

Truworths International Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1944/017491/06)
JSE Code: TRU
NSX Code: TRW
ISIN: ZAE000028296
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BUSINESS UPDATE

Truworths International Limited (the 'Group') announces that retail sales for the first 18 trading weeks (29 June 2020 to 1 November 2020) of the 2021 financial period ('the current period') decreased by 10% to R5.7 billion compared to the first 18 trading weeks (1 July 2019 to 3 November 2019) of the 2020 financial period ('the prior period'). Both of the Group's main markets, South Africa and the UK, continue to be affected materially by the impact of the COVID-19 pandemic. While lockdown restrictions in South Africa have been relaxed gradually over the last five months, the UK is entering a second national lockdown from today until Wednesday, 2 December 2020 as the second wave of the pandemic is starting to be experienced in the northern hemisphere. In terms of the restrictions the Group's stores across the UK are classified as non-essential retail and accordingly will only be open for 'click & collect' transactions during this lockdown.

In the current period, account sales comprised 50% (2020: 52%) of Group retail sales, with account sales decreasing by 13% and cash sales decreasing by 7% relative to the prior period.

Retail sales for Truworths Africa (being the Group, excluding the UK-based Office segment and comprising mainly of the Truworths businesses in South Africa) decreased by 9% to R4.2 billion relative to the prior period's R4.6 billion. Account sales comprised 69% of these retail sales (2020: 71%). Truworths' trading space decreased by 0.5% on the prior period and is expected to remain largely unchanged for the full 2021 financial period. Product inflation averaged 0.2% for the current period (2020: 0.4%).

Retail sales for the Group's UK-based Office segment decreased in Sterling terms by 26% to £70 million relative to the prior period's £95 million. In Rand terms retail sales for Office decreased by 12% to R1.5 billion. Office continues to benefit from its strong e-commerce offering with e-commerce sales growing by 22% in the current period to comprise 52% of total retail sales. Office's trading space decreased by 11.5% compared to the prior period and is expected to decrease by approximately 20% for the full 2021 financial period as the business continues to exit unprofitable stores as leases expire or lease breaks become available.

Truworths Africa's gross trade receivables at 25 October 2020 decreased by 15% to R5.0 billion compared to R5.9 billion at 27 October 2019. The number of active accounts decreased by 6%. The percentage of active account holders able to purchase and overdue balances as a percentage of gross trade receivables were at 83% (2020: 85%) and 15% (2020: 13%), respectively. While gross bad debt in respect of the book is increasing, the overall quality of the book is showing signs of improvement and the allowance for expected credit losses is starting to reduce.

Although the trading environment is expected to remain challenging in light of the COVID-19 pandemic, Brexit uncertainty and a weak economic backdrop generally, the Group continues to utilise its extensive experience to manage the risk of fashion through its proven

merchandise design and buying processes, and to manage the risk of the book through continuing to apply strategies to ensure the on-going health of the portfolio.

Acquisition of Barrie Cline

The Group is also pleased to announce the successful acquisition of the Barrie Cline Clothing business ('Barrie Cline') with effect from 1 December 2020. The acquisition falls below the threshold of a categorised transaction in terms of the JSE Listings Requirements.

Barrie Cline is a ladieswear apparel design centre that has been a supplier to Truworths for more than 30 years. It is well aligned with the varied needs of the Truworths ladieswear business and provides apparel design, sample and pattern-making services, as well as apparel manufacturing through a network of approximately 50 local cut, make, and trim ('CMT') operations.

The acquisition of Barrie Cline complements Truworths' existing in-house design capability, which focuses on mens and kidswear, while the vertical integration with Truworths will strengthen Truworths' relationship with local CMTs who are critical in supporting local manufacturing and the clothing industry in South Africa.

Shareholders are advised that this business update does not constitute an earnings forecast, that the financial information provided herein is the responsibility of the directors, and that such information has neither been reviewed nor reported on by the Group's external auditors. The Group's interim results for the 26-week period ending 27 December 2020 are scheduled for release on or about Thursday, 18 February 2021.

5 November 2020
Cape Town

JSE Sponsor: One Capital
NSX Sponsor: Merchantec Capital