LUXE HOLDINGS

Condensed reviewed consolidated results

for the year ended 29 February 2020

HIGHLIGHTS

- **Group revenue** (from continuing operations) decreased by 6% to R459 million.
- **Gross profit and gross profit %** (from continuing operations) increased by 1% to R188 million and from 38% to 41%.
- **Loss before taxation** (from continuing operations) decreased by 73% to R17 million.
- **Luxury Goods Division's operating profit** improved from a loss of R43 million to a R12.2 million profit.
- Concluded the **outsourcing of non-core operations**.
- **Headline loss per share** decreased by 63% to 9.4 cents (2019: 25.6 cents). The per share improvement was mainly a function of the increase in the weighted average number of shares in issue.
- **Loss per share** decreased by 44% to 19.7 cents (2019: 35.0 cents). The per share improvement was mainly a function of the increase in the weighted average number of shares in issue.

COMMENTARY

There was a great deal of activity during the year as we disposed of the Food Division brands and continued to restructure our Luxury Goods Division.

In February 2019, shareholders were advised that the long term objective of management for Starbucks and Domino's was to reach EBITDA break-even across brands within a 36 – 40 month period after the commencement of the expansion plan, and to attain positive free cash flows after CAPEX across both brands within 7 to 8 years of commencement of the plan. Cash inflow of at least R700 million was required to reach a positive free cash flow. After careful consideration, it became evident that the capital investment required could not be secured and the board decided that in the best interests of the company and all stakeholders to exit the food businesses. Consequently, Starbucks, Maxi's and the Fish & Chips Co were sold and Taste Food Franchising Proprietary Limited (the company housing the Domino's Pizza brand), Taste Commissary Proprietary Limited and Taste Food Trading 1 Proprietary Limited were placed into liquidation in March 2020. This was as a result of being unable to sell the Domino's Pizza business in a specified timeframe as Domino's Pizza LLC was unwilling to fund the sale process any further.

The Luxury Goods Division was not impacted by the liquidations and will continue with its strategy as a focused luxury retail business. Going forward the company will focus only on the Luxury Goods Division consisting of NWJ, Arthur Kaplan and World's Finest Watches.

LUXURY GOODS DIVISION

We look back on fiscal 2020 as a year of progress on the Luxury Division's strategic initiatives. The year commenced amid difficult economic and political developments which affected the operating environment. A constrained retail environment presented us with challenges in achieving our sales targets, coupled with the challenges to maintain our balance of core inventory, newness, and the need to clear slow-moving ranges. Adding to the tough trading environment, the Luxury Division continued to be plagued by robberies and suffered losses 3.5-fold of the prior year although the number of incidents were down on the prior year.

Consumer confidence was low, and retailers worldwide faced strong headwinds suffering a drop in sales. However, we commenced rolling out our new strategy, repositioning and rebranding our stores. We completely transformed to ensure we remain brands of choice and win market share. Our design and marketing teams conceptualised and successfully rebranded and redesigned all three retail formats (NWJ, Arthur Kaplan and World's Finest Watches) outlets to elevate them to become the most desirable jewellery and watch stores to visit and shop at. Revamping the stores and introducing the new designs commenced in March 2019 and will continue into the new year.

The NWJ store look and feel is fresh, underpinned by a new vibrant customer experience, better positioning the brand and sparking desire in the customer to shop with NWJ. This was in line with our focus to elevate our stores to the level of becoming amongst the most desirable jewellery stores to visit and delivering a quality browsing and shopping customer experience.

For Arthur Kaplan, the store design and concept are a complete departure from our previous business model. The focus is directed at driving more jewellery sales, thus increasing the profitability of the store while being supported by the luxury Swiss watch brands and mid-tier fashion watch brands in a store environment that is more inviting to loyal and potential new customers.

World's Finest Watches new model is more modern and is expected to appeal to both the high-end Rolex customer with a dedicated Rolex shop in-shop experience but at the same time be an environment that is more inviting for the individual buying their first luxury Swiss watch. This new rebranding comes with an updated website and an entirely new branding across all touchpoints.

The Luxury Goods Division consists of 54 (40 corporate and 14 franchise) NWJ retail outlets, 7 Arthur Kaplan and 1 World's Finest Watches. Through Arthur Kaplan and World's Finest Watches, the division is a leading retailer of luxury Swiss watches in South Africa, with brands like Rolex, IWC, Cartier, Zenith, Hublot, Omega, Breitling, TAG Heuer, Longines, Tudor, Montblanc, Frederique Constant, Rado, among its custodian brands.

NWJ

NWJ recovered from low sales level to deliver a commendable result, improving on operating profit for the year. The main revenue driver has been the positive same-store performance of the 40 NWJ corporate stores, Franchise store performance continued to be disappointing.

NWJ gross margin percentage improved by 1.7%. The improvement on last year supports our strategic decision to close our factory last year and outsource our manufacturing.

The company underwent an update of corporate identity to appeal to a younger and more modern target audience. The new corporate identity with its fresh look and feel will be incorporated into the revamped stores to ensure we deliver a unique shopping experience.

COMMENTARY continued

During the year, four corporate stores and one franchise store were revamped. Following the refurbishment, we have had pleasing growth. Four unprofitable corporate stores were closed, and one new corporate store was opened in December 2019 in Sandton City.

A great deal of attention was placed on customer training to ensure a focused workforce with an improved appearance to deliver on customers' expectations. Customers are becoming more discerning and we need to be on top of the latest trends to ensure we are the brand of choice. As a result of our continued efforts, complaints have reduced significantly.

Our online store has grown as more and more consumers enjoy the convenience of online browsing and shopping. The online range comprises the best of our product range in core and fashion items to attract new consumers and provide convenience to our existing loyal customers.

Lower consumer disposable income affected credit sales. We have introduced tablets at key stores to assist in the credit application process which will enable faster approval turnaround which in turn should contribute to enhancing sales.

We will continue with our regular promotions throughout all stores. Additional excitement and discounts do boost sales, although Black Friday weekend that had excellent sales does continue to impact and erode the traditional December Christmas sales.

ARTHUR KAPLAN

Arthur Kaplan enjoyed an exciting and busy year delivering strong results. We delivered positive sales for the year in these difficult times mainly due to the sale of our premium watch brands.

Gross profit margin improved by 2.6%; the result of a heightened focus on reducing discounting in watches across the board, however jewellery margins continue to be constrained as we continued an aggressive campaign to clear slow-moving inventory. Despite the reduction in jewellery sales, there has been an increase in units sold as consumers continue to seek value and is indicative of a constrained consumer.

We embarked on a new jewellery strategy of everyday low pricing on new items, the strategic change in the jewellery focus was to become fresher in the jewellery offering to strengthen sales and a continued focus on the watch offering. The aim is to appeal to a broader, younger, and more modern jewellery customer who would then grow and identify with the new branded Arthur Kaplan concept into the future. In line with our strategy of offering better value, there has been an increase in sales of jewellery units as consumers continue to seek value and indicative of a constrained consumer.

Arthur Kaplan benefited from a makeover with a new logo, packaging, display materials, and a new website. This was backed up by an aggressive drive to increase the digital footprint and social awareness. Although watch sales are dominant and a clear focus, a fresher jewellery offering strengthened sales. The new creative direction appealed to the younger more modern jewellery customer.

At year-end there were 7 Arthur Kaplan stores, 2 loss-making stores were closed during the year and the first of our newly designed stores was opened at Fourways Mall in August 2019 and the refurbished Menlyn Mall store opened in October offering a range of luxury watch brands from mid-tier through to the high-end customer. E-commerce was launched in August 2019 and since launch, sales have exceeded expectations with strong demand for jewellery and watches.

WORLD'S FINEST WATCHES

World's Finest Watches reopened in April 2019 after an eight-week refurbishment. The store has performed exceptionally post the refurbishment. World's Finest Watches enjoyed a complete branding makeover, the new corporate identity receiving high praise and proving popular with our customers. The sales for the year are above expectations, Rolex sales were constrained due to the worldwide supply limitations of the brand.

STRATEGY

The revised strategy, focusing on Luxury Goods, and business model lay the foundations for the business to grow sustainably. We will continue to position our brands as offering great value and affordable luxury to the broad middle to upper market. Our vision is to be the preferred jewellery and premium watch retailer of choice in Southern Africa delivering a memorable shopping experience with a work environment that inspires our employees to give of their best for the company and customers. Our focus is to put the customer at the centre of everything we do, delivering an affordable luxury omnichannel experience and becoming a part of their life journey.

Our immediate focus is to achieve recovery in the short to medium term post the impact of COVID-19. Our response to COVID-19 and lockdown was to improve the resilience of the business during the period of operational weakness and minimize the impact upon our valuable employees and stakeholders. These included a freeze on all uncommitted capital expenditure, cost containment including the suspension of annual salary increases and the reduction of fixed and variable costs, all of which were designed to preserve and optimise our cash flow. Also adjusting inventory levels by cancelling or delaying orders, suspending the payment of rent temporarily, suspending planned new store openings, and extending supplier payment terms where possible. We have taken steps to secure our working capital requirements by agreeing with our banks to increase our working capital facility to enable us to trade through this period of uncertainty.

COMMENTARY continued

Our ambitions are to increase our footprint in under-represented regions, however fully mindful of assessing the viability of locations based on appropriate quantitative, qualitative, and technical criteria, appropriate retail indices and leasing considerations. We continually perform gap analysis to identify suitable sites which we can capitalise on.

The renewal of leases coupled with store revamping clauses will continue to be considered in line with our investment criteria hurdle rate. We will be fully engaged in improving or exiting sites that are loss-making and show no improvement in retail metric performance, as well as, seeking and securing rental reductions on lease renewals and marginal stores.

We will enhance our customer service and experience skills and expertise through a range of training programmes and on the job training. Our recruitment and training of store employees will be focused on building high standards of service and experience excellence required by the business and in the context of a competitive retail landscape.

Online will continue to be an important focus and driver of sales where we do not have a physical presence, as well as providing an easy convenient modern shopping experience for the current and new younger customer; the onset of COVID-19 has accelerated the shift in consumer behaviour to online shopping. Online merchandise assortment will continue to grow and evolve being enhanced with new product, stock assortment will constantly be reviewed to keep the product offering fresh and exciting for the customer.

Security will continue to be a priority; we are in the process of rolling out further preventative security measures to reduce the number of robbery incidents.

We have prioritised digital transformation as a core strategic imperative, essential to accelerate the Luxury Goods Division's growth within an evolving online consumer retail environment. The impact of this digital transformation will impact and stretch across our business guiding and enhancing our decision-making capabilities.

We have laid out the groundwork for the long journey to continued sustainable growth as one of the leaders in the luxury watches and jewellery category. The success and momentum of 2020 has shown that we are on the right path.

REVIEW OF THE GROUP PERFORMANCE

OPERATING PERFORMANCE – CONTINUING OPERATIONS (LUXURY GOODS DIVISION AND CORPORATE SERVICES OFFICE)

Trading performance in a challenging environment was much improved, driven by positive NWJ corporate same-store sales, gross margin improvement across the business and vigilant cost containment. Inventory and cash continued to be well managed, inventory days improved 11% over the prior period and cash generated from operations improved by 58%.

System-wide sales reduced by 7% to R473 million (2019: R506 million) because of store closures in NWJ (5 stores); Arthur Kaplan (2 stores) and 7 stores being refurbished during this period. Same store sales were -2.2% (corporate stores -1.5%); NWJ -0.5% (corporate stores +2.1%; franchise stores -7.3%); Arthur Kaplan and World's Finest Watches -3.5%. Retail selling price inflation was -4.6%; in line with our strategy of offering better value, there has been an increase in sales of jewellery units as consumers continue to seek value at lower price points.

Group revenue (Luxury Goods Division) decreased by 6% to R459 million (2019: R490 million), a result of planned store closures and stores closed for refurbishment. This is in line with our strategy to close non-performing, unprofitable stores and actively managing our retail portfolio.

Gross profit margin (Luxury Goods Division) has improved from 38% to 41% due to the benefits realised from closing our manufacturing facility, outsourcing to a third-party manufacturer, less discounting and optimising our supply chain. Gross profit improved 1% to R188 million (2019: R186 million).

Operating expenses decreased by R49 million (20%) to total R200 million (2019: R249 million). The Luxury Goods Division expenses decreased to R185 million (2019: R232 million) and Corporate expenses decreased to R15 million (2019: R17 million).

Included in operating expenses (Luxury Goods Division and Corporate Services) are impairments and once-off costs totalling R7.2 million (2019: R50.7 million). The costs consisted mainly of impairments of R5.8 million (2019: R40.3 million) and once-off restructuring and retrenchment costs of R1.4 million (2019: R10.4 million). Excluding the impairments and once-off costs, operating expenses decreased by R6 million (3%) to total R193 million (2019: R199 million), which is mainly due to cost containment, store closures and savings arising as a result of the restructuring of the business.

Operating loss from continuing operation of R3.6 million (2019: R61.9 million loss) represents a R58.3 million improvement; including impairments of R5.8 million (2019: R44 million) and once-off costs of R1.4 million (2019: R10.4 million).

The Luxury Goods Division operating performance improved from a loss of R43 million to an operating profit of R12.2 million; including impairments of R5.8 million (2019: R40.3 million) and once-off costs of R1.4 million (2019: R3.8 million).

Corporate Services operating loss reduced to R15.9 million (2019: R18.9 million).

OPERATING PERFORMANCE – DISCONTINUED OPERATIONS

The loss on discontinued operations, after investment revenue, finance cost and taxation of R417 million (2019: R254 million) is in respect of the local brands, comprising Maxi's and The Fish & Chip Co, and Starbucks business which were disposed of, effective 3 December 2019 and the remaining food business, consisting of the Domino's business, given the decision to exit the food business.

Revenue for the discontinued operations decreased by 18% to R386 million (2019: R469 million) which is mainly attributable to:

- weaker performance, evidence by lower System-wide sales, of all these brands during the period under review;
- the inclusion of Maxi's and The Fish & Chip Co, and Starbuck business only until 2 December 2020 (9 months of the year) due to the disposals; and
- Outsourcing of our group supply chain activities (Taste Commissary).

Gross profit margin has decreased from 47% to 41%, a combination of weaker gross profits achieved in the brands and write-off of inventories due to the liquidation of the remaining food business post year-end. Gross profit decreased 28% (R61 million) to R158 million (2019: R219 million).

Operating expenses increased by R122 million (29%) to total R550 million (2019: R428 million).

Included in operating expenses are impairments and once-off costs totalling R229 million (2019: R72 million). The costs consisted mainly of impairments of R159 million (2019: R66 million) and once-off items (being the loss of sale of business) of R70 million (2019: R6 million, once-off restructuring and retrenchment costs).

Excluding the impairments and once-off items, operational costs decreased by R35 million (10%) to total R321 million (2019: R355 million). The inclusion of Maxi's and The Fish & Chip Co, and Starbucks business only until 2 December 2019 (9 months of the year) and outsourcing of the supply chain activities contributed to the decrease.

Operating loss (loss before investment revenue, finance costs and taxation) of R389 million (2019: R199 million loss) representing a R190 million increase in loss.

OUTLOOK AND TRADING UPDATE

We anticipate the local economy will be put under strain resulting from the impact of the COVID-19 virus, commodity price pressures, Eskom constraints and increased unemployment. Even before COVID-19 became a global pandemic; South Africa was in a recession; government debt is on the rise; the rand is weak against the dollar and load-shedding remains a reality. As government provides financial relief to businesses impacted by COVID-19, liquidity challenges, retrenchments and business closures are inevitable. Our planning will take this into account.

Our response to COVID-19 and lockdown was to implement several cost-containment measures, improve the resilience of the business during the period of operational weakness and minimise the impact upon our valuable employees. These included suspending uncommitted capital expenditure, suspension of annual salary increases, adjusting inventory levels by cancelling or delaying orders, suspending the payment of rent temporarily, suspending planned new store openings and where possible extending supplier payment terms, all of which were designed to preserve and optimize our cash flow. We took steps to secure our working capital requirements by agreeing with our banks to increase our working capital facility to enable us to trade through this period of uncertainty.

Our immediate focus is to achieve recovery in the short to medium term post the impact of Covid-19; maintain the financial stability of the Group through saving costs, preserving and generating cash, adapt to safely trading through the pandemic and continue to invest in the merchandise, systems, infrastructure and new business opportunities that will enable us to take the business forward once the storm has passed.

NWJ and Arthur Kaplan continued to accept online orders during lockdown and when regulations were lifted mid-May we began to process and distribute these orders. The online business was brisk and pleasing, and better than expected, illustrating the shift in shopping behaviour being experienced across most retail formats. Online continues to perform well across the brands and we have increased our marketing investment to maintain the momentum.

We experienced a dramatic fall off in sales post the announcement on the 15th March by the President declaring a National State of Disaster and the pending lockdown. Post lockdown we benefitted from pent up demand and June same store sales were +12.7% (NWJ +17.2% and Arthur Kaplan/World's Finest Watches +10.5%) exceeding expectations. For Q2, June to August same store sales are -6.6%; NWJ -3.2% (corporate stores -2.2%) and Arthur Kaplan/World's Finest Watches -8.6%. The effect on sales during lockdown has been severe; for the period March to August same store sales are -39.7%; NWJ -34.0% (corporate stores -31.5%) and Arthur Kaplan/World's Finest Watches -43.3%; stores were closed from 27 March 2020 and reopened on 1 June 2020. As consumer shopping habits started to shift to online, we also benefitted, and online sales grew 386% (+185% on a comparable basis) for the half year.

Our experience post lockdown is that community and neighbourhood store locations outperformed major regional shopping nodes and regional retail sales performance has correlated with COVID-19 infections. We anticipate that consumer disposable income will worsen and consumers remain financially constrained over the coming months as loan relief comes to an end, government assistance measures cease and savings are depleted. The consumer environment is likely to be very challenging for the next 12 to 18 months.

As we navigate the uncertainty, the outlook for trading conditions continues to remain materially uncertain, what is clear is that the impact of COVID-19 will have a significant impact on the Group's earnings for the financial year 2021, the extent of which is difficult to predict with any accuracy.

APPRECIATION

We would like to express our gratitude to the Chairman of the Board for guiding the company through the most difficult and challenging periods in the group's history. His wise counsel and availability throughout this period have been invaluable. We would like to thank our stakeholders and anchor shareholders for supporting our renewed Luxury Goods strategy and focus and believing in the longer-term potential of our brands, people, and strategy.

To our employees, thank you for your dedication, professionalism, tenacity, and important role you play in our success. To all our customers and stakeholders, thank you for your continued support. We look forward to growing and building on the recent Luxury Goods Division past success as we look to the future and explore new opportunities to add value to our stakeholders.

DIRECTORATE

The following changes were made to the board:

With the resignation of Dylan Pienaar in December 2019, Duncan Crosson was promoted to Group CEO which is in-line with the company's direction.

Duncan Crosson is supported by Hannes van Eeden as CFO and the executive teams managing the Luxury Goods Division.

Tyrone Moodley and Adrian Maizey resigned as non-executive directors after year-end on 6 March 2020.

Grant Pattison has stepped down as chairperson of the Board, effective 1 August 2020, but continues to serve as an independent non-executive director of the Company and assumed the role of chairperson of the Audit and Risk Committee.

Nonzukiso Siyotula replaced Grant Pattison as chairperson of the Board and stepped down as chairperson of the Audit and Risk Committee, but continues to serve as a member of the committee.

EVENTS SUBSEQUENT TO YEAR-END

The board of directors and shareholder of Taste Food Franchising Proprietary Limited ("TFF"), Taste Commissary Proprietary Limited ("TC") and Taste Food Trading 1 Proprietary Limited. ("TFT') placed TFF, TC and TFT into voluntary liquidation, effective 19 March 2020.

TFF and TC are wholly-owned subsidiaries of the Company and TFF owns and licenses the Domino's business in South Africa. TFT is a wholly-owned subsidiary of TFF.

In line with Taste's revised strategy the board engaged with several suitors in order to dispose of the Domino's business. Domino's Pizza LLC ("DP") provided financial support and assistance during this period. Unfortunately, a deal could not be concluded on terms acceptable to all parties and further financial support was not provided by DP. As a result, it was decided to place the respective entities into voluntary liquidation.

COVID-19 and the national lockdown had a significant impact on our business as all our store were closed from 26 March 2020 to end 31 May 2020. This had a significant impact on our financial performance of projections. We are monitoring these closely.

DIVIDEND TO SHAREHOLDERS

No dividend has been declared for the year ended 29 February 2020.

On behalf of the board

DJ Crosson
Chief Executive Officer

H van Eeden
Chief Financial Officer

7 September 2020

CONDENSED GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 29 February 2020

	Reviewed 29 February 2020 R'000	Audited 28 February 2019 R'000
ASSETS		
Non-current assets	**194 670**	328 747
Property, plant and equipment	**32 408**	168 454
Right of use of asset	**99 162**	–
Intangible assets	**45 469**	82 501
Goodwill	**9 532**	40 165
Net investment in finance lease	**2 038**	849
Other financial assets	**–**	6 484
Deferred tax	**6 061**	30 294
Non-current assets held for sale	**18 764**	–
Current assets	**254 726**	456 167
Inventories	**191 679**	233 276
Net investment in finance lease	**839**	849
Trade and other receivables	**28 312**	67 278
Current tax receivables	**1 419**	1 590
Advertising levies	**3 760**	2 507
Other financial assets	**122**	1 775
Cash and cash equivalents	**28 595**	148 892
Total assets	**468 160**	784 914
EQUITY AND LIABILITIES		
Equity attributable to holders of the company	**167 085**	621 000
Stated capital	**1 238 765**	1 238 765
Accumulated loss	**(1 076 377)**	(627 033)
Equity-settled share-based payment reserve	**4 697**	9 268
Non-controlling interest	**515**	1 292
Non-current liabilities	**116 710**	27 358
Borrowings	**16 687**	–
Lease liability	**86 345**	–
Lease equalisation	**–**	11 833
Deferred tax	**13 678**	15 525
Non-current liabilities held for sale	**93 292**	–
Current liabilities	**90 558**	135 264
Current tax payable	**–**	1 277
Bank overdrafts	**15 623**	6 978
Borrowings	**–**	12 353
Lease liability	**30 187**	–
Lease equalisation	**–**	2 607
Trade and other payables	**44 748**	112 049
Total equity and liabilities	**468 160**	784 914

CONDENSED GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 29 February 2020

	% change	Reviewed 12 months ended 29 February 2020 R'000	Audited Restated* 12 months ended 28 February 2019 R'000
Revenue	(6)	**459 414**	489 981
Sale of goods – Luxury		**432 893**	454 397
Services rendered and franchise revenue		**26 521**	35 584
Cost of sales		**(271 827)**	(303 497)
Gross profit	1	**187 587**	186 484
Other income		**8 692**	1 030
Operating expenses	20	**(199 920)**	(249 405)
Operating loss		**(3 641)**	(61 891)
Investment revenue		**5 272**	4 062
Finance costs		**(18 173)**	(4 282)
Loss before taxation	73	**(16 542)**	(62 111)
Taxation		**(3 443)**	(2 325)
Loss from continuing operations		**(19 985)**	(64 436)
Loss on discontinued operation, net of tax		**(417 014)**	(254 002)
Total comprehensive loss for the year		**(436 999)**	(318 438)
Attributable to:			
Equity holders of the company	(37)	**(436 222)**	(318 227)
Non-controlling interests		**(777)**	(211)
		(436 999)	(318 438)
Loss per share attributable to equity holders of the company			
Basic loss per share (cents)	44	**(19,7)**	(35,0)
Continuing operations		**(0,9)**	(7,1)
Discontinued operations		**(18,8)**	(27,9)
Fully diluted loss per share (cents)	44	**(19,7)**	(35,0)
Continuing operations		**(0,9)**	(7,8)
Discontinued operations		**(18,8)**	(27,2)
Reconciliation of headline loss:			
Loss attributable to ordinary shareholders	(37)	**(436 222)**	(318 227)
Adjusted for:			
Impairment losses		**223 722**	85 380
Loss/(profit) on sale of property, plant and equipment		**5 308**	(610)
Tax effect on headline (loss)/earnings adjustments		**(1 486)**	137
Headline loss attributable to ordinary shareholders	11	**(208 678)**	(233 320)
Weighted average shares in issue ('000)		**2 218 970**	909 819
Weighted average diluted shares in issue ('000)		**2 228 531**	927 195
Loss per share (cents)	44	**(19,7)**	(35,0)
Diluted loss per share (cents)	44	**(19,7)**	(35,0)
Headline loss per share (cents)	63	**(9,4)**	(25,6)
Diluted headline loss per share (cents)	63	**(9,4)**	(25,6)

** The prior year's figures have been restated in compliance with IFRS 5.*

CONDENSED GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2020

	Stated capital R'000	Equity-settled share-based payment reserve R'000	Accumulated loss R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 March 2018	1 112 162	10 586	(308 806)	813 942	1 503	815 445
Share issue	126 603	–	–	126 603	–	126 603
Share-based payment reserve	–	(1 318)	–	(1 318)	–	(1 318)
Comprehensive loss for the year	–	–	(318 227)	(318 227)	(211)	(318 438)
Balance at 1 March 2019	1 238 765	9 268	(627 033)	621 000	1 292	622 292
Adjustment from adoption of IFRS 16	**–**	**–**	**(13 122)**	**(13 122)**	**–**	**(13 122)**
Share-based payment reserve	**–**	**(4 571)**	**–**	**(4 571)**	**–**	**(4 571)**
Comprehensive loss for the year	**–**	**–**	**(436 222)**	**(436 222)**	**(777)**	**(436 999)**
Balance at 29 February 2020	**1 238 765**	**4 697**	**(1 076 377)**	**167 085**	**515**	**167 600**

CONDENSED GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 29 February 2020

	Reviewed 29 February 2020 R'000	Audited Restated* 28 February 2019 R'000
Cash flows from operating activities	**(41 903)**	(65 060)
Cash utilised by operating activities	**(21 307)**	(65 171)
Investment revenue	**5 272**	4 062
Finance costs	**(18 173)**	(4 282)
Taxation paid	**(7 695)**	331
Cash flows from investing activities	**(46 288)**	(24 453)
Acquisition of property, plant and equipment	**(14 828)**	(10 468)
Proceeds of disposals of property, plant and equipment	**–**	417
Acquisition of intangible asset	**(271)**	–
Acquisition of business	**(2 486)**	–
Disposal of discontinued operations, net of cash	**(28 703)**	(14 402)
Cash flows from financing activities	**(38 835)**	135 185
Issue of shares	**–**	126 603
Disposal of discontinued operations, net of cash	**(25 533)**	–
Shareholder's loans raised – borrowings	**16 687**	8 582
Repayment of shareholder's loans and borrowings	**(12 353)**	–
Repayment of lease liability	**(17 636)**	–
Change in cash and cash equivalents	**(127 026)**	45 672
Cash acquired from business acquisition	**–**	–
Cash and cash equivalents at beginning of the period	**141 914**	96 242
Cash and cash equivalents at end of the period	**14 888**	141 914
Continuing operations	**12 972**	141 914
Non-current assets held for sale	**1 916**	–

** The prior year's figures have been restated in compliance with IFRS 5.*

CONDENSED GROUP CONSOLIDATED SEGMENTAL REPORT

for the year ended 29 February 2020

Reviewed year ended 29 February 2020	**Food Division R'000**	**Luxury Goods Division R'000**	**Corporate Services R'000**	**Total R'000**
Revenue	**–**	**459 414**	**–**	**459 414**
Operating profit (loss)	**–**	**12 217**	**(15 858)**	**(3 641)**
Investment revenue	**–**	**2 611**	**2 661**	**5 272**
Finance costs	**–**	**(16 366)**	**(1 807)**	**(18 173)**
Loss before taxation	**–**	**(1 538)**	**(15 004)**	**(16 542)**
Segment assets	**18 764**	**400 764**	**48 632**	**468 160**
Segment liabilities	**93 292**	**187 289**	**19 979**	**300 560**
Segment capital expenditure	**28 738**	**14 217**	**–**	**42 955**
Audited year ended 28 February 2019				
Revenue	–	489 981	–	489 981
Operating loss	–	(42 961)	(18 930)	(61 891)
Investment revenue	–	1 754	2 308	4 062
Finance costs	–	(2 618)	(1 664)	(4 282)
Loss before taxation	–	(43 825)	(18 286)	(62 111)
Segment assets	327 102	345 266	112 546	784 914
Segment liabilities	83 751	61 050	17 821	162 622
Segment capital expenditure	14 486	10 204	32	24 722

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 29 February 2020

LUXE Holdings Limited ("the company") is a South African registered company. The summarised consolidated financial statements of the company comprise the company and its subsidiaries (together referred to as the group).

REVIEW CONCLUSION

The condensed consolidated financial information for the year ended 29 February 2020 has been reviewed by BDO South Africa Incorporated, who expressed an unmodified review conclusion. The auditor's review report does not necessarily report on all the information contained in this announcement of the financial results. Shareholders are therefore advised that, in order to obtain a full understanding of the engagement, they should obtain a copy of the auditor's review report together with the accompanying financial information from the issuer's registered office or on the company's website. A copy of the auditor's review report is available for inspection at the company's registered office together with the financial information identified in the auditor's review report.

BASIS OF PREPARATION OF THE CONDENSED REVIEWED RESULTS

STATEMENT OF COMPLIANCE

The reviewed condensed consolidated financial results are prepared in accordance with the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") for provisional reports, and the requirements of the Companies Act, 2008 (Act No. 71 of 2008), as amended ("the Companies Act"). The JSE Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting 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 reviewed condensed consolidated financial statements are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of IFRS 16 Leases. Required by the JSE Listing Requirements, the group reposts headline earnings in accordance with Circular 1/2019: Headline Earnings as issued by SAICA.

This report was compiled under the supervision of Mr H van Eeden CA(SA), Chief Financial Officer.

NON-CURRENT ASSETS

Property, plant and equipment decreases are mainly due to the disposal of the Starbucks business, which stores were all company-owned, and the impairment of Domino's corporate owned stores given the liquidation post year-end.

The intangible assets decrease is mainly due to additional impairments in the Domino's Pizza business, given the liquidation post year-end, and the disposal of the Starbucks master franchise licence.

Decrease in goodwill against prior year is mainly attributable to impairments of goodwill in respect of previously purchased Domino's company-owned stores and the impairment of the remaining goodwill of The Fish and Chips Co, given the disposal of this business.

Deferred tax assets decreased due to the derecognition of deferred tax assets.

CURRENT ASSETS

Group current assets, excluding cash and cash equivalents, decrease is mainly due to improved working capital management, specifically inventory management in the Luxury Goods Division and impairment of stock values due to the liquidation. The debtors decrease is attributable to the increased provision for expected credit losses.

EQUITY

There were no changes in authorised and stated capital during the financial year.

BORROWINGS

In terms of the articles of the memorandum of incorporation, the directors may exercise all powers of the company to borrow money, as they consider appropriate.

Borrowings as at 29 February 2020 relate to the funding received from Domino's Pizza and funding received from certain shareholders, Riskowitz Value Fund LP ("RVF"), Eldon Capital and Rand Capital in order to execute the revised strategy and exit of the food business.

NOTES TO THE CONDENSED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 29 February 2020

CASH FLOW

Cash and cash equivalents at the end of the financial year totalled R15 million (2019: R142 million).

During the year the drain on cash utilised to fund operational activities was reduced by R23 million. Cash required to fund operating activities totalled R42 million (2019: R65 million).

Cash utilised in investment activities increased to R46 million (2019: R24 million).

ANNUAL GENERAL MEETING

The annual general meeting ('AGM') of Luxe shareholders has been scheduled to take place on Thursday, 22 October 2020 at 14:00 in Johannesburg. The notice of the AGM will be published on SENS and dispatched to shareholders in due course, accompanied by a summary of the company's consolidated financial statements for the year ended 29 February 2020.

CORPORATE INFORMATION

LUXE HOLDINGS LIMITED

(Formerly Taste Holdings Limited)
Incorporated in the Republic of South Africa
(Registration number 2000/002239/06)
JSE code: LUX
ISIN: ZAE000286035

INDEPENDENT NON-EXECUTIVE DIRECTORS

N Siyotula *(Chairperson)*, GM Pattison, LCH Chou

EXECUTIVE DIRECTORS

DJ Crosson *(CEO)*, H van Eeden *(CFO)*

REGISTRATION NUMBER

2000/002239/06

REGISTERED ADDRESS

1st Floor Atrium on 5th, Sandton City Mall, Cnr 5th and Rivonia
Gauteng, 2196

POSTAL ADDRESS

PO Box 1125, Ferndale, Randburg, 2160
Telephone: (011) 669 5600

COMPANY SECRETARY

CIS Company Secretary (Pty) Ltd

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

SPONSOR

PSG Capital

These results and an overview of LUXE are available at www.luxeholdings.co.za

LUXE

HOLDINGS

LUXEHOLDINGS.CO.ZA