

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 FOR THE 26-WEEK PERIOD ENDED 27 DECEMBER 2020

Truworths International Limited (the 'Group') announces that both of its main markets, South Africa and the UK, continue to be affected materially by the impact of the COVID-19 pandemic. While there have not been any further hard lockdown restrictions in South Africa since the Group was allowed to reopen its stores in May 2020, consumer spending remains subdued in the wake of the ongoing economic crisis resulting from the severe negative impact of the pandemic, and generally depressed economic conditions. In the UK, trading conditions have been exceptionally challenging amidst Brexit uncertainty, with the Group's stores having to close from 5 November 2020 to 2 December 2020 (except for 'click & collect' orders) as all non-essential retail activity was suspended in an attempt to curb the spread of the virus. The government has again imposed a national lockdown in January 2021 forcing the Group to close its stores in the UK.

Group retail sales for the 26-week period ended 27 December 2020 (the 'current period') decreased by 8.5% to R9.7 billion relative to the R10.6 billion reported for the 26-week period ended 29 December 2019 (the 'prior period').

Account sales comprised 51% (2019: 52%) of Group retail sales for the current period, with account sales decreasing by 10.3% and cash sales decreasing by 6.5%, relative to the prior period.

Truworths Africa

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 6.8% to R7.3 billion relative to the prior period's R7.8 billion, with account sales decreasing by 10.3% and cash sales increasing by 1.9%. Account sales comprised 68% of these retail sales (2019: 71%). Trading space decreased by 1% relative to the prior period and is expected to remain unchanged for the 2021 financial year. There was no product inflation (or deflation) in the current period (2019: 1.1% inflation), while like-for-like store retail sales decreased by 8% (2019: increased by 1%).

Gross trade receivables in respect of the Truworths Africa debtors book (relating to the Truworths, Identity and YDE businesses) were at R5.8 billion (2019: R6.8 billion), while the number of active accounts decreased by 6% to 2.6 million. Active account holders able to purchase and overdue balances to gross trade receivables were at 85% (December 2019: 85%, June 2020: 77%, and October 2020: 83%) and 12% (December 2019: 10%, June 2020: 20%, and October 2020: 15%) respectively, evidencing the signs of improvement in the overall quality of the book since June 2020 as announced in November 2020.

Office

Retail sales for the Group's UK-based Office segment decreased in Sterling terms by 24.6% to £114 million relative to the prior period's £151 million. In Rand terms, retail sales for Office decreased by 13.3% to R2.4 billion. Office continues to benefit from its strong online presence, with online sales contributing approximately 59% (2019: 34%) of retail sales for

the current period. Trading space for the Office segment decreased by 17% relative to the prior period and is expected to decrease by approximately 21% for the 2021 financial year.

Earnings

Amidst these challenging trading conditions, the Group estimates that its headline earnings per share ('HEPS') for the current period will decrease by between 4% and 9% to between 332 cents and 350 cents relative to the prior period HEPS of 364.9 cents. The Group further estimates that its earnings per share ('EPS') for the current period will decrease by between 14% and 19% to between 295 cents and 314 cents relative to the prior period EPS of 364.7 cents.

The higher decline in EPS compared to HEPS is attributable to an impairment of £8 million in the current period of Office's right-of-use assets in respect of retail store leases, as lockdown restrictions on non-essential retail in the UK and Europe continue to put pressure on store-based retailing.

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 ended 27 December 2020 are scheduled for release on or about Thursday, 18 February 2021.

15 January 2021
Cape Town

JSE Sponsor: One Capital
NSX Sponsor: Merchantec Capital