

Truworths International Limited  
(Incorporated in the Republic of South Africa)  
(Registration number: 1944/017491/06)  
JSE and A2X Code: TRU  
NSX Code: TRW  
ISIN: ZAE000028296  
LEI: 37890099AFD770037522  
('Truworths International' or the 'Group')

**BUSINESS UPDATE AND VOLUNTARY TRADING STATEMENT FOR THE 26-WEEK PERIOD ENDED 1 JANUARY 2023**

During the first 26 weeks (from 4 July 2022 to 1 January 2023) of the Group's 2023 financial period (the 'current period') Group retail sales increased by 13.7% to R11.3 billion compared to the first 26 weeks (from 28 June 2021 to 26 December 2021) of the 2022 financial period (the 'prior period' or 'Dec-2021').

This was despite a record level of electricity load shedding in South Africa, and increasing pressure on consumers' disposable income in both South Africa and the United Kingdom due to rising interest rates and high levels of inflation.

Due to the inclusion of a 53<sup>rd</sup> week in the 2022 financial period, the first 26 weeks of each of the 2022 and 2023 financial periods are not comparable. Compared to the corresponding 26 weeks of the 2022 financial period (from 5 July 2021 to 2 January 2022) (the 'corresponding prior period'), Group retail sales for the current period increased by 13.0%.

Retail sales growth for the current period by business segment was as follows:

	Retail sales 26 weeks to 1 Jan 2023	Increase on prior period	Increase on corresponding prior period
Truworths Africa	R8.4bn	13.8%	13.4%
Office	£140m	13.6%	12.3%
Total	R11.3bn	13.7%	13.0%

In the current period, account sales comprised 52% (Dec-2021: 51%) of Group retail sales, with account and cash sales increasing by 16.5% and 10.8%, respectively, relative to the prior period. Compared to the corresponding prior period, in which account sales comprised 51% of Group retail sales, account and cash sales increased by 16.0% and 9.9%, respectively.

**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) increased by 13.8% to R8.4 billion relative to the prior period. Compared to the corresponding prior period, retail sales for the current period increased by 13.4%. Online sales continued to show good growth in the current period increasing by 50% and contributing 3.0% to Truworths Africa's retail sales.

Retail sales for the last 9 weeks (from 31 October 2022 to 1 January 2023) of the current period increased by 10.6% to R4.0 billion compared to the last 9 weeks (from 25 October 2021 to 26 December 2021) of the prior period, and increased by 12.5% relative to the

corresponding last 9 weeks (from 1 November 2021 to 2 January 2022) of the 2022 financial period.

The higher retail sales performance in the first 17 weeks, as reported in the Group's business update on 3 November 2022, compared to the last 9 weeks of the current period is due to higher levels of electricity load shedding in the last 9 weeks and the lower retail sales base in the first 17 weeks due to the civil unrest in the prior period, combined with generally lower stock levels throughout the prior period as a result of supply chain disruption.

All of the Group's South African stores are able to trade during load shedding, either manually (i.e. offline) or by way of back-up power installed by the Group or made available by landlords. At the end of the current period approximately 77% of Truworths Africa's turnover was covered by back-up power. The Group continuously assesses the back-up power needs of its stores and will install additional or extend existing back-up power solutions where appropriate. Notwithstanding these efforts, load shedding is likely to have had a negative impact on retail footfall, and consequently on retail sales, especially in malls without back-up power.

In the prior period, retail sales performance was impacted negatively by the civil unrest in South Africa in July 2021 (mainly in KwaZulu-Natal and parts of Gauteng), the impact of which extended beyond August 2021 while the Group prepared to reopen the affected stores. Comparable store retail sales, which exclude sales from the stores affected by the civil unrest, increased by 10.2% in the current period relative to the corresponding prior period.

Account sales comprised 70% of retail sales (Dec-2021: 68%). Strong demand for merchandise purchases on account has resulted in Truworths Africa's gross trade receivables increasing by 19.3% to R7.1 billion (Dec-2021: R5.9 billion), with the number of active accounts increasing by 5.7% to 2.8 million (Dec-2021: 2.6 million). These increases occurred notwithstanding that the Group continued to apply its strict credit-granting criteria, and reflect the enticing nature of the Group's account and product offering. Active account holders able to purchase and overdue balances as a percentage of gross trade receivables were at 84% (Dec-2021: 85%) and 11% (Dec-2021: 10%), respectively.

Trading space increased 0.8% relative to Dec-2021 and is expected to increase by approximately 2% for the 2023 financial year. Product (retail selling price) inflation averaged 13.3% in the current period (Dec-2021: product deflation of 2.4%).

#### Office

Retail sales for the Group's UK-based Office segment increased in Sterling terms by 13.6% to £140 million relative to the prior period's £123 million. In Rand terms, retail sales for Office increased by 13.3% to R2.9 billion. Compared to the corresponding prior period, retail sales for the current period increased by 12.3% in Sterling terms. E-commerce comprised 44% of Office's retail sales in the current period, declining from a contribution of 47% in the prior period as high-street trading continues to normalise.

Retail sales for the last 9 weeks (from 31 October 2022 to 1 January 2023) of the current period increased in Sterling terms by 16.0% to £63 million, compared to the last 9 weeks (from 25 October 2021 to 26 December 2021) of the prior period, and increased by 15.1% relative to the corresponding last 9 weeks (from 1 November 2021 to 2 January 2022) of the 2022 financial period. Retail sales in the last 9 weeks of the current period compare with

the lower base of retail sales in the prior period resulting from a number of COVID-19 restrictions implemented in the UK over the December 2021 festive season.

Office's trading space decreased by 3.8% compared to Dec-2021 and is expected to decrease by approximately 9% for the 2023 financial year as the business continues to exit marginal and loss-making stores as leases expire or lease breaks become available.

#### Earnings

The Group estimates its earnings per share ('EPS') and headline earnings per share ('HEPS') for the current period, on an undiluted basis, to be within the ranges reflected in the table below:

	Dec-2021 26 weeks (cents)	Dec-2022 Estimated increase	Dec-2022 Estimated range (cents)
EPS	452.7	11% - 14%	503 - 516
HEPS	448.6	8% - 11%	485 - 498

The higher estimated increase in EPS relative to the increase in HEPS is a result of the reversal of some previously recognised impairment losses in respect of the Office business segment's store lease right-of-use assets due to improved performance in these stores.

Shareholders are advised that this business update and voluntary trading statement do 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 current period are scheduled for release on or about Thursday, 23 February 2023.

26 January 2023  
Cape Town

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