



NOTICE OF ANNUAL GENERAL MEETING AND PROXY FORM (VIRTUAL)

FOR THE YEAR ENDED 31 MARCH
2023





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LETTER TO SHAREHOLDERS

5 September 2023

Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING AND FORM OF PROXY

We are pleased to enclose herewith a detailed notice of Lewis Group Limited's ("Lewis Group" or "the Company") 19th Annual General Meeting ("AGM") to be held at 09:00 on Thursday, 12 October 2023. The meeting will be held virtually through electronic participation. The Company has determined that it is appropriate to make the meeting accessible only through electronic participation, as provided for by the Listings Requirements of the exchange operated by the JSE Limited and in terms of the provisions of the Companies Act, No. 71 of 2008, as amended ("Companies Act"), and the Company's memorandum of incorporation. In the circumstances, any reference in this notice to "attendance" will refer to electronic attendance.

Shareholders or their duly appointed proxy(ies) that wish to participate in the virtual AGM ("Participants"), must register online using the online registration portal at <https://meetnow.global/za> (an electronic platform provided by Computershare), by no later than 09:00 on Tuesday, 10 October 2023, as set out in more detail in the 'Electronic Participation Guide' attached hereto as Annexure 5, and available on the Company's website at: <https://www.lewisgroup.co.za/investors/shareholder-communication> as well as at <https://meetnow.global/za>.

Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

The notice of AGM contains a form of proxy. The form of proxy includes comprehensive instructions on how to complete the form itself. However, should you have questions, do not hesitate to contact our offices. Shareholders wishing to participate in this virtual AGM should register for participation as set out in the Electronic Participation Guide attached to the notice of AGM.

In an effort to support environmental initiatives, printed copies of Lewis' full integrated annual report and the full financial statements will only be mailed to shareholders on request. The remuneration policy and implementation report is contained in the integrated annual report. The full integrated annual report, the corporate governance report and the audited financial statements are available for download on our website at www.lewisgroup.co.za.

Therefore, should you require a printed copy of the integrated annual report and full financial statements, please contact Marisha Gibbons at stakeholders@lewisgroup.co.za to request a copy.

Yours sincerely



Marisha Gibbons
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 31 March 2023

Notice is hereby given that the 19th annual general meeting of shareholders ("AGM") of Lewis Group Limited ("Lewis Group" or "the Company") for the year ended 31 March 2023 will be held virtually through electronic participation only at 09:00 on 12 October 2023.

The board of directors of the Company ("the board") determined that the record date for determining which shareholders of the Company are entitled to participate in, and vote at, the AGM is Friday, 6 October 2023. The board has determined that the record date by when persons must be recorded as shareholders in the securities register of the Company in order to be entitled to receive the notice of AGM is Friday, 25 August 2023.

The purpose of the virtual AGM is for the following business to be transacted, and to consider and, if approved, to pass with or without modification, the following ordinary and special resolutions, in the manner required by the Company's memorandum of incorporation ("MOI"), the Companies Act, No. 71 of 2008, as amended ("the Companies Act"), as read with the Listings Requirements of the exchange operated by the JSE Limited ("the JSE") ("the JSE Listings Requirements"):

1. PRESENTATION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS OF THE COMPANY, INCLUDING THE REPORTS OF THE DIRECTORS, EXTERNAL AUDITORS AND THE AUDIT COMMITTEE, FOR THE YEAR ENDED 31 MARCH 2023

In terms of the Companies Act, the audited financial statements of the Company (including the reports of the directors, external auditors and the audit committee) for the year ended 31 March 2023 as approved by the board will be presented to shareholders. The audited summary consolidated financial statements are set out in Annexure 3 of this notice of AGM. This summary is not exhaustive and the complete annual financial statements of the Company and its subsidiaries should be read in its entirety for a full appreciation of the contents thereof. The complete audited annual financial statements of the Company and its subsidiaries are available for inspection at the Company's registered office, and an electronic copy is available on the Company's website (www.lewisgroup.co.za). Alternatively, shareholders can request that a complete copy of the audited annual financial statements of the Company and its subsidiaries be posted or emailed to them by contacting Marisha Gibbons on stakeholders@lewisgroup.co.za.

2. PRESENTATION OF SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

In accordance with regulation 43 of the Companies Regulations, 2011, the social, ethics and transformation committee report for the financial year ended 31 March 2023, prepared and approved by the Company's social and ethics committee and set out in Annexure 4 of this notice, will be presented to shareholders.

3. ORDINARY RESOLUTION NUMBER 1

RE-ELECTION OF DIRECTORS

Explanatory note

In terms of the MOI, at each AGM, one third of the longest-serving non-executive directors of the Company must retire. In addition, any non-executive director who has held office for three years since his/her last election must retire at the AGM either as one of the directors in pursuance of the foregoing, or in addition thereto.

The non-executive directors who are due to retire by rotation at this AGM are Mr Hilton Saven, who held office as a non-executive director for three years since his last election, and Ms Adheera Bodasing (being eligible), who offer themselves to be re-elected by shareholders as directors of the Company at the AGM.

In addition, Mr Johan Enslin an executive director, retires by rotation in the interest of good governance and (being eligible) offers himself to be re-elected.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

for the year ended 31 March 2023

3. ORDINARY RESOLUTION NUMBER 1 CONTINUED

It is proposed that each of Mr Hilton Saven, Ms Adheera Bodasing and Mr Johan Enslin be formally re-elected by shareholders as directors of the Company at the AGM.

The Nominations Committee has considered the proposed re-election of Mr Hilton Saven, Ms Adheera Bodasing and Mr Johan Enslin and recommends that they be re-elected as directors of the Company.

Brief CVs of the abovementioned directors appear in Annexure 2 on page 23 of this notice of AGM.

The purpose of these ordinary resolutions is to propose the re-election of Mr Hilton Saven and Ms Adheera Bodasing, who retired as directors in terms of the MOI and Mr Johan Enslin who retires in the interest of good governance.

These elections will be conducted by a series of separate votes in respect of each candidate.

3.1 Ordinary resolution 1.1

“Resolved as an ordinary resolution, that Mr Hilton Saven, who retires by rotation in accordance with the Company’s memorandum of incorporation, be and is hereby re-elected as a director of the Company.”

3.2 Ordinary resolution 1.2

“Resolved as an ordinary resolution, that Ms Adheera Bodasing, who retires by rotation in accordance with the Company’s memorandum of incorporation, be and is hereby re-elected as a director of the Company.”

3.3 Ordinary resolution 1.3

“Resolved that Mr Johan Enslin, who retires by rotation be and is hereby re-elected as a director of the Company.”

4. ORDINARY RESOLUTION NUMBER 2

ELECTION OF MEMBERS OF THE AUDIT COMMITTEE

Explanatory note

In terms of the Companies Act, at each AGM an audit committee comprising at least three members must be elected. It is proposed that the following independent non-executive directors be elected as members of the audit committee for the ensuing year.

The election of each member of the audit committee will be voted on separately. In terms of the Companies Act, each member of an audit committee must also be a director of the Company.

Brief CVs of the members up for election are on Annexure 2 on pages 24 to 25 of this notice of AGM.

4.1 Ordinary resolution 2.1

“Resolved that Ms Daphne Motsepe, being eligible and availing herself for re-appointment, be and is hereby elected as a member of the audit committee.”

4.2 Ordinary resolution 2.2

“Resolved that Mr Tapiwa Njikizana, being eligible and availing himself for re-appointment, be and is hereby elected as a member of the audit committee.”

4.3 Ordinary resolution 2.3

“Resolved that Mr Brendan Deegan, being eligible and availing himself for re-appointment, be and is hereby elected as a member of the audit committee.”

5. ORDINARY RESOLUTION NUMBER 3

APPROVAL OF APPOINTMENT OF AUDITORS

Explanatory note

In terms of the Companies Act, the Company must each year at its AGM appoint an external auditor. The Company's audit committee recommends that the firm, Ernst & Young Inc, and the designated auditor, Ms Tina Rookledge, who is a director of that firm, be appointed for the financial year ending 31 March 2024.

"Resolved that the firm Ernst & Young Inc, and Ms Tina Rookledge as the designated auditor, be appointed as auditor of the Company for the financial year ending 31 March 2024."

6. NON-BINDING ADVISORY VOTES

APPROVAL OF THE COMPANY'S REMUNERATION POLICY AND IMPLEMENTATION REPORT

Explanatory note

In terms of part 5.4, principle 14 (recommended practice 37) of the King Report on Corporate Governance™ for South Africa, 2016 ("King IV") and paragraph 3.84(j) of the JSE Listings Requirements, the Company's remuneration policy and implementation report should be tabled to shareholders for separate non-binding advisory votes at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on the implementation thereof. Furthermore, King IV recommends that the remuneration policy should record the measures the board commits to in the event that either the remuneration policy or the implementation report, or both have been voted against by 25% (twenty-five percent) or more of the voting rights exercised by the shareholders. The shareholders are requested to separately endorse the Company's remuneration policy on pages 66 to 69 and the implementation report on pages 70 to 75 in the integrated annual report under the Remuneration Report, by way of separate non-binding advisory votes.

6.1 Non-binding advisory vote 1

"Resolved, through a non-binding advisory vote, that the Company's remuneration policy, set out in the integrated annual report, be accepted and endorsed."

6.2 Non-binding advisory vote 2

"Resolved, through a non-binding advisory vote, that the Company's implementation report, set out in the integrated annual report, be accepted and endorsed."

7. SPECIAL RESOLUTION NUMBER 1

APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

Explanatory note

In terms of section 66(8) of the Companies Act, the Company may pay remuneration to its directors for their service as directors. Section 66(9) requires the remuneration to be paid in accordance with a special resolution approved by shareholders within the previous two years.

The effect of the adoption of this special resolution number 1 will be that the non-executive directors will be entitled to be paid the fees listed below (which amounts are exclusive of VAT, if applicable) in respect of the period from 1 July 2023 until 30 June 2024, such fees to be paid in instalments at the end of each quarter. The proposed fees have been increased by approximately 7.2% (seven point two percent) over the corresponding fees that were approved in respect of the period from 1 July 2022 to 30 June 2023.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

for the year ended 31 March 2023

7. SPECIAL RESOLUTION NUMBER 1 CONTINUED

“Resolved that the fees of the non-executive directors as reflected below be approved for the period from 1 July 2023 until 30 June 2024:

Board/committee position	Proposed fees for 2024 R'000
Chairman	839
Non-executive director	370
If a member of the audit committee, the following additional amount:	
Chairman	380
Member	163
If a member of the risk committee, the following additional amount:	
Chairman	182
Member	114
If a member of the remuneration committee, the following additional amount:	
Chairman	182
Member	90
If a member of the nomination committee, the following additional amount:	
Chairman	126
Member	54
If a member of the social, ethics and transformation committee, the following additional amount:	
Chairman	182
Member	90

INVITATION FEE

All non-executive directors who attend the committee meetings by invitation at the request of the board shall be eligible to receive the same fee as if they were a member of the committee. All amounts listed above are exclusive of VAT. The Company is authorised to pay such VAT, if applicable.”

8. SPECIAL RESOLUTION NUMBER 2

SHAREHOLDERS' AUTHORISATION OF THE CONTINUED ISSUANCE OF NOTES UNDER THE COMPANY'S DOMESTIC MEDIUM-TERM NOTES PROGRAMME

Explanatory note

By special resolution passed on 16 August 2013, shareholders of the Company authorised the establishment of the Company's domestic medium term notes programme (“DMTN Programme”) and authorised the board to issue tranches of notes (“Notes”) thereunder from time to time provided that the maximum nominal amount of Notes outstanding from time to time is ZAR2 billion. The reason for this special resolution number 2 is to confirm the authorisation for the board to continue to issue further Notes under the DMTN Programme from time to time in accordance with and subject to the terms and conditions of the DMTN Programme (as amended from time to time).

“Resolved that the board is hereby authorised to continue to issue Notes under the Company's DMTN Programme from time to time in accordance with and subject to the terms and conditions of the DMTN Programme (as amended from time to time).”

9. SPECIAL RESOLUTION NUMBER 3

SHAREHOLDERS' GENERAL AUTHORISATION OF FINANCIAL ASSISTANCE

Explanatory note

The reason for this special resolution number 3 is to provide general authority, in terms of sections 44(3)(a)(ii) and 45(3)(a)(ii) of the Companies Act, for the Company to provide financial assistance to its subsidiaries and other related and inter-related companies and corporations or persons or entities that is or becomes related or inter-related to the Company, including pursuant to the Company's DMTN Programme.

Sections 44 and 45 of the Companies Act provide, *inter alia*, that any financial assistance to related or inter-related companies, corporations and entities, including, *inter alia*, to subsidiaries of the Company, must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category, and the board must be satisfied that:

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test, as defined in section 4 of the Companies Act;
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- any conditions or restrictions in respect of the granting of financial assistance set out in the MOI have been satisfied.

When the need arises, the Company provides loans to and/or guarantees loans or other obligations of its subsidiaries. The Company requires the ability to continue providing financial assistance, when necessary, to its current and future subsidiaries and/or any other company or corporation that is or becomes related to or inter-related with the Company, in accordance with sections 44 and 45 of the Companies Act.

In the circumstances and in order to, *inter alia*, ensure that the Company's subsidiaries and other related and inter-related companies, corporations, persons and entities have access to financing and/or financial backing from the Company, it is necessary to obtain the approval of shareholders, as set out in special resolution number 3.

The passing of this special resolution will have the effect on allowing the directors of the Company to authorise the Company to provide direct or indirect financial assistance to the Company's subsidiaries and other related and inter-related companies, corporations, persons and entities to allow such companies or corporations to have access to financing and/or financial backing from the Company.

"Resolved that, to the extent required by sections 44 and 45 of the Companies Act, the board may, subject to compliance with the requirements of the MOI and the Companies Act, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company, corporation or other person or entity that is or becomes related to or inter-related with the Company for any purpose or in connection with any matter.

The financial assistance may be provided at any time during the period commencing on the date of the adoption of this special resolution 3 and ending 2 (two) years after such date."

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

for the year ended 31 March 2023

10. SPECIAL RESOLUTION NUMBER 4

GENERAL AUTHORITY TO REPURCHASE SHARES

Explanatory note

The reason for special resolution number 4 is to grant the directors of the Company and/or subsidiaries of the Company a general authority in terms of the Companies Act and the JSE Listings Requirements to acquire no more than 10% (ten percent) of the Company's ordinary shares in aggregate, subject to the terms and conditions set out in the special resolution. The directors require that such general authority should be implemented to facilitate the repurchase of the Company's ordinary shares in circumstances where the directors consider this to be appropriate and in the best interest of the Company and its shareholders.

"Resolved that the Company hereby approves, as a general approval contemplated in sections 46 and 48 of the Companies Act (including but not limited to section 48(8)(a) of the Companies Act) and paragraph 5.72 of section 5 of the JSE Listings Requirements, the acquisition by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI, the provisions of the Companies Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided further that:

- acquisitions by the Company and its subsidiaries of shares in the capital of the Company, in terms of this general authority to repurchase shares may not, in the aggregate, exceed in any one financial year 10% (ten percent) of the Company's issued ordinary share capital of the class of the repurchased shares from the date of the grant of this general authority;
- any such repurchase shall be implemented through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
- authorisation thereto being given by the MOI;
- this general authority shall only be valid until the Company's next AGM or 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter;
- an announcement will be published as soon as the Company and/or its subsidiaries has/have acquired ordinary shares in terms of this authority constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares in issue at the time that this authority is granted by the shareholders, and for each 3% (three percent) in aggregate of the initial number of shares repurchased thereafter, containing full details of such repurchases as required in terms of the JSE Listings Requirements;
- in determining the price at which the Company's shares are acquired by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase transaction is effected;
- the Company and/or its subsidiaries do not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have a repurchase programme in place. The Company must instruct only one independent third party, which makes its investment decisions in relation to the Company's securities, independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme. The repurchase programme must be submitted to the JSE in writing prior to the commencement of the prohibited period and must include the details as specified in paragraph 5.72(h) of the JSE Listings Requirements;
- the repurchase shall only be effected if the board of directors has at the time of the repurchase passed a resolution authorising the repurchase in terms of sections 48 and 46 of the Companies Act and it reasonably appears that the Company and its subsidiaries have satisfied the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries; and
- the Company only appoints one agent at any point in time to effect repurchases on its behalf."

10. SPECIAL RESOLUTION NUMBER 4 CONTINUED

DIRECTORS' STATEMENT

The intention of the board is to utilise the general authority to repurchase shares in the Company if at some future date the cash resources of the Company are in excess of the requirements of the Company and the opportunity presents itself to do so during the year, which the board deems to be in the best interests of the Company and its shareholders, taking prevailing market conditions and other factors into account.

Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the Company hereby confirms that, after considering the effect of a repurchase of ordinary shares in terms of the foregoing general authority, being 10% (ten percent) of the Company's issued ordinary share capital of the class of the repurchased shares in any financial year from the date of the grant of this general authority, the directors are of the opinion that the following conditions have been and will be met:

- the Company and the group will be able in the ordinary course of business to pay their debts for a period of 12 (twelve) months after the date of this notice of AGM;
- the assets of the Company and group are to be in excess of the liabilities of the Company and group for a period of 12 (twelve) months after the date of this notice of AGM (for this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies used in the audited financial statements for the year ended 31 March 2023);
- the share capital and reserves of the Company and group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of AGM;
- the working capital of the Company and the group are adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of AGM; and
- a resolution being passed by the board that it authorised the repurchase of shares, that the Company and its subsidiaries have passed the solvency and liquidity test and that since the test was performed, there have been no material changes to the financial position of the group.

The authority granted in terms of this special resolution number 4 is limited to paragraphs 5.72(a), (c), (d) and paragraph 5.68 of the JSE Listings Requirements.

The following additional information, some of which may appear elsewhere in the integrated annual report, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders – page 77 of the integrated annual report and page 96 of the annual financial statements; and
- Share capital of the Company – page 63 to 64 and 93 of the annual financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on pages 31 to 32 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution, read with the integrated annual report contains all information required by the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the group since the date of signature of the audit report and up to the date of this notice.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

for the year ended 31 March 2023

11. SPECIAL RESOLUTION NUMBER 5

ADOPTION OF THE LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME

Explanatory note

In terms of the JSE Listings Requirements, read with clause 19.6.6 of the Company's MOI, the approval of 75% (seventy five percent) of the votes cast in favour of this resolution by all equity securities holders present or represented by proxy at the AGM is required to approve this special resolution.

The JSE provided formal approval of the proposed Lewis 2023 Executive Performance Scheme, subject to the approval of the Company's shareholders in terms of this special resolution.

Although the salient terms of the Lewis 2023 Executive Performance Scheme, summarised on Annexure 1 of this notice contains what the board believes to be a summary of the most material terms of the Lewis 2023 Executive Performance Scheme ("2023 LEPS"), it does not summarise every proposed term of the 2023 LEPS in detail. Shareholders are hereby referred to the 2023 LEPS rules ("2023 LEPS Document") containing all of the terms applicable to the proposed 2023 LEPS, which will be available for inspection by shareholders at the Company's registered address during normal business hours from the date of notice of AGM until the date of the AGM. Shareholders can also request a copy of the 2023 LEPS Document to be posted or emailed to them by contacting Marisha Gibbons at: stakeholders@lewisgroup.co.za.

"Resolved that the rules of the Lewis 2023 Executive Performance Scheme be and are hereby approved and adopted, in the form tabled at the AGM and initialled by the chairperson of the meeting for purpose of identification."

12. ORDINARY RESOLUTION NUMBER 4

DIRECTORS' AUTHORITY TO IMPLEMENT COMPANY RESOLUTIONS

"Resolved that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

13. TO TRANSACT SUCH OTHER BUSINESS THAT MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

GENERAL INSTRUCTIONS AND INFORMATION

1. Unless otherwise specifically provided in this notice of AGM, for any of the ordinary resolutions to be adopted, 50% (fifty percent) of the voting rights plus 1 vote exercised on each such ordinary resolution must be exercised in favour thereof. For any special resolutions to be adopted, at least 75% (seventy five percent) of the voting rights exercised on each special resolution must be exercised in favour thereof.
2. In accordance with section 63(1) of the Companies Act, participants will be required to provide proof of identification before being entitled to attend or participate in the AGM. Forms of identification that will be accepted include original or certified copies of valid identity documents, drivers' licences and passports.
3. All shareholders are encouraged to attend, speak and vote at the virtual AGM and are entitled to appoint a proxy to attend, speak and vote at the meeting in place of the shareholder. The proxy duly appointed to act on behalf of a shareholder, need not also be a shareholder of the Company.

13. TO TRANSACT SUCH OTHER BUSINESS THAT MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING CONTINUED

4. If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an own name dematerialised shareholder (i.e. have specifically instructed your Central Security Depository Participant ("CSDP") to hold your shares in your own name in the Company sub-register) then:
 - 4.1 you may participate in the virtual AGM; alternatively
 - 4.2 you may appoint a proxy to represent you at the virtual AGM by completing the attached form of proxy and, for administrative reasons, returning it to the Company's transfer secretary (Computershare Investor Services Proprietary Limited, Rosebank Tower, 15 Biermann Avenue, Rosebank, 2196, Private Bag X9000, Saxonwold, 2132) by no later than 09:00 on Tuesday, 10 October 2023, provided that any form of proxy not delivered to the transfer secretaries by this time may be submitted to the transfer secretaries *via* email at: proxy@computershare.co.za, at any time before the appointed proxy exercises any shareholder rights at the virtual AGM.
5. Please note that if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Share Transactions Totally Electronic ("STRATE")) held through a CSDP or broker (or their nominee) and are not registered as an "own-name dematerialised shareholder" then you are not a registered shareholder of the Company, your CSDP or broker (or their nominee) would be. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker as the case may be:
 - 5.1 if you wish to participate in the virtual AGM you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
 - 5.2 if you are unable to attend the virtual AGM but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the AGM and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.
6. CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, vote by either appointing a duly authorised representative to attend and vote at the virtual AGM or by completing the attached form of proxy in accordance with the instructions thereon and for administrative purposes, returning it to the Company's Transfer Secretary (Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, Private Bag X9000, Saxonwold, 2132) by no later than 09:00 on Tuesday, 10 October 2023 or by sending it by email to proxy@computershare.co.za. In order to facilitate proceedings at the AGM, shareholders intending to appoint a proxy are requested to do so as soon as is reasonably practical.
7. Shareholders of the Company that are companies, that wish to participate in the virtual AGM, may authorise any person to act as its representative at the AGM.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

for the year ended 31 March 2023

13. TO TRANSACT SUCH OTHER BUSINESS THAT MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING CONTINUED

ELECTRONIC PARTICIPATION

Shareholders or their duly appointed proxy(ies) that wish to participate in the virtual AGM (Participants), must register online using the online registration portal at <https://meetnow.global/za> (an electronic platform provided by Computershare), by no later than 09:00 on Tuesday, 10 October 2023, as set out in more detail in Annexure 5 “Electronic Participation Guide”. Computershare will first validate such request and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

1. The cost of electronic participation in the AGM is for the expense of the Participant and will be billed separately by the Participant’s own service provider.
2. The Participant acknowledges that the electronic communication services are provided by third parties, and indemnifies Lewis Group against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Lewis Group, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the AGM.
3. Lewis Group cannot guarantee that there will not be a break in electronic communication that is beyond the control of the Company.

By order of the Board



Marisha Gibbons
Company Secretary

ANNEXURE 1

LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME

INTRODUCTION

The Company's remuneration committee believes that retention of the executive management team is crucial to the continued success of the operations of the Company. The new Lewis 2023 Executive Performance Scheme ("LEPS") contains substantially the same terms as were contained in the Lewis 2021 Executive Performance Scheme. No material amendments were made thereto other than an amendment to the aggregate number of shares that may be utilised for the LEPS and the aggregate number of shares that any one participant may acquire in terms of the LEPS.

The salient features of the new LEPS are summarised below.

1. DEFINITIONS AND INTERPRETATIONS

In this salient features summary and the schedules hereto, unless the context indicates otherwise, the following words and expressions shall bear the meanings assigned to them below, words in the singular include the plural and *vice versa*, words importing the masculine include the feminine, words incorporating persons include juristic persons and associations of persons, and a cognate word or expression shall have the corresponding meaning; and all times and dates referred to are South African times and dates unless otherwise stated.

- 1.1 "**Alternative Awards**" means Awards in respect of which the Award Shares shall vest on such vesting date(s) as the Committee may determine and which are not Three Year Awards, Four Year Awards or Five Year Awards;
- 1.2 "**Auditors**" means the external auditors of the Company from time to time;
- 1.3 "**Award**" means the option to acquire Shares under the Scheme, free of charge;
- 1.4 "**Award Shares**" means the Shares which are the subject of an Award;
- 1.5 "**Board**" means the board of directors for the time being of Lewis;
- 1.6 "**Business Day**" means any day other than a Saturday, Sunday or public holiday officially recognised as such in the Republic of South Africa;
- 1.7 "**Committee**" means the remuneration committee of the Board, or its successor in title;
- 1.8 "**Companies Act**" or "**Act**" means the Companies Act No. 71 of 2008, as amended;
- 1.9 "**Employer Company**" means the Company in the Lewis Group that employs Executives and has adopted the Lewis 2023 Executive Performance Scheme;
- 1.10 "**Executive**" means any executive director of the Company, any senior member of management of the Lewis Group or any other key employee of the Lewis Group, selected by the Committee;
- 1.11 "**Financial Markets Act**" means the Financial Markets Act No. 19 of 2021, as amended;
- 1.12 "**Financial Year**" means the financial year of the Company as determined in terms of section 27 of the Act, commencing on 1 April and ending on 31 March;
- 1.13 "**Five Year Awards**" means Awards in respect of which one third of the Awards Shares shall vest on each of the third, fourth and fifth anniversaries of the Grant Date;
- 1.14 "**Four Year Awards**" means Awards in respect of which 50% of the Award Shares shall vest on the third anniversary of the Grant Date and the remaining 50% will vest on the fourth anniversary of the Grant Date;
- 1.15 "**Grant Date**" means the date on which an Award is granted under a Scheme;
- 1.16 "**JSE**" means the JSE Limited, a company incorporated with limited liability under the laws of South Africa under registration number 2005/022939/06, and licensed as an exchange under the Financial Markets Act;
- 1.17 "**JSE Listings Requirements**" means the Listings Requirements published by the JSE, as amended;
- 1.18 "**Lewis**" or "**the Company**" means Lewis Group Limited, a company incorporated with limited liability under the laws of South Africa with registration number 2004/009817/06;

ANNEXURE 1

LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

1. DEFINITIONS AND INTERPRETATIONS CONTINUED

- 1.19 “**Lewis Group**” means Lewis and each of its subsidiaries;
- 1.20 “**Long Term Awards**” means Four Year Awards, Five Year Awards and any Alternative Awards of which any portion of the Award vests after the third anniversary of the Grant Date;
- 1.21 “**Long Term Performance Criteria**” means the performance criteria listed in Part A of the Performance Criteria Schedule, which the Committee shall apply in determining the Performance Targets in respect of Long Term Awards;
- 1.22 “**LEPS**” or “**Lewis 2023 Executive Performance Scheme**” or “**Scheme**” means the Lewis 2023 Executive Performance Scheme, established in terms of the LEPS Document;
- 1.23 “**LEPS Document**” or “**Scheme Document**” means the document governing the LEPS, being the agreement entered into between Lewis and the Trust;
- 1.24 “**Market Price**” means the average closing price of the shares over the last three Business Days during which shares were traded on the JSE prior to the relevant date;
- 1.25 “**Participant**” means a person who has received and accepted an Award under a Scheme;
- 1.26 “**Performance Criteria Schedule**” means Schedule 1 attached hereto listing the Long Term Performance Criteria and Short term Performance Criteria;
- 1.27 “**Performance Period**” the financial years of the Company commencing on 1 April preceding the Grant Date and ending on 31 March immediately preceding the final Vesting Date;
- 1.28 “**Prohibited Period**” means a prohibited period as such term is defined in the JSE Listings Requirements;
- 1.29 “**Shares**” means ordinary shares in the share capital of Lewis;
- 1.30 “**Short Term Awards**” means Three Year Awards and any Alternative Awards in respect of which all Award Shares vest on or before the third anniversary of the Grant Date;
- 1.31 “**Short Term Performance Criteria**” means the performance criteria listed in Part B of the Performance Criteria Schedule, which the Committee shall apply in determining the performance targets in respect of Short Term Awards;
- 1.32 “**South Africa**” means the Republic of South Africa;
- 1.33 “**Termination of Employment**” means the date on which an Executive’s contract of employment terminates and, for the avoidance of doubt:
- 1.33.1 if notice of termination was given by either the Executive or the Company or the Employer Company, as the case may be, such termination shall only occur upon the expiry of the notice period; or
- 1.33.2 if no notice of termination was given by either the Executive or the Company or the Employer Company, as the case may be but a payment *in lieu* of notice was made, termination shall occur on the date of such payment,
- provided that there shall be deemed to be no Termination of Employment for purposes of the Schemes, if the Executive ceases to be employed by one Employer Company but remains within the continuous employment of the Lewis Group by being employed by another Employer Company;
- 1.34 “**Three Year Awards**” means Awards in respect of which the Award Shares shall vest on the date that is three years after the Grant Date;
- 1.35 “**Trust**” means the Lewis Employee Incentive Scheme Trust constituted in terms of a trust deed dated 20 September 2004;
- 1.36 “**Trustees**” means the Trustees for the time being of the Trust, including any alternate Trustees;
- 1.37 “**Vesting Date**” means the date on which an Award under the LEPS (or a relevant portion thereof) vests in accordance with the terms of the LEPS Document; and
- 1.38 “**ZAR**” means rand, the official currency of South Africa.

2. SALIENT FEATURES OF THE LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME

2.1 Purpose

The Lewis 2023 Executive Performance Scheme is aimed at incentivising continuing contributions by the Executives to the growth of the Lewis Group and attracting and retaining suitably skilled and competent personnel by granting Awards to such Executives which provide them with the opportunity to acquire Shares, thereby aligning the interests of such Executives with the interests of the Lewis Group.

2.2 Participants

Executive directors of Lewis and senior members of management of the Lewis Group or any other key employee of the Lewis Group, selected by the Committee, will be eligible to participate in the LEPS. The Committee will direct the Trustees to grant Awards to Executives from time to time.

2.3 Types of Awards and vesting

- 2.3.1 The Trustees may, from time to time during a Grant Period and upon directions of the Committee, as the case may be, by written notice (“the Award Notice”) grant Awards to Executives.
- 2.3.2 Awards granted under the LEPS shall comprise Three Year Awards, Four Year Awards, Five Year Awards and Alternative Awards, which Awards shall vest, subject, in each instance, to fulfilment of the relevant conditions referred to in paragraph 2.3.5 below and such other Performance Targets as may be determined by the Committee for each financial year during a Performance Period.
- 2.3.3 Three Year Awards and those Alternative Awards that vest on the third anniversary of the Grant Date constitute Short Term Awards under the LEPS.
- 2.3.4 Four Year Awards, Five Year Awards and those Alternative Awards of which any portion vests after the third anniversary of the Grant Date constitute Long Term Awards under the LEPS.
- 2.3.5 The conditions, which are determined in the sole discretion of the Committee, upon which an Award (or portion thereof) will vest shall include at least:
 - 2.3.5.1 the Participant’s continued employment with an Employer Company at the relevant Vesting Date and no termination of such employment being intimated or notice of termination served on or by such Award Holder, other than in circumstances set out in paragraphs 2.10.1 or 2.10.3; and
 - 2.3.5.2 the achievement of Performance Targets during a particular Performance Period.
- 2.3.6 Subject to the conditions contemplated in paragraphs 2.3.2 and 2.3.5 above, the Awards will vest as follows:
 - 2.3.6.1 Three Year Awards will vest on the date that is three years after the Grant Date;
 - 2.3.6.2 in respect of Four Year Awards, 50% (fifty percent) will vest on the third anniversary of the Grant Date and the remaining 50% (fifty percent) will vest on the fourth anniversary of the Grant Date;
 - 2.3.6.3 in respect of Five Year Awards, one third of the Awards shall vest on each of the third, fourth and fifth anniversaries of the Grant Date; and
 - 2.3.6.4 the Vesting Date(s) in respect of an Alternate Award will be determined by the Committee and communicated to the Executive in the Award Notice.
- 2.3.7 The Committee will have the discretion to accelerate the vesting of Awards in exceptional circumstances.

ANNEXURE 1

LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

2. SALIENT FEATURES OF THE LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

2.4 Basis of Awards and Performance Targets

Long Term Awards

- 2.4.1 The Committee shall always utilise the Long Term Performance Criteria in paragraph 1 of Part A of the Performance Criteria Schedule (i.e. Headline earnings per share), and at least one of the following Long Term Performance Criteria:
- 2.4.1.1 Return on average shareholders' equity;
 - 2.4.1.2 After tax return on average capital employed;
 - 2.4.1.3 Before tax return on average assets managed;
 - 2.4.1.4 Gearing ratio, to determine the Performance Target(s) applicable to a Long Term Award.
- 2.4.2 Performance Targets in respect of Long Term Awards shall be determined by the Committee as at the Grant Date in respect of the entire Performance Period.

Short Term Awards

- 2.4.3 The Committee shall select any or all of the following Short Term Performance Criteria for determining the Performance Targets in respect of Short Term Awards:
- 2.4.3.1 Headline earnings per share;
 - 2.4.3.2 Quality of debtors book;
 - 2.4.3.3 Gross margin.
- 2.4.4 The Performance Target(s) in respect of Short Term Awards shall be determined in respect of:
- 2.4.4.1 each financial year during the Performance Period, determined by the Committee within three months after the commencement of each financial year (or such later date as the Committee may determine if extraordinary circumstances exist, as determined by the Committee); and/or
 - 2.4.4.2 the entire Performance Period, determined by the Committee as at the Grant Date.
- 2.4.5 When determining the Performance Targets in respect of an Award, the Committee may determine what proportion of an Award relates to which Performance Targets. In these circumstances, if only some of the Performance Targets are met, only the specified portion of the Award will vest on the relevant Vesting Date and the remainder of the Award in respect of which the Performance Targets were not met shall lapse, subject to paragraph 2.4.7.
- 2.4.6 In making such determinations, the Committee is entitled to allocate a greater proportion of the Award to those Performance Targets which the particular Participant has the ability to influence, having regard to his or her daily employment responsibilities.
- 2.4.7 When determining to what extent Performance Targets have been met in respect of any Short Term Performance Criteria and/or Long Term Performance Criteria, as the case may be, the Committee shall apply the following:
- 2.4.7.1 in the event the Committee determines that 100% (one hundred percent) of any Performance Target has been achieved, then the entire Award allocated to such Performance Target shall vest on the relevant Vesting Date;
 - 2.4.7.2 in the event the Committee determines that less than 100% (one hundred percent) but equal to or more than 97.5% (ninety seven point five percent) of a relevant Performance Target has been met, then 25% (twenty five percent) of the proportion of the Award allocated to such Performance Target shall vest on the relevant Vesting Date; and

2. SALIENT FEATURES OF THE LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

- 2.4.7.3 in the event the Committee determines that less than 97.5% (ninety seven point five percent) but equal to or more than 95% (ninety five percent) of any Performance Target has been met, then 10% (ten percent) of the proportion of the Award allocated to such Performance Target shall vest on the relevant Vesting Date;
- 2.4.7.4 in the event the Committee determines that less than 95% (ninety five percent) of any Performance Target has been met, then the proportion of the Award allocated to such Performance Target shall lapse, subject to the remainder of this paragraph 2.4.
- 2.4.8 When determining whether Performance Targets have been met, the Committee may furthermore consider adjusting such Performance Targets if material changes (both positive or negative) have been made to accounting policies resulting from IFRS becoming effective after the Grant Date.
- 2.4.9 After determining Performance Targets for a particular Performance Period, the Committee shall be entitled, in exceptional circumstances (both positive or negative), to amend such Performance Targets. In making such determination, the Committee shall have regard to all applicable circumstances affecting such Performance Targets, including but not limited to, changes to national or international political, financial, economic, monetary or market conditions, the performance of the Lewis Group relative to the industry in which the Lewis Group conducts its business and any corporate actions undertaken by the Lewis Group during the relevant Performance Period.

2.5 Timing of grant of Awards

- 2.5.1 Awards may be granted under the LEPS during any 6 (six) week period (each such 6 (six) week period being a "Grant Period") commencing upon:
 - 2.5.1.1 the adoption of the LEPS or any amendment thereto; or
 - 2.5.1.2 the announcement by the Company of its results for any year, half year or other period or the issue by the Company of any prospectus, revised listing particulars, pre-listing statement or other documents containing equivalent information relating to the Shares; or
 - 2.5.1.3 a determination by the Committee that exceptional circumstances have arisen which justify the making of offers in terms of the LEPS outside the usual Grant Periods.

2.6 Rights of Participants

- 2.6.1 Award Shares will be delivered to a Participant within 20 Business Days after the relevant Vesting Date, at no consideration, whereafter all risk and benefit of such Shares shall pass to the Participant, including all dividend and voting rights in respect thereof.
- 2.6.2 The Award Shares shall at the time of delivery thereof:
 - 2.6.2.1 be issued, as fully paid Shares; and
 - 2.6.2.2 rank *pari passu* with existing issued Shares, and shall be listed on the JSE as soon as reasonably possible if not already listed in the relevant circumstances.
- 2.6.3 Awards not accepted in terms of the Award Notice will lapse, provided that the Trustees may direct that an Award be deemed not to have lapsed if, in the Trustees' sole discretion, there are reasonable grounds for extending the acceptance period.
- 2.6.4 Where Shares in respect of which an Award has been allocated to an Executive are not subsequently issued and/or delivered to such Executive (for example, as a result of the Award lapsing due to a Termination of Employment), such Shares will revert back to the LEPS and may form the subject of further Awards to be granted to Executives under the LEPS.

ANNEXURE 1

LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

2. SALIENT FEATURES OF THE LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

2.7 Lapsing of Award

- 2.7.1 Should a Participant fail to accept an Award in accordance with the terms of an Award Notice, then such Award shall lapse, provided that the Trustees may direct that such Award shall be deemed not to have lapsed if, in their sole discretion, there are reasonable grounds for extending the period for acceptance of the Award.
- 2.7.2 An Award (or a relevant portion thereof), to the extent that it has not yet vested, shall also lapse on the occurrence of the earliest of the following:
 - 2.7.2.1 failure to fulfil the Performance Targets or to remain employed, save where vesting will occur pursuant to the provisions of paragraph 2.10;
 - 2.7.2.2 the date on which the Participant ceases (whether lawfully or unlawfully) to be an Executive, save where vesting will occur pursuant to the provisions of paragraphs 2.10 or 2.11;
 - 2.7.2.3 the date on which a resolution is passed, or an order is made by the court, for the compulsory winding up of the Company;
 - 2.7.2.4 the date on which a Participant becomes insolvent.

2.8 Limit and adjustments

2.8.1 Company limit

- 2.8.1.1 The maximum aggregate number of newly issued or treasury Shares that may be utilised for the LEPS shall not exceed 1,750,000 Shares.
- 2.8.1.2 In accordance with Schedule 14 to the JSE Listings Requirements, Shares purchased through the market will not be taken into account when calculating the number of Shares utilised by the LEPS.

2.8.2 Individual limit

The aggregate number of Shares which any one Executive may acquire in terms of the LEPS shall not exceed 875,000 Shares.

2.8.3 Adjustments

- 2.8.3.1 The individual and Company limits referred to in paragraphs 2.8.1 and 2.8.2 above and the number of Award Shares will be adjusted upon:
 - 2.8.3.1.1 the Shares of the Company are consolidated or sub-divided or in any other way reorganised;
 - 2.8.3.1.2 the Company is involved in a solvent restructuring affecting the Share capital or an amalgamation or merger in terms of which the Company is the surviving company and is thus an “amalgamated or merged company” continuing in existence after the implementation of the amalgamation or merger agreement;
 - 2.8.3.1.3 the Company is party to a scheme of arrangement affecting the structure of its Share capital (excluding as a result of a repurchase of the Company's shares requiring compliance by the Company with section 114 of the Companies Act solely by virtue of section 48(8)(b) of the Act), but paragraph 2.13 does not apply;
 - 2.8.3.1.4 the Company allots additional shares (including bonus or capitalisation shares issued simultaneously with an election to shareholders to decline such shares and to accept a cash dividend) by the capitalisation of the Company's profits and/or reserves and/or share premium;

2. SALIENT FEATURES OF THE LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

- 2.8.3.1.5 additional shares are issued by the Company pursuant to a rights issue; or
 - 2.8.3.1.6 the Company makes payment of a special dividend, including a distribution in specie, to shareholders in terms of the Act (other than a cash dividend paid in the ordinary course of business).
- 2.8.3.2 Upon the occurrence of the events referred to in paragraph 2.8.3.1, adjustments will be made to the number of Shares which may be utilised for the Scheme (as per paragraph 2.8.1), the aggregate number of Shares which any one Executive may acquire in terms of the Scheme (as per paragraph 2.8.2), and the number of Award Shares which are the subject of any Award in such manner as the Auditors determine to be appropriate and, in making such determination, the Auditors will seek to ensure that Executives will remain entitled to the same proportion of the equity capital of the Company as that to which such Executive would have been entitled but for such event, and will seek to ensure that Executives are not prejudiced nor given benefits beyond those provided for in the LEPS.
- 2.8.3.3 In terms of Schedule 14 to the JSE Listings Requirements, the Auditors or other independent advisers acceptable to the JSE must confirm to the JSE in writing that any adjustments are in accordance with the provisions of the LEPS, and the Company must report any such adjustments in its financial statements for the year in which the adjustments are made.
- 2.8.3.4 There shall be no adjustment to the number of Shares which may be utilised for the Scheme, the aggregate number of Shares which any one Participant may acquire in terms of the Scheme, the number of Shares which are the subject of any Award in respect thereof if there is:
 - 2.8.3.4.1 an issue of Shares by the Company as consideration for an acquisition; or
 - 2.8.3.4.2 a specific issue of Shares for cash; or
 - 2.8.3.4.3 a vendor consideration placement.

2.9 Types of Shares

- 2.9.1 Award Shares granted under the LEPS will be satisfied by newly issued or treasury Shares or Shares acquired in the market.
- 2.9.2 In order to meet its obligation to deliver Award Shares to Executives, the Trust may purchase shares through the market from time to time, and may sell any such shares purchased should those shares or options be surplus to the requirements of the LEPS.
- 2.9.3 Shares may only be issued or purchased for purposes of the LEPS once an Executive or group of Executives to whom they will be allocated, has been formally identified. Shares held in trust may only be sold:
 - 2.9.3.1 once the employment of a Participant has been terminated or a Participant is deceased;
 - 2.9.3.2 on behalf of a Participant, once the rights of ownership in the shares have vested in such Participant.
- 2.9.4 No shares may be purchased by the Company during a Prohibited Period unless the Company has in place a purchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the Prohibited Period. The Company shall instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the Prohibited Period to execute the purchase programme submitted to the JSE.

ANNEXURE 1

LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

2. SALIENT FEATURES OF THE LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

2.10 Termination of Employment

- 2.10.1 The rights of a Participant under the LEPS will be affected by the Termination of Employment of that Participant. If a Participant's Termination of Employment is due to:
- 2.10.1.1 the Participant's death;
 - 2.10.1.2 ill health or injury preventing the Participant from performing his or her normal employment duties for a consecutive period of 12 (twelve) months;
 - 2.10.1.3 the Participant's normal or late retirement or early retirement with the approval of the Committee; or
 - 2.10.1.4 any other circumstances approved by a resolution of the Committee,
- 2.10.2 then a portion of any unvested Award calculated with reference to a predetermined formula (set out in the LEPS Document) will vest in the Participant on the date of such Termination of Employment.
- 2.10.3 If a Participant's Termination of Employment is in accordance with the relevant Participant's employment contract (for example retrenchment by the relevant Employer Company based on operation requirements), then the relevant tranche(s) of the Award Shares that:
- 2.10.3.1 vest during the applicable notice period or would have vested during the applicable notice period if the relevant Employer Company pays the Participant in lieu of notice; and
 - 2.10.3.2 would have vested first after the end of the relevant notice period,
- had the Participant remained in the employment of the Employer Company, will also vest on the respective Vesting Dates as they occur while the remainder of the Participant's Award shall lapse.
- 2.10.4 If the employment of any Participant terminates for any reason other than those stipulated above, the Participant's Award, to the extent that it has not yet vested, shall lapse on the Participant's Termination of Employment.

2.11 Change in control

The rights of Participants will be affected by certain change of control events. If:

- 2.11.1 the Company or any of its subsidiaries dispose of more than half of the shares held by it in an Employer Company which employs a Participant in circumstances where such Employer Company ceases to be a subsidiary of the Company and the Participant becomes employed by the acquirer thereof or remains employed by that Employer Company after it ceases to be a member of the Lewis Group;
 - 2.11.2 any Employer Company disposes of its business or part thereof or the majority of its assets in circumstances where the Participant who is employed by such Employer Company becomes employed by the acquirer thereof which itself is not an Employer Company;
 - 2.11.3 the Company becomes an immediate subsidiary of another company due to a take-over, scheme of arrangement, reconstruction or an amalgamation or merger; or
 - 2.11.4 the Company proposes a resolution for its voluntary winding-up, then,
- within 30 (thirty) days of becoming aware of the occurrence of the event:
- 2.11.5 Awards under the LEPS which have not yet vested will vest; and
 - 2.11.6 Participants will be entitled to require delivery of any undelivered Award Shares acquired pursuant to the vesting of an Award, by sending written notice to the Trustees,

provided that the Board may in relation to the rights of the Award holders and/or Participants make such alternative arrangements as may be regarded to be in the best interest of the Executives, subject to such approval by the Company in general meeting or any regulatory authority as may be required, if any.

2. SALIENT FEATURES OF THE LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

2.12 Clawback

In the event an Executive or former-Executive satisfies any clawback condition (as defined in the Scheme and/or stipulated in the Award Notice, whether prior to his/her Termination of Employment or thereafter), the Employer Company and/or the Company shall be entitled, but not obliged to, *inter alia*, purchase shares subject to the clawback from the Executive; and/or cancel such shares; and/or deliver a written demand to the Executive demanding that the Executive pay to the Employer Company the Rand amount equal to the value of the clawback shares.

2.13 Amendment of the LEPS

- 2.13.1 It shall be competent for the Board and Trustees to amend any of the provisions of this LEPS, subject to the approval of the JSE, provided that:
 - 2.13.1.1 no such amendment adversely affecting the rights of any of the Participants shall be competent unless agreed upon between the Committee and the relevant Participants; and
 - 2.13.1.2 where required in terms of the JSE Listings Requirements, including in terms of Schedule 14 thereto, the approval of the shareholders of the Company in a general meeting is obtained.
- 2.13.2 Notwithstanding the provisions of paragraph 2.13.1, if it should become necessary or desirable by reason of the enactment of any new legislation at any time after the signing of the LEPS Document, to amend the provisions of the LEPS so as to preserve the substance of the provisions contained in the LEPS Document but amend the form so as to achieve the objectives embodied in the LEPS Document in the best manner having regard to such new legislation and without prejudice to the Participants concerned, then the Board and Trustees may amend this document accordingly, provided that the approval of the JSE has been obtained.

2.14 Documents available for inspection

The salient terms of the Scheme are summarised above. Although the summary of the salient terms of the Scheme contains what the Board believes to be a summary of the most material terms of the Lewis 2023 Executive Performance Scheme, it does not summarise every proposed term of the Scheme in detail. Shareholders are hereby referred to the LEPS Document containing all of the terms applicable to the proposed Scheme, which will be available for inspection by shareholders at the Company's registered address during normal business hours from 5 September 2023 to 12 October 2023. Shareholders can also request a copy of either Scheme Document to be posted or e-mailed to them by contacting Marisha Gibbons at stakeholders@lewisgroup.co.za.

ANNEXURE 1

LEWIS 2023 EXECUTIVE PERFORMANCE SCHEME CONTINUED

Schedule 1

PERFORMANCE CRITERIA

Part A – Long Term Performance Criteria

1. **Headline Earnings per Share**

Headline Earnings is defined and calculated in terms of the Headline Earnings Circular issued by the South African Institute of Chartered Accountants from time from time. Headline Earnings per Share is calculated as Headline Earnings divided by the weighted average number of shares in issue.

2. **Return on average shareholders' equity ("ROE")**

Profit attributable to ordinary shareholders (as reflected in the income statement (profit and loss) and excludes other comprehensive income as defined in IFRS) as a percentage of average shareholders' equity.

3. **After tax return on average capital employed ("ROCE")**

After tax return for capital is the profit attributable to ordinary shareholders (as reflected in the income statement (profit and loss) and excludes other comprehensive income as defined in IFRS) plus finance costs paid to providers of capital less the attributable tax on finance costs.

Capital employed is shareholders' interest and interest-bearing debt.

The after tax return on average capital employed is the after tax return for capital as a percentage of the capital employed for the year.

4. **Before tax return on average assets managed ("ROA")**

The before tax return on average assets managed is the profit before interest and tax as a percentage of the average total assets.

5. **Gearing ratio**

Interest-bearing debt, reduced by cash and cash equivalents, divided by shareholders' equity.

Part B – Short Term Performance Criteria

1. **Headline Earnings per Share**

Headline Earnings is defined and calculated in terms of the Headline Earnings Circular issued by the South African Institute of Chartered Accountants from time from time. Headline Earnings per Share is calculated as Headline Earnings divided by the weighted average number of shares in issue.

2. **Quality of Debtors Book**

This describes a category of performance measures which encapsulates the quality of the debtor book. This includes but is not limited to:

- a) Debtor costs as a percentage of debtors at gross carrying value (net instalment sale and loan receivables before impairment provision).
- b) Level of satisfactory paid customers.

The above list does not preclude the Committee using such other similar performance measures as the above, if such measures are routinely utilised in the Group's business.

3. **Gross margin**

Gross profit as a percentage of merchandise sales.

ANNEXURE 2 DIRECTORS' CVs



**Hilton
Saven**
(70)

BCOM, CA(SA)

**INDEPENDENT
NON-EXECUTIVE CHAIRMAN**

Expertise and experience:
Corporate governance, strategy and finance.

Hilton is an experienced company director and a registered chartered accountant. He is the former chairman of Mazars South Africa, an international accounting firm, as well as the former chairman of Praxity Alliance, an international alliance of accounting firms.

Specific contribution to the board:

Hilton serves as the non-executive chairman of Lewis Group as well as the non-executive chairman of Monarch Insurance Company, the Group's insurance subsidiary. His extensive experience in corporate governance, strategy, accounting and finance supports the board in fulfilling its statutory obligations and financial oversight responsibilities. He performed these roles over a number of years for both listed and large private companies.



**Adheera
Bodasing**
(49)

BA, LLB

**NON-EXECUTIVE
DIRECTOR**

Expertise and experience:
Legal and compliance.

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.

Specific contribution to the board:

Adheera engages regularly with parliament and the various financial sector regulators which allows her to advise the board on future and existing regulations and policies impacting the business. Her broad understanding of the businesses' legal and regulatory framework also enables her to contribute on matters relating to regulatory compliance as well as other legal aspects.



**Johan
Enslin**
(49)

**EXECUTIVE DIRECTOR AND
CHIEF EXECUTIVE OFFICER**

Expertise and experience: Johan has 29 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. Prior to his appointment as the chief executive officer, he was the chief operating officer responsible for the retail operations of the Group.

Specific contribution to the board:

Johan is the chief executive officer and an executive director of the Group, and has a wealth of retail experience gained through all stages of the economic cycle.

ANNEXURE 2

DIRECTORS' CVs CONTINUED



**Daphne
Motsepe**
(66)

BCOMPT, MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Expertise and experience:

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

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



**Tapiwa
Njikizana**
(47)

CA(SA), JSE REGISTERED IFRS
ADVISOR

INDEPENDENT NON-EXECUTIVE DIRECTOR (ZIMBABWEAN)

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.

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



**Brendan
Deegan**
(61)

B.COMM, CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Expertise and experience:

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

Specific contribution to the board: Brendan serves as a non-executive director of Lewis Group and attends Monarch Insurance Company Limited's committee meetings by invitation pending his approval by the Prudential Authority. Brendan is an experienced accountant and former auditor with expertise in financial reporting, leadership and governance, and assurance and risk.

ANNEXURE 3

AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

INDEPENDENT AUDITOR'S REPORT

on the summary consolidated financial statements

To the Shareholders of Lewis Group Limited

OPINION

The summary consolidated financial statements of Lewis Group Limited, contained in the accompanying abridged report, which comprise the summary consolidated balance sheet as at 31 March 2023, the summary consolidated income statement, the summary consolidated statement of comprehensive income, the summary consolidated statement of changes in equity and summary consolidated cash flow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of Lewis Group Limited for the year ended 31 March 2023.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 25 May 2023. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: MR Fortune

Registered Auditor

Cape Town, South Africa

25 May 2023

INCOME STATEMENT

for the year ended 31 March 2023

	Notes	2023 Audited Rm	2022 Audited Rm
Revenue	4.1	7 483.0	7 256.1
Retail revenue	4.2	5 268.1	5 200.5
Merchandise sales		4 443.1	4 382.5
Ancillary services		825.0	818.0
Insurance revenue		881.0	776.0
Effective interest income		1 333.9	1 279.6
Cost of merchandise sales	5	(2 637.0)	(2 607.6)
Operating costs		(4 143.2)	(3 881.7)
Debtor costs	2.2	(751.7)	(702.4)
Bad debts net of recoveries		(838.7)	(825.7)
Movement in debtors impairment provision		87.0	123.3
Employment costs		(1 376.6)	(1 411.7)
Administration and IT		(369.6)	(345.1)
Transport and travel		(348.3)	(278.6)
Marketing		(315.9)	(279.9)
Depreciation and amortisation	8.1	(350.9)	(327.8)
Other operating costs		(630.2)	(536.2)
Operating profit before impairments and capital items		702.8	766.8
Impairments and capital items	8.2	(102.2)	(98.9)
Operating profit		600.6	667.9
Investment income	3.2	33.5	34.6
Interest paid	9.3	(110.9)	(48.9)
Interest received	9.3	16.4	25.4
Foreign exchange gains/(losses)	9.3	21.9	(5.1)
Profit before taxation		561.5	673.9
Taxation	10	(154.4)	(190.8)
Net profit attributable to ordinary shareholders		407.1	483.1
Earnings per share	(cents)	689.0	730.7
Diluted earnings per share	(cents)	666.2	709.9

ANNEXURE 3**AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 March 2023

	2023 Audited Rm	2022 Audited Rm
Net profit for the year	407.1	483.1
Items that may be subsequently reclassified to income statement:		
Movement in other reserves	11.8	(3.9)
Fair value adjustments	(6.5)	9.0
Changes in the fair value of debt instruments at fair value through other comprehensive income – FVOCI debt investments	(8.9)	12.5
Tax effect	2.4	(3.5)
Foreign currency translation reserve	18.3	(12.9)
Items that may not be subsequently reclassified to income statement:		
Retirement benefit remeasurements	(0.7)	6.5
Remeasurements of the retirement asset and liabilities	(1.0)	9.1
Tax effect	0.3	(2.6)
Other comprehensive income	11.1	2.6
Total comprehensive income for the year attributable to equity shareholders	418.2	485.7

EARNINGS AND DIVIDENDS PER SHARE

for the year ended 31 March 2023

		2023 Audited	2022 Audited
Weighted average number of shares			
Weighted average	('000)	59 082	66 112
Diluted weighted average	('000)	61 112	68 056
Headline earnings			
Attributable earnings	(Rm)	407.1	483.1
Profit on disposal of fixed assets	(Rm)	(1.5)	(14.0)
Impairment of right-of-use assets	(Rm)	16.8	70.6
Goodwill impairment	(Rm)	91.1	31.4
Profit on scrapping of fixed assets due to civil unrest	(Rm)	(7.2)	(10.0)
Scrapping of assets	(Rm)	–	7.1
Compensation from insurers	(Rm)	(7.2)	(17.1)
Headline earnings	(Rm)	506.3	561.1
Earnings per share			
Earnings per share	(cents)	689.0	730.7
Diluted earnings per share	(cents)	666.2	709.9
Headline earnings per share			
Headline earnings per share	(cents)	856.9	848.7
Diluted headline earnings per share	(cents)	828.5	824.5
Dividends per share			
Dividends paid per share			
Final dividend 2022 (2021)	(cents)	218.0	195.0
Interim dividend 2023 (2022)	(cents)	195.0	195.0
	(cents)	413.0	390.0
Dividends declared per share			
Interim dividend 2023 (2022)	(cents)	195.0	195.0
Final dividend 2023 (2022)	(cents)	218.0	218.0
	(cents)	413.0	413.0

ANNEXURE 3

AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

BALANCE SHEET

as at 31 March 2023

	Notes	2023 Audited Rm	2022 Audited Rm
Assets			
Non-current assets			
Property, plant and equipment		426.3	396.4
Right-of-use assets	7.2	760.0	747.1
Intangible assets		114.9	107.3
Goodwill		59.9	151.0
Deferred taxation		53.0	82.7
Retirement benefit asset		106.7	109.8
Financial assets – insurance investments	3.1	257.3	266.1
		1 778.1	1 860.4
Current assets			
Inventories		869.3	1 018.8
Trade, insurance and other receivables	2.1	4 071.5	3 535.0
Taxation		6.5	28.1
Financial assets – insurance investments	3.1	138.9	156.7
Cash-on-hand and deposits	9.1	183.0	308.1
		5 269.2	5 046.7
Total assets		7 047.3	6 907.1
Equity and liabilities			
Capital and reserves			
Share capital and premium		0.9	0.9
Treasury shares		(8.3)	(3.7)
Other reserves		35.5	11.4
Retained earnings		4 581.8	4 708.4
		4 609.9	4 717.0
Non-current liabilities			
Lease liabilities	7.1	680.3	700.1
Deferred taxation		39.7	27.4
Retirement benefit liability		73.3	77.3
		793.3	804.8
Current liabilities			
Trade and other payables		684.2	685.0
Payments in advance		189.6	181.1
Insurance liabilities		112.8	102.2
Short-term interest-bearing borrowings	9.1	367.5	80.8
Lease liabilities	7.1	264.7	250.2
Taxation		25.3	86.0
		1 644.1	1 385.3
Total equity and liabilities		7 047.3	6 907.1

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

	2023 Audited Rm	2022 Audited Rm
Share capital and premium		
Opening balance	0.9	0.9
Cost of own shares acquired	(275.7)	(353.2)
Transfer of cost of cancelled shares	275.7	353.2
	0.9	0.9
Treasury shares		
Opening balance	(3.7)	(0.4)
Share awards to employees	29.4	51.8
Cost of own shares acquired	(34.0)	(55.1)
	(8.3)	(3.7)
Other reserves		
Opening balance	11.4	33.6
Other comprehensive income for the year:		
Changes in fair value of FVOCI debt investments	(6.5)	9.0
Foreign currency translation reserve	18.3	(12.9)
Equity-settled share-based payments	25.8	21.1
Transfer of share-based payments reserve to retained earnings on vesting	(13.5)	(39.4)
	35.5	11.4
Retained earnings		
Opening balance	4 708.4	4 838.6
Net profit attributable to ordinary shareholders	407.1	483.1
Distribution to shareholders	(241.4)	(254.2)
Transfer of cost of cancelled shares	(275.7)	(353.2)
Transfer of share-based payments reserve to retained earnings on vesting	13.5	39.4
Retirement benefit remeasurements	(0.7)	6.5
Share awards to employees	(29.4)	(51.8)
	4 581.8	4 708.4
Balance as at 31 March	4 609.9	4 717.0

ANNEXURE 3**AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2023****CASH FLOW STATEMENT**

for the year ended 31 March 2023

	Notes	2023 Audited Rm	2022 Audited Rm
Cash flow from operating activities			
Cash flow from trading	11.1	981.2	1 019.5
Changes in working capital	11.2	(239.3)	(156.2)
Cash flow from operations		741.9	863.3
Interest received other than from trade receivables		16.4	25.4
Interest paid	11.3	(105.7)	(74.7)
Foreign exchange gains/(losses)		14.2	(4.8)
Taxation paid		(149.3)	(104.2)
		517.5	705.0
Cash utilised in investing activities			
Purchases of insurance investments	3.1	(32.1)	(51.2)
Disposals of insurance investments		83.3	152.8
Acquisition of property, plant and equipment and intangible assets		(142.9)	(119.5)
Proceeds on disposal and scrapping of property, plant and equipment		18.1	52.3
		(73.6)	34.4
Cash flow from financing activities			
Dividends paid		(241.4)	(254.2)
Payment of principal portion of lease liabilities	7.1	(304.6)	(296.6)
Purchase of own shares		(309.7)	(408.3)
		(855.7)	(959.1)
Net decrease in cash and cash equivalents		(411.8)	(219.7)
Cash and cash equivalents at the beginning of the year		227.3	447.0
Cash and cash equivalents at the end of the year	9.1	(184.5)	227.3

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1. BASIS OF REPORTING

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts; and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The Group has a trading cycle of 1 April to 31 March aligned with its statutory year-end. This is consistent with the previous financial year.

These financial statements are a summary of the Group’s audited annual financial statements for the year-ended 31 March 2023. The audited annual financial statements were prepared by the Group’s Finance Department under the supervision of Mr J Bestbier CA(SA). A copy of the full set of the audited financial statements is available on the Group website, www.lewisgroup.co.za.

These summary consolidated financial statements for the year-ended 31 March 2023 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived. The audited financial statements and the auditor’s report thereon are available for inspection at the company’s registered office and on the Group website, www.lewisgroup.co.za.

ANNEXURE 3
AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE SUMMARY
FINANCIAL STATEMENTS CONTINUED

2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS

2.1 Trade, insurance and other receivables

	2023 Audited Rm	2022 Audited Rm
Trade and insurance receivables	6 122.4	5 696.7
Trade receivables	6 013.2	5 581.3
Insurance receivables	109.2	115.4
Provision for impairment	(2 213.4)	(2 300.4)
Trade receivables	(2 162.5)	(2 233.3)
Insurance receivables	(50.9)	(67.1)
Trade and insurance receivables (net)	3 909.0	3 396.3
Due within 12 months	2 436.5	2 162.4
Due after 12 months	1 472.5	1 233.9
Other receivables	162.5	138.7
Total trade, insurance and other receivables	4 071.5	3 535.0
Debtors impairment provision as a percentage of debtors at gross carrying value (%)	36.2	40.4

Amounts due from trade receivables after one year are reflected as current, as they form part of the normal operating cycle. The credit terms of trade receivables range from 6 to 36 months.

Other receivables consist of prepayments, VAT, foreign reinsurance receivables, enterprise development loans and investment in insurance cell captive.

Payment ratings

The customer's payment profile is managed by using payment ratings. Payment ratings are determined on an individual customer level and aggregated over all the customer's sub-accounts. Payment ratings measure the customer's actual payments received over the lifetime of the account relative to the instalments due in terms of the contract.

There are 13 payment ratings with customers being allocated to one of these 13 payment ratings in accordance with their payment behaviour. For the purpose of managing the business, the 13 payment ratings are summarised into three main groupings, namely:

• **Satisfactory paid**

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

2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

2.1 Trade, insurance and other receivables continued

Payment ratings continued

- **Slow payers**

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

- **Non-performing accounts**

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

These payment ratings are used to categorise and report on customers, to re-sell to satisfactory paid customers and to follow up the slow paying and non-performing customers.

Impairment modelling

In accordance with paragraph 5.5.15(a)(ii) of IFRS 9, the Group has elected to apply the simplified model and measures the impairment allowance at an amount equal to lifetime expected credit losses ("ECL"). This policy has been applied to all trade receivables. Lifetime ECL are assessed by determining cash flows on a probability-weighted basis and discounting these at the effective interest rate including initiation fees. The discount rate used was 27.0% (2022: 26.6%). Cash flows are forecast up to month 60 of the account.

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

- Transition matrix and conditional probabilities
- Payment performance for each payment state

The transition matrix and conditional probabilities are calculated using the trade receivables population payment behaviour for each payment state and has been developed using the Group's customer payment history over a five-year period. The transition matrices have been developed for each of the countries which predicts the population's payment behaviour and probability of the account being in a particular payment state and transitioning into future payment states. The key states in the transitional matrix are the following:

- Customers' lifetime payment rating which measures the customers actual payments received over the lifetime of the account relative to the contractual instalments due
- Age of the account
- Term of the contract

For each term, lifetime payment rating and age, the transitional matrix predicts the probability of an account transitioning into future lifetime payment ratings for the remaining months on book.

The payment performance for each payment state is calculated using the actual payment history for each payment rating over the last 12 months.

ANNEXURE 3

AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED

2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

2.1 Trade, insurance and other receivables continued

Forward-looking information

IFRS 9 requires that the ECL impairment provision considers potential future changes in the economic environment. To achieve this, an economic overlay model has been developed by performing a regression analysis between key economic variables and the percentage of performing accounts rolling into non-performing states in the following 12 months. This analysis is done on an annual basis to identify the relevant economic variables and assess the degree of correlation with the non-performing category. Recent observations in the analysis were upweighted to more accurately reflect the enhanced collection strategies as evidenced by the improvement in satisfactory paid customers from 74.4% in 2021 to 80.4% in the current year with the value of the satisfactory paid increasing by 26.9% over the corresponding period.

The assessment for 2023 has identified, consistent with the 2022 year-end, the following economic variables as those with the highest degree of statistical significance:

- Real durable consumption, adjusted to account for GDP growth
- Year-on-year change in debt/disposable income

Base, upside and downside scenarios using the economic variables above are determined and a weighted average scenario prepared. This is compared to the base position and an appropriate adjustment is made to the whole trade receivables book. The three scenarios project the future impact of the economic variables on the impairment provision.

Global and local macroeconomic factors are likely to put additional strain on consumer disposable income during the coming year and consequently management has assigned a probability of 70% to the downside scenario, 25% to the base scenario and 5% to the upside scenario for the 12-month forecast. The resultant impact of R168.9 million (2022: R270.4 million) was included in the Group's ECL impairment provision.

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

Probability-weighted impact of all three scenarios	2023		2022	
	Rm	% change	Rm	% change
	168.9		270.4	
100% downside scenario	193.4	14.5	302.1	11.7
100% base scenario	124.5	(26.3)	211.6	(21.7)
100% upside scenario	48.4	(71.3)	120.3	(55.5)

Combined impairment and contractual arrears table

The table reflects the following:

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

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

2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

2.1 Trade, insurance and other receivables continued

Debtor analysis - 31 March 2023

Customer grouping	Number of customers Total	Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Installments in arrears	
						≤3 months R'000	>3 months R'000
Customer grouping							
Satisfactory paid	(%)						
		4 488 557	1 005 591	22.4	623 336	406 214	217 122
		73.3	45.4				
Slow payers	(%)						
		904 546	590 886	65.3	539 279	183 314	355 965
		14.8	26.7				
Non-performing accounts	(%)						
		729 323	616 970	84.6	535 225	113 338	421 887
		11.9	27.9				
Total		6 122 426	2 213 447	36.2	1 697 840	702 866	994 974

Credit impaired debtors as at 31 March 2023

	Non-performing accounts R'000	<i>In duplum</i>		Debt counselling		No payment in three consecutive months		Total R'000
		Satisfactory R'000	Slow pay R'000	Satisfactory R'000	Slow pay R'000	Satisfactory R'000	Slow pay R'000	
Credit impaired categories								
Gross carrying value	729 323 (616 970)	1 020 (410)	761 (551)	67 148 (19 086)	75 722 (49 468)	49 618 (14 918)	73 685 (48 085)	997 277 (749 488)
Impairment provision								
Amortised cost	112 353	610	210	48 062	26 254	34 700	25 600	247 789

ANNEXURE 3

AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

CONTINUED

2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

2.1 Trade, insurance and other receivables continued

Debtor analysis – 31 March 2022

	Number of customers Total	Gross carrying value R'000	Impairment provision R'000	Impairment provision %	Total arrears R'000	Instalments in arrears	
						≤3 months* R'000	>3 months R'000
Customer grouping							
Satisfactory paid	455 999	3 905 943	841 709	21.5	592 552	371 027	221 525
	79.0	68.6	36.6				
Slow payers	69 098	819 412	599 732	73.2	530 575	166 922	363 653
	12.0	14.4	26.1				
Non-performing accounts	51 796	971 311	858 977	88.4	759 918	139 792	620 126
	9.0	17.0	37.3				
Total	576 893	5 696 666	2 300 418	40.4	1 883 045	677 741	1 205 304

* The table was condensed to enhance usability and present pertinent financial information more concisely to the users of the financial statements.

Credit impaired debtors as at 31 March 2022

	Non-performing accounts R'000	In duplum		Debt counselling		No payment in three consecutive months		Total R'000
		Satisfactory R'000	Slow pay R'000	Satisfactory R'000	Slow pay R'000	Satisfactory R'000	Slow pay R'000	
Credit impaired categories								
Gross carrying value	971 311	1 708	1 878	44 838	60 200	43 703	58 981	1 182 619
	(858 977)	(817)	(1 474)	(13 135)	(41 628)	(13 300)	(41 175)	(970 506)
Impairment provision								
Amortised cost	112 334	891	404	31 703	18 572	30 403	17 806	212 113

2. TRADE, OTHER RECEIVABLES AND DEBTOR COSTS CONTINUED

2.1 Trade, insurance and other receivables continued

Interest rate risk

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

The weighted average contractual interest rate on trade receivables is 21.6% (2022: 20.8%).

Fair value

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

2.2 Debtor costs

	2023 Audited Rm	2022 Audited Rm
Bad debts	919.2	902.0
Bad debts before adjustment for interest on credit impaired accounts	1 011.0	1 021.3
Adjustment for interest on credit impaired accounts	(91.8)	(119.3)
Bad debt recoveries	(80.5)	(76.3)
Movement in debtors impairment provision	(87.0)	(123.3)
Closing balance	2 213.4	2 300.4
Opening balance	(2 300.4)	(2 423.7)
Total debtor costs	751.7	702.4
Debtor costs as a percentage of debtors at gross carrying value (%)	12.3	12.3

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

ANNEXURE 3
AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE SUMMARY
FINANCIAL STATEMENTS CONTINUED

3. INSURANCE

3.1 Insurance investments

	2023 Audited Rm	2022 Audited Rm
Financial assets – insurance investments		
<i>Listed investments</i>		
Fixed income securities – FVOCI	257.3	266.1
<i>Unlisted investments</i>		
Money market floating rate notes – FVTPL	138.9	156.7
	396.2	422.8
Analysed as follows:		
Non-current	257.3	266.1
Current	138.9	156.7
	396.2	422.8
Movement for the year		
Beginning of the year	422.8	477.3
Additions to investments	32.1	51.2
Disposals of investments	(83.3)	(152.8)
Interest	33.5	34.6
Fair value adjustment	(8.9)	12.5
End of the year	396.2	422.8

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

Fair value hierarchy

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

	Level 2 Rm	Total Rm
31 March 2023		
Insurance investments:		
Fixed income securities – FVOCI	257.3	257.3
Money market floating rate notes – FVTPL	138.9	138.9
	396.2	396.2
31 March 2022		
Insurance investments:		
Fixed income securities – FVOCI	266.1	266.1
Money market floating rate notes – FVTPL	156.7	156.7
	422.8	422.8

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

3.2 Investment income

	2023 Audited Rm	2022 Audited Rm
Interest – insurance business	33.5	34.6

4. REVENUE

4.1 Revenue

	2023 Audited Rm	2022 Audited Rm
Retail revenue – revenue from contracts with customers	5 268.1	5 200.5
Merchandise sales	4 443.1	4 382.5
Ancillary services	825.0	818.0
Insurance revenue	881.0	776.0
Effective interest income	1 333.9	1 279.6
Finance charges and initiation fees earned	1 425.7	1 398.9
Adjustment for interest on credit impaired accounts	(91.8)	(119.3)
	7 483.0	7 256.1

4.2 Retail revenue

	Traditional Rm	Cash Rm	Group Rm
31 March 2023			
Merchandise sales			
– Cash	1 284.1	498.1	1 782.2
– Credit	2 660.9	–	2 660.9
Ancillary services			
– At a point in time	191.6	7.7	199.3
– Over time	625.7	–	625.7
	4 762.3	505.8	5 268.1
31 March 2022			
Merchandise sales			
– Cash	1 560.3	569.1	2 129.4
– Credit	2 253.1	–	2 253.1
Ancillary services			
– At a point in time	166.4	9.0	175.4
– Over time	642.6	–	642.6
	4 622.4	578.1	5 200.5

ANNEXURE 3
AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE SUMMARY
FINANCIAL STATEMENTS CONTINUED

5. GROSS PROFIT

	2023 Audited Rm	2022 Audited Rm
Merchandise sales	4 443.1	4 382.5
Cost of merchandise sales	(2 637.0)	(2 607.6)
Merchandise gross profit	1 806.1	1 774.9
Gross profit margin (%)	40.6	40.5

6. REPORTABLE SEGMENTS

Primary	Note	Traditional Rm	Cash Rm	Group Rm
For the year ended 31 March 2023				
Revenue		6 977.2	505.8	7 483.0
Merchandise sales		3 945.0	498.1	4 443.1
Segment operating profit before impairments and capital items		698.4	4.4	702.8
Segment operating margin before impairments and capital items (%)		17.7	0.9	15.8
Impairments and capital items	8.2	(26.0)	128.2	102.2
Segment operating profit/(loss)		724.4	(123.8)	600.6
Segment operating margin (%)		18.4	(24.9)	13.5
Segment assets ⁽¹⁾		4 603.0	175.3	4 778.3
For the year ended 31 March 2022				
Revenue		6 678.0	578.1	7 256.1
Merchandise sales		3 813.4	569.1	4 382.5
Segment operating profit before impairments and capital items		728.2	38.6	766.8
Segment operating margin before impairments and capital items (%)		19.1	6.8	17.5
Impairments and capital items	8.2	24.0	74.9	98.9
Segment operating profit/(loss)		704.2	(36.3)	667.9
Segment operating margin (%)		18.5	(6.4)	15.2
Segment assets ⁽¹⁾		4 211.4	203.7	4 415.1

⁽¹⁾ Segment assets include net trade and insurance receivables of R3 909.0 million (2022: R3 396.3 million) and inventory of R869.3 million (2022: R1 018.8 million).

Geographical	South Africa Rm	Namibia Rm	BLE ⁽¹⁾ Rm	Group Rm
For the year ended 31 March 2023				
Revenue	6 326.5	580.1	576.4	7 483.0
For the year ended 31 March 2022				
Revenue	6 165.6	545.3	545.2	7 256.1

⁽¹⁾ Botswana, Lesotho and Eswatini

7. LEASES

	2023 Audited Rm	2022 Audited Rm
7.1 Lease liabilities		
Opening balance	950.3	805.8
Additions and renewed leases	297.6	444.9
Expired, renegotiated and modified leases	1.7	(4.1)
Rent concessions	–	0.3
Principal portion of lease liabilities	(304.6)	(296.6)
Interest on lease liabilities	69.6	62.1
Lease liability payments	(374.2)	(358.7)
Closing balance	945.0	950.3
Analysed as follows:	945.0	950.3
Non-current	680.3	700.1
Current	264.7	250.2
7.2 Right-of-use assets		
Retail premises		
Opening balance	747.1	635.0
Additions and renewed leases	297.6	444.9
Expired, renegotiated and modified leases	2.7	(2.6)
Remeasurement of restoration provision	(12.7)	1.1
Rent concessions	–	0.3
Depreciation	(251.8)	(232.4)
Net impairment	(22.9)	(99.2)
Closing balance	760.0	747.1

ANNEXURE 3

AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED

8. DEPRECIATION, AMORTISATION, IMPAIRMENT AND CAPITAL ITEMS

	Note	2023 Audited Rm	2022 Audited Rm
8.1 Depreciation and amortisation			
Depreciation			
Right-of-use assets		251.8	232.4
Property, plant and equipment		83.1	81.1
Buildings		1.2	1.2
Vehicles		28.0	32.1
Furniture, fixtures and equipment		53.9	47.8
Amortisation			
Intangible assets		16.0	14.3
		350.9	327.8
8.2 Impairments and capital items⁽¹⁾			
Impairment of right-of-use assets		22.9	99.2
Impairment of goodwill		91.1	31.4
Total impairments		114.0	130.6
Profit on disposal of fixed assets		(1.9)	(17.7)
Profit on scrapping of fixed assets due to civil unrest	13	(9.9)	(14.0)
Losses due to scrapping of assets		–	9.8
Insurance recoveries due to damaged assets		(9.9)	(23.8)
		102.2	98.9

⁽¹⁾ This includes the before tax effect of all re-measurements and capital items excluded from headline earnings per share in accordance with the guidance contained in SAICA Circular 1/2021: Headline Earnings.

9. BORROWINGS, CASH AND NET FINANCE COSTS

	2023 Audited Rm	2022 Audited Rm
9.1 Borrowings, banking facilities and cash		
Short-term interest-bearing borrowings	(367.5)	(80.8)
Cash-on-hand and deposits	183.0	308.1
Cash and cash equivalents	(184.5)	227.3
Available facilities		
Banking facilities	950.0	950.0
Domestic Medium-Term Note programme	2 000.0	2 000.0
	2 950.0	2 950.0
Available facilities		
Available facilities include revolving credit and overnight facilities (short-term interest-bearing borrowings). Revolving credit facilities are at interest rates linked to three-month JIBAR. The interest rates on the overnight facilities are based on rates as determined by each of the banks based on market conditions.		
Interest rate profile		
The weighted average interest rate at the end of the reporting period for overnight facilities was 9.4% (2022: 6.0%).		
9.2 Capital management		
Net debt	1 129.5	723.0
Shareholders' equity	4 609.9	4 717.0
Gearing ratio (%)	24.5	15.3
9.3 Net finance costs		
Interest paid	(110.9)	(48.9)
Borrowings	(34.4)	(12.6)
Lease liabilities	(69.6)	(62.1)
Other	(6.9)	25.8 *
Interest received – bank	16.1	14.4
Interest received – other	0.3	11.0
Foreign exchange gains/(losses)	21.9	(5.1)
	(72.6)	(28.6)

* Included in this amount is a reversal of interest accrued in prior periods.

ANNEXURE 3
AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE SUMMARY
FINANCIAL STATEMENTS CONTINUED

10. TAXATION

	2023 Audited Rm	2022 Audited Rm
Taxation charge		
Normal taxation	94.7	160.6
Current year	101.3	150.9
Prior year	(6.6)	9.7
Deferred taxation	44.7	30.2
Current year	56.5	19.3
Tax rate change	–	2.2
Prior year	(11.8)	8.7
Withholding tax	15.0	–
Taxation per income statement	154.4	190.8
Tax rate reconciliation		
Profit before taxation	561.5	673.9
Taxation calculated at a tax rate of 27% (2022: 28%)	151.6	188.7
Differing tax rates in foreign countries	3.1	4.1
Disallowances	49.2	36.0
Exemptions	(46.1)	(58.6)
Foreign withholding tax	15.0	–
Prior years	(18.4)	18.4
Tax rate change	–	2.2
Taxation per income statement	154.4	190.8
Effective tax rate (%)	27.5	28.3

11. CASH FLOW FROM OPERATIONS

	Notes	2023 Audited Rm	2022 Audited Rm
11.1 Cash flow from trading		981.2	1 019.5
Operating profit		600.6	667.9
<i>Adjusted for:</i>			
Share-based payments		55.2	68.4
Depreciation and amortisation	8.1	350.9	327.8
Impairment	8.2	114.0	130.6
Profit on disposal of fixed assets		(1.9)	(17.7)
Profit on scrapping of fixed assets due to civil unrest	13	(9.9)	(14.0)
Movement in debtors impairment provision	2.2	(87.0)	(123.3)
Movement in other provisions		(37.7)	(9.2)
Other non-cash flow movements		(3.0)	(11.0)
Included in cash flow from trading is interest earned on trade receivables of R1 425.7 million (2022: R1 398.9 million).			
11.2 Changes in working capital		(239.3)	(156.2)
Decrease/(Increase) in inventories		154.1	(49.8)
Increase in trade and other receivables		(432.7)	(58.1)
Increase/(Decrease) in trade and other payables		20.2	(45.7)
Increase in payments in advance		8.5	18.3
Increase/(Decrease) in insurance liabilities		10.6	(20.9)
11.3 Interest paid per cash flow statement		(105.7)	(74.7)
Interest paid per the income statement		(110.9)	(48.9)
Non-cash flow movement		5.2	(25.8)

12. SHARE REPURCHASES

Shares were repurchased in terms of section 48 of the Companies Act as follows:

	Number of shares repurchased 000's	Average price R	Total value repurchased Rm
Share repurchases made during the 2023 financial year	5 521	49.96	275.7
Share repurchases made during the 2022 financial year	8 756	40.34	353.2

The shares repurchased above have reverted to authorised but unissued equity securities of the issuer in accordance with section 35(5) of the Companies Act.

ANNEXURE 3

AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE SUMMARY FINANCIAL STATEMENTS CONTINUED

13. IMPACT OF CIVIL UNREST IN SOUTH AFRICA

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

The final payment of R9.9 million in respect of the material damage claim was received in the current period, resulting in a total insurance receipt of R78.8 million. The 2022 financial year results includes inventory write-offs, losses relating to scrapping of assets and the related insurance recoveries.

The Group has separate cover for business interruption losses and has submitted a claim for the losses incurred, however this is still being finalised.

14. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

IFRS 17 Insurance Contracts

The Group offers customer protection insurance, under its micro-insurance licence, to its customers through its subsidiary company, Monarch Insurance Company Limited ("Monarch"). Customer protection insurance provides cover to customers purchasing goods on an instalment sale basis in the event of death, disability, material damage, or loss of income.

The IASB issued IFRS 17, *Insurance Contracts*, as a replacement to the current standard, IFRS 4. IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements between insurers.

The new standard will become effective for the Group during the 2024 financial year with full retrospective adoption, therefore requiring the restatement of comparatives from 1 April 2022.

Under IFRS 17, the standard prescribes a general measurement model (GMM) and provides for a simplified model under the premium allocation approach (PAA). This simplified model is applicable to certain types of contracts, including those with a coverage period of one year or less and where the eligibility test results in there not being a material difference between the GMM and PAA. The coverage period provided by Monarch is the same as the instalment sale contract (i.e. longer than one year), therefore eligibility testing needs to be performed. The conclusion reached was that the insurance business is likely to be eligible to apply the PAA model.

IFRS 17 will not change the amount of profit that is earned over the lifetime of the insurance contract but does impact the trajectory of profit recognition.

Whilst the assessment of the profitability impact has not yet been completed, the known impacts on the profitability trajectory will result from the discounting of the insurance liabilities, the risk adjustment to the liability for incurred claims and the impact of amortising acquisition costs over the coverage period.

The adoption of IFRS 17 will have a material impact on the presentation of the Group income statement and supporting disclosures. The main impact being that the attributable costs of providing insurance services will be reallocated from operating costs and separately disclosed as insurance service expenses.

Implementation project update

A project team which comprises of a third-party implementation partner and the senior Lewis finance management team is responsible for the implementation of IFRS 17. The project team is chaired by the Group CFO and overall governance of the project resides with the Group's audit committee.

The key milestones of the implementation project are on track and the Group's interim results for the half year ended 30 September 2023 will include the adoption of IFRS 17.

15. POST BALANCE SHEET EVENTS

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

KEY RATIOS

		2023 Unaudited	2022 Audited
Operating efficiency ratios			
Gross profit margin	(%)	40.6	40.5
Operating margin before impairments and capital items	(%)	15.8	17.5
Operating margin	(%)	13.5	15.2
Number of stores		840	819
Number of permanent employees	(average)	9 524	8 952
Trading space	(sqm)	253 135	250 643
Inventory turn	(times)	3.0	2.6
Current ratio		3.2	3.6
Credit ratios			
Credit sales	(%)	59.9	51.4
Debtor costs as a % of debtors at gross carrying value	(%)	12.3	12.3
Debtors impairment provision as a % of debtors at gross carrying value	(%)	36.2	40.4
Arrear instalments on satisfactory paid accounts as a % of total debtors at gross carrying value	(%)	10.2	10.4
Arrear instalments on slow paying and non-performing accounts as a % of total debtors at gross carrying value	(%)	17.6	22.7
Credit applications decline rate	(%)	34.7	36.1
Collection rates	(%)	80.8	79.0
Shareholder ratios			
Net asset value per share	(cents)	8 076	7 527
Gearing ratio	(%)	24.5	15.3
Dividend payout ratio	(%)	59.1	55.0
Return on average shareholders' funds (after-tax)	(%)	8.7	10.1
Return on average capital employed (after-tax)	(%)	7.9	8.8
Return on average assets managed (pre-tax)	(%)	9.2	10.4

Notes:

1. All ratios are based on figures at the end of the period unless otherwise disclosed.

2. The net asset value has been calculated using 57 085 507 shares in issue (2022: 62 671 464).

3. Total assets exclude the deferred tax asset.

ANNEXURE 4

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

Lewis Group's social, ethics and transformation committee (the committee) is a committee of the board operating in compliance with the Companies Act, No 71 of 2008 (Companies Act). The committee is governed by a formal charter and assists the board in monitoring the Group's activities in relation to the following:

- Corporate citizenship;
- Ethics;
- Transformation and empowerment;
- Environmental sustainability; and
- Stakeholder engagement, including relationships with employees, customers, the communities in which the Group trades, suppliers and shareholders.

The chairperson of the committee presents the following report to shareholders for the 2023 financial year, in accordance with the requirements of the Companies Act. This report should be read in conjunction with the Sustainability report on pages 19 to 27 of the integrated annual report, as well as the full Corporate governance report available on www.lewisgroup.co.za.

COMMITTEE COMPOSITION

The members of the committee are nominated and appointed by the board. In terms of the Companies Act and the recommendations of King IV, the committee consists of a majority of independent non-executive directors, including the chairperson of the committee. The committee comprised the following members for the reporting period:

Name	Status
Prof. Fatima Abrahams (chairperson)	Independent non-executive director
Daphne Motsepe	Independent non-executive director
Hilton Saven	Independent non-executive director
Johan Enslin	Executive director

Senior management in the human resources, merchandise, socio-economic development, and finance departments attend meetings by invitation. The company secretary is also the secretary to the committee.

Biographical details of the committee members appear on pages 31 to 32 of the integrated annual report and the fees paid to the members of the committee are disclosed on page 111 of the integrated annual report.

The effectiveness of the committee is assessed as part of the annual board and committee evaluation process.

COMMITTEE AREAS OF RESPONSIBILITY

Social and ethics

- Social and economic development, including the principles of the United Nations Global Compact, the recommendations of the Organisation for Economic Co-operation and Development regarding corruption, the Employment Equity Act, No 55 of 1998 and the Broad-Based Black Economic Empowerment Act, No 53 of 2003
- Good corporate citizenship, including the promotion of equality, prevention of unfair discrimination, elimination of corruption, contribution to the development of communities, and recording of sponsorships, donations and charitable giving
- The environment, climate change, health and public safety, including the impact of the Group's activities and of its products and services, particularly in relation to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws
- Labour and employment, including the relevant recommendations of the International Labour Organisation Protocol, the Group's employment relationships and its contribution towards the educational development of its employees

Transformation

- Transformation strategy and programme
- Approval of targets in terms of the Codes of Good Practice of the Department of Trade, Industry and Competition
- B-BBEE verification and monitoring of the Group's performance against the set targets
- Legislative compliance

ACTIVITIES OF THE COMMITTEE

Key focus areas in 2023

- Continued monitoring of Code of Ethics, including values and ethics awareness
- Monitoring customer relationships and compliance with consumer laws
- Increasing focus on environmental, social and governance (ESG) reporting, including supporting the board and management in the implementation of the recommendations of the TCFD
- Monitoring employee training and leadership programmes
- Continue to support initiatives aimed at improving retention rates of branch managers and regional controllers
- Promoting enterprise and supplier development, including assisting suppliers to ensure the sustainability of their businesses and securing current and new suppliers
- Increasing focus on transformation and diversity
- Continuing support for socio-economic development programmes

These key focus areas will remain priorities for the committee in the 2024 financial year.

COMMITTEE FUNCTIONING

The committee met twice during the financial year. The members of the committee are satisfied that the committee has functioned in accordance with its terms of reference and believe that the Group is substantively addressing the issues required to be monitored by the committee in terms of the Companies Act.



Prof. Fatima Abrahams

Chairperson

Social, ethics and transformation committee

ANNEXURE 5

ELECTRONIC PARTICIPATION GUIDE FOR ATTENDANCE AT THE ANNUAL GENERAL MEETING



LEWIS GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2004/009817/06)

JSE share code: LEW

ISIN: ZAE000058236

Bond code: LEWI

("Lewis Group" or "the Company")

All terms defined in the notice of AGM, to which this Electronic Participation Guide is attached, shall bear the same meanings when used in this Electronic Participation Guide.

AGM INSTRUCTIONS

Shareholders or their proxies, have the right, as provided for in Lewis Group's MOI and the Companies Act, to participate in the AGM by way of electronic communication.

Shareholders or their duly appointed proxy(ies) who wish to participate in the virtual AGM (Participants), must register online using the online registration portal at <https://meetnow.global/za> (an electronic platform provided by Computershare), by no later than 09:00 on Tuesday, 10 October 2023, as set out in more detail below. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

Shareholders wishing to participate in and/or vote electronically at this virtual AGM should:

1. Register online at <https://meetnow.global/za>, by no later than 09:00 on Tuesday, 10 October 2023. Shareholders may still register online after this date and time, provided that for them to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the meeting.
2. During this online registration process, upload proof of:
 - a. identification (i.e. South African identity document, South African driver's licence or passport); and
 - b. authority (where acting in a representative capacity) and, if a dematerialised shareholder without own name registration, also the letter of representation referred to on page 11, as well as provide their name, email address and contact number.

Further instructions for documents required are set out below.

3. Following successful registration, shareholders will receive from Computershare, a meeting link and invitation code in order to connect electronically to the meeting.

Please note

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Neither Lewis Group nor Computershare will be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Participant from participating electronically in and/or voting at the AGM.

By participating electronically, the Participant acknowledges that the electronic communication services are provided by third parties and indemnifies and holds Lewis Group harmless against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines to participate in the AGM or any interruption in the ability of the Participant to participate in the AGM *via* electronic communication, whether, or not the problem is caused by any act or omission on the part of the Participant or anyone else, including, without limitation Lewis Group and its employees.

Documents required to attend and participate in the AGM

In order to exercise their voting rights at the AGM, Shareholders who choose to participate in and/or vote electronically may appoint a proxy, which proxy may participate electronically in the AGM, provided that a duly completed Form of Proxy has been submitted in accordance with the instructions on that form, and as envisaged in the notice of AGM. A copy of the Form of Proxy is attached. Documentary evidence establishing the authority of the Shareholder or duly appointed proxy, including any person acting in a representative capacity, who is to participate electronically in the AGM, must be attached during the registration process. This includes the shareholder's full title to the shares issued by Lewis Group, in the form of share certificates (in the case of certified shares) and (in the case of dematerialised shares) written confirmation from the Shareholders CSDP confirming the Shareholders title to the dematerialised shares. In terms of section 63(1) of the Companies Act, any shareholder or proxy who intends to attend or participate at the AGM must present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate. A certified copy of the valid identity document/passport of the person attending the AGM by electronic participation, including any person acting in a representative capacity, will be required when registering for participation in the AGM.

ANNEXURE 5

ELECTRONIC PARTICIPATION GUIDE FOR ATTENDANCE AT THE ANNUAL GENERAL MEETING

CONTINUED



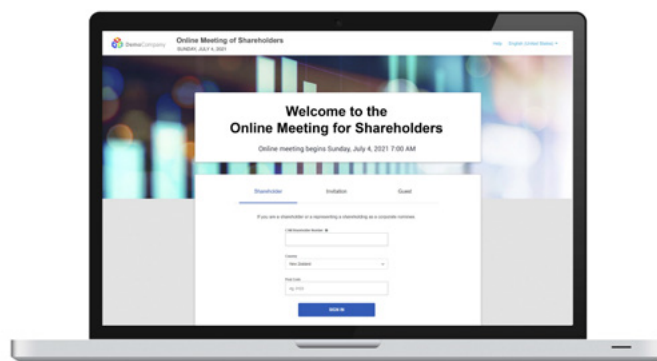
HOW TO PARTICIPATE IN VIRTUAL MEETINGS

Attending the meeting online

Our online meetings provide you with the opportunity to participate online using your smartphone, tablet or computer.

You will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.



Visit <https://meetnow.global/za>



Access

Access the online meeting at <https://meetnow.global/za>, select the applicable meeting from the drop down option. Click 'JOIN MEETING NOW'.

If you are a shareholder:

Select 'Invitation' on the login screen and enter the applicable information as per your invitation. Accept the Terms and Conditions and click Continue.

If you are a guest:

Select 'Guest' on the login screen. As a guest, you will be prompted to complete all the relevant fields, including title, first name, last name and email address.

Please note, guests will not be able to ask questions or vote at the meeting.

If you are a proxy holder:

You will receive an email invitation the day before the meeting to access the online meeting. Click on the link in the invitation to access the meeting.

Contact



If you have any issues accessing the website please email proxy@computershare.co.za.



Navigation



When successfully authenticated, the home screen will be displayed. You can watch the webcast, vote, ask questions, and view meeting materials in the documents folder. The image highlighted blue indicates the page you have active.

The webcast will appear and begin automatically once the meeting has started.



Voting

Resolutions will be put forward once voting is declared open by the Chair. Once the voting has opened, the resolution and voting options will appear.

To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the green tick appears. To change your vote, select 'Change Your Vote'.



Q&A

Any eligible shareholder/proxy attending the meeting remotely is eligible to ask a question.

Select the Q&A tab and type your question into the box at the bottom of the screen and press 'Send'.

FORM OF PROXY



LEWIS GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2004/009817/06)

JSE share code: LEW

ISIN: ZAE000058236

Bond code: LEWI

("Lewis Group" or "the Company")

For use at the annual general meeting of the Company to be held virtually at 09:00 on 12 October 2023 ("the annual general meeting").

Not to be used by beneficial holders of shares who have dematerialised their shares ("dematerialised shares") through a Central Securities Depository Participant ("CSDP") or broker, as the case may be, unless you are recorded on the sub-register as an "own name" dematerialised shareholder ("own-name dematerialised shareholder"). Generally, you will not be an own-name dematerialised shareholder unless you have specifically requested the CSDP to record you as the holder of the shares in your own name in the Company's sub-register.

Only for use by certificated, own-name dematerialised shareholders and CSDP's or brokers (or their nominees) registered in the Company's sub-register as the holder of dematerialised ordinary shares.

I/We _____ (block letters),

of _____ (address)

Telephone: (Work) _____

Telephone (Home) _____

Being the holder/s of _____ ordinary shares in the Company, hereby appoint (see instruction overleaf)

1. _____ or failing him/her

2. _____ or failing him/her

3. The chairperson of the annual general meeting,

as my/our proxy to attend, speak and vote (or abstain from voting) and act for me/us and on my/our behalf at the annual general meeting to be held at 09:00 on 12 October 2023 for the purpose of considering and if deemed fit passing, with or without modification, the resolutions to be proposed thereat and at any adjournment or postponement thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s in accordance with the following instructions (see instruction overleaf).

		Insert an "X" in the relevant column		
		In favour	Against	Abstain
Ordinary resolution 1.1	Re-election of Hilton Saven as a director			
Ordinary resolution 1.2	Re-election of Ms Adheera Bodasing as a director			
Ordinary resolution 1.3	Re-election of Mr Johan Enslin as a director			
Ordinary resolution 2.1	Election of Ms Daphne Motsepe as a member of the audit committee			
Ordinary resolution 2.2	Election of Mr Tapiwa Njikizana as a member of the audit committee			
Ordinary resolution 2.3	Election of Mr Brendan Deegan as a member of the audit committee			
Ordinary resolution 3	Approval of appointment of auditors			
Non-binding advisory vote 1	Endorsement of the Company's remuneration policy			
Non-binding advisory vote 2	Endorsement of the Company's implementation report			
Special resolution 1	Approval of non-executive directors' fees			
Special resolution 2	Shareholders' authorisation of continued issuance of Notes under the Company's Domestic Medium Term Notes Programme			
Special resolution 3	Shareholder's general authorisation of financial assistance			
Special resolution 4	General authority to repurchase shares			
Special resolution 5	Adoption of the Lewis 2023 Executive Performance Scheme			
Ordinary resolution 4	Directors' authority to implement Company resolutions			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you desire to vote (instruction overleaf).

Signed at _____ (place) _____ on _____ 2023

Signature/s (Authority of signatory to be attached of applicable-see instruction overleaf)

Assisted by _____ (where applicable)

Telephone number: _____

Please read the notes on reverse side.

NOTES TO THE FORM OF PROXY

Instructions on signing and lodging the form of proxy

1. A certificated or own-name dematerialised shareholder or CSDP or broker registered in the Company's sub-register may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy to vote or abstain as the chairperson deems fit.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all of the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. The Form of Proxy should be lodged with the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (Private Bag X9000, Saxonwold, 2132) to be received by no later than 09:00 on Tuesday, 10 October 2023 for administrative purposes, provided that any form of proxy not delivered to the transfer secretaries by this time may be submitted to the transfer secretaries *via* email at proxy@computershare.co.za, at any time before the appointed proxy exercises any shareholder rights at the AGM.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the AGM. CSDPs or brokers registered in the Company's sub-register voting on instructions from owners of shares registered in the Company's sub-sub-register, are requested that they identify the owner in the sub-sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the company's secretary together with this form of proxy.
6. In the case of joint holder, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the register of shareholders in respect of the joint holding.
7. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the AGM and speaking and voting thereat to the exclusion of any proxy appointed in terms thereof, should such member wish to do so.
8. The completion of any blank spaces overleaf need to be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
9. The chairperson of the AGM may in his absolute discretion reject or accept any form of proxy which is completed other than in accordance with these notes.
10. If required, additional forms of proxy are available from the company secretary.
11. Shareholders which are a company or body corporate may by resolution of their directors, or other properly authorised body, authorise any person to act as their representative. The representative will be counted in the quorum and will be entitled to vote on a show of hands or on a poll.
12. The shareholder's proxy may delegate his/her authority to act on the shareholder's behalf to another person, subject to any restriction set out in the form of proxy.
13. The appointment of the proxy or proxies will be suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any of the shareholder's rights as a shareholder at the annual general meeting.
14. The appointment of a proxy is revocable unless the shareholder expressly states otherwise in the form of proxy.
15. As the appointment of the shareholder's proxy is revocable, the shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to the Company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on the shareholder's behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid.
16. If the form of proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act to be delivered by the Company to the shareholder will be delivered by the Company to the shareholder or the shareholder's proxy or proxies, if the shareholder has directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so.
17. The shareholder's proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder at AGM, but only as directed by the shareholder on the form of proxy.
18. The appointment of the shareholder's proxy remains valid only until the end of the annual general meeting or any adjournment or postponement thereof or for a period of one year, whichever is shortest, unless it is revoked by the shareholder before then on the basis set out above.

CORPORATE INFORMATION AND ADVISERS

Lewis Group Limited

(Registration number 2004/009817/06)

Place of incorporation: Republic of South Africa

Date of incorporation: 19 April 2004

Company secretary and registered office of Lewis Group

Marisha Octavia Gibbons

Lewis Group Limited

Universal House

53A Victoria Road, Woodstock Cape Town, 7925

(PO Box 43, Woodstock, 7915)

Transfer Secretaries to Lewis Group

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

Level 1 and 2 Rosebank Towers

15 Biermann Avenue, Rosebank, 2196

(Private Bag X9000, Saxonwold, 2132)

Sponsor to Lewis Group

The Standard Bank of South Africa Limited

(Registration number 1962/000738/06)

30 Baker Street, Rosebank, Johannesburg, 2196 South Africa

(PO Box 61344, Marshalltown, 2107)

Debt sponsor

Absa Corporate and Investment Bank, a division of Absa Bank Limited

(Registration number 1986/004794/06)

Absa Building

15 Alice Lane Sandton, 2196, South Africa

Legal adviser to Lewis Group

White and Case Inc

(Registration number 2013/220413/21)

Katherine Towers, 1st Floor

1 Park Lane, Wierda Valley, Sandton, 2196, South Africa

