ANNUAL **FINANCIAL RESULTS**

FOR THE YEAR ENDED 31 MARCH

2021

AGENDA

01

Highlights

- Review of 2021
- Operational review
- Share repurchases

02

Debtor analysis

- Debtor performance
- Gross debtor analysis

03

Financial results

- Income statement
- Segmental analysis
- Analysis of costs
- Balance sheet overview
- Key ratios

04

Targets and Outlook

- Financial and operating targets
- Outlook

HIGHLIGHTS

01

REVIEW OF 2021

Revenue
+ 4.2%

Merchandise sales
+ 6.7%

Gross profit margin at
41.8%

Operating profit
+ 174.2%

Cash generated from operations **+ 46.8%** at
R914.6m

HEPS
+ **136.9%** to
616 cents per share

Total dividend
+ 77.3% at
328 cents per share

REVIEW OF 2021

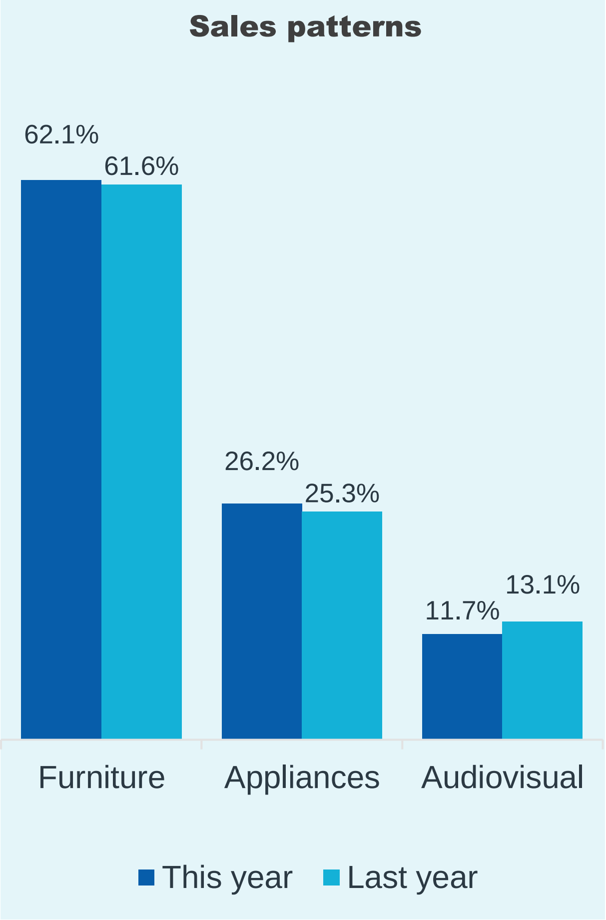
- Prioritised the health and wellness of our staff and the safety of our customers
- Severe trading restrictions in the first 2 months imposed by the lockdown
- Lost sales approximate R360 million
- Lost collections approximate R250 million
- Focus on cash preservation and cost control
- Experienced and committed Lewis team
- Grateful to our customers for their continued loyal support and our suppliers for their partnership during a challenging year

OPERATIONAL REVIEW

- Strong operational performance despite first quarter being adversely impacted by Covid-19 trading restrictions

- Merchandise sales increased by 6.7%
  - Half 1 down by 4.9%
  - Half 2 up by 17%

- Trading out of 807 store outlets (LY: 794 stores)
  - 24 stores opened, 11 closed
  - 126 stores outside SA (LY:125 stores)
  - 227 small format Lewis stores (47% of Lewis stores)
  - 100 stores refurbished



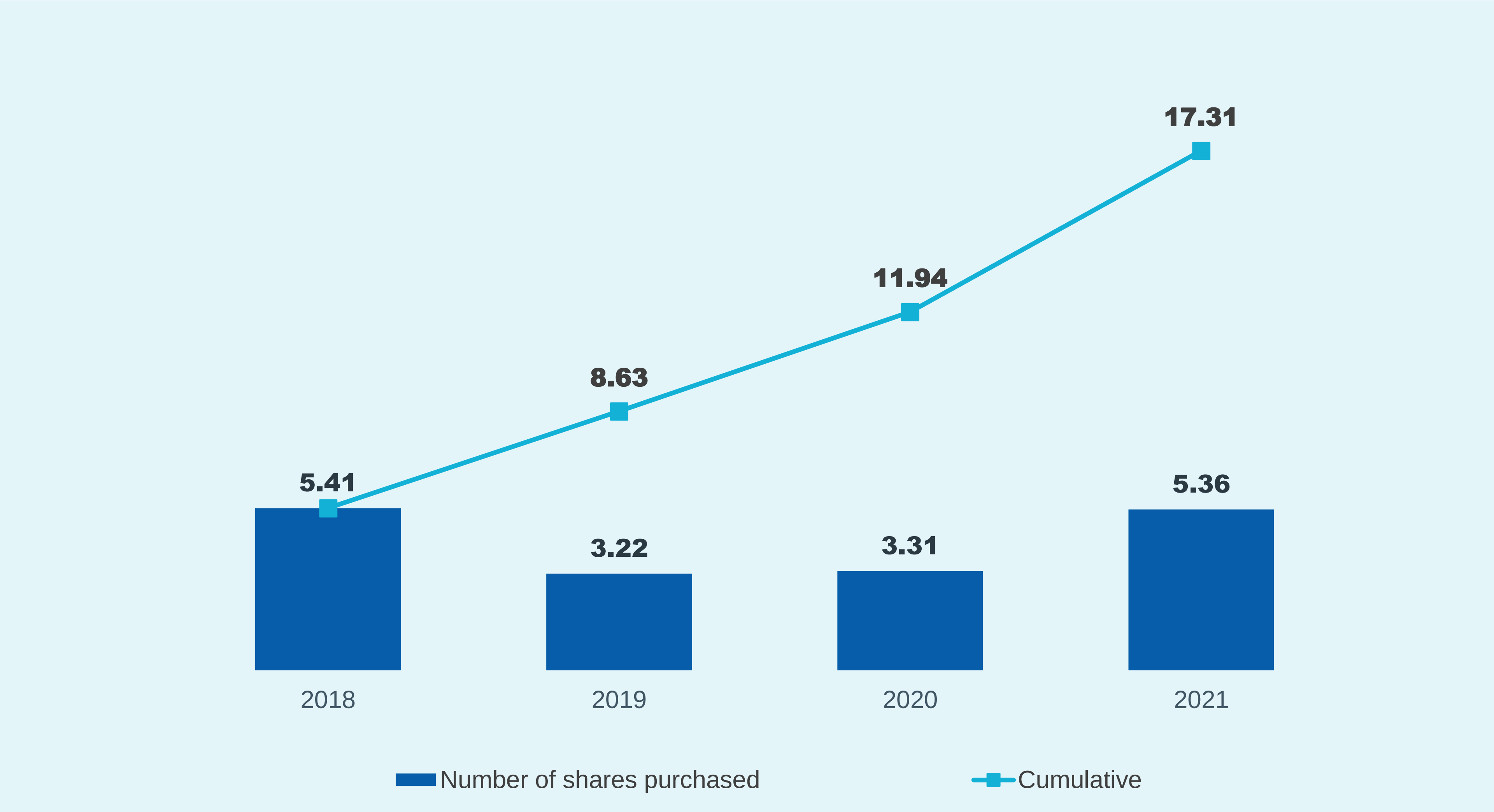
OPERATIONAL REVIEW

- Credit application decline rate: 38.1% (LY: 37.5%)

- Credit sales mix: 49.1% (LY: 56.9%)
  - Cash sales increased by 25.9%
  - Credit sales declined by 7.9%

- Expenses tightly managed

NUMBER OF SHARES REPURCHASED (millions)



Since listing we have repurchased 29% of all shares in issue

DEBTOR ANALYSIS

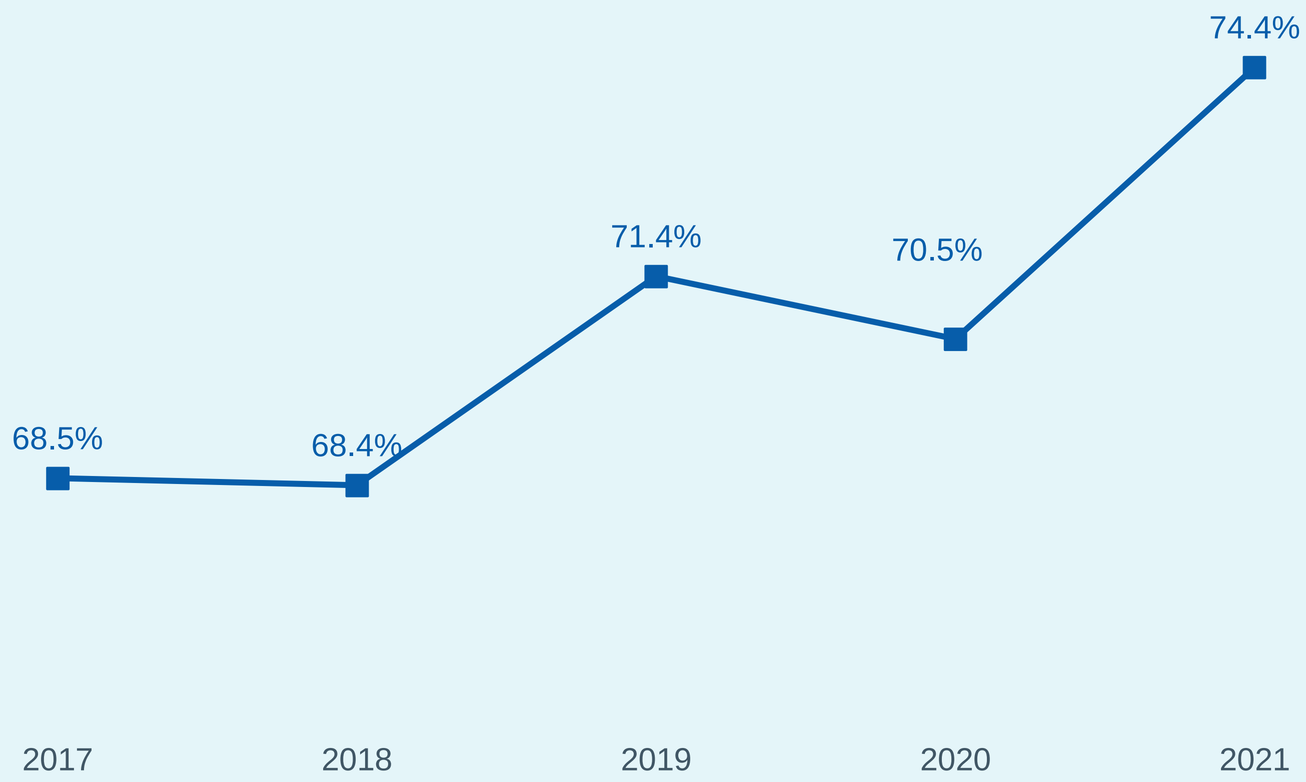
02

DEBTOR PERFORMANCE

2021 Group collections (%)

DEBTOR PERFORMANCE

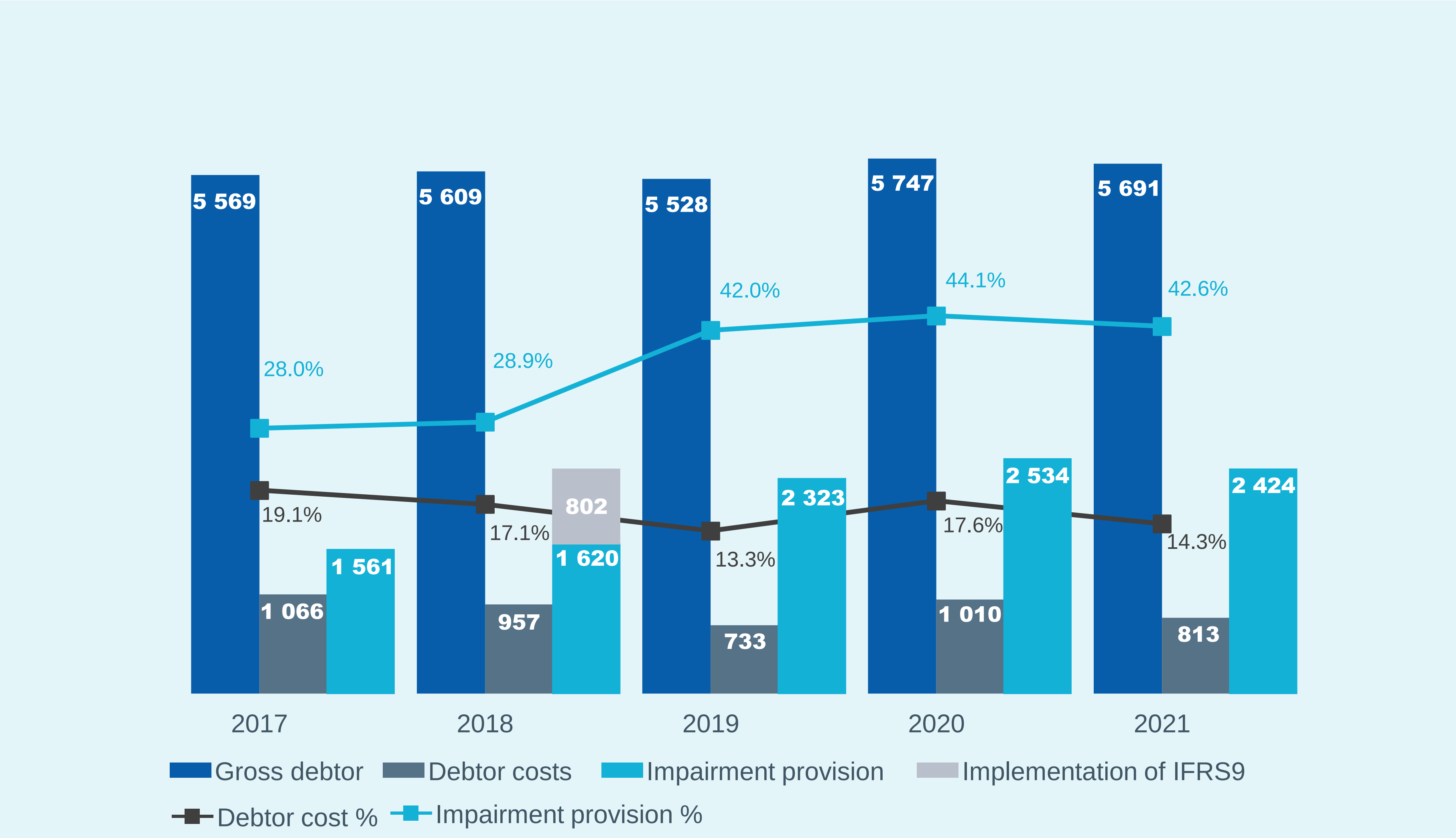
Satisfactory paid accounts (%)



DEBTOR PERFORMANCE

	2021	2020
Collections (Rm)		
Collections from instalment sales	**3 911**	4 052
Actual collections achieved		
As a % of one contract instalment per customer per month-12 months	**71.8%**	74.5%
As a % of one contract instalment per customer per month-10 months	**74.9%**	73.8%
Contractual arrears (Rm)	**2 057**	2 112
% of debtors at gross carrying value	**36.1%**	36.7%
Debtor Costs (Rm)		
Debtor costs (-19.5%)	**813**	1 010
▪ Net bad debts written off	**923**	799
▪ Debtors impairment provision	**(110)**	211
Debtor costs as a % of debtors at gross carrying value	**14.3%**	17.6%

DEBTOR PERFORMANCE (Rm)



GROSS DEBTOR ANALYSIS

Customer grouping		Number of customers Total	Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Instalments in arrears 1 R'000	2 R'000	3 R'000	>3 R'000
Satisfactory paid Customers who have paid 70% or more of amounts due over the contract period	**2021**	**430 459**	**3 537 586**	**733 902**	**20.7**	**592 247**	**169 226**	**118 916**	**88 177**	**215 928**
	%	**74.4**	**62.2**	**30.3**						
	2020	420 399	3 397 212	728 839	21.5	615 331	203 768	127 077	89 041	195 445
	%	70.5	59.1	28.8						
Slow payers Customers who have paid 55% to 70% of amounts due over the contract period	**2021**	**78 608**	**915 822**	**618 421**	**67.5**	**568 282**	**64 802**	**62 430**	**59 197**	**381 853**
	%	**13.6**	**16.1**	**25.5**						
	2020	98 250	1 088 690	726 424	66.7	599 632	78 344	72 297	65 847	383 144
	%	16.5	19.0	28.6						
Non-performing accounts Customers who have paid less than 55% of amounts due over the contract period	**2021**	**69 751**	**1 238 029**	**1 071 346**	**86.5**	**895 977**	**61 765**	**60 953**	**60 193**	**713 066**
	%	**12.0**	**21.7**	**44.2**						
	2020	77 270	1 260 584	1 078 695	85.6	896 869	66 078	62 916	60 529	707 346
	%	13.0	21.9	42.6						
Gross debtor analysis	**2021**	**578 818**	**5 691 437**	**2 423 669**	**42.6**	**2 056 506**	**295 793**	**242 299**	**207 567**	**1 310 847**
	2020	595 919	5 746 486	2 533 958	44.1	2 111 832	348 190	262 290	215 417	1 285 935

FINANCIAL RESULTS

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INCOME STATEMENT

	2021	2020	%
Revenue (Rm)	**6 726**	6 453	4.2
Merchandise sales (Rm)	**3 931**	3 686	6.7
Gross profit margin (%)	**41.8**	41.0	
Operating profit (Rm)	**696**	253	174.2
Operating profit margin (%)	**17.7**	6.9	
Attributable earnings (Rm)	**433**	182	137
EPS (cents)	**576**	232	148

SEGMENTAL ANALYSIS

	Group	Traditional	Cash
Revenue (Rm)	**6 726**	6 149	577
Merchandise sales (Rm)	**3 931**	3 365	566
Operating profit (Rm)	**696**	603	93
Operating margin:			
2021 (%)	**17.7**	17.9	16.4
2020 (%)	**6.9**	6.7	8.3
Number of stores:			
2021	**807**	764	43
2020	**794**	753	41

ANALYSIS OF COSTS (EXCLUDING DEBTOR COSTS)

	2021 Rm	2020 Rm	%
Employment costs	**1 259**	1 214	3.7
Admin and IT	**325**	360	(9.7)
Marketing	**184**	299	(38.5)
Transport and travel	**242**	273	(11.4)
Depreciation, amortisation and impairment	**343**	376	(8.8)
Other operating costs	**575**	494	16.4
Total	**2 928**	3 016	(2.9)*

* Expenses increased by 3.2% during Half 2

BALANCE SHEET OVERVIEW

	2021 Rm	2020 Rm
Property, plant, equipment and intangible assets	**683**	632
Right-of-use assets	**635**	694
Inventory	**948**	741
Trade and other receivables	**3 367**	3 326
Cash on hand	**447**	1 193
Other assets	**743**	802
Total assets	**6 823**	7 388
Shareholders' equity and reserves	**4 873**	4 709
Interest bearing borrowings	**-**	922
Lease liabilities	**806**	838
Other liabilities	**1 144**	919
Total equity and liabilities	**6 823**	7 388

KEY RATIOS

	2021	2020	%
HEPS (cents)	**616.5**	260.2	136.9
ROE – after tax (%)	**9.0**	3.8	
ROCE – after tax (%)	**8.7**	3.7	
ROA – before tax (%)	**10.5**	4.8	
Gearing ratio – including IFRS 16 (%)	**7.4**	12.0	
Total dividend declared (cents)	**328**	185	77.3

TARGETS AND OUTLOOK

04

FINANCIAL AND OPERATING TARGETS

%	Actual 2021	Target 2021	Targets 2022	Targets Medium-term
Gross profit margin	**41.8**	38-42	**40-42**	**41-43**
Operating profit margin - based on sales	**17.7**	8-12	**12-18**	**16-20**
(Decrease)/ Increase in operating costs	**(2.9)**	3-5	**8-12**	**3-5**
Credit sales as a % of total sales	**49.1**	56-60	**52-56**	**52-56**
Satisfactory paid customers	**74.4**	64-67	**72-75**	**73-76**
Debtor costs as a % of debtors at gross carrying value	**14.3**	15-18	**13-16**	**12-15**
Gearing	**7.4**	< 15	**< 15**	**< 25**

OUTLOOK

- Trading conditions expected to become more challenging
- Despite macroeconomic challenges, resilient business model provides stability in the long term
- Robust cashflows and strong balance sheet
- Adequate stock levels to counter the challenges in the supply chain
- Continued focus on expense control
- Share repurchase programme to continue
- 15 to 20 new stores planned during the 2022 financial year, mainly in the Beares and UFO chains

Lewis Group Ltd

QUESTIONS

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