LUX HOLDINGS

SUMMARISED CONSOLIDATED RESULTS

for the year ended 28 February

2021

HIGHLIGHTS

- **Online sales growth** of 236% (+174% on a comparable basis).
- **Positive same store sales** growth of +1% in the 2nd half of the financial year.
- **Retail stores gross profit % increased** from 41.1% to 44.0%.
- **Jewellery and Watch Division's operating profit improved by 38%** to R16.9 million (2020: R12.2million); a strong recovery in the 2nd half resulted in operating profit improving R22.6 million from an operating loss of R5.7 million at half year to a full year operating profit of R16.9 million.
- **Prudent management of costs and working capital,** specifically inventory and creditors, helped to generate cash from continuing operations of R8.3 million and improve the positive cash position of the continuing operations to R19.7 million (2020: R13.0 million).
- **Headline loss per share from continuing operations of 60.2 cents** in line with prior year despite the tough trading environment given the impact of the pandemic.
- **Net asset value (NAV)** per share of R5.86.

COMMENTARY

Demand for luxury watches and jewellery has remained strong as evidenced by our online sales growth and robust performance from our stores since re-opening. We are confident that the strong fundamentals underpinning the luxury watches and jewellery category remain intact, and believe we are well-positioned to deliver on our plans to leverage our leading position in the market.

The second half of the year was significantly better than the first, when stores were closed from 26 March 2020 to 31 May 2020 during the level 5 lockdown, resulting in an estimated R73 million in lost sales; same store sales for the second half of the year improved +1% to R238 million (2020: R236 million).

Despite the tough trading environment, the Jewellery and Watch Division's operating profit improved by 38% to R16.9 million (2020: R12.2 million); a strong recovery in the 2nd half resulted in profit improving R22.6 million from an operating loss of R5.7 million at half year to a full year profit of R16.9 million.

The Group has shown its resilience and generated R8.3 million in cash from operations during this pandemic year, reporting improved gross margins, excellent inventory management and responsible cost control.

There were several learnings and realisations from this year. Our strategy is sound, and we will continue to position our brands' value propositions to the target market, the broad middle to upper-income market. We are aligning our business model to the new normal to ensure it lays the foundation for the business to grow sustainably. Our business model is robust, and we are well equipped to adapt to changing consumer behaviour and heightened safety concerns created by the pandemic.

Our primary focus from the outset was to improve the resilience of the business during the period of operational weakness and ensure the sustainability of the business and preserve cash, whilst managing the implications of the pandemic on our employees, suppliers, landlords and customers.

Our response included a freeze on all uncommitted capital expenditure. In addition, we received good support from our landlords granting rental relief of R5.9 million and suppliers granting extended payment terms. We worked closely with our suppliers to improve efficiencies in our supply chain and optimise our inventory levels. We contained our employee costs by strict rostering and planning of our workforce and reducing our trading hours, where applicable.

The onset of the pandemic has accelerated the shift in consumer behaviour to online shopping. Online sales grew 236% (+174% on a comparable basis) for the financial 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.

The health and wellbeing of our colleagues and customers remain our foremost priority throughout this challenging time and beyond. We are proud of the response from our teams, who have demonstrated unwavering resilience, teamwork, and dedication.

NWJ

NWJ's sales performance since reopening on 1 June 2020 has been more resilient than we expected, -5.5% on a same store basis, which surpassed our expectations. Black Friday which ran for an entire week this year underwhelmed with the same store performance at -6.4% for the week. However, the strong run-in we experienced prior to Black Friday resulted in an impressive overall November same store performance of +9.4%, bricks and mortar stores +2.3% and online +180%, December sales were less than our expectations, the impact of the second wave of the pandemic adversely affecting trading.

The success of our online business +159% 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 since reopening) have served to mitigate the worst effects of the pandemic on trade.

We are pleased to report that the emphasis we placed on retail gross margin management has reaped rewards. Our retail gross profit margins tracked ahead of our targets for the year at 64.6% (2019: 60.9%). 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 during the year; a combination of optimised inventory purchases, carefully managed, delayed or postponement of orders and better than expected sales, meant that we ended R10.7 million less than we commenced the financial year.

We continued closing stores that did not meet our investment criteria. During the year, 2 corporate stores and 4 franchise stores closed, and 1 store converted from franchise to corporate. Further closures of non-profitable stores are planned for the new year. At the end of the year, there were 48 NWJ stores (39 corporate and 9 franchise) (2020: 54 stores; 40 corporate and 14 franchise).

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

ARTHUR KAPLAN AND WORLD'S FINEST WATCHES

Sales performance since reopening has been significantly better than we expected, and we exceeded our expectations delivering positive same store sales of +2.9% since reopening in June. The recovery continued into the 2nd half posting same store sales of +7.3% for the period September 2020 to February 2021, driven by +17.9% same store sales over the Christmas and Black Friday promotional period. Our online business grew significantly during the year +581% (+241% on a same store basis) as consumers changed their shopping behaviour during the pandemic.

Focusing on controllable items, the business showed resilience and we managed to improve gross profit margins to 31.8% (2020: 29.6%) 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 postponed orders and better than expected sales, meant that we ended the financial year R7.3 million 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.

At the end of the year, there were 6 Arthur Kaplan stores (2020: 7 stores) and 1 World's Finest Watches store (2020: 1 store). 1 store was closed in line with our strategy of closing non-performing stores that do not meet our investment criteria.

STRATEGY

During the year, the Group made further progress in advancing its strategic priorities despite the unprecedented challenges presented by the pandemic. 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.

The Group's strategic objectives are aimed at delivering sustained growth in revenue and profitability, enhancing long-term shareholder wealth, and creating value for other stakeholders. These strategic objectives for the Group will be realised through the delivery of short and medium-term action plans and projects, which are developed and implemented each year.

Our strategic priorities are to **grow revenue, profit, and return on capital employed** through continued investment in and elevation of our store portfolio, organic new store opportunities and new revenue streams. Our goal is to increase our footprint in under-represented regions, however fully mindful of assessing the viability of locations based on appropriate criteria, retail indices and leasing considerations. 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. **Enhance brand partnerships,** our strong and long-standing relationships with the most recognised and prestigious Swiss luxury watch brands are a key point of distinction. We actively work with our brand partners to identify distribution opportunities and partner on product development and launches, store projects, online platform, and marketing activities. **Deliver an exceptional customer experience**, ensuring customers feel valued and supported throughout the celebration of special moments is central to our priority of delivering an exceptional experience. We look to create modern, welcoming, inviting, browsable, luxurious store environments. Our stores are designed to appeal to a broad audience, catering to customers across all demographics. **Leverage best in class operations,** throughout our retail network there is a high level of accountability and performance management. We strive to ensure a collective alignment, ownership and understanding at all levels within retail to ensure that we continually drive productivity and profitability.

We have prioritised **digital transformation** as a core strategic imperative, essential to accelerate growth within an evolving online consumer retail environment, with the goal of a simplification of functions and services, cost efficiency, greater productivity, organisational agility, operating resilience, and improved customer experience.

We recognise that the pandemic has shifted behaviour and the process of learning new ways to serve our customers, collaborating with partners and creating value for our shareholders. This is a task that involves every function in our business and requires a culture that embraces change and is not afraid to take risks. We have laid the groundwork for the journey to continued sustainable growth as one of the leaders in the luxury watches and jewellery category. The post-pandemic recovery has shown that we are on the right path.

REVIEW OF THE GROUP OPERATING PERFORMANCE

Operating performance – continuing operations (Jewellery and Watch Division and Corporate Services)

The pandemic and the national lockdown had a significant impact on our business as all our stores were closed from 26 March 2020 to 31 May 2020.

System-wide sales declined by 20% to R377 million (2020: R473 million) due to the impact of the pandemic, non-performing store closures, NWJ 6 (2 corporate and 4 franchise) store closures, Arthur Kaplan 1 store closure, and stores being closed during refurbishment periods.

The effect on same store sales during lockdown was severe, however, post-lockdown we benefited from pent up demand, June same store sales were +13% (NWJ +17% and Arthur Kaplan/World's Finest Watches +10%) exceeding expectations.

Due to the seasonality of our business, sales and profits are heavily weighted to the second half of the year with Black Friday, Christmas, and post-Christmas promotions. We are pleased with the second half performance as same store sales for the second half of the year improved +1% to R238 million (2020: R236 million) NWJ -6% (corporate stores -7% and franchise stores -4%) with Arthur Kaplan/World's Finest Watches +8%.

	H1 %	H2 %	FY %
Group	-40	1	-19
NWJ	-37	-6	-20
Corporate	-34	-7	-19
Franchise	-43	-4	-23
Arthur Kaplan and Worlds' Finest Watches	-42	8	-18

Group revenue decreased by 21% to R362 million (2020: R459 million), the consequence of the global pandemic and national lockdown resulting in lost sales and lower trading levels.

Gross profit declined by 15% to R159 million (2020: R188 million). The gross profit margin however has improved from 40.8% to 43.9%. Overall retail gross profit % has improved from 41.1% to 44.0% due to initiatives include less clearance sales, less discounting as well as improved sourcing of product.

Operating expenses decreased by R22 million (11%) to total R178 million (2020: R200 million). The Jewellery and Watch Division expenses decreased to R148 million (2020: R183 million) and Corporate Services expenses increased to R30 million (2020: R17 million).

Included in the Corporate Services expenses of R30 million is an impairment of R17.7 million relating to a holding company liability that arose from the liquidation of the Food Division which has negatively impacted the performance of the Group, and which needs to be considered in the evaluation of the operating performance of the Group. Save for the once-off impairment charge, the Group has shown progress in restructuring Corporate Services in line with the revised strategy.

Strong second half trading performance from the Jewellery and Watch Division resulted in operating profit of R22.6 million, compared to the half year loss of R5.7 million. The Jewellery and Watch Division operating profit for the year improved by 38% to R16.9 million (2020: R12.2 million).

Operating loss from continuing operations increased to R12.3 million (2020: R3.6 million loss). The Corporate Services operating loss totalled R29.2 million (2020: R15.9 million); including the impairment of R17.7 million referred to above.

Operating performance – discontinued operations

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 Jewellery and Watch Division was not impacted by our decision to liquidate the non-performing businesses.

The loss on discontinued operations, after investment income, finance cost and taxation of R4.5 million (2020: R417 million loss) is in respect of the remaining food business, consisting of the Domino's business, given the decision to exit the food business.

The remaining food business operating entities consisting of Taste Food Franchising (Pty) Ltd, Taste Commissary (Pty) Ltd, and Taste Food Trading 1 (Pty) Ltd, were placed into voluntary liquidation, effective 19 March 2020.

OUTLOOK

Our immediate focus remains short-term recovery and building a sustainable business in the medium to long term to create value for stakeholders. The Company's finances are in good shape; 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 year, mean that we are going into the new year with a healthy balance sheet.

As we navigate this period of uncertainty we continue to explore and evaluate organic and new business opportunities. Given that the recovery in consumer spending is likely to be gradual, there will be a comprehensive reassessment of our geographical footprint and store network and we will refurbish stores and close non-performing stores that do not meet our investment criteria. We will continue to invest in new business opportunities that will enable us to take the business forward.

Consumer spending is expected to remain under pressure in the medium term owing to the effects of South Africa's prolonged economic downturn, fuelled by the negative impact of the pandemic.

Over and above managing the business through the pandemic we must ensure that we continue to develop the business: its product ranges, operations, and online systems. Much of this work will revolve around the enhancement and development of our online platforms and the ability to cope with increasing volumes and breadth of offer.

We believe that the luxury jewellery and watch market is underpinned by strong long-term fundamentals and that it is well-positioned for continued growth, despite the current challenges presented by economic uncertainty, the pandemic and the luxury watch market experiencing supply constraints and customers' demand remaining significantly higher than availability. There are signs that trading performance is improving to 2019 levels, however, we remain cautious, with added risks of a third wave and the potential impact the vaccination rollout could have on the recovery of the economy.

APPRECIATION

I would like to express my gratitude to our Chairperson, and my fellow directors for their support, guidance, and oversight in confronting this pandemic. Thank you to our executive teams in Arthur Kaplan and NWJ, for their leadership during this time of crisis. Our employees have encountered work and social challenges on a scale never experienced before and I thank them for their commitment and resilience. I thank our external stakeholders, including our suppliers, landlords, funders, and regulators, for their engagement with the Group in addressing difficult issues during the lockdown.

I thank our loyal customers who have continued to support us in our stores and online during these trying times.

We look forward to continuing to exceed your expectations for quality luxury jewellery and watches.

COMMENTARY continued

DIRECTORATE

The directors of the company during the year and to the date of this report are as follows:

Name	
Duncan John Crosson	
Grant Michael Pattison	resigned as chairman and non-executive director effective 5 October 2020
Tyrone Christie Moodley	resigned as non-executive director effective 6 March 2020
Nonzukiso (Zukie) Siyotula	
Leo Chih Hao Chou	
Hannes van Eeden	
Carmen Le Grange	appointed as non-executive director on 5 October 2020
Adrian John Maizey	appointed as non-executive director on 10 March 2021
Leah McCrae	appointed as non-executive director on 10 March 2021
Lauren De Swardt	appointed as non-executive director on 10 March 2021

SUBSEQUENT EVENTS

The Board has approved an agreement with the landlord of the Midrand food production facility whereby Luxe Holdings Limited will be released of an R18.5 million liability, in respect of a lease that Luxe Holding Limited guaranteed. The landlord has accepted a purchase offer, the final sale of the property pending meeting the conditions of the agreement.

Besides the above, the Board is not aware of any significant matter or circumstances arising since the end of the financial year which significantly affect the financial position of the Company or the results of its operations to the date of this report.

DIVIDEND TO SHAREHOLDERS

No dividend has been declared for the year ended 28 February 2021.

On behalf of the board

DJ Crosson
Chief Executive Officer

H van Eeden
Chief Financial Officer

31 May 2021

SUMMARISED CONSOLIDATED GROUP STATEMENT OF FINANCIAL POSITION

as at 28 February 2021

	Audited 28 February 2021 R'000	Audited 29 February 2020 R'000
ASSETS		
Non-current assets	**168 195**	194 670
Property, plant and equipment	**24 765**	32 408
Right of use of asset	**83 927**	99 162
Intangible assets	**43 793**	45 469
Goodwill	**9 532**	9 532
Net investment in finance lease	**714**	2 038
Deferred tax	**5 464**	6 061
Non-current assets and discontinued operations	**–**	18 764
Current assets	**263 356**	254 726
Inventories	**176 721**	191 679
Net investment in finance lease	**517**	839
Trade and other receivables	**36 428**	28 312
Current tax receivables	**7 573**	1 419
Advertising levies	**3 060**	3 760
Other financial assets	**571**	122
Cash and cash equivalents	**38 486**	28 595
Total assets	**431 551**	468 160
EQUITY AND LIABILITIES		
Equity attributable to holders of the company	**130 723**	167 085
Stated capital	**1 238 765**	1 238 765
Accumulated loss	**(1 111 905)**	(1 076 377)
Equity-settled share-based payment reserve	**3 863**	4 697
Non-controlling interest	**(482)**	515
Non-current liabilities	**111 425**	116 710
Borrowings	**–**	16 687
Lease liability	**99 397**	86 345
Deferred tax	**12 028**	13 678
Non-current liabilities and discontinued operations	**–**	93 292
Current liabilities	**189 885**	90 558
Trade and other payables	**90 186**	44 748
Lease liability	**39 376**	30 187
Bank overdrafts	**21 710**	15 623
Borrowings	**38 613**	–
Total equity and liabilities	**431 551**	468 160

SUMMARISED CONSOLIDATED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2021

	% change	Audited 12 months ended 28 February 2021 R'000	Audited 12 months ended 29 February 2020 R'000
Revenue	(21)	**361 951**	459 414
Sale of goods – Luxury		**343 686**	425 198
Sale of stock to franchisees		**9 388**	22 187
Advertsing fees – franchisees		**1 456**	2 232
Revenue from repairs of goods		**5 603**	7 257
Management fees – franchisees		**1 390**	2 073
Sale of packaging and stationery		**206**	438
Payroll services		**222**	29
Cost of sales		**(203 163)**	(271 827)
Gross profit	(15)	**158 788**	187 587
Other income		**7 426**	8 692
Expected credit loss		**(200)**	–
Operating costs	11	**(178 298)**	(199 920)
Operating loss	(237)	**(12 284)**	(3 641)
Investment income		**492**	5 272
Finance costs		**(20 816)**	(18 173)
Loss before taxation	(97)	**(32 608)**	(16 542)
Taxation		**552**	(3 443)
Loss from continuing operations	(60)	**(32 056)**	(19 985)
Loss on discontinued operation, net of tax		**(4 469)**	(417 014)
Total comprehensive loss for the year	92	**(36 525)**	(436 999)
Attributable to:			
Equity holders of the company	92	**(35 528)**	(436 222)
Non-controlling interests		**(997)**	(777)
		(36 525)	(436 999)
Loss per share attributable to equity holders of the company			
Basic loss per share (cents)	92	**(160.1)**	(1 965.9)
Continuing operations		**(140.0)**	(86.6)
Discontinued operations		**(20.1)**	(1 879.3)
Diluted loss per share (cents)	92	**(160.2)**	(1 965.9)
Continuing operations		**(140.0)**	(86.6)
Discontinued operations		**(20.1)**	(1 879.3)

RECONCILIATION OF HEADLINE LOSS:

	% change	2021 R'000	2020 R'000
Loss attributable to ordinary shareholders	92	**(35 528)**	(436 222)
Adjusted for:			
Impairment losses		**17 675**	153 159
Loss on sale of property, plant and equipment		**45**	5 308
Tax effect on headline earnings adjustments		**(13)**	(1 486)
Loss on sale of business		**–**	70 242
Headline loss attributable to ordinary shareholders	91	**(17 821)**	(209 000)
Weighted average shares in issue ('000)		**22 190**	22 190
Weighted average diluted shares in issue ('000)		**22 285**	22 285
Loss per share (cents)	92	**(160.1)**	(1 965.9)
Diluted loss per share (cents)	92	**(160.1)**	(1 965.9)
Headline loss per share (cents)	91	**(80.3)**	(941.9)
Continuing operations headline earnings per share (cents)		**(60.2)**	(60.4)
Discontinued operations headline earnings per share (cents)	98	**(20.1)**	(881.5)
Diluted headline loss per share (cents)	91	**(80.3)**	(941.9)

SUMMARISED CONSOLIDATED GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2021

	Stated capital R'000	Share premium R'000	Equity-settled share-based payments reserve R'000	Accumulated loss R'000	Total attributable equity of the group R'000	Non-controlling interest R'000	Total R'000
Balance at 1 March 2019	8	1 238 765	9 268	(640 155)	607 878	1 292	609 170
Share-based payment	–	–	(4 571	–	(4 571)	–	(4 571)
Comprehensive income for the year	–	–	–	(436 222)	(436 222)	(777)	(436 999)
Balance at 1 March 2020	8	1 238 765	4 697	(1 076 377)	167 085	515	167 600
Share based payment reserve	**–**	**–**	**(834)**	**–**	**(834)**	**–**	**(834)**
Comprehensive income for the year	**–**	**–**	**–**	**(35 528)**	**(35 528)**	**(997)**	**(36 525)**
Balance at 28 February 2021	**8**	**1 238 765**	**3 863**	**(1 111 905)**	**130 723**	**(482)**	**130 241**

SUMMARISED CONSOLIDATED GROUP STATEMENT OF CASH FLOWS

for the year ended 28 February 2021

	Audited 12 months ended 28 February 2021 R'000	Audited 12 months ended 29 February 2020 R'000
Cash flows from operating activities	**21 997**	(43 023)
Cash generated/(utilised) by operating activities	**39 535**	(22 427)
Investment income	**492**	5 272
Finance costs	**(17 940)**	(18 173)
Taxation paid	**(90)**	(7 695)
Cash flows from investing activities	**(1 329)**	(53 459)
Acquisition of property, plant and equipment	**(2 537)**	(14 216)
Proceeds of disposals of property, plant and equipment	**11**	–
Acquisition of business	**–**	(2 486)
Disposal of discontinued operations, net of cash	**–**	(33 486)
Investment in finance lease	**1 646**	(2 877)
Loans advanced	**(449)**	(122)
Acquisition of intangible assets	**–**	(272)
Cash flows from financing activities	**(18 780)**	(30 544)
Disposal of discontinued operations, net of cash	**–**	(7 471)
Shareholder's loans raised	**–**	16 696
Repayment of shareholder's loans	**–**	(12 353)
Loans raised	**2 331**	–
Repayment of lease liability	**(21 111)**	(27 416)
Change in cash and cash equivalents	**1 888**	(127 026)
Cash and cash equivalents at beginning of the year	**14 888**	141 914
Cash and cash equivalents at end of the year	**16 776**	14 888
Continuing operations	**19 738**	12 972
Discontinued operations	**(2 962)**	1 916

SUMMARISED CONSOLIDATED GROUP SEGMENTAL REPORT

for the year ended 28 February 2021

Audited 12 months ended 28 February 2021	Food Division R'000	Jewellery and Watch Division R'000	Corporate Services R'000	Total R'000
Revenue	–	**361 951**	–	**361 951**
Sale of goods – Luxury	–	**343 686**	–	**343 686**
Sale of stock to franchisees	–	**9 388**	–	**9 388**
Advertsing fees – franchisees	–	**1 456**	–	**1 456**
Revenue from repairs of goods	–	**5 603**	–	**5 603**
Management fees – franchisees	–	**1 390**	–	**1 390**
Sale of packaging and stationery	–	**206**	–	**206**
Payroll services	–	**222**	–	**222**
Operating profit/(loss)	–	**16 918**	**(29 202)**	**(12 284)**
Investment income	–	**486**	**6**	**492**
Finance costs	–	**(14 757)**	**(6 059)**	**(20 816)**
Profit/(loss) before taxation	–	**2 647**	**(35 255)**	**(32 608)**
Segment depreciation and amortisation	–	**(40 348)**	**(4 227)**	**(44 575)**
Segment assets	**9 416**	**421 757**	**378**	**431 551**
Segment liabilities	**87 402**	**161 665**	**52 243**	**301 310**
Segment capital expenditure	–	**2 537**	–	**2 537**
Impairment of assets	–	–	**17 674**	**17 674**
Right of use asset	–	–	**17 674**	**17 674**
Audited 12 months ended 29 February 2020				
Revenue	–	459 414	–	459 414
Sale of goods – Luxury	–	425 198	–	425 198
Sale of stock to franchisees	–	22 187	–	22 187
Advertsing fees – franchisees	–	2 232	–	2 232
Revenue from repairs of goods	–	7 257	–	7 257
Management fees – franchisees	–	2 073	–	2 073
Sale of packaging and stationery	–	438	–	438
Payroll services	–	29	–	29
Operating profit/(loss)	–	12 217	(15 858)	(3 641)
Investment income	–	2 611	2 661	5 272
Finance costs	–	(16 366)	(1 807)	(18 173)
Loss before taxation	–	(1 538)	(15 004)	(16 542)
Segment depreciation and amortisation	–	(10 240)	(1 591)	(11 831)
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 SUMMARISED REVIEWED CONSOLIDATED GROUP FINANCIAL STATEMENTS

for the year ended 28 February 2021

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

The audited 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), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, 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 audited summarised consolidated financial statements are in terms and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements as at and for the year 29 February 2020. Required by the JSE Listings Requirements, the Group reports 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), Group Chief Financial Officer and approved by the Board of directors. The Board takes full responsibility for the preparation of this report and ensuring that the financial information has been correctly extracted from the underlying annual financial statements.

The financial results have been prepared on the historic cost basis. The results are presented in Rand, which is the Group's functional and presentation currency and are consistent with prior year. All monetary information is rounded off to the nearest thousand (R'000), unless stated otherwise.

AUDIT OPINION

The summary of the consolidated annual financial statements has been derived from the Group's audited consolidated annual financial statements which have been audited by Mazars. The auditor, Mazars, has issued its unmodified opinion on the Group's audited consolidated annual financial statements for the year ended 28 February 2021, The audit was conducted in accordance with International Standards on Auditing. This auditor's report does not necessarily report on all the information contained in this announcement. A copy of the auditor's report on the consolidated annual financial statements is available electronically on the Group's website www.luxeholdings.co.za and is also available for inspection at the Company's registered address, together with the financial statements identified in the respective auditor's report. Any reference to future financial performance included in this announcement has not been reviewed or audited on by the Company's auditor.

Non-current assets

Property, plant and equipment decreases are mainly due to depreciation of assets.

The intangible assets decrease is mainly due to amortisation.

Current assets

Group current assets, excluding cash and cash equivalents, decrease is mainly due to improved working capital management, specifically inventory management in the Jewellery and Watch Division.

Equity

On 26 June 2020, the Company consolidated the share capital on a 100 to 1 basis.

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 28 February 2021 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.

Cash flow

Cash and cash equivalents at the end of the financial year totalled R17 million (2020: R15 million).

During the year cash generated from operations totalled R22 million (2020: R43 million outflow).

Cash utilised in investment activities decreased to R1 million (2020: R53 million) due to a freeze on expenditure as a result of the pandemic.

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)* *#, C Le Grange*#, LCH Chou*, A Maizey*, L McCrae*#, L De Swardt*#

**Non-Executive*
 # Independent

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 Holdings Limited are available at www.luxeholdings.co.za

LUXE

HOLDINGS

LUXEHOLDINGS.CO.ZA