement

The Group determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, in limited instances, re-evaluates this designation at each reporting date. The classification of financial assets is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial instruments are initially measured at fair value plus, in the case of a financial asset or liability not at FVTPL, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent measurement and impairment for each category is specified below.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (FVOCI), it needs to give rise to cash flows that are solely payments of principal and interest.

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement and if not, the asset is classified and measured at FVTPL.

Fair value

The fair value of financial instruments traded in active financial markets is determined with reference to quoted prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include reference to the quoted market capitalisation of the Group, quoted market prices, relative entity profit performance, recent arm's length transactions and other recognised valuation methodologies.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.13 Financial instruments (continued)

Categories of financial instruments and subsequent measurement

Financial assets and liabilities measured at FVTPL

The Group measures its derivatives in the form of forward exchange contracts, short-term insurance cell captive and secured loans to share scheme participants at FVTPL. The Group's call options over shares held by non-controlling interests are designated as such on initial recognition.

Forward exchange contracts

The fair value of forward exchange contracts is calculated with reference to current forward exchange contracts traded in the open market with similar maturity profiles at the reporting date. Gains and losses arising from changes in the fair value of forward exchange contracts are recognised under other income and other operating expenses respectively, with a corresponding current asset (in the event of a gain) or liability (in event of a loss) in the statement of financial position.

Short-term insurance cell captive

The fair value of the Group's short-term insurance cell captive underwritten by an insurer is determined quarterly with reference to the net asset value of the cell captive, as determined jointly by the insurer and the Group's short-term insurance brokers.

Secured loans to share scheme participants

The present value of secured loans to share scheme participants approximates fair value and is determined annually.

Call and put options over shares held by non-controlling interests

The Group has call and the non-controlling interest parties have put options to acquire or sell the shares held in a subsidiary of the Group by non-controlling interests. Where the call and put options do not give present access to the returns associated with the ownership interest and meets the definition of a financial asset in accordance with IAS 32: *Financial Instruments - Presentation*, the call and put options are initially recognised as a financial asset or liability at fair value, with any subsequent changes in fair value recognised in profit or loss.

Financial assets measured at FVOCI

Shares in subsidiaries, the investment in mutual fund units, personal lines insurance business arrangement and the unlisted investment are classified as equity instruments and have been designated at FVOCI as these instruments are not held for trading.

Subsequent to initial measurement, these financial assets are measured at fair value. Gains or losses arising on the change in fair value of these financial assets are recognised in other comprehensive income without reclassifying to profit or loss upon derecognition.

The fair value of subsidiaries in the company annual financial statements is determined using either a market or income approach valuation technique. The fair value is determined with reference to the relative profit performance of directly held subsidiaries and their subsidiaries as a whole, and company market capitalisation (in the case of directly held trading subsidiaries), a discounted cash flow valuation or net asset value (in the case of directly held non-trading subsidiaries).

The fair value of the investment in mutual fund units is determined annually with reference to the quoted unit prices at the close of business on the reporting date.

The fair value of the Group's personal lines insurance business arrangement with an insurer is determined monthly with reference to a net asset value calculation stipulated in the contract and performed by the insurer.

Financial assets measured at amortised cost

Various amounts owing to the Group, trade and other receivables and cash and cash equivalents are classified as debt instruments.

Subsequent to initial measurement, these financial assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when these financial assets are derecognised or impaired, as well as through the amortisation process.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.13 Financial instruments (continued)

Financial assets measured at amortised cost

Where account sales are made on an interest-free basis, the related receivables are recognised at the fair value on transaction date and notional interest is recognised over the interest-free period.

Subsequently, such receivables are measured at amortised cost using the effective interest method, less an expected credit losses allowance.

Financial liabilities measured at amortised cost

Non-derivative financial liabilities including interest-bearing borrowings and trade and other payables are recognised at amortised cost. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised or impaired, as well as through the amortisation process.

Obligation under put option contracts

When the holders of a non-controlling interest have put options enabling them to sell their shares in a subsidiary of the Group to another subsidiary, a financial liability is recognised initially at an amount corresponding to the present value of the redemption amount. Upon exercise of the option, the present value of the amount payable is reclassified from equity.

As the terms and conditions of the options are assessed not to transfer to the Group a present ownership interest in the shares subject to the put option, the non-controlling interest is recognised at the date of the business combination in accordance with IFRS 3: *Business Combinations.* The non-controlling interest continues to be recognised within equity, with changes in the carrying amount arising from: (a) an allocation of the profit or loss for the year; (b) a share of changes in appropriate reserves; and (c) dividends declared before the end of the reporting period. At each reporting date, the non-controlling interest is derecognised as if it was acquired at that date, the put option liability is recognised at the present value of its redemption amount and any difference between the amount of the non-controlling interest derecognised and this recognised liability is accounted for within equity.

If the option is exercised, the accounting as discussed above is updated and the liability existing at the date of exercise is extinguished by the payment of the exercise price.

Offset

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a current legally enforceable right to off-set the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset, or a portion of a financial asset, is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  (i) has transferred substantially all the risks and rewards of the asset; or
  (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

1.14 Impairment of financial assets

The carrying amounts of the Group’s financial assets are reviewed at each reporting date.

The Group recognises an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted using the blended, portfolio-level effective interest rate of the in-store account portfolio and the original effective interest rate applicable to other financial assets held at amortised cost.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.14 Impairment of financial assets (continued)

The Group has adopted the general approach, which involves a three-stage approach to the recognition of credit losses and interest:

- Stage 1: Credit risk has not increased significantly since initial recognition. The ECL is recognised on initial recognition and measured at an amount equal to the portion of lifetime credit losses that result in possible default events within the next 12 months. Effective interest is recognised on a gross receivables basis.
- Stage 2: At each reporting date the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers that there is a significant increase in credit risk when a customer's account is in arrears for more than 30 days based on contractual payment requirements. Where there is evidence of significant increase in credit risk, the ECL is based on lifetime expected credit losses. Effective interest is recognised on a gross receivables basis.
- Stage 3: At each reporting date the Group assesses whether financial assets are credit-impaired. The Group's definition of credit-impaired is aligned to its internal definition of default which occurs when a customer's account is in arrears for more than 90 days based on contractual payment requirements. ECL is measured over the lifetime of the financial asset. Effective interest is recognised on a net receivables basis (i.e. the gross carrying amount less the impairment provision).

If, in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed. Any subsequent reversal of impairment is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed what the amortised cost would have been at the reversal date had no impairment been recognised.

1.15 Inventories

Inventories comprising finished goods, manufacturing work-in-progress and fabric and trims are valued at the lower of cost and net realisable value. The cost of finished goods is calculated using the weighted average method. Adjustments are made for allowances for markdown and shrinkage, where appropriate. Write-downs to net realisable value and inventory losses are recognised in profit or loss in the reporting period in which the write-downs or losses occur. The net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion (where applicable) less the estimated costs to make the sale.

Inventories are physically verified at least once a year through the performance of inventory counts, and shortages identified are written off immediately. An allowance is raised at the reporting date, based on historical trends, for inventory losses incurred between the last physical count and the reporting date.

1.16 Share capital and share premium

Issued share capital and share premium are stated as the amount of the proceeds received on the issue of shares less directly attributable issue costs (if any).

1.17 Treasury shares

Shares in the company repurchased and held by Group subsidiaries and unvested restricted shares held by a Group subsidiary for employee participants in the Group's 2012 share plan are classified as treasury shares. The cost price of these shares, together with related transaction costs, is deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's treasury shares. The issued and weighted average number of shares of the company is reduced by the treasury shares for the purposes of the basic and headline earnings per share calculations. Dividends received on treasury shares are eliminated on consolidation, except to the extent that they are paid to participants in the 2012 share plan.

When treasury shares held for participants in the 2012 share plan vest in such participants, the shares will no longer be classified as treasury shares, their cost will no longer be deducted from equity and their number will be taken into account for the purposes of basic and headline earnings per share calculations. When such treasury shares are cancelled the treasury share cost balance is reduced by the cost of the cancelled shares. Share capital and premium are then reduced by the cost of these shares.

Own equity instruments repurchased are treated as treasury shares and recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase and sale of the Group's own equity instruments. When these shares are subsequently cancelled, the company's share capital and premium are reduced by the cost of the shares with the number of shares deducted from both the number of shares in issue and the weighted average number of shares. Once the company's share premium is fully depleted, the premium on repurchased shares is deducted from retained earnings.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.18 Employee benefits

The Group remunerates its employees with short-term employee benefits and participates in seven defined contribution retirement funds and one defined benefit healthcare fund. In addition, certain employees are remunerated with share-based payments.

Short-term employee benefits

Remuneration to employees is recognised in profit or loss as the services are rendered, except for non-accumulating benefits that are only recognised when the specified event occurs. Provision is made for accumulated and incentive bonuses.

Defined contribution plans

The Group's contributions to the defined contribution retirement funds are based on a percentage of the pensionable payroll and are recognised as an expense in profit or loss in the reporting period in which the services are rendered by the relevant employees.

Defined benefit plans

The Group has an obligation to provide certain post-retirement medical benefits to eligible employees, and pensioners as former employees, who entered into the Group's employment prior to 30 June 2000. The obligation is conditional upon such employees retiring whilst being in the employment of the Group.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.
Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Share-based payments

Equity-settled share options, restricted shares, share appreciation rights and share options (collectively 'equity-based awards')

Employees of the Group, including executive directors, receive remuneration in the form of equity-based awards, whereby they render services in exchange for such equity-based awards which are, or are referenced to, the company's JSE listed shares.

The cost of the services to be received from employees and the corresponding increase in the equity-settled compensation reserve are measured with reference to the fair value of the company's shares on the date on which the equity-based awards are granted. The fair value of performance shares with market-based performance vesting conditions attached is determined using a Monte-Carlo simulation pricing model (refer to note 30.6.1 for further detail). The fair value of the share appreciation rights is determined using an actuarial binomial model (refer to note 30.6.1 for further detail). Non-vesting conditions and vesting conditions, to the extent that they are conditions linked to the price of the company's shares (i.e. market conditions), if any, are taken into account in determining the fair value of the equity-based awards.

The cost of these equity-based awards is recognised in profit or loss, together with a corresponding increase in total equity under the equity-settled compensation reserve, over the vesting period. The cumulative expense recognised for equity-based awards granted at each reporting date until the vesting date reflects the extent to which the vesting period has expired, as well as the Group's best estimate of the number of equity-based awards that will ultimately vest. The estimate is revised if subsequent information indicates that the number of equity-based awards expected to vest differs from previous estimates. No expense is recognised for equity-based awards that do not ultimately vest. Where awards are made subject to a market-based performance condition, the awards are treated as vested irrespective of whether the condition is satisfied, provided that all other performance and/ or service conditions are satisfied.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.18 Employee benefits (continued)

Share-based payments (continued)

Equity-settled share options, restricted shares, share appreciation rights and share options (collectively 'equity-based awards') *(continued)*

Where the terms of an award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the equity-based awards, or is otherwise beneficial to the employee as measured at the date of modification.

However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

The effect of unvested equity-based awards is reflected in the computation of diluted earnings per share. (Refer to note 33.2 for further detail.)

1.19 Taxes

The tax expense consists of current tax and deferred tax.

Current tax

The current tax charge is the expected tax payable on the taxable income for each entity for the reporting period and where applicable prior reporting periods. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted at the reporting date.

Current tax is recorded in profit or loss, unless the underlying transaction that led to the tax expense was accounted for in other comprehensive income or equity. In such an event the tax expense is also recorded in other comprehensive income or equity, as appropriate.

Deferred tax

The provision for deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of the Group's assets and liabilities. Deferred tax is provided, using the comprehensive balance sheet method, for temporary differences at the reporting date between the tax bases of assets or liabilities and their respective carrying amounts.

A deferred tax liability is recognised, except to the extent that it arises from:
- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit (or loss) nor taxable income (or tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with the assets and liabilities of Group subsidiaries, except to the extent that both of the following conditions are satisfied:
- the entity is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised where it is probable that, in the foreseeable future, taxable income will be available against which the deferred tax asset can be realised. A deferred tax asset is not recognised where:
- it arises from a transaction that is not part of a business combination; and
- at the time of the transaction, it has not affected accounting profit (or loss) or taxable income (or tax loss).

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.19 Taxes (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are off-set, if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is recorded in profit or loss, unless the underlying transaction that led to the tax expense was accounted for in other comprehensive income or equity. In such an event the tax expense is also recorded in other comprehensive income or equity, as appropriate.

Dividends tax

Dividends tax in South Africa is not levied on the company paying the dividend but on the beneficial owner of the share and accordingly does not require recognition in the company's profit or loss. Dividends tax withheld by the company on dividends paid to its shareholders (who do not qualify for an exemption from the tax) and payable to the South African Revenue Service (where applicable) is included in trade and other payables in the statement of financial position.

1.20 Leases

The Group recognises a 'right-of-use asset' in respect of its leases of immovable property, representing the right to use the underlying asset, and the liability to make lease payments over the lease term, with the exception of short-term leases and leases of low value assets.

The Group has elected to apply the exemptions available in respect of the recognition of both short-term leases and low-value assets to all relevant leases. Accordingly, the lease payments in terms of such leases are accounted for as expenses on a straight-line basis.

For a contract that is, or contains, a lease, lessees are required to account for each lease component within the contract as a lease separately from non-lease components of the contract, unless the practical expedient is applied. Given the complexity and subjectivity involved in distinguishing lease from non-lease components, the Group has elected to apply this practical expedient and is therefore not accounting for lease and non-lease components separately. As a result the right-of-use asset in respect of retail store leases recognised by the Group includes fixed non-lease components such as operating costs, merchant's association contributions, rates and taxes.

The Group recognises a right-of-use asset and lease liability at the lease commencement date at a value equal to the present value of future lease payments over the lease term, discounted using the Group's relevant incremental borrowing rate.

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability over the term of the lease, plus any lease payments made at or before the lease commencement date, initial direct costs of a lease, and dismantling costs, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses (cost model). The right-of-use asset is depreciated using the straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Impairment of right-of-use assets

The carrying amounts of the Group's right-of-use assets are reviewed at each reporting date to determine whether there is any indication of impairment. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (such as a store becoming loss making), the recoverable amount of the right-of-use asset is estimated.

When right-of-use assets cannot generate cash flows largely independent from other assets (for example leasehold rights in respect of retail store premises) they are tested for impairment as part of the cash-generating units to which they have been assigned, such as retail stores. If the recoverable amount of the cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to the recoverable amount. Such impairment is recognised in profit and loss as an expense. An impairment loss recognised in respect of a cash-generating unit is firstly allocated to any goodwill allocated to that unit and thereafter to the other assets of the unit, pro-rata based on their carrying amounts.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.20 Leases (continued)

Impairment of right-of-use assets (continued)

A previously recognised impairment will be reversed in so far as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined at the reversal date, had no impairment been recognised. A reversal of impairment is recognised in profit and loss.

After recognition of an impairment loss, the depreciation charge for the right-of-use asset is adjusted in future periods to depreciate its revised carrying amount, less its residual value, on a straight-line basis over its remaining useful life.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the Group's incremental borrowing rate, and taking into account duration, country, currency and inception of the lease. Subsequently the lease liability is increased for interest and reduced for lease payments, as well as being adjusted for the impact of lease modifications.

The lease payments included in the measurement of the lease liability comprise:

- fixed payments less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

Variable lease payments-based agreements that do not depend on an index or rate are not included in the measurement of the right-of-use asset or lease liability. These related payments are recognised as expenses in the period in which the event or condition that triggers those payments occur.

The lease liability is subsequently measured at amortised cost using the effective interest method.

Lease modifications

The lease liability is re-measured when there is a lease modification that was not contained in the original terms and conditions of the lease that is not accounted for as a separate contract. Lease liabilities are re-measured upon a change in any of the following:

- the lease term;
- future lease payments resulting from a change in an index or rate; and
- in-substance fixed lease payments.

For those lease modifications that do not result in a separate lease, the Group allocates the consideration in the contract and re-measures the lease liability using the lease term and the discount rate as determined at the effective date of the modification. For a modification that fully or partially decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect partial or full termination of the lease. Any difference between the adjustments in the right-of-use asset and the lease liability is recognised in profit or loss at the effective date of the modification. For all other lease modifications which are not accounted for as separate leases, the amount of the re-measurement of the lease liability is accounted for as an adjustment to the corresponding right-of-use asset and if the right-of-use asset is reduced to zero then any further reduction in the lease liability will be recognised in profit or loss.

A revised discount rate is applied when lease payments are updated for a change in the lease term. When lease payments are updated for a change in payments that are dependent on an index or rate, the original discount rate is applied unless the rate is a floating interest rate.

Furthermore, the lease term is reassessed upon the occurrence of a significant event or a significant change in circumstance that is within the control of the Group that results in the Group becoming reasonably certain to exercise a renewal option in respect of a period not previously included in the lease term, or conversely becoming no longer reasonably certain that a renewal option in respect of a period previously included in the lease term will be exercised. The most significant event for the Group is when landlord negotiations occur during the lease term, which result in the addition of further renewal options not included in the initial lease term or that result in the extension of the current or future lease periods.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.20 Leases (continued)

Lease modifications (continued)

The amendment to IFRS 16: COVID-19-Related Rent Concessions, effective from 1 June 2020, with a further amendment issued and effective from 1 April 2021, includes a practical expedient which allows lessees to elect not to assess whether a rent concession that meets the conditions in IFRS 16 paragraph 46B is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all COVID-19 related rent concessions.

Reductions in COVID-19 lease payments are treated as a negative variable lease payment and accordingly are recognised in profit or loss when the rent concession has been agreed with the landlord and the portion of the lease liability that is extinguished by the forgiveness of the lease payments is commensurately derecognised.

Group as a lessor

Leases of immovable property in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from these leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. (Refer to note 21.2 for further detail).

1.21 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to any provision is recognised in profit or loss. If the effect of the time value of money is material, a discount rate is applied to determine the present value of the provision. Where discounting is applied the annual increase in the provision due to the passage of time is recognised as an interest expense in profit or loss.

Employment provisions

Employee entitlements to annual leave and bonuses are recognised as they accrue to employees when there is a legal or constructive obligation to make such payments as a result of past performance. Such obligations are measured in terms of IAS 19.

Sales returns provision

The Group's sales return policy creates a legal obligation to accept merchandise returned within 30 days of sale provided the customer has retained proof of purchase. The provision is calculated with reference to prior period sales returns trends.

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to customers. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price and revenue) at each reporting date.

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Occupancy commitments provision

Store closure commitments, unless they are in the scope of IFRS 16, are recognised when there is a legal obligation to dismantle store fixtures and fitting and restore leased stores to their original condition when they are vacated.

Where applicable the cost of the right-of-use assets include an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.22 Contingent Liabilities

Contingent liabilities are not recognised as liabilities in the Group financial statements but are disclosed separately in the notes.

1.23 Dividends

Dividends payable are recognised as liabilities in the reporting period in which the dividends are declared. A dividend declared subsequent to the reporting date is not charged against total equity at the reporting date, as no liability exists at that date.

1.24 Revenue

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised when (or as) a performance obligation is satisfied by transferring a promised good or service to a customer and the customer obtains control of that good or service. Revenue transactions are recognised on the following bases:

Sale of merchandise

Revenue from the sale of merchandise through retail outlets and on a wholesale basis, is recognised when control has passed to the customer. Such income represents the net invoice value of merchandise provided to such third parties – excluding discounts, value-added and general sales tax. It is the Group’s policy to sell its merchandise to customers with rights to a refund or exchange within 30 days, subject to certain exceptions.

Sales to customers made on interest-free deferred settlement terms effectively contain a financing element. The difference between the selling price under market-related conditions and the amount actually paid is recognised as notional interest income over the interest-free period.

Concession revenue

Revenue from the sale of goods through concession outlets where the Group is the principal is recognised at the gross amount (exclusive of VAT) at the point of sale of the merchandise to the customer. Commissions or other fees payable to the concession grantors are not classified as reductions in revenue but as an expense. It is the Group's policy to sell its merchandise to customers in accordance with the concession grantors' returns policy, which varies across concessions.

E-commerce revenue

E-commerce revenue from the sale and delivery of goods on the internet is recognised when control has passed to the customer. It is the Group's policy to sell its merchandise on the internet to customers with rights to a refund or exchange within 30 days subject to certain exceptions.

Lay-by revenue

Revenue from the sale of merchandise through a lay-by sale is recognised when control has passed to the customer which is when the final and full payment for the merchandise is received from the customer and the merchandise is handed over to the customer.

Interest

Interest income is recognised using the effective interest method. The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets other than credit-impaired (stage 3) financial assets. When a financial asset is classified as credit-impaired, interest income is recognised only on the net carrying amount based on the original effective interest rate. The recognition of interest on the gross carrying amount of the financial asset is suspended during this stage and only resumes if and when the financial asset is reclassified from stage 3.

Commission

Commission, arising from the sale of merchandise by the Group on behalf of third parties, is recognised in the reporting period in which it is earned, according to the applicable contractual arrangements. Where the Group acts as such an agent, all payments collected from customers and passed on to third parties are excluded from both revenue and expenses.

Display fees and financial services income

Display fees and financial services income, comprising commissions and list fees on insurance products and account service fees, are recognised in the reporting period in which they are earned, according to the applicable contractual arrangements.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.24 Revenue (continued)

Lease rental income

Lease rental income is recognised in the reporting period in which it is earned, based on the straight-line method. Contingent rental income is recognised when it becomes contractually due.

Management fees

Management fees are recognised over a period of time when the services contracted for have been rendered and control has passed to the subsidiary.

Dividends receivable

Dividends receivable are recognised when the Group's right to receive the payment is established, which typically arises on the record date.

Trade exchange income

When the Group provides goods or services in exchange for goods or services from counter-parties that are of dissimilar nature and value, revenue is recognised in respect of the transaction. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services provided, adjusted by the amount of any cash or cash equivalents transferred.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

1.25 Cost of sales

Cost of sales includes all costs of purchase, costs of conversion and other costs incurred in bringing inventories to their present location and condition. Costs of purchase include the purchase price (net of rebates and discounts, if any), royalties paid, import duties and other taxes (to the extent that they are not recoverable), as well as relevant depreciation, employment, occupancy and other operating costs relating to transport and distribution.

Inventory shrinkage and write-offs are included in cost of sales when recognised. Trade discounts, settlement discounts and other similar items are deducted in determining the costs of purchase.

Cost of sales is recognised as an expense when the risks and rewards of ownership related to the merchandise sold pass to the customer.

1.26 Segment reporting

The reportable segments of the Group have been identified as the Truworths and Office business units. This basis is aligned with internal management reporting lines and is representative of management's review processes and the Group's internal financial reporting structures and practices. The source and nature of business risks and returns are segmented on the same basis.

The Group's geographical regions of operation, being South Africa, the United Kingdom, Germany (the Group closed all remaining stores in Germany during the period), Republic of Ireland, Namibia, Botswana, Swaziland and other countries, are based on the location of the Group's customers. Transfer prices between operating entities in different countries are at arm's length, in a manner similar to transactions with third parties.

1.27 Events after the reporting date

The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Events that are indicative of conditions that arose after the reporting date are disclosed, but do not result in an adjustment of the financial statements themselves.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.28 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 been considered by the Group, and it was determined that they are either not applicable to the Group or will not have a material impact on Group's financial reporting. These IFRS, amendments and IFRIC interpretations and have been listed below:

Description	**Effective date** (Periods beginning on or after)
IFRS 17: Insurance contracts	1 January 2023
IFRS 17 amendments: Insurance contracts	1 January 2023
IAS 8 amendment: Definition of Accounting Estimates	1 January 2023
IAS 1 and IFRS Practice Statement 2 amendment: Disclosure Initiative: Accounting Policies	1 January 2023
IAS 12 amendment: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
IAS 1 amendment: Classification of liabilities as current or non-current	1 January 2024
IAS 1 amendment: Non-current liabilities with covenants	1 January 2024
IFRS 16 amendment: Lease Liability in a Sale and Leaseback transaction	1 January 2024

2 PROPERTY, PLANT AND EQUIPMENT

	Note	Land Rm	Buildings Rm	Motor vehicles Rm	Plant, equipment, furniture and fittings Rm	Computer equipment Rm	Total Rm
2023							
Balance at the beginning of the reporting period, net of accumulated depreciation and impairment		**51**	**500**	**8**	**1 045**	**81**	**1 685**
Additions		**-**	**145**	**3**	**524**	**26**	**698**
Finance costs capitalised^	17	**-**	**7**	**-**	**-**	**-**	**7**
Reversal of impairment	28	**-**	**-**	**-**	**14**	**-**	**14**
Write-offs or disposals		**-**	**(5)**	**-**	**(3)**	**-**	**(8)**
Cost		**-**	**(8)**	**(4)**	**(60)**	**(2)**	**(74)**
Accumulated depreciation		**-**	**3**	**4**	**57**	**2**	**66**
Movement in exchange rates through other comprehensive income		**-**	**1**	**-**	**1**	**1**	**3**
Cost		**-**	**5**	**1**	**29**	**5**	**40**
Accumulated depreciation		**-**	**(4)**	**(1)**	**(28)**	**(4)**	**(37)**
Depreciation		**-**	**(8)**	**(4)**	**(286)**	**(32)**	**(330)**
Balance at the reporting date, net of accumulated depreciation and impairment		**51**	**640**	**7**	**1 295**	**76**	**2 069**
Reconciliation as at 2 July 2023							
Cost		**51**	**737**	**30**	**3 165**	**227**	**4 210**
Accumulated depreciation and impairment/reversal of impairment		**-**	**(97)**	**(23)**	**(1 870)**	**(151)**	**(2 141)**
Net carrying amount		**51**	**640**	**7**	**1 295**	**76**	**2 069**
2022							
Balance at the beginning of the reporting period, net of accumulated depreciation and impairment		51	514	10	1 056	76	1 707
Additions		-	-	2	269	36	307
Borrowing costs capitalised		-	-	-	-	-	-
Reversal of impairment	28	-	-	-	1	-	1
Write-offs or disposals		-	(4)	-	(6)	-	(10)
Cost		-	(37)	(3)	(146)	(23)	(209)
Accumulated depreciation		-	33	3	140	23	199
Movement in exchange rates through other comprehensive income		-	-	-	7	-	7
Cost		-	-	-	9	-	9
Accumulated depreciation		-	-	-	(2)	-	(2)
Depreciation		-	(10)	(4)	(282)	(31)	(327)
Balance at the reporting date, net of accumulated depreciation and impairment		51	500	8	1 045	81	1 685
Reconciliation as at 3 July 2022							
Cost		51	588	30	2 672	198	3 539
Accumulated depreciation and impairment/reversal of impairment		-	(88)	(22)	(1 627)	(117)	(1 854)
Net carrying amount		51	500	8	1 045	81	1 685

	2023 Rm	2022 Rm
Estimated replacement and insured value*	**6 270**	5 759

During the period the Group reviewed the residual values and useful lives of its property, plant and equipment and no material adjustments were required.

^ Refer to note 36 for further details.

* Not an indication of the fair value.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

3 RIGHT-OF-USE ASSETS

	Note	2023 Rm	2022 Rm
Balance at the beginning of the reporting period, net of accumulated depreciation and impairment		**2 594**	2 196
Additions for new or renewed leases		**970**	550
Lease modifications, re-measurements and terminations		**648**	608
Depreciation		**(987)**	(799)
Retail stores		**(987)**	(799)
Impairment of right-of-use assets	29.6	**(95)**	(40)
Truworths Africa segment		**(27)**	(33)
Office segment		**(68)**	(7)
Reversal of previously recognised right-of-use assets impairments	28	**160**	73
Truworths Africa segment		**5**	9
Office segment		**155**	64
Movement in exchange rates through other comprehensive income		**39**	6
Balance at the reporting date, net of accumulated depreciation and impairment		**3 329**	2 594
Comprising of right of use assets in respect of:			
Retail stores		**3 253**	2 594
Land		**76**	-

Additions in the current period include the Group's share of the 99-year lease in respect of the stand on which the new distribution centre (DC) is to be constructed. Refer to note 36 for further information. As the land represents a right-of-use asset, the cost thereof which amounted to R77 million is not included in capital expenditure disclosed in note 35.5. Accordingly, the addition is not included in acquisition of plant and equipment in the statements of financial position and cash flows, but rather included in lease liability payments.

3 RIGHT-OF-USE ASSETS (continued)

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 consideration internal and external qualitative and quantitative factors.

Management relies on a number of internal and external indicators to determine which right-of-use assets to assess for impairment. The main internal indicator relates to the profitability of the right-of-use asset or the cash-generating unit to which it has been assigned. In the 2020 to 2022 financial periods the Group's UK store portfolio was materially impacted by 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. These specific indicators of impairment prompted management to perform impairment testing on all right-of-use assets in the Office segment during those periods. However, since all COVID-19 related restrictions were abolished in the 2022 financial period and taking into account that most of the Office segments leases have now been renegotiated, as well as the greater general level of stability in the UK property rental market, the Office segment has reverted to the store selection criteria used for purposes of impairment testing by the Truworths segment in the 2023 financial period. The resulting impairments or reversal of previously recognised impairments are recognised in other operating costs or other operating income respectively. Refer to the Impact of macro factors on financial results section of the notes for further detail.

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

The total recoverable amount of impaired right-of-use assets allocated to the Truworths and Office cash generating units respectively were R283 million and R369 million (2022: R224 million and R239 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
- The discount rate applied in determining the present value of future cash flows

		2023	2022
Truworths			
Assumptions applied			
Average discount rate applied to projected cash flows	(%)	**13.9**	12.9
Average Discount rate calculated using the following variables:			
Risk-free rate, based on the annualised yield of a South African government issued bond with a maturity of 2-5 years	(%)	**8.3**	7.2
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	(%)	**14.1**	13.4
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	(%)	**4.5**	2.2
Market risk premium	(% points)	**6.0**	6.0
Beta value	(:1)	**1.1**	0.9

	2023 Rm	2022 Rm
4 GOODWILL		
Balance at the beginning and end of the reporting period	**294**	294

	2023 Rm	2022 Rm
Truworths Ltd cash generating unit		
Earthchild	**243**	243
Uzzi	**38**	38
Naartjie	**13**	13
	294	294

The Earthchild, Uzzi and Naartjie goodwill has been allocated to the Truworths Ltd cash-generating unit since the 2015, 2009 and 2015 reporting periods respectively. The fair value of the Truworths Ltd cash-generating unit is determined based on a fair value less cost of disposal calculation. The fair value takes into account relative entity profit performance and Group market capitalisation and is classified as level 3 according to the fair value hierarchy. The valuation assumptions used are consistent with acceptable market information. No goodwill impairment was deemed necessary. Refer to note 11.6.2 in the company annual financial statements for inputs used in determination of the said fair value.

		Note	Trademarks Rm	Computer software Rm	Total Rm
5	**INTANGIBLE ASSETS**				
	2023				
	Balance at the beginning of the reporting period, net of accumulated amortisation and impairment		**396**	**143**	**539**
	Additions		**-**	**40**	**40**
	Write-offs		**-**	**-**	**-**
	Cost		**-**	**(39)**	**(39)**
	Accumulated amortisation		**-**	**39**	**39**
	Amortisation	29.2	**-**	**(57)**	**(57)**
	Movement in exchange rates through other comprehensive income		**60**	**8**	**68**
	Cost		**679**	**36**	**715**
	Accumulated amortisation		**-**	**(28)**	**(28)**
	Accumulated impairment		**(619)**	**-**	**(619)**
	Balance at the reporting date, net of accumulated amortisation and impairment		**456**	**134**	**590**
	Reconciliation as at 2 July 2023				
	Cost		**4 032**	**440**	**4 472**
	Accumulated impairment		**(3 576)**	**-**	**(3 576)**
	Accumulated amortisation		**-**	**(306)**	**(306)**
	Net carrying amount		**456**	**134**	**590**
	2022				
	Balance at the beginning of the reporting period, net of accumulated amortisation and impairment		393	158	551
	Additions		-	38	38
	Write-offs and disposals		-	-	-
	Cost		-	(18)	(18)
	Accumulated amortisation		-	18	18
	Amortisation	29.2	-	(54)	(54)
	Movement in exchange rates through other comprehensive income		3	1	4
	Cost		35	2	37
	Accumulated amortisation		-	(1)	(1)
	Accumulated impairment		(32)	-	(32)
	Balance at the reporting date, net of accumulated amortisation and impairment		396	143	539
	Reconciliation as at 3 July 2022				
	Cost		3 353	403	3 756
	Accumulated impairment		(2 957)	-	(2 957)
	Accumulated amortisation		-	(260)	(260)
	Net carrying amount		396	143	539

5 INTANGIBLE ASSETS (continued)

	2023 Rm	2022 Rm
Trademarks		
Office segment	**341**	281
Truworths segment	**115**	115
Balance at the reporting date, net of accumulated amortisation	**456**	396

Office segment

The Office trademarks have been allocated to the Office Retail Group Ltd cash-generating unit since their initial recognition on acquisition of the Office business with effect from 4 December 2015 and are measured at fair value. The Office trademarks are well established in the UK market and reflect a wide range of footwear brands. For this reason there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. The trademarks are therefore considered to have indefinite useful lives. Refer to the section below for details regarding the impairment testing of the trademarks allocated to the Office Retail Group Ltd's cash-generating unit.

Truworths segment

The Truworths segment's trademarks comprise the Earthchild, Uzzi, Naartjie and Loads of Living trademarks and have been allocated to the Truworths Ltd cash-generating unit since the 2015, 2009, 2015 and 2018 reporting periods respectively. These trademarks were initially recognised on acquisition of these businesses and measured at fair value. All these brands are well established in the South African market and for this reason there is no foreseeable limit to the period over which they are expected to generate net cash inflows for the Group. The trademarks are therefore considered to have indefinite useful lives.

		2023	2022
Impairment testing of trademarks			
Office segment			
Assumptions applied			
Pre-tax discount rate applied to projected cash flows	(%)	**13.9**	14.6
Post-tax discount rate applied to projected cash flows	(%)	**13.7**	12.2
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	(%)	**4.5**	2.2
Market risk premium	(% points)	**6.0**	6.0
Beta value	(:1)	**1.1**	0.9

The above variables are consistent with external sources of information.

In the 2019 reporting period the profitability of the Office business came under significant pressure. This prompted management to assess the Office goodwill and trademarks for impairment, and resulted in the impairment of the goodwill balance in full, and a partial impairment of the Office trademarks. In the 2020 reporting period the performance of the business remained under pressure due to the COVID-19 pandemic and the related lockdown restrictions, prompting a further impairment of the Office trademarks. In the 2022 and 2023 reporting periods the financial performance of the business began to show signs of recovery, attributable to a number of turnaround measures implemented by management, the low base in the prior periods and pent-up demand as the UK economy reopened following the abolishment of all COVID-19 restrictions in early 2022. There has not been a clear increase in the estimated service potential of the Office trademarks, nor a significant favorable change in the technological, market or economic environment in which Office operates since the impairments were initially recognised. The macro environment remains vulnerable with the ongoing Russia/Ukraine conflict and the cost of living crisis in the UK as a result of low growth and high levels of inflation. Market interest rates has increased significantly over the period with the risk free rate increasing to 4.5% (2022: 2.2%) and the Bank of England rate increasing to 5% (2022: 1.25%). Management estimated the recoverable amount of the Office Retail Group Ltd cash-generating unit based on its value-in-use using the discounted cash flow approach. Key outlook assumptions applied in this calculation, which relate to the sales growth rate, gross profit margin, reinvestment of profits, working capital requirements and capital expenditure, have not changed significantly since the last impairment was recognised. Cash flow projections, covering a five-year (2022: five-year) period, were based on historical information and financial forecasts approved by senior management. A terminal value growth rate of 2.0% (2022: 1.0%) was used to extrapolate cash flow projections beyond this five-year (2022: five-year) period. The valuation assumptions have been adjusted to reflect the challenging macro environment in the United Kingdom.

5 INTANGIBLE ASSETS (continued)

Impairment testing of trademarks (continued)

Office segment (continued)

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

The calculation of value in use of the Office Retail Group Ltd cash-generating unit is most sensitive to the following assumptions:

- Sales growth rate
- Gross profit margin
- Working capital requirements
- Growth rates used to extrapolate cash flows beyond the forecast period
- The discount rate applied in determining the present value of future cash flows

Management has performed a sensitivity analysis on the recoverable amount of the Office Retail Group Ltd cash-generating unit by adjusting the sales growth rate assumption in the value-in-use calculation. The sales growth rate is the most sensitive assumption in the value-in-use calculation. Reducing store sales by 2.5% and online sales by 5% per annum changes the value-in-use calculation such that, on a purely quantitative basis, there is no headroom in the valuation.

Taking into consideration the instability in the macro environment in which Office operates, the recoverable amount of the Office Retail Group Ltd cash-generating unit as determined by management, and the sensitivity of Office's financial performance (and therefore its recoverable amount) to the valuation inputs, management concluded that external and internal source indicators for reversal of the trademarks had not been met. Accordingly no reversal of previously recognised impairment losses has been recognised in the current year.

Truworths segment

The recoverable amounts of the Earthchild, Uzzi, Naartjie and Loads of Living trademarks cannot be identified independently as the benefits of the trademarks relate to the Truworths Ltd cash-generating unit. The fair value of the Truworths Ltd cash-generating units is determined by taking into account relative entity profit performance and Group market capitalisation and is classified as level 3 according to the fair value hierarchy. The valuation assumptions used are consistent with acceptable market information. No trademark impairment was deemed necessary. Refer to note 11.6.2 in the company annual financial statements for inputs used in determination of the said fair value.

		Note	2023 Rm	2022 Rm
6	**DERIVATIVE FINANCIAL ASSETS**			
	Current portion of derivative financial assets		**28**	29
	Forward exchange contracts	6.1	**28**	29
	Call options over shares in a subsidiary held by non-controlling interests	6.2	**-**	-
	Balance at the reporting date	27.1	**28**	29
6.1	**Forward exchange contracts**		**28**	29

The Group uses forward exchange contracts to reduce its foreign currency exposure arising from imports into South Africa. These contracts are marked-to-market, classified as held-for-trading financial assets, and measured at fair value. The fair value is determined as the difference between the contract price of forward exchange contracts entered into by the Group and the price of market traded forward exchange contracts with similar maturity profiles at the reporting date.

At the reporting date the marked-to-market forward exchange contract asset was R28 million (2022: R29 million). Refer to note 27.3.1 for further information.

		2023 Rm	2022 Rm
6.2	**Call options over shares in a subsidiary held by non-controlling interests**		
	Balance at the beginning of the reporting period	**-**	5
	Fair value adjustment through profit or loss	**-**	(5)
	Movement in exchange rate through other comprehensive income	**-**	-
	Call options over shares held by non-controlling interests at the reporting date	**-**	-

The Group (via Truworths UK Holdco 1 Ltd) has a call option which gives the Group the right to acquire management's non-controlling interest in Truworths UK Holdco 2 Ltd in tranches upon approval of the audited consolidated accounts of that company for the 2019 to 2025 reporting periods.

The exercise price of these options is designed to approximate the fair value of the shares on the exercise date, being a multiple of that company's consolidated EBITDA (Office EBITDA) adjusted for net debt/(cash).

The call options are measured at fair value with any change in fair value recognised in profit or loss. The fair value of the call options at the reporting date was determined by an external valuations specialist by applying an intrinsic value method. As the value of the underlying business decreased considerably during the COVID-19 pandemic and the majority of the shares have now vested, a simplified approach has been adopted to value the call derivative asset. In prior periods, the call derivatives were valued using the risk-neutral option pricing principles in a Monte Carlo simulation model. The significant inputs into the valuation model are set out below.

		2023	2022
6 DERIVATIVE FINANCIAL ASSETS (continued)			
6.2 Call options over shares in a subsidiary held by non-controlling interests (continued)			
Equity market value of Truworths UK Holdco 2 Ltd	(£'m)	**160.8**	40.5
Determined with reference to a discounted cash flow analysis.			
Minority discount	(%)	**30.0**	30.0
Determined with reference to average minority discount rates observed in the market, adjusted for the specific features of Office.			
Long-term net (cash)/ debt to EBITDA range of Truworths UK Holdco 2 Ltd	(:1)	**(2.0) – (4.05)**	(1.7) - (2.6)
Determined with reference to forecasts and targets prepared by management.			
Depreciation and amortisation as a % of EBITDA of Truworths UK Holdco 2 Ltd	(%)	**18.0**	12.0
Determined with reference to the depreciation and amortisation to EBITDA ratio of Truworths UK Holdco 2 Ltd for the 2022 and 2023 reporting periods, as well as consultation with management.			
Equity volatility	(%)	**25.0**	25.0
Determined with reference to the volatility observed in similar valuations and supported by historical volatility of listed comparable companies.			

Refer to notes 27.3.1 and 27.3.3 for further information relating to currency risk and other price risk respectively.

		Note	2023 Rm	2022 Rm
7	**ASSETS HELD AT FAIR VALUE**			
	Mutual fund investments*	7.1	**11**	11
	Insurance cell captive**	7.2	**13**	14
	Personal lines insurance business arrangement*	7.3	**11**	7
	Unlisted investment*	7.4	**1**	1
	Fair value at the reporting date	27.1	**36**	33

* Held at fair value through other comprehensive income
** Held at fair value through profit or loss

7.1 Mutual fund investments

Mutual fund investments comprise units in various offshore mutual funds. These investments are held to fund retirement benefits for retired former internationally deployed consultants.

The mutual fund investments have been valued at the quoted unit prices at the close of business on the reporting date which prices approximate fair value.

	2023 Rm	2022 Rm
Fair value at the reporting date	**11**	11

Refer to note 27.3.3 for further information relating to other price risk.

7.2 Insurance cell captive

The Group's insurance cell became operative with effect from 1 July 2013. This cell, underwritten by Old Mutual Insure, receives a portion of the Group's short-term insurance premiums and meets the Group's corporate short-term insurance claims as and when they arise up to a prescribed limit.

The interest in the insurance cell is represented by an investment in 1 C1 Class variable rate redeemable profit participating preference share in Mutual & Federal Risk Financing Limited, entitling the Group to the profits of the cell. Dividends received by the Group on this share are accounted for as dividend income.

The Group is required to ensure that the insurance cell remains in a financially sound position at all times and maintains capital adequacy requirements (CAR) as determined by various regulatory bodies and Old Mutual Insure. If the Group fails to maintain the CAR it will be required to subscribe for further shares at a premium sufficient to restore the insurance cell to a financially sound position.

The insurance cell has been valued at its net asset value at the reporting date per the agreement with Old Mutual Insure and this value approximates fair value.

	2023 Rm	2022 Rm
Fair value at the beginning of the reporting period	**14**	16
Premiums received during the period	**14**	16
Claims paid during the period	**(8)**	(20)
Fair value adjustment	**(7)**	2
Fair value at the reporting date	**13**	14

Refer to note 27.3.3 for further information relating to other price risk.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

7 ASSETS HELD AT FAIR VALUE (continued)

7.3 Personal lines insurance business arrangement

The Group has a business arrangement with Hollard Life Assurance Company Ltd (Hollard) in terms of which Hollard underwrites the account balance protection and life insurance products offered by the Group as a representative of Hollard for the benefit of the customers of the Group.

The Group's interest is represented by an investment in 50 A1 Class ordinary shares in Hollard Business Associates (Pty) Ltd entitling the Group to a share of the profits of the business arrangement. Dividends received by the Group on these shares are accounted for as dividend income.

The Group's interest in the business arrangement has been valued as its net asset value, which approximates fair value, as calculated per the formula in the agreement with Hollard. Hollard carries 100% of the insurance risk.

	Note	2023 Rm	2022 Rm
Fair value at the reporting date	16.3	**11**	7

Refer to note 16.3 for a reconciliation of the fair value reserve and note 27.3.3 for further information relating to other price risk.

7.4 Unlisted investment

The number of ordinary shares in the unlisted investment, Business Partners Ltd (formerly known as Small Business Development Corporation Limited, was 158 877 (2022: 158 877) which represents 0.1% of that company's total shares in issue. The cost of this investment was R349 529.

The investment has been valued at the most recently traded share price of similar instruments during the financial period and is therefore in management's view recorded at fair value.

	2023 Rm	2022 Rm
Fair value at the reporting date	**1**	1

Refer to note 27.3.3 for further information relating to other price risk.

		Note	2023 Rm	2022 Rm
8	**LOANS AND RECEIVABLES**			
	Current portion of loans and receivables		**-**	58
	Secured loans to share scheme participants	8.1	**-**	47
	Loans to suppliers	8.3	**-**	11
	Non-current portion of loans and receivables		**77**	36
	Secured loans to share scheme participants	8.1	**42**	-
	Unsecured loan to charitable trust	8.2	**7**	7
	Loans to suppliers	8.3	**28**	29
	Balance at the reporting date	27.1	**77**	94
8.1	**Secured loans to share scheme participants**			
	Balance at the beginning of the reporting period		**47**	46
	Notional interest adjustment		**(5)**	1
	Balance at the reporting date		**42**	47

Recourse loans to participants in the Truworths International Ltd share option scheme are interest-free and secured by a pledge over the ordinary shares in the company held by employees of subsidiaries pursuant to the scheme. The loans are contractually required to be settled by 31 May 2025 however, the loans are repayable immediately upon the sale of these shares or on termination of the employees’ service with the Group. As the share price at the end of the reporting date was higher than the average issue price of the shares, the fair value of these loans approximates the amortised cost.

Refer to notes 27.4.2 and 27.7.2 for further information relating to credit risk management and the fair value hierarchy respectively.

	Note	2023 Rm	2022 Rm
8 LOANS AND RECEIVABLES (continued)			
8.2 Unsecured loan to charitable trust			
Balance at the reporting date		**7**	7

The amount owing to the Group is unsecured, interest-free and repayable on demand. It comprises a loan to the Truworths Social Involvement Trust, whose charitable activities are funded by income earned on investments funded by the loan. The carrying amount of this loan approximates the fair value.

Refer to note 27.4.2 for further information relating to credit risk management.

	Note	2023 Rm	2022 Rm
8.3 Loans to suppliers			
Gross supplier loans		**40**	53
Expected credit losses allowance		**(12)**	(13)
Balance at the reporting date		**28**	40
Balance at the beginning of the reporting period		**40**	38
Repayments during the period		**(13)**	(1)
Advances during the period		**19**	11
Set off during the period		**(19)**	-
Movement in expected credit losses allowance		**1**	(8)
Balance at the reporting date		**28**	40

Loans to suppliers comprise amounts that have been advanced for purposes of supplier development to Beesa Business Services (Pty) Ltd, AL's Clothing CC, SHFQ (Pty) Ltd, Kinross Clothing (Pty) Ltd and Integrated Apparel Services (Pty) Ltd. The loan to Beesa Business Services (Pty) Ltd is unsecured and interest free. The loans to SHFQ (Pty) Ltd, Kinross Clothing (Pty) Ltd and Integrated Apparel Services (Pty) Ltd are unsecured and interest-bearing, while the loan to AL's Clothing CC is secured and interest-bearing. The loan to AL's Clothing CC bears interest at a margin of 1 percentage point above the prime rate of interest in South Africa, the loan to Integrated Apparel Services (Pty) Ltd bears interest at the prime rate plus 2% while the loans to SHFQ (Pty) Ltd and Kinross Clothing (Pty) Ltd bears interest at the prime rate plus 3%. Where applicable, interest accrues on a daily basis, is compounded monthly and is added to the capital amount. Total interest earned on these loans for the year amounted to R408 311 (2022: R229 820). The terms of these loans are expected to exceed one year. Management has performed an assessment of the loan beneficiaries' ability to repay these amounts and concluded that no further allowance for expected credit losses is required (2022: R8 million).

These loans have been valued at amortised cost which approximates fair value.

Refer to note 27.4.2 for further information relating to credit risk management.

9 DEFERRED TAX

	Balance at the beginning of the reporting period Rm	Credited/ (debited) to profit or loss Rm	Movement through other comprehensive income Rm	Balance at the reporting date Rm
2023				
9.1 Africa				
Asset	1 125	83	-	1 208
Trade and other receivables	227	18	-	245
Post-retirement medical benefit obligation	25	1	-	26
Provisions	72	5	-	77
Trade and other payables	22	2	-	24
Lease liabilities	728	64	-	792
Inventories	54	(5)	-	49
Assessed tax losses	-	-	-	-
Other	(3)	(2)	-	(5)
Liability	(829)	(68)	-	(897)
Property, plant and equipment	(119)	-	-	(119)
Right-of-use assets	(634)	(63)	-	(697)
Prepayments	(30)	(7)	-	(37)
Trademarks	(22)	-	-	(22)
Cash-settled call options/compensation obligation	(22)	3	-	(19)
Other	(2)	(1)	-	(3)
Net deferred tax asset for Africa	296	15	-	311
9.2 United Kingdom				
Asset	113	(39)	22	96
Provisions	1	7	-	8
IFRS 16 transition allowance**	75	(31)	-	44
Assessed tax losses	-	-	-	-
Property, plant and equipment	23	(15)	-	8
Movement in exchange rates through other comprehensive income	14	-	22	36
Liability	(70)	-	(16)	(86)
Trademarks	3	-	-	3
Movement in exchange rates through other comprehensive income	(73)	-	(16)	(89)
Net deferred tax asset for United Kingdom	43	(39)	6	10
Net deferred tax asset	339	(24)	6	321

In South Africa the corporation tax rate decreased to 27% for all years of assessment ending on or after 31 March 2023. In the United Kingdom the corporation tax rate increased to 25% from 1 April 2023.

** The HMRCs position on transition to IFRS 16 is to allow companies to maintain the link between the accounting expenses and the tax deductions available. As the deductible expenses post the implementation of IFRS 16 would have exceeded those of pre IFRS 16 it would have resulted in an accelerated tax deduction. This transitional adjustment is being realised over the weighted average of the remaining lease term, initially estimated to be around 4 years and is set to be fully utilised in 2024.

The deferred tax position of the Africa segment is considered on a tax jurisdiction basis and if any jurisdiction is in a different deferred tax asset or liability position to the rest of the Africa segment it would be separately disclosed.

9 DEFERRED TAX (continued)

	Balance at the beginning of the reporting period Rm	Credited/ (debited) to profit or loss Rm	Movement through other comprehensive income Rm	Balance at the reporting date Rm
2022				
9.1 Africa				
Asset	1 097	28	-	1 125
Trade and other receivables	244	(17)	-	227
Post-retirement	24	1	-	25
Provisions	64	8	-	72
Trade and other payables	22	-	-	22
Lease liabilities	657	71	-	728
Inventories	69	(15)	-	54
Assessed tax losses	7	(7)	-	-
Other	10	(13)	-	(3)
Liability	(729)	(100)	-	(829)
Property, plant and equipment	(105)	(14)	-	(119)
Right-of-use assets	(552)	(82)	-	(634)
Prepayments	(32)	2	-	(30)
Trademarks	(22)	-	-	(22)
Cash-settled call options/compensation obligation	(16)	(6)	-	(22)
Other	(2)	-	-	(2)
Net deferred tax asset for Africa	368	(72)	-	296
9.2 United Kingdom				
Asset	133	(21)	1	113
Provisions	1	-	-	1
IFRS 16 transition allowance**	48	27	-	75
Assessed tax losses	44	(44)	-	-
Property, plant and equipment	27	(4)	-	23
Movement in exchange rates through other comprehensive income	13	-	1	14
Liability	(70)	-	-	(70)
Trademarks	3	-	-	3
Movement in exchange rates through other comprehensive income	(73)	-	-	(73)
Net deferred tax asset for United Kingdom	63	(21)	1	43
Net deferred tax asset	431	(93)	1	339

** The HMRCs position on transition to IFRS 16 is to allow companies to maintain the link between the accounting expenses and the tax deductions available. As the deductible expenses post the implementation of IFRS 16 would have exceeded those of pre IFRS 16 it would have resulted in an accelerated tax deduction. This transitional adjustment will be realised over the weighted average of the remaining lease term which is estimated to be around 4 years.

			2023 Rm	2022 Rm
10	**INVENTORIES**			
	Gross inventories*		**2 683**	2 180
	Finished goods		**2 532**	2 032
	Fabric and work-in-progress		**151**	148
	Allowance for markdown and shrinkage		**(439)**	(361)
	Net inventories at the reporting date		**2 244**	1 819
	Allowances as a % of gross inventories	(%)	**16.4**	16.6
	Allowances as a % of finished goods	(%)	**17.3**	17.8
	Allowances for markdown and shrinkage			
	Balance at the beginning of the reporting period		**361**	431
	Movement for the period		**78**	(70)
	Allowance raised		**416**	362
	Allowance reversed		**(373)**	(434)
	Movement in exchange rates through other comprehensive income		**35**	2
	Balance at the reporting date		**439**	361

* During the period shrinkage and write offs to the value of R51 million (June 2022: R107 million) were expensed in cost of sales. Please refer to note 29.1

During the reporting period, R416 million (2022: R362 million) was raised as an allowance for inventories carried at net realisable value below cost.

		Note	2023 Rm	2022 Rm
11	**TRADE AND OTHER RECEIVABLES**			
	Gross trade receivables		**6 562**	5 871
	Expected credit losses allowance	11.2	**(1 350)**	(1 229)
	Net trade receivables	27.1	**5 212**	4 642
	Other receivables^	27.1	**334**	266
	Trade and other receivables at the reporting date		**5 546**	4 908
	Interest-bearing accounts as a % of gross trade receivables	(%)	**79**	78
	Net bad debt* as a % of gross trade receivables	(%)	**14.8**	11.3
	Expected credit losses allowance as a % of gross trade receivables	(%)	**20.6**	20.9

Refer to note 27.4.1 for further information relating to credit risk management.

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

^ Other receivables include a refund due from the South African Revenue Service in the amount of R105 million in relation to the settlement of a long-standing indirect tax matter. Additional components of other receivables comprise of amounts owed by concession partners, wholesale debtors as well as suppliers for recharged marketing costs.These amounts are neither overdue nor impaired. In the prior year other receivables included a VAT receivable amount of R57 million.

11 TRADE AND OTHER RECEIVABLES (continued)

11.1 Trade receivables

The Group's trade receivables have payment terms ranging between six and twelve months. The debtors' days at the reporting date were 228 days (2022: 221 days).

Interest is charged on all interest-bearing plans and on all overdue accounts in accordance with legislative provisions in the country of operation and the Group's terms and conditions applicable to accounts. The interest rates charged fluctuate in accordance with changes to the relevant central bank or financial authority reference rate. The rates charged during 2023 were between 12.50% and 28.15% (2022: 12.50% and 20.45%), which are lower than or equal to the maximum rates legislated.

Refer to note 27.3.2 for further information relating to interest rate risk.

	2023 Rm	2022 Rm
11.2 Expected credit losses allowance		
Balance at the beginning of the reporting period	**1 229**	1 256
Movement for the period	**121**	(27)
Allowance utilised	**(838)**	(654)
Allowance raised	**959**	627
Balance at the reporting date	**1 350**	1 229

At the reporting date, the ECL allowance as a percentage of gross trade receivables decreased to 20.6% from 20.9% (2022: decreased from 23.4% to 20.9%) of gross trade receivables.

The increase in the ECL allowance is due to the growth in the gross trade receivables off set by the reduction in the ECL allowance as a percentage of gross trade receivables.

The measurement of expected credit losses ('ECL') in respect of the Group's trade receivables considers the probability and the expected timing of write-off and the Group's anticipated exposure at the time of write-off as well as the loss resulting from the write-off. The calculation of ECLs incorporates forward-looking variables, which include the following:

- an economic overlay model, developed using linear regressions to model the relationship between historic lagged and future macroeconomic indicators and ECL provisions;
- the potential impact of industry-specific challenges, including changes in the regulatory environment as well as the anticipated impact of macro factors; and
- expert management judgement.

Various forward-looking scenarios were probability weighted based on management's best estimate of their relative likelihood of occurrence to determine the ECL allowance in the current reporting period. This process involves expert judgement and is governed by a formally mandated committee appointed by the board of the Group's wholly-owned subsidiary and licensed credit provider, Truworths Ltd.

After due consideration of all the facts and consultation with the Group's external specialist consultants, 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.

		2023 Rm	2022 Rm
12	**NET CASH AND CASH EQUIVALENTS**		
	Balances with banks	**1 258**	939
	Cash on hand	**204**	129
	Cash and cash equivalents at the reporting date	**1 462**	1 068
	Bank overdraft	**(935)**	(930)
	Net cash and cash equivalents at the reporting date	**527**	138

Balances with banks comprise current account balances and short-term deposits, varying between overnight call and liquid money market investments in accordance with the Group's treasury policy. Balances with banks earn interest at floating daily bank deposit, call and money market unit trust rates. Call account and money market unit trust rates in Africa varied between 0.5% and 11.0% per annum (2022: 0.75% and 4.85% per annum). The deposit account in the United Kingdom earned a fixed rate of 0.05 percentage points (2022: 0.05 percentage points) below the Bank of England base rate during the period until 1 June 2023 and thereafter a fixed rate of 1.36%. The main United Kingdom current account earned a fixed rate of 3.15% from 12 June 2023.

The bank overdraft forms part of a South African Rand-based general short-term banking facility of R2 billion, of which R300 million is committed and R1.7 billion is uncommitted (2022: R1 billion, of which R300 million was committed and R700 million was uncommitted). This facility bears interest at 2.00 percentage points (2022: 1.25 percentage points) below the prime lending rate in South Africa and interest is settled monthly.

The Group funds its liquidity needs through cash generated from operations and available overdraft and revolving credit facilities (RCF). Cash flow forecasts are prepared to determine the future liquidity needs of the business and borrowing facilities are activated accordingly. Short-term funding requirements are funded through the overdraft facility, while cash flow requirements longer than three months are funded through the RCF. Refer to note 17 for further information relating to interest-bearing borrowings.

Refer to notes 27.3.2 and 27.4.4 for further information relating to interest rate risk and credit risk management respectively.

		2023 R'000	2022 R'000
13	**SHARE CAPITAL**		
	Ordinary share capital		
	Authorised		
	650 000 000 (2022: 650 000 000) ordinary shares of 0.015 cent each	**98**	98
	Issued and fully paid		
	408 498 899 (2022: 409 455 554) ordinary shares of 0.015 cent each	**61**	61

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.

		Note	2023 Number of shares 000's	2022 Number of shares 000's
13	**SHARE CAPITAL** (continued)			
	Reconciliation of movement in issued shares			
	Balance at the beginning of the reporting period		**409 456**	438 408
	Shares repurchased and cancelled	15	**(957)**	(28 952)
	Balance at the reporting date		**408 499**	409 456
	Treasury shares held by subsidiaries	15	**(39 196)**	(41 121)
	Number of shares in issue (net of treasury shares)		**369 303**	368 335
	Treasury shares as a % of issued shares at the reporting date	(%)	**9.6**	10.0

During the current period 556 655 (2022: 28 951 829) shares were repurchased, cancelled and delisted from the JSE and NSX at an average price of R49.85 (2022: R54.13) and for an aggregate nominal value of R83 (2022: R4 343) and an aggregate premium of R27 748 987 (2022: R1 567 091 500).

400 000 shares that were repurchased in the prior period from the JSE and NSX at an average price of R51.82 and for an aggregate nominal value of R144 and an aggregate premium of R20 726 912 were cancelled and delisted in the current period.

		2023 Rm	2022 Rm
14	**SHARE PREMIUM**		
	Balance at the beginning of the reporting period	**-**	521
	Premium reduced on shares repurchased and cancelled	**-**	(521)
	Balance at the reporting date	**-**	-

	Note	2023 Number of shares 000's	2022 Number of shares 000's	2023 Cost Rm	2022 Cost Rm
15 TREASURY SHARES					
Balance at the beginning of the reporting period		**41 121**	42 027	**2 186**	2 259
Truworths Trading (Pty) Ltd		**31 445**	33 462	**1 693**	1 803
Truworths Ltd		**9 142**	8 421	**469**	452
Truworths International Limited		**400**	-	**21**	-
Truworths International Limited Share Trust		**134**	144	**3**	4
Movement for the period:		**(1 925)**	(906)	**(120)**	(73)
Shares vested and transferred to participants in terms of 2012 restricted share scheme		**(1 515)**	(1 296)	**(99)**	(93)
Shares sold by Truworths International Share Trust		**(10)**	(10)	**-**	(1)
Shares transferred from Truworths Trading (Pty) Ltd		**(2 296)**	(2 017)	**(133)**	(110)
Shares transferred to Truworths Ltd		**2 296**	2 017	**133**	110
Shares repurchased by the company		**557**	29 352	**28**	1 588
Shares cancelled by the company		**(957)**	(28 952)	**(49)**	(1 567)
Balance at the reporting date	13	**39 196**	41 121	**2 066**	2 186
Truworths Trading (Pty) Ltd		**29 149**	31 445	**1 560**	1 693
Truworths Ltd		**9 923**	9 142	**503**	469
Truworths International Limited		**-**	400	**-**	21
Truworths International Limited Share Trust		**124**	134	**3**	3

		2023	2022
Market value at the reporting date	(Rm)	**2 218**	2 009
Market value at the reporting date	(Rand per share)	**56.60**	48.86
Average purchase price since inception of the repurchase programme	(Rand per share)	**39.44**	39.41
Average purchase price during the period	(Rand per share)	**49.85**	54.10

The memorandum of incorporation of the company's wholly-owned subsidiaries Truworths Ltd and Truworths Trading (Pty) Ltd enables them to acquire the company's shares, subject to the relevant provisions of the Companies Act and the Listings Requirements of the JSE. The repurchase of 556 655 (2022: 29 351 829) shares by the company was effected in terms of a special resolution passed by the company in terms of which was generally authorised to acquire a maximum of 10% (2022: 10%) of the its shares in issue at 2 July 2023, it being noted that in terms of the Companies Act, a maximum of 10% in aggregate of the company's issued shares is capable of being held by subsidiaries of the company. During the period 956 655 (2022: 28 951 829) shares repurchased by the company were cancelled and delisted from the JSE.

The directors of the company performed the required solvency and liquidity tests required by the Companies Act and are satisfied that the company in question has met the requirements of these tests prior to and, where applicable, immediately after the conclusion of the said share repurchase transactions.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

		Note	2023 Rm	2022 Rm
16	**NON-DISTRIBUTABLE RESERVES**			
	Equity-settled compensation reserve	16.1	**392**	355
	Put options held by non-controlling interests reserve	16.2	**(5)**	31
	Personal lines insurance business arrangement reserve	16.3	**11**	7
	Net unrealised gains reserve	16.4	**3**	2
	Foreign currency translation reserve	16.5	**(74)**	(247)
	Balance at the reporting date		**327**	148
16.1	**Equity-settled compensation reserve**			
	Balance at the beginning of the reporting period		**355**	343
	Equity-settled share-based payments expensed during the period	30.6.1	**137**	107
	Cost of shares vested and transferred to participants in terms of the 2012 restricted share scheme		**(99)**	(93)
	Cost of appreciation rights expired in terms of the 2012 restricted share scheme reversed		**(1)**	(1)
	Shares sold by Truworths International Limited Share		**-**	(1)
	Balance at the reporting date		**392**	355
16.2	**Put options held by non-controlling interests reserve**			
	Balance at the beginning of the reporting period		**31**	29
	Revaluation of put option liability	18	**(11)**	(14)
	Acquisition of non-controlling interest		**(13)**	29
	Non-controlling interest derecognised		**(12)**	(13)
	Balance at the reporting date		**(5)**	31
16.3	**Personal lines insurance business arrangement reserve**			
	Balance at the beginning of the reporting period		**7**	5
	Fair value adjustment through other comprehensive income		**4**	2
	Balance at the reporting date		**11**	7
16.4	**Net unrealised gains reserve**			
	Balance at the beginning of the reporting period		**2**	4
	Fair value adjustment through other comprehensive income		**1**	(2)
	Balance at the reporting date		**3**	2
16.5	**Foreign currency translation reserve**			
	Balance at the beginning of the reporting period		**(247)**	(230)
	Movement in foreign currency translation reserve through other comprehensive income		**181**	(17)
	Movement in foreign currency translation reserve through other comprehensive income attributable to non-controlling interests		**(8)**	-
	Balance at the reporting date		**(74)**	(247)

	Note	2023 Rm	2022 Rm
17 INTEREST-BEARING BORROWINGS			
Balance at the beginning of the reporting period, comprising:		**702**	346
Current portion of interest-bearing borrowings		**702**	346
Borrowings incurred		**669**	1 096
Borrowings repaid*		**-**	(743)
Finance costs incurred		**95**	15
Finance costs recognised in profit before tax	29.7	**88**	
Finance costs capitalised	2	**7**	-
Finance costs paid		**(89)**	(12)
Balance at the reporting date, comprising:		**1 377**	702
Non-current portion of interest-bearing borrowings		**169**	-
Current portion of interest-bearing borrowings		**1 208**	702
SA Rand-based interest-bearing borrowings		**1 369**	700
Unsecured, variable-rate revolving credit facility		**1 200**	700
Unsecured, variable-rate term loan facility (green loan)		**169**	-
Accrued interest on interest-bearing borrowings		**8**	2
Balance at the reporting date		**1 377**	702

* The RCF was rolled for each 3-month period in the current financial year.

The SA Rand-based interest-bearing borrowings comprise of an unsecured variable-rate 12-month notice revolving credit facility (RCF) of R1.2 billion advanced to the Truworths Africa segment's main operating subsidiary, Truworths Ltd, and an unsecured variable-rate R350 million term loan facility (green loan) advanced to the Truworths Africa segment's real estate investment company holding the investment in the segment's new distribution centre which is under construction.

The RCF bears interest at a margin of 1.30 (2022: 1.40) percentage points above the three-month Johannesburg Interbank Rate (JIBAR) and requires drawdowns and interest to be repaid at the end of each quarterly interest period. The facility expires 12 months after notice is given. The three-month JIBAR applicable at the reporting date was 8.5% p.a. (2022: 4.9% p.a.). At the period-end this facility was fully drawn (2022: R700 million).

The green loan was concluded in December 2022 to fund the Group's share of the land and construction costs of the Truworths Africa segment's new distribution centre. It has a three year tenor with availability step-up over a 15-month period during the construction phase of the distribution centre, and is repayable in December 2025. This facility bears interest at a margin of 1.38 percentage points above the three-month JIBAR. The three-month JIBAR applicable at the reporting date was 8.5% p.a. At the period-end R169 million had been drawn against this facility.

The UK Pound Sterling-based interest-bearing borrowings comprises a single unsecured variable-rate RCF of £20 million (2022: £32.5 million) advanced to the Group's UK resident and managed subsidiary, Truworths UK Holdco 2 Ltd. There were no drawdowns against this facility at the period-end (2022: £ nil). This facility, which has been guaranteed by the company and its subsidiary, Truworths Ltd, was extended during December 2022 until December 2023. This facility bears interest at a margin of 1.39 (2022: 1.40) percentage points above the floating base rate, being the Sterling Overnight Interbank Average Rate (SONIA) plus a credit adjustment spread, and requires interest to be paid at the end of each quarterly interest period.

In addition to the facilities set out above, the Group also has a South African Rand-based general short-term banking (overdraft) facility of R2 billion, of which R300 million is committed and R1.7 billion is uncommitted (2022: R1 billion, of which R300 million is committed and R700 million is uncommitted). Refer to note 12 for further information.

The SA Rand-based RCF, green loan and UK Pound Sterling-based RCF are subject to a single set of bank covenants and are measured against the results of the Group, excluding the Office segment. The covenants measure leverage (net debt to EBITDA) and interest cover. The Group met all the bank covenants relating to these interest-bearing borrowings during the period, with significant headroom in the covenant thresholds.

The amortised cost of these borrowings approximates their fair values.

18 PUT OPTION LIABILITY

The Group (via Truworths UK Holdco 1 Ltd) has granted put options to Office management in respect of their non-controlling interest in Office. These options give the holders the right to sell their shares in Truworths UK Holdco 2 Ltd in tranches upon approval of the audited consolidated annual financial statements of that company for the 2019 to 2025 financial periods. At the reporting date, Office management held 0.9% (2022: 2.2%) of the shares in Truworths UK Holdco 2 Ltd.

The Group has determined that these put options do not transfer a present ownership interest of those shares to the Group. The exercise price of these options is designed to approximate the fair value of the shares on the exercise date, being a multiple of the Office consolidated EBITDA adjusted for net debt. The discount rate applied in determining the present value of the liability is the forecast SONIA plus 1.39 percentage points (2022: forecast SONIA plus 1.40 percentage points).

	Note	2023 Rm	2022 Rm
Non-current liabilities			
Present value of the amount payable on exercise of the put options		**30**	6
Current liabilities			
Present value of the amount payable on exercise of the put options		**20**	33
Balance at the reporting date	16.2	**50**	39

Refer to notes 27.3.1 and 27.3.3 for further information relating to currency risk and other price risk respectively.

Any changes in the redemption amount of the liability are recognised directly in non-distributable reserves. Accordingly, changes in the valuation assumptions do not have any impact on profit or loss.

19 POST-RETIREMENT MEDICAL BENEFIT OBLIGATION

The Group participates in and contributes towards defined benefit healthcare funds for certain employees. Refer to note 30.3 for further information on such funds.

Employees who joined the Group prior to 1 July 2000 and who have been members of these funds uninterruptedly since 1 January 2001, continue to enjoy Group subsidised healthcare contributions after retirement on the same basis as permanent employees. The subsidy lapses if an employee transfers between the approved funds.

The Group's exposure in terms of this post-retirement medical benefit plan is reflected in the net benefit obligation set out on the next page. This obligation comprises the present value of the obligation, which is actuarially determined, less the fair value of the plan assets. The present value of the obligation is subject to certain financial and demographic assumptions as regards:

- the discount rate matching the duration of the liability;
- expected medical cost inflation;
- the expected return on plan assets;
- pre- and post-retirement mortality rates;
- the percentage of participants married at the time of retirement;
- the age gap between male and female participants;
- the normal retirement age; and
- the rate of withdrawal.

The nature of the benefits provided under the post-retirement medical benefit plan exposes the Group to changes in the life expectancy of beneficiaries and changes in the future medical expenses that could impact the contributions to be paid by the Group. The plan assets expose the Group to market risk.

Plan assets comprise collective investment scheme units and level annuities underwritten by an insurer. The plan is not exposed to any significant concentration of risk in relation to its assets as is evident from the breakdown of the assets on the next page. On an annual basis, level annuities are purchased from an insurer to cover the cost of the subsidies payable for eligible pensioners at the level of healthcare fund contributions set for that year. This purchase is funded from the other plan assets held in collective investment scheme units and premium payments by the employer to the insurer.

The plan is not regulated but is operated in accordance with the Group’s insurance and subsidy policies, and is managed by a Management Committee operating in terms of a written mandate and comprising employees of the Group, representatives of the Group's actuaries and representatives of the insurer underwriting the level annuities. The objectives of the Management Committee are to manage the Group's liability in terms of the post-retirement medical benefit plan, review the viability of the plan, resolve policy implementation and ongoing queries, manage the terms and conditions of the policy, and implement and monitor the execution of the plan's investment mandate.

Details of the post-retirement medical benefit obligation are disclosed on the next page.

			2023 Rm	2022 Rm
19	**POST- RETIREMENT MEDICAL OBLIGATION** (continued)			
19.1	**Benefit obligation**			
	Present value of obligation (actuarially determined)		**109**	110
	Fair value of plan assets		**(82)**	(74)
	Net benefit obligation		**27**	36
	Weighted average duration of the defined benefit obligation	(years)	**12**	12
	An actuarial valuation of the Group's post-retirement medical benefit obligation is performed annually.			
	Changes in the present value of the obligation are as follows:			
	Balance at the beginning of the reporting period		**110**	113
	Interest cost		**13**	13
	Current service cost		**1**	2
	Benefits paid		**(6)**	(6)
	Actuarial gains on obligation from changes in experience		**(2)**	(11)
	Actuarial gains on obligation from changes in financial assumptions		**(7)**	(1)
	Balance at the reporting date		**109**	110
	Changes in the fair value of plan assets are as follows:			
	Balance at the beginning of the reporting period		**(74)**	(73)
	Interest on plan assets		**(8)**	(8)
	Benefits paid		**6**	6
	Actuarial (gains)/losses on plan assets		**(3)**	6
	Group contributions		**(3)**	(5)
	Balance at the reporting date		**(82)**	(74)

The actual return earned on the Group's post-retirement medical benefit plan assets amounted to a profit of R11 million (2022: profit of R2 million). The difference between the actual and the expected returns on plan assets is reflected as an actuarial gain or loss, recognised in other comprehensive income.

		2023 Rm	2022 Rm
19	**POST-RETIREMENT MEDICAL BENEFIT OBLIGATION** (continued)		
19.1	**Benefit obligation** (continued)		
	Net actuarial gains		
	Actuarial gains on obligation from changes in experience	**(2)**	(11)
	Actuarial gains on obligation from changes in financial assumptions	**(7)**	(1)
	Actuarial (gains)/losses on plan assets	**(3)**	6
	Net actuarial gains recognised in other comprehensive income	**(12)**	(6)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	%	%
Collective investment scheme units, at fair value	**54**	52
South African: multi asset, high equity funds	**33**	31
South African: multi asset, low equity funds	**21**	21
Level annuities, at net present value	**46**	48
Total	**100**	100

Plan assets comprise collective investment scheme units and level annuities underwritten by an insurer. The collective investment scheme units are valued at fair value based on quoted market prices. The level annuities are valued at net present value using a discounted cash flow model based on assumptions consistent with those applied in the valuation of the plan obligation.

Present value of benefits obligation
The Group values its liability in respect of its post-retirement medical benefit obligation at the reporting date. The following assumptions were made for purposes of such valuation:

		2023	2022
Discount rate	(%)	**13.6**	11.8
Expected medical cost inflation	(%)	**10.1**	9.0
Interest on plan assets	(%)	**13.6**	11.8
Normal retirement age	(years)	**60**	60

Contributions to the plan
The Group contributes to the plan by way of premium payments on a periodic basis based on the recommendations of the Management Committee in consultation with the Group's actuaries and the insurer.

The Group is expected to contribute between R4 million and R8 million to the plan in the next reporting period, but given the uncertainty relating to the number of employees likely to retire in the next reporting period and the level of the actuarial gains in the plan, the Group cannot currently make a reliable estimate of likely funding contributions to the plan in the next reporting period.

		Note	2023 Rm	2022 Rm
19.2	**Net benefit expense recognised in profit or loss**			
	Interest cost on benefit obligation		**13**	13
	Current service cost		**1**	2
	Interest on plan assets		**(8)**	(8)
	Net benefit expense	29.3	**6**	7

19 POST-RETIREMENT MEDICAL BENEFIT OBLIGATION (continued)

19.3 Sensitivity analysis

The effect of a 50 basis point fluctuation in the discount rate on the present value of the obligation would be as follows:

		50 basis points Increase	50 basis points Decrease
2023			
Percentage (decrease)/increase in obligation	(%)	**(4.7)**	**5.1**
Present value of the obligation	(Rm)	**104.1**	**114.8**
2022			
Percentage (decrease)/increase in obligation	(%)	(5.1)	5.5
Present value of the obligation	(Rm)	104.0	115.5

The effect of a 100 basis point fluctuation in medical cost inflation on the present value of the obligation would be as follows:

		100 basis points Increase	100 basis points Decrease
2023			
Percentage increase/(decrease) in obligation	(%)	**10.9**	**(9.3)**
Present value of the obligation	(Rm)	**121.1**	**99.0**
2022			
Percentage increase/(decrease) in obligation	(%)	11.7	(10.0)
Present value of the obligation	(Rm)	122.3	98.5

The effect of a 100 basis point fluctuation in medical cost inflation on the aggregate of the current service cost and interest cost components would be as follows:

		100 basis points Increase	100 basis points Decrease
2023			
Percentage increase/(decrease) in aggregate current service and interest costs	(%)	**11.7**	**(10.0)**
Aggregate current service and interest costs	(Rm)	**17.6**	**14.2**
2022			
Percentage increase/(decrease) in aggregate current service and interest costs	(%)	12.7	(10.7)
Aggregate current service and interest costs	(Rm)	15.9	12.6

The effect of a one-year increase or decrease in the retirement age on the present value of the obligation would be as follows:

		1 year Increase	1 year Decrease
2023			
Percentage (decrease)/increase in obligation	(%)	**(3.3)**	**3.3**
Present value of the obligation	(Rm)	**105.6**	**112.9**
2022			
Percentage (decrease)/increase in obligation	(%)	(3.2)	3.3
Present value of the obligation	(Rm)	106.0	113.0

There has been no change to the methods applied in the preparation of the sensitivity analysis since the prior reporting period.

19.4 Amounts for the current and prior four periods are as follows:

	2023 Rm	2022 Rm	2021 Rm	2020 Rm	2019 Rm
Present value of obligation	**109**	110	113	103	116
Fair value of plan assets	**(82)**	(74)	(73)	(64)	(65)
Funding deficit	**27**	36	40	39	51
Experience adjustment included in actuarial gains on plan liabilities	**2**	11	5	4	2
Experience adjustment included in actuarial (losses)/gains on plan assets	**3**	(6)	4	(8)	(4)

	Note	2023 Rm	2022 Rm
20 LEAVE PAY OBLIGATION			
Balance at the beginning of the reporting period		**95**	97
Current leave pay accrual		**91**	94
Non-current leave pay obligation		**4**	3
Movement for the period		**10**	(2)
Balance at the reporting date		**105**	95
Current leave pay accrual included in trade and other payables	22	**87**	91
Non-current leave pay obligation included in non-current liabilities		**18**	4

21 LEASES

21.1 Group as a Lessee

Lease liabilities

Lease liabilities relate mainly to store leases, representing the financial obligation of the Group to make lease payments to landlords to use the underlying leased premises during the lease term.

In Africa the Group has lease contracts for its trading premises, certain of its office and storage space, one small warehouse and three small distribution centres, whereas other operating assets, including the head office building, the head office annex, two distribution centres, one vacant industrial plot for future distribution development, an apartment and a number of parkade parking bays are owned. Lease terms on trading premises are typically contracted for periods of five years, with renewal options for a further five years. Some of these leases provide for minimum annual rental payments together with additional amounts determined on the basis of sale of merchandise (turnover). A total of 49 (2022: 80) stores, or 7% (2022: 11%) of all premises leased on contracts with turnover rental clauses reached the turnover threshold in terms of the lease agreements and therefore incurred these additional payments averaging approximately 4% (2022: 4%) of the turnover above the threshold, or 0.4% (2022: 0.4%) of the total turnover of these stores. Annual rental escalation rates have varied at an average rate of approximately 5% (2022: 5.8%) per annum. The discount rate applied to leases during the period varied between 5% and 10% (2022: 5% and 9%) for South African subsidiaries and between 5% and 11% (2022: 5% and 11%) for subsidiaries in the rest of Africa.

In the United Kingdom and Europe the Group leases its trading premises, its head office and its warehouse/distribution centre in terms of leases. Historically, leases on trading premises were contracted for periods of 10 years with shorter-term leases now being preferable. The discount rate applied to leases during the period varied between 1.7% and 7.9% (2022: 1.4% and 3.5%). Some of these leases provide for minimum rental payments together with additional amounts determined on the basis of sale of merchandise (turnover). A total of 7 (36.8%) (2022: Nil (0%)) of all premises leased on contracts with turnover rental clauses reached the turnover threshold in terms of the lease agreements and therefore incurred these additional payments averaging approximately 7.8% (2022: 0%) of the turnover above the threshold, or 2.8% (2022: 0%) of the total turnover of these stores.

The majority of the Group's lease contracts include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased store portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

In the Truworths and Office segments, leases that included renewal options, but for which no renewal periods were included when assessing the likely lease term, make up 99% and 100% (2022: 98% and 91%) of the total lease portfolio for leases under IFRS 16 respectively.

The value of future cash outflows for leases committed to but that have not yet commenced amounts to R72 million (2022: R34 million).

Refer to note 29.4 for further information relating to lease expenses.

21 LEASES (continued)

21.1 Group as a Lessee (continued)

Lease liabilities (continued)

	Note	2023 Rm	2022 Rm
Balance at the beginning of the reporting period		**3 443**	3 459
Additions for new or renewed leases		**879**	552
Lease modifications, re-measurement and terminations		**614**	581
Finance charges	29.7	**225**	200
Movement in exchange rates through profit and loss		**7**	-
Covid-19 rent concessions	29.4	**(6)**	(19)
Lease payments		**(1 479)**	(1 334)
Movement in exchange rates through other comprehensive income		**163**	4
Balance at the reporting date		**3 846**	3 443
Current lease liabilities		**1 019**	979
Non-current lease liabilities		**2 827**	2 464
		3 846	3 443

	2023 Rm	2022 Rm
Cash outflows related to leases		
Fixed rent	**1 485**	1 353
Variable rent	**111**	114
	1 596	1 467

21.2 Group as a Lessor

In South Africa the Group leases a limited number of trading premises under operating lease agreements to third parties. Leases on these premises are typically contracted for a five-year period, with renewal options on certain leases for up to five years. Rental escalations are fixed in terms of the lease contracts and averaged 7% (2022: 7%) per annum during the period. Lease rental income of R2 million (2022: R2 million) was received during the reporting period.

In the United Kingdom and Europe the Group sublets two (2022: two) trading premises under operating lease agreements to third parties. Lease rental income of R8 million (2022: R6 million) was received during the reporting period.

	2023 Rm	2022 Rm
The expected future minimum rental income under non-cancellable leases is as follows:		
Within one year	**7**	5
Between one and two years	**3**	1
Between two and five years	**4**	1
	14	7

		Note	2023 Rm	2022 Rm
22	**TRADE AND OTHER PAYABLES**			
	Trade payables		**850**	823
	Other payables and accrued expenses*		**572**	664
	Value-added tax		**76**	95
	Current leave pay accrual	20	**87**	91
	Unclaimed dividends owing to shareholders	35.4	**4**	3
	Withholding tax		**2**	2
	Balance at the reporting date	27.1	**1 591**	1 678

* Consists mainly of expense and fixed asset accruals of R433 million (2022: R529 million), unredeemed gift vouchers of R30 million (2022: R29 million) and salary deductions of R61 million (2022: R30 million).

The directors consider the carrying amounts of all trade and other payables to approximate their fair values.

Terms and conditions of financial and other liabilities:

- Trade payables are generally non-interest-bearing and are normally settled between 30 and 60 days.
- Other payables, accrued expenses, value-added tax and withholding tax are non-interest-bearing provided they are settled within their respective credit terms.
- Leave pay due to employees is payable on termination of employment.
- Unclaimed dividends due to shareholders are non-interest-bearing and are payable on demand.

Refer to note 27.5 for further information relating to liquidity risk management.

		Note	2023 Rm	2022 Rm
23	**PROVISIONS**			
	Employment costs	23.1	**131**	158
	Sales returns	23.2	**79**	53
	Occupancy commitments	23.3	**223**	160
	Balance at the reporting date		**433**	371
	Non-current provisions		**166**	112
	Current provisions		**267**	259
			433	371
23.1	**Employment costs**			
	Balance at the beginning of the reporting period		**158**	114
	Movement in exchange rates through other comprehensive income		**5**	-
	Movement for the period		**(32)**	44
	Provision raised		**116**	146
	Provision utilised		**(124)**	(95)
	Provision released		**(24)**	(7)
	Balance at the reporting date		**131**	158

The provision relates to accumulated payments in terms of employment contracts, incentive-based bonuses and long-term incentives. The estimated incentive-based bonuses, which ordinarily will be no greater than the provision raised, are calculated as a present obligation with reference to different incentive arrangements for different levels of employees. Dependent on the level of employee, the calculation could either refer to the employment contract, or employee performance and the Group's results. The incentives are expected to be paid over the period between September 2023 and November 2023 to Truworths employees and as such the present obligation included amounts earned to date based on the assumption of continued employment until the payment date. The performance incentives for Office employees are paid between September 2023 and November 2023 or on a monthly, quarterly or bi-annual basis depending on the individual and/or the nature of the performance targets. The Office long-term incentives are calculated as a present obligation with reference to different incentive arrangements for different levels of employees. The Office long-term incentives are payable over a period of 1 to 4 years. The uncertainty relating to the amount of the obligation is attributable to the fact that qualifying employees are required to be in the Group's employ at the time of payment, and the fact that payment of the larger portion of the incentives is conditional upon the outcome of individual performance assessments and Remuneration Committee approval, both of which take place after the reporting date.

Of the R116 million (2022: R146 million) provision raised in the current reporting period, R5 million (2022: R8 million) relates to accumulated payments due to Truworths employees in terms of employment contracts and R111 million (2022: R138 million) relates to incentive bonuses.

		2023 Rm	2022 Rm
23.2	**Sales returns**		
	Balance at the beginning of the reporting period	**53**	39
	Movement in exchange rates through other comprehensive income	**5**	-
	Movement for the period	**21**	14
	Provision raised	**79**	53
	Provision utilised	**(57)**	(39)
	Provision released	**(1)**	-
	Balance at the reporting date	**79**	53

It is the Group's policy to accept merchandise returns up to 30 days after the sale has occurred or, in the case of defective goods, up to six months after sale, provided that the customer has retained proof of purchase. The amount of the provision was calculated with reference to prior period sales returns trends.

		2023 Rm	2022 Rm
23	**PROVISIONS** (continued)		
23.3	**Provision for occupancy commitments**		
	Balance at the beginning of the reporting period	**160**	109
	Unwinding of discount	**3**	1
	Movement in exchange rates through other comprehensive income	**33**	4
	Movement for the period	**27**	46
	Provision raised	**47**	63
	Provision utilised	**(20)**	(16)
	Provision released	**-**	(1)
	Balance at the reporting date	**223**	160

The provision relates to the restoration of leased stores to their original condition in terms of rental agreements, which amounts are calculated based on actual quotes or estimates of the future costs.

		Note	2023 Rm	2022 Rm
24	**DERIVATIVE FINANCIAL LIABILITIES**			
	Current portion of derivative financial liabilities			
	Put options over shares in a subsidiary held by non-controlling interests		**-**	23
	Non-current portion of derivative financial liabilities			
	Put options over shares in a subsidiary held by non-controlling interests		**-**	6
	Refer to note 6.2 for further detail			
			-	29

	2023 Rm	2022 Rm
25 CAPITAL COMMITMENTS		
Capital commitments refer to all projects specifically approved by the board.		
Authorised but not contracted		
To be incurred in the next 12 months	**538**	592
Store renovation and development	**378**	273
Computer software and infrastructure	**66**	79
Distribution facilities	**87**	233
Motor vehicles	**3**	3
Head office refurbishment	**4**	4
To be incurred after more than 12 months	**17**	65
Distribution facilities	**17**	65
Capital expenditure authorised but not contracted	**555**	657
Authorised and contracted		
To be incurred in the next 12 months	**357**	225
Distribution facilities	**307**	198
Computer software and infrastructure	**50**	24
Head office refurbishments	**-**	3
To be incurred after more than 12 months	**165**	268
Distribution facilities	**165**	268
Capital expenditure authorised and contracted	**522**	493
Total capital commitments	**1 077**	1 150

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

26 CONTINGENT LIABILITIES

The Group had no contingent liabilities at the reporting date (2022: Rnil).

Litigation

There is no current or pending litigation which is considered likely to have a material adverse effect on the Group.

27 FINANCIAL RISK MANAGEMENT

27.1 Classifications

The Group's financial assets and liabilities, per class and measurement category of financial instrument, are summarised below. Non-financial assets and liabilities, where applicable, are disclosed in order to reconcile to the statements of financial position.

	Note	At amortised cost and cash Rm	Assets held at fair value through profit or loss Rm	Assets held at fair value through other comprehensive income Rm	Non-financial assets Rm	Total Rm
Assets						
2023						
Net trade receivables	11	**5 212**	**-**	**-**	**-**	**5 212**
Other receivables	11	**229**	**-**	**-**	**105**	**334**
Assets held at fair value	7	**-**	**13**	**23**	**-**	**36**
Loans and receivables	8	**77**	**-**	**-**	**-**	**77**
Cash and cash equivalents	12	**527**	**-**	**-**	**-**	**527**
Derivative financial assets	6	**-**	**28**	**-**	**-**	**28**
		6 045	**41**	**23**	**105**	**6 214**
2022						
Net trade receivables	11	4 642	-	-	-	4 642
Other receivables	11	209	-	-	57	266
Assets held at fair value	7	-	14	19	-	33
Loans and receivables	8	94	-	-	-	94
Cash and cash equivalents	12	138	-	-	-	138
Derivative financial assets	6	-	29	-	-	29
		5 083	43	19	57	5 202

	Note	At fair value through profit or loss Rm	At amortised cost Rm	Non-financial liabilities Rm	Other financial liabilities Rm	Total Rm
Liabilities						
2023						
Interest-bearing borrowings	17	**-**	**1 377**	**-**	**-**	**1 377**
Put option liability	18	**-**	**-**	**-**	**50**	**50**
Trade and other payables	22	**-**	**1 363**	**228**	**-**	**1 591**
Derivative financial liabilities	24	**-**	**-**	**-**	**-**	**-**
Lease liabilities	21	**-**	**-**	**-**	**3 846**	**3 846**
		-	**2 740**	**228**	**3 896**	**6 864**
2022						
Interest-bearing borrowings	17	-	702	-	-	702
Put option liability	18	-	-	-	39	39
Trade and other payables	22	-	1 262	416	-	1 678
Derivative financial liability	24	29	-	-	-	29
Lease liabilities	21	-	-	-	3 433	3 433
		29	1 964	416	3 472	5 881

27 FINANCIAL RISK MANAGEMENT (continued)

27.2 Financial risk management

In the ordinary course of business operations the Group is exposed to a variety of financial risks arising from the use of financial instruments. These risks include:

- market risk (comprising currency risk, interest rate risk and other price risk);
- credit risk; and
- liquidity risk.

The Truworths International board is responsible for risk governance, including in relation to financial risks, and is assisted by the directors of Truworths Ltd. The Risk Committee, a committee of the Truworths International board, together with the Office Risk Committee oversee the management of financial risks relating to the Group's operations. The Truworths International board has adopted King IV's risk governance and management principles and has established a policy framework which guides the Group's risk management processes. These policies and guidelines are periodically examined by senior executives and adjusted, if necessary, to ensure that changes in the business and economic environment have been taken into account.

Treasury risk management objectives and policies

The Truworths Ltd board, acting on the recommendations of the Investment Committee, oversees the management of the Group's South African treasury function. Comprehensive treasury policies and processes have been developed and issued for the Group's Africa and UK operations to control the risks arising from the respective treasury functions. The Investment Committee, which consists of senior executives, meets regularly to update treasury risk policies and objectives, as well as to re-evaluate risk management strategies against revised economic forecasts. Policy amendments have to be submitted to the board for approval. Compliance with the treasury policy is reviewed regularly by internal audit.

27.3 Market risk management

The Group's exposure to market risk relates to currency risk, interest rate risk and other price risk. Market risk is managed by identifying and quantifying risks on the basis of current and future expectations and by ensuring that all treasury trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described below. There has been no change to the Group's exposure to market risk and the manner in which the Group manages and measures the risk since the prior reporting period.

27.3.1 Currency risk

The following exchange rates applied during the period:

	Average spot rate for the reporting period	Spot rate at the reporting date
2023		
US Dollars	**17.79**	**18.87**
GB Pounds	**21.44**	**23.95**
2022		
US Dollars	15.21	15.83
GB Pounds	20.22	19.80

27 FINANCIAL RISK MANAGEMENT (continued)

27.3 Market risk management (continued)

27.3.1 Currency risk (continued)

The Group's exposure to currency risk results mainly from its Euro and US Dollar-based imports into South Africa and the United Kingdom (UK) from foreign suppliers, as well as the translation of the results of operations in the UK, Germany and Republic of Ireland. Consequently, exchange rate fluctuations may have an impact on Group results as well as future cash flows. Forward exchange contracts are used to reduce currency exposures arising from imports into South Africa and the UK.

Translation of the results of foreign operations into South African Rand (ZAR)

Sensitivity analysis

If the ZAR weakens or strengthens against the GBP by 15% (2022: 15%), assuming all other variables remain constant, profit before tax would increase or decrease by the amount set out in the table below due to the change in the ZAR equivalent of the results of the Group. A 15% (2022: 15%) fluctuation is considered to be appropriate based on the volatility of the Rand exchange rate during the period as well as current market indicators.

	2023 R'000	2022 R'000
Effect on profit before tax*	**153 451**	114 833
Effect on equity*	**115 088**	86 125

* The prior year amounts have been restated to align with the change in calculation base in the current financial period. The change in disclosure did not have any impact on the financial performance or position of the Group.

Forward exchange contracts (FECs)

It is the Group's policy to cover all committed imports into South Africa, whilst imports into the United Kingdom are hedged to an extent by foreign currency earnings. The Group had no uncovered foreign currency liabilities in respect of imports into South Africa at 2 July 2023 (3 July 2022: nil). All foreign exchange trading positions are valued at fair value determined using market traded foreign exchange rates with similar maturity profiles at the reporting date. Resultant profits or losses are recognised in profit or loss. The marked-to-market forward exchange contract asset at the reporting date was R28 million (2022: R29 million). Refer to notes 6.1 and 24 for further information.

At the reporting date the Group had the following open forward exchange contracts which will mature within 12 months to cover specific orders of goods.

	Average contract rate R	Foreign currency '000	Contract equivalent R'000
2023			
US Dollars	**18.39**	**26 441**	**486 250**
GB Pounds	**-**	**-**	**-**
			486 250
2022			
US Dollars	15.53	33 083	513 779
GB Pounds	19.52	54	1 054
			514 833

27 FINANCIAL RISK MANAGEMENT (continued)

27.3 Market risk management (continued)

27.3.1 Currency risk (continued)

Currency risk sensitivity analysis (forward exchange contracts)

The effect on the Group's profit before tax has been calculated assuming that there were no changes in the merchandise retail selling prices and the gross margin as a result of the currency fluctuations. The sensitivity analysis includes all open forward exchange contracts at the reporting date and adjusts the marked-to-market translation.

If the ZAR weakens or strengthens against the currencies stated below by 15% (2022: 15%), assuming all other variables remain constant, profit before tax would have increased or decreased by the amounts set out in the table below due to the change in the fair value of the FECs. A 15% (2022: 15%) fluctuation is considered to be appropriate based on the volatility of the Rand exchange rate during the period as well as current market indicators.

	2023 R'000	2022 R'000
Effect on profit before tax		
US Dollars*	**72 937**	77 067
GB Pounds	**-**	158
	72 937	77 225

* Effect on equity R53 million (2022: R55 million)

Put option liability

The liability arising from the put option granted by the Group to holders of non-controlling interests in Office is GBP denominated. Any changes in the value of the put option liability (including those arising from foreign exchange rate movements) are recognised directly in equity and will have no impact on the earnings of the Group. Refer to note 18 for further information.

Sensitivity analysis

If the ZAR weakens or strengthens against the GBP by 15% (2022: 15%), assuming all other variables remain constant, equity would increase or decrease by the amount set out in the table below due to the change in the ZAR equivalent settlement value of the put option liability. A 15% (2022: 15%) fluctuation is considered to be appropriate based on the volatility of the Rand exchange rate during the period as well as current market indicators.

	2023 R'000	2022 R'000
Effect on equity	**7 497**	10 000

27 FINANCIAL RISK MANAGEMENT (continued)

27.3 Market risk management (continued)

27.3.2 Interest rate risk

The Group is exposed to interest rate risk on its interest-bearing borrowings (refer to note 17), floating rate cash and cash equivalents and the interest-bearing portion of trade receivables. The Group does not hold any fixed rate interest instruments. Where applicable a weighted average has been applied in determining the below figures.

Interest rate analysis

The interest rates of interest-bearing instruments at the reporting date are summarised below:

	2023 %	2022 %
Floating rate		
Interest earned on balances with banks in Africa	**4.4**	2.5
Interest earned on balances with banks in United Kingdom	**2.88**	0.05
Interest earned on interest-bearing portion of trade receivables*	**28.15****	20.45**
Interest paid on bank overdraft in South Africa	**9.3**	7.0
Interest paid on unsecured variable-rate revolving credit banking facility in South Africa	**9.8**	6.2
Interest paid on unsecured variable-rate revolving credit banking facility in United Kingdom	**-**	-

* At the reporting date, 79% (2022: 78%) of trade receivables were interest-bearing.

** Being the maximum interest rate charged on interest-bearing plans at the reporting date.

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on a fluctuation of 100 basis points in Africa and 50 basis points in the United Kingdom and assumes that all other variables, in particular foreign exchange rates, remain constant. A fluctuation of 100 basis points in Africa and 50 basis points in the United Kingdom is considered appropriate based on recent forecasts and economic indicators.

The cash flow interest rate sensitivity of the interest-bearing portion of trade receivables, cash and cash equivalents and interest-bearing borrowings is based on their respective balances at the reporting date. The sensitivity analysis was performed by increasing/(decreasing) the interest rates achieved at the reporting date by either 50 or 100 basis points, which would result in an increase/(decrease) in profit before tax respectively.

	2023 Rm	2022 Rm
Effect on profit before tax		
Cash and cash equivalents	**8**	6
Interest-bearing portion of trade receivables*	**41**	36
Interest-bearing borrowings	**14**	7

* Effect on equity R30 million (2022: R26 million)

27.3.3 Other price risk

The Group's exposure to other price risk relates to call options over shares held by non-controlling interests, put options held by non-controlling interests, the Group's insurance cell captive, mutual fund investments, the unlisted investment in Business Partners Ltd and the personal lines insurance business arrangement.

Call options over shares held by non-controlling interests

The call options held by the Group over shares held by non-controlling interests are classified as derivative financial assets and are measured at fair value through profit or loss. The fair value of the call options at the reporting date was determined by an external specialist by applying an intrinsic value method. As the majority of the options have now been exercised, a sensitivity analysis was not performed.

27 FINANCIAL RISK MANAGEMENT (continued)

27.3 Market risk management (continued)

27.3.3 Other price risk (continued)

Insurance cell captive, mutual fund investments, unlisted investment and personal lines insurance business arrangement

These assets are classified as assets held at fair value. Subsequent to initial measurement, the insurance cell captive is measured at FVTPL and investments in mutual fund units, unlisted investment and personal lines insurance business arrangement are measured at FVOCI.

A movement in the fair value of the personal lines insurance business arrangement, prices of the mutual fund units and the share price of the unlisted investment (Business Partners Ltd) will not have a material impact on other comprehensive income. Refer to note 7 for further information.

27.4 Credit risk

The Group's exposure to credit risk relates to derivative financial assets, assets held at fair value, loans and receivables, trade and other receivables and net cash and cash equivalents which are disclosed in notes 6, 7, 8, 11 and 12 respectively. Refer to the Managing the Risk of the Book Report of the 2023 Integrated Annual Report for further information.

The Group's maximum exposure to credit risk at the reporting date, split per class and category of financial asset, is shown in note 27.1. There is no exposure to credit risk relating to items not recognised in the statement of financial position.

27.4.1 Trade and other receivables

The Group offers account sales to customers in South Africa, Namibia, Eswatini and Botswana only. Group entities perform ongoing credit evaluations of the financial condition of their customers. Before accepting any new account customer or offering additional credit to existing account holders, the Group uses statistically derived credit risk models and scoring systems, external credit bureaux data and affordability assessments to determine the customer's credit quality. These methods used to allocate credit to customers comply with the requirements of the South African National Credit Act (NCA) and relevant legislation (if any) in the other countries in which accounts are offered. The assumptions of the risk model are reviewed and updated on a regular basis.

Customers that are overdue in excess of 30 days or more can no longer purchase until they have made at least a qualifying payment to bring their accounts up to date. The Group continued to apply the high qualifying payment percentage of 90% necessary for customers to avoid delinquency and at the reporting date 80% (2022: 82%) of active account holders were able to purchase on account because they continued to meet the Group's stringent and consistently applied criteria for ongoing purchases. Management is satisfied with the quality of the trade receivables book.

The Group follows a strict policy of contractual delinquency and writes off non-performing accounts which ensures that they are removed from the portfolio on a consistent basis.

The Group assesses its ECL allowance at each reporting date. The measurement of ECLs in respect of the Group's trade receivables considers the probability and expected timing of write-off and the Group's anticipated exposure at the time of write-off as well as the loss resulting from the write-off. There are no material individually impaired trade receivables included in the ECL allowance. Amounts owing by deceased customers and customers who have been sequestrated or placed under administration are written off immediately. The decrease in the ECL allowance is attributed to further improvements in the observed performance (collections) of the accounts portfolio during the 2023 reporting period.

There is no concentration of risk as there is a large, widespread customer base. The directors believe that no further allowance in excess of the ECL allowance is required.

The table below represents an age analysis of impaired trade and other receivables. Trade and other receivables are considered past due should a qualifying payment not be received within 30 days.

		Note	Trade and other receivables Rm	Allowance Rm	Net trade and other receivables Rm	Allowance as a percentage of trade receivables %
27	**FINANCIAL RISK MANAGEMENT** (continued)					
27.4.1	**Trade and other receivables** (continued)					
	2023					
	Stage 1		**4 819**	**(397)**	**4 422**	**8.2**
	Stage 2		**649**	**(237)**	**412**	**36.5**
	Stage 3		**1 094**	**(716)**	**378**	**65.4**
	Total impaired trade receivables	11	**6 562**	**(1 350)**	**5 212**	**20.6**
	Other receivables neither past due nor impaired		**229**	**-**	**229**	
	Trade and other receivables		**6 791**	**(1 350)**	**5 441**	
	2022					
	Stage 1		4 543	(380)	4 163	8.4
	Stage 2		547	(226)	321	41.3
	Stage 3		781	(623)	158	79.8
	Total impaired trade receivables	11	5 871	(1 229)	4 642	20.9
	Other receivables neither past due nor impaired		209	-	209	
	Total trade and other receivables		6 080	(1 229)	4 851	

	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm
2023				
ECL allowance at the beginning of the reporting period	**380**	**226**	**623**	**1 229**
New balances*	**1 151**	**117**	**158**	**1 426**
Reduction in opening balances**	**(928)**	**(199)**	**(209)**	**(1 336)**
Movement between stages including changes in risk classification	**(195)**	**127**	**1 506**	**1 438**
Written-off accounts	**-**	**(3)**	**(1 189)**	**(1 192)**
Change in ECL outlook	**48**	**-**	**(91)**	**(43)**
Change in recoveries expectation	**(6)**	**(4)**	**(21)**	**(31)**
Unwinding of discount	**(15)**	**(6)**	**(6)**	**(27)**
Change in economic adjustment percentage	**(15)**	**(9)**	**(27)**	**(51)**
Other	**(23)**	**(12)**	**(28)**	**(63)**
ECL allowance at the reporting date	**397**	**237**	**716**	**1 350**
2022				
ECL allowance at the beginning of the reporting period	322	223	711	1 256
New balances*	933	101	135	1 169
Reduction in opening balances**	(770)	(185)	(228)	(1 183)
Movement between stages including changes in risk classification	(131)	104	1 248	1 221
Written-off accounts	-	(5)	(1 132)	(1 137)
Change in ECL outlook	25	(15)	(125)	(115)
Change in recoveries expectation	(27)	(12)	(18)	(57)
Unwinding of discount	-	-	-	-
Change in economic adjustment percentage	18	11	29	58
Other	10	4	3	17
ECL allowance at the reporting date	380	226	623	1 229

* Originations, purchases and transactions relating to debtors in ECL allowance

** Payments received from debtors in ECL allowance

27 FINANCIAL RISK MANAGEMENT (continued)

27.4 Credit risk (continued)

27.4.2 Loans and receivables (non-current assets)

Loans and receivables totalling R77 million (2022: R94 million) are neither past due nor impaired. In the current reporting period the Group recognised expected credit losses allowance of R12 million (2022: R8 million) on the R40 million (2022: R53 million) loans granted to Beesa Business Services, AL's Clothing and Kinross based on an assessment of the beneficiaries ability to repay their loans. Refer to note 8 for further information.

The loans to share scheme participants are secured by pledges over the ordinary shares of the company held by the participants. The unsecured loans represent a loan to a charitable trust founded by the Group and loans to Beesa Business Services. The trust is in sound financial position and has the ability to repay the loan on demand. The unsecured loan to Beesa Business Services (Pty) Ltd represents funds that cannot be released without the authorisation of an investment committee which comprises of two members from BEESA and two members who are employees of the Group. The funds are used to grant loans to, or make equity investments in various of the Group's suppliers. As the risk will be spread over a number of suppliers and over a period of time the Group is not exposed to concentrated credit risk on this loan. The loan to the supplier AL's Clothing is secured via a notarial bond and a suretyship from the co-principal debtor. Accordingly the Group is not currently exposed to significant credit risk on the secured or unsecured loans.

27.4.3 Assets held at fair value through other comprehensive income

Mutual fund investments comprise units in various offshore mutual funds administered by reputable asset managers with long-term proven past performance. Accordingly the Group is not exposed to significant credit risk arising from its mutual fund investments. Refer to note 7 for further information.

27.4.4 Cash and cash equivalents

The Group invests surplus cash only with A1+ (ZA), A1 (ZA)/A1 approved rated financial institutions and A1+ (ZA) rated money market unit trust funds. The amount of exposure to any counterparty is subject to the limits imposed by the Group's treasury policy in order to achieve a spread of risk and opportunity. Refer to note 12 for further information.

27 FINANCIAL RISK MANAGEMENT (continued)

27.5 Liquidity risk

The Group's exposure to liquidity risk relates to interest-bearing borrowings, lease liabilities, trade and other payables and derivative financial liability, which are disclosed in notes 17, 21, 22 and 24 respectively.

The Group has minimal risk of illiquidity as reflected by its substantial surplus cash and unutilised gearing capacity. The Group utilises cash reserves and borrowings to fund working capital and capital investment requirements. The Group also has committed and uncommitted unutilised banking facilities available as set out in note 17. Management believes that the Group would be able (were it to be necessary) to obtain funding in addition to the unutilised banking facilities, based on its solid financial track record in past years.

The expected maturity profile of the Group's financial liabilities at the reporting date, based on contractual undiscounted payments, including contractual interest payable (where applicable), is as follows:

	Note	Settled on demand Rm	Settled in <30 days Rm	Settled between 30-59 days Rm	Settled between 60-89 days Rm	Settled after 90 days Rm	Total Rm
2023							
Interest-bearing borrowings	17	**-**	**-**	**-**	**1 208**	**169**	**1 377**
Put option liability	18	**-**	**-**	**-**	**-**	**50**	**50**
Trade payables	22	**13**	**660**	**104**	**11**	**62**	**850**
Unclaimed dividends owing to shareholders	22	**4**	**-**	**-**	**-**	**-**	**4**
Other payables and accrued expenses		**40**	**299**	**171**	**4**	**-**	**514**
Derivative financial liabilities	24	**-**	**-**	**-**	**-**	**-**	**-**
		57	**959**	**275**	**1 223**	**281**	**2 795**
2022							
Interest-bearing borrowings	17	-	-	-	702	-	702
Put option liability	18	-	-	-	-	39	39
Trade payables	22	30	610	94	30	71	835
Unclaimed dividends owing to shareholders	22	3	-	-	-	-	- 3
Other payables and accrued expenses		34	252	152	7	-	445
Derivative financial liabilities	24	-	-	-	-	29	29
		67	862	246	739	139	2 053

	2023 Rm	2022 Rm
Lease liabilities maturity profile (undiscounted)		
Within one year	**1 242**	1 135
Between one year and two years	**1 144**	980
Between two years and five years	**1 917**	1 566
More than five years	**80**	126
	4 383	3 807

	2023 Rm	2022 Rm
Borrowings maturity profile (undiscounted)		
Within one year	**1 208**	702
Between one year and two years	**169**	-
	1 377	702

27 FINANCIAL RISK MANAGEMENT (continued)

27.6 Items of income, expense, gains or losses

		Interest received on impaired receivables Rm	Interest received/ (paid) Rm	Impairment losses recognised Rm	Fair value (losses)/ gains Rm	Other Costs Rm	Net gains/ (losses) Rm
2023							
Financial assets							
At amortised cost		**400**	**743**	**(966)**	**-**	**(317)**	**(140)**
At fair value through profit or loss		**-**	**-**	**-**	**(7)**	**-**	**(7)**
At fair value through other comprehensive income		**-**	**-**	**-**	**4**	**-**	**4**
Financial liabilities							
Interest-bearing borrowings	17	**-**	**(88)**	**-**	**-**	**-**	**(88)**
Lease liabilities	29.7	**-**	**(225)**	**-**	**-**	**-**	**(225)**
Derivative financial liabilities	24	**-**	**-**	**-**	**-**	**-**	**-**
2022							
Financial assets							
At amortised cost		360	429	(536)	-	(315)	(62)
At fair value through profit or loss		-	-	-	(5)	-	(5)
At fair value through other comprehensive income		-	-	-	-	-	-
Financial liabilities							-
Interest-bearing borrowings	17	-	(15)	-	-	-	(15)
Lease liabilities	29.7	-	(200)	-	-	-	(200)
Derivative financial liabilities	24	-	-	-	(24)	-	(24)

27.7 Fair value of financial instruments

27.7.1 Fair value measurement

The following methods and assumptions are used by the Group in establishing fair values:

Financial assets and liabilities (other than those separately disclosed below)

Carrying amounts reported in the statements of financial position at amortised cost approximate fair values. The fair value of the financial instruments at the reporting date has been determined using available market information and appropriate valuation methodologies.

Assets held at fair value

The fair value of the Group's mutual fund units and unlisted investment is determined annually with reference to the quoted unit prices at the close of business on the reporting date and the most recently traded share price respectively. The fair value of the Group's short-term insurance cell captive and personal lines insurance business arrangement is determined with reference to the net asset value of these interests per management accounts prepared by third parties. Refer to note 7 for further information.

Forward exchange contracts

The fair value of forward exchange contracts entered into by the Group is determined with reference to market traded forward exchange contracts with similar maturity profiles at the reporting date.

Call options over shares held by non-controlling interests

The fair value of the call option asset has been determined with reference to a valuation performed by an external specialist at the reporting date. Refer to notes 6.2 and 27.3.3 for further information.

27 FINANCIAL RISK MANAGEMENT (continued)

27.7 Fair value of financial instruments (continued)

27.7.2 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

At the reporting date, the Group held the following financial instruments measured at fair value:

			Fair value hierarchy		
	Note	Rm	Level 1	Level 2	Level 3
2023					
Assets and liabilities measured at fair value					
Assets held at fair value	7	**36**	**11**	**1**	**24**
Secured loans to share scheme participants	8.1	**42**	**-**	**42**	**-**
Forward exchange contracts	6.1	**28**	**28**	**-**	**-**
Liabilities measured at fair value					
Derivative financial liabilities	24	**-**	**-**	**-**	**-**
Put options over shares held by non-controlling interests	18	**50**	**-**	**-**	**50**
2022					
Assets and liabilities measured at fair value					
Assets held at fair value	7	33	11	1	21
Secured loans to share scheme participants	8.1	47	-	47	-
Forward exchange contracts	6.1	29	29	-	-
Liabilities measured at fair value					
Derivative financial liabilities	24	29	-	-	29
Put options over shares held by non-controlling interests	18	39	-	-	39

There were no transfers between level 1 and level 2, or into and out of level 3 fair value categories during the reporting period.

27 FINANCIAL RISK MANAGEMENT (continued)

27.8 Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns while enhancing the return to its shareholders. The Group's overall strategy has remained unchanged from 2022.

The capital structure of the Group consists of debt and equity (fully attributable to owners of the parent), comprising of interest-bearing borrowings, issued ordinary share capital, non-distributable reserves and retained earnings, less treasury shares. Refer to notes 13 to 17 for further information.

The primary objectives of the Group's capital management are:

- to ensure that the Group maintains healthy capital ratios in order to support its business;
- to enhance the return to shareholders after benchmarking anticipated returns against the Group's financial targets;
- to ensure that entities within the Group will be able to continue as going concerns and have sufficient capital for their operations;
- to provide flexibility so as to be able to take advantage of opportunities that could improve shareholder value; and
- to use excess cash to buy back shares in order to enhance both earnings per share and return on equity.

The management of capital is reviewed by the Truworths International board on a quarterly basis. The Group will manage the overall capital structure through, but not limited to, dividend payments and share buy-backs. The Group manages its capital structure and makes adjustments thereto in light of changes in economic conditions and the needs of the Group. The Group monitors capital using the return on equity, return on capital and dividend cover ratios. The Group's policy is to keep these ratios in line with annual financial targets.

The Group is subject to externally imposed covenant requirements on its borrowings. It also needs to adhere to the capital requirements in terms of the Companies Act (71 of 2008, as amended). The Group must ensure that following any share repurchases or payments to shareholders, on a fair value basis, the consolidated assets of the Group must exceed its consolidated liabilities, the capital of the Group must be adequate for the purposes of the Group's business and the Group must be able to pay its debts when they fall due. Consequently, when such transactions are in contemplation, management considers their impact on the Group's solvency, liquidity and equity.

		2023	2022
Profit before finance costs and tax for the period	(Rm)	**4 775**	4 417
Profit for the period, attributable to equity holders of the parent	(Rm)	**3 275**	3 051
Total equity	(Rm)	**7 654**	6 106
Net cash	(Rm)	**527**	138
Ratios			
Return on equity	(%)	**48**	50
Return on capital	(%)	**69**	72
Return on assets	(%)	**30**	33
Asset turnover	(times)	**1.2**	1.3
Inventory turn	(times)	**4.2**	4.6
Net (debt)/cash to equity	(%)	**(11.1)**	(9.2)
Net (debt)/cash to EBITDA	(times)	**(0.1)**	(0.1)
Dividend cover	(times)	**1.5**	1.5

Refer to the Group's financial targets in the Chief Financial Officer's Report in the 2023 Integrated Annual Report.

		Note	2023 Rm	2022 Rm
28	**REVENUE**			
	Sale of merchandise		**19 894**	17 886
	Retail sales		**20 627**	18 522
	Variable consideration adjustments*		**(834)**	(731)
	Delivery fee income		**76**	77
	Wholesale sales		**25**	18
	Interest income		**1 143**	789
	Trade receivables interest		**1 107**	764
	Investment and other interest		**36**	25
	Other income		**939**	655
	Commission		**184**	172
	Financial services income		**111**	104
	Insurance recoveries^		**85**	137
	Display fees		**49**	36
	Reversal of previously recognised IFRS 16 impairment losses	3	**160**	73
	Reversal of previously recognised PPE impairment losses	2	**14**	-
	Foreign exchange gains		**19**	65
	Gain on IFRS 16 re-measurements and modifications	35.1	**39**	40
	Lease rental income	21.2	**10**	8
	Variable lease rental income		**5**	4
	Government grants		**-**	1
	Tax dispute settled**		**254**	-
	Other income		**9**	15
	Dividends received from insurance business arrangements	35.1	**16**	10
			21 992	19 340

*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. Notional interest represents a significant financing component in accordance with IFRS 15. The Group recognised notional interest of R126 million in variable consideration adjustments (2022: R84 million) through a reduction to retail sales.

^Relates mainly to insurance claim income as a result of the civil unrest in South Africa during July 2021.

** A longstanding indirect tax matter was settled with SARS in the current period, resulting in previous adverse assessments that had been issued in the 2022 financial period being reduced by R109 million (including the reversal of interest charged of R37 million), as well as the release of accruals in respect of this matter amounting to R145 million that had been accumulated since the 2008 financial period.

		Note	2023 Rm	2022 Rm
29	**PROFIT BEFORE TAX**			
	Profit before tax is stated after taking account of the following items:			
29.1	**Cost of Sales***			
	Purchases		**9 363**	7 923
	Allowance for inventories carried at net realisable value below cost		**43**	(70)
	Shrinkage and write-offs	10	**51**	107
	Movement in opening and closing stock		**(331)**	3
	Trading expenses:		**319**	353
	Depreciation		**14**	23
	Employment costs		**117**	96
	Occupancy costs		**47**	62
	Other operating costs		**141**	172
			9 445	8 316
29.2	**Depreciation and amortisation***			
	Right-of-use assets		**976**	799
	Property, plant and equipment & intangible assets		**383**	362
			1 359	1 161

29.3 Employment costs*

The Group employed 12 126 (2022: 11 355) employees at the reporting date. The aggregate remuneration and associated costs for the period relating to the employment of permanent and flexi-time employees, including executive directors, were:

		Note	2023 Rm	2022 Rm
	Salaries, bonuses, wages and other benefits		**2 320**	2 128
	Contributions to defined contribution plans		**21**	20
	Post-retirement medical benefit expense	19.2	**6**	7
	Medical scheme contributions		**5**	5
	Share-based payments: equity-settled	30.6.1	**137**	107
			2 489	2 267
29.4	**Occupancy costs (not accounted for under IFRS 16)***			
	Turnover-based lease expenses		**24**	20
	Short-term lease expenses		**226**	148
	Total lease expenses		**250**	168
	Variable lease costs:		**711**	633
	Utilities		**242**	222
	Rates and municipal expenses		**236**	196
	Security expenses		**117**	106
	Other occupancy costs		**122**	128
	Covid-19 rent concessions	35.1	**(6)**	(19)
			961	801
29.5	**Trade receivable costs**			
	Expected credit losses raised	11.2	**959**	627
	Other trade receivable costs#		**324**	224
			1 283	851

Inclusive of amounts written off of R193 million (2022: R79 million) in respect of balances arising in the current period.

2023	2022

		Note	Rm	Rm
29	**PROFIT BEFORE TAX** (continued)			
29.6	**Other operating costs***			
	Sales promotion, advertising and communication costs		**657**	561
	Administration costs		**560**	576
	Management, technical, consulting and secretarial fees paid		**112**	117
	Loss on write-off or disposal of plant, equipment and intangible assets	35.1	**8**	11
	Audit fees - current period^		**16**	17
	Transport and distribution costs		**256**	176
	Fair value adjustment of insurance cell captive	35.1	**7**	-
	Impairment of right-of-use assets	3	**95**	40
	Fair value adjustment on call and put options over shares held by non-controlling interests	35.1	**(31)**	29
			1 680	1 527

^ Inclusive of R674 345 (2022: R703 217) in respect of non-audit services. Other non-audit services for the period, not included in audit fees, amounted to R219 150, bringing total non-audit services for the period to R893 495.

* The nature of the cost of sales is being disclosed in note 29.1 and trading expenses are disclosed net of the cost of sales re-allocations.

		Note	2023 Rm	2022 Rm
29.7	**Finance costs**			
	Lease liabilities	21.1	**225**	200
	Interest-bearing borrowings	17	**88**	15
	Other		**65**	20
			378	235

30 DIRECTORS AND EMPLOYEES

30.1 Directors' remuneration

		Short-term benefits				Long-term			
	Months paid	Directors' fees R'000	Salaries R'000	Performance bonus* R'000	Allowances R'000	Interest benefit on loans R'000	Total remuneration R'000	Fair value of equity-based awards granted** R'000	Loans pursuant to share scheme# R'000
2023									
Executive directors									
Michael Mark	**12**	**-**	**10 860**	**13 250**	**100**	**3 334**	**27 544**	**14 878**	**43 254**
Emanuel Cristaudo	**12**	**-**	**5 217**	**5 951**	**-**	**-**	**11 168**	**3 017**	**-**
Sarah Proudfoot	**12**	**-**	**5 217**	**5 951**	**59**	**175**	**11 402**	**7 700**	**2 273**
		-	**21 294**	**25 152**	**159**	**3 509**	**50 114**	**25 595**	**45 527**
Non-executive directors									
Hilton Saven	**12**	**1 862**	**-**	**-**	**-**	**-**	**1 862**	**-**	**-**
Hans Hawinkels	**12**	**702**	**-**	**-**	**-**	**-**	**702**	**-**	**-**
Maya Makanjee	**12**	**510**	**-**	**-**	**-**	**-**	**510**	**-**	**-**
Michael Thompson	**6**	**330**	**-**	**-**	**-**	**-**	**330**	**-**	**-**
Rob Dow	**12**	**610**	**-**	**-**	**-**	**-**	**610**	**-**	**-**
Roddy Sparks	**12**	**898**	**-**	**-**	**-**	**-**	**898**	**-**	**-**
Tony Taylor	**12**	**610**	**-**	**-**	**-**	**-**	**610**	**-**	**-**
Tshidi Mokgabudi	**12**	**583**	**-**	**-**	**-**	**-**	**583**	**-**	**-**
Dawn Earp	**12**	**583**	**-**	**-**	**-**	**-**	**583**	**-**	**-**
Thabo Mosololi	**12**	**550**	**-**	**-**	**-**	**-**	**550**	**-**	**-**
		7 238	**-**	**-**	**-**	**-**	**7 238**	**-**	**-**
2022									
Executive directors									
Michael Mark	12	-	10 200	15 300	-	2 100	27 600	8 979	43 254
Emanuel Cristaudo	12	-	4 600	6 890	1 000	-	12 490	1 615	-
Sarah Proudfoot	12	-	4 627	6 890	8	110	11 635	5 459	2 273
		-	19 427	29 080	1 008	2 210	51 725	16 053	45 527
Non-executive directors									
Hilton Saven	12	1 622	-	-	-	-	1 622	-	-
Hans Hawinkels	12	648	-	-	-	-	648	-	-
Maya Makanjee	12	470	-	-	-	-	470	-	-
Michael Thompson	12	670	-	-	-	-	670	-	-
Rob Dow	12	609	-	-	-	-	609	-	-
Roddy Sparks	12	853	-	-	-	-	853	-	-
Tony Taylor	12	569	-	-	-	-	569	-	-
Cindy Hess	12	545	-	-	-	-	545	-	-
Tshidi Mokgabudi	12	385	-	-	-	-	385	-	-
Dawn Earp	12	545	-	-	-	-	545	-	-
Thabo Mosololi	12	385	-	-	-	-	385	-	-
		7 301	-	-	-	-	7 301	-	-

* Determined on performance for the reporting period.

** The value of equity-based awards granted is the annual expense as determined in accordance with IFRS 2: Share-based Payment, and is presented for information purposes only, as it is not regarded as constituting remuneration, given that the value was neither received by nor accrued to the directors during the period. Gains made on the exercise of such equity-based awards are disclosed in note 30.5 in the period when vesting occurs.

The value of the loans granted to directors pursuant to the share option scheme represents the price paid, less any repayments made, for shares allotted pursuant to the said scheme.

30 DIRECTORS AND EMPLOYEES (continued)

30.1 Directors' remuneration (continued)

Executive directors

All amounts received by the executives, while being directors of the company, were in respect of services rendered to, and in connection with the carrying on of the affairs of the Group's subsidiaries. These amounts were paid by Group subsidiaries.

The service contract of Mr Michael Mark, the Chief Executive Officer is subject to a six-month notice period. In terms of this contract, he is entitled to a guaranteed remuneration package and to participate in the Group's various cash and share-based incentive schemes. Both parties have the right to terminate the contract on a six-month notice period. The contract requires such six-month notice period to be provided except in the case of permanent disability/incapacitation.

The other executive directors have employment contracts with a Group subsidiary that entitle them to guaranteed remuneration packages and to participate in the Group's various cash and share-based incentive schemes. These contracts provide for notice periods of either six or nine months in respect of resignation.

Non-executive directors

All amounts received by the non-executive directors were for services rendered as directors of the company. These amounts, which were approved by the shareholders at the company's annual general meeting held on 3 November 2022, were paid by the company. None of the non-executive directors has a service contract with the company.

Consultancy fees

There were no consultancy fees paid to executive and non-executive directors during the period (2022: Rnil).

30.2 Defined contribution retirement funds

Alexander Forbes Retirement Fund: Defined contribution plan

The Alexander Forbes Retirement Fund is a defined contribution arrangement for the Group's South African employees with flexibility in contribution rates giving the various employee categories options to choose their desired contribution rate. The contribution rates in respect of the specialised full-timers vary from 4% of pensionable salary plus risk and administration to 27.5% of pensionable salary inclusive of risk and administration. Core full-timers are non-contributory but the Group pays 4% of pensionable salary towards retirement benefits, death and disability benefits, funeral benefits and administration costs. Flexi-timers, who generally work over peak trading periods, are non-contributory but the Group pays 10.5% of their earnings into the retirement fund for retirement, funeral and healthcare benefits. With effect from 1 January 2020, this contribution rate was reduced to 5% of pensionable salary, with the implementation of a Health4Me day-to-day healthcare benefit (refer note 30.3) being provided for these flexi-timers. These benefits apply to core full-timers and flexi-timers with more than two completed years of service. The fund's retirement age is 60. Core full-timers and flexi-timers can structure additional voluntary members' contributions towards retirement savings.

The member's pension entitlement at retirement age is determined by his/her fund credit. On retirement, the member is entitled to elect up to one-third of the fund credit as a cash lump sum payout and receive the balance in the form of a monthly pension. The plan is registered under the Pension Funds Act (1956, as amended) of South Africa.

SACCAWU National Provident Fund: Defined contribution plan

The SACCAWU National Provident Fund is a defined contribution arrangement for the Group's South African employees administered by Old Mutual. Specialised full-time employees in South Africa who have elected membership of the fund pay 17.5% of their pensionable salary, from their total guaranteed package (TGP) towards retirement benefits, risk benefits and administration costs. The member's entitlement at retirement age is determined by his/her fund credit. The plan is registered under the Pension Funds Act (1956, as amended) of South Africa.

Office Defined Contribution Plan: The People's Pension Retirement Fund

The People's Pension is provided by Building & Civil Engineering Holiday Scheme Management Limited (B&CE), a long-standing not-for-profit organisation which operates for the benefit of its members.

B&CE has been operating a form of automatic enrolment to assist employers in complying with their automatic enrolment duties. This is a legislative requirement in the UK whereby both employers and employees are required to contribute into a pension scheme arranged by the employer.

The minimum pension contribution is 8% with at least 3% coming from the employer. Office currently contributes 3% of pensionable salary for those enrolled. The People's Pension is a multi-employer pension scheme with an independent trustee and the 'Balanced Lifestyle Profile' is the default investment fund. This fund offers an investment strategy at the start of the pension plan that ensures a member benefits from potentially higher returns during the earlier years and lesser risk in the final 15 years. The default retirement age is 65 for both men and women and on retirement the member can elect to take a lump sum cash payment and/or receive the balance in the form of a monthly pension.

30 DIRECTORS AND EMPLOYEES (continued)

30.2 Defined contribution retirement funds (continued)

Alexander Forbes Namibia Retirement Fund (formerly The Namflex Pension Fund): Defined contribution plan

The Alexander Forbes Namibia Retirement Fund is a defined contribution arrangement for the Group's Namibian employees whereby members pay 7.5% of their pensionable salary as contributions towards retirement benefits. The Group contributes 7.5% to retirement benefits and an additional 3.5% of pensionable salaries towards risk benefits and administration costs. The fund's retirement age is 60. Membership of the fund is compulsory for all Namibian permanent employees under normal retirement age. The member's pension entitlement at retirement age is determined by his/her fund credit. On retirement, the member is entitled to elect up to one-third of the fund credit as a cash lump sum payout and receive the balance in the form of a monthly pension. The plan is registered under the Namibian Pension Funds Act.

Eswatini (Swaziland) National Provident Fund: Defined contribution plan

The Eswatini National Provident Fund is an arrangement for the Group's Eswatini employees whereby members and the Group pay a statutory contribution based on members' earnings on a 50/50 basis with a maximum monthly contribution of R300 (2022: R300) based on a maximum monthly wage of R3 500 (2022: R3 300). The fund provides for a retirement benefit at or after age 45 and an age benefit at or after age 50. The fund also provides for a disability benefit, immigration benefit and a survivor's benefit. The employer is registered under the provisions of the Registration of Contributing Employers Regulations 1975, and Section 8 of the Swaziland National Provident Fund Order 1974. Membership of the fund is compulsory for all Eswatini-based permanent employees under normal retirement age. The member's pension entitlement at retirement age is determined by his/her share of the fund.

Eswatini (Swaziland) Retirement Fund: Defined contribution plan

The Eswatini Retirement Fund is a defined contribution arrangement for the Group's Eswatini employees whereby members pay 7.5% of their pensionable salary as contributions towards retirement benefits. The Group contributes 10.5% of pensionable salaries towards retirement benefits, risk benefits, funeral benefits and administration costs. The fund's retirement age is 60. The member's pension entitlement at retirement age is determined by his/her fund credit. On retirement, the member is entitled to elect up to one-third of the fund credit as a cash lump sum payout and receive the balance in the form of a monthly pension.

National Pension Scheme Authority (Zambia)

The National Pension Scheme Authority (NAPSA) is governed by the National Pension Scheme Act of 1996 of Zambia. It provides retirement and other social security benefits to the Group's employees in Zambia. The main functions of NAPSA are to collect contribution income, invest contributions and distribute benefits when they fall due. It is a compulsory condition of service for all employees in Zambia to participate in this fund and employees contribute a regulated 5% of cash salary. The Group also contributes 5% towards this fund for each employee. All contributions are paid directly to NAPSA monthly.

30 DIRECTORS AND EMPLOYEES (continued)

30.2 Defined contribution retirement funds (continued)

	Number of members 2023	2022
Summary per fund		
Alexander Forbes Retirement Fund	**6 442**	6 358
Office Defined Contribution Plan	**640**	562
SACCAWU National Provident Fund	**179**	200
Alexander Forbes Namibia Retirement Fund	**35**	41
National Pension Scheme Authority (Zambia)	**12**	13
National Pension Scheme (Mauritius)	**-**	19
Eswatini (Swaziland) National Provident Fund/Swaziland Retirement Fund	**18**	16
	7 326	7 209

During the reporting period, the Group contributed R23 million (2022: R26 million) to the above-mentioned funds. Approximately R29 million is expected to be contributed to the above-mentioned funds in the 2024 reporting period.

30.3 Defined benefit healthcare funds

Wooltru Healthcare Fund, Momentum Health and Namibia Medical Care

Participation in the Wooltru Healthcare Fund (the WHF) is a compulsory condition of employment for all employees in the specialised full-time category. A small group of employees, who previously elected to join the Momentum Health Fund, formerly Ingwe Healthcare Plan the (MHF), continue to enjoy benefits under the MHF. The MHF is no longer open to new employees. Healthcare benefits under both these funds are defined as per the rules of the respective funds.

The specialised full-timer employees pay the full contribution for their benefits under these funds.

Most employees in the core full-timer category are beneficiaries of the Health4Me insurance product (see below). However, there is a small group in this category who are members of either the WHF or the MHF and who continue to have their healthcare contributions to these funds subsidised.

Employees who participate in these funds and who joined the Group prior to 30 June 2000 will continue to enjoy Group subsidised contributions after their retirement. Refer to note 19 for further information related to the Group's post-retirement medical benefit obligation.

The audited annual financial statements of the WHF at 31 December 2022 reveal that it continues to maintain a sound financial position with a solvency ratio of 55.01% (2021: 53.01%) at its reporting date.

During the reporting period, the Group contributed R5.5 million (2022: R5.7 million) to the above funds. Approximately R5.8 million is expected to be contributed to the above funds in respect of the short-term healthcare benefits in the 2024 reporting period.

Health4Me

Health4Me is an insurance product that offers premium, private, day-to-day healthcare through private medical practitioners of the CareCross Health Group which is a national network of GP's, specialists, radiologists, pathologists, dentists and optometrists, who collectively embrace the concept of affordable healthcare for both employees and their dependents. The Group pays a premium of R270 (2022: R260) per month for each participating employee and the employee in turn receives unlimited day-to-day doctors' visits, limited specialist visits, chronic medication for prescribed minimum benefit conditions. Health4Me permits employees to pay for their dependents and additional benefits like accidental cover and hospital cash benefit plan. The Group offered this benefit to all qualifying flexi-timers with effect from 1 January 2020 and pays an amount of R228 per participating employee. The flexi-time employees have access to GP consultations, acute formulary medication, x-rays, blood tests, maternity benefits and basic dentistry through various networks.

During the reporting period, the Group contributed R10.7 million (2022: R11.1 million) to Health4Me and Careworks. Approximately R11.2 million is expected to be contributed to Health4Me in respect of the short-term healthcare benefits in the 2024 reporting period.

30 DIRECTORS AND EMPLOYEES (continued)

30.4 Other

Group employees and pensioners may be entitled to a discount on purchases made at Group stores. In the calculation of sale of merchandise, these discounts are accounted for as a deduction from retail sales. During the reporting period R11 million (2022: R13 million) was incurred in respect of staff discounts.

	2023 Rm	2022 Rm
30.5 Directors' equity-settled compensation gains		
Executive directors	**3**	6

1998 Share Option Scheme

Share option scheme participants (including directors) may exercise their equity-settled share options at any date subsequent to the offer date. The shares acquired on exercise of the options are, however, only eligible for sale after the vesting date, when ownership passes to the participants (subject to repayment of any financial assistance) who are then able to dispose of the shares. The share option gains of directors for disclosure purposes is therefore the difference between the exercise price and the company's share price on the vesting date, or exercise date if later. Refer to Annexure Two for details of directors' equity-settled share options.

Restricted and Performance share plans

The gains in respect of the restricted and performance share plans are calculated by multiplying the market price at the date ownership passes by the number of shares vested on that date.

30.6 Share-based payment plans

The Group implemented the 1998 Share Option scheme during 1998. Options are granted over the company's shares at a purchase price equal to the volume weighted average trading price of the shares on the JSE over the five-day share trading period immediately preceding the date of the grant. No consideration is payable on acceptance of the options and the purchase price of the shares becomes payable on exercise of the options unless participants qualify for interest-free loans secured by a pledge over the shares. Shares and options have either a five- or six-year vesting period. Shares and options not vested are forfeited upon termination of employment, other than on retirement or death and options granted before 7 November 2012 lapse after 10 years, while those granted subsequently lapse after eight years, unless otherwise determined by the Remuneration Committee.

In 2012 the Group introduced the 2012 Share Plan, which includes four sub-plans:

- Restricted share plan (with no Group performance targets on vesting)
- Performance share plan (with Group performance targets on vesting)
- Share appreciation rights plan (with no Group performance targets on vesting)
- Performance appreciation rights plan (with Group performance targets on vesting)

The 2012 Share Plan's shares and appreciation rights are granted over the company's shares at a purchase price equal to the weighted average trading price of the shares on the JSE over the five-day share trading period immediately preceding the date of the grant. Shares generally have a three, four, five, or six-year vesting period while appreciation generally rights have a four, five, or six-year vesting period. Shares and appreciation rights not vested are forfeited upon termination of employment, other than on retirement or death and lapse after eight years.

In 2017 the Group introduced the Office Performance Equity Plan: Options (with Office performance targets on vesting).

30 DIRECTORS AND EMPLOYEES (continued)

30.6 Share-based payment plans (continued)

The following table illustrates the number of share options, restricted shares and share appreciation rights held by eligible participants, including executive directors, in the equity-settled compensation schemes:

	Note	2023 Number of equity-settled awards 000's	2022 Number of equity-settled awards 000's
Shares and options held in terms of the 1998 share option scheme	30.6.1.1	**2 708**	5 530
Restricted and performance shares held by participants	30.6.1.2+3	**9 728**	8 983
Share and performance appreciation rights held by participants	30.6.1.4+5	**1 093**	1 165
Total utilisation at the reporting date		**13 529**	15 678
Maximum equity-settled compensation schemes allocation		**46 181**	46 181
Utilisation	(%)	**29.3**	33.9
Shares available for utilisation		**32 652**	30 503
Percentage available for utilisation	(%)	**70.7**	66.1

	Note	2023 Rm	2022 Rm
30.6.1 Equity-settled compensation schemes			
Expense recognised for employee services rendered during the period:			
Restricted share plan		**61**	60
Performance share plan		**76**	47
Office Performance Equity Plan options		**-**	-
Total expense recognised in employment costs for employee services rendered during the period	29.3	**137**	107
Weighted average strike price of equity-based awards*			
Granted during the period	(R)	**58.08**	54.77
Exercised during the period	(R)	**65.55**	71.81
Forfeited during the period	(R)	**66.26**	45.32
Held by participants at the reporting date	(R)	**46.01**	47.87
Exercisable at the reporting date	(R)	**46.67**	47.11
Details of options exercised during the period*			
Simple average exercise price per share	(R)	**56.68**	53.25
Weighted average market price per share	(R)	**56.68**	53.25
Summarised exercise conditions applicable to equity-based awards*			
Latest date by which options become exercisable		**31 May 2025**	31 May 2023
Latest date by which options will lapse if not exercised**		**31 May 2025**	7 Nov 2023
Lowest price	(R)	**44.78**	44.78
Highest price	(R)	**103.60**	103.60

* Excludes the Office Performance Equity Plan Options, which are disclosed separately in note 30.6.1.6.

**Unless alternative arrangements are agreed to by the trustees of the scheme.

30 DIRECTORS AND EMPLOYEES (continued)

30.6 Share-based payments (continued)

30.6.1 Equity-settled compensation schemes (continued)

30.6.1.1 1998 Share Option Scheme

There were no new grants during the current or the prior periods. The following table illustrates the number of shares and options for the 1998 share option scheme held by eligible participants, including executive directors:

	2023 Number of shares/ options 000's	2022 Number of shares/ options 000's
Shares held by participants	**1 771**	1 771
Shares held by the trust	**124**	134
Options held by participants	**748**	759
Inclusion (in terms of trust deed) of shares sold by participants, who are still employees	**65**	2 866
Total utilisation at the reporting date	**2 708**	5 530
Shares held by participants		
The following table illustrates the number of, and movements in, shares during the reporting period:		
Shares held by participants at the beginning of the reporting period and at the reporting date	**1 771**	1 771
Options held by participants		
The following table illustrates the number of, and movements in, share options during the reporting period:		
Options held by participants at the beginning of the reporting period	**759**	776
Options exercised during the period	**(10)**	(10)
Options forfeited during the period	**(1)**	(7)
Options held by participants at the reporting date	**748**	759

			2023	2022
30	**DIRECTORS AND EMPLOYEES** (continued)			
30.6	**Share-based payment plans** (continued)			
30.6.1	**Equity-settled compensation schemes** (continued)			
30.6.1.2	*Restricted share plan shares (RSPs)*			
	The fair value of the RSPs is determined on grant date.			
	Number of RSPs			
	RSPs held in a nominee account on behalf of the participants at the beginning of the reporting period	(000's)	**4 574**	4 510
	RSPs granted during the period	(000's)	**1 446**	1 468
	RSPs vested during the period	(000's)	**(1 033)**	(1 091)
	RSPs forfeited during the period due to resignations	(000's)	**(146)**	(313)
	RSPs held in a nominee account on behalf of the participants at the reporting date	(000's)	**4 841**	4 574
	Weighted average fair value of RSPs			
	Granted during the period	(R)	**58.12**	54.97
	Vested during the period	(R)	**61.74**	68.91
	Forfeited during the period due to resignations	(R)	**53.93**	54.04
	Held by participants at the reporting date	(R)	**50.99**	51.26
	Summarised exercise conditions applicable to RSPs			
	Earliest date by which RSPs become exercisable		**18 Sep 2023**	21 Aug 2022
	Latest date by which RSPs become exercisable		**10 Mar 2028**	7 Mar 2027
30.6.1.3	*Performance share plan shares (PSPs)*			
	The fair value of the PSPs is determined on grant date.			
	Where PSPs have market-based performance conditions attached the inputs into the Monte-Carlo simulation pricing model are as follows:			
	Expected share price volatility	(%)	**40.6 - 42**	40.6 - 42
	Expected dividend yield	(%)	**8.2 - 10.9**	8.2 - 10.9
	Risk-free interest rate	(%)	**4 - 6.1**	4 - 6.1
	Number of PSPs			
	PSPs held in a nominee account on behalf of the participants at the beginning of the reporting period	(000's)	**4 409**	3 923
	PSPs granted during the period	(000's)	**1 039**	998
	PSPs vested during the period	(000's)	**(486)**	(205)
	PSPs forfeited during the period due to corporate performance targets (CPT) not met	(000's)	**(24)**	(118)
	PSPs forfeited during the period due to resignations	(000's)	**(51)**	(189)
	PSPs held in a nominee account on behalf of the participants at the reporting date	(000's)	**4 887**	4 409
	Weighted average fair value of PSPs			
	Awarded during the period	(R)	**58.03**	54.49
	Vested during the period	(R)	**74.10**	88.55
	Forfeited during the period due to CPT not met	(R)	**108.48**	76.35
	Forfeited during the period due to resignations	(R)	**41.81**	42.59
	Held by participants at the reporting date	(R)	**40.58**	44.99
	Summarised exercise conditions applicable to PSPs			
	Earliest date by which PSPs become exercisable		**18 Sep 2023**	21 Aug 2022
	Latest date by which PSPs become exercisable		**8 Sep 2027**	17 Sep 2026
	Total RSPs and PSPs	(000's)	**9 728**	8 983

			2023	2022
30	**DIRECTORS AND EMPLOYEES** (continued)			
30.6	**Share-based payment plans** (continued)			
30.6.1	**Equity-settled compensation schemes** (continued)			
30.6.1.4	*Share appreciation rights (SARs)*			
	The inputs into the binomial actuarial option pricing valuation model are as follows:			
	Expected life of SARs	(years)	**1 - 6**	1 - 6
	Expected share price volatility	(%)	**27.5 - 32.7**	27.5 - 32.7
	Expected dividend yield	(%)	**3.2 - 5.3**	3.2 - 5.3
	Risk-free interest rate	(%)	**6.71 - 8.17**	6.71 - 8.17
	Number of SARs held by participants			
	SARs held by participants at the beginning of the reporting period	(000's)	**674**	717
	SARs lapsed during the period	(000's)	**(65)**	(43)
	SARs held by participants at the reporting date	(000's)	**609**	674
	Weighted average grant price of			
	Lapsed during the period	(R)	**68.16**	73.39
	Held by participants at the reporting date	(R)	**72.81**	69.56
	Summarised exercise conditions applicable to SARs			
	Earliest date by which SARs become exercisable		**3 Jul 2023**	4 Jul 2022
	Latest date by which SARs become exercisable		**14 Mar 2024**	14 Mar 2024
	Latest date by which SARs will lapse if not exercised		**14 Mar 2024**	21 Aug 2022
	Lowest price	(R)	**66.97**	66.97
	Highest price	(R)	**102.70**	102.70
30.6.1.5	*Performance appreciation rights (PARs)*			
	The inputs into the binomial actuarial option pricing valuation model are as follows:			
	Expected life of PARs	(years)	**1 - 7**	1 - 7
	Expected share price volatility	(%)	**28.0 - 32.7**	28.0 - 32.7
	Expected dividend yield	(%)	**3.2 - 5.3**	3.2 - 5.3
	Risk-free interest rate	(%)	**6.93 - 8.17**	6.93 - 8.17
	Number of PARs held by participants			
	PARs held by participants at the beginning of the reporting period	(000's)	**491**	553
	PARs forfeited due to CPT not met	(000's)	**-**	(31)
	PARs forfeited due to resignations	(000's)	**-**	(1)
	PARs lapsed during the period	(000's)	**(7)**	(30)
	PARs held by participants at the reporting date	(000's)	**484**	491
	Weighted average grant price of PARs			
	Forfeited during the period due to CPT not met	(R)	**-**	67.77
	Forfeited during the period due to resignations	(R)	**-**	75.52
	Lapsed during the period	(R)	**75.62**	89.09
	Held by participants at the reporting date	(R)	**73.29**	69.56
	Summarised exercise conditions applicable to PARs			
	Earliest date by which PARs become exercisable		**3 Jul 2023**	4 Jul 2022
	Latest date by which PARs become exercisable		**14 Mar 2024**	14 Mar 2024
	Latest date by which PARs will lapse if not exercised		**14 Mar 2024**	21 Aug 2022
	Lowest price	(R)	**67.77**	67.77
	Highest price	(R)	**83.42**	83.42
	Total SARs and PARs	(000's)	**1 093**	1 165

30 DIRECTORS AND EMPLOYEES (continued)

30.6 Share-based payment plans (continued)

30.6.1 Equity-settled compensation schemes (continued)

30.6.1.6 Office Performance Equity Plan: Options

Options were issued at a nil strike price and participants receive dividends over the vesting period, therefore the fair value of these at grant date equates to the company value that was determined by management using a discounted cash flow model divided by the number of shares in issue at grant date.

		2023	2022
Number of Options			
Options held by participants at the beginning of the period	(000's)	**21**	21
Options forfeited during the period due to resignations	(000's)	**-**	-
Options forfeited during the period due to CPTs not being met	(000's)	**-**	-
Options held by participants at the reporting date	(000's)	**21**	21
Summarised exercise conditions applicable to options			
Earliest date by which options become exercisable		**18 Oct 2020**	18 Oct 2020
Latest date by which options become exercisable		**18 Oct 2021**	18 Oct 2021
Latest date by which options will lapse if not exercised		**18 Oct 2025**	18 Oct 2025

	Note	2023 Rm	2022 Rm
31 TAX EXPENSE			
31.1 Current period tax charge			
Africa segment current tax	35.3	**911**	890
Current period		**869**	909
Prior period under/(over) provision		**42**	(19)
Africa segment deferred tax	9.1	**(15)**	72
Origination and reversal of temporary differences in current period		**30**	62
Movement as a result of prior year under provision		**(45)**	-
Movement as a result of a reduction in the tax rate		**-**	10
UK segment current tax	35.3	**174**	132
UK segment deferred tax	9.2	**39**	21
Origination and reversal of temporary differences in current period		**38**	20
Movement as a result of prior year over provision		**1**	-
Movement as a result of an increase in the tax rate		**-**	1
		1 109	1 115

Tax returns and payments

All Group companies have lodged their income tax returns for the 2022 tax year. Income tax payments for tax-paying Group companies have been made in respect of the second period of the 2023 tax year. The prevalence of self-assessment and electronic filing platforms for the submission of income tax returns has resulted in all of the returns in respect of the 2022 tax years having been assessed. The Truworths Limited operating subsidiary received revised assessments in relation to its 2018 period on 1 December 2022 and 29 January 2023.

		2023 %	2022 %
31	**TAX EXPENSE** (continued)		
31.2	**Reconciliation of effective Group tax rate**		
	South African current tax rate	**27.0**	28.0
	Decrease due to adjustment items	**(1.0)**	(0.6)
	Disallowable expenditure*	**0.5**	0.7
	Change in tax rate - South Africa	**-**	0.3
	Change in tax rate - United Kingdom#	**0.1**	-
	Differences in corporate tax rates^^	**(1.6)**	(1.6)
	Non-taxable income^	**(0.8)**	(0.7)
	Effective Group tax rate	**25.2**	26.7

The tax effects of the most significant items impacting the statutory rate reconciliation are as follows:

* The Group has expenses disallowed as deductions for tax purposes which materially entail the disallowed depreciation on immovable assets of R9.5 million (2022: R5 million), interest and penalties provided in respect of disputes with revenue authorities (SARS) of R1.2 million (2022: R2.5 million), and expenses of a capital nature of R5.4 million (2022: R5 million) and donations of R 1.2 million (2022: R4.5 million). In respect of the expenses disallowed in the UK segment, the most significant amount relates to a lease surrender premium which was paid in respect of leases in Germany due to closure of operations in that country R4.2 million (2022: Rnil). The remainder of non-taxable expenses in the UK segment relates to hospitality/entertainment and disallowed legal expenses R2.9 million (2022: R0.5 million).

^ The Group has non-taxable income which substantively comprises the learnership tax allowances of R11.9 million (2022: R14.8 million), external dividends of R2 million (2022: R2 million) and employment tax incentives (ETI) rebates of R5.4 million (2022: R1.6 million). In the current period there was also the remittance of penalties and interest previously imposed and paid to SARS relating to the settlement of a dispute of R11 million. Non-taxable income in the UK segment relates to the amortisation of capital grants R1.5 million (2022: R1.2 million).

^^ The difference in corporate tax rates is mainly attributable to the difference between the corporate tax rates of South Africa (27%) and the UK (25%).

In the United Kingdom the increase in the corporate tax rate is applied proportionately from 31 March 2023. The impact of the deferred tax movement, balances of which were re-stated to 25% in the prior period, releasing at different rates, are reflected here.

31 TAX EXPENSE (continued)

The Group has the following ZAR equivalent tax losses of which the availability for offsetting against future taxable income and expiry periods (if applicable) is summarised as follow at year-end:

Loss prescription period	5 years		10 years	Indefinite		
Allocation of loss	Mauritius#	Zambia	Kenya#	Nigeria	South Africa%	United Kingdom
	Rm	Rm	Rm	Rm	Rm	Rm
2023						
Expires in year 1 (2024)	**0.4**	**1.5**	**2.9**	**-**	**-**	**-**
Expires in year 2 (2025)	**-**	**4.2**	**2.9**	**-**	**-**	**-**
Expires in year 3 (2026)	**0.1**	**0.8**	**2.9**	**-**	**-**	**-**
Expires in year 4 (2027)	**-**	**-**	**1.3**	**-**	**-**	**-**
Expires in year 5 (2028)	**-**	**0.5**	**2.7**	**-**	**-**	**-**
Expires in year 6 (2029)	**-**	**-**	**0.5**	**-**	**-**	**-**
Does not expire	**5.6**	**-**	**-**	**-**	**7.6**	**-**
	6.1	**7.0**	**13.2**	**-**	**7.6**	**-**
2022						
Expires in year 1 (2023)	0.9	7.2	-	-	-	-
Expires in year 2 (2024)	-	7.5	3.1	-	-	-
Expires in year 3 (2025)	0.3	4.2	3.1	-	-	-
Expires in year 4 (2026)	0.1	0.8	3.1	-	-	-
Expires in year 5 (2027)	-	-	1.4	-	-	-
Expires in year 6 (2028)	-	-	2.8	-	-	-
Does not expire	-	-	-	14.2	-	-
	1.3	19.7	13.5	14.2	-	-

No deferred tax assets have been recognised in respect of tax losses as they either may not be used to off-set taxable profits elsewhere in the Group or they have arisen in subsidiaries that have been loss-making with no evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by R 9 million (2022: R 14 million).

The Mauritius and Kenyan operations were ceased in September 2021 and November 2021 respectively and the entities are being deregistered for all taxes in the jurisdictions within which they operated - these tax losses will cease to exist upon deregistration.

% Losses in South Africa do not expire however only 80% of a loss can be utilised in any subsequent year of assessment, with the remaining 20% being carried over.

		Note	2023 Rm	2022 Rm
32	**DIVIDENDS**			
	Interim dividend - 2023			
	Cash dividend of 320 cents per share declared on 23 February 2023 and paid on 20 March 2023		**1 307**	-
	Final dividend - 2022			
	Cash dividend of 205 cents per share declared on 1 September 2022 and paid on 26 September 2022		**837**	-
	Interim dividend - 2022			
	Cash dividend of 300 cents per share declared on 17 February 2022 and paid on 14 March 2022		**-**	1 266
	Final dividend - 2021			
	Cash dividend of 118 cents per share declared on 2 September 2021 and paid on 27 September 2021		**-**	517
	Less: dividends received on treasury shares held by subsidiaries		**(154)**	(137)
	Total dividends declared, excluding treasury shares	35.4	**1 990**	1 646

Dividends per share	2023 Cents	2022 Cents
Cash final - payable/paid September	**245**	205
Cash interim - paid March	**320**	300
	565	505

The final dividend for the period ended 2 July 2023 of 245 cents per share, before deduction of dividends tax (where applicable), was declared on 31 August 2023 to shareholders registered on the record date of 22 September 2023. The cash dividend is payable on 26 September 2023. No liability regarding this final cash dividend has been recognised.

The directors have performed the required solvency and liquidity tests required by the Companies Act and are satisfied that the company has met the requirements of these tests prior to and, where applicable, immediately after the declaration of the aforesaid dividend.

33 EARNINGS AND CASH FLOW PER SHARE

Basic earnings per share are derived by dividing profit for the period attributable to shareholders of the company, by the weighted average number of shares. Appropriate adjustments are made thereto in calculating diluted basic earnings per share.

Headline earnings per share are derived by dividing headline earnings by the weighted average number of shares. Appropriate adjustments are made thereto in calculating diluted headline earnings per share. Headline earnings is determined as follows:

	Note	2023 Rm	2022 Rm
Profit for the period, attributable to equity holders of the company		**3 275**	3 051
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 of right-of-use assets		**(63)**	(31)
Tax rate change impact on right-of-use asset impairment		**-**	1
Tax in relation to net impairment reversal of right-of-use assets		**12**	4
Reversal of impairment of property, plant and equipment	2, 28	**(14)**	(1)
Tax in relation to impairment of property, plant and equipment		**3**	-
Loss on write-off or disposal of plant and equipment		**8**	11
Tax on loss on write-off or disposal of plant and equipment		**(2)**	(3)
Headline earnings		**3 219**	2 996

33 EARNINGS AND CASH FLOW PER SHARE (continued)

The weighted average number of ordinary shares, adjusted for treasury shares held by subsidiaries (including shares held for participants in the Group's equity-settled compensation scheme in respect of RSPs and PSPs), and referred to hereafter as 'weighted average number of shares', is used in calculating all the basic earnings, headline earnings and cash flow per share amounts below:

		2023 Number of shares	2022 Number of shares
Issued shares (net of treasury shares) at the beginning of the reporting period	(millions)	**368.3**	396.3
Weighted average number of shares issued and repurchased during the reporting period	(millions)	**0.3**	(12.1)
Weighted average number of shares for the reporting period	(millions)	**368.6**	384.2

		2023	2022
33.1 Basic and headline earnings basis			
Basic earnings per share	(cents)	**888.5**	794.1
Headline earnings per share	(cents)	**873.3**	779.8

		2023 Number of shares	2022 Number of shares
33.2 Diluted basic and headline earnings basis			
Weighted average number of shares for the reporting period	(millions)	**368.6**	384.2
Add: Dilutive effect of share options, restricted shares and share appreciation rights	(millions)	**5.1**	4.5
Diluted weighted average number of shares for the reporting period	(millions)	**373.7**	388.7

The dilution arises from equity based awards outstanding in respect of the equity-settled share schemes. The amount of the dilution is calculated with reference to the difference between the fair value and the issue price of the company's shares, the issue price being adjusted for the cost of share-based payments, being the fair value of services to be received. Fair value is determined using the weighted average market price of the shares during the period.

		2023	2022
Diluted basic earnings per share	(cents)	**876.4**	784.9
Percentage dilution in basic earnings per share	(%)	**(1.4)**	(1.2)
Diluted headline earnings per share	(cents)	**861.4**	770.8
Percentage dilution in headline earnings per share	(%)	**(1.4)**	(1.2)

33.3 Cash flow basis

This basis focuses on the cash inflow actually achieved during the reporting period. Cash flow per share is calculated by dividing cash inflow from operations by the weighted average number of shares.

		2023	2022
Cash inflow from operations	(Rm)	**3 522**	3 548
Cash flow per share	(cents)	**955.5**	923.0

			2023	2022
33	**EARNINGS AND CASH FLOW PER SHARE** (continued)			
33.4	**Cash equivalent earnings basis**			
	This basis recognises the potential of the earnings stream to generate cash. It is therefore an indicator of the underlying quality of earnings. Cash equivalent earnings per share is calculated by dividing the cash equivalent earnings by the weighted average number of shares.			
	Profit for the period	(Rm)	**3 288**	3 067
	Adjusted for:			
	Non-cash items (refer to note 35.1)	(Rm)	**1 429**	1 276
	Deferred tax (refer to note 9)	(Rm)	**24**	93
	Cash equivalent earnings	(Rm)	**4 741**	4 436
	Cash equivalent earnings per share	(cents)	**1 286.2**	1154.6
33.5	**Cash realisation rate**			
	This represents the potential cash earnings realised and is derived by dividing cash flow per share by cash equivalent earnings per share.	(%)	**74**	80

34 RELATED PARTY DISCLOSURES

Post-retirement benefit plans

The Group is a participating employer in various defined contribution retirement plans as well as defined benefit healthcare plans. Refer to notes 30.2 and 30.3 for further information.

Key management personnel

Details relating to executive and non-executive directors' remuneration and shareholdings (including equity-based awards) in the company are disclosed in notes 30.1, 30.5 and Annexure Two respectively. Directors of the company and of the subsidiaries, Truworths Ltd and Office Holdings Ltd, have been classified as key management personnel. Below is a summary of the total compensation incurred in relation to the 22 (2022: 23) employees constituting key management personnel for the period.

	2023 Rm	2022 Rm
Category		
Short-term benefits	**104**	92
Equity-settled compensation benefits	**21**	13
Total remuneration	**125**	105

Details of secured loans made pursuant to key management personnel's participation in the share incentive scheme are disclosed in note 8.1.

Interest of directors in contracts

Except as disclosed below, no directors have a material direct or indirect interest in any transaction with the company or any of its subsidiaries.

Other related parties

The Group has identified the Truworths Chairman's Foundation, the Truworths Community Foundation, the Truworths Social Involvement Trust and the Truworths Enterprise Development Trust as related parties because of the Group's involvement in charitable and developmental activities. The Group has not consolidated these entities as it is not exposed to variable returns from them and any non-financial benefit is considered to be insignificant. The total net assets and total comprehensive income for the four entities are R222 million (2022: R201 million) and R27 million (2022: income of R6 million) respectively. Except for the R8 million donated to Truworths Community Foundation in the current period, no donations were made to these trusts during either of the current or prior periods. No financial benefits were derived by the Group from these relationships. Refer to note 8.2 for further information relating to the loan balances owing by the charitable trusts.

		Note	2023 Rm	2022 Rm
35	**NOTES TO THE STATEMENTS OF CASH FLOWS**			
35.1	**Cash flow from profit before tax**			
	Profit before tax		**4 397**	4 182
	Add: Non-cash items		**1 429**	1 276
	Depreciation and amortisation		**1 374**	1 185
	Restoration cost provision movement		**3**	54
	Interest adjustments		**-**	2
	Supplier loan set-off		**-**	(1)
	Fair value adjustment of loan		**5**	-
	Movement in leave pay obligation		**29**	20
	Net interest accrued		**4**	(1)
	Fair value adjustment of put options held by non-controlling interests	24	**(31)**	29
	Notional interest adjustment on loans to share scheme participants		**-**	1
	Expected credit losses allowance on supplier development loans	8.3	**(1)**	8
	Reversal of impairment of property, plant and equipment	2	**(14)**	(1)
	Unrealised foreign exchange losses/(gains)		**12**	(51)
	Covid-19 rent concessions	29.4	**(6)**	(19)
	Post-retirement medical benefit expense	19.2	**6**	7
	Net (reversal of impairment)/impairment of right-of-use assets		**(65)**	(33)
	Gain on IFRS 16 re-measurements and modifications	28	**(39)**	(40)
	Loss on write-off or disposal of plant, equipment and intangible assets	29.6	**8**	11
	Fair value adjustment of insurance cell captive	7.2, 29.6	**7**	(2)
	Share-based payments: equity-settled	30.6.1	**137**	107
	Interest received		**(1 139)**	(791)
	Interest income	28	**(1 143)**	(789)
	Non-cash interest income		**4**	(2)
	Dividends received	28	**(16)**	(10)
	Interest paid		**370**	236
	Interest expense	29.7	**378**	235
	Non-cash interest expense		**(8)**	1
	Insurance proceeds of plant and equipment		**-**	(50)
	Contribution to post-retirement medical benefit plan asset	19.1	**(3)**	(5)
	Cash inflow		**5 038**	4 838
35.2	**Working capital movements**			
	Increase in inventories		**(298)**	(59)
	Increase in trade and other receivables and prepayments		**(626)**	(618)
	Reduction in trade and other payables and provisions		**(303)**	(269)
	Cash outflow		**(1 227)**	(946)

		Note	2023 Rm	2022 Rm
35	**NOTES TO THE STATEMENTS OF CASH FLOWS** (continued)			
35.3	**Tax paid**			
	Amounts owing at the beginning of the reporting period		**(153)**	(42)
	Current tax charged to profit or loss		**(1 085)**	(1 022)
	Africa segment current tax	31.1	**(911)**	(890)
	UK segment current tax	31.1	**(174)**	(132)
	Foreign exchange movements charged to equity		**(32)**	2
	Amounts owing at the reporting date		**202**	153
	Cash outflow		**(1 068)**	(909)
35.4	**Dividends paid**			
	Unclaimed dividends due to shareholders at the beginning of the reporting period		**(3)**	(3)
	Amounts charged to equity	32	**(1 990)**	(1 646)
	Unclaimed dividends due to shareholders at the reporting date	22	**4**	3
	Cash outflow		**(1 989)**	(1 646)
35.5	**Acquisition of property, plant and equipment to expand operations**			
	Equipment, furniture and fittings		**(440)**	(210)
	Computer equipment		**(21)**	(29)
	Buildings		**(136)**	-
	Motor vehicles		**(2)**	(2)
	Cash outflow		**(599)**	(241)
35.6	**Acquisition of plant and equipment to maintain operations**			
	Equipment, furniture and fittings		**(64)**	(54)
	Computer equipment		**(5)**	(7)
	Buildings		**(9)**	-
	Motor vehicles		**(1)**	-
	Cash outflow		**(79)**	(61)
35.7	**Leases paid**			
	Payment of principal portion of lease liabilities		**(1 254)**	(1 134)
	Cash outflow		**(1 254)**	(1 134)

36 DISTRIBUTION CENTRE

On 2 August 2022 the Group concluded a suite of agreements with the Atterbury group to establish a 50/50 joint operation to acquire a 99-year leasehold title to industrial land, and develop thereon a distribution centre (DC) for the Truworths Africa segment. The DC was designed and is being constructed in accordance with 'green' building standards to meet the requirements for EDGE Advanced certification.

The Group's 50% share in the DC will be held in a newly formed wholly-owned subsidiary, K2022434602 (South Africa) (Pty) Ltd trading as Truworths Real Estate Investment Company (TREIC). Upon completion of construction, the DC will be leased by the joint operators TREIC and King Air Industria (Pty) Ltd (KAI) (a subsidiary of the Atterbury group) to the Group's main operating subsidiary, Truworths Ltd, for an initial period of 15 years. Truworths Ltd is responsible for the procurement and installation of the materials handling equipment. Construction is expected to be completed in the second half of the 2023 calendar year.

Around mid-December 2022 TREIC took transfer of 50% of the leasehold rights in the land at a cost of R77 million. The leasehold rights constitute a lease in terms of IFRS 16 and accordingly a right-of-use asset was recognised in December 2022. As the full purchase consideration for the land was paid on transfer, no corresponding lease liability was recognised. The right-of-use asset in respect of the leasehold rights will be depreciated over the 99-year lease term. Refer to note 3 for further information.

At the reporting date TREIC has incurred and capitalised construction costs in the amount of R100 million. No depreciation has been recognised.

In December 2022 the Group, acting through TREIC, concluded a R350 million term loan facility to fund its share of the land and development costs of the DC. The term loan is classified as a 'green loan', subject to EDGE Advanced certification. Refer to note 16 for further information.

The interest incurred on this facility is being capitalised to the DC in terms of IAS 23. At the reporting date interest of R7 million had been incurred and capitalised.

Truworths Ltd has entered into a separate agreement with another service provider to supply and install the materials handling equipment. At the reporting date R223 million had been incurred and capitalised to plant and equipment.

37 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 United Kingdom, Germany (discontinued during the reporting period) 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.

37 SEGMENT REPORTING (continued)

37.1 Reportable segment information

	Note	Truworths Rm	Office Rm	Consoli-dation entries Rm	Group Rm
2023					
Total third party revenue	28	**16 112**	**5 907**	**(27)**	**21 992**
Third party		**16 088**	**5 904**	**-**	**21 992**
Inter-segment		**24**	**3**	**(27)**	**-**
Trading expenses		**6 057**	**1 738**	**(23)**	**7 772**
Depreciation and amortisation	29.2	**1 139**	**220**	**-**	**1 359**
Employment costs	29.3	**1 915**	**590**	**(16)**	**2 489**
Occupancy costs	29.4	**604**	**357**	**-**	**961**
Trade receivable costs	29.5	**1 265**	**18**	**-**	**1 283**
Other operating costs	29.6	**1 134**	**553**	**(7)**	**1 680**
Interest income	28	**1 130**	**14**	**(1)**	**1 143**
Finance costs	29.7	**350**	**29**	**(1)**	**378**
Profit for the period		**2 478**	**810**	**-**	**3 288**
Profit before tax		**3 374**	**1 023**	**-**	**4 397**
Tax expense		**(896)**	**(213)**	**-**	**(1 109)**
EBITDA		**4 863**	**1 272**	**(1)**	**6 134**
Segment assets		**18 739**	**3 243**	**(5 849)***	**16 133**
Segment liabilities		**6 544**	**1 948**	**(13)***	**8 479**
Capital expenditure		**651**	**94**	**-**	**745**
Key ratios					
Gross margin (%)		**55.4**	**45.2**	**-**	**52.5**
Trading margin (%)		**18.1**	**18.3**	**-**	**18.2**
Operating margin (%)		**26.2**	**18.5**	**-**	**24.0**
Inventory turn (times)		**4.5**	**3.8**	**-**	**4.2**
Account:cash sales mix (%)		**70:30**	**0:100**	**-**	**51:49**
2022					
Total third party revenue	28	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	29.2	1 046	115	-	1 161
Employment costs	29.3	1 806	471	(10)	2 267
Occupancy costs	29.4	575	226	-	801
Trade receivable costs	29.5	851	-	-	851
Other operating costs	29.6	1 000	533	(6)	1 527
Interest income	28	806	-	(17)	789
Finance costs	29.7	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
Key ratios					
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 (%)		68:32	0:100	-	52:48

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

		2023 Contribution to revenue Rm	2023 %	2022 Contribution to revenue Rm	2022 %
37	**SEGMENT REPORTING** (continued)				
37.2	**Third party revenue**				
	South Africa	**15 563**	**70.8**	14 139	73.1
	United Kingdom	**5 501**	**25.0**	4 343	22.5
	Republic of Ireland	**276**	**1.3**	220	1.1
	Namibia	**187**	**0.9**	162	0.8
	Botswana	**169**	**0.8**	150	0.8
	Eswatini	**119**	**0.5**	109	0.6
	Germany	**116**	**0.5**	129	0.7
	Lesotho	**31**	**0.1**	30	0.2
	Zambia	**19**	**0.1**	18	0.1
	Rest of Europe#	**7**	**- ***	12	- *
	United States#	**3**	**- ***	19	0.1
	Middle East and Asia#	**1**	**- ***	2	- *
	Mauritius	**-**	**- ***	4	- *
	Kenya	**-**	**- ***	3	- *
	Total third party revenue (refer to note 28)	**21 992**	**100**	19 340	100

* Zero due to rounding

Ecommerce revenue

		Note	2023 Contribution to sale of merchandise Rm	2023 %	2022 Contribution to sale of merchandise Rm	2022 %
37.3	**Components of sale of merchandise**					
	Truworths ladieswear		**3 924**	**19.7**	3 730	20.8
	Truworths designer emporium*		**1 459**	**7.3**	1 244	7.0
	Truworths ladieswear		**5 383**	**27.0**	4 974	27.8
	Office		**5 621**	**28.3**	4 536	25.4
	Truworths menswear**		**3 734**	**18.8**	3 645	20.4
	Identity		**2 420**	**12.2**	2 287	12.8
	Truworths kids emporium@		**1 522**	**7.7**	1 409	7.9
	Other#		**1 947**	**9.8**	1 671	9.3
	Group retail sales		**20 627**	**103.8**	18 522	103.6
	Wholesale sales		**25**	**0.1**	18	0.1
	Delivery fee income		**76**	**0.3**	77	0.4
	Variable consideration adjustments^		**(834)**	**(4.2)**	(731)	(4.1)
		28	**19 894**	**100**	17 886	100
	YDE agency sales		**233**		230	

* Daniel Hechter Ladies, Ginger Mary, Glamour, LTD Ladies and Earthaddict.
** Truworths Man, Uzzi, Daniel Hechter Mens, LTD Mens and Fuel.
@ LTD Kids, Earthchild and Naartjie.
# Cosmetics, cellular, Truworths Jewellery, Office London (South Africa), Loads of Living and Primark.
^ Refer to note 28 for further information.

		2023 Rm	2022 Rm
37	**SEGMENT REPORTING** (continued)		
37.4	**Non-current assets**		
	United Kingdom	**481**	350
	South Africa	**2 446**	2 139
	Germany	**-**	3
	Namibia	**9**	6
	Botswana	**15**	17
	Eswatini	**2**	3
		2 953	2 518

Non-current assets represent property, plant and equipment, goodwill and intangible assets.

		Note	2023 Rm	2022 Rm
37.5	**Right-of-use assets**			
	United Kingdom		**552**	160
	South Africa		**2 562**	2 250
	Germany		**-**	20
	Namibia		**41**	43
	Republic of Ireland		**94**	59
	Zambia		**13**	3
	Botswana		**42**	46
	Eswatini		**20**	7
	Lesotho		**5**	6
		3	**3 329**	2 594

38 EVENTS AFTER THE REPORTING DATE

No event which is material to the understanding of this report has occurred between the reporting date and the date of this report.

COMPANY ANNUAL FINANCIAL STATEMENTS

CONTENTS

Registration number: 1944/017491/06
Registered office: No.1 Mostert Street, Cape Town, 8001, South Africa

COMPANY STATEMENTS OF FINANCIAL POSITION

	Note	at 2 July 2023 R'000	at 3 July 2022 R'000
ASSETS			
Non-current assets			
Assets held at fair value	2	**28 797 456**	21 552 676
Current assets		**9 489**	10 401
Loans and other receivables	3	**854**	3 739
Tax receivable	16.3	**78**	-
Cash and cash equivalents	4	**8 557**	6 662
Total assets		**28 806 945**	21 563 077
EQUITY AND LIABILITIES			
Total equity		**27 219 663**	20 008 757
Share capital and premium	5,6	**61**	61
Treasury shares	7	**-**	(20 727)
Retained earnings		**6 746 782**	6 802 915
Non-distributable reserves	8	**20 472 820**	13 226 508
Current and total liabilities		**1 587 282**	1 554 320
Loans and other payables	9	**1 587 282**	1 554 300
Tax payable	16.3	**-**	20
Total equity and liabilities		**28 806 945**	21 563 077

COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Note	53 weeks to 2 July 2023 R'000	52 weeks to 3 July 2022 R'000
Revenue	12	**2 157 674**	1 794 660
Other income	12	**12 486**	15 460
Trading expenses		**(20 751)**	(14 829)
Employment costs	13.1	**(9 037)**	(8 022)
Other operating costs	13.2	**(11 714)**	(6 807)
Trading (loss)/profit		**(8 265)**	631
Dividend income	12	**2 144 619**	1 778 348
Interest income	12	**569**	852
Profit before tax		**2 136 923**	1 779 831
Tax income/(expense)	14.1	**39**	(75)
Profit for the period		**2 136 962**	1 779 756
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Fair value adjustment on assets held at fair value	8.2	**4 389**	1 430
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Revaluation of subsidiaries	8.2	**7 241 923**	(3 089 196)
Other comprehensive income/(losses) for the period		**7 246 312**	(3 087 766)
Total comprehensive profit/(loss) for the period		**9 383 274**	(1 308 010)

COMPANY STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital and premium R'000	Treasury shares R'000	Retained earnings R'000	Non-distri-butable reserves R'000	Total equity R'000
2023						
Balance at the beginning of the reporting period		**61**	**(20 727)**	**6 802 915**	**13 226 508**	**20 008 757**
Total comprehensive income for the period		**-**	**-**	**2 136 962**	**7 246 312**	**9 383 274**
Profit for the period		**-**	**-**	**2 136 962**	**-**	**2 136 962**
Other comprehensive income for the period	8.2	**-**	**-**	**-**	**7 246 312**	**7 246 312**
Dividends declared	15	**-**	**-**	**(2 144 619)**	**-**	**(2 144 619)**
Shares repurchased	7	**-**	**(27 749)**	**-**	**-**	**(27 749)**
Shares cancelled	5,7	**-**	**48 476**	**(48 476)**	**-**	**-**
Balance as at 2 July 2023		**61**	**-**	**6 746 782**	**20 472 820**	**27 219 663**
2022						
Balance at the beginning of the reporting period		520 625	-	7 848 040	16 314 274	24 682 939
Total comprehensive income for the period		-	-	1 779 756	(3 087 766)	(1 308 010)
Profit for the period		-	-	1 779 756	-	1 779 756
Other comprehensive loss for the period	8.2	-	-	-	(3 087 766)	(3 087 766)
Dividends declared	15	-	-	(1 778 348)	-	(1 778 348)
Shares repurchased	7	-	(1 587 824)	-	-	(1 587 824)
Shares cancelled	5,6	(520 564)	1 567 097	(1 046 533)	-	-
Balance as at 3 July 2022		61	(20 727)	6 802 915	13 226 508	20 008 757

COMPANY STATEMENTS OF CASH FLOWS

	Note	53 weeks to 2 July 2023 R'000	52 weeks to 3 July 2022 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash outflow from profit before tax	16.1	**(507)**	(1 091)
Dividends received		**2 144 619**	1 778 348
Working capital movements	16.2	**(1 183)**	(113)
Cash generated from operations		**2 142 929**	1 777 144
Interest received	16.1	**569**	923
Tax paid	16.3	**(59)**	(46)
Cash inflow from operations		**2 143 439**	1 778 021
Dividends paid	16.4	**(2 144 006)**	(1 777 875)
Net cash (outflow)/inflow from operating activities		**(567)**	146
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans advanced to subsidiary company	16.5	**-**	(24 100)
Net cash used in investing activities		**-**	(24 100)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received from subsidiary company	16.6	**2 462**	-
Net cash generated from financing activities		**2 462**	-
Net increase/(decrease) in cash and cash equivalents		**1 895**	(23 954)
Cash and cash equivalents at beginning of period		**6 662**	30 616
CASH AND CASH EQUIVALENTS AT THE REPORTING DATE	4	**8 557**	6 662

		Note	2023 R'000	2022 R'000
2	**ASSETS HELD AT FAIR VALUE**			
	Shares in Truworths Ltd*	11.6.2	**22 392 584**	20 637 263
	Shares in Truworths UK Holdco 1 Ltd*	11.6.2	**5 835 902**	783 913
	Shares in Young Designers Emporium (Pty) Ltd*	11.6.2	**302 766**	110 586
	Shares in Truworths Trading (Pty) Ltd*	11.6.2	**242 433**	-
	Insurance cell captive**	2.1	**12 709**	14 241
	Personal lines insurance business arrangement*	2.2	**11 062**	6 673
	Balance at the reporting date		**28 797 456**	21 552 676

A detailed listing of all subsidiaries is contained in Annexure One.
*   Held at fair value through other comprehensive income
** Held at fair value through profit or loss

2.1 Insurance cell captive

This cell, underwritten by Old Mutual Insure, receives a portion of the Group's short-term insurance premiums and meets the Group's corporate short-term insurance claims as and when they arise up to a prescribed limit.

The interest in the insurance cell is represented by an investment in 1 C1 Class variable rate redeemable profit participating preference share in Mutual & Federal Risk Financing Limited, entitling the Group to the profits of the cell. Dividends received are accounted for as dividend income.

The Group is required to ensure that the insurance cell remains in a financially sound condition at all times and maintains capital adequacy requirements (CAR) as determined by various regulatory bodies and Old Mutual Insure. If the Group fails to maintain the CAR, it will be required to subscribe for further shares at such premium sufficient to restore the insurance cell to a financially sound condition.

The insurance cell has been valued at its net asset value at the reporting date in accordance with the agreement with Old Mutual Insure and approximates fair value.

	Note	2023 R'000	2022 R'000
Fair value at the reporting date	11.6.2	**12 709**	14 241

2.2 Personal lines insurance business arrangement

The Group has a business arrangement with Hollard Life Assurance Company Ltd (Hollard) in terms of which Hollard underwrites the account balance protection and life insurance products offered by the Group as a representative of Hollard for the benefit of the customers of the Group.

The Group's interest is represented by an investment in 50 A1 Class ordinary shares in Hollard Business Associates (Pty) Ltd entitling the Group to a share of the profits of the business arrangement. Dividends received are accounted for as dividend income.

The Group's interest in the business arrangement has been valued to approximate its net asset value, as calculated per the formula in the agreement with Hollard. Hollard carries 100% of the insurance risk.

	Note	2023 R'000	2022 R'000
Fair value at the reporting date	11.6.2	**11 062**	6 673

		2023 R'000	2022 R'000
3	**LOANS AND OTHER RECEIVABLES**		
	Interest receivable	**2**	1
	Amount due by Truworths UK Holdco 1 Ltd	**44**	3 738
	Accrued income *	**800**	-
	Other receivables	**8**	-
	Balance at the reporting date	**854**	3 739

* This relates to management fees from Truworths Limited

The directors consider the carrying amount of all loans and other receivables to approximate their fair values.

Terms and conditions of financial assets:

- The amount owing by Truworths UK Holdco 1 Ltd is unsecured, interest-free and repayable on demand.

Refer to note 11.3 for further information relating to credit risk management.

		2023 R'000	2022 R'000
4	**CASH AND CASH EQUIVALENTS**		
	Balance at the reporting date	**8 557**	6 662

Cash and cash equivalents comprise balances with banks, which earn interest based on floating daily bank deposit rates. Refer to notes 11.2.1 and 11.3 for further information relating to interest rate risk and credit risk management respectively.

		2023 R'000	2022 R'000
5	**SHARE CAPITAL**		
	Ordinary share capital		
	Authorised		
	650 000 000 (2022: 650 000 000) ordinary shares of 0.015 cent each	**98**	98
	Issued and fully paid		
	408 498 899 (2022: 409 455 554) ordinary shares of 0.015 cent each	**61**	61

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.

	2023 Number of shares 000's	2022 Number of shares 000's
Reconciliation of movement in issued shares		
Balance at the beginning of the period	**409 455**	438 407
Shares repurchased and cancelled during the period	**(957)**	(28 952)
Balance at the reporting date	**408 498**	409 455

During the current period 556 655 (2022: 28 951 829) shares were repurchased, cancelled and delisted from the JSE and NSX at an average price of R49.85 (2022: R54.13) and for an aggregate nominal value of R83 (2022: R4 343) and an aggregate premium of R27 748 987 (2022: R1 567 091 500).

400 000 shares that were repurchased in the prior period from the JSE and NSX at an average price of R51.82 and for an aggregate nominal value of R144 and an aggregate premium of R20 726 912 were cancelled and delisted in the current period.

Of the total purchase consideration R48 million was charged against retained income.

			2023 R'000	2022 R'000
6	**SHARE PREMIUM**			
	Balance at the beginning of the period		**-**	520 559
	Premium reduced on shares repurchased and cancelled		**-**	(520 559)
	Balance at the reporting date		**-**	-

		2023 Number of shares 000's	2022 Number of shares 000's	2023 Cost R'000	2022 Cost R'000
7	**TREASURY SHARES**				
	Balance at the beginning of the period	**400**	-	**20 727**	-
	Shares repurchased by the company	**557**	29 352	**27 749**	1 587 824
	Shares cancelled	**(957)**	(28 952)	**(48 476)**	(1 567 097)
	Balance at the reporting date	**-**	400	**-**	20 727

			2023 R'000	2022 R'000
8	**NON-DISTRIBUTABLE RESERVES**			
	Equity-settled compensation reserve	8.1	**137 790**	137 790
	Revaluation reserve	8.2	**20 389 454**	13 143 142
	Cash flow hedging reserve	8.3	**(54 424)**	(54 424)
	Balance at the reporting date		**20 472 820**	13 226 508
8.1	**Reconciliation of equity-settled compensation reserve**			
	Balance at the beginning of the period		**137 790**	137 790
	Movement in equity-settled share schemes		**-**	-
	Balance at the reporting date		**137 790**	137 790
8.2	**Reconciliation of revaluation reserve**			
	Balance at the beginning of the period		**13 143 142**	16 230 908
	Fair value adjustment*		**7 246 312**	(3 087 766)
	Balance at the reporting date		**20 389 454**	13 143 142

*Fair value adjustments comprise the revaluation gain for Truworths Ltd of R1 755 321 000 (2022: loss of R3 301 326 000), gain for Young Designers Emporium (Pty) Ltd of R192 181 000 (2022: gain of R110 586 000), gain for Truworths UK Holdco 1 Ltd of R5 051 988 000 (2022: gain of R330 142 000), gain for Truworths Trading (Pty) Ltd of R242 433 000 (2022: loss of R228 598 000) and gain for the personal lines insurance business arrangement of R4 389 000 (2022: gain of R1 430 000).

		2023 R'000	2022 R'000
8.3	**Cash flow hedging reserve**		
	Balance at the beginning and end of the reporting period	**(54 424)**	(54 424)

		Note	2023 R'000	2022 R'000
9	**LOANS AND OTHER PAYABLES**			
	Amount owing to Truworths Ltd	16.6	**1 581 745**	1 545 308
	Value added tax		**125**	804
	Other payables and accrued expenses		**1 783**	5 172
	Unclaimed dividends owing to shareholders	16.4	**3 629**	3 016
	Balance at the reporting date		**1 587 282**	1 554 300

The directors consider the carrying amounts of all loans and other payables to approximate their fair values.
Terms and conditions of financial liabilities:

- The amount owing to Truworths Ltd is interest-free and repayable on demand.
- Other payables and accrued expenses and Value added tax are non-interest-bearing provided they are settled within their respective credit terms.
- Unclaimed dividends owing to shareholders are non-interest-bearing and are repayable on demand.

Refer to note 11.4 for further information relating to liquidity risk management.

10 CONTINGENT LIABILITIES

The company is a guarantor for Truworths Ltd's and Truworths UK Holdco 2 Ltd's external borrowings.

11 FINANCIAL RISK MANAGEMENT

11.1 In the ordinary course of business operations, the company is exposed to a variety of financial risks arising from the use of financial instruments. These risks include:

- market risk (comprising interest rate risk and other price risk);
- credit risk; and
- liquidity risk.

The board of the company is responsible for risk governance, including in relation to financial risks, and is assisted by the directors of Truworths Ltd. The Risk Committee, a committee of the Truworths Ltd board, oversees the management of financial risks relating to the company's operations. The board has adopted King IV's risk governance and management principles and has established a policy framework which guides the company's risk management processes. These policies and guidelines are periodically examined by senior executives and adjusted, if necessary, to ensure that changes in the business and economic environment have been taken into account.

11.1.1 Treasury risk management objectives and policies

The board, acting on the recommendations of the Investment Committee, oversees the management of the company's treasury function. It has developed and issued a comprehensive treasury policy and process to monitor and control the risks arising from the treasury function. The Investment Committee, which consists of senior executives, meets regularly to update treasury risk policies and objectives, as well as to re-evaluate risk management strategies against revised economic forecasts. Policy amendments have to be submitted to the board for approval. Compliance with the treasury policy is reviewed regularly by internal audit.

11.2 Market risk management

The company's exposure to market risk relates to interest rate risk and other price risk. Market risk is managed by identifying and quantifying risks on the basis of current and future expectations and by ensuring that all treasury trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described below. There has been no change in the company's exposure to market risk or the manner in which it manages and measures the risk since the prior reporting period.

11 FINANCIAL RISK MANAGEMENT (continued)
11.2 Market risk management (continued)
11.2.1 Interest rate risk

The company is exposed to cash flow interest rate risk on its floating rate cash and cash equivalents. The company does not hold any fixed rate interest instruments.

The company is not geared and is therefore not subject to interest rate risk on borrowings.

Interest rate analysis

No interest-bearing instruments have a maturity profile exceeding one year. The interest rates of interest-bearing instruments at the reporting date are summarised below:

	2023 %	2022 %
Floating rate at the reporting date for balances with banks	**8.4**	4.9

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on a fluctuation of 100 basis points in the prime interest rate and assumes that all other variables remain constant. A fluctuation of 100 basis points in the prime interest rate is considered appropriate based on recent forecasts and economic indicators.

A change of 100 basis points in interest rates would not have a material impact on the profits of the company. The analysis was performed on the same basis for 2022.

11.2.2 Other price risk

The company is exposed to fluctuations in its own share price due to shares held in subsidiaries that are classified as equity instruments measured at fair value through other comprehensive income. Refer to note 11.6 for further information relating to the relevant valuation techniques used in determining the fair value of investments in subsidiaries.

The share price sensitivity analysis was calculated by increasing or decreasing the company's share price at the reporting date used in the valuations of subsidiaries by 30% (2022: 30%), assuming that all other variables remain constant. This is considered to be appropriate based on historical share price movements. The impact on the company's equity is set out in the table below:

	2023 R'000	2022 R'000
Effect on equity		
Impact of share price movement before tax	**8 632 106**	6 459 529

11.3 Credit risk

The company's exposure to credit risk relates to loans and other receivables and cash and cash equivalents. Refer to note 3 for further information relating to loans and other receivables and note 4 for cash and cash equivalents.

The company's maximum exposure to credit risk amounted to R10 million (2022: R10 million) at the reporting date. Loans and other receivables totalling R1 million (2022: R4 million) are neither past due nor impaired.

11.3.1 Loans and other receivables

Truworths UK Holdco 1 Ltd is in a sound financial position and has the ability to repay the loan on demand, therefore the company is not exposed to significant credit risk on this unsecured loan.

11.3.2 Cash and cash equivalents

The company invests surplus cash only with A1+ (ZA) and approved A1 (ZA) rated financial institutions. The amount of exposure to any one counterparty is subject to the limits imposed by the Group's treasury policy in order to achieve a spread of risk and opportunity.

11 FINANCIAL RISK MANAGEMENT (continued)

11.4 Liquidity risk

The company's exposure to liquidity risk relates to loans and other payables.

The expected maturity profile of the company's financial liabilities at the reporting date, based on contractual undiscounted payments, including contractual interest payable (where applicable), is as follows:

	Note	Settled on demand R'000	Settled before 30 days R'000	Settled between 30-59 days R'000	Total R'000
2023					
Amount owing to Truworths Ltd	9	**1 581 745**	**-**	**-**	**1 581 745**
Other payables and accrued expenses		**-**	**31**	**1 684**	**1 715**
Unclaimed dividends due to shareholders	9	**3 629**	**-**	**-**	**3 629**
		1 585 374	**31**	**1 684**	**1 587 089**
2022					
Amount owing to Truworths Ltd	9	1 545 308	-	-	1 545 308
Other payables and accrued expenses		-	17	4 928	4 945
Unclaimed dividends due to shareholders	9	3 016	-	-	3 016
		1 548 324	17	4 928	1 553 269

11.5 Items of income, expense, gains or losses

	Fair value gains/ (losses) R'000	Dividends received R'000	Interest received R'000	Net gains/ (losses) R'000
2023				
Financial assets and liabilities				
Assets held at fair value	**7 238 554**	**2 144 619**	**-**	**9 383 173**
Loans and receivables	**-**		**569**	**569**
2022				
Financial assets and liabilities				
Assets held at fair value	(3 086 044)	1 778 348	-	(1 307 696)
Loans and receivables	-	-	852	852

11 FINANCIAL RISK MANAGEMENT (continued)

11.6 Fair value of financial instruments

11.6.1 Fair value measurement

All financial instruments have been recognised in the statements of financial position and there is no material difference between their fair values and carrying amounts. The following methods and assumptions were used by the company in establishing fair values:

Financial assets and liabilities (other than assets held at fair value)

Carrying amounts reported in the statements of financial position at amortised cost approximate fair values. The fair value of the financial instruments at the reporting date has been determined using available market information and appropriate valuation methodologies.

Assets held at fair value through other comprehensive income

Shares in subsidiaries are classified as equity instruments and are measured at fair value through other comprehensive income. Direct subsidiaries of Truworths International Ltd include Truworths Ltd (the Group's main trading subsidiary in South Africa), Truworths UK Holdco 1 Ltd (the Group's UK investment holding company), Young Designers Emporium (Pty) Ltd (the YDE trading subsidiary) and Truworths Trading (Pty) Ltd (the Group's treasury share investment holding company).

In prior periods the Group determined the fair value of subsidiaries using a combination of market capitalisation (determined with reference to the Company's closing share price on the stock exchange operated by the JSE, multiplied by its number of shares in issue), relative entity profit performance, net asset value (where relevant) and, in the case of Truworths UK Holdco 1 Ltd, a discounted cash flow approach. During the current period the Group has enhanced its fair value methodology to include income valuation multiples, specifically enterprise value (EV)/EBITDA, adjusted for control, marketability and other relevant factors. This methodology ensures a more consistent valuation approach across the Group's main trading subsidiaries and is expected to better reflect current market valuations. This change drove the revaluations recognised below due to improved market conditions experienced across all entities.

The fair value of the company's investments in Truworths Ltd, Truworths UK Holdco 1 Ltd and Young Designers Emporium (Pty) Ltd is determined as follows:
The combined enterprise value of these entities is determined by applying published EV/EBITDA multiples to their combined adjusted EBITDA. This enterprise value is adjusted to a pre-IFRS 16 base and used to determine a pre-IFRS 16 EV/EBITDA multiple to calculate the enterprise value, and subsequently the equity value, of each subsidiary. In the determination of equity value relevant adjustments are made for control, marketability and size of each subsidiary. The resulting EV/EBITDA multiples are compared to peer group multiples to test the reasonability of the result. This methodology combines the principles of the income and market approach.

The fair value of the Group's treasury share holding company, Truworths Trading (Pty) Ltd, is determined with reference to that company's net asset value which approximates its fair value given the nature of the underlying assets and liabilities in that entity. The approximate fair value of the Group's short-term insurance cell captive and personal lines insurance business arrangement is determined with reference to the net asset value of these interests per management accounts prepared by third parties.

The fair value of the investment in subsidiaries (excluding Truworths Trading (Pty) Ltd, the insurance cell captive and the personal lines insurance business arrangement) is sensitive to changes in the EV/EBITDA multiple of the Group, the subsidiaries' EBITDA and the appropriate control premium. A 0.1 times increase or decrease in the EV/EBITDA multiple increases or decreases the combined enterprise value of these assets by approximately R580 million while a 1 percentage point increase or decrease in the control premium increases or decreases their equity value by approximately R260 million.

Valuation assumption	**2023**
Truworths International Limited Group EV/EBITDA multiple	4.7 times
South African peer group EV/EBITDA multiple range	4.5 times to 6.1 times
Control premium	20%

11.6.2 Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

11 FINANCIAL RISK MANAGEMENT (continued)
11.6 Fair value of financial instruments (continued)
11.6.2 Fair value hierarchy (continued)

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

At the reporting date, the company's assets held at fair value were the only financial assets measured at fair value through other comprehensive income or fair value through profit and loss. The fair value measurement of these assets is classified as level 3.

A reconciliation of the movements in each of the assets held at fair value is set out below:

	Note	2023 R'000	2022 R'000
Shares in Truworths Ltd			
Balance at the beginning of the period		**20 637 263**	23 938 589
Revaluation recognised in other comprehensive income*	8.2	**1 755 321**	(3 301 326)
Balance at the reporting date	2	**22 392 584**	20 637 263
Shares in Office: Truworths UK Holdco 1 Ltd			
Balance at the beginning of the period		**783 913**	453 771
Revaluation recognised in other comprehensive income^	8.2	**5 051 989**	330 142
Balance at the reporting date	2	**5 835 902**	783 913
Shares in Young Designers Emporium (Pty) Ltd			
Balance at the beginning of the period		**110 586**	-
Revaluation recognised in other comprehensive income*	8.2	**192 180**	110 586
Balance at the reporting date	2	**302 766**	110 586
Shares in Truworths Trading (Pty) Ltd			
Balance at the beginning of the period		**-**	228 598
Revaluation recognised in other comprehensive income*	8.2	**242 433**	(228 598)
Balance at the reporting date	2	**242 433**	-
Insurance cell captive			
Balance at the beginning of the period		**14 241**	15 759
Premiums received during the period		**14 434**	16 069
Claims paid during the period		**(8 208)**	(19 309)
Fair value adjustment recognised in (other operating costs) / other income	12,13.2	**(7 758)**	1 722
Balance at the reporting date	2.1	**12 709**	14 241
Personal lines insurance business arrangement			
Balance at the beginning of the period		**6 673**	5 243
Fair value adjustment	8.2	**4 389**	1 430
Balance at the reporting date	2.2	**11 062**	6 673

^ The valuation assumptions took into account the following:
In the United Kingdom, trading conditions were much improved in the current period as tourism rebounded and workers returned to the office after all COVID-19 related restrictions were abolished in the prior period

* The prior period valuation assumptions took into account the following:
COVID-19 impact on profitability of Truworths Ltd and Young Designers Emporium (Pty) Ltd and the market capitalisation of the Group.

11 FINANCIAL RISK MANAGEMENT (continued)

11.7 Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while enhancing the return to its stakeholders. The company's overall strategy has remained unchanged from 2021.

The capital structure of the company consist of equity, comprising issued ordinary share capital, share premium, non-distributable reserves and retained earnings. Refer to notes 5 to 8 for further information.

The primary objectives of the company's capital management are:

- to ensure that the company maintains healthy capital ratios to support its business;
- to enhance the return to shareholders after benchmarking anticipated returns against the company's financial targets;
- to ensure that the company will be able to continue as a going concern and have sufficient capital for its operations and
- to provide flexibility so as to be able to take advantage of opportunities that could improve shareholder value.

The management of capital is reviewed by the board on a quarterly basis. The company will manage the overall capital structure through, but not limited to, dividend payments and share buy-backs, either directly or through subsidiaries. The company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the needs of the company.

The company is not subject to any externally imposed minimum capital requirements, save that in terms of the Companies Act (71 of 2008, as amended) it must ensure that following any share repurchases or payments to shareholders, on a fair value basis, its assets must exceed its liabilities, its capital must be adequate for the purposes of its business and it must be able to pay its debts when they fall due. Consequently, when such transactions are in contemplation, management considers their impact on the company's solvency, liquidity and equity.

	Note	2023 R'000	2022 R'000
Profit for the period		**2 136 962**	1 779 756
Equity of the company		**27 219 663**	20 008 757
12 REVENUE			
Dividend income		**2 144 619**	1 778 348
Other income		**12 486**	15 460
Management fees received		**11 850**	10 000
Other income		**636**	-
Intercompany charges		**-**	3 738
Fair value adjustment in respect of insurance cell captive	11.6.2	**-**	1 722
Interest income		**569**	852
		2 157 674	1 794 660
13 PROFIT BEFORE TAX			
Profit before tax is stated after taking account of the following items:			
13.1 Employment costs			
Directors' fees		**6 485**	5 618
Other employment costs		**2 552**	2 404
		9 037	8 022
13.2 Other operating costs			
Management, administrative and secretarial fees incurred include:			
Financial reporting fees		**1 956**	1 161
JSE and STRATE fees		**1 306**	1 250
Consulting fees		**153**	3 935
Transfer secretaries' fees		**149**	144
Fair value adjustment in respect of insurance cell	11.6.2	**7 758**	-
Other		**392**	317
		11 714	6 807

			2023 R'000	2022 R'000
14	**TAX (INCOME)/EXPENSE**			
14.1	**Current period tax charge**			
	South African normal tax			
	Current period		**8**	75
	Prior period over provision		**(47)**	-
		16.3	**(39)**	75

Tax returns and payments

The company has lodged its income tax return for the 2022 tax year. The most recent tax assessment issued by the South African Revenue Service to the company was in respect of the 2022 tax year. The required income tax payments for the 2023 year of assessment have been made.

		2023 %	2022 %
14.2	**Reconciliation of effective tax rate**		
	South African normal tax rate	**27.0**	28.0
	Decrease in rate of tax due to	**(27.0)**	(28.0)
	Non-taxable income^	**(27.1)**	(28.0)
	Disallowed expenditure*	**0.1**	-
	Effective tax rate	**-**	-

* The company has expenses disallowed as deductions for tax purposes, as they are considered of a capital nature, of R1 million (2022: R0.5 million)

^ The company has non-taxable income, which substantively comprises dividend income which is tax exempt, of R2.15 billion (2022: R1.8 billion)

The company also reflects fair value losses on financial assets of R7.76 million relating to disallowable expenses (2022: fair value gains on financial assets of R1.7 million relating to non-taxable income).

		2023 R'000	2022 R'000
15	**DIVIDENDS**		
	Interim dividend - 2023		
	Cash dividend of 320 cents per share declared on 23 February 2023 and paid on 20 March 2023	**1 307 196**	-
	Final dividend - 2022		
	Cash dividend of 205 cents per share declared on 1 September 2022 and paid on 26 September 2022	**837 423**	-
	Interim dividend - 2022		
	Cash dividend of 300 cents per share declared on 17 February 2022 and paid on 14 March 2022	**-**	1 266 114
	Final dividend - 2021		
	Cash dividend of 118 cents per share declared on 2 September 2021 and paid on 27 September 2021	**-**	512 234
	Total dividends declared	**2 144 619**	1 778 348

The final dividend for the period ended 2 July 2023 of 245 cents per share, before deduction of dividends tax (where applicable), was declared on 31 August 2023 to shareholders registered on the record date of 22 September 2023. The cash dividend is payable on 26 September 2023. No liability regarding this final cash dividend has been recognised.

The directors have performed the required solvency and liquidity tests required by the Companies Act and are satisfied that the company has met the requirements of these tests prior to and, where applicable, immediately after the conclusion of the above transactions.

		Note	2023 R'000	2022 R'000
16	**NOTES TO THE STATEMENTS OF CASH FLOWS**			
16.1	**Cash flow from profit before tax**			
	Profit before tax		**2 136 923**	1 779 831
	Add: Non-cash items		**7 758**	(1 651)
	Fair value adjustment of insurance cell captive	12,13.2	**7 758**	(1 722)
	Investment interest accrued		**-**	71
	Dividends received	12	**(2 144 619)**	(1 778 348)
	Interest received		**(569)**	(923)
	Interest income	12	**(569)**	(852)
	Non-cash interest income		**-**	(71)
	Cash outflow		**(507)**	(1 091)
16.2	**Working capital movements**			
	(Decrease)/Increase in other payables and accrued expense		**(4 068)**	3 625
	Decrease/(Increase) in other receivables		**2 885**	(3 738)
	Cash outflow		**(1 183)**	(113)
16.3	**Tax paid**			
	Amounts (owing)/receivable at the beginning of the period		**(20)**	9
	Amounts credited/(charged) to profit and loss: South African normal tax	14.1	**39**	(75)
	Amounts (receivable)/owing at the reporting date		**(78)**	20
	Cash outflow		**(59)**	(46)
16.4	**Dividends paid**			
	Unclaimed dividends owing to shareholders at the beginning of the period		**(3 016)**	(2 543)
	Amounts charged to equity		**(2 144 619)**	(1 778 348)
	Unclaimed dividends owing to shareholders at the reporting date	9	**3 629**	3 016
	Cash outflow		**(2 144 006)**	(1 777 875)

16.5 Reconciliation of movements in assets and liabilities arising from investing activities

	Balance at the beginning of the period R'000	Cash movements R'000	Non-cash movements R'000	Balance at the reporting date R'000
2023				
Truworths Ltd	-	-	-	-
2022				
Truworths Ltd	15 176	24 100	(39 276)	-

16 NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

16.6 Reconciliation of movements in assets and liabilities arising from financing activities

	Balance at the beginning of the period R'000	Cash movements R'000	Non-cash movements* R'000	Balance at the reporting date R'000
2023				
Truworths Ltd	**(1 545 308)**	**(2 462)**	**(33 975)***	**(1 581 745)**
2022				
Truworths Ltd	-	-	(1 545 308)*	(1 545 308)

*R27 749 (2022: R1 587 824) relates to amounts owing in respect of the shares that were repurchased and cancelled during the current period. Refer to notes 5 and 6 for further details.

17 RELATED PARTY DISCLOSURES

During the period the company and its subsidiaries entered into various transactions with one another, in the ordinary course of business. Details of interest in and loan balances with subsidiaries are disclosed in notes 2, 9 and Annexure One.

Related party transactions during the period were as follows:

	Income received from R'000	Dividends received from R'000	Expenses paid on behalf of R'000	Dividends paid R'000	Amount due related parties R'000
2023					
Truworths Ltd	**11 850**	**1 975 170**	**(2 344)**	**-**	**(1 581 745)**
Truworths Trading (Pty) Ltd	**-**	**-**	**-**	**(153 223)**	**-**
Truworths International Limited Share Trust	**-**	**-**	**-**	**(536)**	**-**
Truworths UK Holdco 1 Ltd	**-**	**-**	**-**	**-**	**-**
2022					
Truworths Ltd	10 000	1 636 784	(1 966)	(10 777)	(1 545 308)
Truworths Trading (Pty) Ltd	-	131 439	-	(131 439)	-
Truworths International Limited Share Trust	-	-	-	(480)	-
Truworths UK Holdco 1 Ltd	-	-	(3 738)	-	3 738

Shareholders
The company's shares are widely held principally by public holders. The major shareholders of the company are detailed in the Shareholder Information section on pages 161 to 164.

Key management personnel
Details to the executive and non-executive directors' emoluments and shareholdings (including options) in the company are disclosed in notes 30.1 and 30.5 of the Group annual financial statements and Annexure Two.

Interest of directors in contracts
Refer to note 34 of the Group annual financial statements for further information relating to directors' interest in contracts with the company and its subsidiaries.

Other related parties
Refer to note 34 of the Group annual financial statements for further information relating to other related party transactions.

ANNEXURE ONE DETAILS OF SUBSIDIARY COMPANIES

Name	Main business	Ordinary share capital and premium 2023	2022	Percentage held (effective interest) 2023 %	2022 %	Book value of shares 2023 Rm	2022 Rm	Amounts due from subsidiaries 2023 Rm	2022 Rm
Direct subsidiary companies									
All (Pty) Ltd companies unless otherwise stated									
Incorporated in South Africa									
Truworths Ltd	R	**R23 883 152**	R23 883 152	**100**	100	**22 393**	20 637	**-**	-
Young Designers Emporium	C	**R200**	R200	**100**	100	**303**	111	**-**	-
Truworths Trading	I	**R60**	R60	**100**	100	**242**	-	**-**	-
Truworths International Limited Share Trust	E	**N/A**	N/A	**100**	100	**N/A**	N/A	**-**	-
K2022434602 (South Africa)	R	**R1**	-	**100**	-	**-**	-	**-**	-
The Apparel Manufacturers		**N/A**	-	**100**	-	**N/A**	-	**-**	-
Incorporated in the Isle of Man									
Truworths Intellectual Property Ltd	IP	**US$3**	US$3	**100**	100	**-**	-	**-**	-
Incorporated in the United Kingdom									
Truworths UK Holdco 1 Ltd	I	**£161 415 625**	£161 415 625	**100**	100	**5 836**	784	**-**	4*

C = Commission agent, E = Employee share scheme, I = Investment holding, R = Retailing, IP = Intellectual property holding, RE = Real estate Investment

* Refer to note 3 in the company annual financial statements.

Dormant companies are excluded.

ANNEXURE ONE DETAILS OF SUBSIDIARY COMPANIES (continued)

Name	Main business	Ordinary share capital and premium 2023	2022	Percentage held (effective interest) 2023 %	2022 %
Indirect subsidiary companies					
All (Pty) Ltd companies unless otherwise stated					
Incorporated in South Africa					
Identity Retailing	C	**R2**	R2	**100**	100
Truworths Mostert Street Properties Share Block	S	**R5 920 950**	R5 920 950	**100**	100
K2020211444 (South Africa)	M	**R1**	R1	**100**	100
Truworths Collections	A	**R2**	R2	**100**	100
K2022461035 (South Africa)	M	**N/A**	-	**100**	-
Incorporated in Namibia					
Truworths (Namibia) Ltd	R	**N$14**	N$14	**100**	100
Incorporated in eSwatini					
Truworths (Swaziland) Ltd	R	**E40 000**	E40 000	**100**	100
Incorporated in Lesotho					
Truworths (Lesotho)	R	**M2**	M2	**100**	100
Incorporated in Kenya					
Truworths (Kenya) Ltd	R	**KES200**	KES200	**100**	100
Incorporated in Botswana					
Truworths Botswana	R	**P100**	P100	**100**	100
Incorporated in Zambia					
Truworths (Zambia) Ltd	R	**ZK20 004 500**	ZK20 004 500	**100**	100
Incorporated in Ghana					
Tru Group Clothing Retailers (Ghana) Ltd	R	**¢11 137 763**	¢11 137 763	**100**	100
Incorporated in the United Kingdom					
Shoo 635 Ltd	IP	**£1**	£1	**100**	100
Truworths UK Holdco 2 Ltd	I	**£181 570 892**	£181 570 892	**99.1**	97.8
Truworths UK Holdco 3 Ltd	I	**£161 415 625**	£161 415 625	**99.1**	97.8
Office Retail Group Ltd	I	**£1 700 000**	£1 700 000	**99.1**	97.8
Office Retail Midco 1 Ltd	I	**£2 000 000**	£2 000 000	**99.1**	97.8
Office Retail Ltd	I	**£2 000 000**	£2 000 000	**99.1**	97.8
Office Holdings Ltd	R	**£220 731**	£220 731	**99.1**	97.8

C = Commission agent, I = Investment holding, IP = Intellectual property holding, R = Retailing, M = Manufacturing, S = Share block scheme, A = Administrative support services

Dormant companies are excluded.

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND EQUITY-BASED AWARDS

1 DIRECTORS' HOLDINGS OF SHARES AND EQUITY-BASED AWARDS

	RSPs 000's	PSPs 000's	SARs 000's	PARs 000's	Shares 000's	Options 000's	Total 000's
2023							
In aggregate							
Balance at the beginning of the period	37	1 214	15	12	1 955	463	3 696
Granted during the period	-	470	-	-	-	-	470
Forfeited during the period due to corporate performance targets (CPT's) not being met	-	-	-	-	-	-	-
Gained during the period due to corporate performance targets (CPT's) being met	-	29	-	-	-	-	29
Vested during the period	(9)	(178)	-	-	-	-	(187)
RSPs and PSPs vested and retained	-	-	-	-	187	-	187
Shares sold during the period	-	(19)	-	-	-	-	(19)
Balance at the reporting date	28	1 516	15	12	2 142	463	4 176
By director							
The direct and indirect interest of each of the directors in the company's shares, which are held either beneficially or pursuant to the equity-settled share scheme, are as follows:							
Executive directors	28	1 516	15	12	2 056	463	4 090
Michael Mark	-	911	-	-	1 873	450	3 234
Sarah Proudfoot	-	447	15	12	173	13	660
Emanuel Cristaudo	28	158	-	-	10	-	196
Non-executive directors	-	-	-	-	86	-	86
Hilton Saven	-	-	-	-	83	-	83
Tony Taylor	-	-	-	-	3	-	3
Balance at the reporting date	28	1 516	15	12	2 142	463	4 176
Comprising:							
Direct interest	28	1 516	15	12	2 059	463	4 093
Indirect interest	-	-	-	-	83	-	83
Total	28	1 516	15	12	2 142	463	4 176

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND EQUITY-BASED AWARDS (continued)

1 DIRECTORS' HOLDINGS OF SHARES AND EQUITY-BASED AWARDS (continued)

	RSPs 000's	PSPs 000's	SARs 000's	PARs 000's	Shares 000's	Options 000's	Total 000's
2022							
In aggregate							
Balance at the beginning of the period	-	944	15	12	1 884	463	3 318
Granted during the period	37	382	-	-	-	-	419
Forfeited during the period due to corporate performance targets (CPT's) not being met	-	(17)	-	-	-	-	(17)
Gained during the period due to corporate performance targets (CPT's) being met	-	8	-	-	-	-	8
Vested during the period	-	(103)	-	-	-	-	(103)
RSPs and PSPs vested and retained	-	-	-	-	71	-	71
Balance at the reporting date	37	1 214	15	12	1 955	463	3 696
By director							
The direct and indirect interest of each of the directors in the company's shares, which are held either beneficially or pursuant to the equity-settled share scheme, are as follows:							
Executive directors	37	1 214	15	12	1 869	463	3 610
Michael Mark	-	755	-	-	1 766	450	2 971
Sarah Proudfoot	-	404	15	12	102	13	546
Emanuel Cristaudo	37	55	-	-	1	-	93
Non-executive directors	-	-	-	-	86	-	86
Hilton Saven	-	-	-	-	83	-	83
Tony Taylor	-	-	-	-	3	-	3
Balance at the reporting date	37	1 214	15	12	1 955	463	3 696
Comprising:							
Direct interest	37	1 214	15	12	1 872	463	3 613
Indirect interest	-	-	-	-	83	-	83
Total	37	1 214	15	12	1 955	463	3 696

There have been no changes to these interests between the reporting date and the date of the Directors' Report.

It is the Group's policy that all directors and officers, as well as those employees who have access to price-sensitive information, should not deal in company shares, or receive or exercise share options or share appreciation rights of the company during the closed period. The closed periods commence two weeks before the end of the interim (December) and annual (June) reporting periods and end twenty-four hours after announcement of the financial results on the JSE news service.

1 **DIRECTORS' HOLDINGS OF SHARES AND EQUITY-BASED AWARDS** (continued)

Loans pursuant to share scheme
The shares held by executive directors in terms of the Truworths International Ltd share option scheme have been acquired by way of secured loans pursuant to such scheme. The shares are pledged against the outstanding loan balances (refer to note 30.1 of the Group annual financial statements) and will become releasable upon the later of vesting or repayment of the loans (refer to note 8.1 of the Group annual financial statements). Refer to section 3 of Annexure Two for details of options exercised and shares so acquired in terms of such scheme during the reporting period.

1 550 000 and 81 000 shares held by Michael Mark and Sarah Proudfoot respectively pursuant to the share scheme have vested in prior reporting periods. These shares are held as surety for the loan balance disclosed in note 30.1 of the Group annual financial statements.

2 DETAILS OF DIRECTORS' EQUITY-SETTLED AWARDS IN THE AGGREGATE

		Exercise price/grant date fair value*	Number of options/awards	
		R	2023 000's	2022 000's
2.1	**1998 Share Option scheme**			
	The options become releasable between the following dates and at the following exercise prices:			
	Balance at the beginning and end of the reporting period		**463**	463
	Between 19 February 2011 and 19 February 2016	44.78	**456**	456
	Between 1 December 2010 and 1 December 2016	73.80	**7**	7
2.2	**Restricted share plan (RSPs)**			
	The RSPs vest between the following dates and at the following exercise prices:			
	Balance at the beginning of the reporting period		**37**	-
	Between 17 September 2022 and 17 September 2024	54.49	**37**	-
	RSPs granted during the period		**-**	37
	On 17 September 2021	54.49	**-**	37
	RSPs vested during the period		**(9)**	-
	On 17 September 2022	54.49	**(9)**	-
	Balance at the reporting date		**28**	37
	Between 17 September 2022 and 17 September 2024	54.49	**28**	37

2 DETAILS OF DIRECTORS' EQUITY-SETTLED AWARDS IN THE AGGREGATE (continued)

	Exercise price/grant date fair value* R	Number of awards 2023 000's	2022 000's
2.3 Performance share plan (PSPs)			
The PSPs vest between the following dates and at the following exercise prices:			
Balance at the beginning of the reporting period		**1 214**	944
Between 21 August 2020 and 21 August 2022	77.71	**40**	63
Between 1 March 2022 and 1 March 2023	103.65	**88**	164
Between 18 September 2021 and 18 September 2023	80.60	**11**	12
Between 4 June 2022 and 4 June 2023	70.50	**27**	39
Between 6 September 2022 and 6 September 2023	53.23	**63**	63
Between 3 March 2023 and 3 March 2024	47.05	**11**	11
Between 29 September 2023 and 29 September 2025	30.70	**550**	550
Between 25 March 2024 and 25 March 2026	47.71	**42**	42
Between 17 September 2024 and 17 September 2027	54.49	**382**	-
PSPs granted during the period		**470**	382
On 17 September 2021	54.49	**-**	382
On 8 September 2022	58.09	**470**	-
PSPs vested during the period		**(178)**	(103)
On 18 September 2021	80.60	**-**	(3)
On 4 June 2022	70.50	**-**	(18)
On 1 March 2022	103.65	**-**	(59)
On 21 August 2021 and 2020	77.71	**-**	(23)
On 21 August 2022	77.71	**(40)**	-
On 18 September 2022	80.60	**(4)**	-
On 4 June 2023	70.50	**(14)**	-
On 1 March 2023	103.65	**(83)**	-
On 6 September 2022	53.23	**(35)**	-
On 3 March 2023	47.05	**(2)**	-
PSPs forfeited during the period		**-**	(17)
On 1 March 2022	103.65	**-**	(17)
PSPs received during the period		**29**	8
On 18 September 2021	80.60	**-**	2
On 4 June 2022	70.50	**-**	6
On 6 September 2022	53.23	**25**	-
On 3 March 2023	47.05	**4**	-
PSPs sold during the period		**(19)**	-
On 1 March 2023	103.65	**(5)**	-
On 4 June 2023	70.50	**(13)**	-
On 3 March 2023	47.05	**(1)**	-
Balance at the reporting date		**1 516**	1 214
Between 21 August 2020 and 21 August 2022	77.71	**-**	40
Between 1 March 2022 and 1 March 2023	103.65	**-**	88
Between 18 September 2021 and 18 September 2023	80.60	**7**	11
Between 4 June 2022 and 4 June 2023	70.50	**-**	27
Between 6 September 2022 and 6 September 2023	53.23	**53**	63
Between 3 March 2023 and 3 March 2024	47.05	**12**	11
Between 29 September 2023 and 29 September 2025	30.70	**550**	550
Between 25 March 2024 and 25 March 2026	47.71	**42**	42
Between 17 September 2024 and 17 September 2027	54.49	**382**	382
Between 8 September 2025 and 8 September 2027	58.09	**470**	-

2 DETAILS OF DIRECTORS' EQUITY-SETTLED AWARDS IN THE AGGREGATE (continued)

	Exercise price/grant date fair value* R	Number of awards 2023 000's	2022 000's
2.4 Share appreciation rights (SARs)			
Balance at the reporting date		**15**	15
Between 14 March 2017 and 14 March 2020	69.56	**15**	15
2.5 Performance appreciation rights (PARs)			
Balance at the reporting date		**12**	12
Between 14 March 2017 and 14 March 2020	69.56	**12**	12

* The grant date fair value is the price which is used to determine the number of shares which would be issued to the participants under the restricted and performance share plans. The grant date fair value has no impact in determining the gain for the above share schemes.

3 DETAILS OF DIRECTORS' EQUITY-SETTLED AWARDS PER DIRECTOR

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
2023					
Executive directors					
MICHAEL MARK					
1998 Share Option Scheme					
Balance at the beginning and the end of the reporting period				**450**	
		44.78		**450**	19 February 2011 and 19 February 2016
Performance share plan					
Balance at the beginning of the reporting period				**755**	
		77.71		**29**	21 August 2021 and 21 August 2022
		103.65		**78**	1 March 2022 and 1 March 2023
		30.70		**420**	29 September 2023 and 29 September 2024
		54.49		**228**	On 17 September 2024
				-	
				263	
Granted during the period		**58.09**		**263**	On 8 September 2025
				(107)	
Vested during the period		**77.71**		**(29)**	On 21 August 2022
		103.65		**(78)**	On 1 March 2023
				-	
Balance at the reporting date				**911**	
		77.71		**-**	21 August 2021 and 21 August 2022
		103.65		**-**	1 March 2022 and 1 March 2023
		30.70		**420**	29 September 2023 and 29 September 2024
		54.49		**228**	On 17 September 2024
		58.09		**263**	On 8 September 2025

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
EMANUEL CRISTAUDO					
Restricted share plan					
Balance at the beginning of the reporting period				**37**	
			54.49	**37**	17 September 2022 and 17 September 2024
Granted during the period				**-**	
			54.49	**-**	17 September 2022 and 17 September 2024
				(9)	
Vested during the period			**54.49**	**(9)**	On 17 September 2022
Balance at the reporting date				**28**	
			54.49	**28**	17 September 2022 and
				-	17 September 2024

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
EMANUEL CRISTAUDO (continued)					
Performance share plan					
Balance at the beginning of the reporting period				**55**	
			54.49	**55**	17 September 2024 and 17 September 2025
Granted during the period				**103**	
			58.09	**103**	8 September 2025 and 8 September 2026
Balance at the reporting date				**158**	
			54.49	**55**	17 September 2024 and 17 September 2025
			58.09	**103**	8 September 2025 and 8 September 2026

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF SHARES AND EQUITY-BASED AWARDS (continued)

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of options/ awards 000's	Vesting dates between
SARAH PROUDFOOT					
1998 Share Option Scheme					
Balance at the beginning and the end of the reporting period				**13**	
		44.78		**6**	19 February 2010 and 19 February 2015
		73.80		**7**	1 December 2010 and 1 December 2016

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
SARAH PROUDFOOT (continued)					
Performance share plan					
Balance at the beginning of the reporting period				**404**	
		77.71		**11**	21 August 2020 and 21 August 2022
		103.65		**10**	1 March 2022 and 1 March 2023
		80.60		**11**	18 September 2021 and 18 September 2023
		70.50		**27**	4 June 2022 and 4 June 2023
		53.23		**63**	9 September 2022 and 9 September 2023
		47.05		**11**	3 March 2023 and 3 March 2025
		30.70		**130**	29 September 2023 and 29 September 2025
		47.71		**42**	25 March 2024 and 25 March 2026
		54.49		**99**	17 September 2024 and 17 September 2026
Sold during the period				**(19)**	
		103.65		**(5)**	On 1 March 2022
		70.50		**(13)**	On 4 June 2023
		47.05		**(1)**	On3 March 2023
Granted during the period				**104**	
		58.09		**104**	8 September 2025 and 8 September 2027
Vested during the period				**(71)**	
		77.71		**(10)**	On 21 August 2022
		103.65		**(6)**	On 1 March 2023
		80.60		**(4)**	On 18 September 2022
		70.50		**(14)**	On 4 June 2023
		53.23		**(35)**	On 9 September 2022
		47.05		**(2)**	On 3 March 2023

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
SARAH PROUDFOOT (continued)					
***Performance share plan** (continued)*					
Gained during the period due to CPT's being achieved				**29**	
		53.23		**25**	On 9 September 2022
		47.05		**4**	On 3 March 2023
Balance at the reporting date				**447**	
			77.71	**-**	21 August 2020 and 21 August 2022
			103.65	**-**	1 March 2022 and 1 March 2023
			80.60	**7**	18 September 2021 and 18 September 2023
			70.50	**-**	4 June 2022 and 4 June 2023
			53.23	**53**	6 September 2022 and 6 September 2023
			47.05	**12**	3 March 2023 and 3 March 2025
			30.70	**130**	29 September 2023 and 29 September 2025
			47.71	**42**	25 March 2024 and 25 March 2026
			54.49	**99**	17 September 2024 and 17 September 2026
			58.09	**104**	8 September 2025 and 8 September 2027

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
SARAH PROUDFOOT (continued)					
Share appreciation rights					
Balance at the beginning and the end the reporting period				**15**	
		69.56		**15**	14 March 2017 and 14 March 2020
Performance appreciation rights					
Balance at the beginning and the end				**12**	
reporting period		**69.56**		**12**	14 March 2017 and 14 March 2020

* The grant date fair value is the price which is used to determine the number of shares which would be issued to the participants under the restricted and performance share plans. The grant date fair value has no impact in determining the gain for the above share schemes.

The gains in respect of the restricted and performance share plans are calculated by multiplying the market price at the date ownership passes by the number of shares vested on that date.

3 DETAILS OF DIRECTORS' EQUITY-SETTLED AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
2022					
Executive directors					
MICHAEL MARK					
1998 Share Option Scheme					
Balance at the beginning and the end of the reporting period				450	
		44.78		450	19 February 2011 and 19 February 2016
Performance share plan					
Balance at the beginning of the reporting period				613	
		77.71		48	21 August 2021 and 21 August 2023
		103.65		145	1 March 2022 and 1 March 2023
		30.70		420	29 September 2023 and 29 September 2024
Forfeited during the period due to CPT's not being met				(15)	
		103.65		(15)	On 1 March 2022
				228	
Granted during the period		54.49		228	On 17 September
				(71)	
Vested during		65.74		(19)	On 21 August 2021
		60.72		(52)	On 1 March 2022
Balance at the reporting date				755	
		77.71		29	21 August 2021 and 21 August 2023
		103.65		78	1 March 2022 and 1 March 2023
		30.70		420	29 September 2023 and
		54.49		228	On 17 September

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
EMANUEL CRISTAUDO					
Restricted share plan					
Balance at the beginning of the reporting period				-	
				-	
Granted during the period				37	
			54.49		17 September 2022 and
				37	17 September 2024
Balance at the reporting date				37	
			54.49	-	17 September 2022 and
				37	17 September 2024

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF EQUITY-BASED AWARDS (continued)

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
EMANUEL CRISTAUDO (continued)					
Performance share plan					
Balance at the beginning of the reporting period				-	
				-	
Granted during the period				55	
			54.49	55	17 September 2024 and 17 September 2025
Balance at the reporting date				55	
				55	17 September 2024 and 17 September 2025

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of options/ awards 000's	Vesting dates between
SARAH PROUDFOOT					
1998 Share Option Scheme					
Balance at the beginning and the end of the reporting period				13	
		44.78		6	19 February 2010 and 19 February 2015
		73.80		7	1 December 2010 and 1 December 2016

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF EQUITY-BASED AWARDS (continued)

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
SARAH PROUDFOOT (continued)					
Performance share plan					
Balance at the beginning of the reporting period				331	
		77.71		15	21 August 2020 and 21 August 2022
		103.65		19	1 March 2022 and 1 March 2023
		80.60		12	18 September 2021 and 18 September 2023
		70.50		39	4 June 2022 and 4 June 2023
		53.23		63	6 September 2022 and 6 September 2023
		47.05		11	3 March 2023 and 3 March 2025
		30.70		130	29 September 2023 and 29 September 2025
		47.71		42	25 March 2024 and 25 March 2026
Granted during the period				99	
		54.49		99	17 September 2024 and 17 September 2026
Vested during the period				(32)	
		65.74		(4)	On 21 August 2021
		56.09		(3)	On 18 September
		60.72		(7)	On 1 March 2022
		53.62		(18)	On 4 June 2022
Forfeited during the period due to CPT's not being met				(2)	
	21/03/22	103.65		(2)	
Gained during the period due to CPT's being achieved				8	
	18/09/21	80.60		2	
	04/06/22	70.50		6	

ANNEXURE TWO DETAILS OF DIRECTORS' HOLDINGS OF EQUITY-BASED AWARDS (continued)

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
SARAH PROUDFOOT (continued)					
Performance share plan *(continued)*					
Balance at the reporting date				404	
			77.71	11	21 August 2020 and 21 August 2022
			103.65	10	1 March 2022 and 1 March 2023
			80.60	11	18 September 2021 and 18 September 2023
			70.50	27	4 June 2022 and 4 June 2023
			53.23	63	6 September 2022 and 6 September 2023
			47.05	11	3 March 2023 and 3 March 2025
			30.70	130	29 September 2023 and 29 September 2025
			47.71	42	25 March 2024 and 25 March 2026
			54.49	99	17 September 2024 and 17 September 2026

3 DETAILS OF DIRECTORS' EQUITY-SETTLED SHARE AWARDS PER DIRECTOR (continued)

	Exercise/ offer/ forfeit date	Exercise price/ grant date fair value* R	Market price on date ownership passed R	Number of awards 000's	Vesting dates between
SARAH PROUDFOOT (continued)					
Share appreciation rights					
Balance at the beginning and the end the reporting period				15	
		69.56		15	14 March 2017 and 14 March 2020
Performance appreciation rights					
Balance at the beginning and the end reporting period				12	
		69.56		12	14 March 2017 and 14 March 2020

* The grant date fair value is the price which is used to determine the number of shares which would be issued to the participants under the restricted and performance share plans. The grant date fair value has no impact in determining the gain for the above share schemes.

The gains in respect of the restricted and performance share plans are calculated by multiplying the market price at the date ownership passes by the number of shares vested on that date.

ANNEXURE THREE DETAILS OF PARTICIPANTS' HOLDINGS OF EQUITY-BASED AWARDS

1 DETAILS OF PARTICIPANTS' EQUITY-SETTLED AWARDS IN THE AGGREGATE

The summary below reflects the period between the offer date and the last vesting date as well as the exercise price of equity-settled awards held by participants:

		Exercise price R	2023 Number 000's	2022 Number 000's
1.1	**1998 Share Option Scheme**			
	Between 19 February 2010 and 19 February 2016	44.78	**582**	593
	Between 2 June 2010 and 2 June 2015	53.75	**3**	3
	Between 23 August 2010 and 23 August 2016	55.32	**6**	6
	Between 1 October 2010 and 1 October 2016	67.64	**2**	2
	Between 4 October 2010 and 4 October 2016	67.64	**2**	2
	Between 5 November 2010 and 5 November 2016	71.12	**2**	2
	Between 1 December 2010 and 1 December 2016	73.80	**62**	62
	Between 8 December 2010 and 8 December 2016	73.80	**35**	35
	Between 23 February 2011 and 23 February 2016	64.57	**4**	4
	Between 2 March 2011 and 2 March 2016	62.91	**3**	3
	Between 2 March 2011 and 2 March 2017	62.91	**3**	3
	Between 4 April 2011 and 4 April 2016	70.55	**2**	2
	Between 4 May 2011 and 4 May 2017	75.02	**2**	2
	Between 19 August 2011 and 19 August 2017	71.91	**8**	8
	Between 22 August 2011 and 22 August 2017	72.43	**1**	1
	Between 4 October 2011 and 4 October 2017	70.66	**3**	3
	Between 2 November 2011 and 2 November 2017	79.74	**3**	3
	Between 2 December 2011 and 2 December 2017	77.89	**1**	1
	Between 24 February 2012 and 24 February 2018	79.84	**15**	15
	Between 2 March 2012 and 2 March 2018	79.90	**4**	4
	Between 3 May 2012 and 3 May 2018	82.33	**1**	1
	Between 25 May 2012 and 25 May 2018	81.46	**1**	1
	Between 17 August 2012 and 17 August 2018	103.60	**3**	3
			748	759

1 DETAILS OF PARTICIPANTS' EQUITY-SETTLED AWARDS IN THE AGGREGATE (continued)

	Exercise price R	2023 Number 000's	2022 Number 000's
1.2 Restricted share plan			
Between 7 November 2016 and 7 November 2019	67.77	**-**	1
Between 21 August 2017 and 21 August 2022	77.71	**-**	53
Between 1 March 2018 and 1 March 2023	103.65	**-**	26
Between 18 September 2018 and 18 September 2022	80.60	**1**	80
Between 18 September 2018 and 18 September 2023	80.60	**78**	135
Between 6 March 2019 and 6 March 2023	74.22	**2**	130
Between 6 March 2019 and 6 March 2024	74.22	**81**	137
Between 4 June 2019 and 4 June 2023	70.50	**-**	9
Between 6 September 2019 and 6 September 2022	53.23	**-**	113
Between 6 September 2019 and 6 September 2023	53.23	**227**	439
Between 6 September 2019 and 6 September 2024	53.23	**280**	360
Between 3 March 2020 and 3 March 2023	47.05	**-**	72
Between 3 March 2020 and 3 March 2024	47.05	**147**	280
Between 3 March 2020 and 3 March 2025	47.05	**126**	162
Between 29 September 2020 and 29 September 2024	30.70	**82**	83
Between 29 September 2020 and 29 September 2025	30.70	**862**	873
Between 25 March 2021 and 3 March 2025	47.71	**18**	18
Between 25 March 2021 and 3 March 2026	47.71	**165**	172
On 17 September 2024	54.49	**14**	14
Between 17 September 2024 and 17 September 2024	54.49	**27**	37
Between 17 September 2024 and 17 September 2025	54.49	**68**	79
Between 17 September 2024 and 17 September 2026	54.49	**1 154**	1 188
Between 7 March 2023 and 3 March 2026	60.67	**19**	26
Between 7 March 2023 and 3 March 2027	60.67	**71**	87
On 8 September 2025	58.09	**24**	-
Between 8 September 2025 and 8 September 2026	58.09	**53**	-
Between 8 September 2025 and 8 September 2027	58.09	**1 222**	-
Between 4 October 2024 and 4 October 2026	51.37	**2**	-
Between 3 November 2024 and 3 November 2026	51.71	**6**	-
Between 10 March 2025 and 10 March 2027	59.09	**19**	-
Between 10 March 2025 and 10 March 2028	59.09	**93**	-
		4 841	4 574

1 DETAILS OF PARTICIPANTS' EQUITY-SETTLED AWARDS IN THE AGGREGATE (continued)

	Exercise price R	2023 Number 000's	2022 Number 000's
1.3 Performance share plan			
Between 21 August 2017 and 21 August 2022	77.71	**-**	166
Between 1 March 2018 and 1 March 2023	103.65	**-**	127
Between 18 September 2018 and 18 September 2022	80.60	**-**	1
Between 18 September 2018 and 18 September 2023	80.60	**36**	57
Between 6 March 2019 and 6 March 2024	74.22	**35**	56
Between 4 June 2019 and 4 June 2023	70.50	**-**	84
Between 6 September 2019 and 9 September 2023	53.23	**114**	190
Between 6 September 2019 and 9 September 2024	53.23	**87**	111
Between 3 March 2020 and 3 March 2024	47.05	**7**	12
Between 3 March 2020 and 3 March 2025	47.05	**46**	57
Between 29 September 2020 and 9 September 2024	30.70	**693**	693
Between 29 September 2020 and 9 September 2025	30.70	**1 515**	1 528
Between 25 March 2021 and 25 March 2025	47.71	**81**	81
Between 25 March 2021 and 25 March 2026	47.71	**250**	250
On 17 September 2024	54.49	**242**	242
Between 17 September 2024 and 17 September 2025	54.49	**227**	238
Between 17 September 2024 and 17 September 2026	54.49	**514**	515
On 8 September 2025	58.09	**348**	-
Between 8 September 2025 and 8 September 2026	58.09	**210**	-
Between 8 September 2025 and 8 September 2027	58.09	**472**	-
On 4 October 2025	51.37	**10**	-
		4 887	4 408

1 DETAILS OF PARTICIPANTS' EQUITY-SETTLED AWARDS IN THE AGGREGATE (continued)

	Exercise price £	Exercise price R	2023 Number 000's	2022 Number 000's
1.4 Share Appreciation Rights Plan				
Between 14 March 2014 and 15 March 2020		69.56	**446**	454
Between 14 March 2014 and 15 March 2018		69.56	**20**	20
Between 30 September 2014 and 30 September 2019		66.97	**-**	54
Between 21 August 2015 and 21 August 2020		83.42	**143**	146
			609	674
1.5 Performance Appreciation Rights Plan				
Between 14 March 2014 and 15 March 2020		69.56	**342**	342
Between 14 March 2014 and 15 March 2018		69.56	**16**	16
Between 21 August 2015 and 21 August 2020		83.42	**133**	133
			491	491
1.6 Office Performance Equity Plan				
Between 5 December 2016 and 5 December 2021	1.09		**21**	21

ANNEXURE FOUR EMPLOYMENT EQUITY ACT SUMMARY (UNAUDITED)

In terms of Section 22 of the Employment Equity Act of South Africa, herewith is a summary of the Group's 2020 Employment Equity Report in respect of its operations in South Africa at 2 July 2023, required by Section 21 of the Act.

	Designated groups							Non-designated groups				
	Male			Female				Male	Foreign nationals		Total	Total
Occupational levels	A	C	I	A	C	I	W	W	Male	Female	2023	2022
Top management	**-**	**-**	**-**	**-**	**1**	**1**	**1**	**7**	**1**	**-**	**11**	11
Senior management	**3**	**6**	**1**	**1**	**3**	**1**	**31**	**25**	**1**	**1**	**73**	71
Professionally qualified[#]	**31**	**47**	**18**	**39**	**83**	**20**	**231**	**87**	**8**	**8**	**572**	578
Skilled technical[##]	**191**	**73**	**24**	**652**	**281**	**49**	**119**	**22**	**7**	**10**	**1 428**	1 325
Semi-skilled*	**1 714**	**275**	**44**	**4 997**	**847**	**117**	**42**	**10**	**2**	**7**	**8 055**	7 597
Total 2023**	**1 939**	**401**	**87**	**5 689**	**1 215**	**188**	**424**	**151**	**19**	**26**	**10 139**	
Total 2022**	1 816	382	78	5 315	1 180	175	437	154	17	28		9 582

A= African, C=Coloured, I=Indian, W=White

* Includes weekly flexi-time employees.
** Non-permanent employees as defined by the Department of Labour for employment equity reporting.
[#] Middle management
[##] Junior management

SHAREHOLDER INFORMATION

ANALYSIS OF HOLDINGS OF ORDINARY SHARES AT 2 JULY 2023

	Number of share-holdings	%	Number of shares	%
Size of holding				
1 - 1000	5 353	70.1	832 822	0.2
1 001 - 10 000	1 354	17.7	4 564 950	1.1
10 001 - 100 000	601	7.9	21 963 498	5.4
100 001 - 1 000 000	274	3.6	89 292 497	21.9
Over 1 000 000	58	0.8	291 845 132	71.4
	7 640	100.0	408 498 899	100.0
Distribution of shareholders				
Unit trusts/Mutual funds			161 662 393	39.6
Pension funds			138 850 985	34.0
Other funds			94 158 729	23.0
Individuals			5 894 648	1.3
Insurance companies			7 932 144	1.9
			408 498 899	100.0
Geographical spread of holders of beneficial interests				
South Africa			241 426 267	59.1
North America			119 644 534	29.3
Rest of the world			23 397 625	5.7
Europe			18 920 147	4.6
United Kingdom			5 110 326	1.3
			408 498 899	100.0
Geographical spread of fund managers				
South Africa			272 897 874	66.7
North America			106 610 936	26.1
Rest of the world			1 678 645	0.4
Europe			11 825 536	2.9
United Kingdom			15 485 908	3.8
			408 498 899	100.0
Share type				
Dematerialised	7 259	95	407 868 738	99.8
Certificated	381	5	630 161	0.2
	7 640	100	408 498 899	100.0

SHAREHOLDER INFORMATION (continued)

ANALYSIS OF HOLDINGS OF ORDINARY SHARES AT 3 JULY 2022

	Number of share-holdings	%	Number of shares	%
Size of holding				
1 - 1000	5 163	68.0	1 034 787	0.3
1 001 - 10 000	1 463	19.2	4 725 412	1.2
10 001 - 100 000	663	8.7	23 484 405	5.7
100 001 - 1 000 000	260	3.4	78 051 460	19.1
Over 1 000 000	57	0.7	302 159 490	73.7
	7 606	100.0	409 455 554	100.0
Distribution of shareholders				
Unit trusts/Mutual funds			151 334 331	37.0
Pension funds			150 801 417	36.8
Other funds			89 652 284	21.9
Individuals			6 384 422	1.5
Insurance companies			11 283 100	2.8
			409 455 554	100.0
Geographical spread of holders of beneficial interests				
South Africa			252 628 211	61.7
North America			107 686 297	26.3
Rest of the world			25 819 529	6.3
Europe			18 451 442	4.5
United Kingdom			4 870 075	1.2
			409 455 554	100.0
Geographical spread of fund managers				
South Africa			279 692 014	68.2
North America			93 640 705	22.9
Rest of the world			15 918 813	3.9
Europe			14 171 923	3.5
United Kingdom			6 032 099	1.5
			409 455 554	100.0
Share type				
Dematerialised	7 220	95	408 819 674	99.8
Certificated	386	5	635 880	0.2
	7 606	100	409 455 554	100.0

SHAREHOLDER INFORMATION (continued)

SHAREHOLDER SPREAD AT THE END OF THE PERIOD
Pursuant to the Listings Requirements of the JSE and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at the end of the reporting period was as follows:

	2023 Number of share-holdings	2023 Number of shares	2023 % of issued share capital	2022 Number of share-holdings	2022 Number of shares	2022 % of issued share capital
NON-PUBLIC SHAREHOLDERS						
Treasury shares held by:						
Truworths Limited, held on behalf of participants in terms of the 2012 share plan:	**1**	**9 924 406**	**2.4**	1	9 143 341	2.2
Directors of the company and subsidiaries		**3 474 354**	**0.9**		3 084 306	0.8
Non-director participants		**6 364 589**	**1.6**		5 781 049	1.4
Other		**85 463**	**- ***		277 986	- *
Truworths International Limited Share Trust	**1**	**123 606**	**- ***	1	133 606	- *
Truworths Trading (Pty) Ltd	**1**	**29 149 184**	**7.1**	1	31 444 627	7.7
Shares held in terms of the 1998 share scheme directly by:						
Directors of the company and subsidiaries	**5**	**1 771 257**	**0.4**	5	1 771 257	0.4
Privately owned shares held in accounts with brokers:						
Directors of the company and subsidiaries	**9**	**626 800**	**0.1**	9	446 182	0.1
Associates of directors of the company and subsidiaries	**2**	**182 833**	**- ***	2	182 833	- *
TOTAL NON-PUBLIC SHAREHOLDERS	**19**	**41 778 086**	**10.1**	19	43 121 846	10.4
PUBLIC SHAREHOLDERS	**7 621**	**366 720 813**	**89.9**	7 587	366 333 708	89.6
TOTAL	**7 640**	**408 498 899**	**100.0**	7 606	409 455 554	100.0

*Zero due to rounding.

HOLDERS OF MAJOR BENEFICIAL INTERESTS IN SHARES

According to the company's register of disclosures of beneficial interests made by registered shareholders acting in a nominee capacity, and the disclosures made by fund managers in terms of section 56 of the Companies Act (71 of 2008, as amended), the following persons had beneficial interests in excess of 3% of the company's shares at the reporting date:

		2023		2022	
	Country	Number of shares	% of issued capital	Number of shares	% of issued capital
Government Employees Pension Fund	South Africa	**76 245 952**	**18.7**	83 698 557	20.4
Truworths Trading (Pty) Ltd	South Africa	**29 149 184**	**7.1**	31 444 627	7.7
Westwood Global Investments LLC	United States of America	**19 123 047**	**4.7**	19 266 788	4.7
The Vanguard Group Inc	United States of America	**13 669 992**	**3.4**	14 350 084	3.5
Momentum Metropolitan Holdings Limited	South Africa	**13 024 525**	**3.2**	-	-
Namibian Government Institutions Pension Fund	Namibia	**12 470 997**	**3.1**	15 627 091	3.8

MAJOR FUND MANAGERS

According to the disclosures made by nominee and asset management companies in terms of section 56 of the Companies Act (71 of 2008, as amended), the following fund managers administered portfolios (including those of the holders of major beneficial interests above) in excess of 3% of the company's shares at the end of the reporting period:

		2023		2022	
	Country	Number of shares	% of issued capital	Number of shares	% of issued capital
Public Investment Corporation	South Africa	**70 118 749**	**17.2**	70 528 506	17.2
Fairtree Asset Management*	South Africa	**21 282 793**	**5.2**	-	-
Westwood Global Investment LLC	United States of America	**19 123 047**	**4.7**	19 266 788	4.7
The Vanguard Group Inc	United States of America	**14 420 011**	**3.5**	14 715 408	3.6
Sanlam Investments	South Africa	**13 598 618**	**3.3**	17 692 896	4.3
Allan Gray	South Africa	**13 223 207**	**3.2**	-	-
Ninety One*	South Africa	**-**	**-**	31 308 508	7.7

* Shareholder/fund manager included as shareholding was in excess of 3% in prior year.

PRO FORMA INFORMATION

Basis of preparation

52-week pro forma financial information

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 5 to 7 years by including a 53rd week in the financial reporting calendar.

In line with this principle the 2022 financial period ended 3 July 2022 (the prior period or 2022) included a 53rd trading week. Accordingly, the results of the 52-week period ended 2 July 2023 (the current period) are not comparable to those of the prior period in terms of number of weeks and dates.

Although the Group previously reported pro forma financial results for the 52-week prior period from 28 June 2021 to 26 June 2022, management believes that it is useful to present results for the current period's directly corresponding 52-week period by presenting pro forma financial information for the 52 weeks from 5 July 2021 to 3 July 2022 (the corresponding prior period) in order to facilitate comparison. To achieve this, week 1 from 28 June 2021 to 4 July 2021 has been excluded from the prior period financial information.

Non-IFRS financial information

In addition, the Group's current period earnings were enhanced by the settlement of a long-standing indirect tax matter with the South African Revenue Service (SARS), resulting in previous adverse assessments that had been issued in the 2022 financial period being reduced by R109 million (including the reversal of interest charged of R37 million), the release of accruals that had been accumulated since the 2008 financial period in respect of this matter amounting to R145 million, and the recognition of interest of R6 million on the overpayment of tax.

The 52-week pro forma financial information together with the Non-IFRS financial information is hereafter referred to, collectively, as the pro forma financial information.

The pro forma financial information has been prepared for illustrative purposes only, and because of its nature, may not fairly represent the Group's financial position, changes in equity, results of operations or cash flows.

The pro forma financial information is based on the audited financial information of the Group as at and for the 52 weeks ended 2 July 2023 and the 53 weeks ended 3 July 2022.

The pro forma financial information is presented in accordance with the JSE Listings Requirements and the SAICA Guide on Pro Forma Financial Information, where applicable.

The directors of the company are responsible for the pro forma financial information included in these Annual Financial Statements.

Ernst & Young Inc's independent reporting accountant's report on the pro forma financial information is available for inspection at the Group's registered office.

PRO FORMA INFORMATION

	Reported 52 weeks to 2 Jul 2023 Audited	Pro forma adjustments	Pro forma 52 weeks to 2 Jul 2023 Unaudited	Reported 53 weeks to 3 Jul 2022 Audited	Pro forma adjustments	Pro forma 52 weeks to 3 Jul 2022 Unaudited	Change on prior period 52 on 53 weeks	Change on prior period 52 on Pro forma 52 weeks	Change on prior period 52 Pro forma on 52 Pro forma weeks
	Rm	Rm	Rm	Rm	Rm	Rm	%	%	%
Sale of merchandise	**19 894**	**-**	**19 894**	17 886	(302)	17 584	11	13	13
Retail sales	**20 627**	**-**	**20 627**	18 522	(300)	18 222	11	13	13
Accounting adjustments/other	**(733)**	**-**	**(733)**	(636)	(2)	(638)	15	15	15
Cost of sales	**(9 445)**	**-**	**(9 445)**	(8 316)	143	(8 173)	14	16	16
Gross profit	**10 449**	**-**	**10 449**	9 570	(159)	9 411	9	11	11
Other income	**939**	**(254)**	**685**	655	-	655	43	43	5
Trading expenses	**(7 772)**	**-**	**(7 772)**	(6 607)	9	(6 598)	18	18	18
Depreciation and amortisation	**(1 359)**	**-**	**(1 359)**	(1 161)	-	(1 161)	17	17	17
Employment costs	**(2 489)**	**-**	**(2 489)**	(2 267)	8	(2 259)	10	10	10
Occupancy costs	**(961)**	**-**	**(961)**	(801)	1	(800)	20	20	20
Trade receivable costs	**(1 283)**	**-**	**(1 283)**	(851)	-	(851)	51	51	51
Other operating costs	**(1 680)**	**-**	**(1 680)**	(1 527)	-	(1 527)	10	10	10
Trading profit	**3 616**	**(254)**	**3 362**	3 618	(150)	3 468	-	4	(3)
Interest	**1 143**	**(6)**	**1 137**	789	-	789	45	45	44
Dividends	**16**	**-**	**16**	10	-	10	60	60	60
Profit before finance costs and tax	**4 775**	**(260)**	**4 515**	4 417	(150)	4 267	8	12	6
Finance costs	**(378)**	**-**	**(378)**	(235)	-	(235)	61	61	61
Profit before tax	**4 397**	**(260)**	**4 137**	4 182	(150)	4 032	5	9	3
Tax expense	**(1 109)**	**58**	**(1 051)**	(1 115)	39	(1 076)	(1)	3	(2)
Profit for the period	**3 288**	**(202)**	**3 086**	3 067	(111)	2 956	7	11	4
Attributable to:									
Equity holders of the company	**3 275**	**(202)**	**3 073**	3 051	(110)	2 941	7	11	4
Holders of the non-controlling interest	**13**	**-**	**13**	16	(1)	15	(19)	(13)	(13)

PRO FORMA INFORMATION (continued)

		Reported 52 weeks to 2 Jul 2023 Audited	Pro forma adjustments	Pro forma 52 weeks to 2 Jul 2023 Unaudited	Reported 53 weeks to 3 Jul 2022 Audited	Pro forma adjustments	Pro forma 52 weeks to 3 Jul 2022 Unaudited	Change on prior period 52 on 53 weeks %	Change on prior period 52 on Pro forma 52 weeks %	Change on prior period 52 Pro forma on 52 Pro forma weeks %
Basic earnings per share	(cents)	**888.5**	**(54.8)**	**833.7**	794.1	(28.6)	765.5	12	16	9
Headline earnings per share	(cents)	**873.3**	**(54.8)**	**818.5**	779.8	(28.6)	751.2	12	16	9
Diluted basic earnings per share	(cents)	**876.4**	**(54.1)**	**822.3**	784.9	(28.3)	756.6	12	16	9
Diluted headline earnings per share	(cents)	**861.4**	**(54.1)**	**807.3**	770.8	(28.3)	742.5	12	16	9
Weighted average number of shares	(millions)	**368.6**		**368.6**	384.2		384.2			
Diluted weighted average number of shares	(millions)	**373.7**		**373.7**	388.7		388.7			
Key ratios										
Gross margin	(%)	**52.5**		**52.5**	53.5		53.5			
Expenses as % of sale of merchandise	(%)	**39.1**		**39.1**	36.9		37.5			
Trading margin	(%)	**18.2**		**16.9**	20.2		19.7			
Operating margin	(%)	**24.0**		**22.7**	24.7		24.3			
Retail Sales										
Truworths	Rm	**15 006**	**-**	**15 006**	13 986	(229.00)	13 757	7	9	9
Office	£m	**262**	**-**	**262**	224	(4.00)	220	17	19	19
Office	Rm	**5 620**	**-**	**5 620**	4 536	(71.00)	4 465	24	26	26

PRO FORMA INFORMATION (continued)

Notes:

1. The accounting policies adopted by the Group in the 2023 audited annual financial statements, which have been prepared in accordance with IFRS, have been used in preparing the pro forma financial information.
2. The 'Reported 52 weeks to 2 Jul 2023' column is the audited results for the current 52-week period ended 2 July 2023, 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 2023 'Pro forma adjustments' column relate to the settlement of a long-standing indirect tax matter with the South African Revenue Service (SARS), resulting in previous adverse assessments that had been issued in the 2022 financial period being reduced by R109 million (including the reversal of interest charged of R37 million), the release of accruals that had been accumulated since the 2008 financial period in respect of this matter amounting to R145 million, and the recognition of interest of R6 million on the overpayment of tax, and its impact on trading profit, profit before finance costs and tax, profit before tax, the resultant tax impact and profit for the period.
4. The 2023 'Pro forma adjustments' column, in the opinion of the directors, fairly reflects the impact of the settlement reached with SARS. The “Pro-forma adjustments” column, in the opinion of the directors, fairly reflects the impact of the indirect tax matter settlement.
5. The 'Pro forma 52 weeks to 2 Jul 2023' column is the pro forma 52-weeks financial information, after making the adjustments in the 'Pro forma adjustments' column to the 'Reported 52 weeks to 2 Jul 2023' column.
6. The 'Reported 53 weeks to 3 Jul 2022' column is the audited results for the 53-week prior 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.
7. The amounts in the 2022 'Pro forma 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 ended 3 July 2022), weekly payroll expense, concession rent, and tax expense (calculated with reference to the actual tax rate for the 53-week period ended 3 July 2022) for the one-week period from 28 June 2021 to 4 July 2021, 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.
8. The relevant amounts for the 2023 and 2022 'Pro forma adjustments' have been extracted from the Group’s accounting records.
9. The 2022 'Pro forma adjustments' column, in the opinion of the directors, fairly reflects the results for the one-week period from 28 June 2021 to 4 July 2021.
10. The 'Pro forma 52 weeks to 3 Jul 2022' column is the pro forma 52-weeks financial information, after making the adjustments in the 2022 'Pro forma adjustments' column to the 'Reported 53 weeks to 3 July 2022' column.
11. The calculation of earnings per share and headline earnings per share for the relevant period is based on the weighted average number of shares in issue over that period.
12. The amounts in the current and prior period 'Pro forma adjustments' columns are not expected to have a continuing effect on the Group's Statement of Comprehensive Income.