**LEWIS GROUP LIMITED**

*(Incorporated in South Africa with limited liability under Registration Number 2004/009817/06)*

# ISSUER DISCLOSURE DOCUMENT

7 May 2025

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## RISK FACTORS

*Words used in this section entitled "Risk Factors" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

*The Issuer believes that the factors described below, which are ordered from most to least significant, represent key risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Some risks are not yet known and some that are not currently deemed material could later turn out to be material. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding of any Notes are exhaustive.*

*All of these risks could materially affect the Group, its reputation, business, results of its operations and overall financial condition.*

*The information set out below is therefore not intended as advice and does not purport to describe all of the considerations that may be relevant to a prospective investor.*

*Investors contemplating making an investment in the Notes should determine their own investment objectives and experience, and any other factors which may be relevant to them in connection with such investment.*

### RISK ASSOCIATED WITH THE NOTES

### 1. RISKS RELATING TO THE ISSUER'S BUSINESS

Key potential risks facing the business

1.1. The board is responsible for the oversight of the risk management process and has delegated specific responsibility to the risk committee. The committee is responsible for ensuring the Group has implemented an effective policy and plan for risk, and that disclosure regarding risk is comprehensive, timely and relevant.

1.2. A dedicated chief risk officer is responsible for the risk management process to identify, assess and manage potential risks and opportunities that may affect group strategies and objectives. The risk management framework includes the risk management policy, risk appetite, relevant responsibilities and the risk management plan.

1.3. The Risk Working Group ("**RWG**") is responsible for designing and implementing the risk management process and monitoring ongoing progress. Senior executives and line management within each business unit are accountable for managing risk in achieving their financial and operating objectives.

1.4. The focus of the risk management process is on strategic and key operational risks. These include the risk of loss resulting from inadequate or failed internal processes or losses resulting from external events. A top-down approach is applied by the business units in the Group in assessing the risks twice a year. The RWG reviews the registers with a focus on:

1.4.1. completeness of risks identified across the Group;

1.4.2. causes of the risks;

1.4.3. the residual risk ratings;

1.4.4. the tolerance levels based on the risk indicators; and

1.4.5. the need for further management action.

1.5. The RWG also develops the risk appetite and obtains board approval through the risk and audit committees. Senior executives and line management are responsible for implementing the risk appetite and reporting any material deviations above the approved threshold limits.

1.6. The risks identified by the business units are consolidated by category of risk into a group register and the results of the group risk assessment are reported to the Risk Committee of the Group and the Audit and Risk Committee of Monarch Insurance.

1.7. The group’s external insurance and self-insurance programmes cover a wide range of risks. The insurance levels and insured events are reviewed annually to ensure adequate cover and amended after taking into account changed processes and emerging risks.

1.8. A summary of our material issues, related risks and risk mitigation factors are presented in the following table:

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| **Retail trading environment** | |
| **The macroeconomic environment in South Africa has a significant impact on the Group’s operations and the weak trading conditions impact both sales and collections across the trading brands.** | |
| **RELATED RISKS** | **RISK MITIGATION** |
| ▪ Constrained consumer spending and fragile consumer sentiment as a result of weak economic conditions, including higher borrowing costs<br>▪ Consumer spending declining further due to persistently high unemployment rates which impact the Group’s target market<br>▪ Load shedding and constrained utility supply limiting the ability of stores to trade and adversely impacting economic growth | ▪ The Group’s business model has proven resilient through all economic cycles, while the current executive team has led the business through several downturns and disruptive events<br>▪ The Group’s robust balance sheet provides protection against the current economic headwinds |

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| ▪ Political uncertainty and social instability in the aftermath of the general elections poses a major threat to trading, while related civil unrest could impact the safety of customers and employees<br>▪ Civil disruption causing damage to property which results in physical and business interruption losses | ▪ Social relief grants extended and increased<br>▪ Back-up and alternate power solutions at stores limits the impact of load shedding on trading<br>▪ Business continuity across the Group is reviewed and enhanced on an ongoing basis<br>▪ The wide geographic distribution of the store base mitigates the negative impact on trading that could result from civil unrest<br>▪ Adequate business insurance cover which is reviewed annually |

| **Global and local supply chain challenges** | |
|---|---|
| **Global and local supply chain challenges can impact the production and transportation of merchandise and the consistency of supply to stores and customers, while higher supply chain costs can adversely impact margins.** | |
| **RELATED RISKS** | **RISK MITIGATION** |
| ▪ Climate change, including the increase in extreme weather events and water scarcity, impacting continuity of supply<br>▪ Increased working capital costs to hold higher levels of stock as a buffer against supply chain disruptions<br>▪ Load shedding impacting on the ability of suppliers to meet their order obligations<br>▪ Lack of availability of raw materials impacting imports and locally produced merchandise<br>▪ Volatility in sea freight costs affecting imports and rail freight costs impacting transport from local ports<br>▪ Industrial action or civil unrest affecting the production, warehousing and transportation of merchandise | ▪ The Group adopted a strategy of holding higher stock levels when necessary to counter ongoing challenges in the supply chain and ensure adequate stock to meet customer demand.<br>▪ Earlier placement of orders to enable timeous delivery of imported and local merchandise<br>▪ Products are sourced from a wide range of local and international suppliers which enables the Group to increase localisation if required<br>▪ Broader range of shipping lines and service providers used in the supply chain<br>▪ Financial support, in the form of supplier development loans, provided to local suppliers to assist with increased costs of production |

| Credit risk management | |
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| **Effective credit risk management aims to optimise the quality of the debtors' book by reducing debtor costs through improved collections and lower bad debts.** | |
| **RELATED RISKS** | **RISK MITIGATION** |
| ▪ Inability to manage credit risk effectively could result in higher bad debts, slower collections, limited new account growth and fewer customers being able to buy on credit<br>▪ External factors including weak economic conditions in the countries of operation, high levels of unemployment, industrial action and civil unrest impact on the Group's ability to maintain the optimal quality of the debtors' book | ▪ Refining credit risk policies and rules to mitigate risks<br>▪ Ensuring continued focus on collections productivity and efficiency to increase collection rates and reduce bad debts<br>▪ Strategy to convert more customers to the debit order payment platform supports collections<br>▪ Focus on increasing the number of satisfactory paying customers |

| Cyber risk | |
|---|---|
| **Leading information technology systems are critical to protect the Group against the threat of cyber-crime and limit the risk of breaches of data security and customer privacy, and avoid business interruption due to the unavailability of key operating systems.** | |
| **RELATED RISKS** | **RISK MITIGATION** |
| ▪ Cyber risk could result in the breach of personal information, identity theft, loss of intellectual property and financial loss<br>▪ Legal liability and reputational damage arising from breaches in cyber security<br>▪ Business interruption owing to the unavailability of main operating systems and disruption to critical services could impact on revenue and profitability<br>▪ Loss of data as a result of the exposure of systems to mobile devices and other interfacing systems<br>▪ Unauthorised access to sensitive corporate data and customers' personal information<br>▪ Increased security risk from remote working and learning | ▪ Monitor IT governance processes across the business through the IT steering committee<br>▪ Regularly update the risk committee on IT-related risks and mitigation plans<br>▪ Continued investment in cyber security<br>▪ Maintain and enhance the Group's information security management system<br>▪ Implement policies to address data security risks and cyber security solutions<br>▪ Implement advanced artificial intelligence and machine learning technology to allow for the detection of irregular human and machine behaviour which may indicate a possible security event<br>▪ Implement autonomous response technology that determines the appropriate response to attacks<br>▪ Ongoing, proactive penetration testing and vulnerability scanning of both |

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| | internal and externally facing network security devices and applications<br>▪ Ongoing information security awareness campaign for staff to raise awareness of evolving cyber threats<br>▪ Adequate cyber insurance cover<br>▪ Continuously review and enhance disaster recovery plans across the Group |

| **People Risk – Attraction and Retaining of Human Capital** | |
|---|---|
| **Attracting, motivating and retaining scarce and skilled retail and financial services talent is key to the sustainability of the Group and the delivery of its strategic objectives.** | |
| **RELATED RISKS** | **RISK MITIGATION** |
| ▪ Inability to attract, motivate, develop and retain competent people<br>▪ Skills shortage in retail and financial services sectors increases employee mobility<br>▪ Loss of key people and challenge of attracting and retaining staff in current climate<br>▪ Incentive schemes not attractive owing to share price underperformance affecting the value of long-term incentive schemes<br>▪ High levels of staff turnover | ▪ Ensure remuneration packages for key staff are competitive and externally benchmarked<br>▪ Improved recruitment and selection practices and appoint internal succession candidates to vacant posts where possible<br>▪ Enhance transformation through the development of black employees to further improve diversity at all levels in the Group<br>▪ Continued investment in training and development as well as leadership development for employment equity candidates<br>▪ Enhance mentoring and coaching programmes |

| **Regulation** | |
|---|---|
| **Ensuring compliance with relevant legislation and regulation and limit impact of legislative changes on margins and profitability.** | |
| **RELATED RISKS** | **RISK MITIGATION** |
| ▪ Legal sanctions for regulatory non-compliance could result in material financial loss and reputational damage<br>▪ Changes in legislation and regulation could adversely affect margins and profitability | ▪ Monitor compliance with regulations and legislation through in-house legal and compliance teams<br>▪ Implement mitigation measures and disciplinary processes implemented to ensure regulatory compliance |

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| ▪ Inability to respond effectively to ongoing regulatory changes | ▪ Engage with regulators on proposed legislative changes<br>▪ Ensure business is operating efficiently and identify alternate sources of revenue should legislative changes impact margins and profitability<br>▪ Focus on complying with licencing and related requirements of applicable legislation. |

| **Capital management** | |
|---|---|
| **Efficient management of capital, financial risks and liquidity is key to the Group's financial stability and to improving returns to shareholders.** | |
| **RELATED RISKS** | **RISK MITIGATION** |
| ▪ Inefficient capital management could impact on profitability and returns to shareholders<br>▪ Volatility of exchange rate impacting on margin, pricing and merchandise planning | ▪ Ensure efficient allocation of and access to capital at all times<br>▪ Continued investment in organic growth and in the debtors' book<br>▪ Return capital to shareholders through dividend payments<br>▪ Continue the share buy-back programme<br>▪ Manage borrowing levels within risk appetite, and within the targeted range communicated to shareholders<br>▪ Manage currency exposure and risk, and hedge against currency fluctuations |

## 2. RISKS RELATING TO THE ISSUER'S INDUSTRY

Risks relating to the Issuer's industry include the material issues and risks table under point 1 above.

## 3. RISKS RELATING TO SOUTH AFRICA

Risks relating to emerging markets

3.1. South Africa is an emerging market with significant socio-economic challenges. Investors in emerging markets such as South Africa should be aware that these markets carry risks which are different from those which apply to investment in more developed markets. These risks include economic and financial market volatility which may be exacerbated by global economic volatility, as well as, in some cases, significant legal and political risks.

3.2. Economic and financial market instability in South Africa has been caused by many different factors, including:

3.2.1. high interest rates;

3.2.2. high levels of inflation;

3.2.3. exchange rate volatility;

3.2.4. exchange controls;

3.2.5. commodity price fluctuations;

3.2.6. industrial action;

3.2.7. the slowdown in the economic activity of its trading partners;

3.2.8. wage and price controls;

3.2.9. changes in economic and tax policies;

3.2.10. the imposition of trade barriers;

3.2.11. wide current account deficit;

3.2.12. capital outflows;

3.2.13. perceived or actual internal security issues; and

3.2.14. general social, economic and business conditions.

3.3. Any of these factors, amongst others, as well as volatility in the markets for securities similar to the Notes, may adversely affect the value or liquidity of the Notes.

3.4. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and prospective investors are urged to consult with their own legal and financial advisers before making an investment in the Notes/Securities.

3.5. Investors should also note that developing markets, such as South Africa, are subject to rapid change and that the information set out in this document may become outdated relatively quickly.

3.6. Additional risks relating to South Africa have been included in the material issues and risks table included under point 1 above.

4. **THE NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS**

4.1. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

4.1.1. have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;

4.1.2. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;

4.1.3. have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

4.1.4. understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

4.1.5. be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

4.2. The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial and legal advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

4.3. <u>Certain Notes may be held in the CSD</u>

4.3.1. Each Tranche of Notes listed on the JSE, may be issued in registered uncertificated form and will be held in the Central Securities Depository ("**CSD**"). The Noteholders of such Notes must rely on the procedures of the JSE and the CSD for transfer, payment and communication with the Issuer. Except in the circumstances described in the Terms and Conditions, the Noteholders of such Notes will not be entitled to receive Individual Certificates.

4.3.2. The CSD would maintain records of the Beneficial Interests in Notes held in the CSD. While Notes are held in the CSD, the holders of Beneficial Interests in such Notes will be able to trade their Beneficial Interests in such Notes only through the CSD. While Notes are held in the CSD, the Issuer will discharge its payment obligations under such Notes by making payments to or to the order of the CSD's Nominee (as the registered holder of such Notes), for distribution, via the CSD Participants, to the holders of Beneficial Interests in such Notes. A holder of a Beneficial Interest in Notes must rely on the procedures of the CSD and CSD Participants to receive payments under such Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, Beneficial Interests.

## 5. THERE IS NO ACTIVE TRADING MARKET FOR THE NOTES

The Notes issued with the Programme Memorandum will be new securities which may not be widely distributed and for which there is currently no active trading market. While application may be made for the Notes to be traded on the JSE or on such other Financial Exchange(s) as may be determined by the Issuer, there can be no assurance that the Issuer will be able to maintain such listing or that a trading market will develop for the Notes. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general political and economic conditions, the condition of the financial sector, the financial condition of the Issuer, the Issuer's financial performance and future prospects.

## 6. THE NOTES MAY BE REDEEMED PRIOR TO MATURITY

6.1. In the event that the Issuer is obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any taxes, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

6.2. In addition, if the Terms and Conditions provide that Notes are in certain circumstances redeemable prior to the Maturity Date, the Notes may be redeemed at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

## 7. UNLISTED NOTES

The Issuer may issue unlisted Notes under the Programme. Unlisted Notes will not be regulated by the JSE or any other Financial Exchange.

## 8. MODIFICATION, WAIVERS AND SUBSTITUTIONS

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

## 9. RISKS RELATED TO NOTES GENERALLY

### 9.1. Change of law

No assurance can be given as to the impact of any possible judicial decision or change to South African law or the law of any other jurisdiction or administrative practice after the listing of the Notes.

### 9.2. Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### 9.3. Foreign Exchange Control

Foreign derived loan capital or equity capital may be introduced into South Africa through a formal system of Exchange Control as summarised in the section entitled "*South African Exchange Control*" of this Programme Memorandum. However, unless the prior approval of the South African Reserve Bank has been obtained, the proceeds from the sale of assets in South Africa owned by a non-resident are not remittable to the non-resident.

## 10. FINANCIAL MARKETS

A prospective investor of the Notes should be aware of the prevailing and widely-reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary markets for instruments similar to the Notes. The Issuer cannot predict if and when these circumstances will change, and if and when they do, whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in future.

## DESCRIPTION OF THE ISSUER AND THE INITIAL GUARANTOR

### 1. THE ISSUER

1.1. The Issuer, Lewis Group Limited *(Incorporated in South Africa with limited liability under Registration Number 2004/009817/06)*, is a South African public company, with its head office in Cape Town, founded in 1934 and listed on the JSE on 19 April 2004. The Issuer complies with the provisions of the Companies Act, and at all times complies in all material aspects with and is acting in conformity with its constitutional documents.

1.2. The Issuer holds 100% (one hundred percent) of the shares in Lewis Stores (Pty) Ltd ("**Lewis Stores**"). This entity is the Initial Guarantor to the Programme.

1.3. The Issuer's operations are carried out by its operating subsidiaries, the 2 (two) most significant of which are Lewis Stores (Pty) Ltd and Monarch Insurance Company Ltd.

1.4. Lewis Stores is the entity which contains the core operational part of the Issuer's business being the retail of household furniture, electrical appliances and home electronics, sold on credit through the Lewis, Best Home and Electric, Beares and Bedzone brands as detailed below. In addition, the Issuer has trading subsidiaries in Botswana, Lesotho, Namibia and Eswatini.

### 2. LEGAL STATUS OF THE ISSUER AND GUARANTOR

2.1. <u>Issuer</u>

The Issuer was incorporated on 19 April 2004 under the laws of South Africa and is regulated under the Companies Act. The Issuer is a public company and is listed on the JSE.

The Issuer's financial year end is currently 31 March of each year.

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| Company secretary | Marisha Gibbons |
| Registration number | 2004/009817/06 |
| JSE code | LEW |
| ISIN | ZAE 000058236 |
| Registered office | 53A Victoria Road, Woodstock, 795 |
| Postal address | PO Box 43, Woodstock, 7915 |
| Primary contact | Marisha Gibbons |

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| Contact details of primary contact | 0214604469<br>MarishaG@lewisgroup.co.za |

2.2. Guarantor

The Guarantor, Lewis Stores (Pty) Ltd, was incorporated on 3 October 1946 under the laws of South Africa and is regulated under the Companies Act. The Guarantor is a private company.

The current business operations of the Guarantor comprise the retailing of household furniture and allied services, mainly on credit.

The Guarantor’s financial year end is currently 31 March of each year.

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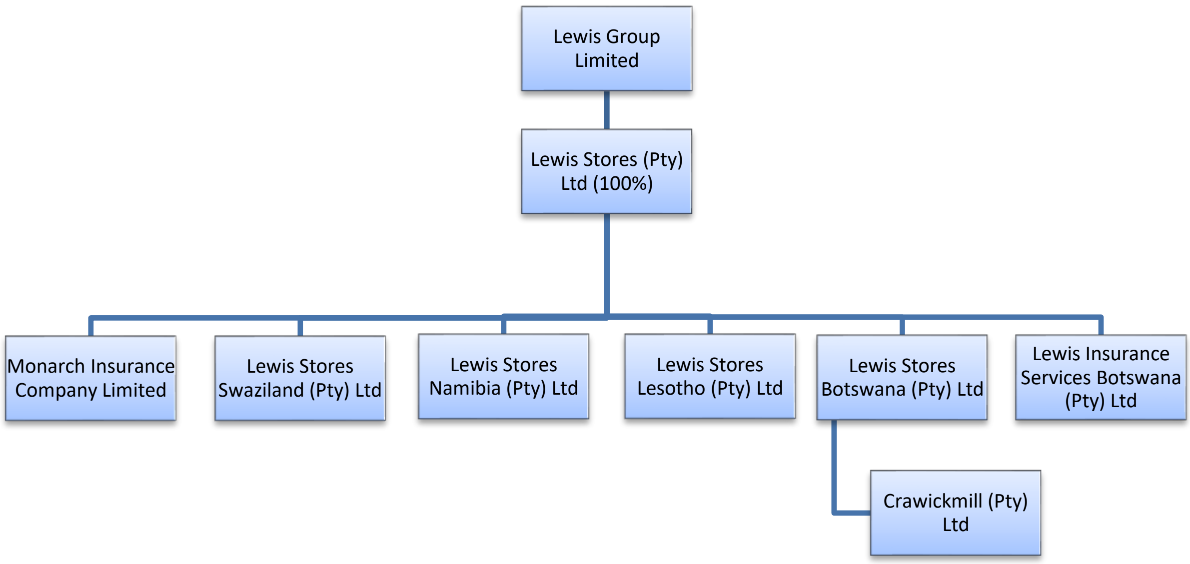
| Company secretary | Marisha Gibbons |
| Registration number | 1946/023387/07 |
| Registered office | 53A Victoria Road, Woodstock, 795 |
| Postal address | PO Box 43, Woodstock, 7915 |
| Primary contact | Marisha Gibbons |
| Contact details of primary contact | 0214604469<br>MarishaG@lewisgroup.co.za |

## 3. OWNERSHIP AND CONTROL



3.1. Board of Directors

In line with the recommendations of the King IV Code of Good Corporate Governance ("**King IV**"), the Group has a unitary board structure consisting of 6 (six) independent non-executive directors and 2 (two) full-time, salaried executive directors. The current composition of the board is as follows:

3.1.1. Independent non-executive directors

3.1.1.1. **Hilton Saven (CA) SA**

3.1.1.1.1. Full names: **Hilton Saven**

3.1.1.1.2. Occupation and/or function, including whether in an executive or non-executive capacity, for example; non-executive chairman, executive chairman, chief executive officer, managing director, financial director, other relevant executive and non-executive director functions/status and the executive functions of all managers specified:

3.1.1.1.2.1. **Independent non-executive chairman**

3.1.1.1.2.2. **Independent non-executive director**

3.1.1.1.2.3. **Chairman of the Nomination Committee. Member of the Risk, Remuneration and Social, Ethics and Transformation Committees**

3.1.1.1.2.4. **Appointed 22 June 2004**

3.1.1.1.2.5. **Appointed as chairman in December 2017**

3.1.1.1.3. Business address: **Universal House, 53 Victoria Road, Woodstock, South Africa**

3.1.1.1.4. Nationality: **South African**

3.1.1.1.5. Current list of all companies of which he is a director: **Balwin Properties Ltd, Lewis Group Limited,**

**Monarch Insurance Company Limited, Graham Power Properties Proprietary Limited, Truworths International Ltd, The Truworths Chairman's Foundation, The Truworths International Share Trust, Kerzfam Investments Proprietary Limited, Kerzner Cape Properties Proprietary Limited, Kerzner Estate (Cape) Proprietary Limited, Kerzner Properties (Hout Bay) Proprietary Limited, Leeukoppie Construction (Pty) Ltd, Newinvest 44 Proprietary Limited, Josalan Investments Proprietary Limited, IMPower Proprietary Limited, Mancraig Trust, N2 Lots Proprietary Limited, Power Group Holdings.**

3.1.1.1.6. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

3.1.1.1.7. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

3.1.1.1.8. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

3.1.1.1.9. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

3.1.1.1.10. Details of any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

3.1.1.1.11. Details of any offence involving dishonesty committed by such person: **None**

3.1.1.1.12. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

3.1.1.1.13. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

3.1.1.1.14. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

3.1.1.1.15. Details of being barred from entry into any profession or occupation: **None**

3.1.1.1.16. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

3.1.1.1.17. Expertise and experience: **Hilton Saven is an experienced company director and Chartered Accountant. He is the former chairperson of Mazars South Africa, an international firm of Accountants as well as the former chairperson**

**of Praxity Alliance, an international alliance of Accounting firms.**

3.1.1.2. **Prof Fatima Abrahams BEcon (Hons), MCom, DCom**

3.1.1.2.1. Full names: **Fatima Abrahams**

3.1.1.2.2. Occupation and/or function, including whether in an executive or non-executive capacity, for example; non-executive chairman, executive chairman, chief executive officer, managing director, financial director, other relevant executive and non-executive director functions/status and the executive functions of all managers specified:

3.1.1.2.2.1. **Independent non-executive director**

3.1.1.2.2.2. **Chairperson of the Remuneration and Social, Ethics and Transformation Committee. Member of the Risk and Nomination Committees**

3.1.1.2.2.3. **Appointed 1 September 2005**

3.1.1.2.3. Business address: **Universal House, 53 Victoria Road, Woodstock, South Africa**

3.1.1.2.4. Nationality: **South African**

3.1.1.2.5. Current list of all companies of which she is a director: **Foschini Limited, Lewis Group Limited, Monarch Insurance Ltd, BP Southern Africa (Pty) Ltd, Marsh (Pty) Ltd, Kantar SA (Pty) Ltd, M And Z Family Trust, Kapela Holdings (Pty) Ltd, Kapela Investment Holdings (Pty) Ltd, Byxicol (Pty) Ltd, Fatima Abrahams Consulting Cc, SA Ubuntu Foundation, Oliver Wyman (Pty) Ltd, Toyota Tshusho Africa (Pty) Ltd, NecXon Holdings (Pty) Ltd, Nec Xon Systems (Pty) Ltd, CFAO Equipment (Pty) Ltd, CFAO Mobility South Africa (Pty) Ltd.**

3.1.1.2.6. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

3.1.1.2.7. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

3.1.1.2.8. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

3.1.1.2.9. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

3.1.1.2.10. Details of any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

3.1.1.2.11. Details of any offence involving dishonesty committed by such person: **None**

3.1.1.2.12. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

3.1.1.2.13. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

3.1.1.2.14. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

3.1.1.2.15. Details of being barred from entry into any profession or occupation: **None**

3.1.1.2.16. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

3.1.1.2.17. Expertise and experience: **Fatima is an academic, experienced company director and a registered industrial psychologist. She is an emeritus professor at the University of the Western Cape, having also served as Dean of the Faculty of economic and management sciences.**

3.1.1.3. **Adheera Bodasing BA, LLB, Intellectual Property Law**

3.1.1.3.1. Full names: **Adheera Bodasing**

3.1.1.3.2. Occupation and/or function, including whether in an executive or non-executive capacity, for example; non-executive chairman, executive chairman, chief executive officer, managing director, financial director, other relevant executive and non-executive director functions/status and the executive functions of all managers specified:

3.1.1.3.2.1. **Independent non-executive director**

3.1.1.3.2.2. **Member of the Risk, Remuneration and Nomination Committees**

3.1.1.3.2.3. **Appointed 1 June 2017**

3.1.1.3.3. Business address: **Universal House, 53 Victoria Road, Woodstock, South Africa**

3.1.1.3.4. Nationality: **South African**

3.1.1.3.5. Current list of all companies of which she is a director: **Lewis Group Limited, Polarity Consulting, La Ficelle (Pty) Ltd, Even Grand Trading 51 CC, Bodasing Nicolas Trust**

3.1.1.3.6. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

3.1.1.3.7. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

3.1.1.3.8. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

3.1.1.3.9. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

3.1.1.3.10. Details of any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

3.1.1.3.11. Details of any offence involving dishonesty committed by such person: **None**

3.1.1.3.12. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

3.1.1.3.13. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

3.1.1.3.14. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

3.1.1.3.15. Details of being barred from entry into any profession or occupation: **None**

3.1.1.3.16. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

3.1.1.3.17. Expertise and experience: **Adheera practised at two of South Africa's leading law firms where she specialised in intellectual property law, gambling law and financial sector law and policy. She headed the legal division of the National Treasury before starting Polarity Consulting which provides legal guidance and advisory services to local and international businesses in highly regulated industries.**

3.1.1.4. **Daphne Ramaisela Motsepe BCompt, MBA**

3.1.1.4.1. Full names: **Daphne Ramaisela Motsepe**

3.1.1.4.2. Occupation and/or function, including whether in an executive or non-executive capacity, for example; non-executive chairman, executive chairman, chief executive officer, managing director, financial director, other relevant executive and non-executive director functions/status and the executive functions of all managers specified:

3.1.1.4.2.1. **Independent non-executive director**

3.1.1.4.2.2. **Member of the Audit, Risk and Nomination, Remuneration and Social, Ethics and Transformation Committees**

3.1.1.4.2.3. **Appointed 1 June 2017**

3.1.1.4.3. Business address: **Universal House, 53 Victoria Road, Woodstock, South Africa**

3.1.1.4.4. Nationality: **South African**

3.1.1.4.5. Current list of all companies of which he is a director: **Lewis Group Limited, Kapela Investment Holdings (Pty) Ltd, NEC XON Holdings (Pty) Ltd, Zensar SA (Pty) Ltd, CFAO Motors South Africa (Pty) Ltd, Toyota Tsusho Africa (Pty) Ltd**

**Truworths International Ltd, CFAO Equipment South Africa (Pty) Ltd**

3.1.1.4.6. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

3.1.1.4.7. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

3.1.1.4.8. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

3.1.1.4.9. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

3.1.1.4.10. Details of any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

3.1.1.4.11. Details of any offence involving dishonesty committed by such person: **None**

3.1.1.4.12. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

3.1.1.4.13. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

3.1.1.4.14. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

3.1.1.4.15. Details of being barred from entry into any profession or occupation: **None**

3.1.1.4.16. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

3.1.1.4.17. Expertise and experience: **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.**

3.1.1.5. **Tapiwa Njikizana CA(SA), JSE Registered IFRS Advisor**

Member of the Audit, Risk, Remuneration, and Nomination

3.1.1.5.1. Full names: **Tapiwa Hudson Njikizana**

3.1.1.5.2. Occupation and/or function, including whether in an executive or non-executive capacity, for example; non-executive chairman, executive chairman, chief executive officer, managing director, financial director, other relevant executive and non-executive director functions/status and the executive functions of all managers specified:

3.1.1.5.2.1. **Independent non-executive director**

3.1.1.5.2.2. **Member of the Audit, Risk, Remuneration and Nomination committees**

3.1.1.5.2.3. **Appointed 19 August 2019**

3.1.1.5.3. Business address: **Universal House, 53 Victoria Road, Woodstock, South Africa**

3.1.1.5.4. Nationality: **Zimbabwean**

3.1.1.5.5. Current list of all companies of which he is a director: **Lewis Group Limited and W.Consulting**

3.1.1.5.6. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

3.1.1.5.7. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

3.1.1.5.8. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

3.1.1.5.9. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

3.1.1.5.10. Details of any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

3.1.1.5.11. Details of any offence involving dishonesty committed by such person: **None**

3.1.1.5.12. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

3.1.1.5.13. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

3.1.1.5.14. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

3.1.1.5.15. Details of being barred from entry into any profession or occupation: **None**

3.1.1.5.16. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

3.1.1.5.17. Expertise and experience: **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 2018. 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**

3.1.1.6. **Brendan Michael Deegan BComm, CA(SA), CA(Ireland)**

Member of the Audit, Risk, Remuneration and Nomination

3.1.1.6.1. Full names: **Brendan Michael Deegan**

3.1.1.6.2. Occupation and/or function, including whether in an executive or non-executive capacity, for example; non-executive chairman, executive chairman, chief executive officer, managing director, financial director, other relevant executive and non-executive director functions/status and the executive functions of all managers specified:

3.1.1.6.2.1. **Independent non-executive director**

3.1.1.6.2.2. **Member of the Audit, Risk, Remuneration and Nomination committees**

3.1.1.6.2.3. **Appointed 15 August 2022**

3.1.1.6.3. Business address: **Universal House, 53 Victoria Road, Woodstock, South Africa**

3.1.1.6.4. Nationality: **Irish**

3.1.1.6.5. Current list of all companies of which he is a director: **Lewis Group Limited, Monarch Insurance Company Limited, Lorato Property Investment Share Block (Pty) Ltd**

3.1.1.6.6. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

3.1.1.6.7. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

3.1.1.6.8. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

3.1.1.6.9. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

3.1.1.6.10. Details of any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

3.1.1.6.11. Details of any offence involving dishonesty committed by such person: **None**

3.1.1.6.12. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

3.1.1.6.13. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

3.1.1.6.14. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

3.1.1.6.15. Details of being barred from entry into any profession or occupation: **None**

3.1.1.6.16. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

3.1.1.6.17. Expertise and experience: **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**

3.1.2. Executive directors

3.1.2.1. **Johan Enslin**

3.1.2.1.1. Full names: **Johan Enslin**

3.1.2.1.2. Occupation and/or function, including whether in an executive or non-executive capacity, for example; non-executive chairman, executive chairman, chief executive officer, managing director, financial director, other relevant executive and non-executive director functions/status and the executive functions of all managers specified:

3.1.2.1.2.1. **Executive director**

3.1.2.1.2.2. **Chief executive officer**

3.1.2.1.2.3. **Member of the Risk and Social, Ethics and Transformation Committee and attends the Audit, Nominations and Remuneration Committees by invitation**

3.1.2.1.2.4. **Appointed as Chief Executive Officer and executive director on 1 October 2009**

3.1.2.1.3. Business address: **Universal House, 53 Victoria Road, Woodstock, South Africa**

3.1.2.1.4. Nationality: **South African**

3.1.2.1.5. Current list of all companies of which he is a director: **Lewis Group Limited, Lewis Stores (Pty) Ltd, Lifestyle Living (Pty) Ltd, Enslin Family Trust, Sonquas Boerdery (Pty) Ltd**

3.1.2.1.6. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

3.1.2.1.7. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

3.1.2.1.8. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

3.1.2.1.9. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

3.1.2.1.10. Details of any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

3.1.2.1.11. Details of any offence involving dishonesty committed by such person: **None**

3.1.2.1.12. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

3.1.2.1.13. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

3.1.2.1.14. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

3.1.2.1.15. Details of being barred from entry into any profession or occupation: **None**

3.1.2.1.16. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

3.1.2.1.17. Expertise and experience: **Johan has 30 years credit furniture retail experience. He joined Lewis Group as a salesman in 1993 and rose rapidly through the ranks, holding positions including branch manager, regional controller, divisional general manager, general manager: operations and operations director of Lewis Stores. He was the Chief operating officer responsible for the retail operations of the Group prior to his appointment as Chief executive officer.**

3.1.2.2. **Jacques Bestbier CA(SA)**

3.1.2.2.1. Full names: **Jacques Bestbier**

3.1.2.2.2. Occupation and/or function, including whether in an executive or non-executive capacity, for example; non-executive chairman, executive chairman, chief executive officer, managing director, financial director, other relevant executive and non-executive director functions/status and the executive functions of all managers specified:

3.1.2.2.2.1. **Executive director**

3.1.2.2.2.2. **Chief financial officer/ Financial Director**

3.1.2.2.2.3. **Member of the Risk Committee and attends the Audit and Risk Committee by invitation.**

3.1.2.2.3. Business address: **Universal House, 53 Victoria Road, Woodstock, South Africa**

3.1.2.2.4. Nationality: **South African**

3.1.2.2.5. Current list of all companies of which he is a director: **Lewis Stores (Pty) Ltd, Jalfa Investments CC, Lewis Group Ltd**

3.1.2.2.6. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

3.1.2.2.7. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

3.1.2.2.8. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

3.1.2.2.9. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

3.1.2.2.10. Details of any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

3.1.2.2.11. Details of any offence involving dishonesty committed by such person: **None**

3.1.2.2.12. Details regarding such person’s removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

3.1.2.2.13. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

3.1.2.2.14. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

3.1.2.2.15. Details of being barred from entry into any profession or occupation: **None**

3.1.2.2.16. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

3.1.2.2.17. Expertise and experience: **Jacques is an experienced chartered accountant with a background in short-term insurance, banking and retail. He joined the Group in 2012 and served as general manager: administration prior to his appointment as Chief financial officer.**

3.1.3. <u>Debt Officer</u>

3.1.3.1. Full names: **Jacques Bestbier**

3.1.3.2. Occupation and/or function, including whether in an executive or non-executive capacity, for example; non-executive chairman, executive chairman, chief executive officer, managing director, financial director, other relevant executive and non-executive director functions/status and the executive functions of all managers specified:

3.1.3.2.1. **Debt Officer**

3.1.3.2.2. **Appointed on 29 October 2020**

3.1.3.3. Business address: **Universal House, 53 Victoria Road, Woodstock, South Africa**

3.1.3.4. Nationality: **South African**

3.1.3.5. Current list of all companies of which he is a director: **Lewis Stores (Pty) Ltd, Jalfa Investments CC, Lewis Group Ltd**

3.1.3.6. Details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person: **None**

3.1.3.7. Details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s): **None**

3.1.3.8. Details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s): **None**

3.1.3.9. Details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event: **None**

3.1.3.10. Details of any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company: **None**

3.1.3.11. Details of any offence involving dishonesty committed by such person: **None**

3.1.3.12. Details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty: **None**

3.1.3.13. Details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the act and/or section 47 of the close corporations act, 1984 (act no. 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the companies act, 1973 (act no. 61 of 1973): **None**

3.1.3.14. Details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement: **None**

3.1.3.15. Details of being barred from entry into any profession or occupation: **None**

3.1.3.16. Details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act: **None**

3.1.3.17. Expertise and experience: **Jacques is an experienced chartered accountant with a background in short-term insurance, banking and retail. He joined the Group in 2012 and served as general manager: administration prior to his appointment as Chief financial officer**

3.1.3.18. Contact details: Jacquesb@lewisgroup.co.za.

3.2. Board of Directors of the Guarantor

3.2.1. Johan Enslin

3.2.2. Waleed Achmat

3.2.3. Jacques Bestbier; and

3.2.4. Denys Marinus Oliphant

## 4. GROUP PROFILE

Lewis Group is a leading retailer of household furniture and electrical appliances through its trading brands Lewis, Best Home and Electric, Beares, Bedzone and United Furniture Outlets (UFO).

Founded in Cape Town in 1934, the Lewis Group has been listed on the JSE Limited since 2004. The group employs over 10000 permanent staff and is a strong supporter of the local furniture manufacturing sector.

The group has 869 stores across all metropolitan areas and in rural South Africa, as well as in neighbouring African countries.

As South Africa's largest furniture chain **Lewis** is a household name in furniture retailing. In the past 15 years the group has expanded its offering beyond the Lewis chain by developing the Best Home and Electric brand and acquiring established retail chains with good growth prospects.

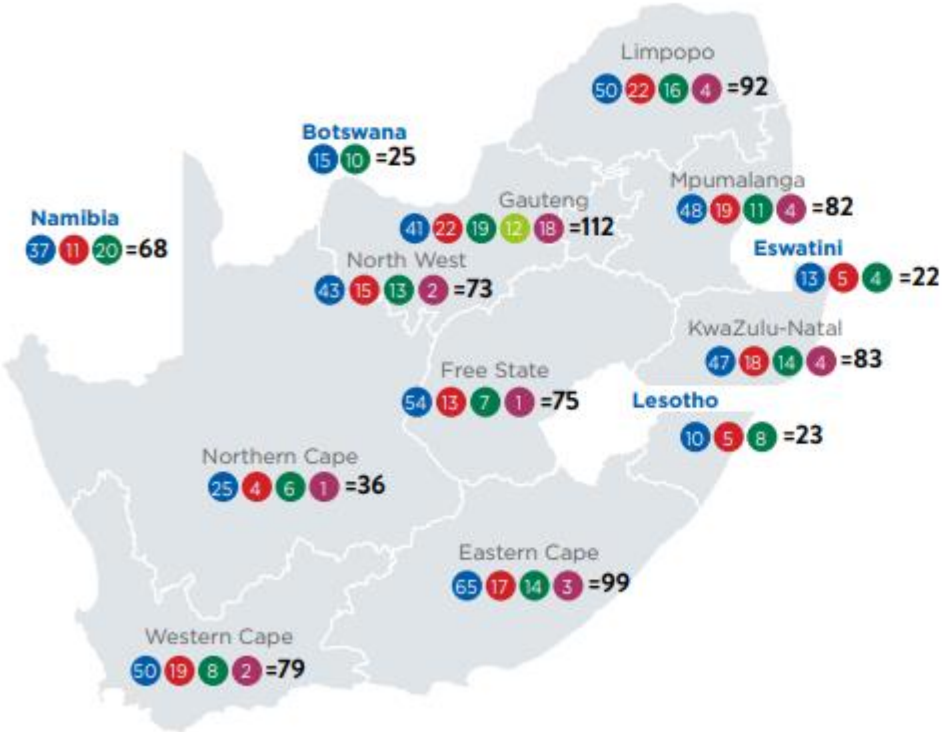
**Best Home and Electric** was established in 2008, selling home appliances as well as furniture ranges.

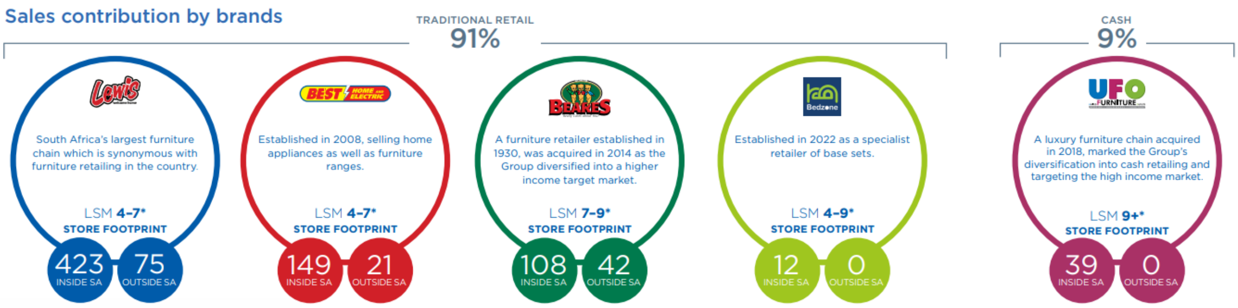
In 2014 the group embarked on a strategy of diversifying across income groups, market segments, retail channels and product mix, acquiring the long-established **Beares** brand.

2018 saw further diversification with the acquisition of **UFO**, a cash retailer of luxury furniture targeting the higher income market.

4.1. Presence outside South Africa

Lewis was one of the first South African retailers to expand into Southern African countries from the late 1960s. In 2016 the group acquired a portfolio of 56 stores in Botswana, Lesotho, Namibia and eSwatini which doubled the store presence outside of South Africa. There are currently 138 stores outside South Africa which collectively accounted for 17.9%% of group sales in the 2024 financial year.




4.2. <u>Credit management</u>

4.2.1. Credit is offered to customers in the traditional retail brands of Lewis, Best Home and Electric, Beares, and Bedzone. Credit is granted centrally at head office to ensure that credit risk policies are consistently applied and to remove subjectivity in the credit granting process. A compliance call centre ensures that the governance and regulatory issues relating to credit contracts are explained to the customers. Stores are responsible for cash collections and payment follow-up with customers, while the introduction of debit orders for account payments further supports the collection strategy.

4.2.2. The group has a credit customer base of 640 000 active customers and credit sales accounted for 66.2% of total sales in the 2024 reporting period.

4.2.3. Customers purchasing merchandise on credit are offered insurance cover through Monarch Insurance Company Ltd, a subsidiary of the Lewis Group, which offers direct insurance in South Africa and reinsurance in Botswana, Lesotho and Eswatini.

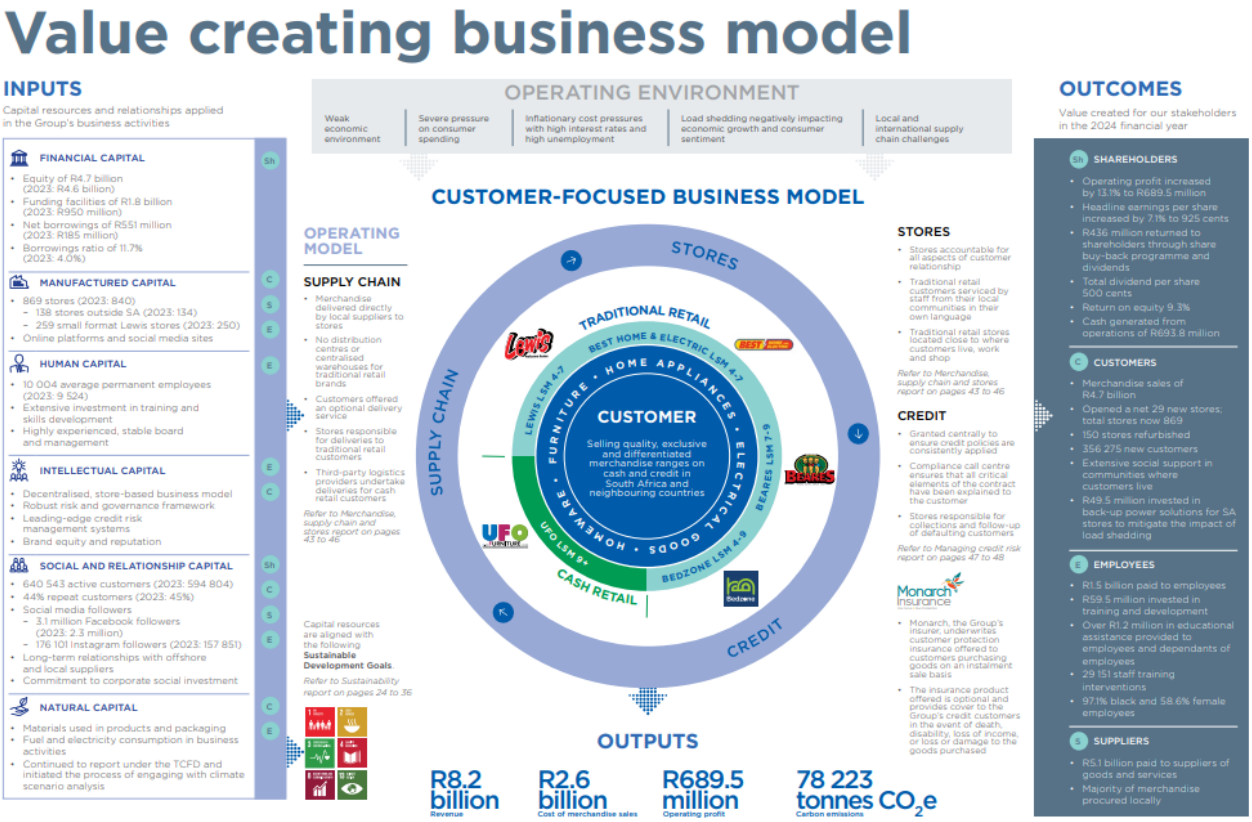
4.3. Customer commitment

The group is committed to service excellence and offering quality, exclusive merchandise. High levels of repeat sales to existing customers are evidence of service satisfaction, trust and customer loyalty. As part of the commitment to service excellence, Lewis strives to be an integral part of the communities in which it operates. Stores are responsible for managing all aspects of the customer relationship. Customers in the traditional retail brands are served by staff from their local communities, in their own languages, with stores being located close to the places where customers live, work and shop. Convenient store locations make it easy for credit customers to pay their accounts in-store and the regular engagement with customers creates further sales opportunities.

4.4. Commitment to sustainability

Lewis Group recognises its responsibility as a business which not only has rights but responsibilities towards society and the environment in which it operates. The Group's activities undertaken in support of this commitment are detailed in the Sustainability Report on page 23 of the Integrated Annual Report.

## 5. BUSINESS MODEL




## 6. STRATEGY AND TARGETS

Lewis Group's strategy is to offer exclusive merchandise to customers across all market segments and income groups in Southern Africa, focusing on the retailing of furniture, home appliances, electronic goods and homewares on credit and cash.

6.1. <u>Expand the credit customer base</u>

6.1.1. Capitalise on the increased consumer demand and appetite for credit

6.1.2. Expand opportunities for customer engagement through social media and online channels

6.1.3. Maintain strict credit granting criteria

6.2. <u>Refine credit collection processes to enhance collection rates</u>

6.2.1. Increase number of customers paying instalments on monthly debit orders

6.2.2. Improve collections on failed debit orders

6.2.3. Increase capacity to follow up on customers who pay instalments in the store

6.3. Attract customers through new merchandise ranges and ensure high levels of stock availability

6.3.1. Invest in strong marketing campaigns

6.3.2. Maintain focus on quality, exclusivity and differentiation of merchandise

6.3.3. Introduce new merchandise ranges

6.3.4. Increase sales of higher margin furniture and appliance product categories

6.4. Expand retail presence through new store openings

6.4.1. Open a net 20 new stores across the traditional retail brands

6.4.2. Continue to expand the Bedzone brand

6.4.3. Expand footprint of smaller format Lewis stores

6.4.4. Continue to refurbish stores

6.5. Improve UFO's performance

6.5.1. Ongoing strict cost management

6.5.2. Introduce exclusive merchandise offerings

6.5.3. Improve social media marketing strategies

6.6. Enhance shareholder returns through efficient capital management

6.6.1. Continue to invest in the growth of the debtors' book through credit sales growth

6.6.2. Continue to return funds to shareholders through dividend payments and the share repurchase programme

6.6.3. Seek shareholder approval at the annual general meeting (AGM) for renewal of share repurchase mandate

6.7. Capitalise on the experience and motivated management team and workforce to unlock value for stakeholders

6.7.1. Capitalise on the Group's positioning and customer loyalty to gain market share

6.7.2. Maintain momentum in credit sales and collections to support future earnings

6.8. <u>Support the sustainability of the business through robust environmental, social and governance practices</u>

6.8.1. Maintain an efficient governance and compliance framework

6.8.2. Ongoing alignment of the sustainability programme with Sustainable Development Goals

6.8.3. Improve B-BBEE rating

6.8.4. Deliver on commitment to improve climate related reporting, utilising the guidance of the Task Force on Climate-related Financial Disclosures (TCFD) framework, by 2025

## FINANCIAL AND OPERATING TARGETS

| | | | TARGETS | | |
|---|---|---|---|---|---|
| STRATEGIC FOCUS AREAS | PERFORMANCE INDICATORS | (%) ACHIEVED 2024 | 2024 | 2025 | MEDIUM-TERM |
| Merchandising and supply chain | Gross profit margin | 43.1 | 40 – 42 | 40 – 42 | 41 – 43 |
| Credit management | Satisfactory paid customers | 81.3 | 77 – 80 | 77 – 80 | 77 – 80 |
| | Debtor costs as a percentage of debtors at gross carrying value | 17.6 | 12 – 16 | 13 – 17 | 12 – 15 |
| Operational management | Operating margin | 14.8 | 12 – 16 | 12 – 16 | 16 – 20 |
| | Increase in operating costs | 5.0 | 6 – 10 | 6 – 10 | 4 – 8 |
| Capital management | Borrowings ratio (gearing excluding lease liabilities) | 11.7 | <10 | <25 | <25 |
| | Gearing ratio – including lease liabilities | 31.7 | <30 | <50 | <50 |

## 7. MERCHANDISE AND BRANDS

7.1. The Group's merchandise strategy is aimed at offering customers differentiated product ranges through innovative sourcing and capitalising on the strength of long-term relationships with local and international suppliers.

7.2. New merchandise ranges are launched frequently across all brands to offer customers ongoing newness. Added-value features and components ensure differentiation and enhance the value of the merchandise.

7.3. In the traditional retail brands which target the lower to middle income groups, the focus is on offering quality, value-for-money merchandise ranges. Products are sourced to meet the specific needs of this customer base.

7.4. UFO offers luxury exclusive furniture to cash customers in the higher income market.

7.5. In the current constrained economic environment sales are increasingly promotionally driven as customers seek value.

7.6. Merchandise offering

7.6.1. Quality, exclusivity and differentiation are the hallmarks of the Group's merchandise ranges.

7.6.2. The merchandise offering covers three core product categories:

7.6.2.1. *Furniture*: Bedroom suites, beds, base sets, mattresses, lounge and dining room suites, wall units and kitchen units. Lounge suites and base sets account for approximately 62.6% of sales in this category.

7.6.2.2. *Appliances*: Refrigerators, freezers, stoves, washing machines, microwave ovens and small electrical appliances, including well-known brands such as Defy, Russell Hobbs, KIC, LG and Kelvinator.

7.6.2.3. *Audiovisual*: Mainly television sets, audio equipment and laptop computers from leading brands Hisense, Sinotec, LG, Panasonic and HP.

7.6.3. In each category the Group follows a sell-up strategy of "good", "better", "best" or "more for less".

7.6.4. Management continues to focus on increasing sales of the higher margin furniture and appliance product categories, while more contemporary lines are offered in each furniture sub-category to attract younger customers.

7.7. Merchandise sourcing

7.7.1. Products are sourced from a wide range of local and international suppliers to ensure that customers are offered exclusive merchandise ranges. Local supply accounted for the majority of the stock purchases in the reporting period.

7.7.2. As a member of Proudly South African, the Group is committed to promoting social and economic change. The Group sources locally by investing and partnering with local manufacturers, making a meaningful contribution to building a better South African economy, alleviating unemployment and retaining existing employment opportunities.

7.7.3. Products are supported by local and overseas after-sales service to ensure qualify standards are maintained. Prior to consignments being dispatched from international suppliers, samples of all imported products are assembled and tested for quality purposes.

7.8. Supply chain and distribution

7.8.1. The Group's supply chain model is based on merchandise being delivered directly by suppliers to stores, supported by leading shipping and logistics providers for imported stock.

7.8.2. As the Group does not operate distribution centres or centralised warehouses for the traditional retail brands, each store has a storage facility which is located close to the store, generally in areas with lower rentals than retail space. This strategy limits the build-up of obsolete stock and reduces markdowns.

7.8.3. Traditional retail stores have dedicated delivery vehicles which enable an average of 90% of deliveries to be completed within 24 hours.

7.8.4. After holding higher inventory levels over the past two year to ensure that the business had adequate stock cover to counter supply chain disruptions and meet customer demand, inventory levels were reduced by 16.1% and returned to traditional levels.

7.9. Stores

The Group's store base increased to 869 following the opening of 41 stores and the closure of 12 stores in the past financial year. This includes 138 stores in the neighbouring countries of Namibia, Botswana, Lesotho and Eswatini.

7.10. Traditional retail

7.10.1. The traditional retail stores are generally located in main streets and town centres, close to places where target customers live, shop and work. Customers are serviced by staff from their own communities in their own language.

7.10.2. The flagship brand, Lewis, carries a comprehensive range of merchandise and caters for specific markets and regional differences. Stores have an average trading space of 305 m2 and the smaller format stores are approximately 250m2. The smaller format store allows the chain to gain access to high traffic areas at more affordable rentals. This store format offers customers key merchandise lines, with the full range available on the electronic catalogue and display screens in-store. Lewis now has 259 (2023: 250) small format stores in its portfolio.

7.10.3. An active store refurbishment programme ensures that stores remain relevant and modern, with stores being refurbished on average every five years. During the reporting period, 150 (2023: 150) stores across the portfolio were refurbished. Stores are responsible for all aspects of the customer relationship. The personal and relationship-based interaction with customers in stores creates trust and confidence while ensuring high levels of customer loyalty.

7.10.4. In the traditional retail brands a significant volume of credit sales are generated from existing customers. This is largely attributable to the success of the customer re-serve programme which identifies existing customers for potential further credit, based on their payment history.

7.11. Cash retail

UFO stores are located in high-end malls and shopping centres, with the chain's flagship store in Marlboro, Johannesburg, recognised as a destination shopping location. Stores average 647 m2 with most product displayed on the shop floor.

7.12. Customer engagement *via* social media

7.12.1. Digital marketing channels are a highly efficient and cost-effective means of engaging with customers and generating sales leads to support stores in attracting new customers.

7.12.2. Lewis, Best Home & Electric, Beares and Bedzone have attracted a strong social media following and are now well established on Facebook and Instagram. During the past financial year, nearly 800 000 additional Facebook followers joined the Group's Facebook pages, increasing the followers of the traditional retail brands to 2.4 million (2023: 1.7 million), equating to a year on year growth of 40%. The Group now enjoys over 3 million Facebook followers.

7.12.3. Instagram followers grew by 36% across the traditional brands, growing followers from 47 900 to just over 65 000.

7.12.4. The group uses the direct marketing channel to engage, generate sales and foster loyalty, enabling customers to access brochures and apply for credit at no cost.

7.12.5. Leads generated from social media accounted for approximately 7% (2023: 5%) of the Group's merchandise sales in the past year.

8. **CORPORATE GOVERNANCE**

8.1. The Group is committed to the highest standards of corporate governance based on the principles of integrity, transparency and accountability in its dealings with all current and future stakeholders.

8.2. Governance structures and processes across the Group are regularly reviewed to not only meet legislative and regulatory compliance, but to ensure ongoing sustainability and the creation of long-term shareholder value and benefits for all stakeholders.

8.3. The Group has adopted the recommendations of the King Report on Corporate Governance (King IV) – as entrenched in section 7 of the JSE's Debt and Specialist Securities Listings Requirements as updated with effect from 11 November 2024 – and implemented the changes required by the Companies Act (Act 71 of 2008, as amended) which came into effect on 1 April 2017.

8.4. Application of King IV principles

8.4.1. In the 2024 financial year, the Lewis Group reviewed and assessed its adherence to the 16 applicable principles of the King IV Code of Corporate Governance ("**King IV**").

8.4.2. The board confirms that its primary governance roles and responsibilities are to:

8.4.2.1. Steer and set the strategic direction of the Group,

8.4.2.2. Approve policy and planning,

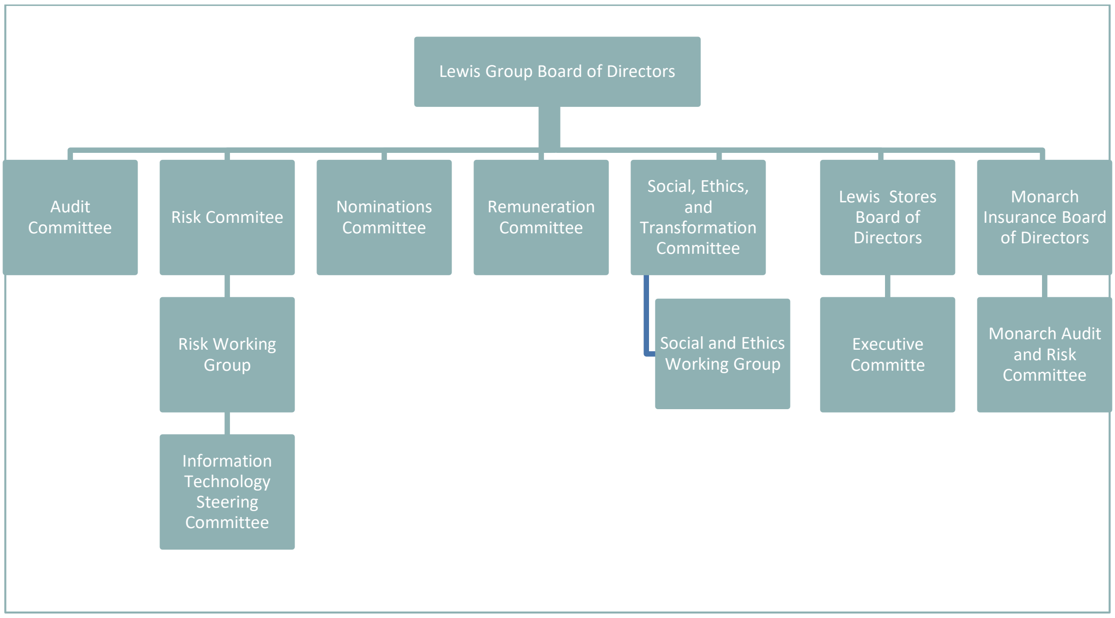
8.4.2.3. Oversee and monitor; and,

8.4.2.4. Ensure accountability.

8.4.3. Compliance of the Lewis Group's adherence to King IV shall be available on the website of the Issuer at https://www.lewisgroup.co.za/wp-content/uploads/2024/06/Lewis_King_IV_Report_2024_v7a_HL.pdf

8.5. Governance Structure

The following board and committee structure is currently in place for the Group.




The Group's Corporate Governance report is available on https://www.lewisgroup.co.za/governance/corporate-governance-report/

## 9. BOARD OF DIRECTORS

The Board is governed in terms of a charter that sets out its key roles and responsibilities, which include:

9.1. ensuring that the Company's strategy, as developed by management, is reviewed and approved

9.2. providing oversight of performance against targets and objectives

9.3. providing effective leadership based on an ethical foundation

9.4. overseeing key performance and risk areas

9.5. ensuring effective risk management and internal control

9.6. overseeing IT governance

9.7. overseeing legislative, regulatory and governance compliance

9.8. ensuring appropriate remuneration policies and practices

9.9. overseeing relationships with stakeholders of the Company along sound governance principles; and

9.10. ensuring that the Company is playing its role as a responsible corporate citizen.

10. **AUDIT COMMITTEE**

10.1. The role of the audit committee is to assist the Board with its duties relating to the safeguarding of assets, operation of adequate systems and controls, assessment of going concern status and to ensure that relevant compliance and risk management processes are in place. Additionally, the audit committee oversees, and reviews work performed by the external auditors and internal audit function. It also oversees financial risks and internal financial controls, including the integrity, accuracy and completeness of the financial information and annual integrated report, which is provided to shareholders and other stakeholders.

10.2. Notwithstanding its duties, the audit committee:

10.2.1. shall consider and satisfy itself, on an annual basis, of the appropriateness of the expertise and experience of the financial director;

10.2.2. ensure that the Issuer has established appropriate financial reporting procedures and that those procedures are operating;

10.2.3. shall request from the audit firm (and if necessary, consult with the audit firm on) the information detailed in paragraph 7.3(iii) of the JSE Debt and Specialist Securities Listings Requirements in their assessment of the suitability for appointment of their current or a prospective audit firm; and

10.2.4. notwithstanding the provisions of Section 90(6) of the Companies Act, shall ensure that the appointment of the auditor is tabled as a resolution at the annual general meeting of the Issuer pursuant to Section 61(8) of the Companies Act.

10.3. The Issuer shall confirm, by reporting to the Noteholders in its annual financial statements, that the audit committee has executed the responsibilities.

11. **DEBT OFFICER**

The debt officer’s responsibilities include:

11.1. acting as the central contact person for the Company to assist holders of debt securities with any issues pertaining to compliance with (i) the terms and conditions of this placing document, security documents and/or any applicable pricing supplements(s) and (ii) the JSE Debt and Specialist Securities Listings Requirements ; and

11.2. assisting holders of debt securities with access to the Company’s register of debt securities through the transfer agent or otherwise (accepting the disclosure limitations at nominee/broker holder level only).

12. **REGULATORY ENVIRONMENT**

12.1. The Group operates in a highly regulated environment and accordingly compliance with all applicable legislation, regulations, standards and codes is an essential characteristic of the Group culture and is of utmost importance to the Group. The board monitors compliance with these by means of management reports, which include information on any significant interaction with key stakeholders, including the National Credit Regulator. The Group is not a deposit taking institution and therefore does not fall under the ambit of the Banks Act.

12.2. The following are the major legislative frameworks, regulations and codes that affect the Group, and are adhered to by the Group:

12.2.1. National Credit Act, Act No. 34 of 2005 ("**NCA**")

12.2.1.1. The NCA came into effect on 1 June 2007 and it provides for the regulation of credit and credit providers in South Africa. The NCA requires certain persons who provide credit to consumers under credit agreements to which the NCA applies to register with the National Credit Regulator ("**NCR**"). The NCR is a body established under the NCA to ensure compliance with its provisions. In relation to the granting of credit, the NCA regulates amongst other things:

12.2.1.1.1. standards regarding the advertising of credit;

12.2.1.1.2. the procedure for granting credit, and financial history/affordability analysis;

12.2.1.1.3. the documentation required to grant credit;

12.2.1.1.4. minimum lending criteria;

12.2.1.1.5. rules regarding the calculation of interest;

12.2.1.1.6. maximum allowable interest rate and administration fees;

12.2.1.1.7. the reporting to, and receipt of consumer credit information from credit bureaus and the NCR;

12.2.1.1.8. insurance that is sold in relation to credit agreements (credit insurance);

12.2.1.1.9. the protection of consumer rights and the prohibition against discriminatory practices; and

12.2.1.1.10. the prevention of the granting of reckless credit.

12.2.1.2. Also included in the NCA are the provisions and procedures relating to debt counselling and debt-restructuring.

12.3. Financial Sector Conduct Authority ("**FSCA**")

The FSCA is an independent institution envisioned by the Financial Sector Regulation Act, 9 of 2017, to oversee the South African Non-Banking Financial Services Industry in the public interest. The FSCA is responsible for market conduct regulation and supervision. It aims to enhance and support the efficiency and integrity of financial markets and to protect financial customers by promoting their fair treatment by financial institutions, as well as providing financial customers with financial education, and maintaining financial stability. The FSCA is committed to the fair treatment of both users and providers of financial products and services in South Africa.

12.4. Insurance Act, 18 of 2017 (the "**Insurance Act**")

The Insurance Act provides for the registration of all insurers and provides the legal framework for the prudential regulation and supervision of insurance business.

12.5. Short-term Insurance Act, 53 of 1998 (the "**Short-term Insurance Act**")

The Short-term Insurance Act provides for the registration of short-term insurers for the control of certain activities of short-term insurers and intermediaries, and for matters connected therewith.

12.6. Long-term Insurance Act, 52 of 1998 (the "**Long-term Insurance Act**")

The Long-term Insurance Act provides for the registration of long-term insurer for the control of certain activities of long-term insurers and intermediaries; and for matters connected therewith.

12.7. Competition Act, 89 of 1998 ("**Competition Act**")

The Competition Act provides for the establishment of a Competition Commission responsible for the investigation, control and evaluation of restrictive practices, abuse of dominant position and mergers and for the establishment of a Competition Tribunal responsible to adjudicate such matters and for the establishment of a Competition Appeal Court and for related matters thereto.

12.8. <u>Companies Act, 71 of 2008 (“**Companies Act**”)</u>

12.8.1. The Companies Act has the stated objective to reform South Africa’s company laws in order to simplify the existing regime, increase flexibility, ensure corporate efficiency, and provide transparency and accountability as well as predictable regulation of companies.

12.8.2. Some of the key changes introduced by the Companies Act are in the areas of institutional reform, company categorisation, company formation, accountability and transparency, corporate finance, shareholder provisions, director’s duties and board governance, fundamental transactions, takeovers and share purchases, the introduction of the concept of business rescue, remedies and enforcement.

12.9. <u>The Consumer Protection Act, 68 of 2008 (“**CPA**”)</u>

The CPA came into effect on 1 April 2011. The CPA aims to promote a fair, accessible and sustainable marketplace for consumer products and services and, for that purpose, to establish national norms and standards relating to consumer protection. The CPA applies to the marketing, sale and delivery of consumer goods and services, and it codifies a set of consumer rights into law, namely the right to:

12.9.1. equality in the consumer marketplace;

12.9.2. privacy;

12.9.3. choose;

12.9.4. disclosure and information;

12.9.5. fair and responsible marketing;

12.9.6. fair and honest dealing;

12.9.7. fair, just and reasonable terms and conditions; and

12.9.8. fair value, good quality and safety.

12.10. <u>Protection of Personal Information Act, 4 of 2013 (“**POPI**”)</u>

The draft POPI was published for comment in 2009. The commencement date of section 1, Part A of Chapter 5, section 112 and section 113 was 11 April 2014. The commencement date of the other sections of the POPI was 1 July 2020 (with the exception of section 110 and 114(4)). POPI aims to promote the protection of personal information of individuals processed by public and private bodies. POPI provides for the comprehensive regulation of all aspects of the collection, use, disclosure, storage of and access to “personal information”. POPI introduces 8 (eight) Information Protection Principles into law, namely:

12.10.1. processing limitation;

12.10.2. purpose specification;

12.10.3. further processing limitation;

12.10.4. information quality;

12.10.5. openness;

12.10.6. security safeguards;

12.10.7. data subject participation; and

12.10.8. accountability.

12.11. <u>Financial Advisory and Intermediary Services Act, 37 of 2002 (“**FAIS**”)</u>

12.11.1. FAIS legislation impacts on the financial services industry and aims to regulate the giving of advice and intermediary services supplied to consumers. All financial services providers are required to be registered with the FSCA.

12.11.2. FAIS aims to protect consumers of financial services and products, as well the industry and intermediaries. Service providers are required to be trained in order to provide appropriate advice to consumers as well as ascertain their financial needs and to also assist consumers in making informed financial choices.

12.12. <u>Financial Intelligence Centre Act, 38 of 2001 (“**FICA**”)</u>

12.12.1. The regulatory framework of FICA requires 'know your client', record-keeping and reporting obligations for institutions. It also requires accountable institutions to develop and implement internal rules to facilitate compliance with these obligations.

12.12.2. The Financial Intelligence Centre was established in order to identify the proceeds of unlawful activities and to combat money laundering activities. The Financial Intelligence Centre aims to meet its objectives by making information collected by it available to investigating authorities such as the South African Police Services (SAPS), the National Prosecuting Authority (NPA) through the Directorate of Special Operations and the Asset Forfeiture Unit, the intelligence services and the South African Revenue Service (SARS). The Financial

Intelligence Centre also exchanges information with similar bodies in other countries.

12.13. Debt Collectors Act, 114 of 1998

This legislation provides for the exercise of control over the occupation of debt collectors amend as well as legalising the recovery of fees or remuneration by registered debt collectors; and to provide for allied issues in connection with debt collectors.

## 13. FINANCIAL PERFORMANCE

13.1. The Group's financial performance is provided in the Chief Financial Officer's report on pages 50 (fifty)) to 52 (fifty two) of the 2024 Integrated Annual Report. This report should be read together with the 2024 Annual financial statements.

13.2. The key financial and operating targets are:

| **Financial and operating targets** | | | |
|---|---|---|---|
| Performance indicators (%) | 2024 Actual % | **2025 Targets %** | **Medium Term targets %** |
| Gross profit margin | 43.1 | **40 – 42** | **41 - 43** |
| Increase in operating costs | 5.0 | **6 - 10** | **4 – 8** |
| Satisfactory paid customers | 81.3 | **77 – 80** | **77-80** |
| Debtor costs as a % of debtors at gross carrying value | 17.6 | **13 – 17** | **12-15** |
| Operating profit margin | 14.8 | **12 - 16** | **16 - 20** |
| Borrowings ratio | 11.7 | **<25** | **<25** |
| Gearing ratio | 31.7 | **<50** | **<50** |

## LITIGATION

As at the date of this Issuer Disclosure Document, neither the Issuer nor the Guarantor(s) are or have been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have, in the recent past, being at least the previous 12 (twelve) months, had a material effect on the financial position of the Issuer and the Guarantor(s).

## SOUTH AFRICAN EXCHANGE CONTROL

*Words used in this section headed “South African Exchange Control” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

***The information below is intended as a general guide to the current position under the Exchange Control Regulations as at the date of the Programme Memorandum. The contents of this section headed “South African Exchange Control” do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisors in this regard.***

In this section, “**Common Monetary Area**” means South Africa, Lesotho, Namibia and Eswatini.

**Non-South African resident Noteholders and emigrants from the Common Monetary Area**

Dealings in the Notes and the performance by the Issuer of its obligations under the Notes and the applicable Terms and Conditions may be subject to the Exchange Control Regulations.

**Emigrant Capital Accounts**

Funds in an Emigrant Capital Amount may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with funds from an Emigrant Capital Account may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account.

**Blocked Rand**

Blocked Rand may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with Blocked Rand may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account.

**Emigrants from the Common Monetary Area**

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed “emigrant”. Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant’s blocked assets.

In the event that a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the CSD, the securities account maintained for such emigrant by the relevant Participant will be designated as an “emigrant” account.

Any payments of interest and/or principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder's Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

**Non-residents of the Common Monetary Area**

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "non-resident". In the event that a Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area through the CSD, the securities account for such Noteholder by the relevant Participant will be designated as a "non-resident" account.

It will be incumbent on any such non-resident Noteholder to instruct the non-resident's nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Individual Certificate has been endorsed "non-resident" or the relevant securities account has been designated as a "non-resident" account, as the case may be.

**Exchange Control – Issuer**

As at the date of this Programme Memorandum, the Issuer does not require exchange control approval for this Programme.

## SOUTH AFRICAN TAXATION

*Words used in this section headed "South African Taxation" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

***The comments below are intended as a general guide to the relevant tax laws of South Africa as at the date of the Programme Memorandum.*** *It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in that country or elsewhere**. South African tax legislation is subject to frequent change and accordingly the comments as set out below may be subject to change, possibly with retrospective effect.***

***The contents of this section headed "South African Taxation" do not constitute tax advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisors in this regard.***

**Income Tax**

Under current taxation law effective in South Africa, a "*resident*" (as defined in section 1 of the South African Income Tax Act, 1962 (the "**Income Tax Act**") is subject to income tax on his/her worldwide income. Accordingly, all holders of Notes who are "residents" of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of interest) earned in respect of the Notes.

Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty). Interest derived income is from a South African source if that amount constitutes "*interest*" as defined in section 24J of the Income Tax Act where that interest:

(a) is attributable to an amount incurred by a person that is a South African resident, unless the interest is attributable to a permanent establishment which is situated outside South Africa; or

(b) is received or accrues in respect of the utilisation or application in South Africa by any person of funds or credit obtained in terms of any form of "interest bearing arrangement".

Accordingly, if the interest payments in respect of the Notes are from a South African source as set out above, the interest earned by a non-resident Noteholder will be subject to South African income tax unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (*see below*).

Under section 24J of the Income Tax Act, any discount or premium to the Nominal Amount of a Tranche of Notes is treated as part of the interest income on the Notes. Interest income which accrues (or is deemed to accrue) to the Noteholder is deemed, in accordance with section 24J of the Income Tax Act, to accrue on a day to day basis until that Noteholder disposes of the Notes or until maturity. This day-to-day basis accrual is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period. The interest income deemed to accrue to a non-resident Noteholder in terms of section 24J of the Income Tax Act may qualify for the exemption under section 10(1)(h) of the Income Tax Act.

In terms of section 24JB of the Income Tax Act, specific provisions dealing with the taxation of financial assets and liabilities of “covered persons” apply in respect of years of assessment ending on or after 1 January 2014. Noteholders should seek advice as to whether these provisions may apply to them.

Under section 10(1)(h) of the Income Tax Act, interest received by or accruing to a Noteholder who, or which is not a resident of South Africa during any year of assessment, is exempt from income tax, unless:

(a) that person is a natural person who was physically present in South Africa for a period exceeding 183 (one hundred and eighty-three) days in aggregate during the twelve-month period preceding the date on which the interest is received or accrues by or to that person; or

(b) the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

If a Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, an exemption from, or reduction of any income tax liability may be available under an applicable double taxation treaty.

Section 8F of the Income Tax Act applies to "hybrid debt instruments", and section 8FA of the Income Tax Act applies to “hybrid interest” as these terms are defined in the Income Tax Act. Section 8F and 8FA provides that interest incurred on a hybrid debt instrument and hybrid interest are, for purposes of the Income Tax Act, deemed to be a dividend in specie. If either of these provisions apply the tax treatment of the interest will differ from what is set out above and such payments may be subject to dividends tax as a result of the deemed classification as dividends in specie. These provisions apply from 1 April 2014 in respect of amounts incurred on or after this date.

Noteholders should seek advice as to whether these provisions may apply to them.

Certain entities may be exempt from income tax. Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether the interest income earned on the Notes will be exempt from South African income tax.

**Capital Gains Tax**

The disposal of Notes by residents of South Africa may be subject to capital gains tax, the provisions of which are contained in the Eighth Schedule to the Income Tax Act. The provisions relating to capital gains tax apply in respect of the disposal of any asset by certain taxpayers. The word "dispose" is defined in the Eighth Schedule to the Income Tax Act to include, *inter alia*, any action by virtue of which an asset is created, transferred, varied or extinguished. If an asset was acquired, is held and will be disposed of on a speculative basis or as part of a scheme of profit making, the gain should generally be subject to normal tax. Capital gains tax is imposed at lower effective rates in comparison to income tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes, under section 24J of the Income Tax Act will not be taken into account when determining any capital gain or loss. Under section 24J(4A) of the Income Tax Act a loss on disposal will, to the extent that it has previously been included in income (as interest), be allowed as a deduction from the income of the holder when it is incurred and accordingly will not give rise to a capital loss.

The capital gains tax provisions contained in the Eighth Schedule to the Income Tax Act will not be applied in relation to Notes disposed of by a person who is not a resident of South Africa unless the Notes disposed of are effectively connected to a permanent establishment of that person in South Africa.

The disposal of Notes by residents of South Africa may give rise to capital gains tax implications.

The capital gains tax provisions would not apply to the extent that the Noteholder were to constitute a “covered person” and section 24JB of the Income Tax Act (refer above) applied to the Note.

Purchasers are advised to consult their own professional advisors as to whether a disposal of Notes will result in a liability to capital gains tax.

**Securities Transfer Tax ("STT")**

The issue, transfer and redemption of the Notes will not attract securities transfer tax under the Securities Transfer Tax Act, 2007 (the “**STT Act**”) because the Notes do not constitute “securities” as defined in the STT Act. Any future transfer duties and/or taxes that may be introduced in respect of (or applicable to) the transfer of Notes will be for the account of holders of the Notes.

**Value-Added Tax**

No value-added tax (“**VAT**”) is payable on the issue or transfer of the Notes. In terms of section 2 of the Value-Added Tax Act, 1991 (as amended from time to time) (“**VAT Act**”), the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security as well as the buying and selling of derivatives, constitute a financial service, which is exempt from VAT in terms of section 12(a), read with section 2 of the VAT Act.

Commission, fees or similar charges for the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of Notes will be subject to VAT at the standard rate (currently 15% (fifteen percent)), except where the recipient is a non-resident and the requirements for the application of the zero rate are met.

Investors are advised to consult their own professional advisors as to the VAT impact of the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of the Notes, and related fees, in their hands.

**Withholding tax**

The interest withholding tax, imposed at the rate of 15% (fifteen percent), applies to any amount of any interest that is paid by any person to or for the benefit of any foreign person to the extent that such amount of interest is from a South African source in terms of the Income Tax Act, and applies to interest that is paid or that becomes due and payable on or after 1 March 2015. For the purposes of the withholding tax, a "foreign person" is defined as any person that is not a South African tax resident. Accordingly, to the extent that any interest is paid to Noteholders who are South African tax residents, the withholding tax will not apply.

An exemption from the withholding tax on interest applies in respect of any debt listed on a recognised exchange, including any debt listed on the JSE Limited.

**Definition**

The references to "interest" above mean "interest" as understood in South African tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Terms and Conditions of the Notes or any related documentation.

References to "*person*" above shall mean "*person*" within the meaning given in section 1 of the Income Tax Act.

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