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 52-WEEK PERIOD ENDED 30 JUNE 2024

Group retail sales for the 52-week period ended 30 June 2024 (the 'current period') increased by 3.6% to R21.4 billion relative to the R20.6 billion reported for the 52-week period ended 2 July 2023 (the 'prior period' or '2023').

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

	Retail sales			Change on prior comparable period (%)		
	H1* 26 weeks	**H2^ 26 weeks**	**Full year~ 52 weeks**	**H1**	**H2**	**Full year**
Truworths Africa	R8.4bn	R6.1bn	R14.5bn	(0.3)	(6.9)	(3.2)
Office UK	£162.0m	£128.4m	£290.4m	15.6	5.3	10.8
Group	R12.2bn	R9.2bn	R21.4bn	8.2	(1.8)	3.6

* 26 weeks from 3 July 2023 to 31 December 2023
^ 26 weeks from 1 January 2024 to 30 June 2024
~ 52 weeks from 3 July 2023 to 30 June 2024

Account sales comprised 48% (2023: 51%) of Group retail sales for the current period, with cash sales increasing by 10.0% and account sales decreasing by 2.5%, relative to the prior period.

Truworths Africa

Retail sales in the Truworths Africa segment decreased by 3.2% relative to the prior period. The current period sales performance competed against a relatively higher base in the prior period, which recorded retail sales growth of 9.1% relative to the comparable 2022 52-week period. A number of factors weighed on retail trading conditions in South Africa in the current period, more notably in the second half:

- The challenging macro environment in South Africa, characterised by weak economic growth, high interest rates, muted real wage growth, high utility and transport costs, and high levels of unemployment, resulting in pressure on disposable income (and in turn discretionary spend) as well as persistently low (albeit improving) consumer confidence.
- Although the demand for Truworths' credit remained high and the number of active accounts continued to grow, credit usage has been suppressed in the high-interest rate and low consumer confidence and disposable income environment.

- Port congestion challenges in South Africa and global shipping disruption impacted optimum inventory levels and merchandise mix from November 2023 and into the early months of the winter 2024 season.
- The late onset of winter in South Africa, with unseasonably warm weather stretching into late May of the current period, dampened the demand for winter merchandise, consequently impacting retail sales, particularly in the last quarter of the current period.

Account sales decreased by 2.5% and comprised 70% of the segment's retail sales (2023: 70%) for the current period. Cash sales decreased by 4.7%.

The Group maintained a strong focus on preserving gross profit margin and containing costs, in an environment where Truworths Africa's like-for-like store retail sales decreased by 6.1% (2023: 4.4% increase) and trading space increased by 0.9% (2023: 1.4% increase), relative to the prior period. Product (retail selling price) inflation averaged 6.4% for the current period (2023: 12.6% inflation).

Notwithstanding the challenging macro environment in the current period, management is encouraged by early indicators that will support the positive trajectory of consumer confidence in the year ahead. Monetary policy easing will contribute to improved credit demand and affordability while prospects of higher growth and lower inflation are expected to boost consumer disposable income and spending in the medium term.

<u>Office UK</u>

Retail sales in the Office UK segment increased by 10.8% (in Sterling) relative to the prior period. In Rand terms, retail sales increased by 21.8% to R6.8 billion (2023: R5.6 billion).

Following a strong sales performance in the first half of the current period (up 15.6%), second half sales growth was 5.3%. This compared to a high base in the prior period, which recorded sales growth of 27.1% relative to the comparable 2022 26-week second half period.

Consumer spending in the United Kingdom remains under pressure as a result of the decline in real disposable income that consumers have experienced since late 2021, combined with relatively high interest rates and modest economic growth. Despite the challenges in the macro environment, the branded fashion footwear sold by Office UK proved to be comparatively resilient.

Office UK continues to benefit from its unique market positioning, brand partnerships and strong online presence. Online sales contributed approximately 46% of Office UK's retail sales in the current period (2023: approximately 45%).

Office UK continued to invest in its new store development and remodelling programme resulting in trading space growth of 11.4% relative to the prior period (2023: reduction of 12.6%). During the current period, a net of five stores was added to the portfolio with a further three stores renovated, relocated and/or extended based on the latest store design.

<u>Earnings</u>

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:

	52 weeks to 30 June 2024 (cents)	52 weeks to 2 July 2023 (cents)	Estimated change on prior period (%)
EPS	1 022 – 1 057	888.5	15% to 19%
HEPS	795 – 830	873.3	-5% to -9%

The variance between the change in EPS and HEPS for the current period relative to the prior period relates mainly to the reversal in the current period of previously recognised Office trademark impairments. This impairment reversal is included in earnings but excluded from headline earnings. Refer to the section on pro forma earnings information below.

Pro forma earnings information

The Group's relative earnings performance was impacted by a reversal of previously recognised impairment losses in respect of the Office trademarks in the current period, the indirect tax settlement in the prior period and other once-off impacts (collectively the 'pro forma adjustments'). Excluding these pro forma adjustments, the Group estimates its EPS and HEPS for the current period, on a pro forma undiluted basis, to be within the ranges reflected in the table below:

	Current period Pro forma 52 weeks to 30 June 2024 (cents)	Prior period Pro forma 52 weeks to 2 July 2023 (cents)	Estimated increase on pro forma prior period (%)
EPS	805 – 838	813.1	-1% to 3%
HEPS	782 – 814	797.9	-2% to 2%

The relevant amounts were extracted from the Group's accounting records, and in the opinion of the directors, fairly reflect the pro forma financial results. A complete reconciliation of the reported results to the pro forma results will be provided in the Group's audited annual financial results for the 52 weeks ended 30 June 2024.

The pro forma financial information has been prepared in accordance with the Group's accounting policies, is provided for illustrative purposes only and, because of its nature, may not fairly represent the financial performance of the Group.

Results announcement

As a result of external audit rotation and the consequential amount of information and familiarisation that has had to be assimilated together with the new auditors (Deloitte), the Group's audited financial results for the current period are scheduled for release on or about Thursday, 12 September 2024.

Shareholders are advised that the financial information provided in this announcement is the responsibility of the directors and that such information has neither been reviewed nor reported on by the Group's external auditors.

30 August 2024

Cape Town

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