

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 FOR THE NINE MONTHS ENDED DECEMBER 2022

Lewis Group increased merchandise sales by 2.0% in the nine months to December 2022 as widespread inflationary pressures, rising interest rates and record high unemployment levels curtailed consumer spending. Retail trading patterns were significantly disrupted by electricity load shedding, particularly over the festive season.

The group's traditional retail brands of Lewis, Beares and Best Home & Electric have been supported by the increasing consumer appetite for credit and grew sales by 3.7%. Sales in the group's cash retail brand UFO declined by 9.7%.

Credit sales, which accounted for 58.3% (Dec 2021: 50.9%) of total sales, increased by 16.8% while cash sales declined by 13.5%, reflecting the mounting pressure on consumer disposable income. Sales in comparable stores grew by 0.4% for the nine month period.

Merchandise sales for the third quarter to December 2022 declined by 1.1%, with sales in the traditional retail business consistent with the prior period and UFO sales 9.9% lower. Credit sales for the three month period were 17.3% higher while cash sales reduced by 20.7%.

Other revenue, consisting of effective interest income, insurance revenue and ancillary services income, increased by 5.3% for the third quarter and 4.2% for the nine months. The group's total revenue, comprising merchandise sales and other revenue, increased by 2.8% for the nine month period.

Despite the weakening economic environment, the strong momentum in collection rates reported at the interim results to September 2022 has continued. Collection rates strengthened to 82.7% for the third quarter (Q3 2021: 79.7%) and 82.0% for the nine months (Dec 2021: 79.1%). Debtor costs were 2.2% higher for the quarter and 0.2% higher for the nine month period.

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

Cape Town
27 January 2023

Sponsor
The Standard Bank of South Africa Limited

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