

TRUWORTHS INTERNATIONAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1944/017491/06)
JSE code: TRU; NSX code: TRW
ISIN: ZAE000028296
("Truworths International" or "the Group")

BUSINESS UPDATE AND TRADING STATEMENT

The outbreak of the COVID-19 virus and its declaration as a worldwide pandemic has had a significant impact on the businesses which the Group operates, especially the requirement to close all retail store premises in all countries of operation during lockdown periods, some of which remain in force.

Management of the Group has been actively engaged in executing operational steps and various strategic responses to best mitigate the impacts of this unprecedented and continuously evolving situation.

With Group revenues reduced materially whilst stores were required to remain closed, the Group's primary financial objective has been to curtail expenditure and preserve cash.

The COVID-19 lockdown has materially affected both the Truworths business, being the Group's fashion retailing business in South Africa, and the United Kingdom based Office footwear business, which had for many months prior to the lockdown been contending with negative consumer sentiment and Brexit-related uncertainty.

As a result of the consequential impact on the profitability and liquidity of the Office business, the Truworths International board is considering all possibilities for Office, including various restructuring options, and the Group has engaged advisers to assist with this process.

In light of these developments, an impairment of the Group's carrying value of the Office trademarks and right-of-use assets relating to store leases will be required during the 52-week financial period ending on 28 June 2020 ("the period"). Such impairments, which are yet to be quantified, would impact the Group's basic earnings per share ("EPS"), but would be excluded from the calculation of headline earnings per share ("HEPS") and would not have cash flow consequences.

The unprecedented economic crisis caused primarily by the severe negative impact of the ongoing COVID-19 pandemic has resulted in diminished revenue, reduced collections and an increase in the doubtful debt provision in respect of the debtors book in the Truworths business.

Based on various scenarios, including the impact of the lockdown on trading and the performance of the debtors book up to the end of the period, as well as the duration of the lockdown in South Africa and the United Kingdom, the board currently anticipates that the Group will record a reduction of at least

30% (174 cents) in HEPS* for the period, when compared to the prior period reported HEPS* of 580 cents.

As regards the impairments of the Office trademarks and right-of-use assets, the Group has considered various scenarios and their impact on the Group's EPS for the period. Based on the outcomes of these scenarios, the Group will record a decline, and possibly a loss, in EPS for the period when compared to the prior period reported EPS* of 145 cents. Given the current uncertainties in quantifying the impairments, it is not possible to provide an indication of the percentage decline in EPS* with reasonable certainty at this stage.

The board will provide the anticipated range of the decrease in HEPS and EPS for the period when it has reasonable certainty in this regard, in a further trading statement.

The board further advises that, having regard for the Group's currently projected financial performance and position in the short to medium term, it is unlikely that a final dividend for the period will be declared.

The continued uncertainty resulting from the COVID-19 pandemic and the lockdown resulted in trading levels of the Truworths business in South Africa, since stores re-opened on 1 May 2020, increasing in the first week, but thereafter declining following the initial surge in demand, when compared to the prior corresponding period.

The board is able to advise that the Truworths business has successfully extended the term of its borrowing facilities and thus has access to liquidity in the medium term. Management is committed to the execution of various strategies aimed at managing inventory, the account portfolio and expenses prudently during this time.

Shareholders are advised that this trading statement does not constitute an earnings forecast, and that the financial information provided herein is the responsibility of the directors and has not been reviewed or reported on by the Group's external auditor Ernst & Young Inc.

* As restated (on adoption of IFRS 16: Leases) in the interim results for the period ended 29 December 2019.

Cape Town
25 May 2020

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One Capital

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