

Truworths International Limited
(Incorporated in the Republic of South Africa)
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NSX Code: TRW
ISIN: ZAE000028296
LEI: 37890099AFD770037522
('Truworths International' or the 'Group')

BUSINESS UPDATE FOR THE 52-WEEK PERIOD ENDED 2 JULY 2023

Group retail sales for the 52-week period ended 2 July 2023 (the 'current period') increased by 11.4% to R20.6 billion relative to the R18.5 billion reported for the 53-week prior period ended 3 July 2022 (the 'prior period' or '2022'). Due to the inclusion of a 53rd week in the prior period, the sales performance of the current and prior period is not comparable. Compared to the corresponding 52 weeks of the 2022 financial period (the 'corresponding prior period[‡]'), Group retail sales for the current period increased by 13.2%.

This growth was achieved despite the challenging macro environment in the Group's main markets, South Africa and the United Kingdom. Guided by its Business Philosophy and backed by a strong balance sheet, the Group managed costs and margins effectively, rolled out new store formats and managed inventory and trade receivables consistently to ensure growth in the business.

Account sales comprised 51% (2022: 52%) of Group retail sales for the current period, with cash and account sales increasing by 14.8% and 8.2%, respectively, relative to the 53-week prior period.

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

	Retail sales 52 weeks to 2 July 2023	Increase on prior period 52 on 53 weeks	Increase on corresponding prior period[‡] 52 on 52 weeks
Truworths Africa	R15.0bn	7.3%	9.1%
Office	£262.1m	16.9%	18.8%
Total	R20.6bn	11.4%	13.2%

Group retail sales performance in the first and second half of the current period was as follows:

	Retail sales	Increase on prior period[~]	Increase on corresponding prior period[^]
First half – 26 weeks to 1 January 2023*	R11.3bn	13.7%	13.0%
Second half – 26 weeks to 2 July 2023**	R9.3bn	8.7%	13.4%
Total – 52 weeks to 2 July 2023	R20.6bn	11.4%	13.2%

Truworths Africa

Retail sales performance for the Truworths Africa segment (comprising mainly of the Truworths businesses in South Africa) was as follows:

	Retail sales	Increase on prior period~	Increase on corresponding prior period^
First half – 26 weeks to 1 January 2023*	R8.4bn	13.8%	13.4%
Second half – 26 weeks to 2 July 2023**	R6.6bn	0.0%	4.0%
Total – 52 weeks to 2 July 2023	R15.0bn	7.3%	9.1%

Account and cash sales increased by 8.2% and 5.2% (10.1% and 6.8% relative to the corresponding prior period‡), respectively.

Trading continued to be impacted by pressure on consumer disposable income and discretionary spending in the current low growth, high inflationary environment. The challenging macro environment was further affected by the energy crisis in South Africa, with significantly higher levels of electricity load shedding observed from September 2022 onwards. The consequences of electricity load shedding on the economy and retail trade in general are far reaching, impacting economic growth and job creation. During the current period the Group spent approximately R40 million on backup power solutions for its stores in South Africa, and incurred additional operating costs in respect of diesel for backup generators for distribution centres and stores. At the current period-end, stores covering 87% of the segment's South African sales were equipped with alternative power sources. The remaining stores have historically not required alternative power sources, either because they do not experience load shedding or they have sufficient natural and artificial lighting and can therefore continue to trade manually.

Account sales comprised 70% of the segment's retail sales (2022: 69%) for the current period. Truworths Africa's like-for-like store retail sales increased by 4.4% (increased by 6.1% relative to the corresponding prior period‡) and trading space increased by 1.4% relative to the prior period-end (2022: 0.2% decrease). Product inflation averaged 12.6% for the current period (2022: 0.6% deflation) mainly due to the depreciation of the Rand.

Gross trade receivables (relating to the Truworths, Identity and YDE businesses) increased by 11.7% to R6.6 billion (2022: R5.9 billion) and the number of active accounts increased by 5.7% to approximately 2.8 million relative to the prior period-end. Active account holders able to purchase were at 80% (2022: 82%) and overdue balances as a percentage of gross trade receivables at 16% (2022: 14%).

Office

Retail sales performance for the Office segment (comprising mainly of the Office businesses in the United Kingdom) was as follows:

	Retail sales	Increase on prior period[~]	Increase on corresponding prior period[^]
First half – 26 weeks to 1 January 2023*	£140.2m	13.6%	12.3%
Second half – 26 weeks to 2 July 2023**	£121.9m	20.9%	27.1%
Total – 52 weeks to 2 July 2023	£262.1m	16.9%	18.8%

In Rand terms, retail sales for the Office segment increased by 23.9% to R5.6 billion (increased by 25.9% relative to the corresponding prior period[‡]).

Trading conditions in the United Kingdom were much improved in the current period as tourism rebounded and workers had returned to their offices after all COVID-19 related restrictions were abolished in the prior period. However, consumer spending remained under pressure as a result of the fall in real disposable income that the UK has experienced since late 2021. Despite the macro challenges, demand for Office's merchandise offering remained robust and the business traded well throughout the current period.

Office continues to benefit from its strong online presence, with online sales contribution unchanged at approximately 45% of retail sales for the current period.

The Office segment's trading space decreased by 12.6% relative to the prior period (2022: reduction of 4.4%).

Earnings

The Group is currently finalising its financial results for the current period which are subject to external audit. The Group will provide an update on earnings for the current period in due course.

Results release

The Group's audited results for the 52-week period ended 2 July 2023 are scheduled for release on or about Thursday, 31 August 2023.

Shareholders are advised that the financial information provided in this business update is the responsibility of the directors and that such information has neither been reviewed nor reported on by the Group's external auditors. The pro forma financial information has been prepared in accordance with International Financial Reporting Standards, is provided for illustrative purposes only and, because of its nature, may not fairly represent the financial performance of the Group.

[‡] The 52-week period from 5 July 2021 to 3 July 2022, being the prior period, excluding the 1st week from 28 June 2021 to 4 July 2021.

* The corresponding first half of the prior period is the 26-week period from 5 July 2021 to 2 January 2022, being the first half of the prior period, excluding the week of 28 June 2021 to 4 July 2021.

** The corresponding second half of the prior period is the 26-week period from 3 January 2022 to 3 July 2022, being the second half of the prior period, excluding the week of 27 December 2021 to 2 January 2022.

~ Increase on prior period means the increase on the reported prior period retail sales. In the case of the first half it represents 26 on 26 weeks, in the case of the second half, 26 on 27 weeks and for the full year 52 on 53 weeks. The weeks are not corresponding due to the inclusion of a 53rd week in the prior period.

^ Increase on corresponding prior period means the increase on the corresponding prior 26-week retail sales.

20 July 2023
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