TRUWORTHS

UNAUDITED PRELIMINARY GROUP RESULTS

COMPREHENSIVE INCOME

FOR THE YEAR ENDED 09 JULY 2023

ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER

ZIMBABWE LIMITED

(Incorporated in Zimbabwe in 1957, under Company Registration Number 602/57)

DIRECTORS' RESPONSIBILITY

The company's directors are responsible for the preparation and fair presentation of the Group's financial statements, of which this press release represents an extract.

The preliminary results have been prepared in accordance with International Financial Reporting Standards and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31) (COBE) and the Zimbabwe Stock Exchange (ZSE) Listing Requirements except for the non-compliance stated in the paragraph below.

The principal accounting policies applied in the preparation of these preliminary results are consistent with those applied in the previous annual financial statements, except for non-compliance with International Accounting Standard (IAS) 8 (Accounting Policies, Changes in Accounting Estimates and Errors), (IAS) 21 (Effects of Changes in Foreign Exchange Rates), valuation methodology on Property, Plant and Equipment and the consequential impact on (IAS) 29 (Financial Reporting in Hyperinflationary Economies). There is no significant impact arising from new and revised IFRS which became effective for reporting periods commencing on or after 1 January 2023.

CAUTIONARY STATEMENT - RELIANCE ON ALL FINANCIAL STATEMENTS PREPARED IN ZIMBABWE FOR

The directors would like to advise users to exercise caution in the use of these annual financial statements due to the material and pervasive impact of the technicalities brought about by the change in the functional currency in Zimbabwe in February 2019, its consequent impact on the usefulness of the financial statements for 2022/2023 financial periods and the adoption of International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies), effective 1 July 2019.

Whilst the Directors have exercised reasonable due care, and applied judgements that they felt were appropriate in the preparation and presentation of these annual financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of information that is presented in economies that are experiencing hyperinflation, as well as technicalities regarding the change in functional and reporting currency.

ADOPTION OF IAS 29 (FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES)

As previously reported, the Public Accountants and Auditors Board (PAAB) having assessed the impact of hyperinflation in the economy advised that the conditions for adopting IAS 29 were satisfied with effect from 1 July 2019.

IAS 29 requires that inflation-adjusted financial statements become the entity's primary financial statements. The Group has complied with this requirement, and this report is therefore based on inflation-adjusted financial statements. Financial statements prepared under the historical cost convention have been prepared as supplementary

KEY FINANCIAL REPORTING MATTERS

Users are advised to exercise caution in the interpretation of these financial statements.

We expect to publish the audited financial results on or about 29 February 2024 in line with the Zimbabwe Stock Exchange approval

OPERATING ENVIRONMENT

High unemployment levels and low disposable incomes

USD Credit was introduced in February 2023.

Units sold were negatively affected by informalisation of the economy which has resulted in cheap and fake imports selling at below local and international manufacturing costs. The business could not viably compete against these imports.

Sales participation by enables

	Full year to 09 July 2023	Full year to 10 July 2022
Cash sales	82%	66%
Credit sales	18%	34%

The ZWL\$ cash sales value was negatively affected by the following: · Price controls enforced by the FIU through the use of the official (exchange rate) in the sale of merchandise. The

business maintained competitive US dollar pricing in order to be able to compete on a US dollar basis, translating the US dollar price to ZWL price at the Auction Rate resulted in the uneconomic ZWL prices and loss of value.

 Informalisation of the economy which has resulted in cheap and fake imports selling at below manufacturing costs which the business could not compete against.

CREDIT MANAGEMENT

The debtors book declined as ZWL\$ credit sales were stopped in July 2022. This was due to the increase in the prime interest rate to 200% per annum which made credit sales unviable for the business. However, the business resumed credit sales in February 2023 but ONLY IN USD.

RIGHTS ISSUE

Pursuant to the need for Truworths to re-capitalize its operations, the directors proposed a renounceable rights offer of 384,067,512 or "Rights Offer" Ordinary Share nominal value of ZWL\$0.0001 each, at a price of ZWL\$5.80 per Rights Offer Share, on the basis of one (1) Rights Offer Share for every one (1) ordinary share held at the 11 July 2023. The approval to raise capital by way of renounceable rights offer was granted at an Extra - Ordinary General Meeting of the Shareholders held on 4 July 2023, and the rights offer closed on 9 August 2023

the ZWL\$2.227.591.570 amount to be raised. ZWL\$301,000,000 had been raised by the reporting date (09 July 2023). The resultant balance was settled post reporting date on 9 August 2023.

The directors deemed it prudent not to declare a dividend

OUTLOOK

The Economic Environment continues to be uncertain, unstable and complex

return to sustainable profitability, the business needs to offer credit in a stable currency and access long-term funding at affordable interest rates. Regrettably these conditions do not currently exist in the Zimbabwean

We remain hopeful that currency reforms will lead to stability and improved liquidity.

The Board would like to express their heartfelt thanks to Management, Staff and all other stakeholders for their efforts and support under difficult circumstances

due to inflation had a negative impact on volumes sold, with customers resorting to buying product in the unregulated informal market at prices which the business could not compete against M.P. Mahlangu B. Ndebele nief Executive Officer TRADING PERFORMANCE **Trading volumes** 19 February 2024 Full year to Full year to 09 July 2023 10 July 2022 Registered Office 4 Conald Road Units sold declined by 33.8% due to the suspension of ZWL\$ credit from 1st of July 2022. Harare ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION HISTORICAL COST INFLATION ADJUSTED As at As at As at As at 09 July 2023 09 July 2023 10 July 2022 **ZWLS** ZWL\$ ZWL\$ ZWL\$ **ASSETS 2 179 450 340** 1 736 618 375 **509 831 633** 483 077 196 **2 080 123 857** 1 687 482 279 **161 552 597** 158 923 254 Non-current assets Property, plant and equipment 11 903 080 Intangible assets 281 099 214 818 221 724 2 347 944 2 407 619 1 605 079 Right of use asset 14 851 357 Deferred tax asset 440 202 922 390 821 681 **3 569 870 960 357 248 524** 3 073 684 610 215 191 591 4 020 256 241 705 583 955 526 995 485 Inventories 3 524 069 891 400 844 736 125 123 208 400 844 736 115 232 688 Receivables - trade 32 894 174 43 530 823 32 894 174 Cash and cash equivalents 62 447 440 62 447 440 9 934 439 7 591 959 **Total Assets** 6 199 706 581 1 215 415 588 5 649 994 817 518 801 121 **EQUITY & LIABILITIES** Equity 3 393 069 912 506 407 025 2 862 073 844 89 796 823 406 542 029 Non-current liabilities 180 471 727 387 826 333 179 065 702 Deferred tax liability 386 361 417 Non current portion of lease liability 1 464 916 1 406 025 **Current liabilities** 2 400 094 640 528 536 836 2 400 094 640 1 207 345 150 1 122 377 561 448 790 660 17 631 006 1 207 345 150 1 122 377 561 Payables - trade

36 493 799

33 056 452

821 678

890.80

6 199 706 581 1 215 415 588

56 108 209

2 324 669

3 682 292

380 901 152

132.95

COMPREHENSIVE INCOME						
		INFLATION ADJUSTED		HISTORICAL COST		
	52 weeks to	52 weeks to				
Note	09 July 2023 ZWL\$	10 July 2022 ZWLS	09 July 2023 ZWLS	10 July 2022 ZWLS		
Note	ZWLŞ	ZWLŞ	ZWLŞ	ZWLŞ		
Revenue	2 596 719 409	750 710 666	1 927 710 158	573 697 653		
Revenue from contract with customers	2 472 256 077	622 473 112	1 856 261 761	475 697 735		
Cost of sales	(517 581 952)	(149 723 843)	(475 054 837)	(114 419 871)		
Gross profit	1 954 674 125	472 749 269	1 381 206 924	361 277 864		
Other operating income	6 956 678	4 586 718	5 978 589	3 505 198		
Manufacturing profit	103 781 745	17 885 496	140 723 559	13 668 205		
Trading expenses	(3 030 896 955)	(631 244 049)	(2 780 996 203)	(482 400 539)		
Trading loss	(965 484 407)	(136 022 566)	(1 253 087 131)	(103 949 272)		
Finance income	46 884 438	116 462 539	42 375 034	89 001 380		
Finance costs	(375 011 788)	(38 569 810)	(344 297 437)	(29 475 283)		
Exchange gain / (loss)	2 542 635 153	(4 148 088)	2 468 341 831	(3 169 994)		
Monetary (loss) / gain	(207 969 662)	265 526 465	-	-		
Profit / (loss) before tax	1 041 053 734	203 248 540	913 332 297	(47 593 169)		
Tax credit	394 230 918	7 284 676	345 564 942	5 566 994		
Profit / (loss) for the year	1 435 284 652	210 533 216	1 258 897 239	(42 026 175)		
Other comprehensive income						
Revaluation of property, plant and						
equipment (net of tax)	1 150 378 235	123 377 146	1 212 379 782	94 285 565		
Total comprehensive income for the year	2 585 662 887	333 910 362	2 471 277 021	52 259 390		
Earnings / (loss) per share						
Basic and diluted earnings / (loss)						
per share (cents)	376.81	55.27	330.50	(11.03)		
Basic and diluted headline				(******)		
earnings / (loss) per share (cents) 6	376.81	55.27	330.50	(11.03)		
Key ratios						
Gross margin	79.06	75.95	74.41	75.95		
Trading expenses to retail merchandise sales	122.60	100.88	149.82	100.88		
Trading margin	(39.05)	(22.52)	(67.51)	(22.52)		
Operating margin	(37.16)	(3.81)	(65.22)	(3.81)		
	, , ,	, , ,	` '	, , ,		

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

Balance at 09 July 2021

Capital

ZWL\$

50 258

Shares

ZWL\$

(415)

				210 522 216	210 533 216
_	-	_	_	210 333 210	210 333 210
			4.00.004.000	(40.540.056)	400 077 446
-	-	-	163 891 002	(40 513 856)	123 377 146
50 258	(415)	8 852 901	204 058 597	293 445 684	506 407 025
-	-	-	-	1 435 284 652	1 435 284 652
-	-	-	1 528 132 618	(377 754 383)	1 150 378 235
5 190	-	300 994 810	-	-	301 000 000
55 448	(415)	309 847 711	1 732 191 215	1 350 975 953	3 393 069 912
HISTORICAL COST					
Share	Treasury	Distributable	Revaluation	Retained	
Capital	Shares	Reserve	Reserve	Earnings	Total
ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
38 407	(317)				
		6 765 441	30 696 320	37 582	37 537 433
-	(317)	6 765 441	30 696 320		
-	(317)	6 765 441	30 696 320	37 582 (42 026 175)	37 537 433 (42 026 175)
-	-	6 765 441	30 696 320 - 114 928 136		
- -	· · · · · · · · · · · · · · · · · · ·	6 765 441	-	(42 026 175)	(42 026 175)
38 407	(317)	6 765 441	-	(42 026 175) (20 642 571) (62 631 164)	(42 026 175) 94 285 565 89 796 823
38 407	· · · · · · · · · · · · · · · · · · ·	-	114 928 136	(42 026 175) (20 642 571) (62 631 164)	(42 026 175) 94 285 565
38 407	· · · · · · · · · · · · · · · · · · ·	-	114 928 136	(42 026 175) (20 642 571) (62 631 164)	(42 026 175) 94 285 565 89 796 823
38 407	· · · · · · · · · · · · · · · · · · ·	6 765 441	114 928 136	(42 026 175) (20 642 571) (62 631 164) 1 258 897 239	(42 026 175) 94 285 565 89 796 823
38 407 - 5 190	· · · · · · · · · · · · · · · · · · ·	6 765 441	114 928 136 145 624 456	(42 026 175) (20 642 571) (62 631 164) 1 258 897 239	(42 026 175) 94 285 565 89 796 823 1 258 897 239
	55 448 Share Capital ZWL\$	5 190 - 55 448 (415) Share Capital Shares ZWL\$ ZWL\$	5 190 - 300 994 810 55 448 (415) 309 847 711	1 528 132 618 5 190	50 258 (415) 8 852 901 204 058 597 293 445 684 1 435 284 652 1 528 132 618 (377 754 383) 5 190 - 300 994 810

INFLATION ADJUSTED

Earnings

40 167 595 123 426 324 172 496 663

ZWL\$

Total

ZWL\$

utable

8 852 901

ABRIDGED GROUP STATEMENT OF CASHFLOWS					
	INFLATIO	N ADJUSTED	HISTORICAL COST		
	52 weeks to 09 July 2023 ZWL\$	52 weeks to 10 July 2022 ZWL\$	52 weeks to 09 July 2023 ZWL\$	52 weeks to 10 July 2022 ZWL\$	
Net cash generated / (utilised) in operations Net finance income Tax paid	81 650 446 (328 127 350)	(102 277 662) 77 892 729 (889 663)	57 407 500 (301 922 403)	(78 161 211) 59 526 097 (679 886)	
Net cash (utilised in) / generated from operating activities	(246 476 904)	(25 274 596)	(244 514 903)	(19 315 000)	
Cash utilised in investing activities	(2 068 989)	(534 861)	(2 020 039)	(408 744)	
Net cash generated from financing activities	301 058 894	27 962 706	301 390 423	21 369 270	
Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year	52 513 001 9 934 439	2 153 249 7 781 190	54 855 481 7 591 959	1 645 526 5 946 433	
Cash and cash equivalents at end of year	62 447 440	9 934 439	62 447 440	7 591 959	

- other Short term borrowings

Total Equity & Liabilities

Current portion of lease liability

Net asset value per share (cents)

Number of shares in issue (net of treasury shares) 380 901 152

178 356 312

42 878 234

1 776 526

2 814 030

23.57

36 493 799

821 678

751.40

5 649 994 817 518 801 121

380 901 152 380 901 152

TRUWORTHS

UNAUDITED PRELIMINARY

GROUP RESULTS

FOR THE YEAR ENDED 09 JULY 2023

ZIMBABWE LIMITED

(Incorporated in Zimbabwe in 1957, under Company Registration Number 602/57)

SUPPLEMENTARY INFORMATION

CORPORATE INFORMATION

The Group is incorporated and domiciled in Zimbabwe and its shares are publicly traded on the Zimbabwe Stock Exchange . It is engaged in the manufacture and retailing of fashion apparel and related merchandise.

2. BASIS OF PREPARATION

The Group's financial statements for the year ended 09 July 2023 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing Requirements and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE) except for the non-compliancewith International Financial Reporting Standards explained below. The Group's inflation adjusted financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwe Dollars (ZWL) and all values have been rounded to the nearest dollar, except where

The principal accounting policies applied in the preparation of the Group's inflation adjusted financail statements are in terms of IFRS except for the non-compliance with IAS 8 (Accounting Polcicies, Changes in Accounting Estimates an Errors), IAS 21 (The Effects of Changes in Foreign Exchange Rates), IAS 1 (Presentation of Financial Statements) and IFRS 15 (Revenue from Contracts with Customers) on presentation of manufacturing profit, valuation methodology of property, plant and equipment and the consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflationary Economies) and have been applied consistently in all material respects with those of the previous consolidated annual financial statements.

2.1 IAS 21 (The Effects of Changes in Foreign Exchange Rates)

As noted in the Group's 2019 financial statements, the Government of Zimbabwe promulgamated Statutory Instrument 33 (S.I. 33) on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL\$) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be Zimbabwe Dollars at the rate which was at par with the United States Dollar (USD). Guidance issued by the Public Accountants and Auditors Board (PAAB), noted that the requirements of SI33 were contrary to the provisions of IAS 21. The Directors have always ensured compliance with IFRS but were unable to do so in respect of the comparative financial information due to the confluct between IAS 21 and local statutory requirements. Due to the material and pervasive impact of these technicalities in the previous periods and the carrying over effects of these misstatements on the current period consolidated inflation-adjusted financial statements, the Directors would like to advise users to exercise caution in their use of these inflationadjusted financial statements.

2.2 Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe, for reporting periods on or after 01 July 2019. These financial statements have been prepared in accordance with IAS 29. The Group adopted the Zimbabwe Consumer Price Index ('CPI") as the general price index to restate transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried at fair value have been restated as the are presented at the measuring unit current at the end of the reporting period. Items recognised in the income statement have been restated by applying the change in general price index from the dates when initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for the year ended 09 July 2023. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 22 February 2019 to the end of the reporting period. All items in the statement of cashflows are expressed based on the restated financial information for the period.

As mentioned above, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index and used the monthly indices to inflation adjust the historical figures. The indices and conversion factors used to restate the accompanying financial statements are as follow:

Indices

Conversion factor

CPI on 30 June 2023	100.33	1.000
CPI on 30 June 2022	76.67	1.309
CPI on 30 June 2021	5307	1.890
CPI on 30 June 2020	43.75	2.293
Average CPI - 12 months to 30 June 2023	1.15	
Average CPI - 12 months to 30 June 2022	1.60	

		2023	2022	2023	2022
		ZWLŚ	ZWLŚ	ZWLŚ	ZWLŚ
3.	INVENTORIES				
0.	Finished goods	3 472 451 736	466 736 N45	3 024 418 369	190 585 451
	Raw materials	49 315 481	58 850 945	47 620 772	24 031 000
	Work in progress	2 302 674	1 408 495	1 645 469	575 140
	Work in progress	3 524 069 891		3 073 684 610	215 191 591
		3 324 009 891	320 993 463	3 0/3 004 010	213 191 391
4.	TRADE AND OTHER RECEIVABLES				
	Trade receivables	400 844 736	125 123 208	400 844 736	115 232 688
	Prepayments	17 592 148	7 355 669	17 592 148	5 779 706
	Other receivables	31 438 966	56 044 717	31 438 966	29 027 447
	Deduct: allowances for credit losses	(16 136 940)	(19 869 563)	(16 136 940)	(15 184 441)
		433 738 910	168 654 031	433 738 910	134 464 974
5.	TRADE AND OTHER PAYABLES				
	Trade payables	1 207 345 150	448 790 660	1 207 345 150	177 874 376
	Other payables and accruals	1 122 377 561	17 631 006	1 122 377 561	178 356 312
		2 329 722 711	466 421 666	2 329 722 711	356 230 688
6.	HEADLINE EARNINGS / (LOSS) PER SHARE				
	Earnings / (loss) attributable to shareholders	1 435 284 652	210 533 216	1 258 897 239	(42 026 175)
	Adjusted for non-recurring items:-				
	Profit on disposal of property,				
	plant and equipment	-	-	-	-
	Headline earnings / (loss)	1 435 284 652	210 533 216	1 258 897 239	(42 026 175)
	Headline earnings / (loss) per share (cents)	376.81	55.27	330.50	(11.03)
	Weighted average number of ordinary shares				
	used in calculating earning / (loss) per share	380 901 152	380 901 152	380 901 152	380 901 152
7.	CONTINGENT LIABILITIES				
	There are no contingent liabilities.				
	•				
8.	CAPITAL EXPENDITURE FOR THE YEAR	2 068 989	1 660 137	2 020 039	1 268 687

INFLATION ADJUSTED

HISTORICAL

9. GOING CONCERN

The Directors have assessed the ability to continue as a going concern for the foreseeable future and believe that the preparation of the financial statements on a going concern basis is appropriate.

10. EVENTS AFTER THE REPORTING PERIOD

There have not been any events after reporting date that have had an impact on the financial statements. The Rights offer was closed on 9 August 2023 after the reporting period and this had no impact on the financial statements being presented.







