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## UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

# Highlights of the 2025 interim results

Merchandise sales  
increased by

 **8.5%**

to R2.4 billion

Revenue  
increased by

 **13.6%**

to R4.4 billion

Gross profit margin  
increased to

 **40.9%**

Satisfactory paid  
accounts at

 **81.6%**

up from 79.9%

Debtors book  
growth of

 **16.9%**

Operating profit  
up

 **54.1%**

to R477 million

Operating profit  
margin at

 **20.2%**

up from 14.2%

Earnings per share  
increased by

 **53.0%**

to 544 cents

Headline earnings  
per share up

 **49.1%**

to 555 cents

Interim dividend  
increased by

 **50.0%**

to 300 cents per share



### TRADING AND FINANCIAL PERFORMANCE

Lewis Group delivered a strong trading and financial performance for the first six months of the 2025 financial year with continued strong credit sales growth, expanding margins, improved quality of the debtors portfolio and a substantial growth in profit.

Merchandise sales increased by 8.5% to R2.4 billion as sales gained momentum over the period, supported by the demand for credit, exclusive merchandise offering and improving consumer confidence. Sales grew by 7.7% for the first quarter and 9.3% for the second quarter which included a strong trading performance in September 2024.

Merchandise sales in the traditional retail segment increased by 9.6%, with all the traditional brands performing well.

The performance of UFO is stabilising with sales in UFO ending 1.9% lower and comparable store sales increasing by 3.3% for the six months. The chain reported an operating profit of R1.5 million, compared to a loss of R9.8 million in the prior period. Comparable store sales across all brands grew by 6.1%.

The strong credit sales growth trend continued, with credit sales increasing by 16.9% and cash sales declining by 6.7%. Credit sales accounted for 69.4% of total merchandise sales (H1 2024: 64.4%). The Group has maintained its prudent credit granting criteria in the constrained spending environment and the credit application decline rate increased to 37.4% (H1 2024: 34.8%).

Other revenue, consisting of effective interest income and ancillary services income as well as insurance revenue, benefited from the strong credit sales growth in recent years and increased by 20.4%.

Total revenue, comprising merchandise sales and other revenue, increased by 13.6% to R4.4 billion (H1 2024: R3.8 billion).

The gross profit margin strengthened by 20 basis points to 40.9% despite disruptive sea freight markets.

Inventory levels were increased by 17.8% as the Group invested in stock to mitigate the impact of shipping delays on imported merchandise and to ensure stock availability ahead of the Black Friday promotions and festive season trading period. Inventory levels are expected to normalise by the financial year-end.

Operating cost growth was well managed at 8.8%. The growth in insurance service expenses of 17.2% was contained below the growth in insurance revenue.

The quality of the Group's debtors book continued to improve with the level of satisfactory paying customers increasing to a record level of 81.6% (H1 2024: 79.9%) and collection rates at the half year at 79.5% (H1 2024: 80.9%).

Debtor costs as a percentage of debtors at gross carrying value improved to 6.9% from 7.0%. The debtors impairment provision as a percentage of debtors at gross carrying value improved from the year-end position of 37.5% to 37.1% (H1 2024: 36.0%).

Operating profit increased by 54.1% to R477 million and the operating margin improved by 600 basis points from 14.2% to 20.2%.

Net finance costs were R72.0 million higher at R134.3 million, mainly due to higher borrowing costs and foreign exchange losses following the strengthening of the Rand/US dollar exchange rate over the reporting period.

Headline earnings increased by 41.6% to R288.8 million. Earnings per share increased 53.0% to 544 cents, headline earnings per share (HEPS) by 49.1% to 555 cents, reflecting the positive leverage effect of the

# Lewis Group Limited: Unaudited interim results

## COMMENTARY CONTINUED

Group's share repurchase programme. This performance is in line with the earnings guidance provided in the Group's trading statement released on SENS on 30 October 2024.

The Group's balance sheet remains strong with a net asset value of R4.8 billion. The borrowings ratio (gearing ratio, excluding lease liabilities) increased to 26.5% from 13.4% mainly due to working capital funding to invest in the growth of the debtors book and the decision to invest in higher inventory levels. Management remains confident of achieving its year end targeted borrowings ratio of 25%.

The directors have shown confidence in the Group's growth prospects by increasing the interim dividend by 50.0% to 300 cents per share.

### EXPANDING STORE FOOTPRINT

The Group has increased its presence in the bedding base set market with the acquisition of Real Beds, a specialised bedding chain. Real Beds is a cash retailer operating 13 stores, primarily in Gauteng. The acquisition of a further four stores in Botswana was finalised on 1 November 2024.

Fifteen new stores were opened across Lewis (6 stores), Best Home & Electric (6 stores), Beares (1 store) and Bedzone (2 stores), bringing the total store base to 897. No stores were closed during the period.

### SHARE REPURCHASE PROGRAMME

The Group repurchased 0.9 million shares at a cost of R43.9 million in the six months to September 2024 at an average price of R47.00 per share. Since the commencement of the current share repurchase programme in 2017, the Group has bought back 36.7 million shares at a cost of R1.3 billion and an average price of R35.96 per share. At the annual general meeting in October 2024, shareholders granted management the authority to repurchase a further 10% of the issued share capital.

### OUTLOOK

Consumer confidence has been buoyed by lower inflation, interest rate relief, lower fuel and transport costs as well as the suspension of load shedding. However, the Group expects that the recovery in discretionary spending will be slow, and consumers will remain under pressure in the short to medium-term.

In this environment, consumer demand for credit is expected to remain high and the Group will continue to invest in the growth of its debtors book. Management also aims to capitalise on opportunities to acquire well-located trading space to expand the store base.

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## COMMENTARY CONTINUED

Appealing Black Friday and festive season promotions are planned across all brands, supported by new merchandise ranges, favourable stock availability and targeted marketing campaigns.

### DIVIDEND DECLARATION

Notice is hereby given that an interim gross cash dividend of 300 cents per share has been declared payable to holders of ordinary shares in respect of the six months ended 30 September 2024. The number of shares in issue as of the date of declaration is 52 159 288. The dividend has been declared out of income reserves and is subject to a dividend withholding tax of 20%. The gross dividend for determining the dividend withholding tax is 300 cents and the dividend withholding tax payable is 60 cents for shareholders who are not exempt. The net dividend for shareholders who are not exempt will therefore be 240 cents. The dividend withholding tax rate may be reduced where the shareholder is tax resident in a foreign jurisdiction which has a Double Tax Convention with South Africa and meets the requirements for a reduced tax rate. The Company's tax reference number is 9551/419/15/4.

The following dates are applicable to this declaration:

Last date to trade "cum" dividend	Tuesday, 21 January 2025
Date trading commences "ex" dividend	Wednesday, 22 January 2025
Record date	Friday, 24 January 2025
Date of payment	Monday, 27 January 2025

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 January 2025 and Friday, 24 January 2025, both days inclusive.

For and on behalf of the board



**Hilton Saven**

*Independent non-executive  
chairman*



**Johan Enslin**

*Chief executive officer*



**Jacques Bestbier**

*Chief financial officer*

Cape Town  
21 November 2024

# Lewis Group Limited: Unaudited interim results

## INCOME STATEMENT

for the six months ended 30 September 2024

	Notes	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
<b>Revenue</b>		<b>4 354.0</b>	3 831.2	8 183.8
Retail revenue	3	<b>2 825.5</b>	2 596.4	5 543.3
Merchandise sales		<b>2 359.6</b>	2 174.4	4 652.7
Ancillary services		<b>465.9</b>	422.0	890.6
Effective interest income		<b>968.4</b>	764.5	1 654.6
Insurance revenue		<b>560.1</b>	470.3	985.9
<b>Cost of merchandise sales</b>	4	<b>(1 393.7)</b>	(1 288.6)	(2 646.5)
<b>Operating costs</b>		<b>(1 536.8)</b>	(1 412.3)	(2 834.8)
<b>Debtor costs</b>	2.2	<b>(513.9)</b>	(445.7)	(1 225.1)
Bad debts net of recoveries		<b>(342.5)</b>	(298.7)	(781.5)
Movement in debtors impairment provision		<b>(171.4)</b>	(147.0)	(443.6)
<b>Insurance service expenses</b>		<b>(425.2)</b>	(362.8)	(722.5)
<b>Operating profit before impairments and capital items</b>		<b>484.4</b>	321.8	754.9
Impairments and capital items	8	<b>(7.9)</b>	(12.5)	(65.4)
<b>Operating profit</b>		<b>476.5</b>	309.3	689.5
Investment income		<b>16.6</b>	18.2	37.3
Interest expense	5.3	<b>(99.1)</b>	(74.4)	(161.2)
Interest received	5.3	<b>11.4</b>	11.3	23.7
Foreign exchange (losses)/gains	5.3	<b>(46.6)</b>	0.8	0.8
<b>Profit before taxation</b>		<b>358.8</b>	265.2	590.1
Taxation	11	<b>(75.8)</b>	(70.4)	(153.7)
<b>Net profit attributable to ordinary shareholders</b>		<b>283.0</b>	194.8	436.4
Earnings per share	(cents)	<b>543.7</b>	355.4	806.3
Diluted earnings per share	(cents)	<b>531.7</b>	347.6	781.2

## Lewis Group Limited: Unaudited interim results

### STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2024

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
Net profit for the period	283.0	194.8	436.4
Items that may be subsequently reclassified to income statement:			
Movement in other reserves	18.7	(12.4)	(5.6)
Fair value adjustments	27.7	(14.3)	(10.8)
Changes in the fair value of debt instruments at fair value through other comprehensive income – FVOCI debt investments	38.0	(19.6)	(14.8)
Tax effect	(10.3)	5.3	4.0
Disposal of FVOCI debt investments	1.4	–	–
Disposal	1.9	–	–
Tax effect	(0.5)	–	–
Foreign currency translation reserve	(10.4)	1.9	5.2
Items that may not be subsequently reclassified to income statement:			
Retirement benefit remeasurements	–	–	(5.7)
Remeasurements of the retirement asset and liabilities	–	–	(7.8)
Tax effect	–	–	2.1
Other comprehensive income	18.7	(12.4)	(11.3)
<b>Total comprehensive income for the period attributable to equity shareholders</b>	<b>301.7</b>	<b>182.4</b>	<b>425.1</b>

# Lewis Group Limited: Unaudited interim results

## BALANCE SHEET

as at 30 September 2024

	Notes	6 months as at 30 Sept 2024 Unaudited Rm	6 months as at 30 Sept 2023 Unaudited Rm	12 months as at 31 March 2024 Audited Rm
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		459.3	446.2	442.3
Right-of-use assets		792.2	775.4	793.7
Goodwill and intangible assets		115.3	182.7	110.4
Deferred taxation		96.9	59.5	64.4
Retirement benefit asset		109.4	107.1	109.0
Financial assets – insurance investments	6	167.7	237.6	242.5
		<b>1 740.8</b>	<b>1 808.5</b>	<b>1 762.3</b>
<b>Current assets</b>				
Inventories		1 130.4	959.2	723.6
Trade and other receivables	2.1	4 837.2	4 181.5	4 483.2
Insurance contract asset	7	213.5	169.9	196.5
Taxation		4.7	9.1	8.6
Financial assets – insurance investments	6	267.6	156.4	134.9
Cash-on-hand and deposits	5.1	223.7	246.7	224.3
		<b>6 677.1</b>	<b>5 722.8</b>	<b>5 771.1</b>
<b>Total assets</b>		<b>8 417.9</b>	<b>7 531.3</b>	<b>7 533.4</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital and premium		0.9	0.9	0.9
Treasury shares		(30.5)	(7.9)	(8.2)
Other reserves		53.1	21.0	42.6
Retained earnings		4 728.2	4 583.8	4 667.5
		<b>4 751.7</b>	<b>4 597.8</b>	<b>4 702.8</b>
<b>Non-current liabilities</b>				
Lease liabilities		708.4	699.8	699.4
Long-term interest-bearing borrowings	5.1	300.0	–	350.0
Deferred taxation		93.3	50.9	59.9
Retirement benefit liability		80.6	76.2	78.6
		<b>1 182.3</b>	<b>826.9</b>	<b>1 187.9</b>
<b>Current liabilities</b>				
Trade and other payables		800.9	749.0	698.5
Payments in advance		190.1	188.5	184.4
Short-term interest-bearing borrowings	5.1	1 184.8	862.1	425.6
Lease liabilities		220.1	248.5	240.9
Taxation		88.0	58.5	93.3
		<b>2 483.9</b>	<b>2 106.6</b>	<b>1 642.7</b>
<b>Total equity and liabilities</b>		<b>8 417.9</b>	<b>7 531.3</b>	<b>7 533.4</b>

# Lewis Group Limited: Unaudited interim results

## STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2024

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
<b>Share capital and premium</b>			
Opening balance	0.9	0.9	0.9
Cost of own shares acquired	(43.9)	(124.3)	(170.0)
Transfer of cost of cancelled shares	43.9	124.3	170.0
	0.9	0.9	0.9
<b>Treasury shares</b>			
Opening balance	(8.2)	(8.3)	(8.3)
Share awards to employees	46.6	51.7	51.6
Cost of own shares acquired	(68.9)	(51.3)	(51.5)
	(30.5)	(7.9)	(8.2)
<b>Other reserves</b>			
Opening balance	42.6	35.5	35.5
Other comprehensive income:			
Changes in fair value of FVOCI debt investments	27.7	(14.3)	(10.8)
Disposal of FVOCI debt investments	1.4	–	–
Foreign currency translation reserve	(10.4)	1.9	5.2
Equity-settled share-based payments	15.1	15.9	30.8
Transfer of share-based payments reserve to retained earnings on vesting	(23.3)	(18.0)	(18.1)
	53.1	21.0	42.6
<b>Retained earnings</b>			
Opening balance	4 667.5	4 664.5	4 664.5
Net profit attributable to ordinary shareholders	283.0	194.8	436.4
Distribution to shareholders	(155.1)	(117.5)	(224.2)
Transfer of cost of cancelled shares	(43.9)	(124.3)	(170.0)
Transfer of share-based payments reserve to retained earnings on vesting	23.3	18.0	18.1
Retirement benefit remeasurements	–	–	(5.7)
Share awards to employees	(46.6)	(51.7)	(51.6)
	4 728.2	4 583.8	4 667.5
<b>Balance as at the end of the period</b>	<b>4 751.7</b>	<b>4 597.8</b>	<b>4 702.8</b>

# Lewis Group Limited: Unaudited interim results

## CASH FLOW STATEMENT

for the six months ended 30 September 2024

	Notes	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Restated Rm	12 months ended 31 March 2024 Audited Rm
<b>Cash flow from operating activities</b>				
Cash flow from trading	12.1	964.0	708.2	1 714.8
Changes in working capital	12.2	(999.0)	(487.6)	(1 021.0)
Cash flow from operations		(35.0)	220.6	693.8
Interest received other than from trade receivables	5.3	11.4	11.3	23.7
Interest paid	12.3	(83.2)	(69.1)	(157.4)
Foreign exchange (losses)/gains		(17.5)	(2.0)	0.1
Taxation paid		(87.0)	(64.2)	(101.5)
		(211.3)	96.6	458.7
<b>Cash utilised in investing activities</b>				
Purchases of insurance investments		(155.4)	(17.0)	(60.7)
Disposals of insurance investments		154.0	17.8	102.0
Purchase of businesses	12.6	(20.4)	–	–
Additions to property, plant and equipment and intangible assets		(67.2)	(83.1)	(124.6)
Proceeds on disposal and scrapping of property, plant and equipment		4.0	4.4	6.3
		(85.0)	(77.9)	(77.0)
<b>Cash flow from financing activities</b>				
Dividends paid		(155.1)	(117.5)	(224.2)
Payment of principal portion of lease liabilities		(145.6)	(156.5)	(302.8)
Borrowings:		(50.0)	150.0	350.0
Advances		–	250.0	600.0
Repayments		(50.0)	(100.0)	(250.0)
Purchase of own shares		(112.8)	(175.6)	(221.5)
		(463.5)	(299.6)	(398.5)
<b>Net decrease in cash and cash equivalents</b>		<b>(759.8)</b>	<b>(280.9)</b>	<b>(16.8)</b>
Cash and cash equivalents at the beginning of the period		(201.3)	(184.5)	(184.5)
<b>Cash and cash equivalents at the end of the period</b>	12.5	<b>(961.1)</b>	<b>(465.4)</b>	<b>(201.3)</b>

## **Lewis Group Limited: Unaudited interim results**

# NOTES TO THE SUMMARY FINANCIAL STATEMENTS

for the six months ended 30 September 2024

## **1. BASIS OF REPORTING**

The summary consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") Accounting Standards as issued by the International Accounting Standards Board ("IASB"), (IAS 34 Interim Financial Reporting), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The accounting policies applied in the preparation of these consolidated interim financial statements are in terms of IFRS Accounting Standards as issued by the IASB and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

There were no new or revised standards or interpretations that had an impact on the results and financial position of the Group in the current period.

The interim financial statements were prepared by the Group's Finance Department under the supervision of the Chief financial officer, Mr J Bestbier CA(SA).

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

## 2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS

### 2.1 Trade and other receivables

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
Trade receivables	7 487.8	6 407.1	6 948.6
Provision for impairment	(2 777.5)	(2 309.5)	(2 606.1)
Trade receivables (net)	4 710.3	4 097.6	4 342.5
Due within 12 months	2 888.4	2 544.6	2 665.4
Due after 12 months	1 821.9	1 553.0	1 677.1
Other receivables	126.9	83.9	140.7
<b>Total trade and other receivables</b>	<b>4 837.2</b>	<b>4 181.5</b>	<b>4 483.2</b>
Debtors impairment provision as a percentage of debtors at gross carrying value	(%) 37.1	36.0	37.5

Amounts due from trade receivables after one year are reflected as current, as they form part of the normal operating cycle.

The credit terms of trade receivables are up to a maximum of 36 months.

#### Impairment modelling

In accordance with paragraph 5.5.15(a)(ii) of IFRS 9, the Group has elected to apply the simplified model and measures the impairment allowance at an amount equal to lifetime expected credit losses ("ECL"). This policy has been applied across the entire portfolio of trade receivables. The lifetime expected credit loss is determined by assessing the historical cash flows and projecting future cash flows on a probability-weighted basis. The projected cash flows are then discounted at the effective interest rate (including initiation fees). The discount rate used was 28.8% (2023: 27.7%).

The probability-weighted cash flows are calculated using the following:

- A transitional matrix, calculated for each country in which the Group trades, that reflects the probability of any given account transitioning to a future payment state.
- Payment performance for each payment state.

Payment states used in the transitional matrices are defined as follows:

- The customer's actual payments received relative to its contractual instalments due. (This value is expressed as a Lifetime Payment Rating).
- The age of the account in months.
- The term of the account in months.

## 2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

### 2.1 Trade and other receivables continued

The transition matrix with its associated probabilities is derived from the observed payment behaviour of the Group's customer base over a 36-month period (September 2023: 60 months) and a 12-month rolling average is used to determine the historical payment performance for each state.

#### Forward-looking information

IFRS 9 requires that the ECL impairment provision considers potential future changes in the economic environment. To achieve this, an economic overlay model has been developed by performing a regression analysis between key economic variables and the percentage of performing accounts rolling into non-performing states in the following 12 months.

On at least an annual basis, economic variables which have the most significant correlation with adverse observed payment performance are identified. The assessment for September 2024 has identified 'Durable Consumption' as the variable with the highest degree of statistical significance and predictive power. This finding is consistent with the model used for the March 2024 year-end.

High levels of uncertainty are evidenced by global and local economic factors such as elevated interest rates, high debt levels and geopolitical tensions and war. In addition to this, the local political and socio-economic environment remains fragile and poses certain risks. This, coupled with adverse local factors such as infrastructure failures and deteriorating fiscal metrics, will continue to place strain on personal disposable income across the Group's target markets. Consequently, management has maintained a probability of 70% to the downside scenario, 25% to the base scenario and 5% to the upside scenario in its assessment of the forward-looking overlay. The resultant total forward-looking overlay was R297.4 million compared to R347.0 million at 31 March 2024 and R162.8 million at 30 September 2023.

#### Payment ratings

The customer's payment profile is managed by using payment ratings. Payment ratings are determined on an individual customer level and measure the customer's actual payments received over the lifetime of the account relative to the instalments due in terms of the contract. There are 13 payment ratings with customers being allocated to one of these 13 payment ratings in accordance with their payment behaviour. For the purpose of managing the business, the 13 payment ratings are summarised into three main groupings, namely:

- **Satisfactory paid**

These represent customers with a payment rating of between 9 and 13, with the lowest rated customers having paid an average of approximately 70% over the contract period.

- **Slow payers**

These represent customers with a payment rating of 7 and 8, with the lowest rated customers having paid an average of approximately 55% of amounts due over the contract period.

- **Non-performing accounts**

These represent customers not classified as Satisfactory paid or Slow payers with a payment rating of 6 and lower.

## Lewis Group Limited: Unaudited interim results

### NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 September 2024

## 2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

### 2.1 Trade and other receivables continued

Combined impairment and contractual arrears table  
30 September 2024

Customer grouping	Number of customers Total	Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Instalments in arrears	
						≤3 months R'000	>3 months R'000
Satisfactory paid (%)	556 192 81.6	5 760 755 76.9	1 423 653 51.3	24.7	738 676	485 124	253 552
Slow payers (%)	85 536 12.5	1 045 491 14.0	749 744 27.0	71.7	658 173	224 398	433 775
Non-performing accounts (%)	40 164 5.9	681 594 9.1	604 104 21.7	88.6	499 660	118 824	380 836
<b>Total</b>	<b>681 892</b>	<b>7 487 840</b>	<b>2 777 501</b>	<b>37.1</b>	<b>1 896 509</b>	<b>828 346</b>	<b>1 068 163</b>

### 30 September 2023

Customer grouping	Number of customers Total	Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Instalments in arrears	
						≤3 months R'000	>3 months R'000
Satisfactory paid (%)	495 613 79.9	4 782 969 74.7	1 076 177 46.6	22.5	627 961	411 463	216 498
Slow payers (%)	77 513 12.5	900 076 14.0	609 683 26.4	67.7	557 794	190 930	366 864
Non-performing accounts (%)	46 859 7.6	724 069 11.3	623 652 27.0	86.1	521 705	128 183	393 522
<b>Total</b>	<b>619 985</b>	<b>6 407 114</b>	<b>2 309 512</b>	<b>36.0</b>	<b>1 707 460</b>	<b>730 576</b>	<b>976 884</b>

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

### 2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

- 2.1 Trade and other receivables continued  
Combined impairment and contractual arrears table continued  
31 March 2024

Customer grouping	Number of customers Total	Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Instalments in arrears	
						≤3 months R'000	>3 months R'000
Satisfactory paid	520 512 81.3	5 328 692 76.7	1 351 020 51.8	25.4	695 162	461 622	233 540
Slow payers	84 615 13.2	1 034 860 14.9	738 066 28.3	71.3	611 937	216 922	395 015
Non-performing accounts	35 416 5.5	585 036 8.4	517 024 19.9	88.4	398 403	102 071	296 332
Total	640 543	6 948 588	2 606 110	37.5	1 705 502	780 615	924 887

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

### 2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

#### 2.1 Trade and other receivables continued

##### Interest rate risk

Interest rates charged to customers are fixed at the date the contract is entered into. Consequently, there is no cash flow interest rate risk associated with these contracts during the term of the contract.

The weighted average contractual interest rate on trade receivables is 23.9% (2023: 22.5%).

##### Fair value

In terms of paragraph 29(a) of IFRS 7, the carrying amounts reported in the balance sheet approximates fair value.

#### 2.2 Debtor costs

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
Bad debts	<b>384.8</b>	345.5	875.0
Bad debts before adjustment for interest on credit impaired accounts	<b>429.3</b>	393.9	969.5
Adjustment for interest on credit impaired accounts	<b>(44.5)</b>	(48.4)	(94.5)
Bad debt recoveries	<b>(42.3)</b>	(46.8)	(93.5)
Movement in debtors impairment provision	<b>171.4</b>	147.0	443.6
Closing balance	<b>2 777.5</b>	2 309.5	2 606.1
Opening balance	<b>(2 606.1)</b>	(2 162.5)	(2 162.5)
<b>Total debtor costs</b>	<b>513.9</b>	445.7	1 225.1
Debtor costs as a percentage of debtors at gross carrying value (%)	<b>6.9</b>	7.0	17.6

“Bad debts before adjustment for interest on credit impaired accounts” is the gross carrying amounts of the trade receivables written off. For credit impaired accounts, interest income is recognised by applying the effective interest rate to the amortised cost (gross carrying value less impairment provision), resulting in lower bad debts.

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

### 3. RETAIL REVENUE

	Traditional Rm	Cash Rm	Group Rm
<b>30 September 2024</b>			
<b>Merchandise sales</b>			
– Cash	515.0	206.4	721.4
– Credit	1 638.2	–	1 638.2
<b>Ancillary services</b>			
– At a point in time	107.9	3.8	111.7
– Over time	354.2	–	354.2
	<b>2 615.3</b>	<b>210.2</b>	<b>2 825.5</b>
<b>30 September 2023</b>			
<b>Merchandise sales</b>			
– Cash	563.1	210.5	773.6
– Credit	1 400.8	–	1 400.8
<b>Ancillary services</b>			
– At a point in time	97.8	3.5	101.3
– Over time	320.7	–	320.7
	<b>2 382.4</b>	<b>214.0</b>	<b>2 596.4</b>
<b>31 March 2024</b>			
<b>Merchandise sales</b>			
– Cash	1 136.4	435.5	1 571.9
– Credit	3 080.8	–	3 080.8
<b>Ancillary services</b>			
– At a point in time	209.7	7.5	217.2
– Over time	673.4	–	673.4
	<b>5 100.3</b>	<b>443.0</b>	<b>5 543.3</b>

### 4. GROSS PROFIT

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
Merchandise sales	2 359.6	2 174.4	4 652.7
Cost of merchandise sales	(1 393.7)	(1 288.6)	(2 646.5)
Merchandise gross profit	<b>965.9</b>	885.8	2 006.2
Gross profit margin (%)	<b>40.9</b>	40.7	43.1

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

### 5. BORROWINGS, CASH AND NET FINANCE COSTS

#### 5.1 Borrowings, banking facilities and cash

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
Long-term interest-bearing borrowings	(300.0)	–	(350.0)
Short-term interest-bearing borrowings	(1 184.8)	(862.1)	(425.6)
Cash-on-hand and deposits	223.7	246.7	224.3
<b>Net borrowings</b>	<b>(1 261.1)</b>	<b>(615.4)</b>	<b>(551.3)</b>
<b>Available banking facilities</b>	<b>2 100.0</b>	<b>1 150.0</b>	<b>1 800.0</b>

#### Available banking facilities

Available facilities include long-term revolving credit facilities and short-term overnight facilities (interest-bearing borrowings). The interest rates on the revolving credit facilities are linked to three-month JIBAR. The interest rates on the overnight facilities are based on rates as determined by each of the banks based on market conditions.

#### Interest rate profile

The weighted average interest rate at the end of the reporting period for both the revolving credit and overnight facilities were 9.6% (2023: 9.9%).

#### Domestic Medium-Term Note programme

The Group has established a Domestic Medium-Term Note programme (“DMTN”) under which notes of up to R2 billion can be issued.

#### 5.2 Capital management

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
Net debt	2 189.6	1 563.7	1 491.6
Shareholders' equity	4 751.7	4 597.8	4 702.8
Gearing ratio (%)	46.1	34.0	31.7
Borrowings ratio (%)	26.5	13.4	11.7

The borrowings ratio is calculated as net debt excluding lease liabilities, divided by equity capital.

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

### 5. BORROWINGS, CASH AND NET FINANCE COSTS CONTINUED

#### 5.3 Net finance costs

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
Interest expense	(99.1)	(74.4)	(161.2)
Borrowings	(52.6)	(32.7)	(81.6)
Lease liabilities	(39.9)	(36.4)	(75.8)
Liability for incurred claims	(8.8)	(2.8)	(15.5)
Other	2.2	(2.5)	11.7
Interest received	11.4	11.3	23.7
Bank	11.4	11.2	21.4
Other	–	0.1	2.3
Foreign exchange (losses)/gains	(46.6)	0.8	0.8
	(134.3)	(62.3)	(136.7)

### 6. FINANCIAL ASSETS – INSURANCE INVESTMENTS

#### Fair value hierarchy

The following table presents the assets recognised and subsequently measured at fair value:

	Level 2 Rm	Total Rm
<b>30 September 2024</b>		
<b>Insurance investments:</b>		
Fixed income securities – FVOCI	167.7	167.7
Money market floating rate notes – FVTPL	267.6	267.6
	<b>435.3</b>	<b>435.3</b>
<b>30 September 2023</b>		
<b>Insurance investments:</b>		
Fixed income securities – FVOCI	237.6	237.6
Money market floating rate notes – FVTPL	156.4	156.4
	394.0	394.0
<b>31 March 2024</b>		
<b>Insurance investments:</b>		
Fixed income securities – FVOCI	242.5	242.5
Money market floating rate notes – FVTPL	134.9	134.9
	377.4	377.4

The categorisation of the valuation techniques used to value the assets at fair value are as set out in IFRS 13.

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

### 7. INSURANCE CONTRACT ASSET

The insurance contract asset relates to Customer Protection Insurance (“CPI”) contracts sold in South Africa, Botswana, Lesotho, Eswatini and Namibia.

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
The insurance contract asset comprises of:			
Asset for remaining coverage	297.4	263.4	275.2
Liability for incurred claims	(83.9)	(93.5)	(78.7)
	213.5	169.9	196.5

### 8. IMPAIRMENTS AND CAPITAL ITEMS<sup>(1)</sup>

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
Impairment of right-of-use assets	9.0	13.8	5.7
Impairment of goodwill	–	–	59.9
Total impairments	9.0	13.8	65.6
Profit on disposal of fixed assets	(1.1)	(1.3)	(0.2)
	7.9	12.5	65.4

<sup>(1)</sup> This includes the before tax effect of all remeasurements and capital items excluded from headline earnings per share in accordance with the guidance contained in SAICA Circular 1/2023: Headline Earnings.

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

### 9. EARNINGS AND DIVIDENDS PER SHARE

		6 months ended 30 Sept 2024 Unaudited	6 months ended 30 Sept 2023 Unaudited	12 months ended 31 March 2024 Audited
<b>Weighted average number of shares</b>				
Weighted average	('000)	<b>52 053</b>	54 819	54 123
Diluted weighted average	('000)	<b>53 224</b>	56 039	55 860
<b>Headline earnings</b>				
Attributable earnings	(Rm)	<b>283.0</b>	194.8	436.4
Profit on disposal of fixed assets	(Rm)	<b>(0.8)</b>	(1.0)	(0.1)
Impairment of right-of-use assets	(Rm)	<b>6.6</b>	10.1	4.2
Goodwill impairment	(Rm)	<b>–</b>	–	59.9
Headline earnings	(Rm)	<b>288.8</b>	203.9	500.4
<b>Earnings per share</b>				
Earnings per share	(cents)	<b>543.7</b>	355.4	806.3
Diluted earnings per share	(cents)	<b>531.7</b>	347.6	781.2
<b>Headline earnings per share</b>				
Headline earnings per share	(cents)	<b>554.8</b>	372.0	924.6
Diluted headline earnings per share	(cents)	<b>542.6</b>	363.9	895.8
<b>Dividends per share</b>				
Dividends paid per share				
Final dividend 2024 (2023)	(cents)	<b>300.0</b>	218.0	218.0
Interim dividend 2024	(cents)	<b>–</b>	–	200.0
	(cents)	<b>300.0</b>	218.0	418.0
Dividends declared per share				
Interim dividend 2025 (2024)	(cents)	<b>300.0</b>	200.0	200.0
Final dividend 2024	(cents)	<b>–</b>	–	300.0
	(cents)	<b>300.0</b>	200.0	500.0

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

### 10. REPORTABLE SEGMENTS

Primary	Note	Traditional Rm	Cash Rm	Group Rm
<b>For the six months ended 30 September 2024 (Unaudited)</b>				
Revenue		4 143.8	210.2	4 354.0
Merchandise sales		2 153.2	206.4	2 359.6
Segment operating profit before impairments and capital items		474.3	10.1	484.4
Segment operating margin before impairments and capital items (%)		22.0	4.9	20.5
Impairments and capital items	8	0.7	(8.6)	(7.9)
Segment operating profit		475.0	1.5	476.5
Segment operating margin (%)		22.1	0.7	20.2
Segment assets		5 711.6	129.1	5 840.7
<b>For the six months ended 30 September 2023 (Unaudited)</b>				
Revenue		3 617.2	214.0	3 831.2
Merchandise sales		1 963.9	210.5	2 174.4
Segment operating profit before impairments and capital items		318.4	3.4	321.8
Segment operating margin before impairments and capital items (%)		16.2	1.6	14.8
Impairments and capital items	8	0.7	(13.2)	(12.5)
Segment operating profit/(loss)		319.1	(9.8)	309.3
Segment operating margin (%)		16.2	(4.7)	14.2
Segment assets		4 897.8	159.0	5 056.8
<b>For the twelve months ended 31 March 2024 (Audited)</b>				
Revenue		7 740.8	443.0	8 183.8
Merchandise sales		4 217.2	435.5	4 652.7
Segment operating profit before impairments and capital items		745.7	9.2	754.9
Segment operating margin before impairments and capital items (%)		17.7	2.1	16.2
Impairments and capital items	8	27.5	(92.9)	(65.4)
Segment operating profit/(loss)		773.2	(83.7)	689.5
Segment operating margin (%)		18.3	(19.2)	14.8
Segment assets		4 933.1	133.0	5 066.1

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

### 10. REPORTABLE SEGMENTS CONTINUED

Geographical	South Africa Rm	Namibia Rm	BLE <sup>(1)</sup> Rm	Group Rm
<b>For the six months ended 30 September 2024 (Unaudited)</b>				
Revenue	3 704.9	332.3	316.8	4 354.0
<b>For the six months ended 30 September 2023 (Unaudited)</b>				
Revenue	3 223.7	302.6	304.9	3 831.2
<b>For the twelve months ended 31 March 2024 (Audited)</b>				
Revenue	6 941.3	610.5	632.0	8 183.8

<sup>(1)</sup> Botswana, Lesotho and Eswatini.

### 11. TAXATION

	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
<b>Tax rate reconciliation</b>			
Profit before taxation	358.8	265.2	590.1
Taxation calculated at a tax rate of 27%	96.9	71.6	159.3
Differing tax rates in foreign countries	1.8	2.7	4.8
Disallowances	5.2	9.6	35.6
Exemptions	(19.5)	(13.5)	(62.0)
Foreign withholding tax	–	–	15.1
Prior years	(6.4)	–	2.0
Tax rate change	(2.2)	–	(1.1)
Taxation per income statement	75.8	70.4	153.7
Effective tax rate	(%) 21.1	26.5	26.0

## Lewis Group Limited: Unaudited interim results

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED  
for the six months ended 30 September 2024

### 12. CASH FLOW FROM OPERATIONS

	Notes	6 months ended 30 Sept 2024 Unaudited Rm	6 months ended 30 Sept 2023 Unaudited Rm	12 months ended 31 March 2024 Audited Rm
<b>12.1 Cash flow from trading</b>		<b>964.0</b>	708.2	1 714.8
Operating profit		<b>476.5</b>	309.3	689.5
<i>Adjusted for:</i>				
Share-based payments		<b>43.3</b>	28.3	57.1
Depreciation and amortisation		<b>187.6</b>	185.9	368.8
Impairment of right-of-use assets and goodwill	8	<b>9.0</b>	13.8	65.6
Profit on disposal of fixed assets		<b>(1.1)</b>	(1.3)	(0.2)
Change in debtors impairment provision	2.2	<b>171.4</b>	147.0	443.6
Change in other provisions		<b>54.7</b>	24.1	85.3
Other movements		<b>22.6</b>	1.1	5.1
Included in cash flow from trading is interest earned on trade receivables of R1 012.9 million (2023: R812.9 million).				
<b>12.2 Changes in working capital</b>		<b>(999.0)</b>	(487.6)	(1 021.0)
(Increase)/Decrease in inventories		<b>(437.8)</b>	(107.1)	137.7
Increase in trade and other receivables		<b>(502.2)</b>	(377.2)	(976.9)
Increase in insurance contract asset		<b>(26.0)</b>	(47.4)	(86.5)
(Decrease)/Increase in trade and other payables		<b>(38.7)</b>	45.2	(90.1)
Increase/(Decrease) in payments in advance		<b>5.7</b>	(1.1)	(5.2)
<b>12.3 Interest paid per cash flow statement</b>		<b>(83.2)</b>	(69.1)	(157.4)
Interest paid per the income statement		<b>(99.1)</b>	(74.4)	(161.2)
Other movements		<b>15.9</b>	5.3	3.8

## **Lewis Group Limited: Unaudited interim results**

### NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED for the six months ended 30 September 2024

## **12. CASH FLOW FROM OPERATIONS CONTINUED**

### **12.4 Lease liability payments**

The total lease payments amount to R220.1 million (2023: R205.1 million), which include the capital portion of R145.6 million (2023: R156.5 million) reflected under financing activities, and the remaining balance included in cash flow from trading.

### **12.5 Reclassification**

For the comparative period 30 September 2023, borrowings of R150 million relating to revolving credit facilities were reclassified from cash and cash equivalents to cash flow from financing activities in the cash flow statement, resulting in a restatement of cash and cash equivalents from R615.4 million to R465.4 million.

### **12.6 Real Beds acquisition**

With effect 29 June 2024, the Group acquired the trading assets and certain assumed liabilities from a number of businesses trading under the Real Beds brand for a total purchase consideration of R20.4 million. The acquisition has an immaterial impact on the financial results and financial position of the Group for the period ended 30 September 2024.

## **13. IMPACT OF CIVIL UNREST**

The widespread violence and looting experienced in KwaZulu-Natal and parts of Gauteng during July 2021 impacted 57 of the Group's stores.

The Group has separate cover for business interruption losses. During the prior year it received a payment of approximately R27.3 million which was accounted for in operating profit.

## **14. POST BALANCE SHEET EVENTS**

There were no material post balance sheet events that occurred between the period end and the date of approval of the summary financial statements by the directors.

# Lewis Group Limited: Unaudited interim results

## KEY RATIOS

		6 months ended 30 Sept 2024 Unaudited	6 months ended 30 Sept 2023 Unaudited	12 months ended 31 March 2024 Audited
<b>Operating efficiency ratios</b>				
Gross profit margin	(%)	40.9	40.7	43.1
Operating margin before impairments and capital items	(%)	20.5	14.8	16.2
Operating margin	(%)	20.2	14.2	14.8
Number of stores		897	868	869
Number of permanent employees	(average)	10 247	10 004	10 004
Trading space	(sqm)	261 188	256 293	255 162
Inventory turn (annualised)	(times)	2.5	2.7	3.7
Current ratio		2.7	2.7	3.5
<b>Credit ratios</b>				
Credit sales	(%)	69.4	64.4	66.2
Debtor costs as a % of debtors at gross carrying value	(%)	6.9	7.0	17.6
Debtors impairment provision as a % of debtors at gross carrying value	(%)	37.1	36.0	37.5
Arrear instalments as a % of total debtors at gross carrying value	(%)	25.3	26.6	24.5
Credit applications decline rate	(%)	37.4	34.8	35.1
Collection rate	(%)	79.5	80.9	79.7
<b>Shareholder ratios</b>				
Net asset value per share	(cents)	9 212	8 513	8 891
Gearing ratio	(%)	46.1	34.0	31.7
Borrowings ratio	(%)	26.5	13.4	11.7
Dividend payout ratio	(%)	55.3	55.6	61.3
Return on average shareholders' funds (annualised) after-tax	(%)	12.0	8.4	9.3
Return on average capital employed (annualised) after-tax	(%)	11.2	7.7	8.6
Return on average assets managed (annualised) pre-tax	(%)	12.5	9.1	10.0

### Notes:

1. All ratios are based on figures at the end of the period unless otherwise disclosed.
2. The net asset value has been calculated using 51 582 399 shares in issue (2023: 54 010 013).
3. The borrowings ratio is the gearing ratio excluding lease liabilities.
4. Total assets exclude the deferred tax asset.

# Lewis Group Limited: Unaudited interim results

## CORPORATE INFORMATION

<b>Independent non-executive directors:</b>	Hilton Saven (Chairman) Prof. Fatima Abrahams Adheera Bodasing Brendan Deegan Daphne Motsepe Tapiwa Njikizana
<b>Executive directors:</b>	Johan Enslin (Chief executive officer) Jacques Bestbier (Chief financial officer)
<b>Company secretary:</b>	Marisha Gibbons
<b>Transfer secretaries:</b>	Computershare Investor Services Proprietary Limited Level 1 and 2 Rosebank Towers 15 Biermann Avenue Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132)
<b>Auditors:</b>	Ernst & Young Inc.
<b>Sponsor:</b>	The Standard Bank of South Africa Limited
<b>Debt sponsor:</b>	Absa Corporate and Investment Bank, a division of Absa Bank Limited
<b>Registered office:</b>	53A Victoria Road, Woodstock, 7925
<b>Registration number:</b>	2004/009817/06
<b>Share code:</b>	LEW
<b>ISIN:</b>	ZAE 000058236
<b>Bond code:</b>	LEWI



[www.lewisgroup.co.za](http://www.lewisgroup.co.za)

