2026

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

Lewis Group Ltd

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COMPANY INFORMATION

Registration number:	2004/009817/06
Registered address:	53A Victoria Road Woodstock 7925
Postal address:	PO Box 43 Woodstock 7915
Auditors:	Ernst & Young Inc. Cape Town
Attorneys:	ENSafrica
Bankers:	Absa Bank Limited FirstRand Bank Limited Investec Bank Limited Nedbank Limited The Standard Bank of South Africa Limited

ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2026 comprise Lewis Group Limited ("the Company") and its subsidiaries (together referred to as "the Group").

PRIMARY STATEMENTS

The primary statements are included in the beginning of the annual financial statements and include note references to specific underlying detailed notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The notes to the annual financial statements have been ordered on the basis set out in note 1.1.

ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these annual financial statements are included in the specific notes to which they relate and are indicated with a light blue background.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are included in the specific notes to which they relate and are indicated with a grey background.

DIRECTORS' RESPONSIBILITY STATEMENT

Management prepared the annual financial statements in accordance with International Financial Reporting Standards ("IFRS®") Accounting Standards as issued by the International Accounting Standards Board ("IASB®") and the Companies Act, No. 71 of 2008, as amended ("the Companies Act").

The annual financial statements, which present the results and financial position of the Company and its subsidiaries, are the responsibility of the directors.

In fulfilling its responsibility, the Board of directors ("the Board") has approved the accounting policies applied and established that reasonable and sound estimates and judgements have been made by management when preparing the annual financial statements.

Adequate accounting records and an effective system of internal controls have been maintained to ensure the integrity of the underlying information. Internal audit performed a written assessment confirming the effectiveness of the Company's system of internal control and risk management, including internal financial controls. The Board is satisfied that the system of internal controls, which includes internal financial controls, operates effectively.

A well-established control environment, which incorporates risk management and internal control procedures, exists to provide reasonable, but not absolute, assurance that assets are safeguarded and the risk facing the business is being adequately managed. The Board confirms that during the period under review, the Group maintained an efficient and effective process to manage key risks. The directors are not aware of any current or anticipated key risks that may threaten the sustainability of the business.

The Board reviewed the business of the Group together with budget and cash flows for the year to 31 March 2027, as well as the current financial position and have no reason to believe that the Group will not be a going concern for the foreseeable future. The going concern basis has therefore been adopted in preparing the annual financial statements.

Ernst & Young Inc. ("EY"), as external auditors, examined the annual financial statements and their report appears on pages 12 to 15.

The annual financial statements of the Group and the Company for the year ended 31 March 2026, which appear on pages 16 to 98 have been approved by the Board and signed on their behalf by:

H Saven
Chairman

J Enslin
Chief executive officer

J Bestbier
Chief financial officer

Cape Town
28 May 2026

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

In line with paragraph 5.9 of the JSE Limited ("JSE") Listings Requirements, each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 16 to 98, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted, or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

J Enslin
Chief executive officer

J Bestbier
Chief financial officer

28 May 2026

PREPARATION AND PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The preparation of the audited annual financial statements was supervised by Mr J Bestbier CA(SA).

COMPANY SECRETARY CERTIFICATE

COMPLIANCE WITH THE COMPANIES ACT, 2008

In terms of the Companies Act and for the year ended 31 March 2026, I certify that the Company has filed all returns and notices required by the Companies Act with the Companies and Intellectual Property Commission and that all such returns and notices are true, correct and up to date.

MO Gibbons
Company secretary

28 May 2026

AUDIT COMMITTEE REPORT

for the year ended 31 March 2026

The audit committee ("the committee") has pleasure in submitting its report for the year ended 31 March 2026 in compliance with the Companies Act.

INTRODUCTION

The committee is a statutory committee which carries out its statutory duties in accordance with the Companies Act. In addition to its statutory duties, the committee provides independent oversight over the external audit, internal audit and the finance function in terms of the recommendations of the King IV Report on Corporate Governance™ ("King IV™). The committee operates in accordance with a documented charter and complies with all relevant legislation, regulation and governance codes. The committee's terms of reference are reviewed annually and approved by the Board.

The committee executed its duties in terms of the requirements of the Companies Act and King IV™.

The committee acts as the audit committee for all the subsidiaries in the Lewis Group except for Monarch Insurance Company Limited ("Monarch") which has its own audit and risk committee.

OBJECTIVES

The objectives of the committee are:

- to assist the Board to discharge its duties relating to the safeguarding of assets, the operation of adequate systems and controls, overseeing integrated reporting, reviewing financial information and the preparation of interim and annual financial statements in compliance with all applicable legal requirements and accounting standards;
- to facilitate and promote communication between the Board and the Company's management in respect of the matters referred to above;
- to recommend the introduction of measures which the committee believes may enhance the credibility and objectivity of financial statements and reports concerning affairs of the Company;
- to perform their statutory functions under section 94 of the Companies Act; and
- to advise on any matter referred to the committee by the Board.

RELATIONSHIP WITH MONARCH'S AUDIT AND RISK COMMITTEE

- Due to the integrated nature of the Group's systems and processes, Lewis Group's audit committee is responsible for overseeing:
  - internal and external audit management; and
  - maintenance of an effective internal control system.
- Monarch is subject to the regulations as set out in the Insurance Act, No. 18 of 2017, the Short-Term Insurance Act, No. 53 of 1998, as amended, and the Long-Term Insurance Act, No. 52 of 1998, as amended ("Insurance Acts"). In order for Monarch's audit and risk committee to discharge its responsibilities under the Insurance Acts, Lewis Group's audit committee refers any issues to Monarch's audit and risk committee where such issues impact Monarch.
- The duty and scope of Monarch's audit and risk committee in monitoring the compliance with legal and regulatory requirements has been extended to include the Financial Advisory and Intermediary Services Act, No. 37 of 2002 ("Financial Advisory and Intermediary Services Act") due to its interrelationship with the insurance activities of the Group.
- The minutes of all Monarch's audit and risk committee meetings are tabled at the meetings of Lewis Group's audit committee.

MEMBERSHIP

The committee currently consists of three independent non-executive directors:

Daphne Motsepe (Chairperson)

Brendan Deegan

Tapiwa Njikizana

Biographical details of the committee members are provided in Appendix A.

The Chief executive officer, Chief financial officer, other non-executive directors, as well as other relevant members of management and representatives of the internal and external auditors attend the meetings as invitees.

The committee meets separately with the external auditors, without members of executive management being present, at least once a year. The effectiveness of the committee is assessed as part of the annual Board and committee self-evaluation process.

COMMITTEE ACTIVITIES

The committee met five times during the year under review.

Attendance of the members is set out in Appendix B.

The committee attended to the following material matters:

Financial statements

As required by its terms of reference, the committee performed the following functions with respect to the financial statements:

- Reviewed the interim results and year end financial statements, including the public announcements of the Company's financial results, and made recommendations to the Board for their approval. In the course of its review the committee:
  - took appropriate steps to ensure that the financial statements were prepared in accordance with IFRS Accounting Standards as issued by the IASB;
  - considered the appropriateness of accounting policies, disclosures and material judgements applied;
  - completed a detailed review of the going concern assumption and confirmed that the going concern assumption was appropriate in the preparation of the financial statements; and
  - considered the key audit matter raised in the independent auditor's report, being the expected credit losses on trade receivables of R3.5 billion. The committee considered the assumptions applied to arrive at the expected credit losses and agreed with the conclusions reached by management and the external auditor.

Integrated Report

The committee fulfils an oversight role regarding the Company's Integrated Report and the reporting process.

The committee considers the Company's Integrated Report and assesses its consistency with operational, financial and other information known to the audit committee members, and for consistency with the annual financial statements.

The committee satisfies itself that the Integrated Report will be materially accurate, complete, reliable and consistent with the annual financial statements.

External auditors

With regard to external audit, the committee performed the following functions:

- Reviewed the independence of EY, the Company's external auditors, and the designated auditor, before recommending to the Board that their re-election be proposed to shareholders (refer section on Independence of External Auditors).
- Approved, in consultation with management, the audit fee and engagement terms for the 2026 financial year. The fees paid to the auditors are disclosed in note 25.4 of the annual financial statements.
- Determined the nature and extent of allowable non-audit services and approved the policy for the provision of non-audit services. It is the policy of the Group that the auditor is restricted from rendering accounting, IT consulting services, company secretarial, internal audit and human resource services.
- Reviewed and approved the external audit plan, ensuring that material risk areas were included and that coverage of the significant business processes was acceptable.
- Reviewed the external audit reports and management's response, considered their effect on the financial statements and internal financial control.

The committee was not required to deal with any complaints relating to accounting practices or internal audit, nor to the content or audit of the Group's financial statements, the internal financial controls and related matters.

COMMITTEE ACTIVITIES CONTINUED

Internal audit

With regard to internal audit, the committee performed the following functions:

- Reviewed and approved the existing internal audit charter which ensures that the Group's internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties.
- Satisfied itself with the credibility, independence and objectivity of the internal audit function.
- Reviewed and approved the annual internal audit plan, ensuring that material risk areas were included and that the coverage of significant business processes was acceptable.
- Reviewed the quarterly internal audit reports, covering the effectiveness of internal control, material fraud incidents and material non-compliance with Group policies and procedures. The committee is advised of all internal control developments and advised of any material losses. No material losses were reported during the year.
- Considered and reviewed with management and internal auditors any significant findings and management responses thereto in relation to reliable financial reporting, corporate governance and effective internal control to ensure appropriate action is taken.
- Oversaw the co-operation between internal audit and external auditors. The committee satisfied itself that the Company has optimised the assurance coverage obtained from management, internal and external assurance providers in accordance with an appropriate combined assurance model.
- Assessed the performance and qualification of the internal audit function and found them to be satisfactory.

Internal financial control and compliance

- Reviewed and approved the Group's existing treasury policy and reviewed the quarterly treasury reports prepared by management.
- Reviewed the quarterly legal and regulatory reports setting out the latest legislative and regulatory developments impacting the Group.
- Reviewed the quarterly report on taxation.
- Considered and, where appropriate, made recommendations on internal financial control.

Internal audit has performed a written assessment of the effectiveness of the Company's system of internal control and risk management, including internal financial controls. This written assessment by internal audit, as well as other information available to the committee, formed the basis for the committee's recommendation to the Board, on the effectiveness of the system of internal controls.

Governance of risk

The Board has assigned oversight of the Company's risk management function to the risk committee. The members of the audit committee are also members of the risk committee. This allows for oversight by the audit committee with respect to financial reporting risks arising from internal financial controls, fraud and IT risks.

Evaluation of expertise and experience of the Chief financial officer and finance function

- In terms of the JSE Listings Requirements, the committee satisfied itself as to the appropriateness of the expertise and experience of the Group's Chief financial officer.
- The committee has considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

INDEPENDENCE OF EXTERNAL AUDITORS

The committee is satisfied that EY is independent of the Group. This assessment was made after considering the following:

- Confirmation from the external auditors that they, or their immediate family, do not hold any significant direct or indirect financial interest or have any material business relationship with the Group. The external auditors also confirmed that they have internal monitoring procedures to ensure their independence.
- The auditors do not, other than in their capacity as external auditors or rendering permitted non-audit services, receive any remuneration or other benefits from the Group.
- The auditor's independence was not impaired by the non-audit work performed having regard to the quantum of audit fees relative to the total fee base and the nature of the non-audit work undertaken.
- The criteria specified for independence by the Independent Regulatory Board for Auditors.

The committee oversaw the transition of the designated audit partner from Tina Rookledge to Pierre du Plessis who was appointed on the 02 December 2025, following the resignation of Tina Rookledge from EY. In accordance with JSE listing requirements, the committee has evaluated the new partner's independence and suitability and is satisfied that he meets all the relevant requirements. The appointment of Pierre Du Plessis as the designated audit partner was approved by the Board and the Prudential Authority and will be recommended to the shareholders for ratification at the annual general meeting in October 2026. The committee is satisfied that the transition was seamless.

The committee confirms it has functioned in accordance with its terms of reference for the 2026 financial year.

D.R. Motsepe

D Motsepe
Chairperson, Audit committee

25 May 2026

DIRECTORS' REPORT

for the year ended 31 March 2026

NATURE OF BUSINESS

Lewis Group Limited is a holding company listed on the JSE, operating through two main subsidiaries, Lewis Stores Proprietary Limited ("Lewis Stores") and Monarch.

Lewis Group is a leading retailer of furniture, home appliances, electrical goods and homeware through its trading brands which include 515 Lewis, 198 Best Home & Electric and 161 Beares stores in the Traditional segment, where sales are mainly on credit. The Group also has a speciality segment which predominantly comprises of 35 United Furniture Outlets ("UFO"), 52 Real Beds and 15 Bedzone stores.

Monarch, the Group's insurer, primarily offers optional Customer Protection Insurance ("CPI") to South African customers. Monarch also issues reinsurance contracts in respect of the CPI policies sold by in-country insurers in Botswana, Eswatini and Lesotho.

In addition, there are also trading subsidiaries in Botswana, Lesotho, Namibia and Eswatini operating under the Lewis, Best Home & Electric, Beares and Real Beds brands. The store presence outside South Africa now amounts to 146 stores.

The nature of the business of the subsidiaries is set out in note 24.

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The financial results and affairs of the Group are reflected in the annual financial statements set out on pages 16 to 98.

SEGMENTAL ANALYSIS

Segmental information is set out in note 17 to the annual financial statements.

SHARE CAPITAL

No shares were repurchased during the financial year (2025: 934 840 shares were repurchased in terms of section 48 of the Companies Act).

The number of shares in issue at the end of the financial year is 52 159 288 (2025: 52 159 288).

TREASURY SHARES

The Lewis Employee Incentive Scheme Trust ("the Trust") effectively holds 512 622 shares (2025: 676 889 shares), all of which will be utilised to cover share awards granted to executives.

DIVIDENDS

The following dividends have been declared or proposed for the financial year ended 31 March 2026:

	Dividend per share	Date declared	Date payable
Interim – declared	337 cents	20 November 2025	26 January 2026
Final – proposed	560 cents	28 May 2026	27 July 2026
For the year	897 cents		

Notice is hereby given that a final gross cash dividend of 560 cents per share in respect of the year ended 31 March 2026 has been declared payable to holders of ordinary shares. 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 560 cents and the dividend withholding tax payable is 112 cents for shareholders who are not exempt. The net dividend for shareholders who are not exempt will therefore be 448 cents. The dividend withholding tax rate may be reduced where the shareholder is a 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 July 2026
Date trading commences "*ex*" dividend	Wednesday, 22 July 2026
Record date	Friday, 24 July 2026
Date of payment	Monday, 27 July 2026

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 July 2026 and Friday, 24 July 2026, both days inclusive.

SOLVENCY AND LIQUIDITY TEST

The directors have performed all solvency and liquidity tests required by the Companies Act.

DIRECTORS

The directors as at 31 March 2026 are as follows:

- Mr Hilton Saven
- Prof. Fatima Abrahams
- Mr Jacques Bestbier
- Mrs Adheera Bodasing
- Mr Brendan Deegan
- Mr Johan Enslin
- Mrs Daphne Motsepe
- Mr Tapiwa Njikizana

Mholi Shandu was appointed as an independent non-executive director, commencing 01 April 2026.

COMPANY SECRETARY

Mrs MO Gibbons remained the company secretary throughout the financial year. The address of the company secretary is that of registered offices as stated on page 2.

DIRECTORS' REPORT CONTINUED
for the year ended 31 March 2026

DIRECTORS' INTERESTS

At 31 March 2026, the directors' beneficial direct and indirect interest in the Company's issued shares were as follows:

	2026		2025	
	Direct	**Indirect**	Direct	Indirect
H Saven	**–**	**13 440**	–	6 440
J Bestbier	**191 696**	**93 829**	257 982	99 534
J Enslin	**706 689**	**197 525**	706 689	178 834
	898 385	**304 794**	964 671	284 808

There has been no change in the above directors' interest between the end of the financial year and the date of approval of the annual financial statements.

Full details of the terms and conditions in relation to these share awards are set out in note 20.2 to the annual financial statements.

During the course of the year, no director had a material interest in any contract of significance with the Company or any of its subsidiaries that could have given rise to a conflict of interest.

No material related party transactions in terms of the JSE Listings Requirements took place between the Group and its directors or their associates, other than remuneration for services rendered to the Company as set out in note 20.2 to the annual financial statements.

SUBSIDIARY COMPANIES

Details of the Company's subsidiaries are set out in note 24.

BORROWING POWERS

Borrowings were R1 391.7 million as at 31 March 2026 (2025: R1 055.4 million). Borrowings are subject to the treasury policy adopted by the Board. In terms of the Memorandum of Incorporation, the Group has unlimited borrowing powers.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lewis Group Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Lewis Group Limited and its subsidiaries ('the Group') and company set out on pages 16 to 96, which comprise of the consolidated and separate balance sheets as at 31 March 2026, the consolidated income statement and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and company as at 31 March 2026, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements of the Group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule) we report:

Final Materiality

The ISAs recognise that misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and judgments about matters that are material to users of the financial statements consider users as a Group rather than as specific individual users, whose needs may vary greatly.

The amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole based on our professional judgment. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

Group Final Materiality:

We determined final materiality for the Group to be R57 million, which is based on 5% of Profit Before Taxation. We have identified Profit Before Taxation as the most appropriate basis for determining materiality as we typically believe that profit companies are evaluated by users on their ability to generate earnings.

Company Final Materiality:

We determined final materiality for the standalone company to be R31 million, which is based on 1% of Equity. We have identified Equity as the most appropriate basis for determining materiality as the entity operates primarily as a holding company and shareholders are interested in the net residual value of the company. Our review of information provided to users by the entity confirms our view.

Group Audit Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account the size and risk profile of the components in the Group. In addition, we further consider the organisation of the Group and effectiveness of group wide controls, changes in the business environment, and other factors such as our experience in prior years and recent internal audit results when assessing the level of work to be performed at each component of the Group. Our process focuses on identifying and assessing the risk of material misstatements of the Group financial statements as a whole including, with respect to the consolidation process.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors under our instruction.

In selecting components, we perform risk assessment activities across the Group and its components to identify risks of material misstatement. We then identify how the nature and size of the account balances at the components contribute to those risks and thus determine which account balances require an audit response. We then consider for each component the degree of risk identified (whether pervasive or not) and the number of accounts requiring audit responses to assign either a full or specific scope (including specified procedures) to each component. We involved component auditors in this risk assessment process.

In our assessment of the residual account balances not covered by the audit procedures, we considered whether these could give rise to a risk of material misstatement of the Group financial statements. This assessment included performing overall analytical procedures at Group level.

Of the seven components selected:

- Three components ("full scope components") which were selected based on the pervasiveness of risk in those components and for which we therefore performed procedures on what we considered to be the entire financial information of the component.
- Four components ("specific scope components") where our procedures were more focussed or limited to specific accounts which we considered had the potential for the greatest impact on the significant accounts in the financial statements given the specific risks identified.

The primary audit engagement team also tested the consolidation process and performed analytical procedures over components not in scope.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

The key audit matters apply to the audit of the consolidated financial statements.

Key audit matter description	How the matter was addressed in the audit
Expected credit losses (ECL) on trade receivables	
As at 31 March 2026, the gross value of trade receivables was R9.2 billion (2025: R7.9 billion), against which an ECL of R3.5 billion (2025: R3 billion) was recognised. We identified the audit of the expected credit loss (ECL) on trade receivables as a key audit matter which required significant audit effort, driven by the following factors: • The materiality of the balance relative to total and current assets; • The high degree of estimation uncertainty and the critical judgements and assumptions applied by management in the ECL model; • The use of forward-looking information in estimating the ECL, which involves subjective management judgement in reflecting the prevailing macroeconomic environment. Noted below are the areas of significant judgement and estimation uncertainty:	Our procedures on the expected credit loss (ECL) on trade receivables included, among others: • We reaffirmed our understanding of management's process for assessing compliance with *IFRS 9 Financial Instruments*. • With the involvement of our internal quantitative specialists, we: – Assessed the appropriateness of the methodology applied in managements' IFRS 9 model documentation, which forms the basis of the ECL calculation, with reference to the requirements of *IFRS 9 Financial Instruments*; – Performed a methodology review to evaluate the conceptual soundness of the model; – We reviewed and reperformed management's model development codes step-by-step and conducted additional testing to confirm that the model's data, assumptions, build, etc. is in line with the methodology documents. – We tested the reasonability of the key assumptions, i.e. effective interest rate and probability-weighted cash flows applied in the ECL calculation, including the testing of conditional probabilities and payment performance for each payment state through independent recalculation with reference to independent sources of information obtained, where applicable.

Key audit matter description	How the matter was addressed in the audit
Expected credit losses (ECL) on trade receivables continued	
Impairment modelling – Base model: The Group expected credit loss is measured using the simplified model in accordance with *IFRS 9: Financial Instruments*. The development and execution of the model requires significant judgement including estimation of the probability-weighted cash flows which is calculated using transition matrix, conditional probabilities and payment performance for each payment state. **Forward-looking information (FLI):** Management's base model is used to inform the forward-looking information adjustment to the ECL which requires significant judgment in predicting the balance-weighted forward-looking default rate. Given the current geopolitical issues and ongoing local challenges, these macroeconomic factors has resulted in an increased impact of the probability of default on the base model. Refer to note 4 (Trade, other receivables and debtor costs) of the consolidated financial statements for the disclosures.	– We tested the accuracy of management's calculation by performing an independent recalculation of the ECL values as at 31 March 2026. We evaluated the reasonability and appropriateness of management's FLI model, which increases the valuation of the ECL, with the involvement of our internal quantitative analyst specialist. Our EY Quantitative Actuarial specialists: • Considered the appropriateness and applicability of the macroeconomic variables applied. • Obtained insight from our EY Economics specialists on the prevailing key macroeconomic variables at a global and local level and performed a sensitivity analysis on combinations of these factors, weighted for impact to assess the upper bound and lower bound ECL range. • Performed an independent quantification analysis and sensitivities to determine the adequacy of the inputs and forward-looking information used by management. We assessed the appropriateness of the related disclosures in terms of the requirements of *IFRS 9 Financial Instruments* and *IFRS 7 Financial Instruments: Disclosures*.
Key Observations Based on the procedures performed over the expected credit losses on trade receivables, we did not identify any significant matters requiring further consideration in concluding on our procedures.	

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 101-page document titled "Lewis Group Limited Annual Financial Statements for the year ended 31 March 2026", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, the Directors' Responsibility statement, the Chief executive and Chief financial officer's responsibility statement, Company information, Shareholder information, Appendix A – Audit committee profiles and Appendix B – Audit committee meeting attendance which we obtained prior to the date of this report, and the Annual report, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the Group, as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditors of Lewis Group Limited for 3 years.

Ernst & Young Inc.

Ernst & Young Inc
Director: Pierre du Plessis
Registered Auditor
Chartered Accountant (SA)

3rd Floor, Waterway House
3 Dock Road, V&A Waterfront

Cape Town
28 May 2026

Lewis Group Limited:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2026

		Notes	2026 Rm	2025 Rm
Revenue		5	**10 319.9**	9 287.8
Retail revenue			**6 558.1**	6 059.6
Merchandise sales			**5 452.1**	5 080.6
Ancillary services			**1 106.0**	979.0
Effective interest income			**2 383.4**	2 047.4
Insurance revenue			**1 378.4**	1 180.8
Cost of merchandise sales		6	**(3 070.1)**	(2 873.3)
Operating costs			**(3 509.9)**	(3 203.0)
Debtor costs		4.2	**(1 310.2)**	(1 193.2)
Bad debts net of recoveries			**(810.2)**	(840.7)
Movement in debtors impairment provision			**(500.0)**	(352.5)
Insurance service expenses		10.3	**(1 053.8)**	(847.8)
Operating profit before impairments and capital items			**1 375.9**	1 170.5
Impairments and capital items		15	**(76.2)**	(18.2)
Operating profit			**1 299.7**	1 152.3
Investment income – insurance investments		9.2	**37.7**	36.0
Interest expense		8.2	**(224.7)**	(226.9)
Interest received		8.2	**22.2**	22.3
Profit before taxation			**1 134.9**	983.7
Taxation		21	**(281.1)**	(228.8)
Net profit attributable to ordinary shareholders			**853.8**	754.9
Earnings per share	(cents)	16.1	**1 646.2**	1 456.9
Diluted earnings per share	(cents)	16.1	**1 587.1**	1 403.1

Lewis Group Limited:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2026

	Note	2026 Rm	2025 Rm
Net profit for the year		**853.8**	754.9
Items that may be subsequently reclassified to income statement:			
Movement in other reserves		**3.0**	14.6
Fair value adjustments		**16.5**	21.9
Changes in the fair value of debt instruments at fair value through other comprehensive income – "FVOCI" debt investments		**22.6**	30.0
Tax effect		**(6.1)**	(8.1)
Derecognition of FVOCI debt investments		**–**	1.4
Disposal		**–**	1.9
Tax effect		**–**	(0.5)
Foreign currency translation reserve		**(13.5)**	(8.7)
Items that may not be subsequently reclassified to income statement:			
Retirement benefit remeasurements		**14.5**	1.7
Remeasurements of the retirement asset and liabilities	20.5.2	**19.9**	2.3
Tax effect		**(5.4)**	(0.6)
Other comprehensive income		**17.5**	16.3
Total comprehensive income for the year attributable to ordinary shareholders		**871.3**	771.2

Lewis Group Limited:
CONSOLIDATED BALANCE SHEET
as at 31 March 2026

	Notes	2026 Rm	2025 Rm
Assets			
Non-current assets			
Property, plant and equipment	11	**482.1**	467.1
Right-of-use assets	7.2	**795.4**	847.6
Intangible assets and goodwill	12, 13	**107.7**	126.5
Deferred taxation	21	**58.4**	86.2
Retirement benefit asset	20.5	**147.6**	118.5
Financial assets – insurance investments	9.1	**182.3**	159.8
		1 773.5	1 805.7
Current assets			
Inventories	6	**768.7**	765.9
Trade and other receivables	4.1	**5 876.1**	5 162.0
Insurance contract asset	10.2	**271.2**	239.6
Taxation	21	**13.0**	2.4
Financial assets – insurance investments	9.1	**295.4**	289.1
Cash-on-hand and deposits	8.1	**161.2**	175.4
		7 385.6	6 634.4
Total assets		**9 159.1**	8 440.1
Equity and liabilities			
Capital and reserves			
Share capital and premium	16.4	**0.9**	0.9
Treasury shares	16.4	**(43.0)**	(37.6)
Other reserves	16.6	**78.3**	68.6
Retained earnings	16.7	**5 449.4**	5 046.5
		5 485.6	5 078.4
Non-current liabilities			
Lease liabilities	7.1	**674.0**	711.1
Long-term interest-bearing borrowings	8.1	**1 350.1**	–
Deferred taxation	21	**62.3**	62.6
Retirement benefit liability	20.5	**84.7**	80.3
		2 171.1	854.0
Current liabilities			
Trade payables, other payables and provisions	18	**873.6**	832.5
Payments in advance	19	**202.0**	194.7
Short-term interest-bearing borrowings	8.1	**41.6**	1 055.4
Lease liabilities	7.1	**289.6**	265.7
Taxation	21	**95.6**	159.4
		1 502.4	2 507.7
Total equity and liabilities		**9 159.1**	8 440.1

Lewis Group Limited:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2026

	Notes	2026 Rm	2025 Rm
Share capital and premium	16.4		
Opening balance		**0.9**	0.9
Cost of own shares acquired		**–**	(43.9)
Transfer of cost of cancelled shares		**–**	43.9
		0.9	0.9
Treasury shares	16.4		
Opening balance		**(37.6)**	(8.2)
Share awards to employees		**72.6**	46.8
Cost of own shares acquired		**(78.0)**	(76.2)
		(43.0)	(37.6)
Other reserves	16.6		
Opening balance		**68.6**	42.6
Other comprehensive income for the year:			
Changes in fair value of FVOCI debt investments		**16.5**	21.9
Disposal of FVOCI debt investments		**–**	1.4
Foreign currency translation reserve		**(13.5)**	(8.7)
Equity-settled share-based payments		**49.7**	34.7
Transfer of share-based payments reserve to retained earnings on vesting		**(43.0)**	(23.3)
		78.3	68.6
Retained earnings			
Opening balance	16.7	**5 046.5**	4 667.5
Net profit attributable to ordinary shareholders		**853.8**	754.9
Distribution to shareholders	16.2	**(435.8)**	(310.2)
Transfer of cost of cancelled shares		**–**	(43.9)
Transfer of share-based payments reserve to retained earnings on vesting		**43.0**	23.3
Retirement benefit remeasurements		**14.5**	1.7
Share awards to employees		**(72.6)**	(46.8)
		5 449.4	5 046.5
Balance as at 31 March		**5 485.6**	5 078.4

Lewis Group Limited:

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2026

	Notes	2026 Rm	2025 Rm
Cash flow from operating activities			
Cash flow from trading	22.1	**2 418.0**	1 987.2
Changes in working capital	22.2	**(1 299.5)**	(1 054.7)
Cash flow from operations		**1 118.5**	932.5
Interest received other than from trade receivables	8.2	**22.2**	22.3
Interest paid	22.3	**(225.4)**	(199.7)
Taxation paid	22.4	**(333.8)**	(194.8)
		581.5	560.3
Cash utilised in investing activities			
Purchases of insurance investments	9.1	**(46.7)**	(319.0)
Proceeds from insurance investments	9.1	**78.2**	315.4
Purchase of businesses	13	**–**	(35.7)
Additions to property, plant and equipment and intangible assets	11, 12	**(129.0)**	(127.9)
Proceeds on disposal and scrapping of property, plant and equipment		**7.8**	5.2
		(89.7)	(162.0)
Cash flow from financing activities			
Dividends paid	16.2	**(435.8)**	(310.2)
Payment of principal portion of lease liabilities	7.1	**(328.4)**	(296.7)
Advances of long-term interest-bearing borrowings	22.5	**1 400.0**	–
Revolving credit facilities		**900.0**	–
DMTN – floating rate note		**500.0**	–
Repayments of long-term interest-bearing borrowings – revolving credit facilities	22.5	**(50.0)**	(350.0)
Purchase of own shares		**(78.0)**	(120.1)
		507.8	(1 077.0)
Net increase/(decrease) in cash and cash equivalents		**999.6**	(678.7)
Cash and cash equivalents at the beginning of the year		**(880.0)**	(201.3)
Cash and cash equivalents at the end of the year	8.1	**119.6**	(880.0)

Lewis Group Limited:

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2026

REPORTING ENTITY

Lewis Group Limited is a company incorporated and domiciled in South Africa. The address of the Company's registered office is stated on page 2.

1.1 BASIS OF PREPARATION

The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the IASB, the IFRS Interpretations Committee interpretations, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act. The financial statements are prepared under the historical cost convention, and modified by the revaluation of certain financial instruments to fair value. The financial statements are prepared on a going concern basis.

The accounting policies applied in the preparation of these consolidated annual financial statements are consistent with those applied in 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 year.

The Group and Company discloses its material accounting policies, including its measurement basis or bases, as part of its disclosures in each note in order to assist the users of these statements in understanding how transactions, events and conditions are reflected in the primary financial statements. The Group presents its notes by incorporating all related disclosures, accounting policies, significant judgements, risk management disclosure and other information relating to a particular balance sheet and/or income statement item together to provide a complete overall picture of such items.

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed as significant judgements.

The following significant judgements have been identified:

	Note reference
Impairment of receivables	4.1
Debtor costs	4.2
Retail revenue	5.2
Provision for inventory obsolescence	6
Leases	7
Insurance contract asset	10.2
Useful lives and residual values of fixed assets	11
Useful lives, residual values and impairment of intangible assets	12
Goodwill	13
Payments in advance	19
Share-based payments	20.3
Retirement benefits	20.5
Normal and deferred taxation	21

2. RISK MANAGEMENT

The Board is responsible for risk management and views it as an integral part of providing a responsible return on shareholders' equity.

To assist the Board, the Group is managed through a system of internal controls functioning throughout the entity. For the reporting period, the Board delegated risk matters to the Group's risk committee comprising six independent non-executive directors and two executive directors which operates in compliance with a formal charter. The Chief risk officer oversees the risk function. The committee assists the Board by, *inter alia*:

- reviewing the risk profile of the Group on a quarterly basis to ensure that relevant risks are reflected on the risk profile;
- reviewing the risk management policy and plan annually;
- making recommendations on risk tolerance and appetite;
- evaluating and agreeing the nature of and extent of the risks that the Company should be willing to take in pursuit of its strategic objectives;
- reviewing the risk register of strategic and operational risks annually;
- monitoring implementation of the risk management policy and plan;
- exercising ongoing oversight of risk management; and
- overseeing IT governance and the development of IT systems that enable the business to continue to function effectively.

Risk management disclosures are categorised as follows:

Credit risk
The risk that the counterparty to the financial instruments that Lewis Group holds will cause loss to Lewis Group as a result of the counterparty failing to discharge its obligations.

Price risk
The risk that the fair value of future cash flows of a financial instrument that Lewis Group holds will fluctuate because of changes in market prices, other than due to the interest rate risk or currency risk.

Interest rate risk
The risk that the fair value of future cash flows of a financial instrument (whether an asset or liability) will fluctuate because of changes in market interest rates.

Currency risk
The risk that the fair value of future cash flows of a financial instrument (whether an asset or liability) will fluctuate because of changes in the foreign exchange rates.

Liquidity risk
The risk that Lewis Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by cash or another financial asset.

Insurance risk
The risk that results from fluctuations in the timing, frequency and severity of insured events. It includes the risk that premiums may be insufficient to compensate for future claims and that provisions for reported and unreported claims are inadequate.

Actuarial risk
The risk that defined benefit liabilities expose the Group to the risk of these promised benefits exceeding the accumulated assets set aside to meet these obligations which will result in additional funding from the Group.

2. RISK MANAGEMENT CONTINUED

The risk disclosures per risk category have been set out as follows:

	Note reference
Credit risk	
Trade receivables	4.1
Cash	8.1
Insurance investments	9.1
Price risk	
Insurance investments	9.1
Interest rate risk	
Trade receivables	4.1
Net finance costs	8.2
Insurance investments	9.1
Liquidity risk	
Lease liabilities	7.3
Borrowings	8.1
Insurance contracts	10.5
Insurance risk	
Insurance contracts	10.4
Actuarial risk	
Defined benefit retirement plans	20.5.4
Post-retirement healthcare benefits	20.5.5
Currency risk	
Foreign exchange risk	25.3

3. FINANCIAL INSTRUMENTS

The Group holds the following financial instruments:

	Note reference
Trade and other receivables	4.1
Lease liabilities	7.1
Cash-on-hand and deposits	8.1
Interest-bearing borrowings	8.1
Insurance investments	9.1
Trade payables, accruals and other payables	18

Accounting policies

(i) Initial recognition of financial assets

On initial recognition, financial instruments are measured at fair value. Purchases and sales of financial assets are recognised on the trade date, being the date that the Group commits to the transaction.

Subsequently, financial instruments are measured as follows:

- Amortised cost.
- Fair value through other comprehensive income.
- Fair value through profit or loss or designated as at fair value through profit or loss.

(ii) Business model assessment

For debt instruments, IFRS 9 requires that a business model assessment is carried out which reflects how the Group manages the assets in order to generate cash flows. The assessment is at a portfolio level which is the level at which the portfolio is managed. Factors considered in determining the business model for a group of assets include past experience on how cash flows were collected, how the assets' performance is evaluated and reported, risks that affect the assets' performance and how these risks are assessed and managed and the reasons, frequency, volume and timing of sales in prior periods.

3. FINANCIAL INSTRUMENTS CONTINUED

Accounting policies continued

(ii) Business model assessment continued

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective such as trade and other receivables, insurance investment assets and deposits. Debt instruments have been classified into the following categories:

- Amortised cost.
- Fair value through other comprehensive income ("FVOCI").
- Fair value through profit and loss ("FVTPL").

The Group reclassifies debt instruments when and only when its business model for those financial assets changes. Such changes are expected to be very infrequent.

The Group's business models for managing debt instruments and the contractual cash flow characteristics of the debt instruments determine the following categories:

- **Amortised cost:**

  Financial assets within a business model whose objective is solely to hold assets to collect contractual cash flows and the contractual terms of these assets are solely payments of principal and interest.

- **FVOCI (Hold to collect and sell):**

  Financial assets held within a business model whose objective is both to hold these assets to collect contractual cash flows and to sell these assets and that the contractual terms of financial assets are solely payments of principal and interest.

  Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the income statement. Interest income from these financial assets is included in interest received and calculated using the effective interest rate method.

- **FVTPL (Hold to sell/manage on a fair value basis):**

  Financial assets are held within a business model where the objective is to sell and manage these assets on a fair value basis. In addition, financial assets can also be included in this category if:

  - the use of this classification removes or significantly reduces an accounting mismatch; or
  - financial assets which do not meet the SPPI criteria (see below).

(iii) Solely payment of principal and interest ("SPPI")

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the assets' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce volatility or exposure to risks that are inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL.

(iv) Impairment of financial assets

Financial assets other than trade receivables

The expected credit loss ("ECL") model applies to financial assets classified at amortised cost and/or FVOCI. ECL is a probability-weighted estimate of losses. A credit loss is the difference between the cash flows that are due to the entity in accordance with the contract and the cash flows it expects to receive, discounted at the original effective interest rate implicit in the financial asset.

The general model for impairment is recognised as follows:

- **Stage 1:**

  ECL is recognised on initial recognition and measured at an amount equal to the portion of lifetime ECLs that result from default events possible within the next 12 months.

- **Stage 2:**

  At each reporting date the Group assesses whether there has been a significant increase in credit risks ("SICR") since initial recognition. Where evidence exists that there has been a SICR, the ECL is based on expected credit losses over the lifetime of the asset.

3. FINANCIAL INSTRUMENTS CONTINUED

Accounting policies continued

(iv) Impairment of financial assets continued

Financial assets other than trade receivables continued

- **Stage 3:**

Financial assets become credit impaired as a result of a loss event that has occurred after initial recognition. ECL is based on estimated credit losses over the lifetime of the asset. For these credit impaired assets, the interest or return on these assets are calculated on the amortised cost. Amortised cost is defined as the gross carrying value (adjusted for any modifications) less the impairment provision.

The impairment gains or losses are presented as follows:

- For amortised cost assets, through the income statement.
- For debt instruments that are financial assets classified as FVOCI, through the income statement.

Trade receivables

The Group's trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. These receivables contain a significant financing component with terms of business varying from 6 to 36 months, with a significant portion conducted on 36 months.

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 ECLs. This policy has been applied to all trade receivables.

The ECL is a probability-weighted estimate and represents the difference between the cash flow that is due to the entity in accordance with the contract and the cash flows the entity expects to receive, discounted at the original effective interest rate (contractual interest rate and initiation fee included in the customer contract).

Where trade receivables have become credit impaired as a result of loss events that have occurred after initial recognition, those receivables are classified as stage 3. The effective interest recognised on these assets is calculated on the amortised cost being defined as gross carrying value on initial recognition (adjusted for any modification) less the impairment provision.

(v) Current and non-current financial assets and financial liabilities

Current assets and liabilities have maturity terms of less than 12 months, except for instalment sale receivables and money market floating rate notes. Instalment sale receivables, which are included in trade and other receivables, have maturity terms of between 6 to 36 months, but are classified as current as they form part of the normal operating cycle. Money market floating rate notes are highly liquid and utilised to fund Monarch's working capital requirements and are therefore classified as current assets.

(vi) Set off

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(vii) Derivative instruments

Derivative instruments are utilised to hedge exposure to foreign currency fluctuations. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will substantially offset the underlying transactions when they occur. Derivatives are recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. These derivative instruments have been classified as fair value through profit and loss and changes in the fair value are recognised in the income statement.

(viii) Derecognition

Financial assets are only derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred the contractual rights to receive the cash flows of the financial asset.

3. FINANCIAL INSTRUMENTS CONTINUED

i) Categories

	Amortised cost Rm	FVOCI Rm	FVTPL Rm	Total Rm
2026				
Assets				
Insurance investments	**–**	**182.3**	**295.4**	**477.7**
Trade receivables	**5 708.7**	**–**	**–**	**5 708.7**
Other receivables	**52.6**	**–**	**–**	**52.6**
Cash-on-hand and deposits	**161.2**	**–**	**–**	**161.2**
Liabilities				
Interest-bearing borrowings	**1 391.7**	**–**	**–**	**1 391.7**
Lease liabilities	**963.6**	**–**	**–**	**963.6**
Trade payables	**214.6**	**–**	**–**	**214.6**
Accruals and other payables	**137.4**	**–**	**–**	**137.4**
2025				
Assets				
Insurance investments	–	159.8	289.1	448.9
Trade receivables	4 996.6	–	–	4 996.6
Other receivables	46.9	–	–	46.9
Cash-on-hand and deposits	175.4	–	–	175.4
Liabilities				
Interest-bearing borrowings	1 055.4	–	–	1 055.4
Lease liabilities	976.8	–	–	976.8
Trade payables	233.1	–	–	233.1
Accruals and other payables	130.5	–	–	130.5

ii) Maturity profile of financial assets

The maturity profiles of financial assets are as follows:

	0 to 12 months Rm	1 to 2 years Rm	2 to3[1] years Rm	3 to 5 years Rm	>5 years Rm	Total Rm
2026						
Insurance investments: Fixed income securities – FVOCI[2]	**–**	**–**	**–**	**–**	**182.3**	**182.3**
Insurance investments: Money market floating rate notes – FVTPL[2]	**295.4**	**–**	**–**	**–**	**–**	**295.4**
Trade receivables	**3 496.0**	**1 539.1**	**529.2**	**144.4**	**–**	**5 708.7**
Other receivables	**52.6**	**–**	**–**	**–**	**–**	**52.6**
Cash-on-hand and deposits	**161.2**	**–**	**–**	**–**	**–**	**161.2**
	4 005.2	**1 539.1**	**529.2**	**144.4**	**182.3**	**6 400.2**
2025						
Insurance investments: Fixed income securities – FVOCI[2]	–	–	–	–	159.8	159.8
Insurance investments: Money market floating rate notes – FVTPL[2]	289.1	–	–	–	–	289.1
Trade receivables	3 052.4	1 347.6	467.2	129.4	–	4 996.6
Other receivables	46.9	–	–	–	–	46.9
Cash-on-hand and deposits	175.4	–	–	–	–	175.4
	3 563.8	1 347.6	467.2	129.4	159.8	5 667.8

(1) *We have disaggregated the timeband into 2-3 years and 3-5 years, to present enhanced disclosures. The comparatives have been updated.*

(2) *Insurance investments have been disaggregated to present investments at FVOCI and FVTPL separately. The comparatives have been updated.*

3. FINANCIAL INSTRUMENTS CONTINUED

iii) Maturity profile of financial liabilities

The maturity profiles of undiscounted financial liabilities are as follows:

	0 to 12 months Rm	1 to 2 years Rm	2 to 3[1] years Rm	3 to 5 years Rm	>5 years Rm	Total Rm
2026						
Interest-bearing borrowings	**(41.6)**	**–**	**(1 350.0)**	**–**	**–**	**(1 391.6)**
Interest on borrowings to maturity	**(111.6)**	**(111.6)**	**(56.3)**	**–**	**–**	**(279.5)**
Lease liabilities	**(289.6)**	**(245.1)**	**(180.0)**	**(178.7)**	**(70.2)**	**(963.6)**
Interest on lease liabilities	**(73.2)**	**(48.5)**	**(29.3)**	**(24.4)**	**(10.6)**	**(186.0)**
Trade payables	**(214.6)**	**–**	**–**	**–**	**–**	**(214.6)**
Accruals and other payables	**(137.4)**	**–**	**–**	**–**	**–**	**(137.4)**
	(868.0)	**(405.2)**	**(1 615.6)**	**(203.1)**	**(80.8)**	**(3 172.7)**
2025						
Interest-bearing borrowings	(1 055.4)	–	–	–	–	(1 055.4)
Lease liabilities	(265.7)	(256.1)	(181.9)	(195.9)	(77.2)	(976.8)
Interest on lease liabilities	(75.3)	(51.3)	(31.9)	(27.3)	(10.2)	(196.0)
Trade payables	(233.1)	–	–	–	–	(233.1)
Accruals and other payables	(130.5)	–	–	–	–	(130.5)
	(1 760.0)	(307.4)	(213.8)	(223.2)	(87.4)	(2 591.8)

[1] *We have disaggregated the timeband into 2-3 years and 3-5 years, to present enhanced disclosures. The comparatives have been updated.*

iv) Interest rate profile

The interest rate profiles of financial instruments are as follows:

	Term of investment	Average closing effective interest rate (%)	Floating or fixed rate	Carrying value Rm
2026				
Assets				
Gross instalment sale receivables	**Up to three years**	**23.9**[1]	**Fixed**	**9 167.3**
Fixed income securities	**Varies (refer note 9)**	**6.3**	**Fixed**	**182.3**
Money market floating rate notes	**Up to five years**[2]	**7.6**	**Floating**	**295.4**
Liabilities				
Interest-bearing borrowings	**Varies (refer note 8)**	**8.3**	**Floating**	**1 391.7**
Lease liabilities	**Varies**	**9.3**	**Fixed**	**963.6**
2025				
Assets				
Gross instalment sale receivables	Up to three years	24.1[1]	Fixed	7 955.2
Fixed income securities	Varies (refer note 9)	6.3	Fixed	159.8
Money market floating rate notes	Up to five years[2]	8.6	Floating	289.1
Liabilities				
Interest-bearing borrowings	Varies (refer note 8)	9.1	Floating	1 055.4
Lease liabilities	Varies	8.7	Fixed	976.8

[1] *Weighted average contractual interest rate.*
[2] *Money market floating rate notes are classified as fair value through profit and loss and treated as current. Refer note 9.*

3. FINANCIAL INSTRUMENTS CONTINUED

v) Interest received and paid on financial instruments

	Notes	2026 Rm	2025 Rm
Interest received on financial assets			
Trade receivables	5.1	**2 488.1**	2 148.4
Insurance investments	9.2	**37.7**	37.9
Cash-on-hand and deposits	8.2	**20.7**	21.0
		2 546.5	2 207.3
Interest paid on financial liabilities			
Borrowings	8.2	**134.4**	116.2
Lease liabilities	8.2	**90.4**	81.6
		224.8	197.8

4. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS

4.1 Trade and other receivables

		2026 Rm	2025 Rm
Trade receivables		**9 167.3**	7 955.2
Provision for impairment		**(3 458.6)**	(2 958.6)
Trade receivables (net)		**5 708.7**	4 996.6
Due within 12 months		**3 496.0**	3 052.4
Due after 12 months		**2 212.7**	1 944.2
Other receivables		**167.4**	165.4
Total trade and other receivables		**5 876.1**	5 162.0
Debtors impairment provision as a percentage of debtors at gross carrying value	(%)	**37.7**	37.2

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.

Other receivables consist of prepayments, VAT, enterprise development investments and loans, as well as inventory with a right of return. Inventory with a right of return amounts to R55.1 million (2025: R54.9 million).

Accounting policies

Trade and other receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. They are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate, less a provision for impairment. Trade receivables are classified as financial instruments in terms of IFRS.

4. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

4.1 Trade and other receivables continued

Significant accounting estimates and judgements

(i) Business model

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. These receivables contain a significant financing component with terms of business varying up to a maximum of 36 months, and a significant portion of the business being conducted on 36 months.

Trade receivables are held to collect contractual cash flows and the contractual terms of the trade receivables are solely payments of principal and interest. Accordingly, the assessment of the business model is that of holding to collect and, therefore, trade receivables are accounted for on an amortised cost basis.

(ii) Modifications

The ECL is calculated with reference to the original contract with the customer. No modifications are made to the contract or the contractual cash flows as contemplated by IFRS 9.

(iii) 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 the lifetime ECL. This methodology has been applied across the entire portfolio of trade receivables.

The lifetime ECL is determined by assessing the historical cash flows and projecting future cash flows on a probability-weighted basis. These are then discounted at the effective interest rate (including initiation fees). For the current financial year, the discount rate used was 28.5% (2025: 28.9%).

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 their 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.

The transition matrix is derived from the observed payment behaviour of the Group's customer base over a 36-month period 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 Group's default rates, where default rate is defined as the percentage of performing accounts rolling into non-performing states in the following 12 months. This analysis is done on at least an annual basis to identify the relevant economic variables and assess the degree of correlation with the non-performing category.

The assessment for 2026 has identified Gross Domestic Product ("GDP") and Debt-to-Disposable Income ("D2DI") (year-on-year changes) as the primary macroeconomic drivers of default rate. These variables were selected based on their economic relevance and observed relationship with default behaviour. GDP represents growth in economic activity and income levels, and D2DI reflects the burden of household debt relative to income. Both are relevant to the repayment capacity of the Group's customer base. For 2025, South African Reserve Bank Repo Rate and Private Consumption (year-on-year percentage changes) were used. The selected economic variables are used to determine the base, upside and downside scenarios and a weighted average scenario is calculated to determine the expected default rates.

High levels of uncertainty are affecting current global environments due to global wars, specifically in the Middle East, and geo-political tensions which have resulted in significant price increases and supply disruptions in oil and other critical commodities. These pressures will flow into the South African economy through deteriorating terms of trade, exchange rate volatility, a constrained interest rate environment, slower economic growth and rising inflation, particularly food and transport costs which have a direct material impact on the Group's customer base. The combined impact of the aforementioned will limit economic growth in the Group's markets and place strain on the disposable income of the Group's customers. 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. As a result, the total forward-looking overlay amounts to R595.1 million (2025: R517.0 million).

4. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

4.1 Trade and other receivables continued

Significant accounting estimates and judgements continued

Forward-looking information continued

Management's areas of judgement include the probabilities of these scenarios occurring, the severity of the scenarios and the potential impact it might have on payment performance. A sensitivity analysis has been performed and the impact is illustrated below:

	2026		2025	
Probability-weighted impact of all three scenarios	**Rm**	**% change**	Rm	% change
	595.1		517.0	
100% downside scenario	**741.5**	**24.6**	546.3	5.7
100% base scenario	**308.9**	**(48.1)**	457.2	(11.6)
100% upside scenario	**(23.6)**	**(104.0)**	406.3	(21.4)

(iv) Credit impaired (Stage 3)

The default criteria for credit impaired accounts (i.e. when the account moves to stage 3 as a result of loss events that have occurred after initial recognition) are as follows:

- Non-performing accounts (as defined on the following page).
- Accounts in debt counselling (as governed by the National Credit Act).
- As a backstop, accounts not included in the above categories, where no payment has been received over the last three consecutive months.

Accounts in the non-performing category make up the majority of the credit impaired accounts.

A credit impaired account will cure when the customer does not meet the criteria for being a credit impaired account.

Curing occurs in the following instances:

- Non-performing accounts: Accounts in this category will only cure when their lifetime payment rating improves to the extent that the account qualifies to move into a "Slow payers" or "Satisfactory paid" category. Generally, this will require a significant improvement in the customer's payment behaviour.
- Accounts in debt counselling: Accounts in this category will cure when the customer is no longer in debt counselling in terms of the requirements of the National Credit Act.
- For accounts where no payment has been received in the last three consecutive months, it will cure once in receipt of a payment. This category has a high probability of curing.

With regard to credit impaired accounts, interest income is recognised by applying the effective interest rate to the net carrying value, i.e. gross carrying value less impairment provision, resulting in lower interest revenue and debtor costs.

4. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

4.1 Trade and other receivables continued

Credit risk of trade receivables

Credit risk is the risk of suffering financial loss, should any of the Group's customers and counterparties fail to fulfil their contractual obligations with the Group. The main credit risk faced is that customers will not meet their payment obligations in terms of the sale agreements concluded.

Lewis has a large, diverse and widespread customer base. Therefore, the Group does not consider there to be any significant concentration of credit risk.

Credit granting

The Group has developed advanced credit granting systems to properly assess the credit worthiness of customers. The credit underwriting process flows through the following stages:

- **Credit scoring:** This involves the gathering of appropriate information from the client, use of credit bureaus and third parties such as employers. These input variables are run through the various credit scorecards. Lewis deals with its new customers and existing customers differently when credit scoring takes place.

  The process is as follows:

  - For new customers, application risk scorecards predict the risk with the emphasis for such an evaluation on information from credit bureaus and third-party information.
  - For existing customers, behavioural scorecards have been developed to assess the risk through predictive behaviour with the emphasis on the customer's payment record with Lewis, bureau and other information being considered.
- **Assessing client affordability:** This process involves collecting information regarding the customer's income levels, expenses and current debt obligations, as well as assessing the affordability with respect to the National Credit Regulator's expense table.
- **Determining the credit limit for the customer:** The customer's risk score determined by the scorecard together with the affordability assessment and outstanding obligations are used to calculate a credit limit within the customer's affordability level.

The credit granting systems enable the Group to determine its appetite for risk. In determining the acceptable level of risk, the potential loss is weighed up against the revenue potential using the predictive behavioural models inherent in the credit granting system. The Group continuously monitors any variances from the level of risk that has been adopted.

The Group manages its risk effectively by assessing the customer's ability to service the proposed monthly instalment.

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 (with no single customer paying less than 65.4%).
- **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 (with no single customer paying less than 50.0%).
- **Non-performing accounts**

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

  These payment ratings are used to categorise and report on customers, to re-sell to satisfactory paid customers and to follow up the slow paying and non-performing customers as well as for bad debt write-off selection.

4. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

4.1 Trade and other receivables continued

Impairment provision

In accordance with IFRS 9 the Group has elected to measure the impairment allowance equal to the lifetime ECL. The lifetime ECL is calculated by determining cash flows on a probability-weighted basis and discounting these at the effective interest rate in the contract, including initiation fees. The discounted cash flow is compared to the balance owing at point of assessment to determine the ECL.

The probability-weighted cash flows are calculated using the debtor book population's payment behaviour in combination with a transition matrix. The transition matrix and payment performance for each payment state has been developed utilising customer payment history. The transition matrix predicts the population's payment behaviour and probability of the account being in a particular payment state and transitioning into future payment states. The key states in the transitional matrix are the customer's lifetime payment rating, age of account and contractual term.

The impairment provision applicable to each payment rating and the trending thereof, is evaluated with collection rates and customer payment data produced by the credit risk information systems.

The key indicators that are reviewed include, *inter alia*, the following:

- **Number of satisfactorily paid customers.** The key operational objective is to have as many satisfactory paid customers as possible as it is the Group's expectation that these customers will settle their accounts, albeit that certain categories of satisfactory paid customers may settle past their contractual term. Satisfactory paid customers are the source of future repeat business which is one of the core strengths of the business model.
- **The level of impairment provision applicable to each payment rating and the trend thereof.** The impairment calculation is performed on a monthly basis taking into account the payment behaviour of the debtors book having regard to the customer's lifetime payment rating, age of account and contractual term.

Contractual arrears

The key aspect of the arrear calculation is Lewis' policy not to reschedule arrears nor to amend the terms of the original contract. In other words, the contractual arrears calculated are the actual arrears in terms of the originally signed agreement.

From the onset of the agreement, contractual arrears are calculated by comparing payments made life to date with the originally calculated instalments due life to date, causing a customer who is paying less than the required contracted instalment to immediately fall into arrears. Once the customer exceeds the term of the agreement by paying less than the required contracted instalments, the full balance owing will be in arrears. The Group does not consider arrears the leading indicator, but rather payment ratings for the reasons mentioned above.

Combined impairment and contractual arrears table

The table reflects the following:

- The main groupings of payment ratings describing payment behaviour.
- For each of the main groupings of payment ratings, the following is disclosed:
  - Number of customers.
  - Gross carrying value.
  - Impairment provision allocated to each grouping.
  - Contractual arrears for each grouping have been categorised by number of instalments in arrears.

The table referred to above is set out on the following page.

4. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

4.1 Trade and other receivables continued

Debtor analysis
31 March 2026

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	Instalments in arrears >3 months R'000
Satisfactory paid		646 541	6 931 817	1 660 542	24.0	960 955	509 661	451 294
	(%)	82.6	75.6	48.0				
Slow payers		95 291	1 406 588	1 079 095	76.7	826 304	180 698	645 606
	(%)	12.2	15.3	31.2				
Non-performing accounts		41 049	828 889	719 009	86.7	544 118	100 133	443 985
	(%)	5.2	9.1	20.8				
Total		782 881	9 167 294	3 458 646	37.7	2 331 377	790 492	1 540 885

Debtors analysis
31 March 2025*

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	Instalments in arrears >3 months R'000
Satisfactory paid		588 856	6 194 306	1 544 932	24.9	817 563	449 461	368 102
	(%)	83.5	77.9	52.2				
Slow payers		87 324	1 200 224	927 212	77.3	695 537	158 823	536 714
	(%)	12.4	15.1	31.3				
Non-performing accounts		29 182	560 626	486 459	86.8	349 518	74 046	275 472
	(%)	4.1	7.0	16.5				
Total		705 362	7 955 156	2 958 603	37.2	1 862 618	682 330	1 180 288

* *Instalments in arrears for the comparative period have been restated to accurately allocate arrears between ≤3 months and >3 months for a discrete category of accounts. The impact of the reallocation is R187.8 million as at 31 March 2025.*

4. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

4.1 Trade and other receivables continued

Analysis of gross trade receivables	Not credit impaired Rm	Credit impaired Rm	Total Rm
As at 31 March 2026			
Opening balance	**7 076.2**	**879.0**	**7 955.2**
New accounts	**4 411.5**	**–**	**4 411.5**
Transfers:			
Cured (from "Credit impaired" to "Not credit impaired")	**55.2**	**(55.2)**	**–**
New credit impaired (from "Not credit impaired" to "Credit impaired")	**(1 183.8)**	**1 183.8**	**–**
Change in value due to transactions[1]	**(1 327.1)**	**232.4**	**(1 094.7)**
Accounts settled	**(1 095.7)**	**–**	**(1 095.7)**
Receivables derecognised (Bad debts written off)	**–**	**(1 009.0)**	**(1 009.0)**
Closing balance	**7 936.3**	**1 231.0**	**9 167.3**
As at 31 March 2025			
Opening balance	6 071.0	877.6	6 948.6
New accounts	3 966.4	–	3 966.4
Transfers:			
Cured (from "Credit impaired" to "Not credit impaired")	65.9	(65.9)	–
New credit impaired (from "Not credit impaired" to "Credit impaired")	(1 088.6)	1 088.6	–
Change in value due to transactions[1]	(1 149.0)	(1.1)	(1 150.1)
Accounts settled	(789.5)	–	(789.5)
Receivables derecognised (Bad debts written off)	–	(1 020.2)	(1 020.2)
Closing balance	7 076.2	879.0	7 955.2

Analysis of impairment allowance		Not credit impaired Rm	Credit impaired Rm	Total Rm
As at 31 March 2026				
Opening balance		**2 261.6**	**697.0**	**2 958.6**
New accounts		**1 270.9**	**–**	**1 270.9**
Transfers:				
Cured (from "Credit impaired" to "Not credit impaired")		**37.2**	**(37.2)**	**–**
New credit impaired (from "Not credit impaired" to "Credit impaired")		**(917.5)**	**917.5**	**–**
Change in value due to transactions[1]		**(72.5)**	**119.0**	**46.5**
Accounts settled		**(127.9)**	**–**	**(127.9)**
Receivables derecognised (Bad debts written off)		**–**	**(689.5)**	**(689.5)**
Closing balance		**2 451.8**	**1 006.8**	**3 458.6**
ECL coverage	(%)	**30.9**	**81.8**	**37.7**
As at 31 March 2025				
Opening balance		1 937.2	668.9	2 606.1
New accounts		1 203.0	–	1 203.0
Transfers:				
Cured (from "Credit impaired" to "Not credit impaired")		43.8	(43.8)	–
New credit impaired (from "Not credit impaired" to "Credit impaired")		(713.2)	713.2	–
Change in value due to transactions[1]		(102.0)	82.4	(19.6)
Accounts settled		(107.2)	–	(107.2)
Receivables derecognised (Bad debts written off)		–	(723.7)	(723.7)
Closing balance		2 261.6	697.0	2 958.6
ECL coverage	(%)	32.0	79.3	37.2

[1] *This line includes movements relating to amounts charged to accounts and payments received on all accounts.*

4. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

4.1 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% (2025: 24.1%).

Fair value

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

Other receivables – enterprise development investments and loans

Included in other receivables are enterprise development investments and loans amounting to R32.3 million (2025: R40.1 million). These are subject to an annual impairment assessment, which considers the market value of the assets, current and projected payment history and a review of the borrowers' underlying financial statements. No additional impairment was recognised in the current year.

4.2 Debtor costs

		2026 Rm	2025 Rm
Bad debts		**904.3**	919.2
Bad debts before adjustment for interest on credit impaired accounts		**1 009.0**	1 020.2
Adjustment for interest on credit impaired accounts		**(104.7)**	(101.0)
Bad debt recoveries		**(94.1)**	(78.5)
Movement in debtors impairment provision		**500.0**	352.5
Closing balance		**3 458.6**	2 958.6
Opening balance		**(2 958.6)**	(2 606.1)
Total debtor costs		**1 310.2**	1 193.2
Debtor costs as a percentage of debtors at gross carrying value	(%)	**14.3**	15.0

"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.

Accounting policy

Debtor costs

The Group writes off trade receivables when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

Impairment losses on trade receivables are included in debtor costs. Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant accounting estimates and judgements

Bad debt write-offs take place periodically throughout the year. Bad debt write-offs take place where the customer's payment behaviour cannot be rehabilitated after all reasonable commercially and economically appropriate collection methods have been utilised and exhausted. Write-offs predominantly occur in the following categories:

- Customers significantly in arrears.
- Non-performing customers in terms of the business' credit management practices.
- Customers with out-of-term accounts.

There is no reasonable prospect of significant recoveries once the customer's account has been written off. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due.

5. REVENUE

5.1 Revenue

	2026 Rm	2025 Rm
Retail revenue – revenue from contracts with customers	**6 558.1**	6 059.6
Merchandise sales	**5 452.1**	5 080.6
Ancillary services	**1 106.0**	979.0
Finance and insurance revenue	**3 761.8**	3 228.2
Effective interest income	**2 383.4**	2 047.4
Finance charges and initiation fees earned	**2 488.1**	2 148.4
Adjustment for interest on credit impaired accounts	**(104.7)**	(101.0)
Insurance revenue	**1 378.4**	1 180.8
Total revenue	**10 319.9**	9 287.8

Accounting policies

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and comprises merchandise sales net of discounts, earned finance charges and initiation fees, earned maintenance contracts, delivery and insurance premiums earned. Value added tax is excluded.

(i) Retail revenue

- **Merchandise sales**

  Revenue from the sale of merchandise is recognised on the date of delivery. Sales are mainly conducted as follows:

  (a) By instalment sale and loan agreements. Such agreements are subject to credit legislation in the jurisdictions that the Group operates.

  (b) Cash and open accounts.

  It is policy to sell goods with the right of return in terms of current consumer legislation. Such sales are cancelled where the right of return is exercised. Under IFRS 15, a refund liability for the expected refunds is recognised as an adjustment to revenue and trade and other payables. The corresponding right to recover the product from the customer is an adjustment to cost of sales and other receivables.

- **Ancillary services**

  Maintenance contracts

  Revenue from maintenance contracts is recognised as follows:

  – the income is deferred until the expiry of the one-year supplier's warranty; and

  – for the two subsequent years of the maintenance contract, revenue is recognised in accordance with the percentage stage of completion method using the expected costs of providing the service as an appropriate measure of the stage of completion. To establish the expected cost to provide the service, the Group reviews its historic incidence records on a rolling three-year period.

  Other

  Revenue from the provision of other services (mainly delivery and service fees) is recognised when the services are rendered.

(ii) Effective interest income

Interest income is calculated by applying the effective interest rate to the gross carrying value of financial assets except for financial assets that have subsequently become credit impaired (or "stage 3") for which interest revenue is calculated by applying the effective interest rate to their net carrying value (i.e. gross carrying value less impairment provision). The effective interest rate calculation does not consider ECLs, but include initiation fees as they are integral to the effective interest rate.

(iii) Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, it reduces the Asset for Remaining Coverage ("AFRC") and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

The Group recognises insurance revenue at the amount of expected premium receipts allocated based on the passage of time over the coverage period for a group of insurance contracts.

5. REVENUE CONTINUED

5.2 Retail revenue – revenue from contracts with customers

	Traditional Rm	Speciality Rm	Group Rm
2026			
Merchandise sales			
– Cash	**1 132.4**	**534.0**	**1 666.4**
– Credit	**3 757.9**	**27.8**	**3 785.7**
Ancillary services			
– At a point in time	**255.8**	**10.0**	**265.8**
– Over time	**830.0**	**10.2**	**840.2**
	5 976.1	**582.0**	**6 558.1**
2025			
Merchandise sales			
– Cash	1 116.4	509.6	1 626.0
– Credit	3 431.4	23.2	3 454.6
Ancillary services			
– At a point in time	224.8	10.1	234.9
– Over time	739.3	4.8	744.1
	5 511.9	547.7	6 059.6

Significant accounting estimates and judgements

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is in accordance with the reportable segments as this represents how the Group is managed in terms of its sales channels.

Transaction price
All transaction prices for ancillary services are stand alone and are at arm's length (i.e. no services are bundled with the purchase of merchandise). Consequently, there are no allocations of transaction prices required.

Refund obligation
The accumulated experience of the portfolio has been utilised to estimate such returns at the time of sale. Our assessment is that no significant change in the level of returns will occur. The assumptions and the estimates underlying the refund liability are continually reassessed at each reporting date.

Maintenance contracts
The maintenance contract is a two-year contract irrespective of the term of the instalment sale agreement. The first year is covered by a supplier's warranty. The Group provides two-year extended warranty coverage in the second and third year. Revenue from maintenance contracts is recognised in accordance with the percentage stage of completion method using the expected costs of providing the service as an appropriate measure of the stage of completion. To establish the expected cost to provide the service, the Group reviews its historic incidence records on a rolling three-year period.

Delivery fees
Revenue from delivery fees is recognised at a point in time when delivery of the customer's ordered goods is made and the transaction finally approved. The customer has the non-obligatory option to select delivery for their purchased goods at an additional cost.

Service fees
Service fees are the fees charged monthly in connection with the routine administration cost of maintaining a credit agreement and consequently, in accordance with paragraph 5.4.3 (a) of Appendix B (implementation guidance) to IFRS 9, it is accounted for under IFRS 15.

Service fees are fixed and are not charged on a variable basis by the Group (i.e. not based on the price of the goods sold).

Revenue from service fees is recognised when the service is performed on a monthly basis over the duration of the credit agreement.

Insurance revenue
Refer note 10.

6. GROSS PROFIT AND INVENTORIES

		2026 Rm	2025 Rm
Merchandise sales		**5 452.1**	5 080.6
Cost of merchandise sales		**(3 070.1)**	(2 873.3)
Purchases		**(3 072.9)**	(2 915.6)
Movement in inventory		**2.8**	42.3
Merchandise gross profit		**2 382.0**	2 207.3
Gross profit margin	(%)	**43.7**	43.4
Inventories			
Cost of merchandise		**834.3**	820.7
Less: provision for obsolescence		**(65.6)**	(54.8)
		768.7	765.9

Accounting policy

Inventory, comprising merchandise held for resale, is valued at the lower of cost or net realisable value. Cost is determined using the weighted average basis, net of trade and settlement discounts. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less variable selling expenses. Provision is made for slow moving, redundant and obsolete inventory.

Significant accounting estimates and judgements

Provision for obsolescence is based on the ageing of inventory and where appropriate, specific provisions against slow moving ranges are made. Progressive provisioning is made as the age of inventory increases, to reflect the inventory at its net realisable value.

7. LEASES

7.1 Lease liabilities

	2026 Rm	2025 Rm
Opening balance	**976.8**	940.3
Additions and renewed leases	**317.3**	326.4
Additions arising from acquisition	**–**	11.9
Expired, renegotiated and modified leases	**(2.1)**	(5.1)
Principal portion of lease liabilities	**(328.4)**	(296.7)
Interest on lease liabilities	**90.4**	81.6
Lease liability payments	**(418.8)**	(378.3)
Closing balance	**963.6**	976.8
Analysed as follows:	**963.6**	976.8
Non-current	**674.0**	711.1
Current	**289.6**	265.7

7.2 Right-of-use assets

	2026 Rm	2025 Rm
Retail premises		
Opening balance	**847.6**	793.7
Additions and renewed leases	**317.3**	326.4
Additions arising from acquisition	**–**	12.4
Expired, renegotiated and modified leases	**(5.0)**	(1.4)
Remeasurement of restoration provision	**0.1**	0.1
Depreciation	**(299.5)**	(266.3)
Net impairment	**(65.1)**	(17.3)
Closing balance	**795.4**	847.6

7.3 Liquidity risk

The maturity analysis of undiscounted extension options are as follows:

	0 to 12 months Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 5 years Rm	>5 years Rm	Total Rm
2026						
Extension options[1]	**132.0**	**113.1**	**103.7**	**174.4**	**171.6**	**694.8**
2025						
Extension options[1]	150.3	135.1	112.8	189.4	215.4	803.0

[1] *These undiscounted extension options have not been included in the lease liabilities as it is not reasonably certain that they will be exercised.*

The maturity analysis of undiscounted lease liabilities is presented in note 3.

7. LEASES CONTINUED

7.4 Short-term leases

	2026 Rm	2025 Rm
Expense relating to short-term leases (included in operating costs)	**75.6**	78.0

Total lease payments amount to R494.4 million (2025: R456.3 million).

Accounting policies

The Group leases various properties such as stores, storerooms, warehouses and offices. Lease agreements are generally entered into for fixed periods of one to five years and may include further extension options. Leases, other than short-term leases, are recognised as a lease liability and a corresponding right-of-use ("ROU") asset at the date of commencement of the lease agreement.

Lease liabilities
Initial recognition and measurement
The lease liability will be measured at the present value of the future lease payments discounted over the lease term using the Group's relevant incremental borrowing rate as the interest rate implicit in the lease is not readily determinable. Future lease payments comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable. Future lease payments include lease extension options, where the option to exercise the extension is reasonably certain.

Subsequent measurement
Subsequent to initial recognition, the lease liability will be reduced by the lease payments made net of interest charged. The interest from the unwinding of the lease liability will result in a charge to the income statement over the period of the lease term.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related ROU asset) whenever:

A lease agreement is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Low value leases
At inception of a lease, the Group assesses the value of the leased item. If the value of the item does not exceed the Group's threshold, the Group recognises payments on a straight-line basis over the lease term.

Short-term leases
Short-term leases are defined as leases where the lease period is less than or equal to 12 months. The Group recognises payments on a straight-line basis over the lease term.

Right-of-use assets
Initial recognition and measurement
The ROU asset is initially measured at cost, comprising the initial lease liability, prepaid lease payments, initial direct costs and restoration costs, less any lease incentives received.

Subsequent measurement
Subsequent to initial recognition, the ROU asset will be depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the ROU asset.

Impairment of right-of-use assets
ROU assets are tested for impairment whenever circumstances indicate that the carrying amount may exceed its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

7. LEASES CONTINUED

Significant accounting estimates and judgements

Incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore it uses the incremental borrowing rate to measure lease liabilities.

The incremental borrowing rate is defined as the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment. The relevant incremental borrowing rate is determined with reference to an appropriate risk-free rate and an additional margin that considers credit risk, the underlying collateral of the lease, liquidity limitations, and a lender's funding costs and profit margins.

The Group's portfolio of qualifying leases has a weighted average borrowing rate of 9.3% (2025: 8.7%).

Variable lease payments
Variable lease payments relate to:

- Lease agreements with negotiable extension options which provides for the lease payment to be negotiated at the time of renewal of the lease.
- Lease agreements containing variable payment terms that are linked to turnover from leased stores. These variable payments are immaterial and are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Timing of lease payments
The timing of the lease payments have been taken into account in the discounted cash flow model used to calculate the lease liabilities.

Lease extension options
Lease agreements are typically made for fixed periods of one to five years and may include extension options. These options are used to maximise operational flexibility in terms of securing retail premises. The exercising of an extension option may result in renegotiation of existing lease payment terms.

Future lease payments include lease extension options, where the option to exercise the extension is reasonably certain. Management applies their judgement and considers all facts and circumstances in assessing the likelihood of exercising such options, based on strategic importance and profitability of each store. For warehouses, management will assess whether the lease extension option is reasonably certain with reference to the stores which the warehouse services.

Where it is found to be reasonably certain that the options will be exercised, the fixed and negotiable options will be dealt with in the following manner:

- For fixed extension options (the lease terms for the extension period are defined in the lease agreement), the last lease payment with a fixed escalation rate is used to calculate the future lease payments.
- The negotiable extension option provides for the lease terms to be negotiated at the time of exercising the option. For the purpose of the calculation of the future lease payments, the actual rent at the commencement date of the lease is used for every year in the extension period. Where subsequent material adjustments are agreed, both the lease liability and the ROU asset will be adjusted accordingly.

Lease components
Leases may include payments for maintenance activities such as common area maintenance, security and cleaning services or other goods or services transferred to the lessee. The additional services received are treated as non-lease components and expensed to the relevant category.

Low value leases
There are no low value leases as at the reporting date.

Initial recognition of right-of-use assets
The ROU asset is initially measured at cost, comprising the initial lease liability, prepaid lease payments, initial direct costs and restoration costs, less any lease incentives received.

7. LEASES CONTINUED

Significant accounting estimates and judgements continued

Impairment of right-of-use assets

ROU assets are tested for impairment whenever circumstances indicate that the carrying amount may exceed its recoverable amount. As the ROU assets are not able to generate their own cash flows independent from other assets, the Group considers the Cash-Generating Unit ("CGU") as the individual store to which the ROU asset belongs when testing for impairment. Each CGU comprise assets typically including the debtors book, inventory, fixed assets, trademarks and the ROU asset. The identified CGUs do not include goodwill or software. Impairment indicators include the profitability of the stores after head office cost allocations as well as significant changes to the economic environment in which the store operates.

Due to the impact on profitability resulting from the rapid expansion of the business, all Real Beds stores (included in the speciality segment) were tested for impairment. For the rest, only stores with impairment indicators were tested for impairment.

An impairment loss is recognised for the amount by which the CGU's carrying amount exceeds its recoverable amount. The recoverable amount is determined using a value-in-use calculation.

Value-in-use is calculated using a discounted cash flow model whereby expected cash flows for individual stores are determined in accordance with the principles contained within IAS 36. The following assumptions are applied:

- The cash flow projections for each store is assessed based on forecast information that is informed by past experience of management and the expected performance of the store. The projections at the end of the reporting period is based on management's best estimate of the economic conditions that will exist over the medium-term.
- An average growth in cash receipts (debtor collections and cash sales) of 9.6% (2025: 11.4%) over the three-year period was applied. At the expiry of the lease, the Group assesses future cash flows from the CGU using either a run-off model or a terminal value calculation. The run-off model uses a principle of continued collections from the existing debtors book or a terminal value growth rate of 6.6% (2025: 7.2%).
- The growth in the operating expenses approximates an inflationary increase.
- Lease payments included in the lease liability are excluded from the value-in-use calculation.
- The weighted average cost of capital ("WACC") adjusted for specific risks of the underlying assets, used in the value-in-use calculation, was 21.4% (2025: 22.6%).

Impairment is allocated to the assets included in the CGU on a *pro rata* basis, based on their carrying value as a proportion of the total carrying value of the CGU.

Based on the above, the Group incurred an impairment charge for the year of R65.1 million (2025: R17.3 million).

8. BORROWINGS, CASH AND NET FINANCE COSTS

8.1 Borrowings, banking facilities and cash

	2026 Rm	2025 Rm
Long-term interest-bearing borrowings	(1 350.1)	–
Revolving credit facilities	(850.0)	–
Floating rate note – refer "DMTN" programme below	(500.1)	–
Cash and cash equivalents	119.6	(880.0)
Short-term interest-bearing borrowings	(41.6)	(1 055.4)
Cash-on-hand and deposits	161.2	175.4
Net borrowings	**(1 230.5)**	(880.0)
Total facilities including issued notes	**2 500.0**	2 100.0

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

The South African Reserve Bank has announced that the JIBAR will be gradually phased out and replaced by the South African Overnight Index Average ("ZARONIA") as the primary reference rate for all rand-denominated floating rate borrowings. This transition aims to align South Africa with global best practices for benchmark rates, improving transparency, reliability and robustness in financial markets. Of the R1 billion revolving credit facilities, R700 million include rate reform language for the anticipated transition to ZARONIA. The transition to ZARONIA for the remaining revolving credit facility balance and the DMTN note is being actively managed. The Group does not foresee any material impact.

Domestic Medium-Term Note ("DMTN") programme

The Group has established a DMTN programme under which notes of up to R2 billion can be issued. On 30 September 2025, the Group issued a three-year, R500 million floating rate note through a private placement. The bond was issued at an interest rate equivalent to three-month JIBAR plus a margin of 135 basis points and has a maturity date of 30 September 2028.

Interest rate profile

The weighted average interest rate applicable at the end of the reporting period was 8.3% (2025: 9.1%).

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are set out below in terms of years subsequent to reporting date:

	2026 Rm	2025 Rm
Variable interest rates:		
1 year	41.6	1 055.4
2 years	–	–
3 years	1 350.1	–
	1 391.7	1 055.4

The above borrowings are unsecured.

Accounting policies

Borrowings comprise committed facilities with banks as well as financial institutions and notes issued under a DMTN programme.

Cash and cash equivalents comprise cash-on-hand and deposits held on call with banks and demand loans. Borrowings and cash-on-hand deposits are classified as financial instruments in terms of IFRS.

Interest income on cash-on-hand and deposits calculated utilising the effective interest rate method is recognised in the income statement as part of interest received.

8. BORROWINGS, CASH AND NET FINANCE COSTS CONTINUED

8.1 Borrowings, banking facilities and cash continued

Capital management

		2026 Rm	2025 Rm
Interest-bearing borrowings		**2 355.3**	2 032.2
Short-term interest-bearing borrowings		**41.6**	1 055.4
Long-term interest-bearing borrowings		**1 350.1**	–
Lease liabilities		**963.6**	976.8
Less: cash-on-hand and deposits		**(161.2)**	(175.4)
Net debt		**2 194.1**	1 856.8
Shareholders' equity		**5 485.6**	5 078.4
Gearing ratio	(%)	**40.0**	36.6
Borrowings ratio	(%)	**22.4**	17.3

The gearing ratio is calculated as net debt divided by equity capital. Net debt is calculated as total interest-bearing borrowings less cash-on-hand and deposits. Capital is monitored on the basis of the borrowings ratio. The borrowings ratio is calculated as net debt excluding lease liabilities, divided by equity capital.

The Group's objectives when managing capital are to:

- safeguard the Group's ability to continue as a going concern;
- provide returns for shareholders;
- provide benefits for other stakeholders; and
- maintain an optimal capital structure as approved by the Board.

In order to maintain the optimal capital structure, dividends paid to shareholders may be adjusted, capital could be returned to shareholders or new shares could be issued.

Credit risk

Credit risk may also arise when an entity has its credit rating downgraded causing the fair value of the Group's investment in that entity's financial instruments to fall. The credit ratings of the financial institutions holding deposits on our behalf and those whose securities we hold are monitored on a regular basis.

The credit risk for cash is recognised as stage 1 with no movement between stages. No amount for 12-month ECL has been recognised as the amount is immaterial.

Deposits are placed with high-quality South African institutions. Included in the cash-on-hand and deposits are bank balances held in foreign currency amounting to R33.2 million (2025: R38.5 million).

The Moody's credit rating and maximum exposure to credit risk for cash-on-hand and deposits per institution is detailed in the table below:

	2026		2025		2026	2025
Financial institutions	**Long-term**	**Short-term**	Long-term	Short-term	**Rm**	Rm
Absa	**Baa3**	**P-3**	Baa3	P-3	**6.5**	11.7
FirstRand Bank	**Baa3**	**P-3**	Baa3	P-3	**134.6**	138.8
Nedbank	**Baa3**	**P-3**	Baa3	P-3	**12.8**	17.6
Sanlam	**Baa3**	**P-3**	Baa3	P-3	**1.5**	1.5
Standard Bank	**Baa3**	**P-3**	Baa3	P-3	**5.5**	5.5
Other					**0.3**	0.3
Total					**161.2**	175.4

8. BORROWINGS, CASH AND NET FINANCE COSTS CONTINUED

8.1 Borrowings, banking facilities and cash continued

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed facilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding through the use of committed facility lines.

Management monitors the Group's cash flows through the monitoring of actual inflows and outflows against forecast cash flows and the utilisation of borrowing facilities. A quarterly analysis is presented to the audit committee.

The Group's revolving credit facilities of R1 billion (2025: R700 million) have debt covenant requirements that must be met. Covenant calculations are prepared and presented to the audit committee at each reporting period. The Group is currently well above the minimum covenant requirements.

The maturity analysis of interest-bearing borrowings are presented in note 3.

As noted above, the Group has adequate facilities to meet its liquidity requirements.

Fair value

Cash and cash equivalents are stated at cost which approximates fair value due to the short-term nature of these instruments.

The fair value of borrowings approximates its carrying value as it is linked to market-related interest rates.

8.2 Net finance costs

	Notes	**2026 Rm**	2025 Rm
Interest expense		**(224.7)**	(226.9)
Borrowings		**(134.4)**	(116.2)
Lease liabilities	7.1	**(90.4)**	(81.6)
Liability for incurred claims	10.2.2	**(9.1)**	(19.5)
Other*		**9.2**	(9.6)
Interest received		**22.2**	22.3
Bank		**20.7**	21.0
Other		**1.5**	1.3
		(202.5)	(204.6)

* *For the current year, this amount primarily comprises a reversal of interest accrued in prior years.*

Interest rate risk

The principal objective of interest rate management is to:

- minimise the impact of interest rate volatility on profits in the short-term; and
- ensure that the Group is protected from volatile interest rate movements for the medium- to long-term.

As part of the process of managing floating rate interest-bearing debt, the interest rate characteristics of borrowings are positioned according to the expected movements in interest rates. The Chief financial officer may recommend to the audit committee the use of fixed interest debt and interest rate swaps as circumstances dictate. The use of such instruments must be specifically approved by the audit committee. During the current year, no fixed rate loans or interest rate swaps were entered into.

Interest rate profiles are analysed by the changes in its borrowing levels and the interest rates applicable to the facilities available to the Group. The sensitivity analysis for a 50 basis points change in the interest on net profit after tax is set out below, assuming the current level of borrowings at year end is maintained throughout the year:

	2026 Rm	2025 Rm
Interest increases by 50 basis points	**(5.5)**	(4.2)
Interest decreases by 50 basis points	**5.5**	4.2

9. FINANCIAL ASSETS – INSURANCE INVESTMENTS

9.1 Insurance investments

	2026 Rm	2025 Rm
Listed investments		
Fixed income securities – FVOCI	**182.3**	159.8
Unlisted investments		
Money market floating rate notes – FVTPL	**295.4**	289.1
	477.7	448.9
Analysed as follows:		
Non-current	**182.3**	159.8
Current	**295.4**	289.1
	477.7	448.9
Movement for the year		
Beginning of the year	**448.9**	377.4
Purchases of investments	**46.7**	319.0
Proceeds from investments	**(78.2)**	(317.3)
Interest	**37.7**	37.9
Fair value adjustment	**22.6**	31.9
End of the year	**477.7**	448.9

A register of investments is available for inspection at the Company's registered office.

Accounting policy

Insurance investments are those investments made by the Group's insurance company to meet statutory solvency requirements and comprise fixed income securities and money market instruments. Insurance investments are classified as financial instruments in terms of IFRS.

Significant accounting estimates and judgements

The Group holds the following investments:

- Fixed income securities
- Money market floating rate notes

From a business model assessment, the fixed income securities are held to collect the contractual cash flows and to sell the assets, and they meet the SPPI test. Money market floating rate notes are managed on a fair value basis and consequently classified as FVTPL.

Fixed income securities are risk-free government bonds. Money market floating rate notes are invested with credit-worthy financial institutions. Both long-term and short-term foreign credit ratings are monitored to assess credit-worthiness. An ECL assessment was performed and no ECL has been provided as it was found to be immaterial due to the probability of default being extremely low.

The credit risk for insurance investments is recognised as stage 1 with no movement between stages. No amount for 12-month ECL has been recognised as the amount is immaterial.

Credit risk

Fixed income securities are risk-free government bonds.

The following table provides information regarding the maximum exposure to credit risk and Moody's credit rating of the government bonds:

Name of investment	2026 Credit rating	2025 Credit rating	Maturity profile	2026 Rm	2025 Rm
RSA 6.25% 310336	**Ba2**	Ba2	7 to 12 years	**126.1**	111.2
RSA 6.5% 280241	**Ba2**	Ba2	12+ years	**56.2**	48.6
Total				**182.3**	159.8

9. FINANCIAL ASSETS – INSURANCE INVESTMENTS CONTINUED

9.1 Insurance investments continued

Credit risk continued

The money market floating rate notes are invested with credit-worthy financial institutions.

The Moody's credit rating and maximum exposure to credit risk for money market floating rate notes per institution is detailed in the table below:

Financial institutions	2026 Long-term	2026 Short-term	2025 Long-term	2025 Short-term	2026 Rm	2025 Rm
Absa	**Baa3**	**P-3**	Baa3	P-3	**66.8**	65.5
FirstRand Bank	**Baa3**	**P-3**	Baa3	P-3	**24.2**	27.0
Investec	**Baa3**	**P-3**	Baa3	P-3	**65.6**	65.6
Nedbank	**Baa3**	**P-3**	Baa3	P-3	**64.0**	65.6
Standard Bank	**Baa3**	**P-3**	Baa3	P-3	**66.3**	65.1
Other					**8.5**	0.3
Total					**295.4**	289.1

The long-term and short-term ratings above are foreign ratings. Foreign ratings are heavily influenced by the country's overall credit rating.

Price risk

There is exposure to securities price risk because of investments held by Monarch. Fixed income securities are classified as FVOCI and the money market floating rate notes are classified as FVTPL.

Monarch holds investments in order to meet the insurance liabilities and solvency margins required by the Insurance Acts. The investments are managed by Sanlam Investment Management (Pty) Ltd ("Sanlam") on Monarch's behalf.

The overall management objectives of the Monarch investment portfolio are:

- preservation of capital over the long-term;
- managing market risk over the short- to medium-term; and
- to ensure the portfolio is adequately diversified.

Monarch's Board controls the investment strategy adopted by Sanlam. At each of the Board's quarterly meetings, a comprehensive report from Sanlam is presented and discussed. Particular emphasis is placed on:

- current market conditions and future expectations;
- asset allocations considering the above;
- returns under each asset category;
- detailed reviews of the positioning of the bond portfolio; and
- recommendations of the asset manager going forward.

The Monarch Board considers the recommendations of the asset managers. The investment strategy is then formulated for the following quarter and authority given to the Monarch Chief executive officer to implement the strategy. The performance of this portfolio is presented to the Group's audit committee on a quarterly basis.

The market risk of the fixed security portfolio is monitored through the modified duration of the portfolio, a measure which approximates the movement in the fair value of such securities relative to interest rate movements. The modified duration of the fixed income portfolio at the respective year ends and the JSE All Bond Index are as follows:

	2026	2025
Modified duration of Monarch's fixed income portfolio	**7.2**	7.4
Modified duration of the JSE All Bond Index	**6.3**	5.7

The modified duration represents the movement in fair value for every 1% movement in interest rates. Therefore, the impact of changes to the interest rates on other comprehensive income is as follows:

	2026 Rm	2025 Rm
+100 basis points	**(10.3)**	(9.3)
-100 basis points	**10.3**	9.3

9. FINANCIAL ASSETS – INSURANCE INVESTMENTS CONTINUED

9.1 Insurance investments continued

Interest rate risk

Interest rate volatility arises from money market investments in the form of floating rate notes.

	2026 Rm	2025 Rm
The interest rate prevailing on money market deposits at year end was 7.6% (2025: 8.6%). Assuming the current levels of money market deposits throughout the year, the impact of changes to the coupon rate on net profit after tax is as follows:		
+50 basis points	**1.0**	1.0
-50 basis points	**(1.0)**	(1.0)

Liquidity risk

Monarch manages liquidity requirements by matching the maturity of the assets invested to the corresponding Liability for Incurred Claims ("LIC") and the required solvency margin. The LIC and the required solvency margin are covered by fixed income securities and money market deposits. The maturity analysis of insurance investments are presented in note 3 and the maturity analysis of the LIC is presented in note 10.5.

Fair value hierarchy

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

	Level 2 Rm	Total Rm
2026		
Insurance investments:		
Fixed income securities – FVOCI	**182.3**	**182.3**
Money market floating rate notes – FVTPL	**295.4**	**295.4**
	477.7	**477.7**
2025		
Insurance investments:		
Fixed income securities – FVOCI	159.8	159.8
Money market floating rate notes – FVTPL	289.1	289.1
	448.9	448.9

A description of the categorisation of the valuation techniques used to value the assets at fair value is set out below:

Level 1:

Financial instruments valued with reference to quoted prices in active markets where the quoted price is readily available and the price represents actual and recurring market transactions at an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Level 2:

Financial instruments valued using inputs other than quoted prices as described for Level 1, but which are observable for the asset, either directly or indirectly, such as:

- quoted prices for similar assets in an active market;
- quoted prices for identical or similar assets in inactive markets;
- valuation model using observable inputs; or
- valuation model using inputs derived from/corroborated by observable market data.

Level 3:

Financial instruments valued using inputs that are not based on observable market data.

Insurance investments are valued with reference to observable market data on the JSE and are categorised under Level 2.

9. FINANCIAL ASSETS – INSURANCE INVESTMENTS CONTINUED

9.2 Investment income

	2026 Rm	2025 Rm
Interest – insurance business	37.7	37.9
Realised loss on disposal of insurance investments	–	(1.9)
	37.7	36.0

Accounting policy

Investment income is recognised as follows:

- Interest on investments is recognised on a time proportion basis taking into account the effective interest rate method on the assets.
- The Group's fixed income securities debt investments are measured at FVOCI. For these investments, changes in fair value are accumulated within the FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is derecognised or impaired. The Group's money market floating rate notes are measured at FVTPL.

Significant accounting estimates and judgements

Investment income relates to the returns on investments required to support the technical liabilities and solvency requirements in terms of the Insurance Acts and its Regulations as set out in note 10.4.

10. INSURANCE

10.1 Insurance contracts

Monarch, the Group's insurer, is licenced under the Insurance Act as a micro-insurer. It mainly offers CPI on the credit agreement entered into by the Group's customers. The insurance offerings include standard cover and optional enhanced cover in accordance with the National Credit Act.

The cover under the CPI policy in South Africa is as follows:

- Settlement of customer's outstanding balance in the event of death or permanent disability.
- Settlement of customer's outstanding balance or up to 12 months' instalments due for temporary disability and loss of income.
- Replacement of customer's goods or settlement of balances in the event of damage or theft of goods. Where the goods are replaced, the cost of the claim is determined with reference to the cost of the goods acquired.

The insurance policy in South Africa is a monthly policy.

The Group's insurer also issues reinsurance contracts in respect of the CPI policies sold by in-country insurers in Botswana, Eswatini and Lesotho. The benefits are slightly different from that sold in South Africa, but are similar in that under the credit life benefits, the balance on the instalment sale agreement is covered on death, disability and loss of employment and under goods cover, the goods are replaced. For Botswana and Lesotho, the underlying policies are term policies and for Eswatini, the underlying policies are monthly policies.

The Group has an economic interest in three cell captives located in Namibia. These cells issue contracts that transfer insurance risk. The risks and rewards associated with these contracts are transferred to the Group through a cell agreement. The Group is required at all times to maintain the cell in a financially sound condition and to maintain the solvency requirements. The policies issued under the cell agreements relate to CPI policies sold in Namibia and offer credit life benefits, where the balance on the instalment sale agreement is covered on death, disability and loss of employment and under goods cover, the goods are replaced.

The intermediary function for the Group's insurer is performed by the trading entities in South Africa, Botswana, Eswatini, Lesotho and Namibia as the Group's insurer uses the retail distribution network to market its CPI policies.

The Group's insurer uses reinsurance to mitigate its risk exposures through the use of catastrophe cover (outward reinsurance) and classifies these contracts as outwards reinsurance contracts held. The premiums and credit risk under the catastrophe cover are immaterial.

In November 2023, Monarch introduced a range of additional affordable insurance products including Funeral cover. The funeral benefit product was designed to provide coverage suited to the Group's customer base and are characterised by simple policy terms and affordable premiums. The product provides specified benefits payable on the occurrence of an insured death event, with the proceeds intended to assist beneficiaries with funeral and related expenses.

Other insurance products launched include Personal Accident Insurance, Household Contents Insurance, Homeowners Insurance and Legal Expense Insurance. For the current reporting period, these products are not material to the insurance result.

10. INSURANCE CONTINUED

10.1 Insurance contracts continued

Accounting policies

(i) Insurance and reinsurance contracts classification

Insurance contracts are contracts under which the Group's insurer accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder on the occurrence of an insured event in terms of the cover offered, if a specified uncertain future event adversely affects the policyholder. All insurance contracts issued by the Group's insurer meet this definition.

Contracts entered into by the Group's insurer which compensate another insurer for losses on insurance contracts issued and that meet the requirements to be defined as insurance contracts, are classified as inwards reinsurance contracts issued. All references to insurance contracts in these financial statements also apply to reinsurance contracts issued or acquired.

(ii) Aggregation of insurance contracts

A portfolio of insurance contracts are identified where the contracts are subject to similar risk and are managed together. Each portfolio is divided into groups of contracts that, on initial recognition, are either:

- onerous;
- have no significant possibility of becoming onerous; or
- a group of remaining contracts.

(iii) Initial recognition

The Group's insurer recognises insurance contracts it issues from the earliest of the following:

(a) the beginning of the coverage period;
(b) the date when the first payment from a policyholder becomes due; and
(c) for a group of onerous contracts, when the group becomes onerous.

(iv) Contract boundary

The Group's insurer uses the concept of contract boundary to determine all future cash flows to be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation ends when the Company has a practical ability to reassess risks and, accordingly, set a new price. In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered. Other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

The Group considers both the legal rights and the commercial substance of the contracts in making this assessment.

10. INSURANCE CONTINUED

10.1 Insurance contracts continued

Significant accounting estimates and judgements

(i) Aggregation of insurance contracts

The following significant portfolios are identified:

- CPI policies issued by the Group.
- Reinsurance contracts issued by the Group.
- In-substance reinsurance arrangement with the Namibian Cell Captives.
- Funeral policies issued by the Group.

In determining the profitability grouping for CPI policies, IFRS 17 allows for an exemption under paragraph 20 in cases where the Group's practical ability to set a price is constrained due to regulation. The Group applies this exemption as there are pricing restrictions on the credit life risk component of the CPI policy due to regulatory capping.

For inwards reinsurance, each contract has its own treaty and thus no allocation to profitability groups is required. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

The cell captive arrangements in Namibia are treated as an in-substance reinsurance arrangement (reinsurance contract issued) as a consequence of a requirement in the shareholders agreement to maintain a required level of capital adequacy and solvency. Each cell is treated as a separate profitability group.

Funeral policies are managed separately from CPI policies due to their distinct risk characteristics, product features and policyholder behaviour, and is therefore treated as a separate portfolio.

(ii) Initial recognition

In respect of CPI and funeral policies, insurance contracts are recognised when the premium is due in terms of the contract or at the start of the coverage period or when the group becomes onerous, whichever occurs earliest.

(iii) Contract boundary

The contract boundary of the insurance contracts are as follows:

- For CPI contracts issued, the contract boundary is the length of duration of the underlying instalment sale agreement which can be up to 36 months.
- Inwards reinsurance contracts have a notice period of 12 months and as the reinsurance contract is risk attaching, the underlying contracts whose term can extend up to 24 months, have to run off after the notice period (i.e. contract boundary is up to 36 months).
- In respect of the cell arrangements in Namibia, the Group is contractually required to recapitalise the cell for the first three years from inception (where appropriate), for the notice period and for the run-off of the contracts up to 24 months after the notice period.
- In respect of Funeral policies, the contract boundary is 12 months from the date of inception or renewal of the policy.

10.2 Insurance contract asset

The insurance contract asset mainly relates to CPI contracts sold in South Africa, Botswana, Lesotho, Eswatini and Namibia as set out in note 10.1.

	Notes	**2026 Rm**	2025 Rm
The insurance contract asset comprises of:			
Asset for remaining coverage	10.2.1	**351.8**	313.8
Liability for incurred claims	10.2.2	**(80.6)**	(74.2)
		271.2	239.6

10. INSURANCE CONTINUED

10.2 Insurance contract asset continued

10.2.1 Asset for remaining coverage

The movement in the AFRC is as follows:

	2026 Rm	2025 Rm
Opening balance	**313.8**	275.2
Insurance revenue	**1 378.4**	1 180.8
Insurance acquisition expenses	**207.3**	183.3
Amortisation of insurance acquisition expenses	**(181.9)**	(161.8)
Premiums received	**(1 365.8)**	(1 163.7)
Closing balance	**351.8**	313.8

Accounting policies

(i) Measurement under the Premium Allocation Approach

IFRS 17 allows insurers to use the Premium Allocation Approach ("PAA") for contracts with a coverage period of one year or less, or if the Group reasonably expects that such a simplification would produce a measurement of the AFRC, which is reflected as the insurance contract asset, that would not differ materially from the one that would be produced by the General Measurement Model ("GMM").

The Group has adopted the PAA as all groups of CPI, funeral and reinsurance contracts issued by Monarch were assessed for eligibility and it was concluded that the measurement of the AFRC under the PAA was not materially different from the GMM.

On initial recognition, the Group will measure the AFRC as the amount of premiums received, less any acquisition cash flows paid, any amounts arising from the derecognition of the insurance acquisition expenses and any other relevant pre-recognition cash flows.

Subsequent measurement is as follows:

- Opening balance as per the previous reporting period.
- Plus amounts recognised as insurance revenue for the services provided in the period.
- Plus insurance acquisition cash flows.
- Less amounts relating to the amortisation of insurance acquisition cash flows.
- Less premiums received during the period.

No adjustment is made for the time value of money.

(ii) Insurance acquisition expenses

IFRS 17 further requires that the insurance service expense be classified into insurance acquisition expenses and insurance maintenance expenses.

Insurance acquisition cash flows arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued).

Where the contract boundary of the insurance contract is greater than one year, insurance acquisition expenses are amortised over the contract term on a straight-line basis unless there is a termination event (i.e. an event which results in no premiums being raised) upon which the remaining insurance acquisition expenses are expensed in full.

10. INSURANCE CONTINUED

10.2 Insurance contract asset continued

10.2.1 Asset for remaining coverage continued

Significant accounting estimates and judgements

(i) PAA eligibility

- **CPI contracts**

  The Group applies the PAA model to all groups of CPI and reinsurance contracts issued as well as the Namibian cell captives ("CPI groupings"). Upon implementation of IFRS 17, a quantitative eligibility assessment was performed to assess whether measurement of the AFRC under the PAA was not materially different from that under the GMM.

  To determine the fulfilment cash flows and liability build-up, best estimate assumptions were established. Scenario testing was also performed, modifying the base assumptions to reflect reasonable future scenarios, to confirm that the AFRC under the GMM and the PAA do not materially differ.

  The quantitative assessment performed on implementation was based on the following key assumptions and sensitivity changes to:

  - Interest rates: Prudential Authority nominal yield curve.
  - Expense ratio: As per cost allocation model.
  - Claims and combined ratios (with and without risk adjustment).
  - Earnings patterns.

  An initial assessment of PAA eligibility for groups of insurance contracts is performed at inception and is not subsequently reassessed. At each reporting period, high-level qualitative assessments are performed to evaluate the ongoing eligibility of the PAA model for future groups of insurance contracts.

- **Funeral policies**

  An assessment was performed which confirmed that these policies qualify for PAA eligibility as the coverage period is 12 months or less.

(ii) Asset for remaining coverage

Premiums included in the AFRC are as follows:

- For CPI, premiums are recognised when received in the AFRC. Premiums are charged monthly, i.e. the premiums are charged as the service is rendered.
- For reinsurance contracts issued, where the underlying contract is a term policy, there will be premiums for future services which will be included in the AFRC.
- For Funeral contracts, which are recognised when the premiums are received.

The cost structure of the intermediaries (Group operating subsidiaries) is analysed to determine the insurance service expenses through a detailed cost allocation model, which determines for each expense account, the insurance service element using appropriate cost drivers. The insurance service expense is then further analysed into various intermediary, binder, administrative and other functions. In order to determine this classification, the various functions performed by the intermediaries are assessed and classified as either an acquisition or maintenance function. Using this analysis, the insurance acquisition expenses are derived. In accordance with the accounting policy, insurance acquisition expenses are amortised over the contract term on a straight-line basis unless there is a termination event upon which the remaining insurance acquisition expenses are expensed in full.

As the Group is required at all times to maintain the Namibian cells in a financially sound condition and to maintain the solvency requirements, the cell arrangements are treated as an in-substance reinsurance contract issued. The profits earned by these cells are disclosed as insurance revenue and insurance service expenses based on the underlying results of the cell captives. The underlying results of the cell captives are prepared in terms of IFRS 17. These cells are included in the AFRC as the underlying net assets of the cells are in excess of the solvency requirements.

In respect of Funeral policies, acquisition costs are included in the AFRC and immediately expensed as the coverage period is 12 months or less.

The AFRC represents the net insurance receivable, insurance acquisition costs still to be amortised and the in-substance reinsurance arrangement with Namibia, net of the reinsurance premiums for future services.

10. INSURANCE CONTINUED

10.2 Insurance contract asset continued

10.2.2 Liability for incurred claims

The movement in the LIC is as follows:

	2026 Rm	2025 Rm
Opening balance	**74.2**	78.7
Claims and insurance maintenance costs	**871.9**	686.0
Incurred claims	**326.5**	252.1
Insurance maintenance expenses	**550.5**	450.7
Changes to past service	**(5.1)**	(16.8)
Finance expense	**9.1**	19.5
Claims paid	**(324.1)**	(259.3)
Insurance maintenance expenses settled	**(550.5)**	(450.7)
Closing balance	**80.6**	74.2

Accounting policy

The LIC (previously referred to as outstanding claims and incurred but not reported "IBNR" under IFRS 4) comprises the fulfilment cash flows related to past incurred claims including claims that have been incurred but not reported. This includes a risk adjustment for the uncertainty in the amount and/or timing of the future cash flows utilising the Value at Risk ("VaR") method. Claims expected to be settled more than a year from the date incurred are discounted at an appropriate discount rate. The LIC is estimated using appropriate statistical and actuarial techniques utilising claims run-off data.

Significant accounting estimates and judgements

The estimation of the liability from claims made under insurance contracts is a significant accounting estimate.

In estimating the provision for claims reported but not yet paid, the notified claims at balance sheet date are reviewed and predetermined formulae based on experience are applied.

The LIC is calculated for each class of business at year end by projecting ultimate claims for each loss quarter using:

- The Chain-Ladder ("CL") method;
- The Bornhuetter-Ferguson ("BF") method; or
- The Loss Ratio ("LR") method.

The CL method was used where the claims development for the quarter was greater than 85% as the observed claims are sufficiently stable to form the basis of an ultimate claims estimate without supplementary assumptions.

The BF or LR method was used to project the ultimate claims for the loss quarter considering the underlying data and results, where claims development for the quarter was less than 85%.

The LR method was applied when the data was insufficiently developed to use the CL or BF methods.

The best estimate liability is adjusted for risk. The risk adjustment percentages for the Group are calculated using a VaR method. The VaR method takes a confidence level (or percentile) on the total outstanding claims reserve distribution. When the VaR is subtracted from the mean of the distribution, the result will be an absolute risk adjustment. The absolute risk adjustment divided by the mean provides the risk adjustment percentage which is applied to its corresponding best estimate liability to obtain the reported risk adjustment. The confidence level used was 75%. Given that Monarch's triangulations are stable, the Cape-Cod bootstrap has been used for the risk adjustment.

The discount rates used are based on the yield curves provided by the Prudential Authority or, where applicable, derived from the returns on government bonds. It is assumed that all policies are nearly-liquid and do not require liquidity risk premium.

Finance expenses from insurance contracts relate to the discounting of the LIC and has been included under net finance costs as disclosed in note 8.2.

10. INSURANCE CONTINUED

10.2 Insurance contract asset continued

10.2.2 Liability for incurred claims continued

Below is the sensitivity analysis of the net profit after tax and equity, should the LIC increase or decrease by 5%:

	Impact on net profit after tax Rm	Impact on equity Rm
2026		
Increases by 5%	**(2.9)**	**(2.9)**
Decreases by 5%	**2.9**	**2.9**
2025		
Increases by 5%	(2.7)	(2.7)
Decreases by 5%	2.7	2.7

10.3 Insurance service result

	Notes	2026 Rm	2025 Rm
Insurance revenue	5.1	**1 378.4**	1 180.8
Insurance service expenses		**1 053.8**	847.8
Claims and insurance maintenance costs	10.2.2	**871.9**	686.0
Incurred claims		**326.5**	252.1
Changes for past service in respect of the LIC		**(5.1)**	(16.8)
Insurance maintenance expenses		**550.5**	450.7
Amortisation of insurance acquisition expenses	10.2.1	**181.9**	161.8
Insurance service result		**324.6**	333.0

Significant accounting estimates and judgements

Insurance revenue has been measured on the basis of allocating the expected premium receipts to each period of insurance, based on the passage of time. Due to expectations and uncertainties regarding the receipt of premiums, debtor costs relating to the insurance receivable are included within insurance revenue to derive the expected premium receipts.

Insurance service expenses have been separately disclosed and were derived through a cost allocation model by reallocating attributable operating costs to insurance service expenses.

Insurance service expenses are categorised into acquisition and maintenance expenses. As the contract boundary is greater than one year, acquisition expenses have to be amortised over the period of coverage. The unamortised insurance acquisition expenses are included in the AFRC. Insurance maintenance expenses are expensed as and when incurred.

10. INSURANCE CONTINUED

10.4 Insurance risk

(i) Insurance risk

The risks covered under CPI contracts entered into with customers by the Group's insurer, external insurer's in neighbouring foreign countries and Funeral Benefit Insurance policies, are set out in the introduction to note 10.1.

The risk under any one insurance contract is the possibility that the insured events as detailed in note 10.1 occur and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

A prominent risk that the Group faces is that the actual claims exceed the amount of the insurance claims provisions. This could occur because the frequency or severity of claims are greater than estimated. Insurance events are random and the actual number of claims will vary from year-to-year from the estimated claims provision established using historical claims patterns and actuarial techniques.

The development of insurance claims provisions provides a measure of the Group's ability to estimate the ultimate value of the claims. The Group does not underwrite long-term risks and, consequently, the uncertainty about the amount and timing of claims payments is limited. Regular estimates of claims are performed in reviewing the adequacy of the insurance claims provisions. Claims development is reviewed by management on a regular basis. Insurance claims provisions will generally be settled within one year.

The frequency and severity of claims can be affected due to unforeseen factors such as patterns of crime, pandemic and employment trends. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The geographical spread of the Group ensures that the underwritten risks are well-diversified. Catastrophe cover for CPI has been placed with third-party insurers and re-insurers in order to reduce the potential impact of a single event on the earnings and capital of Monarch, as well as reduce the potential impact of a single catastrophic event on risks concentrated in cresta zones. Other than cresta zones, which can be impacted by single catastrophic events, there are no other significant concentrations of insurance risk. Due to the nature of the insurance risk, claims can be measured reliably. Past experience has indicated that claims provision estimates approximates the actual claims costs.

The Group continues to monitor and manage the claims under insurance contracts in order to place the Group in a position to assess and mitigate these risks as they arise. There are natural limits to how these risks can be mitigated and, therefore, there will never be absolute certainty in their measurement at balance sheet date.

The Group's insurance revenue is dependent on the trend in the Group's merchandise sales. There is no significant business other than with the Group's customers.

(ii) Regulatory requirements

The Insurance Acts, including the Financial Soundness Standards for Insurers and Microinsurers, became effective on 1 July 2018 and stipulate the calculation of the value of assets, liabilities and the solvency capital requirement of Microinsurers and requires Monarch to hold certain prescribed assets to meet its insurance liabilities and solvency capital requirement. Management confirms that Monarch meets the standards in terms of the requirements of the Insurance Acts.

10.5 Maturity analysis

The maturity analysis of the LIC, determined by estimating the present value of future cash flows, is as follows:

	0 to 12 months Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 5 years Rm	>5 years Rm	Total Rm
2026						
LIC	**78.3**	**2.3**	**–**	**–**	**–**	**80.6**
2025						
LIC	71.6	2.6	–	–	–	74.2

Due to the nature of the contracts held, there are no amounts relating to insurance contracts that are payable on demand. Therefore, no disclosure has been provided.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Rm	Vehicles Rm	Furniture, fixtures and equipment Rm	Total Rm
As at 31 March 2026				
Opening net carrying value	**116.2**	**179.4**	**171.5**	**467.1**
Cost	**138.5**	**383.4**	**403.9**	**925.8**
Accumulated depreciation	**(22.3)**	**(204.0)**	**(232.4)**	**(458.7)**
Additions	**7.0**	**55.0**	**67.0**	**129.0**
Disposals at carrying value	**–**	**(7.5)**	**(1.0)**	**(8.5)**
Depreciation	**(1.3)**	**(37.2)**	**(67.0)**	**(105.5)**
Closing net carrying value	**121.9**	**189.7**	**170.5**	**482.1**
Cost	**145.6**	**408.8**	**465.4**	**1 019.8**
Accumulated depreciation	**(23.7)**	**(219.1)**	**(294.9)**	**(537.7)**
As at 31 March 2025				
Opening net carrying value	117.4	165.7	159.2	442.3
Cost	138.5	355.3	368.2	862.0
Accumulated depreciation	(21.1)	(189.6)	(209.0)	(419.7)
Additions	–	52.8	75.1	127.9
Addition arising from acquisition	–	0.2	3.1	3.3
Disposals at carrying value	–	(5.1)	(1.0)	(6.1)
Depreciation	(1.2)	(34.2)	(64.9)	(100.3)
Closing net carrying value	116.2	179.4	171.5	467.1
Cost	138.5	383.4	403.9	925.8
Accumulated depreciation	(22.3)	(204.0)	(232.4)	(458.7)

A register of the Group's land and buildings is available for inspection at the Company's registered office.

Accounting policy

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are capitalised when it is probable that future economic benefits will arise and the cost can be measured reliably. All other expenditure is recognised through profit and loss.

Assets are depreciated to their residual value, on a straight-line basis, over their estimated useful lives.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds to the carrying amount and are recognised in the income statement.

Significant accounting estimates and judgements

The estimated useful lives and residual values are reviewed at each balance sheet date taking cognisance of historical trends for that class of asset and the commercial and economic realities at the time. The estimated useful lives of the assets in years are:

Buildings	100 years
Furniture, fixtures and equipment	3 to 10 years
Vehicles	4 to 8 years
Land	Not depreciated

12. INTANGIBLE ASSETS

	2026 Rm	2025 Rm
Intangible assets comprise of:		
Trademarks	**58.7**	75.8
Software	**25.6**	27.3
	84.3	103.1

12.1 Trademarks

	2026 Rm	2025 Rm
Opening net carrying value	**75.8**	78.9
Cost	**134.8**	131.2
Accumulated amortisation	**(59.0)**	(52.3)
Addition arising from acquisition	**–**	3.5
Impairment	**(10.4)**	–
Amortisation	**(6.7)**	(6.6)
Closing net carrying value	**58.7**	75.8
Cost	**134.8**	134.8
Accumulated amortisation and impairment	**(76.1)**	(59.0)

Accounting policy

Separately acquired trademarks are shown at historical cost.

Trademarks acquired in a business combination are recognised at fair value at acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives. Trademarks are reviewed for impairment whenever circumstances indicate that the carrying amount exceeds its recoverable amount. Refer note 25.1.

Significant accounting estimates and judgements

The estimated useful life of trademarks is 20 years.

The UFO division continued to underperform during the current financial year. Consequently, the UFO trademark was tested for impairment using the fair value as the recoverable amount. The fair value is classified as Level 3 based on the fair value hierarchy. The royalty relief method was applied using the following assumptions:

- The remaining useful life is projected to be 12 years.
- Sales growth rate of 3% over the remaining useful life.
- Weighted average cost of capital was calculated at 20%.

An impairment loss is recognised for the amount by which the trademark's carrying amount exceeds its recoverable amount. Based on the above, the UFO trademark had an impairment of R10.4 million in the current year (2025: Rnil).

12. INTANGIBLE ASSETS CONTINUED

12.2 Software

	2026 Rm	2025 Rm
Opening net carrying value	**27.3**	31.5
Cost	**105.6**	105.6
Accumulated amortisation	**(78.3)**	(74.1)
Amortisation	**(1.7)**	(4.2)
Closing net carrying value	**25.6**	27.3
Cost	**105.6**	105.6
Accumulated amortisation	**(80.0)**	(78.3)

Accounting policy

Software is depreciated to their residual value, on a straight-line basis, over their estimated useful lives.

Significant accounting estimates and judgements

The estimated useful life of software is three years.

13. GOODWILL

	2026 Rm	2025 Rm
Opening net carrying value	**23.4**	–
Cost	**205.8**	182.4
Accumulated impairment	**(182.4)**	(182.4)
Purchase of businesses	**–**	23.4
Closing net carrying value	**23.4**	23.4
Cost	**205.8**	205.8
Accumulated impairment	**(182.4)**	(182.4)

Accounting policy

Goodwill arises at date of acquisition, being the excess of the purchase consideration and the fair value of the non-controlling interest, over the attributable fair value of the identifiable assets and liabilities, and is initially carried at cost. Goodwill is subject to an annual impairment test or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is written down to the recoverable amount, which is the higher of value-in-use and the fair value less costs to sell. This impairment is recognised immediately as an expense. The impairment of goodwill is not reversed. Gains and losses on disposal of an entity include the carrying value of goodwill relating to the entity sold.

A bargain purchase being an excess in the fair value of the identifiable assets and liabilities over the purchase consideration at the date of acquisition, is recognised immediately in the income statement.

Significant accounting estimates and judgements

Real Beds was acquired in the prior year at a purchase consideration of R35.7 million, which resulted in goodwill of R23.4 million. The annual goodwill impairment test was performed in the current and prior year, and no impairment was required.

14. DEPRECIATION AND AMORTISATION

	Notes	2026 Rm	2025 Rm
Depreciation			
Right-of-use assets	7.2	**299.5**	266.3
Property, plant and equipment	11	**105.5**	100.3
Buildings		**1.3**	1.2
Vehicles		**37.2**	34.2
Furniture, fixtures and equipment		**67.0**	64.9
Amortisation			
Intangible assets	12	**8.4**	10.8
		413.4	377.4

Refer to below notes for the accounting policies and significant estimates and judgements:

	Notes
Depreciation	
Right-of-use assets	7
Property, plant and equipment	11
Amortisation	
Intangible assets	12

15. IMPAIRMENTS AND CAPITAL ITEMS[1]

	Notes	2026 Rm	2025 Rm
Impairment of right-of-use assets	7.2	**65.1**	17.3
Impairment of trademark	12.1	**10.4**	–
Total impairments		**75.5**	17.3
Loss on disposal of fixed assets		**0.7**	0.9
		76.2	18.2

Refer to below notes for the accounting policies and significant estimates and judgements:

	Notes
Impairment	
Right-of-use assets	7.2
Trademarks	12.1

[1] *This includes the before tax effect of all re-measurements and capital items excluded from headline earnings per share in accordance with the guidance contained in SAICA Circular 1/2023: Headline Earnings.*

16. CAPITAL MANAGEMENT

16.1 Earnings

	2026 Cents	2025 Cents
Earnings per share		
Earnings per share	**1 646.2**	1 456.9
Diluted earnings per share	**1 587.1**	1 403.1
Headline earnings per share		
Headline earnings per share	**1 753.4**	1 482.5
Diluted headline earnings per share	**1 690.4**	1 427.8

Headline earnings	Gross Rm	Income tax effect Rm	Net Rm
2026			
Attributable earnings	**853.8**	**–**	**853.8**
Loss/(Profit) on disposal of fixed assets	**0.7**	**(0.2)**	**0.5**
Impairment of right-of-use assets	**65.1**	**(17.6)**	**47.5**
Impairment of trademark	**10.4**	**(2.8)**	**7.6**
Headline earnings	**930.0**	**(20.6)**	**909.4**
2025			
Attributable earnings	754.9	–	754.9
Loss/(Profit) on disposal of fixed assets	0.9	(0.2)	0.7
Impairment of right-of-use assets	17.3	(4.7)	12.6
Headline earnings	773.1	(4.9)	768.2

16.2 Dividends

	2026 Cents	2025 Cents
Dividends paid per share		
Final dividend 2025 (2024)	**500.0**	300.0
Interim dividend 2026 (2025)	**337.0**	300.0
	837.0	600.0
Dividends declared per share		
Interim dividend 2026 (2025)	**337.0**	300.0
Final dividend 2026 (2025)	**560.0**	500.0
	897.0	800.0

	2026 Rm	2025 Rm
Dividends paid		
Dividend number 40 declared on 31 May 2024 and paid on 29 July 2024	**–**	156.5
Dividend number 41 declared on 21 November 2024 and paid on 27 January 2025	**–**	156.5
Dividend number 42 declared on 29 May 2025 and paid on 28 July 2025	**260.8**	–
Dividend number 43 declared on 20 November 2025 and paid on 26 January 2026	**175.8**	–
Dividends received on treasury shares		
The Lewis Employee Incentive Scheme Trust	**(0.8)**	(2.8)
	435.8	310.2

16. CAPITAL MANAGEMENT CONTINUED

16.3 Number of shares

	2026 000s	2025 000s
Weighted average number of shares		
Weighted average shares for earnings and headline earnings per share	**51 864**	51 817
Dilution resulting from share awards outstanding	**1 933**	1 987
Weighted average shares for diluted earnings and headline earnings per share	**53 797**	53 804
Diluted earnings and diluted headline earnings per share is calculated by adjusting the weighted average number of ordinary shares assuming that all share options will be exercised. The dilution is determined by the number of shares that could have been acquired at fair value (determined as the average annual market price of the shares) less the number of shares that would be issued on the exercise of all the share options.		
Number of ordinary shares in issue		
Number of shares issued at the beginning of the year	**52 159**	53 094
Shares repurchased	**–**	(935)
Number of shares issued at the end of the year	**52 159**	52 159
Treasury shares held by:		
The Lewis Employee Incentive Scheme Trust	**(513)**	(677)
Effective number of shares in issue	**51 646**	51 482

16.4 Equity

	2026 Rm	2025 Rm
Share capital and premium		
Share capital	**1.0**	1.0
Share premium	**1 074.1**	1 074.1
Reverse acquisition reserve	**(2 123.1)**	(2 123.1)
Cost of cancelled shares	**1 048.9**	1 048.9
	0.9	0.9
Opening balance	**0.9**	0.9
Cost of own shares acquired	**–**	(43.9)
Transfer of cost of cancelled shares	**–**	43.9
	0.9	0.9
Treasury shares		
Opening balance	**(37.6)**	(8.2)
Cost of own shares acquired	**(78.0)**	(76.2)
Share awards to employees	**72.6**	46.8
	(43.0)	(37.6)
Treasury shares	**43.0**	37.6
The Lewis Employee Incentive Scheme Trust	**43.0**	37.6

16. CAPITAL MANAGEMENT CONTINUED

16.4 Equity continued

Reverse acquisition reserve

On listing, Lewis Group Limited ("Lewis Group") acquired the total shareholding of Lewis Stores through issuing shares to the shareholder at that date. In terms of IFRS 3 requirements for reverse acquisitions, Lewis Stores was the acquirer and Lewis Group the acquiree, although Lewis Group is the holding company and Lewis Stores the subsidiary. The Group financial statements were in substance a continuation of the operations of Lewis Stores from the date that the reverse acquisition took place.

Treasury shares

The Lewis Employee Incentive Scheme Trust effectively holds 512 622 shares (2025: 676 889 shares), all of which will be utilised to cover share awards granted to executives.

16.5 Beneficial shareholders

According to the Company's register of disclosures of beneficial interests made by registered shareholders acting in a nominee capacity, the following entities owned in excess of 5% of the Company's shares:

	Number of shares Total	% holding
2026		
Coronation Fund Managers (SA)	**7 599 577**	**14.57**
Sanlam Securities (SA)	**3 899 453**	**7.48**
Peregrine Capital (SA)	**2 929 130**	**5.62**
2025		
Coronation Fund Managers (SA)	8 249 269	15.82
Peresec Prime Brokers (SA)	5 135 365	9.85

16.6 Other reserves

	Fair value reserve Rm	Foreign currency translation reserve Rm	Share-based payments reserve Rm	Total Rm
2026				
Opening balance	**(13.0)**	**16.2**	**65.4**	**68.6**
Fair value adjustments of FVOCI debt investments	**16.5**			**16.5**
Movement in foreign currency translation reserve		**(13.5)**		**(13.5)**
Transfer of share-based payments reserve to retained earnings on vesting			**(43.0)**	**(43.0)**
Equity-settled share-based payments			**49.7**	**49.7**
Closing balance	**3.5**	**2.7**	**72.1**	**78.3**
2025				
Opening balance	(36.3)	24.9	54.0	42.6
Fair value adjustments of FVOCI debt investments	21.9			21.9
Disposal of FVOCI debt investments recognised	1.4			1.4
Movement in foreign currency translation reserve		(8.7)		(8.7)
Transfer of share-based payments reserve to retained earnings on vesting			(23.3)	(23.3)
Equity-settled share-based payments			34.7	34.7
Closing balance	(13.0)	16.2	65.4	68.6

16. CAPITAL MANAGEMENT CONTINUED

16.7 Retained earnings

	2026 Rm	2025 Rm
Opening balance	**5 046.5**	4 667.5
Net profit attributable to ordinary shareholders	**853.8**	754.9
Distribution to shareholders	**(435.8)**	(310.2)
Transfer of cost of cancelled shares	**–**	(43.9)
Transfer of share-based payments reserve to retained earnings on vesting	**43.0**	23.3
Retirement benefit remeasurements	**14.5**	1.7
Share awards to employees	**(72.6)**	(46.8)
Closing balance	**5 449.4**	5 046.5

Distribution by foreign subsidiaries of all their reserves at balance sheet date will potentially give rise to withholding taxes of R58.1 million (2025: R57.1 million).

Accounting policy

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction from the proceeds, net of tax.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including the costs attributable to the acquisition, is deducted from the Group's equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of transaction costs, is included in the Group's equity. The weighted average number of shares is reduced by the treasury shares for earnings per share purposes. Dividends received on treasury shares are eliminated on consolidation.

Where shares are cancelled, the consideration paid including the cost attributable to the acquisition will be applied to the share premium account and once the share premium account is fully utilised, then the excess will be allocated to retained earnings.

17. REPORTABLE SEGMENTS

Primary	Note	Traditional Rm	Speciality Rm	Group Rm
2026				
Segment income statement				
Total revenue from external customers		9 633.2	686.7	10 319.9
Retail revenue		5 976.1	582.0	6 558.1
Merchandise sales		4 890.3	561.8	5 452.1
Ancillary services		1 085.8	20.2	1 106.0
Effective interest income		2 343.6	39.8	2 383.4
Insurance revenue		1 313.5	64.9	1 378.4
Cost of merchandise sales		(2 742.4)	(327.7)	(3 070.1)
Operating costs (excluding insurance service expenses)		(3 253.3)	(256.6)	(3 509.9)
Debtor costs		(1 291.3)	(18.9)	(1 310.2)
Insurance service expenses		(989.8)	(64.0)	(1 053.8)
Segment operating profit before impairments and capital items		1 356.4	19.5	1 375.9
Segment operating margin before impairments and capital items	(%)	27.7	3.5	25.2
Impairments and capital items	15	(3.4)	(72.8)	(76.2)
Segment operating profit/(loss)		1 353.0	(53.3)	1 299.7
Segment operating margin	(%)	27.7	(9.5)	23.8
Segment assets[(1)]		6 264.6	212.8	6 477.4
Capital expenditure		118.8	10.2	129.0
Depreciation and amortisation		(365.2)	(48.2)	(413.4)
Impairment		(2.9)	(72.6)	(75.5)
2025				
Segment income statement				
Total revenue from external customers		8 704.1	583.7	9 287.8
Retail revenue		5 511.9	547.7	6 059.6
Merchandise sales		4 547.8	532.8	5 080.6
Ancillary services		964.1	14.9	979.0
Effective interest income		2 026.6	20.8	2 047.4
Insurance revenue		1 165.6	15.2	1 180.8
Cost of merchandise sales		(2 568.7)	(304.6)	(2 873.3)
Operating costs (excluding insurance service expenses)		(2 985.4)	(217.6)	(3 203.0)
Debtor costs		(1 174.7)	(18.5)	(1 193.2)
Insurance service expenses		(830.4)	(17.4)	(847.8)
Segment operating profit before impairments and capital items		1 144.9	25.6	1 170.5
Segment operating margin before impairments and capital items	(%)	25.2	4.8	23.0
Impairments and capital items	15	(0.9)	(17.3)	(18.2)
Segment operating profit		1 144.0	8.3	1 152.3
Segment operating margin	(%)	25.2	1.6	22.7
Segment assets[(1)]		5 591.4	171.1	5 762.5
Capital expenditure		124.1	3.8	127.9
Depreciation and amortisation		(348.8)	(28.6)	(377.4)
Reversal of impairment/(impairment)		0.5	(17.8)	(17.3)

(1) *Segment assets include net trade receivables of R5 708.7 million (2025: R4 996.6 million) and inventory of R768.7 million (2025: R765.9 million).*

17. REPORTABLE SEGMENTS CONTINUED

Geographical	South Africa Rm	Namibia Rm	BLE[2] Rm	Group Rm
2026				
Revenue	**8 814.2**	**776.7**	**729.0**	**10 319.9**
Retail revenue	**5 443.5**	**530.6**	**584.0**	**6 558.1**
Finance and insurance revenue	**3 370.7**	**246.1**	**145.0**	**3 761.8**
Non-current assets[3]	**1 126.2**	**108.7**	**126.9**	**1 361.8**
2025				
Revenue	7 881.6	706.2	700.0	9 287.8
Retail revenue	5 019.1	485.9	554.6	6 059.6
Finance and insurance revenue	2 862.5	220.3	145.4	3 228.2
Non-current assets[3]	1 171.5	103.4	142.9	1 417.8

(2) *Botswana, Lesotho and Eswatini.*

(3) *Non-current assets are defined as property, plant and equipment, intangible assets (excluding goodwill) and right-of-use assets.*

Accounting policy

Operating segments are reported in a manner consistent with the internal reporting to the Chief operating decision-makers (“CODM”). The CODM, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief executive officer and the Chief financial officer.

The Group has identified its operating segments based on the chains that it operates. These segments reflect the manner in which the CODM reviews the performance and allocates resources. The business segments operate predominantly in the furniture retail business. Set out below is a summary of the operations of each brand within the Group:

(i) Traditional

Traditional business consists of Lewis, Best Home & Electric and Beares.

Lewis
Lewis sells a range of household furniture, electrical appliances and home electronics to customers in the LSM* 4 to 7 categories.

Best Home & Electric
Best Home & Electric is a retailer of electrical appliances, sound and vision equipment and furniture, targeting the LSM* 4 to 7 customer.

Beares
Beares is a retailer of upmarket furniture, electrical appliances and home electronics primarily serving customers in the LSM* 7 to 9 categories.

(ii) Speciality

Speciality business consists predominantly of UFO, Real Beds and Bedzone.

UFO
UFO is a cash-focused brand which retails luxury furniture to customers in the LSM* 9 to 10 categories.

Real Beds
Real Beds is a specialised retailer of beds and mattresses targeting customers in the LSM* 4 to 10 categories.

Bedzone
Bedzone is a specialised retailer of beds and mattresses targeting customers in the LSM* 4 to 10 categories.

Information regarding the performance of each segment is disclosed in the segmental report. Performance is measured on the basis of the operating profit (which includes the insurance underwriting result), as management believes that this measure is useful in evaluating the results of the segments, both in relation to each other and in relation to their respective competition. Investment income, net finance costs and taxation (i.e. the items that reconcile total segment operating profit to profit attributable to ordinary shareholders) are reviewed on a Group basis. Segment assets only include trade receivables and inventories as these are the asset categories that are likely to drive strategic action and are therefore monitored by the CODM on a continuous basis.

* *Based on Living Standards Measure (“LSM”), a market research segmentation tool applied in South Africa to classify standard of living and disposable income.*

18. TRADE PAYABLES, OTHER PAYABLES AND PROVISIONS

	Note	2026 Rm	2025 Rm
Trade payables		**214.6**	233.1
Accruals and other payables		**201.8**	186.8
Employment accruals		**217.5**	195.1
Refund obligation		**140.0**	135.9
Restoration provision		**29.7**	29.1
Cash-settled share-based payments	20.3.2	**70.0**	52.5
		873.6	832.5

Restoration provision	2026 Rm	2025 Rm
Opening balance	**29.1**	27.2
Additions and modifications during the year	**0.1**	0.1
Utilised	**(0.2)**	(0.1)
Interest	**0.7**	1.9
Closing balance	**29.7**	29.1

Accounting policies

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as financial instruments in terms of IFRS.

The accounting policies for financial instruments are included in note 3.

Provisions
A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employment accruals
Employee entitlements to annual leave and bonus are recognised as they accrue to employees when there is a legal or constructive obligation to make such payments as a result of past performance. An accrual is made for the estimated provision still owing as a result of services provided by employees up to the balance sheet date.

Refund obligation
Full details are set out in note 5.2 to the financial statements.

Restoration provision
A provision is recognised for the restoration costs associated with leased property. This is an estimate of costs to be incurred to restore the leased property back to its original state, as per the lease agreement. Restoration costs are provided for at the present value of expected future costs to settle the obligation and are recognised as part of the cost of the right-of-use asset. The future expected costs are based on past experience of management and is discounted at an appropriate discount rate. The estimated future costs of restoration are reviewed annually and adjusted accordingly.

Cash-settled share-based payments
Full details of the accounting policy are set out in note 20.3.2 to the financial statements.

19. PAYMENTS IN ADVANCE

	2026 Rm	2025 Rm
Opening balance	**194.7**	184.4
Revenue recognised in the period previously included in the opening balance	**(128.0)**	(122.5)
Liability raised during the current period	**135.3**	132.8
Closing balance	**202.0**	194.7

Payments in advance arise:

- in the case of a maintenance contract (refer note 5.2) where customers have settled their accounts or where customers have paid in advance of Lewis' performance obligations, which will typically be satisfied over a period of three years from the date of that maintenance contract; and
- in the case where customers have paid in advance for goods still to be delivered under the sales contract, which will be satisfied when those goods are delivered to the customer.

Management expects that R130.0 million (2025: R128.0 million) of the transaction price allocated to the unsatisfied contracts as at 31 March 2026 will be recognised as revenue during the next reporting period and the remaining R72.0 million (2025: R66.7 million) during the following reporting period.

20. DIRECTORS AND EMPLOYEES

20.1 Employment costs

	Notes	2026 Rm	2025 Rm
Salaries, wages, commissions and bonuses		**1 703.6**	1 532.8
Retirement benefit costs		**97.8**	88.7
Equity-settled share-based payments	20.3.1	**49.7**	34.7
Cash-settled share-based payments	20.3.2	**50.4**	42.5
Other employment costs		**23.8**	20.5
		1 925.3	1 719.2
Remuneration of key executives			
Salary		**17.8**	16.3
Bonus paid[(1)]		**31.8**	23.8
Retirement and medical contributions		**3.1**	2.9
Value of share awards vested[(2)]		**74.6**	38.8
		127.3	81.8

Key executives comprise the directors of Lewis Stores, the main operating subsidiary. Non-executive directors' fees are disclosed in note 20.2.

(1) *The bonus paid reflects the bonus actually paid in June in the respective financial years.*

(2) *The value of shares vested is calculated with reference to the number of shares that vest and the price per share at the date of vesting less consideration payable (where applicable).*

20. DIRECTORS AND EMPLOYEES CONTINUED

20.2 Directors' emoluments

Non-executive directors – fees as directors		2026 R'000	2025 R'000
H Saven			
	– company	**1 611**	1 508
	– for subsidiary	**445**	421
Prof. F Abrahams			
	– company	**1 211**	1 133
	– for subsidiary	**444**	420
A Bodasing		**909**	846
B Deegan			
	– company	**909**	846
	– for subsidiary	**340**	322
D Motsepe		**1 342**	1 242
T Njikizana		**909**	846
M Shandu[(1)]	– for subsidiary	**340**	322
		8 460	7 906

[(1)] *Appointed as non-executive director of Lewis Group on 01 April 2026.*

Executive directors	2026 R'000 J Bestbier	2026 R'000 J Enslin	2025 R'000 J Bestbier	2025 R'000 J Enslin
All emoluments are paid by the subsidiary.				
Salary	**3 991**	**7 268**	3 707	6 445
Bonuses paid during the year	**6 450**	**14 744**	5 172	10 100
Contributions to pension scheme	**639**	**1 163**	593	1 031
Contributions to medical aid	**–**	**284**	–	284
Value of share awards vested (equity-settled)	**16 995**	**35 442**	10 245	16 708
	28 075	**58 901**	19 717	34 568

Gains on share awards	2026 J Bestbier	2026 J Enslin	2025 J Bestbier	2025 J Enslin
Equity-settled				
Share awards vested	**209 784**	**437 499**	201 665	328 895
Offer date	**6 July 2022**	**6 July 2022**	9 June 2021	9 June 2021
Date vested	**6 July 2025**	**6 July 2025**	10 June 2024	10 June 2024
Value of share awards vested (equity-settled)	**16 994 602**	**35 441 794**	10 244 583	16 707 867

20. DIRECTORS AND EMPLOYEES CONTINUED

20.2 Directors' emoluments continued

Outstanding share awards – Equity-settled schemes	2026 J Bestbier	2026 J Enslin	2025 J Bestbier	2025 J Enslin
Lewis 2019 Executive Performance Scheme				
6 July 2022 – Short-term award			94 942	
5 June 2023 – Short-term award		**144 643**		144 643
Lewis 2021 Executive Performance Scheme				
6 July 2022 – Short-term award				217 457
6 July 2022 – Long-term award	**52 746**	**151 012**	79 119	226 518
5 June 2023 – Short-term award	**125 933**	**144 642**	125 933	144 642
12 June 2024 – Short-term award	**127 019**		127 019	
10 June 2025 – Short-term award	**83 725**			
10 June 2025 – Long-term award	**66 980**			
Lewis 2023 Executive Performance Scheme				
12 June 2024 – Short-term award		**305 632**		305 632
10 June 2025 – Short-term award		**210 127**		
10 June 2025 – Long-term award		**210 127**		
Lewis 2019 Executive Retention Scheme				
6 July 2022			88 469	144 536
Lewis 2022 Executive Retention Scheme				
18 July 2024	**92 502**	**180 616**	92 502	180 616
30 June 2025	**78 096**	**178 520**		
	627 001	**1 525 319**	607 984	1 364 044

In terms of the following schemes, the Trust holds the following invested shares on behalf of the above directors by virtue of the investment of their bonuses into the scheme:

Invested shares	2026	2025
Lewis 2019 Executive Retention Scheme		128 153
Lewis 2022 Executive Retention Scheme	**291 354**	150 215
	291 354	278 368

Directors' interests

The directors' interests are set out on page 11.

20. DIRECTORS AND EMPLOYEES CONTINUED

20.3 Share-based payments

20.3.1 Equity-settled

	2026 Rm	2025 Rm
Value of services provided:		
In respect of share awards granted	**49.7**	34.7

For further details of the equity-settled scheme, refer note 20.4.1.

Accounting policy

The Group operates a number of equity-settled share incentive schemes under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of share awards and options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of share awards and options granted, excluding the impact of service and non-market performance vesting conditions. Non-market performance and service vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. The total amount expensed is recognised over the vesting period, which is the period over which all vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. Any accelerated vesting of the share awards and options requires immediate recognition of the remaining expense. On vesting, the attributable value of share awards is transferred from the share-based payment reserve to retained earnings.

Share awards granted by the Company over its equity instruments to the employees of subsidiary undertakings in the Group are treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary and a corresponding credit to equity.

Significant accounting estimates and judgements

As the fair value of the services received cannot be measured reliably, the services have been valued by reference to the fair value of shares granted. The fair value of such shares is measured at the grant date using the Black-Scholes model. The assumptions used in the Black-Scholes model are as follows:

		2026	2025
Weighted average share price	(R)	**61.78**	48.93
Weighted average expected volatility	(%)	**64.6**	70.3
Weighted average expected dividend yield	(%)	**7.6**	7.3
Weighted average risk-free rate (bond yield curve at date of grant)	(%)	**8.1**	7.4

20. DIRECTORS AND EMPLOYEES CONTINUED

20.3 Share-based payments continued

20.3.2 Cash-settled

Two cash-settled schemes, namely the Lewis Cash-Settled Long-Term and Short-Term Executive Performance Plan and the Lewis 2022 Cash-Settled Executive Performance Plan, have been in operation. The Lewis Cash-Settled Long-Term and Short-Term Executive Performance Plan has no outstanding awards as the last awards vested in June 2024. The Lewis 2022 Cash-Settled Executive Performance Plan is similar to the Lewis 2023 Executive Performance Scheme, except notional shares will be issued and vesting will take place in cash. Awards under these schemes have been granted annually to qualifying executives since 2019.

	2026 Rm	2025 Rm
Opening balance	**52.5**	35.3
Total income statement charge	**50.4**	42.5
Income statement charge before revaluation of liability	**17.8**	16.1
Revaluation of liability	**32.6**	26.4
Payments made	**(32.9)**	(25.3)
Closing balance	**70.0**	52.5

For further details of the cash-settled scheme, refer note 20.4.2.

Accounting policy

The Group recognises a liability for awards granted under the cash-settled scheme measured at fair value at the grant date. The fair value is expensed over the period until the vesting date, with a corresponding increase in the liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date. All changes in the fair value of the liability are recognised in employment costs.

Significant accounting estimates and judgements

As the fair value of the services received cannot be measured reliably, the services have been valued by reference to the fair value of shares granted as at year end. The fair value of such shares is measured at year end using the Black-Scholes model. The assumptions at year end used in the Black-Scholes model are as follows:

		2026	2025
Share price	(R)	**84.65**	70.90
Expected volatility	(%)	**31.5**	37.5
Expected dividend yield	(%)	**8.3**	6.8
Risk-free rate (bond yield curve at year end)	(%)	**6.5**	7.0

20. DIRECTORS AND EMPLOYEES CONTINUED

20.4 Share incentive schemes (Equity and Cash-Settled)

20.4.1 Equity-settled schemes

The following employee share incentive schemes are in operation during the current year for directors holding salaried employment office and executives.

Lewis 2025 Executive Performance Scheme	This was approved at the annual general meeting held on 24 October 2025. No awards have been made under this scheme.
Lewis 2025 Executive Retention Scheme	This was approved at the annual general meeting held on 24 October 2025. No awards have been made under this scheme.
Lewis 2023 Executive Performance Scheme	This was approved at the annual general meeting held on 12 October 2023. It currently has both short-term and long-term outstanding awards for 2024 and 2025.
Lewis 2022 Executive Retention Scheme	This was approved at the annual general meeting held on 28 October 2022. The scheme has outstanding awards granted in 2024 and 2025.
Lewis 2021 Executive Performance Scheme	This scheme was approved at the annual general meeting on 22 October 2021. It currently has both outstanding short-term and long-term awards that were granted in 2022, 2023, 2024 and 2025.
Lewis 2019 Executive Retention Scheme	Approved at the annual general meeting on 25 October 2019. There are no outstanding awards under this scheme.
Lewis 2019 Executive Performance Scheme	Approved at the annual general meeting on 25 October 2019. There is an outstanding short-term award granted in 2023.

The Group is required to provide funding to the Lewis Employee Incentive Scheme Trust in terms of the Trust Deed and the Contribution Agreement.

	Lewis 2023 Executive Performance Scheme	Lewis 2021 Executive Performance Scheme	Lewis 2019 Executive Performance Scheme
2026			
Beginning of the year	305 632	1 303 063	340 424
Granted	420 254	333 947	
Forfeited	–		
Vested		(354 350)	(195 781)
End of the year	725 886	1 282 660	144 643
Maximum awards available over the life of the scheme	1 750 000	1 750 000	2 250 000
Utilised for the scheme to date	725 886	1 637 010	1 921 867

	Lewis 2022 Executive Retention Scheme	Lewis 2019 Executive Retention Scheme
2026		
Beginning of the year	595 041	543 894
Granted	533 583	
Forfeited		
Vested		(543 894)
End of the year	1 128 624	–
Maximum awards available over the life of the scheme	1 500 000	1 500 000
Utilised for the scheme to date	1 128 604	1 273 759
Invested shares	620 744	–

20. DIRECTORS AND EMPLOYEES CONTINUED

20.4 Share incentive schemes (Equity and Cash-Settled) continued

20.4.1 Equity-settled schemes continued

	Lewis 2023 Executive Performance Scheme	Lewis 2021 Executive Performance Scheme	Lewis 2019 Executive Performance Scheme
2025			
Beginning of the year	–	1 062 905	832 929
Granted	305 632	266 247	
Forfeited	–	(26 089)	(33 318)
Vested		–	(459 187)
End of the year	305 632	1 303 063	340 424
Maximum awards available over the life of the scheme	1 750 000	1 750 000	2 250 000
Utilised for the scheme to date	305 632	1 303 063	1 921 867

	Lewis 2022 Executive Retention Scheme	Lewis 2019 Executive Retention Scheme
2025		
Beginning of the year	–	964 653
Granted	595 041	
Forfeited		
Vested		(420 759)
End of the year	595 041	543 894
Maximum awards available over the life of the scheme	1 500 000	1 500 000
Utilised for the scheme to date	595 041	1 273 759
Invested shares	327 273	299 142

The weighted average share price at vesting date was R81.01 (2025: R50.80).

The weighted average remaining contractual life for share awards outstanding at the end of the period is 1.6 years (2025: 1.5 years).

Note: Invested shares are those shares paid through the investment of executives net bonuses.

Lewis 2022 Executive Retention Scheme
In terms of the scheme, senior executives have been offered the right to acquire shares of the Group for no consideration subject to the achievement of performance targets. The committee will select executives who have achieved the requisite performance targets during the previous financial year as eligible for the scheme. The shares will vest after three years and is conditional upon the executive still being in the employ of the Group other than in the event of death, ill-health, retirement or retrenchment.

In addition to the achievement of performance targets, this scheme introduced the requirement that executives hold qualification shares, being a beneficial interest in a number of prescribed shares before the executive is eligible to participate in the scheme. The determination of the qualifying shares is based on the executive's annual cash salary multiplied by a factor depending on the office held by the executive, divided by the market value of the shares at a date to be determined by the remuneration committee. There are also provisions relating to awards granted under this scheme and predecessor schemes which will vest within the first six months of the financial year in which the new award is to be made, to allow the executive to include those vesting shares as qualifying shares, provided that the executive gives irrevocable undertakings to hold such shares.

The percentage of the cash-based performance bonus that can be invested in the scheme is at the discretion of the remuneration committee with the minimum percentage being 25% and the maximum percentage being 100%.

These shares (vested shares) are deferred for three years and matching shares equal to the before-tax bonus are awarded for no consideration at the end of the period. The matching share award will lapse, should the executive terminate his or her employment before the completion of the three-year period other than in the event of death, ill-health, retirement or retrenchment.

The Group is entitled to a clawback of shares through the repurchase and cancellation of shares held by the participant and/or equivalent in money where the shares have not been repurchased and cancelled where the executive:

- Is dismissed for misconduct involving fraud, misrepresentation and/or dishonesty and fails materially to perform his/her duties.
- Is accused of serious misconduct that would warrant dismissal, he/she resigns from his/her employment prior to the outcome of the disciplinary proceedings.

Lewis 2019 Executive Retention Scheme
The Lewis 2019 Executive Retention Scheme has substantially the same terms and conditions that apply to the Lewis 2022 Executive Retention Scheme as set out above. The only difference is that this scheme does not require the executive to hold qualification shares. The requirement to hold qualification shares was introduced for the first time in the Lewis 2022 Executive Retention Scheme in order to further align the interests of management and those of shareholders.

20. DIRECTORS AND EMPLOYEES CONTINUED

20.4 Share incentive schemes (Equity and Cash-Settled) continued

20.4.1 Equity-settled schemes continued

Lewis 2023 Executive Performance Scheme, Lewis 2021 Executive Performance Scheme and the Lewis 2019 Executive Performance Scheme

As these three schemes have materially the same requirements, terms and conditions, they will be detailed below on a consolidated basis.

Awards made under this scheme offer executives the right to acquire shares for no consideration, subject to the achievement of performance targets determined by the committee. The vesting of shares is conditional upon the executive still being in the employ of the Group other than in the event of death, ill-health, retirement or retrenchment.

Performance targets may be adjusted where material changes (both positive and negative) have been made to accounting policies resulting from IFRS becoming effective after the grant date. The committee shall be entitled, in exceptional circumstances (both positive and negative), to amend performance targets having regard to all circumstances including, but not limited to, changes to international and national macroeconomic circumstances, the performance of the Lewis Group relative to the industry in which it operates and any corporate actions undertaken by the Lewis Group during the relevant performance period.

For purposes of determining the performance targets, awards are categorised as follows:

- short-term awards means three-year awards or alternative awards in respect of which all portions of the award vest on or before the third anniversary of the grant date; and
- long-term awards means the four-year awards, five-year awards and alternative awards of which any portion of the awards vests after the third anniversary of the grant date.

In respect of short-term targets, performance targets are set at the grant date for the entire period or for each financial year during the performance period. For long-term awards, the performance targets will be set for the entire performance period as at grant date.

The scheme allows for the vesting at certain percentages where the performance target has not been met. The table below sets out the percentages:

Equal or greater than 100% of target	100% vested
97.5% to 100% of target	25% vested
95% to 97.5% of target	10% vested
Less than 95% of target	No vesting

For short-term awards, the committee shall select all or any of the performance targets from the following:

- headline earnings per share;
- quality of debtors book being either level of satisfactory paid customers or debtor costs as a percentage of debtors at gross carrying value; and
- gross margin.

Current short-term awards under the scheme use all three performance measures.

For long-term awards, the committee must select the performance targets as follows:

- Headline earnings per share (mandatory) and at least one of the targets below:
  - Return on shareholders' equity.
  - After-tax return on average capital employed.
  - Before-tax return on average assets managed.
  - Gearing ratio.

In July 2022 and June 2025, long-term awards (five-year award) were issued under the Lewis 2021 Executive Performance Scheme and the Lewis 2023 Executive Performance Scheme. The performance measures used for purposes of these long-term awards was headline earnings per share (which is mandatory), return on shareholders' equity and the gearing ratio.

The Group is entitled to a clawback of shares through the repurchase and cancellation of shares held by the participant and/or equivalent in money where the shares have not been repurchased and cancelled where the executive:

- Is dismissed for misconduct involving fraud, misrepresentation and/or dishonesty and fails materially to perform his/her duties.
- Is accused of serious misconduct that would warrant dismissal, he/she resigns from his/her employment prior to the outcome of the disciplinary proceedings.

20. DIRECTORS AND EMPLOYEES CONTINUED

20.4 Share incentive schemes (Equity and Cash-Settled) continued

20.4.2 Cash-settled schemes

The cash-settled schemes adopted by the Company have been based on existing equity-settled schemes. Under these schemes, notional shares are allocated to participants and on date of vesting, the notional shares are settled in cash. Other than these cash-settled aspects, the terms and conditions of these schemes are almost identical to that of their corresponding equity-settled scheme.

The following cash-settled schemes are in operation during the current year for directors holding salaried employment office and executives.

Lewis 2022 Cash-Settled Executive Performance Plan	This was approved by the remuneration committee on 5 July 2022. Awards under the plan have been granted since July 2022. This plan is based on the equity-settled Lewis 2021 Executive Performance Scheme. For further details on the terms and conditions of the plan, refer note 20.4.1 for the corresponding equity-settled scheme.
Lewis Cash-Settled Long-Term and Short-Term Executive Performance Plan	This was approved by the remuneration committee on 17 May 2019. The plan is based on Lewis Long-Term and Short-Term Executive Performance Scheme, details of which are provided in prior years' financial statements. There are no outstanding awards under this scheme and it is the intention of the remuneration committee to terminate this plan.

All awards are short-term awards and included all the performance criteria applicable to such awards. Below is a reconciliation of the notional shares granted under the various plans:

	Lewis Cash-Settled 2022 Executive Performance Plan – Notional Shares	Lewis Cash-Settled Long-Term and Short-Term Executive Performance Plan – Notional Shares
2026		
Beginning of the year	**1 507 533**	**–**
Granted	**304 537**	
Forfeited	**(12 326)**	
Vested	**(405 469)**	
End of the year	**1 394 275**	**–**
2025		
Beginning of the year	1 043 229	529 439
Granted	510 500	–
Forfeited	(46 196)	(24 539)
Vested	–	(504 900)
End of the year	1 507 533	–

The weighted average share price at vesting date was R81.04 (2025: R50.10).

The weighted average remaining contractual life for share options ("notional shares") outstanding at the end of the period is 1.1 years (2025: 1.3 years).

20. DIRECTORS AND EMPLOYEES CONTINUED

20.5 Retirement benefits

20.5.1 Retirement plans and benefits

The Group operates a number of retirement funds. All retirement fund assets are held separate from the Group's assets. The number of employees on these plans are as follows:

		Number of employees	
	Type of fund	**2026**	2025
Lewis Stores Group Pension Fund[1]	Defined benefit fund	**20**	25
Lewis Stores Retirement Fund[2]	Defined benefit fund	**24**	26
SACCAWU Provident Fund	Defined contribution fund	**2 461**	2 424
Lewis Stores Provident Fund	Defined contribution fund	**5 558**	5 370
Orion Namibia Pension Fund	Defined contribution fund	**776**	759
Alexander Forbes Botswana Umbrella Pension Fund	Defined contribution fund	**292**	284
Lesotho Employers Umbrella Provident Fund	Defined contribution fund	**322**	307
NMG Umbrella SmartFund	Defined contribution fund	**33**	37
ESRIC Umbrella Provident Fund	Defined contribution fund	**253**	–

[1] *The Lewis Stores Group Pension Fund was closed to new members on 1 July 1997 and is registered under the Pension Funds Act No. 24 of 1956.*
[2] *The Lewis Stores Retirement Fund is used for executive management and is registered under the Pension Funds Act No. 24 of 1956.*

The Group provides a subsidy of medical aid contributions to retired employees. Only those employees employed prior to 1 August 1997 qualify for this benefit. The liability was valued as at 31 March 2026 by a qualified actuary in accordance with the requirements of IAS 19. The Group has a commitment to meet these unfunded benefits.

20. DIRECTORS AND EMPLOYEES CONTINUED

20.5 Retirement benefits continued

20.5.2 Effects on comprehensive income

	Notes	2026 Rm	2025 Rm
Effect on income statement:			
Defined benefit retirement plans	20.5.4	**1.2**	(0.2)
Post-retirement healthcare plans	20.5.5	**9.3**	10.6
Defined contribution plans	20.5.6	**87.3**	78.3
		97.8	88.7
Actuarial gains and (losses) included in other comprehensive income:			
Defined benefit retirement plans		**21.8**	0.1
Post-retirement healthcare plans		**(1.9)**	2.2
		19.9	2.3
Actuarial gains due to:			
Financial and experience adjustments		**19.9**	2.3
		19.9	2.3

20.5.3 Amounts recognised in the balance sheet

	Notes	2026 Rm	2025 Rm
Retirement benefit asset	20.5.4	**(147.6)**	(118.5)
Present value of unfunded retirement obligations as a liability	20.5.4	**0.7**	0.6
Present value of post-retirement healthcare benefits	20.5.5	**84.0**	79.7
Retirement benefit liability		**84.7**	80.3

20.5.4 Defined benefit retirement plans

	Notes	2026 Rm	2025 Rm
Present value of funded obligations		**661.9**	588.8
Fair value of plan assets		**(892.0)**	(794.7)
Asset ceiling limit applied in terms of IAS 19		**82.5**	87.4
Retirement benefit asset		**(147.6)**	(118.5)
Total movement in retirement benefit asset			
Present value at the beginning of the year		**(118.5)**	(109.0)
Income statement charge		**1.1**	(0.3)
Current service cost		**13.4**	12.3
Risk and expenses		**–**	–
Net interest income		**(12.3)**	(12.6)
Actuarial gains included in other comprehensive income		**(21.9)**	(0.1)
Contributions paid during the year		**(8.3)**	(9.1)
Present value at the end of the year		**(147.6)**	(118.5)
Total movement in unfunded retirement obligations as a liability			
Present value at the beginning of the year		**0.6**	0.6
Income statement charge - interest		**0.1**	0.1
Actuarial losses included in other comprehensive income		**0.1**	–
Contributions paid during the year		**(0.1)**	(0.1)
Present value at the end of the year		**0.7**	0.6

20. DIRECTORS AND EMPLOYEES CONTINUED

20.5 Retirement benefits continued

20.5.4 Defined benefit retirement plans continued

	2026 Rm	2025 Rm
Total present value of defined benefit obligations		
Beginning of the year	588.8	542.9
Current service cost	13.4	12.3
Interest cost	63.8	66.1
Employee contributions	0.4	0.4
Risk and expenses	(2.8)	(2.9)
Benefit payments	(51.0)	(31.3)
Actuarial losses included in other comprehensive income	49.3	1.3
End of the year	661.9	588.8
Fair value of defined benefit plan assets		
Beginning of the year	794.7	724.6
Employee contributions	0.4	0.4
Employer contributions	8.3	9.1
Interest income	85.8	87.6
Risk and expenses	(2.8)	(2.9)
Benefit payments	(51.0)	(31.3)
Actuarial gains included in other comprehensive income	56.6	7.2
End of the year	892.0	794.7
Asset ceiling limit applied in terms of IAS 19		
Beginning of the year	(87.4)	(72.7)
Interest income	(9.7)	(8.9)
Actuarial losses and (gains) included in other comprehensive income	14.6	(5.8)
End of the year	(82.5)	(87.4)

The defined benefit funds are final salary defined benefit plans. These schemes are valued by an independent actuary on an annual basis in terms of IAS 19 using the projected unit credit method. The latest valuation was carried out as at 31 December 2025.

The above defined benefit retirement plan asset was subject to the asset ceiling as determined in IFRIC 14 being the maximum economic benefit arising from a future unconditional right to a refund and from reductions in future contributions in excess of the minimum funding requirement. The effect of the application of the asset ceiling was to reduce the defined retirement plan asset by R82.5 million (2025: R87.4 million).

The employer's future contribution is set on an annual basis in consultation with the fund's actuary.

Plan assets

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

		2026	2025
Cash	(%)	4.0	4.7
Bonds – Listed	(%)	48.4	49.0
Equity – Listed	(%)	23.4	21.6
International equity – Listed	(%)	17.6	18.6
International bonds – Listed	(%)	3.2	3.4
Other		3.4	2.7
		100.0	100.0

20. DIRECTORS AND EMPLOYEES CONTINUED

20.5 Retirement benefits continued

20.5.4 Defined benefit retirement plans continued

Accounting policy

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on factors such as age, years of service and compensation.

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee-administered funds. These plans are funded by payments from employees and group companies, taking into account the recommendations of independent, qualified actuaries. The defined benefit obligation is assessed annually by a qualified actuary, in terms of IAS 19, using the projected unit credit method.

The asset and liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that have terms to maturity approximating the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the income statement.

Significant accounting estimates and judgements

The underlying actuarial assumptions of the retirement benefit asset and liability with a sensitivity analysis are set out below:

Principal actuarial assumptions:		2026	2025
Discount rate	(%)	**9.1**	11.1
Inflation rate	(%)	**4.2**	5.3
Future salary increases	(%)	**5.2**	6.3
Future pension increases	(%)	**4.2**	5.3

The weighted average duration of the actuarial liability is 9.2 years (2025: 9.6 years).

Sensitivity analysis

The effect of an increase and decrease in the following assumptions on the present value of the obligation are shown in the table below:

		% Change in present value of obligation	
Assumption	% Variation	**2026**	2025
Discount rate	+1	**(6.9)**	(1.3)
	-1	**8.9**	3.4
Salary increases	+1	**3.5**	3.8
	-1	**(3.1)**	(1.5)
Pension increases	+1	**4.9**	5.0
	-1	**(4.1)**	(4.3)
Post-retirement mortality	+1 year	**0.9**	2.4
	-1 year	**(0.9)**	(2.5)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

20. DIRECTORS AND EMPLOYEES CONTINUED

20.5 Retirement benefits continued

20.5.4 Defined benefit retirement plans continued

Significant accounting estimates and judgements continued

Sensitivity analysis

Assumptions regarding future mortality experience are based on advice, published statistics and experience. The average life expectancy in years of a pensioner retiring at age 65 on valuation date is as follows:

		2026	2025
Male	(years)	**19.8**	19.7
Female	(years)	**21.7**	21.6
Actual return on plan assets	(%)	**19.1**	13.4

	2026 Rm	2025 Rm
Expected contributions to the defined benefit plans for the next annual reporting period	**8.6**	8.3

Actuarial risks

The risks faced by Lewis as a result of the defined benefit retirement plans are set out below:

Investment risk is the risk of a fall in the asset values of the fund. This market risk to which the funds are exposed may affect the solvency level of the funds. This is reduced via an investment in a diverse portfolio of assets and a variety of asset managers.

Inflation risk is the risk that salary increases are higher than expected or that inflation itself is higher than expected which then impacts the pension increases, increasing the liabilities. The risk is mitigated via investment in real assets which in the long run are expected to match the increases in liabilities.

The funds have a mismatch risk as a change in the bond yields will have the effect on the liabilities of the fund which are not necessarily matched by an equivalent change in the assets. The risk is substantially covered by the surplus assets in the fund and establishment of a solvency reserve.

Liquidity risk is the risk of not having sufficient cash to pay for withdrawals, pensions and expenses of the fund. This may be a risk for the Lewis Stores Group Pension Fund due to it being a closed fund.

Longevity risk is the risk that pensioners live longer than expected. This risk has not been significant in the current membership profile.

The funds are exposed to legislative changes which are closely monitored by the fund's consultant to enable timeous action to be taken to mitigate any changes that emerge.

20. DIRECTORS AND EMPLOYEES CONTINUED

20.5 Retirement benefits continued

20.5.5 Post-retirement healthcare benefits

	2026 Rm	2025 Rm
Present value of post-retirement healthcare benefits liability	**84.0**	79.7
Movement in post-retirement healthcare liability		
Present value of liability at the beginning of the year	**79.7**	78.0
Charged to income statement	**9.3**	10.6
Current service cost	**0.5**	0.5
Interest cost	**8.8**	10.1
Actuarial losses and (gains) included in other comprehensive income	**1.9**	(2.2)
Employer benefit payments	**(6.9)**	(6.7)
Post-retirement healthcare benefits liability	**84.0**	79.7

The liability was valued as at 31 March 2026 by a qualified actuary in accordance with the requirements of IAS 19.

Accounting policy

The Group has an obligation to provide post-retirement medical aid benefits by subsidising medical aid contributions of certain retired employees and *ex-gratia* pensioners who joined the Group prior to August 1997.

The entitlement to these benefits is conditional on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Significant accounting estimates and judgements

The underlying assumptions of the post-retirement healthcare benefit liability with a sensitivity analysis are set out below:

Principal actuarial assumptions:		2026	2025
Health care inflation rate	(%)	**6.4**	7.5
CPI inflation	(%)	**4.4**	5.5
Discount rate	(%)	**9.7**	11.5
Average retirement age	(years)	**65**	65

The weighted average duration of the actuarial liability is 10.6 years (2025: 10.3 years).

Sensitivity analysis

The effect of an increase and decrease in the following assumptions on the present value of the obligation are shown in the table below:

		% Change in present value of obligation	
Assumption	% Variation	2026	2025
Discount rate	+1	**(8.6)**	(8.2)
	-1	**10.2**	9.7
Healthcare cost	+1	**10.2**	9.8
	-1	**(8.7)**	(8.4)
Expected retirement age	+1 year	**(1.9)**	(1.6)
	-1 year	**0.1**	1.6

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

20. DIRECTORS AND EMPLOYEES CONTINUED

20.5 Retirement benefits continued

20.5.5 Post-retirement healthcare benefits continued

Actuarial risks

The risks faced by Lewis as a result of the post-retirement healthcare obligation can be summarised as follows:

Inflation: The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.

Longevity: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.

Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.

Future changes in legislation: The risk that changes to legislation with respect to the post-employment healthcare liability may increase the liability for Lewis.

20.5.6 Defined contribution plans

	2026 Rm	2025 Rm
Defined contribution plan costs	**87.3**	78.3

Accounting policy

For defined contribution plans, the Group pays contributions to these separately administered funds on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

21. TAXATION

		2026 Rm	2025 Rm
Taxation per income statement			
South Africa		**266.8**	194.0
Foreign		**14.3**	34.8
		281.1	228.8
Comprising:			
Normal taxation		**258.6**	229.6
Current year		**270.1**	230.9
Prior year		**(11.5)**	(1.3)
Deferred taxation		**16.0**	(28.8)
Current year		**4.1**	(6.2)
Tax rate change		**(0.1)**	(2.2)
Prior year		**12.0**	(20.4)
Withholding tax		**6.5**	28.0
		281.1	228.8
Tax rate reconciliation			
Profit before taxation		**1 134.9**	983.7
Taxation calculated at a tax rate of 27%		**306.4**	265.6
Differing tax rates in foreign countries		**4.6**	3.0
Disallowances [(1)]		**26.8**	16.4
Exemptions [(2)]		**(63.6)**	(60.3)
Foreign withholding tax		**6.5**	28.0
Prior years		**0.5**	(21.7)
Tax rate change		**(0.1)**	(2.2)
Taxation per income statement		**281.1**	228.8
Effective tax rate	(%)	**24.8**	23.3

(1) *Disallowances include share-based payments.*

(2) *Exemptions include the Namibian insurance cell captive profit, as well as employment allowances and incentives.*

	2026 Rm	2025 Rm
Taxation disclosed as:		
Current tax asset	**(13.0)**	(2.4)
Current tax liability	**95.6**	159.4
	82.6	157.0

21. TAXATION CONTINUED

	2026 Rm	2025 Rm
Deferred taxation as per balance sheet		
Balance at the beginning of the year	(23.6)	(4.5)
Movement for the year attributable to:		
Income statement debit/(credit)	16.0	(28.8)
Addition arising from acquisition	–	0.5
Deferred tax on fair value adjustment in other comprehensive income	6.1	8.6
Deferred tax on retirement benefit remeasurements	5.4	0.6
Balance at the end of the year	3.9	(23.6)
This balance comprises:		
Capital allowances (including right-of-use assets)	278.5	294.7
FVOCI debt investments	1.2	(4.9)
Lease liabilities	(264.2)	(269.0)
Debtors allowances	79.4	37.0
Income and expense recognition	(15.7)	(30.3)
Assessed loss	(12.0)	–
Other provisions	(63.3)	(51.1)
Balance at the end of the year	3.9	(23.6)
Disclosed as:		
Deferred tax asset	(58.4)	(86.2)
Deferred tax liability	62.3	62.6
	3.9	(23.6)

Deferred tax assets relate to provisions which are not deductible for tax purposes. The deferred tax asset will be reversed as these provisions are released. The Group has concluded that the deferred tax asset will be recoverable using estimated future taxable income based on approved budgets for the entities.

Accounting policy

Current and deferred taxation

The tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. The Group evaluates positions taken in tax returns with respect to situations in which applicable legislation and regulations are subject to interpretation. Appropriate provisions are established on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation, using the liability method, is provided on temporary differences between the taxation base of an asset or liability and its carrying value. Deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is calculated at current or substantively enacted rates of taxation at balance sheet date. A deferred tax asset is raised to the extent that it is probable that sufficient taxable profit will arise in the foreseeable future against which the asset can be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same authority in the same taxable entity.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities on IFRS 16 right-of-use assets and lease liabilities are recognised on initial recognition.

Significant accounting estimates and judgements

The tax and deferred tax liabilities and assets are calculated using considered interpretations of the tax laws of the jurisdictions in which the Group operates.

22. CASH FLOW FROM OPERATIONS

	Notes	2026 Rm	2025 Rm
22.1 Cash flow from trading		**2 418.0**	1 987.2
Operating profit		**1 299.7**	1 152.3
Adjusted for:			
Share-based payments		**100.1**	77.2
Depreciation and amortisation	14	**413.4**	377.4
Impairment of right-of-use assets and trademark	15	**75.5**	17.3
Loss on disposal of fixed assets	15	**0.7**	0.9
Change in debtors impairment provision	4.2	**500.0**	352.5
Change in other provisions		**38.1**	28.2
Other movements		**(9.5)**	(18.6)

Included in cash flow from trading is interest earned on trade receivables of R2 488.1 million (2025: R2 148.4 million) as set out in note 3.

	Notes	2026 Rm	2025 Rm
22.2 Changes in working capital		**(1 299.5)**	(1 054.7)
Increase in inventories		**(13.5)**	(55.8)
Increase in trade and other receivables		**(1 204.7)**	(999.1)
Increase in insurance contract asset		**(40.7)**	(62.6)
(Decrease)/Increase in trade and other payables		**(47.9)**	52.5
Increase in payments in advance		**7.3**	10.3
22.3 Interest paid per cash flow statement		**(225.4)**	(199.7)
Interest paid per the income statement		**(224.7)**	(226.9)
Non-cash flow movement		**(0.7)**	27.2
22.4 Taxation paid per cash flow statement		**(333.8)**	(194.8)
Amount payable at the beginning of the year		**(157.0)**	(84.7)
Amount charged to the income statement for normal tax and withholding tax		**(265.1)**	(257.6)
Non-cash flow movement		**5.7**	(9.5)
Amount payable at the end of the year		**82.6**	157.0
22.5 Liabilities from financing activities			
22.5.1 Revolving credit facilities			
Opening balance		**–**	350.0
Advances	8.1	**900.0**	–
Interest due		**47.6**	31.0
Interest repayments		**(47.6)**	(31.0)
Principal repayments		**(50.0)**	(350.0)
Closing balance		**850.0**	–
22.5.2 DMTN – floating rate note			
Opening balance		**–**	–
Advances	8.1	**500.0**	–
Interest due		**20.5**	–
Interest repayments		**(20.4)**	–
Principal repayments		**–**	–
Closing balance		**500.1**	–

23. GROUP CONSOLIDATION

Accounting policies

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is applied for business combinations. The consideration for an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of the exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration and the amount of the non-controlling interest, over the fair value of the net identifiable assets, is recorded as goodwill. If the amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the income statement as a bargain purchase.

The Group recognises a non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the proportionate share of the acquiree's net identifiable assets.

Inter-company transactions, balances and unrealised gains and losses (unless the transaction provides evidence of an impairment of the transferred asset) between Group companies are eliminated. The accounting policies and the year ends of material subsidiaries are consistent throughout the Group.

Common control transactions are business combinations in which the combining entities are ultimately controlled by the same entity prior to the combination. The assets and liabilities of the combining entities are not adjusted to fair value but reflected at their carrying amounts at the date of the transaction. The difference between the consideration paid/transferred and the net asset value acquired is accounted for in retained earnings. No additional goodwill will be recognised as a result of a common control transaction.

Employee share trusts are consolidated. Shares in Lewis Group Limited held by subsidiaries and the Lewis Employee Incentive Scheme Trust are classified as treasury shares.

In the Company's financial statements, investments in subsidiaries are carried at cost less impairment. Cost of investments includes directly attributable costs.

Functional and presentation currency

(a) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated and separate financial statements are presented in South African Rand, which is the Company's and Group's functional and presentation currency.

(b) Group companies

The results and financial position of foreign operations (none of which operate in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the balance sheet.
- Income and expenses are translated at average exchange rates.
- Resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income. On the sale of a foreign operation, the associated exchange differences are reclassified to the income statement, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

23. GROUP CONSOLIDATION CONTINUED

Currency risk – Net investment in foreign subsidiaries (FCTR)

The currency exposure is limited to the net investment in Botswana of R298.2 million (2025: R249.7 million), which includes long-term loans. The currency exposure is managed by keeping the net investment at a minimum practical level by remitting cash to South Africa on a regular basis through loan repayments and dividends.

Below is a sensitivity analysis of the effect of currency movements of 10% on the year end value of our net investment in Botswana (foreign currency translation reserve):

	2026 Rm	2025 Rm
Currency appreciates by 10%	**24.8**	19.4
Currency depreciates by 10%	**(24.8)**	(19.4)

24. INTEREST IN SUBSIDIARY COMPANIES

	Nature of business	2026 Carrying value of subsidiaries Rm	2026 Percentage holding	2025 Carrying value of subsidiaries Rm	2025 Percentage holding
Directly held					
Lewis Stores (Pty) Ltd	F	**2 800.0**	**100**	2 800.0	100
Indirectly held					
Incorporated in South Africa					
Monarch Insurance Company Ltd	I				
Lifestyle Living (Pty) Ltd	D				
Incorporated in Botswana					
Lewis Stores (Botswana) (Pty) Ltd	F				
Lewis Insurance Services (Botswana) (Pty) Ltd	D				
Crawickmill (Pty) Ltd[1]	F				
Incorporated in Eswatini					
Lewis Stores (Eswatini) (Pty) Ltd	F				
Incorporated in Namibia					
Lewis Stores (Namibia) (Pty) Ltd	F				
Incorporated in Lesotho					
Lewis Stores (Lesotho) (Pty) Ltd	F				
Cost of subsidiaries		**2 800.0**		2 800.0	
Capital contribution in respect of share-based payments		**400.6**		350.9	
Loans to subsidiaries:					
Amounts due to subsidiary		**(22.7)**		(18.2)	
Interest in subsidiaries		**3 177.9**		3 132.7	

F Furniture retailer
I Insurance company
D Dormant company

[1] Relates to Real Beds.

25. OTHER NOTES

25.1 Other accounting policies

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation, but tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Current assets and liabilities
Assets and liabilities with maturity terms of less than 12 months, are classified as current unless they form part of a normal operating cycle, in which case, they are also classified as current.

25.2 New standards and interpretations not yet effective

25.2.1 Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

Effective for annual periods beginning on or after 1 January 2026. The amendments clarify:

- the requirements for the timing of derecognition of financial liabilities;
- the requirements for a new accounting policy option relating to the derecognition date of financial liabilities settled via an electronic payment system;
- the requirements for assessing contractual cash flow characteristics of financial assets; and
- the characteristics of non-recourse assets and contractually linked instruments.

The amendments also introduce additional disclosure requirements for equity instruments classified as FVOCI.

The Group is still in the process of assessing the impact of the new standard.

25.2.2 IFRS 18 – Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027.

The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures that may be required for MPMs.

25.3 Foreign exchange risk

Accounting policies
Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the income statement under operating costs.

Derivative instruments
Derivative instruments are utilised to hedge exposure to foreign currency fluctuations. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will substantially offset the underlying transactions when they occur. Derivative instruments are classified as financial instruments under IFRS.

25. OTHER NOTES CONTINUED

25.3 Foreign exchange risk continued

Foreign exchange risk is present in respect of imports of merchandise. Merchandise is sourced from foreign suppliers, particularly in the Far East. In order to minimise exposure to foreign currency fluctuations, hedging instruments in the form of forward exchange contracts ("FEC") and a target redemption forward ("TARF") were entered into to cover forward purchase commitments made with foreign suppliers.

Below is a summary of the impact of these instruments:

	Term	Average rate	Foreign currency FCm	Rand equivalent Rm	Fair value gain Rm
2026					
US dollar	Less than 9 months				
	FEC	Rate at R16.18	**12.2**	**196.7**	**12.2**
2025					
US dollar	Less than 6 months				
	FEC	Rate at R18.02	3.9	70.9	1.9

			Notional amount US Dollar USDm	Fair value gain Rm
2026				
	TARF		–	–
2025				
	TARF[1]		6.0	2.6

[1] *Amount of US Dollar is based on maximum exposure of the instrument. Rand equivalent based on Black-Scholes valuation model which utilises the closing exchange rate at year end.*

Below is a sensitivity analysis of the effect of currency movements of 10% on the year end valuation of the hedging instruments on net profit after tax:

	2026 Rm	2025 Rm
Currency appreciates by 10%	**15.2**	5.4
Currency depreciates by 10%	**(15.2)**	(5.5)

25.4 Auditors' remuneration

	2026 Rm	2025 Rm
Audit fees		
– Group auditor	**8.8**	7.5
– Other auditor	**0.2**	0.2
Audit-related services	**1.1**	1.0
	10.1	8.7

25.5 Post balance sheet events

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

Lewis Group Limited:

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2026

	Notes	2026 Rm	2025 Rm
Revenue – investment income	2	**436.6**	376.2
Operating costs		**(14.6)**	(13.0)
Operating profit	3	**422.0**	363.2
Interest expense	4	**(20.5)**	–
Interest received	4	**21.4**	1.4
Profit before taxation		**422.9**	364.6
Taxation	5	**(0.2)**	(0.4)
Net profit and comprehensive income attributable to ordinary shareholders		**422.7**	364.2

COMPANY BALANCE SHEET

as at 31 March 2026

	Notes	2026 Rm	2025 Rm
Assets			
Non-current assets			
Interest in subsidiary	6	**3 200.6**	3 150.9
Loan to subsidiary	7	**500.1**	–
		3 700.7	3 150.9
Current assets			
Cash-on-hand and deposits	11	**4.9**	14.4
Total assets		**3 705.6**	3 165.3
Equity and liabilities			
Capital and reserves			
Share capital and premium	9	**1 075.1**	1 075.1
Share-based payments reserve		**72.1**	65.4
Retained earnings		**2 033.0**	2 003.9
		3 180.2	3 144.4
Non-current liabilities			
Long-term interest-bearing borrowings	8	**500.1**	–
		500.1	–
Current liabilities			
Trade payables and accruals		**2.6**	2.7
Amounts due to subsidiary	6	**22.7**	18.2
		25.3	20.9
Total equity and liabilities		**3 705.6**	3 165.3

Lewis Group Limited:

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2026

	Share capital and premium Rm	Share-based payments reserve Rm	Retained earnings Rm	Total Rm
Balance as at 1 April 2024	1 119.0	54.0	1 929.4	3 102.4
Net profit attributable to ordinary shareholders			364.2	364.2
Dividends paid			(313.0)	(313.0)
Capital contribution in respect of share-based payments		34.7		34.7
Transfer to retained earnings on vesting of share awards		(23.3)	23.3	–
Share repurchase	(43.9)			(43.9)
Balance as at 31 March 2025	**1 075.1**	**65.4**	**2 003.9**	**3 144.4**
Net profit attributable to ordinary shareholders			**422.7**	**422.7**
Dividends paid			**(436.6)**	**(436.6)**
Capital contribution in respect of share-based payments		**49.7**		**49.7**
Transfer to retained earnings on vesting of share awards		**(43.0)**	**43.0**	**–**
Share repurchase	**–**			**–**
Balance as at 31 March 2026	**1 075.1**	**72.1**	**2 033.0**	**3 180.2**

COMPANY CASH FLOW STATEMENT

for the year ended 31 March 2026

	Note	2026 Rm	2025 Rm
Cash flow from operating activities			
Cash utilised in operations	10	**(10.2)**	(9.2)
Dividends received		**436.6**	376.2
Interest received	4	**21.4**	1.4
Interest paid	4	**(20.5)**	–
Taxation paid		**(0.2)**	(0.4)
		427.1	368.0
Cash flow from investing activities			
Loan to subsidiary	7	**(500.1)**	–
		(500.1)	–
Cash flow from financing activities			
Dividends paid		**(436.6)**	(313.0)
Share repurchase		**–**	(43.9)
Issue of bond	8	**500.1**	–
		63.5	(356.9)
Net (decrease)/increase in cash and cash equivalents		**(9.5)**	11.1
Cash and cash equivalents at the beginning of the year		**14.4**	3.3
Cash and cash equivalents at the end of the year		**4.9**	14.4

Lewis Group Limited:

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2026

1. ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis and in accordance with IFRS Accounting Standards as issued by the IASB and the requirements of the Companies Act. The accounting policies used in the preparation of these financial statements are set out as follows in the consolidated annual financial statements:

	Note reference
Borrowings	8.1
Share capital and premium	16.4
Trade payables, other payables and provisions	18
Share-based payments	20.3
Taxation	21
Interest in subsidiary	23

The Company holds the following financial instruments:

	Note reference
Amounts due to subsidiary	6
Loan to subsidiary	7
Interest-bearing borrowings	8
Cash-on-hand and deposits	11
Trade payables and accruals	

2. REVENUE – INVESTMENT INCOME

	2026 Rm	2025 Rm
Dividends received from subsidiary – Lewis Stores Proprietary Limited	436.6	376.2
	436.6	376.2

Accounting policy

Investment income is recognised as follows:

- Dividends are recognised when the right to receive payment is established.

Interest received in prior year has been reclassified to net finance income. Refer note 4.

3. OPERATING PROFIT

	2026 R'000	2025 R'000
Stated after:		
Audit fees – current year	169.0	149.9
Directors' fees (refer note 20.2 to the consolidated annual financial statements)	6 891.0	6 421.0

4. NET FINANCE INCOME

	2026 Rm	2025 Rm
Interest received	21.4	1.4
Bank	0.9	1.4
Loan to subsidiary	20.5	–
Interest expense	(20.5)	–
Bond	(20.5)	–
	0.9	1.4

Accounting policy

Interest received on financial assets is recognised using the effective interest rate method on the assets.

5. TAXATION

	2026 Rm	2025 Rm
Taxation	**0.2**	0.4
The rate of taxation on profit is reconciled as follows:		
Profit before taxation	**422.9**	364.6
Taxation calculated at a tax rate of 27%	**114.2**	98.4
Exempt income (dividends received)	**(117.9)**	(101.5)
Disallowed expenses	**3.9**	3.5
Taxation per statement of comprehensive income	**0.2**	0.4

6. INTEREST IN SUBSIDIARY

	2026 Rm	2025 Rm
Shares at cost	**2 800.0**	2 800.0
Capital contribution for share-based payments	**400.6**	350.9
Interest in subsidiary	**3 200.6**	3 150.9
Amounts due to subsidiary	**(22.7)**	(18.2)
Total interest in subsidiary	**3 177.9**	3 132.7

Full details are provided in note 24 in the consolidated annual financial statements.

7. LOAN TO SUBSIDIARY

The following loan is made to Lewis Stores (Pty) Ltd:	2026 Rm	2025 Rm
Long-term	**500.1**	–

The commercial terms of the loan will mirror the applicable terms of the notes issued under the Domestic Medium-Term Note programme. Refer note 8.

No impairment of the loan to the subsidiary is required, as the subsidiary has sufficient reserves and liquidity to settle the loan. The carrying value approximates the fair value.

8. DOMESTIC MEDIUM-TERM NOTE ("DMTN") PROGRAMME

The Group has established a DMTN programme under which notes of up to R2 billion can be issued. On 30 September 2025, the Group issued a three-year, R500 million floating rate note through a private placement. The bond was issued at an interest rate equivalent to three-month JIBAR plus a margin of 135 basis points and has a maturity date of 30 September 2028. Full details are provided in note 8.1 in the consolidated annual financial statements.

Lewis Stores (Pty) Ltd guarantees the bond facility held by Company to the value of R500 million. The Company remains primarily responsible for the repayment of the bond.

9. SHARE CAPITAL AND PREMIUM

	2026 Rm	2025 Rm
Authorised		
150 000 000 (2025: 150 000 000) ordinary shares of 1c each	**1.5**	1.5
Issued		
52 159 288 (2025: 52 159 288) ordinary shares of 1c each	**1.0**	1.0
Share premium	**1 074.1**	1 074.1
Total share capital and premium	**1 075.1**	1 075.1

10. CASH UTILISED IN OPERATIONS

	2026 Rm	2025 Rm
Operating profit	**422.0**	363.2
Dividends received	**(436.6)**	(376.2)
(Decrease)/Increase in trade and other payables	**(0.1)**	0.4
Increase in amounts due to subsidiary	**4.5**	3.4
	(10.2)	(9.2)

11. CASH-ON-HAND AND DEPOSITS

	2026 Rm	2025 Rm
At amortised cost	**4.9**	14.4

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit ratings of the financial institutions holding deposits on our behalf and those whose securities we hold are monitored on a regular basis. Deposits are placed with high-quality South African institutions.

The Moody's credit rating and maximum exposure to credit risk for deposits per institution is detailed in the table below:

	2026		2025		2026	2025
Financial institutions	**Long-term**	**Short-term**	Long-term	Short-term	**Rm**	Rm
FirstRand Bank	**Baa3**	**P-3**	Baa3	P-3	**4.9**	14.4
Total					**4.9**	14.4

The credit risk for cash is recognised as stage 1 with no movement between stages. No amount for 12-month ECL has been recognised as the amount is immaterial.

Fair value

The fair value of deposits approximates its carrying value as it is linked to market-related interest rates.

12. GUARANTEES

The Company guarantees revolving credit facilities to the value of R1 billion (2025: R700 million) for its subsidiaries at various financial institutions. Based on a review of the cash flows forecast for the 2027 and 2028 financial year, no ECL was recognised on these guarantees. The guarantees have been disclosed as part of the Company's liquidity risk below.

Credit risk

While the maximum credit risk is the full extent of the facilities that the Company guarantees, there is no exposure at year end as the facilities are undrawn. Full details of the facilities are provided in note 8.1 in the consolidated annual financial statements.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed facilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding through the use of committed facility lines. Management monitors the Group's cash flows through the monitoring of actual inflows and outflows against forecast cash flows and the utilisation of borrowing facilities. A quarterly analysis is presented to the audit committee. The Company's liquidity needs are catered for under the Group's central treasury function through the receipt of dividends declared from cash reserves by its subsidiaries.

12. GUARANTEES CONTINUED

Maturity profile of financial assets

The maturity profiles of financial assets are as follows:

	0 to 12 months Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 5 years Rm	>5 years Rm	Total Rm
2026						
Loan to subsidiary	**0.1**	**–**	**500.0**	**–**	**–**	**500.1**
Cash-on-hand and deposits	**4.9**	**–**	**–**	**–**	**–**	**4.9**
	5.0	**–**	**500.0**	**–**	**–**	**505.0**
2025						
Cash-on-hand and deposits	14.4	–	–	–	–	14.4
	14.4	–	–	–	–	14.4

Maturity profile of financial liabilities

The maturity profiles of undiscounted financial liabilities are as follows:

	0 to 12 months Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 5 years Rm	>5 years Rm	Total Rm
2026						
Interest-bearing borrowings	**(0.1)**	**–**	**(500.0)**	**–**	**–**	**(500.1)**
Trade payables and accruals	**(2.6)**	**–**	**–**	**–**	**–**	**(2.6)**
Amounts due to subsidiary	**(22.7)**	**–**	**–**	**–**	**–**	**(22.7)**
Financial guarantees[1]	**(1 000.0)**	**–**	**–**	**–**	**–**	**(1 000.0)**
	(1 025.4)	**–**	**(500.0)**	**–**	**–**	**(1 525.4)**
2025						
Trade payables and accruals	(2.7)	–	–	–	–	(2.7)
Amounts due to subsidiary	(18.2)	–	–	–	–	(18.2)
Financial guarantees[1]	(700.0)	–	–	–	–	(700.0)
	(720.9)	–	–	–	–	(720.9)

[1] *This represents the maximum potential exposure to credit risk under financial guarantee contracts. At year end, R850 million has been utilised (2025: Rnil).*

13. RELATED PARTY

	2026 Rm	2025 Rm
Amounts due to subsidiary[1]		
Lewis Stores (Pty) Ltd	**22.7**	18.2
Loan to subsidiary[2]		
Lewis Stores (Pty) Ltd	**500.1**	–

[1] *Amounts due have no fixed terms of repayment and are interest-free.*

[2] *Loan to subsidiary is repayable on the bond's maturity date of 30 September 2028.*

Lewis Group Limited:

SHAREHOLDERS' INFORMATION

as at 31 March 2026

Shareholders' spread as at 31 March 2026

	Number of shareholders Total	%	Number of shares Total	%
1–1 000 shares	4 235	79.20	614 766	1.18
1 001–10 000 shares	794	14.85	2 646 413	5.07
10 001–100 000 shares	234	4.38	7 207 707	13.82
100 001–1 000 000 shares	74	1.38	22 769 454	43.65
1 000 001 shares and over	10	0.19	18 920 948	36.28
Total	5 347	100.00	52 159 288	100.00

Distribution of shareholders as at 31 March 2026

	Number of shareholders Total	%	Number of shares Total	%
Public:	5 341	99.88	49 786 012	95.46
Banks and brokers	47	0.88	14 653 432	28.09
Unit Trusts/Mutual Funds	88	1.65	15 699 943	30.10
Retirement and Pension Funds	112	2.09	6 523 740	12.51
Other	5 094	95.26	12 908 897	24.76
Non-public:	6	0.12	2 373 276	4.54
The Lewis Employee Incentive Scheme Trust	1	0.02	512 622	0.98
Directors:				
Lewis Group Limited				
Direct	2	0.04	898 385	1.72
Indirect	3	0.06	304 794	0.58
Lewis Stores Proprietary Limited				
Direct	2	0.04	398 162	0.76
Indirect	2	0.04	259 313	0.50
	5 347	100.00	52 159 288	100.00

Lewis Group Limited:

SHAREHOLDERS' INFORMATION CONTINUED

as at 31 March 2026

Major shareholdings as at 31 March 2026

According to the Company's register of disclosures of beneficial interests made by registered shareholders acting in a nominee capacity, and the disclosures made by fund managers in terms of section 56 of the Companies Act of 2008, the following entities owned in excess of 5% of the Company's shares as at 31 March 2026:

	Number of shares Total	%
Beneficial shareholders:		
Coronation Fund Managers (SA)	7 599 577	14.57
Sanlam Securities (SA)	3 899 453	7.48
Peregrine Capital (SA)	2 929 130	5.62
By fund manager:		
Coronation Fund Managers (SA)	12 682 363	24.31
Sanlam Securities (SA)	3 899 453	7.48
Peregrine Capital (SA)	3 233 522	6.20

	Number of shareholders		Number of shares	
Geographical analysis of shareholders:	Total	%	Total	%
Beneficial shareholders:				
South Africa	5 192	97.10	45 738 991	87.69
United States of America and Canada	23	0.43	2 977 248	5.71
United Kingdom	14	0.26	1 867 518	3.58
Europe	12	0.22	767 103	1.47
Rest of World	106	1.99	808 428	1.55
	5 347	100.00	52 159 288	100.00
By fund manager:				
South Africa	5 195	97.16	46 056 091	88.30
United States of America and Canada	23	0.43	2 977 248	5.71
United Kingdom	14	0.26	1 867 518	3.58
Europe	11	0.21	462 711	0.89
Rest of World	104	1.94	795 720	1.52
	5 347	100.00	52 159 288	100.00

Appendix A
AUDIT COMMITTEE PROFILES

DAPHNE MOTSEPE (69)

BCompt, MBA
Independent non-executive director
Chairperson of the audit and risk committees; Member of the remuneration, nominations, and social, ethics and transformation committees.

Appointed as director on 1 June 2017

Directorships

Truworths International Ltd, Kapela Holdings (Pty) Limited, NEC XON Holdings (Pty) Limited, Toyota Tsusho Africa and CFAO Motors South Africa (Pty) Limited.

Experience and expertise

Finance, banking, governance and leadership

Daphne was formerly the chief executive of card and unsecured lending at Absa Bank and also served as managing director of Postbank. She previously served as a non-executive director of Investec Bank, Highveld Steel and Vanadium, Edcon, Mercantile Bank, Woolworths Financial Services, Rand Mutual Assurance and Thebe Investment Corporation.

Specific contribution to the Board

Daphne's experience includes serving as chairperson of the remuneration as well as social, ethics and transformation committees of other Boards and serving as a member of the audit, risk and nominations/directors affairs committees.

BRENDAN DEEGAN (64)

BCom, CA(SA)
Independent non-executive director
Member of the audit, risk, remuneration and nomination committees.
Appointed as director on 15 August 2022

Directorships

Truworths International Ltd and Monarch Insurance Company Limited.

Expertise and experience

Accounting, finance, governance, assurance and risk

Brendan is a former partner of PricewaterhouseCoopers (PwC) in South Africa. His roles at PwC included head of the South Africa and Africa audit/assurance practices, chair of the Africa governance board and head of the global internal audit practice. He was involved with and advised many large multinational companies over a number of years.

Specific contribution to the Board

Brendan is an experienced accountant and former auditor with expertise in financial reporting, leadership and governance, and assurance and risk.

TAPIWA NJIKIZANA (50)

BCompt (Hons), CTA, CA(SA), JSE Registered IFRS Advisor
Independent non-executive director
(Zimbabwean)
Member of the audit, risk, remuneration and nominations committees.
Appointed as director on 19 August 2019

Directorships

W.consulting SA (Pty) Ltd, Sasfin Holdings Limited and Sasfin Bank Limited.

Experience and expertise

Accounting, financial reporting and consulting

Tapiwa is an executive director at W.consulting SA (Pty) Limited. He previously served as a non-executive director on the Board of Iliad Africa Limited and Mercantile Bank Holdings Limited.

He was recognised for his contribution to the consulting industry receiving the "Top Consulting Professional" at the Sanlam South African Professional Services Awards.

Tapiwa held roles in leading industry bodies and committees including being a member of the Accounting Practice Committee of SAICA, and as a member of the Financial Reporting Investigation Panel of the JSE.

Specific contribution to the Board

Tapiwa is an experienced non-executive director with expertise in the financial services sector, including experience chairing audit and technology committees for other entities, as well as experience on the remuneration and nominations committees of Lewis Group.

Appendix B

AUDIT COMMITTEE MEETING ATTENDANCE

The committee held five meetings during the year.

	2025/2026 Audit committee meeting attendance
Non-executive directors	
D Motsepe*[1]	5
Prof. F Abrahams[2]	4
A Bodasing[2]	5
B Deegan[1]	5
T Njikizana[1]	5
H Saven[2]	5
Executive directors	
J Enslin[2]	5
J Bestbier[2]	5

* *Chairperson.*

(1) *Attended as a member throughout the year.*

(2) *Attended as an invitee throughout the year.*

CORPORATE INFORMATION

LEWIS GROUP LIMITED	
Independent non-executive directors:	Hilton Saven (Chairman) Prof. Fatima Abrahams Adheera Bodasing Brendan Deegan Daphne Motsepe Tapiwa Njikizana Mholi Shandu (appointed 01 April 2026)
Executive directors:	Johan Enslin (Chief executive officer) Jacques Bestbier (Chief financial officer)
Company secretary:	Marisha Gibbons
Transfer secretaries:	Computershare Investor Services Proprietary Limited Level 1 and 2 Rosebank Towers 15 Biermann Avenue Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132)
Auditors:	Ernst & Young Inc.
Sponsor:	The Standard Bank of South Africa Limited
Debt sponsor:	Absa Corporate and Investment Bank, a division of Absa Bank Limited
Registered office:	53A Victoria Road, Woodstock, 7925
Registration number:	2004/009817/06
Share code:	LEW
ISIN:	ZAE 000058236
Debt issuer code:	LEWI

Lewis Group Ltd

www.lewisgroup.co.za