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(‘Truworths International’ or the ‘Group’)

## BUSINESS UPDATE

Trading conditions in the Group’s main markets, South Africa and the United Kingdom, continue to be impacted by the COVID-19 pandemic, which together with international supply chain disruptions, have resulted in stock shortages in certain product ranges. In South Africa trading has been impacted further by the civil unrest in parts of the country between 9 and 17 July 2021, having a particularly negative impact on sales performance from mid-July to the end of August. A material number of stores were damaged, destroyed or closed pre-emptively during this period. Ongoing electricity supply issues in South Africa continued throughout the period, also affecting many of the Group’s stores.

In the United Kingdom trading conditions have benefited from the recent relaxation of lockdown restrictions although retail footfall continues to be impacted materially by low levels of tourism and hybrid home/office working arrangements.

Against this challenging background, and a period of Rand strengthening which served to counter good retail sales growth achieved in the United Kingdom, Group retail sales for the first quarter (28 June 2021 to 26 September 2021) of the 2022 financial period (‘the current period’) decreased by 1.2% to R3.9 billion, compared to the first quarter (29 June 2020 to 27 September 2020) of the 2021 financial period (‘the prior period’ or ‘2021’). In the current period, account sales comprised 49% (2021: 49%) of Group retail sales, with account and cash sales decreasing by 0.8% and 1.7%, respectively, relative to the prior period.

### Truworths Africa

Retail sales for Truworths Africa (being the Group, excluding the United Kingdom-based Office segment and comprising mainly of the Truworths businesses in South Africa) increased by 0.2% to R2.9 billion relative to the prior period. Comparable store retail sales, which amongst others adjust for the impact of stores damaged and unable to trade as a result of the civil unrest, increased by 2.1%. While low stock levels in the current period were negative for sales, markdowns were lower relative to the prior period thereby supporting the gross profit margin.

Online sales continued to show good growth in the current period increasing by 45% and contributing 3.0% to the segment’s total retail sales. The Identity e-commerce site was launched during the current period on a new commerce cloud platform and the existing Truworths e-commerce sites were migrated to the new platform on 2 November 2021. The new platform provides significantly enhanced functionality and performance and will support future e-commerce sales growth in the segment.

In Truworths Africa, account sales comprised 68% of retail sales (2021: 69%). Trading space decreased by 0.7% relative to the prior period and is expected to remain largely unchanged for the full 2022 financial period. Product deflation averaged 2.2% for the current period (2021: 0.5% inflation).

Truworths Africa's gross trade receivables at the end of the current period were unchanged relative to the prior period at R5.1 billion. The number of active accounts increased by 1.5%. The debtors book continues to show improvement and is in a healthy position as reflected in the percentage of active account holders able to purchase and overdue balances as a percentage of gross trade receivables, both of which improved and were at 83% (2021: 81%) and 14% (2021: 17%), respectively.

#### Office

Retail sales for the Group's United Kingdom-based Office segment increased in Sterling terms by 3.1% to £52.7 million relative to the prior period's £51.1 million. In Rand terms however, retail sales for Office decreased by 4.9% to R1.1 billion due to a stronger Rand to Sterling exchange rate in the current period. In line with expectations, Office's e-commerce sales in Sterling decreased by 13.1% in the current period to 45.5% of total retail sales as consumers returned to stores following the relaxation of lockdown restrictions in July 2021.

Office's store sales were, as expected, affected by the planned trading space decrease of 23.2% compared to the prior period. Such space is expected to decrease by approximately 12% for the full 2022 financial period as the business continues to exit unprofitable stores as leases expire or lease breaks become available.

#### Update on civil unrest

The civil unrest and rioting in July 2021 resulted in 57 of the Group's South African stores being impacted directly and severely by looting and destruction of property. By the end of August 2021, 51 of the 57 affected stores were reopened while the remaining six stores remain closed as they were located in fire damaged shopping centres. One of these stores is scheduled to be reopened in early December 2021.

The Group has submitted insurance claims of R69 million and is pleased to announce that an initial payment of R40 million was received in October 2021. Further claims are still being finalised and will be submitted as soon as possible. At this stage management anticipates all claims to be honoured.

#### Outlook

The trading environment is expected to remain challenging in light of the COVID-19 pandemic, ongoing electricity loadshedding in South Africa, and international supply chain challenges. The Group is pleased to announce that inventory levels have improved recently and that it is in an improved stock position for the upcoming peak trading season. The Group will continue to utilise its extensive experience to manage the risk of fashion through its proven merchandise design and buying processes, to manage its inventory optimally and to manage the risk of the book through the consistent application of its account risk management strategies to grow and ensure the on-going health of the portfolio.

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 26 December 2021 are scheduled to be released on or about Thursday, 17 February 2022.

4 November 2021  
Cape Town

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