LUX HOLDINGS

Unaudited condensed consolidated results

for the six months ended 31 August 2020

SALIENT POINTS

- **Revenue** (from continuing operations) decreased by 42% to R127 million, from R217 million in the prior corresponding period. Notwithstanding, sales performance since re-opening of stores on 1 June have been resilient with same store sales for the 3 months ended August at -6%, whereas same store sales for the 3 months ended May were at -76%.

- **Gross profit** (from continuing operations) decreased by 38% to R54 million, from R86 million in the prior corresponding period. Retail gross profit % has improved from 39.5% to 42.7%.

- **Operating loss** (from continuing operations) increased by 51% to R11.5 million from R7.6 million in the prior corresponding period.

- Prudent and conservative **management of costs and working capital**, specifically inventory and cash, helped to preserve cash and improve the cash position of the group.

- **Headline loss per share** improved by 74% to 101.7 cents, from 385.6 cents per share in the prior corresponding period.

- **Loss per share** improved by 74% to 101.7 cents, from 383.9 cents per share in the prior corresponding period.

The per-share improvements described above are mainly due to discontinued operations as the remaining food business only impacts the results until 19 March 2020, the date that the remaining food businesses were placed into liquidation.

COMMENTARY

Luxe Holdings Limited started the year focussed on its luxury retail business strategy.

In line with the group strategy to be a focussed luxury retail business and to exit the food business. The remaining food businesses were placed into voluntary liquidation, effective 19 March 2020, as a deal could not be concluded with potential suitors and no further financial support was available to fund the business.

The Luxury Goods Division was not impacted by the liquidations. In line with the strategy and focus to build and grow a sustainable luxury business, the company was renamed Luxe Holdings Limited.

LUXURY GOODS DIVISION

The financial year started with South Africa in a recession, government debt on the rise, the Rand weak against the Dollar and load-shedding remaining a reality.

Early March trading performance was fair and tracked our targets but after the State President's declaration of a National State of Disaster on the 15 March 2020, we experienced a severe decline in sales.

Stores were closed on 26 March 2020, the date of the commencement of the national lockdown, and only recommenced trading from 1 June resulting in lost revenues for more than a third of the period. Sales performance post-lockdown has been more resilient than we expected, exceeding our internal expectations. Our growing online business, the breadth of our product offering, and the fact that community and neighbourhood store locations have outperformed major regional shopping nodes has helped mitigate the effects of the pandemic on trade.

There were several learnings and realisations from this period. Our strategy is sound, and we will continue to position our brands' value propositions to the target market, the broad middle to upper market. We are aligning our business model to the new normal to ensure it lays the foundations for the business to grow sustainably.

Our response to COVID-19 and the 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. Our response included a freeze on all uncommitted capital expenditure. In addition, we received good support from our suppliers during the period of lockdown, and have worked closely with them to improve efficiencies in our supply chain, and to improve our inventory turns and reduce our inventory levels post lockdown. We contained our largest costs, payroll expenditure and rental. This has been achieved by strict rostering and planning of our store staff and reducing our trading hours, where applicable, to maximise efficiencies from our workforce. Our staff have also had the benefit of the State's UIF TERS relief programme. Our rental relief negotiations with landlords for post lockdown trading periods are ongoing as we look for the support of our landlords during these volatile times.

Our employees and customers wellbeing were our priority post commencing trading by creating safe work and store environments enforcing strict guidelines and protocols as recommended by the Department of Health. Where possible employees are encouraged to work from home and teams are placed on alternative rosters to ensure continuity of operations as far as possible.

The onset of COVID-19 has accelerated the shift in consumer behaviour to online shopping. Online sales grew 386% (+185% on a comparable basis) for the half-year. 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 and an alternative safe shopping option for our customers.

Unfortunately post lockdown we experienced an increase in robberies; security remains a priority and we have rolled out further preventative security measures to reduce the number of robbery incidents.

NWJ

We commenced the financial year on the back of a much-improved trading performance the prior year and early March trading performance tracking close to our targets. After the State President declared the National State of Disaster on 15 March 2020, we experienced a dramatic decline in sales until the point we closed on 26 March 2020 for the commencement of the national lockdown. NWJ's sales performance since reopening under Level 3 has been more resilient than we expected, and we have surpassed our expectations. The success of our online business +168% on a comparable basis, our value and breadth of our product offering, and the fact that we have stores in our store portfolio that are located out of the traditional super-regional settings (which have proven to be sluggish during the lockdown) have served to mitigate the worst effects of the pandemic on trade.

COMMENTARY continued

We are pleased to report that the emphasis we placed on retail gross margin management has reaped rewards. Our retail gross profit margins are currently healthily tracking ahead of our targets for the half-year at 63.9% (2019: 59.8%). This is as a direct result of optimising our supply chain efficiencies, managing our pricing and attests positively to our decision to close our factory.

Inventory was well controlled in the period. A combination of reduced stock purchases, carefully managed delayed or cancellation of orders and better than expected sales, meant that we ended the half year R14m less than we commenced the financial year.

We continued closing stores that did not meet investment and leasing criteria. During the first 6 months, 2 franchise stores closed. Between 1 September 2019 and 31 August 2020 2 corporate stores closed and 1 new store opened, and 2 franchise stores closed. Further closures of non-profitable stores are planned in the second half of the year (1 corporate and 2 franchise). At the interim reporting period there were 52 NWJ stores (40 corporate and 12 franchise) (2019: 55 stores; 41 corporate and 14 franchise).

We completed the revamp of East Rand Mall and Musgrave stores as refurbishment work had commenced prior to the COVID-19 outbreak and national lockdown. For the period under review, all uncommitted capital expenditure, including new stores was suspended.

ARTHUR KAPLAN AND WORLD'S FINEST WATCHES

The financial year commenced with trading performance in line with our expectations but experienced a dramatic decline in sales post the declaration of a National Sate of Disaster up until the commencement of the lockdown. As with NWJ, financial performance was significantly affected as we were only allowed to recommence trading from 1 June 2020. Sales performance since reopening under Level 3 has been more resilient than we expected, and we have exceeded our internal expectations. Our online business, which was launched in August 2019, grew as consumers turned to the platform for their luxury shopping.

Focussing on controllable items, the business showed resilience and we managed to improve gross profit margins to 30.8% (2019: 29.5%) due to better management of pricing and less discounting.

Inventory was well managed in the period. A combination of reduced stock purchases, carefully managed, delayed or cancelled orders and better than expected sales, meant that we ended the half year R10m less than we commenced the financial year. Constrained supply from some of our Swiss partners also contributed to the lower than planned inventory levels, which in turn impacted sales. We also experienced challenges in clearing goods through Customs and Excise in this period as the service providers have experienced volume and staffing challenges.

At the interim reporting period there were 6 Arthur Kaplan stores (2019: 7 stores) and 1 World's Finest Watches store (2019: 1 store). For the 12 months 1 September 2019 to 31 August 2020, 1 store was closed in line with our strategy of closing non-performing stores that do not meet our investment criteria.

REVIEW OF THE GROUP PERFORMANCE

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

The COVID-19 global pandemic and national lockdown significantly impacted performance.

System-wide sales reduced by 41% to R133 million (2019: R226 million) due to store closures, NWJ 4 store closures, Arthur Kaplan 1 store closures, 2 stores being refurbished and the significant impact of the COVID-19 pandemic.

Post lockdown we benefitted from pent up demand and June same store sales were +13% (NWJ +17% and Arthur Kaplan/World's Finest Watches +10%) exceeding expectations. For Q2, June to August same store sales are -6%; NWJ -3% (corporate stores -2% and franchise stores -5%) and Arthur Kaplan/World's Finest Watches -8%. The effect on sales during lockdown has been severe; for the period March to August same store sales are -40%; NWJ -37% (corporate stores -34% and franchise stores -43%) and Arthur Kaplan/World's Finest Watches -43%; stores were closed from 27 March 2020 and reopened on 1 June 2020.

Same stores sales

	March to May %	Jun %	Jul %	Aug %	June to August %	March to August %
Group	**(76)**	**13**	**(15)**	**(16)**	**(6)**	**(40)**
NWJ	**(69)**	**17**	**(15)**	**(7)**	**(3)**	**(37)**
Corporate	(65)	19	(15)	(7)	(2)	(34)
Franchise	(77)	12	(18)	(7)	(5)	(43)
Arthur Kaplan and Worlds' Finest Watches	**(81)**	**10**	**(15)**	**(21)**	**(8)**	**(43)**

Group revenue decreased 42% to R126.7 million (2019: R217.3 million), the consequence of global pandemic and national lockdown resulting in lost sales and lower trading levels.

Gross profit declined by 38% to R53.6 million (2019: R86.4 million). Gross profit margin however has improved from 40% to 42%. Overall retail gross profit % has improved from 39,5% to 42,7% due to initiatives which include less clearance sales, less discounting as well as improved sourcing of product.

Operating expenses decreased by R28.4 million (30%) to total R65.8 million (2019: R94.2 million). The Luxury Goods Division expenses decreased to R60.0 million (2019: R72.1 million) and Corporate Services expenses decreased to R5.8 million (2019: R8.1 million).

Operating loss from continuing operations increased to R11.6 million (2019: R7.6 million loss). The Luxury Goods Division operating loss for the period totalled R5.7 million (2019: R0.8 million profit). The Corporate Services operating loss decreased to R5.9 million (2019: R8.4 million).

Strengthening our balance sheet is a key focus area as we want to ensure that we have the resources and reserves that will enable us to expand the business and survive adverse trading conditions.

In order to improve our resilience, working capital management was a major focus, specifically cash preservation and inventory. We implemented various cost saving initiatives, focused on improving our retail margins and inventory management and supply chain efficiencies resulted in R24 million reduction in inventory since February 2020; positively impacting cashflow generated from operations and inventory turnover.

We preserved cash by suspending capital expenditure but will continue with our efforts to identify business opportunities to invest in that will further strengthen the balance sheet an generate the desired return on investment.

Our long-term borrowings and gearing are well controlled and only consists of the R16 million advanced by shareholders in the prior financial year.

OPERATING PERFORMANCE – DISCONTINUED OPERATIONS

The loss on discontinued operations, after investment revenue, finance costs and taxation of R5.5 million (2019: R71.7 million) is in respect of the food business which remained post the sale of Starbucks and the local brands (Fish and Chips and Maxi's) in the later part of the 2020 financial year.

The remaining food business was placed into voluntary liquidation effective 19 March 2020.

OUTLOOK AND TRADING UPDATE

September and October same store sales continued to exceed expectations, September sales were +5%, NWJ -3% (corporate stores -2%) and Arthur Kaplan/World's Finest Watches +10% and October -4%, NWJ +9% (corporate stores +13%) and Arthur Kaplan/World's Finest Watches at -14%.

Taking recent performance and recovery into account, October year-to-date same store sales improved to -31% (31 August 2020: -40%), with NWJ at -27% (31 August 2020: -37%) and Arthur Kaplan/World's Finest Watches at -34% (31 August 2020: -43%). For the period June to October same store sales are -4% (June to August -6%); NWJ -1% (June to August -3%) and Arthur Kaplan/World's Finest Watches -6% (June to August -8%) highlighting the steady improvement in same store sales in recent months.

Same stores sales

	March to May %	Jun %	Jul %	Aug %	Sep %	Oct %	June to October %	March to October %
Group	**(76)**	**13**	**(15)**	**(16)**	**5**	**(4)**	**(4)**	**(31)**
NWJ	**(69)**	**17**	**(15)**	**(7)**	**(3)**	**9**	**(1)**	**(27)**
Corporate	(65)	19	(15)	(7)	(2)	8	0	(25)
Franchise	(77)	12	(18)	(7)	(9)	13	(3)	(33)
Arthur Kaplan and Worlds' Finest Watches	**(81)**	**10**	**(15)**	**(21)**	**10**	**(14)**	**(6)**	**(34)**

We are navigating through the new normal on a cautious basis given the considerable uncertainty and unpredictable trading patterns, coupled with a distressed consumer and footfall in the shopping centres has not returned to pre-lockdown levels. Due to the seasonality of the business, we expect sales and profits to be more heavily weighted in the second half of the financial year with Black Friday, Christmas and post-Christmas promotions being the biggest contributors.

Our immediate focus remains short term recovery and to build a sustainable business in the medium to long term to create value for stakeholders. Actions taken to improve our resilience and preserve cash, such as various cost savings, reduced inventory levels to support operations and sales, improvements in retail gross margins and suspended capital requirements for the remainder of the year, mean that we are likely to go into next year with a healthy balance sheet.

Digital transformation across our entire business is a major strategic focus. We have committed to enhancing our business intelligence capabilities to improve our supply chain and decision making across the entire business, as well as our goal to automate certain processes. Although we have suspended uncommitted capital expenditure in the short term, we remain focused on improving and expanding our physical footprint and building on our recent online success where we have experienced recent exponential growth.

We will continue to invest in new business opportunities that will enable us to take the business forward. The pandemic has created a more fluid environment in which opportunities are likely to emerge. We are mindful that new opportunities must create value for our stakeholders, play to our strengths and expertise and generate a healthy return on capital.

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.

COMMENTARY continued

DIRECTORATE AND COMPANY SECRETARY

Mr. Grant Pattison resigned from the Board and all the sub-committees upon which he served, with effect from 5 October 2020.

Ms. Carmen Le Grange has been appointed as an independent non-executive director of the Company and as chairperson of its audit and risk committee, with effect from 6 October 2020.

SUBSEQUENT EVENTS

The directors are not aware of any other significant matter or circumstance arising since the end of the financial half year which significantly affect the financial position of the company or the results of its operations to the date of this report.

On behalf of the board

DJ Crosson
Chief Executive Officer

H van Eeden
Chief Financial Officer

5 November 2020

CONDENSED GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 August 2020

	Unaudited 31 August 2020 R'000	Unaudited 31 August 2019 R'000	Audited 29 February 2020 R'000
ASSETS			
Non-current assets	**184 575**	493 225	194 670
Property, plant and equipment	**29 457**	165 700	32 408
Right of use of asset	**94 107**	169 915	99 162
Intangible assets	**44 631**	80 338	45 469
Goodwill	**9 532**	42 079	9 532
Net investment in finance lease	**2 038**	1 107	2 038
Other financial assets	**–**	5 964	–
Deferred tax	**4 810**	28 122	6 061
Non-current assets and discontinued operations	**20 437**	–	18 764
Current assets	**212 019**	331 425	254 726
Inventories	**167 586**	225 215	191 679
Net investment in finance lease	**839**	142	839
Trade and other receivables	**23 130**	64 898	28 312
Current tax receivables	**3 936**	1 483	1 419
Advertising levies	**3 378**	2 524	3 760
Other financial assets	**688**	1 692	122
Cash and cash equivalents	**12 462**	35 471	28 595
Total assets	**417 031**	824 650	468 160
EQUITY AND LIABILITIES			
Equity attributable to holders of the company	**144 511**	517 640	167 085
Stated capital	**8**	8	8
Accumulated loss	**(1 098 951)**	(730 158)	(1 076 377)
Share premium	**1 238 757**	1 238 522	1 238 757
Equity-settled share-based payment reserve	**4 697**	9 268	4 697
Non-controlling interest	**(99)**	988	515
Non-current liabilities	**111 553**	211 889	116 710
Borrowings	**18 082**	–	16 687
Lease liability	**81 224**	198 895	86 345
Deferred tax	**12 247**	12 994	13 678
Non-current liabilities and discontinued operations	**98 417**	–	93 292
Current liabilities	**62 649**	94 133	90 558
Current tax payable	**–**	1 076	–
Trade and other payables	**30 689**	92 943	44 748
Lease liability	**31 960**	–	30 187
Bank overdrafts	**–**	–	15 623
Borrowings	**–**	114	–
Total equity and liabilities	**417 031**	824 650	468 160

CONDENSED GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 August 2020

	% change	**Unaudited 6 months ended 31 August 2020 R'000**	Restated and reclassified unaudited 6 months ended 31 August 2019 R'000	Audited 12 months ended 29 February 2020 R'000
Revenue	(42%)	**126 668**	217 273	459 414
Sale of goods – Luxury		**126 166**	216 360	432 893
Services rendered and franchise revenue		**502**	913	26 521
Cost of sales		**(73 098)**	(130 870)	(271 827)
Gross profit	(38%)	**53 570**	86 403	187 587
Other income		**689**	199	8 692
Operating costs	30%	**(65 793)**	(94 245)	(199 920)
Operating loss	(51%)	**(11 534)**	(7 643)	(3 641)
Investment revenue		**239**	2 092	5 272
Finance costs		**(9 176)***	(6 785)^	(18 173)^^
Loss before taxation	(66%)	**(20 471)**	(12 336)	(16 542)
Taxation		**2 762**	(1 451)	(3 443)
Loss from continuing operations	(28%)	**(17 709)**	(13 787)	(19 985)
Loss on discontinued operation, net of tax		**(5 480)**	(71 716)	(417 014)
Total comprehensive loss for the period	73%	**(23 189)**	(85 503)	(436 999)
Attributable to:				
Equity holders of the company	74%	**(22 575)**	(85 198)	(436 222)
Non-controlling interests		**(614)**	(305)	(777)
Loss per share attributable to equity holders of the company				
Basic loss per share (cents)	74%	**(101.7)**	(383.9)	(1 965.9)
Continuing operations		**(77.0)**	(60.8)	(86.6)
Discontinued operations		**(24.7)**	(323.2)	(1 879.3)
Diluted loss per share (cents)	74%	**(101.7)**	(383.9)	(1 965.9)
Continuing operations		**(77.0)**	(60.8)	(86.6)
Discontinued operations		**(24.7)**	(323.2)	(1 879.3)
Weighted average shares in issue ('000)		**22 190**	22 190	22 190
Weighted average diluted shares in issue ('000)		**22 285**	22 285	22 285

** *Includes IFRS 16 finance costs of R7 772.*
^ *Includes IFRS 16 finance costs of R6 398.*
^^ *Includes IFRS 16 finance costs of R14 154.*

CONDENSED GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 August 2020

	Share capital R'000	Share premium R'000	Total share capital R'000	Equity-settled share-based payment reserve
Balance at 31 August 2019	8	1 238 522	1 238 530	9 268
Share issue	–	235	235	–
Share-based payment	–	–	–	(4 571)
Comprehensive income for the period	–	–	–	–
Balance at 1 March 2020	8	1 238 757	1 238 765	4 697
Share issue	**–**	**–**	**–**	**–**
Comprehensive income for the period	**–**	**–**	**–**	**–**
Balance at 31 August 2020	**8**	**1 238 757**	**1 238 765**	**4 697**

	Accumlated losses R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total R'000
Balance at 31 August 2019	(730 158)	517 640	988	518 628
Share issue	–	235	–	235
Share-based payment	–	(4 571)	–	(4 571)
Comprehensive income for the period	(346 219)	(346 219)	(473)	(346 692)
Balance at 1 March 2020	(1 076 377)	167 085	515	167 600
Share issue	**–**	**–**		**–**
Comprehensive income for the period	**(22 574)**	**(22 574)**	**(614)**	**(23 188)**
Balance at 31 August 2020	**(1 098 951)**	**144 511**	**(99)**	**144 412**

CONDENSED GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 August 2020

	Unaudited 6 months ended 31 August 2020 R'000	Unaudited 6 months ended 31 August 2019 R'000	Audited 12 months ended 29 February 2020 R'000
Cash flows from operating activities	**5 006**	14 250	(43 023)
Cash (utilised)/generated by operating activities	**12 548**	19 230	(22 427)
Investment revenue	**239**	1 410	5 272
Finance costs	**(7 781)**	(6 227)	(18 173)
Taxation paid	**–**	(163)	(7 695)
Cash flows from investing activities	**(614)**	(101 824)	(53 459)
Acquisition of property, plant and equipment	**(1 958)**	(8 783)	(14 216)
Proceeds of disposals of property, plant and equipment	**9**	143	–
Acquisition of business	**–**	(944)	(2 486)
Disposal of discontinued operations, net of cash	**1 900**	(90 755)	(33 486)
Investment in finance lease	**0**	–	(2 877)
Loans advanced	**(565)**	88	(122)
Acquisition of intangible assets	**0**	(1 573)	(272)
Cash flows from financing activities	**(3 348)**	(18 869)	(30 544)
Proceeds from issue of shares	**–**	(235)	
Disposal of discontinued operations, net of cash	**–**	–	(7 471)
Shareholders loans raised	**–**	–	16 696
Repayment of shareholders loans	**–**	(12 236)	(12 353)
Repayment of lease liability	**(3 348)**	(6 398)	(27 416)
Change in cash and cash equivalents	**1 044**	(106 443)	(127 026)
Cash and cash equivalents at beginning of the period	**14 888**	141 914	141 914
Cash and cash equivalents at end of the period	**15 932**	35 471	14 888
Continuing operations	**12 462**	22 268	12 972
Non-current assets and disposal group classified as held for sale	**3 470**	13 203	1 916

CONDENSED GROUP CONSOLIDATED SEGMENTAL REPORT

for the six months ended 31 August 2020

	Food Division R'000	Jewellery division R'000	Corporate Services R'000	Total R'000
Unaudited 6 months 31 August 2020				
Revenue	**–**	**126 668**	**–**	**126 668**
Gross profit	**–**	**53 570**		**53 570**
Operating income and expenses	**–**	**(39 374)**	**(5 052)**	**(44 426)**
Segment depreciation and amortisation	**–**	**(19 869)**	**(809)**	**(20 678)**
Operating loss	**–**	**(5 673)**	**(5 861)**	**(11 534)**
Investment revenue	**–**	**109**	**130**	**239**
Finance costs	**–**	**(7 772)**	**(1 404)**	**(9 176)**
Loss before taxation	**–**	**(13 336)**	**(7 135)**	**(20 471)**
Loss from discontinued operations, net of tax	**(5 480)**	**–**	**–**	**(5 480)**
Segment assets	**9 841**	**395 557**	**11 633**	**417 031**
Segment liabilities	**12 172**	**101 701**	**60 329**	**174 202**
Segment capital expenditure	**–**	**1 958**	**–**	**1 958**
Unaudited 6 months 31 August 2019				
Revenue	–	217 273	–	217 273
Gross profit		86 403	–	86 403
Operating income and expenses		(63 783)	(7 632)	(71 415)
Segment depreciation and amortisation	–	(21 835)	(796)	(22 631)
Operating loss	–	785	(8 428)	(7 643)
Investment revenue	–	135	1 957	2 092
Finance costs	–	(6 227)	(558)	(6 785)
Loss before taxation	–	(5 307)	(7 029)	(12 336)
Loss from discontinued operations, net of tax	(71 716)	–	–	(71 716)
Segment assets	376 036	420 298	28 316	824 650
Segment liabilities	166 176	287 124	(147 278)	306 022
Segment capital expenditure	8 677	8 783	–	17 460
Audited 12 months ended 29 February 2020				
Revenue	–	459 414	–	459 414
Gross profit	–	187 587	–	187 587
Operating income and expenses	–	(165 130)	(14 267)	(179 397)
Segment depreciation and amortisation	–	(10 240)	(1 591)	(11 831)
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)
Loss from discontinued operations, net of tax	(417 014)	–	–	(417 014)
Segment assets	18 764	400 764	48 632	468 160
Segment liabilities	93 292	187 289	19 979	300 560
Segment capital expenditure	28 739	14 216	–	42 955
Impairment of assets	–	5 818	–	5 818
– goodwill	–	5 818	–	5 818

NOTES TO THE CONDENSED GROUP CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 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").

BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

These unaudited condensed group consolidated interim financial statements are prepared in accordance with the Listings Requirements of the JSE Limited ("the JSE Listings Requirements"), and the requirements of the Companies Act, 2008 (Act No. 71 of 2008), as amended ("the Companies Act"). The JSE Listings Requirements require financial statements to be prepared following 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 unaudited condensed group consolidated interim financial statements are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. Required by the JSE Listing Requirements, the group reposts headline earnings in accordance with Circular 1/2019: Headline Earnings as issued by SAICA.

These condensed group consolidated interim financial statements have not been reviewed or audited by the Group's auditors and were compiled under the supervision of Mr H van Eeden CA(SA), Chief Financial Officer.

FINANCIAL POSITION COMMENTARY

NON-CURRENT ASSETS

Property, plant and equipment and intangible asset decreases are mainly due to depreciation and amortisation for the period.

CURRENT ASSETS AND LIABILITIES

Group current assets, excluding cash and cash equivalents, decrease is mainly due to improved working capital management, specifically inventory management with regards to the unwinding of inventory and supply chain efficiencies.

Trade and other payables as well controlled. All our inventory is largely paid for.

EQUITY

On 8 July 2020, every one hundred ordinary shares were consolidated into one ordinary share of 200 cents each. The consolidation resulted in 22 215 009 new consolidated ordinary shares being in issue which trade under the International Securities Identification number code ("ISIN") of ZAE000286035.

Historic per share metrics throughout these financial results have been adjusted to reflect the consolidation so that they are comparable with the per share metrics for the current 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 31 August 2020 relate to the funding received from certain shareholders, Riskowitz Value Fund LP ("RVF"), Eldon Capital and Rand Capital to execute the revised strategy and exit of the food business.

CASH FLOW

Cash and cash equivalents (for the Luxury division) totalled R12.5 million (2019: R22.3 million). Included in the R22.3 million is R16.0 million held in Corporate Services which was ear-marked, and ultimately used, to fund the food divisions' operations. On a comparable basis, excluding the R16.0 million mentioned above, the group has been successful in preserving and generating cashflow, strengthening its balance sheet in the process.

for the six months ended 31 August 2020

RECONCILIATION OF HEADLINE LOSS

	% change	Unaudited 6 months ended 31 August 2020 R'000	Restated and reclassified unaudited 6 months ended 31 August 2019 R'000	Audited 12 months ended 29 February 2020 R'000
Reconciliation of headline loss:				
Loss attributable to ordinary shareholders	74%	**(22 575)**	(85 198)	(436 222)
Adjusted for:				
Impairment losses		**–**	–	153 159
Loss/(profit) on sale of property, plant and equipment		**15**	(452)	5 308
Tax effect on headline (loss)/earnings adjustments		**(4)**	84	(1 486)
Loss on sale of business		**–**	–	70 242
Headline loss attributable to ordinary shareholders	74%	**(22 564)**	(85 566)	(209 000)
Continuing operations		**(17 084)**	(13 485)	(9 568)
Discontinued operations		**(5 480)**	(72 080)	(199 432)
Weighted average shares in issue ('000)		**22 190**	22 190	22 190
Weighted average diluted shares in issue ('000)		**22 285**	22 285	22 285
Headline loss per share (cents)	74%	**(101.7)**	(385.6)	(941.9)
Continuing operations		**(77.0)**	(60.8)	(43.1)
Discontinued operations		**(24.7)**	(323.2)	(898.7)
Diluted headline loss per share (cents)	74%	**(101.7)**	(385.6)	(941.9)
Continuing operations		**(77.0)**	(60.8)	(43.1)
Discontinued operations		**(24.7)**	(324.8)	(898.7)

PRIOR PERIOD AMENDMENTS

The Company's results for the six-month period ended 31 August 2019 have been retrospectively restated, reclassified and adjusted to account for the following:

- There has been a correction in the weighted average shares in issue as per 31 August 2019 interim financial statements, as a result, the prior corresponding period's reported loss per share of 5.4 cents and headline loss per share of 5.5 cents should instead have reflected a loss per share of 3.8 cents and headline loss per share of 3.9 cents.
- Reclassification in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as a result of the Food Division that was discontinued during the current financial period. The reclassification has no effect on the prior corresponding period's restated total loss per share and headline loss per share (as above), but rather the split between continued and discontinued operations as set out in the table below.
- The historic per share metrics have also been adjusted to reflect the consolidation of the share capital of the Company on 8 July 2020 (every one hundred ordinary shares were consolidated into one ordinary share), so that they are comparable with the per share metrics for the current period.

Reclassification between continuing and discontinued operations:

The change in cash flow from investing activities, the acquisition of property, plant and equipment, is due to the reclassification of an outflow to the value of R0.6 million from continuing to discontinued operations.

Accordingly, the results for the six-month period ended 31 August 2019 as amended are as follows:

	Previously reported 31 August 2019 (cents)	Restated – Correction of weighted average shares in issue (cents)	Reclassification – discontinued operations (cents)	Adjustment – share consolidation of 100:1 (cents)
Loss per share	**(5.4)**	**(3.8)**	**(3.8)**	**(383.9)**
Continued operations			(0.6)	(60.8)
Discontinued operations			(3.2)	(323.2)
Headline loss per share	**(5.5)**	**(3.9)**	**(3.9)**	**(385.6)**
Continued operations			(0.6)	(60.8)
Discontinued operations			(3.2)	(324.8)

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), LCH Chou, C Le Grange

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
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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

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