

TRUWORTHS INTERNATIONAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1944/017491/06)
PO Box 600, Cape Town, South Africa, 8000
JSE code: TRU; NSX code: TRW
ISIN: ZAE000028296
("Truworths" or "the Group" or "the company")

UPDATE ON ANNUAL GENERAL MEETING:

- **REMUNERATION POLICY IMPLEMENTATION REPORT**

Shareholders are referred to the announcement published on the JSE news service SENS on 30 September 2021 advising that Truworths' 2021 preliminary report and notice of annual general meeting had been published on the Group's website: www.truworthsinternational.com.

Subsequent to such announcement, proxy voting guidance providers and certain shareholders have indicated that clarification and further information is requested on certain aspects of the Group's 2021 remuneration policy implementation report (contained in the Group's 2021 integrated report that was published on 6 October 2021), in relation to which shareholders will be voting at the company's annual general meeting.

Accordingly, and after further consultation with the Group's remuneration advisers PwC who had comprehensively reviewed the remuneration policy and implementation report prior to its publication, Truworths provides the following additional information:

- Details that provide context to the strategic targets, which determined the annual short term incentive (STI) pay-outs in relation to the 2021 financial period; and
- reasons for restricted share awards made to the newly appointed Chief Financial Officer (CFO).

STRATEGIC TARGETS RELATING TO STI

During the course of the 2021 financial period the company's Remuneration Committee (Remco) was of the view that the unusual impact of the Covid-19 era was likely to be prolonged, and could well endure into the 2022 calendar year, thereby constraining economic activity and limiting the prospects for growth in Group sales in the period.

Whereas the delivery of headline earnings per share (HEPS) growth, which was controllable through careful margin and innovative account portfolio management, was determined by Remco to remain a key STI performance metric, Remco focussed other STI targets for the period on strategic projects that would position the Group to capitalise on post-Covid-19 opportunities rather than on short term goal achievement. As a result Remco decided to elevate the weighting of strategic projects, which were deemed to be of even greater importance in such an extraordinary and difficult period.

Delivery on strategic targets was accordingly increased from a 30% weighting to 40% for the period. In doing so Remco confirmed that, for STI purposes in future years, strategic projects would revert to a weighting of between 20% and 30%, depending on circumstances.

In determining the STI pay-outs in respect of the period Remco concluded that the government support measures, received in the United Kingdom (UK) and in South Africa (SA), were intended to offset the loss of business and employment due to Covid-19 lockdown-related store closures. Furthermore Remco noted that the redundancies implemented in Office UK were a consequence of the Group's agreed strategic project to restructure the UK business that was necessary to ensure its long term sustainability. Remco further concluded that the management team had delivered a merit-worthy performance through the Covid-19 era, including significantly out-performing the analysts' consensus HEPS forecast, maintaining dividends and significant share buy backs, achieving above expectation cash generation, and reducing borrowings.. Consequently Remco resolved that STI pay-outs were fully warranted.

Applying the 40% weighting applicable to strategic targets, and the 60% weighting on HEPS growth, resulted in the Group achieving the 144% overall weighted outcome in respect of STI targets.

The Group has an extensive range of strategic project targets for all major business units that are regularly evaluated and updated by Remco and reported to the company's board. However six specific strategic projects subject to STI targets with equal weighting were considered as critically important for the future growth and strategic direction of the Group. These projects were as follows, in no particular order

1. **Truworths Omni-Channel E-Commerce:** A new-generation commerce cloud website supporting the business operating model, with the simultaneous and substantial expansion of the online product offering, was successfully developed initially for the Identity business and is the forerunner to the new platform and upgrade to the Truworths website which is about to be launched. These new generation websites offer a vastly improved user experience, from improved site speed to additional functionality, and are mobile-first.
2. **Restructure Office UK for long term sustainability:** Office critically required intervention to place the business on a significantly improved longer term pathway. Three strategic objectives were set;
 - i. exiting or renegotiating unprofitable store leases;
 - ii. relaunching and growing the made to order (MTO) Office brand, which is important to the success of the Office segment due to its differentiation and higher margins; and
 - iii. significantly enhancing the Offspring website.

These objectives were substantially achieved during the period. In particular e-commerce sales comprised 63% of total sales, and exceeded store sales during the period.

3. **Develop a Truworths In-house Design centre to support the local supply chain:** The purchase and integration of the Barrie Cline ladieswear design centre, and thereafter its amalgamation with the Truworths men's and kidswear design centres, were major achievements during the period, and will enable the SA segment to build a significant vertically integrated local supply chain across all major brands.
4. **Launch of two new retail store concepts and brands:** The launch of a new menswear concept ("Fuel") (in standalone stores and also within the Truworths Emporium) and a value segment retail concept ("Primark") with a completely new store design, were important long term strategic growth initiative deliverables during the period.
5. **Design and launch new expanded Truworths Kids and Identity Superstores:** These new store concepts were launched during the period, and will be rolled out in the 2022 financial period and beyond.
6. **Implementation of a new structure to support succession:** A broad-based senior executive succession plan was implemented with the promotion and role expansion of 7 directors in the Truworths subsidiary, and the appointment of a number of divisional directors and executives in the Truworths and Office subsidiaries. These appointments, together with Sarah Proudfoot's appointment to the newly created position of Truworths Limited Deputy Managing Director, position the leadership team well for the next phase of the Group's development.

REASONS FOR RESTRICTED SHARE AWARDS TO CFO

Subsequent to the 2021 financial period to which the Group's remuneration policy implementation report relates, the newly appointed CFO with effect from 1 July 2021 was awarded restricted shares, as advised by the Group in its SENS announcement on 21 September 2021. It is to be noted that such award does not relate to the 2021 remuneration policy implementation report which is to be considered at the upcoming annual general meeting, and will as required be reflected in the remuneration policy implementation report for the 2022 financial period envisaged to be published in October 2022.

As a component of his remuneration package the new CFO was awarded a combination of cash and non-performance-based restricted shares, both as a restraint of trade/non-compete payment and in order to compensate him for certain equity-based remuneration benefits forfeited or requiring earlier settlement at his previous employer.

The said restricted shares are subject to malus and clawback provisions, vest at 25% after each of years 1 and 2, and 50% after year 3, and will be forfeited if the CFO resigns or retires or has his employment terminated prior to the vesting dates. This award was regarded by Remco as being a preferred alternative, and was more aligned to the interests of shareholders compared to a "cash only" up-front payment.

The Group's remuneration policy remains that executive directors should for long-term incentive purposes only receive performance based share awards which vest after a minimum period of three years but in most cases after 4 or 5 years. It is to be noted that as a long term incentive, the new CFO received performance-based share awards that are subject to malus and clawback provisions, and dividend forfeiture rules on non-vested shares, as advised in the SENS announcement of 21 September 2021. Any future awards of shares to him will be conditional on the attainment of performance targets in terms of the Group's policy.

CONCLUSION

Truworthe trusts that the above additional disclosures are useful to shareholders and will enable them to vote in an informed manner in relation to the resolution relating to the Group's remuneration policy implementation report to be considered at the annual general meeting.

ANNUAL GENERAL MEETING

Shareholders are reminded that the Truworthe annual general meeting is scheduled to be held virtually on Thursday, 4 November 2021 at 09h30, to transact the business set out in the notice of the meeting, which notice is contained in the Group's 2021 audited preliminary report and published on the Group's website: www.truwortheinternational.com.

Shareholders are encouraged to participate in the annual general meeting, by registering at no cost on the Lumi website at www.smartagm.co.za, and voting thereat on all resolutions, and are advised to make the necessary arrangements to participate or be represented at the meeting and, where required, to furnish voting instructions to their CSDP or broker in good time. The record date for the purposes of participating and voting at the annual general meeting is 17:00 on Friday, 29 October 2021. The last day to trade in order to be entitled to participate and vote at the meeting was Tuesday, 26 October 2021.

Shareholders are reminded that in order for forms of proxy (which are published on the Group's website: www.truwortheinternational.com) to be valid for the purposes of the meeting, these are requested to be lodged by email at proxy@computershare.co.za, which mailbox is managed by Truworthe's transfer secretaries, Computershare Investor Services (Pty) Limited, by no later than 48 hours before the appointed time of the meeting. Forms of proxy may thereafter however be submitted, via email to proxy@computershare.co.za to the chairman of the meeting, up to the scheduled time for holding the meeting.

By order of the board

Chris Durham
Company Secretary

Cape Town
27 October 2021

Sponsor in South Africa
One Capital Sponsor Services (Pty) Limited

Sponsor in Namibia
Merchantec Capital Namibia (Pty) Ltd