

Lewis Group Limited  
Incorporated in the Republic of South Africa  
Registration number: 2004/009817/06  
JSE share code: LEW  
ISIN: ZAE000058236  
Bond code: LEWI  
("Lewis Group" or "the group")

## TRADING UPDATE AND TRADING STATEMENT FOR 12 MONTHS ENDED MARCH 2020, AND TRADING UPDATE FOR THREE MONTHS ENDED JUNE 2020

### TRADING UPDATE FOR THE 12 MONTHS ENDED 31 MARCH 2020

Lewis Group increased merchandise sales by 4.7% to R3.7 billion for the financial year ended 31 March 2020. Comparable store sales grew by 3.2% for the year.

After increasing merchandise sales by 6.9% for the first 11 months, the start of the national lockdown on 27 March 2020 significantly impacted sales for March. Management estimates that the group lost merchandise sales of approximately R80 million and customer account payments of R180 million by being restricted from trading over the March 2020 month end period.

Merchandise sales for March consequently declined by 24.8% over the prior year while sales for the fourth quarter to end March reduced by 2.6%.

Cash sales for the 12 months increased by 7.2%, supported by the strong performance of UFO which grew sales by 10.8% for the year. Cash sales accounted for 43.1% (2019: 42.1%) of total sales. Credit sales grew by 2.9% and comprised 56.9% (2019: 57.9%) of total sales.

Other revenue, consisting of finance charges and initiation fees, insurance premiums and services rendered, increased by 6.3% for the fourth quarter and by 5.8% for the year.

Total revenue, comprising merchandise sales and other revenue, increased by 1.6% for the fourth quarter and 5.2% for 12 months.

Collection rates increased to 77.3% for the first 11 months of the financial year to February 2020 (2019: 75.7%). March collection rates declined to 44.8% as a result of the lockdown, slowing the 12 month collection rate to 74.5% (2019: 76.3%).

### TRADING STATEMENT FOR THE 12 MONTHS ENDED 31 MARCH 2020

The group's profitability was impacted primarily by an increase in debtor costs of R277 million, the financial impact of lost trading days at the end of March and an IFRS 16 related impairment charge. Owing mainly to the potential threat of Covid-19 on the expected payment behaviour of customers and the forward-looking nature of the IFRS 9

impairment assessment, the debtors' impairment provision has been increased by R210.8 million. The debtors' provision as a percentage of debtors increased from 42.0% to 44.1%. Debtor costs as a percentage of debtors at gross carrying value has increased from 13.3% to 17.6%.

Following the adoption of IFRS 16 – Leases and also as a result of the future threat of Covid-19, an impairment charge of R26.6 million has been raised on the right-of-use assets.

Shareholders are advised that the group anticipates earnings for the year to be as follows:

	12 months ended 31 March 2019 Reported	12 months ended 31 March 2020 Expected ranges	
Earnings per share	377.5	219.0 cps – 264.3cps	30% to 42% lower
Headline earnings per share	376.2	282.2 cps – 237.0 cps	25% to 37% lower

#### RELEASE OF ANNUAL RESULTS TO 31 MARCH 2020

As advised on SENS on 18 May 2020, the group utilised the extension granted by the Financial Sector Conduct Authority relating to the impact of the Covid-19 pandemic and national lockdown on financial reporting and auditing processes.

The group's results for the year ended 31 March 2020 will be released on SENS on or about 25 August 2020.

The investor presentation via live audio webcast will commence at 12:00 on or about 25 August and will be accessible at the following link: [www.corpcam.com/LewisGroup25082020](http://www.corpcam.com/LewisGroup25082020). A playback of the webcast presentation will be available at the same link and on the Lewis Group website approximately two hours after the presentation.

#### IMPACT OF COVID-19 AND TRADING UPDATE FOR THREE MONTHS TO 30 JUNE 2020

While Covid-19 related lockdown restrictions had a material impact on the group's trading performance in April and May, the resilience of the group's business model was evident during this period.

The group's strong balance sheet ensured that management did not need to access any borrowings during the lockdown period, despite the significant decline in cash flow when stores were closed or trading under restrictions.

Management adopted a heightened focus on cash preservation and tight expense control during this period, with discounted fees being negotiated with suppliers and service providers when stores were closed.

All stores in South Africa were closed from the start of the national lockdown on 27 March 2020. No sales were recorded until 18 May when restrictions were relaxed under lockdown level 4 allowing the group to make its full merchandise range available on e-commerce platforms, with orders being fulfilled from stores utilising the company's fleet of delivery vehicles. Sales for May decreased by 24% over the corresponding period in 2019.

A feature of the group's decentralised store-based business model is that the majority of account payments are made by customers in stores, and these are mostly in cash. Management implemented contingency plans ahead of the lockdown by establishing electronic payment platforms which enabled account payments for all Lewis Group brands to be made at a range of major national food and clothing retail chains as these retailers continued to trade during lockdown. The collections process was supported by store and credit employees working remotely from home assisting customers with instalment payments. The collection rate for April while the stores were closed was 30.9% compared to the prior year at 71.8%.

Following the country's move to lockdown level 3 with effect from 1 June 2020 all South African stores reopened their doors to customers. The group experienced strong customer demand across all brands and increased merchandise sales for June by 22.3% year-on-year. The collection rate for May and June was 74.8% compared to 83.3% in the prior year.

Merchandise sales for the first quarter to end June were 30.7% lower.

The post-lockdown sales growth momentum experienced in June continued into July.

The financial information in this announcement is the responsibility of the directors and has not been reviewed or reported on by the group's independent auditor.

Cape Town  
7 August 2020

Sponsor  
UBS South Africa (Pty) Ltd

Debt sponsor

Absa Bank Limited acting through its Corporate and Investment Banking Division