

Lewis Group Limited  
Incorporated in the Republic of South Africa  
Registration number: 2004/009817/06  
Share code: LEW  
ISIN: ZAE000058236  
Bond Code: LEWI

**SHORT-FORM ANNOUNCEMENT:  
SUMMARY UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED  
30 SEPTEMBER 2024.**

**1. Introduction**

Shareholders are advised that the following have been distributed:

- unaudited interim results for the six months ended 30 September 2024 (“results announcement”)
- cash dividend declaration of 300 cents per share.

**2. Highlights**

- Merchandise sales increased by 8.5% to R2.4 billion
- Revenue increased by 13.6% to R4.4 billion
- Gross profit margin increased to 40.9%
- Satisfactory paid accounts up from 79.9% to 81.6%
- Debtors’ book growth of 16.9%
- Operating profit increased by 54.1% to R477 million
- Operating profit margin up from 14.2% to 20.2%
- Earnings per share increased by 53.0% to 544 cents
- Headline earnings per share increased by 49.1% to 555 cents
- Interim dividend increased by 50% to 300 cents per share

**3. Results Commentary**

**Trading and financial performance**

Lewis Group delivered a strong trading and financial performance for the first six months of the 2025 financial year with continued strong credit sales growth, expanding margins, improved quality of the debtors portfolio and a substantial growth in profit.

Merchandise sales increased by 8.5% to R2.4 billion as sales gained momentum over the period, supported by the demand for credit, exclusive merchandise offering and improving consumer confidence. Sales grew by 7.7% for the first quarter and 9.3% for the second quarter which included a strong trading performance in September 2024.

Merchandise sales in the traditional retail segment increased by 9.6%, with all the traditional brands performing well.

The performance of UFO is stabilising with sales in UFO ending 1.9% lower and comparable store sales increasing by 3.3% for the six months. The chain reported an operating profit of R1.5 million, compared to a loss of R9.8 million in the prior period. Comparable store sales across all brands grew by 6.1%.

The strong credit sales growth trend continued, with credit sales increasing by 16.9% and cash sales declining by 6.7%. Credit sales accounted for 69.4% of total merchandise sales (H1 2024: 64.4%). The group has maintained its prudent credit granting criteria in the constrained spending environment and the credit application decline rate increased to 37.4% (H1 2024: 34.8%).

Other revenue, consisting of effective interest income and ancillary services income as well as insurance revenue, benefited from the strong credit sales growth in recent years and increased by 20.4%.

Total revenue, comprising merchandise sales and other revenue, increased by 13.6% to R4.4 billion (H1 2024: R3.8 billion).

The gross profit margin strengthened by 20 basis points to 40.9% despite disruptive sea freight markets.

Inventory levels were increased by 17.8% as the group invested in stock to mitigate the impact of shipping delays on imported merchandise and to ensure stock availability ahead of the Black Friday promotions and festive season trading period. Inventory levels are expected to normalise by the financial year end.

Operating cost growth was well managed at 8.8%. The growth in insurance service expenses of 17.2% was contained below the growth in insurance revenue.

The quality of the group's debtors book continued to improve with the level of satisfactory paying customers increasing to a record level of 81.6% (H1 2024: 79.9%) and collection rates at the half year at 79.5% (H1 2024: 80.9%).

Debtor costs as a percentage of debtors at gross carrying value improved to 6.9% from 7.0%. The debtors impairment provision as a percentage of debtors at gross carrying value improved from the year end position of 37.5% to 37.1% (H1 2024: 36.0%).

Operating profit increased by 54.1% to R477 million and the operating margin improved by 600 basis points from 14.2% to 20.2%.

Net finance costs were R72.0 million higher at R134.3 million mainly due to higher borrowing costs and foreign exchange losses following the strengthening of the Rand/US dollar exchange rate over the reporting period.

Headline earnings increased by 41.6% to R288.8 million. Earnings per share increased 53.0% to 544 cents, headline earnings per share (HEPS) by 49.1% to 555 cents, reflecting the positive leverage effect of the group's share repurchase programme. This performance is in line with the earnings guidance provided in the group's trading statement released on SENS on 30 October 2024.

The group's balance sheet remains strong with a net asset value of R4.8 billion. The borrowings ratio (gearing ratio, excluding lease liabilities) increased to 26.5% from 13.4% mainly due to working capital funding to invest in the growth of the debtors book and the decision to invest in higher inventory levels. Management remains confident of achieving its year end targeted borrowings ratio of 25%.

The directors have shown confidence in the group's growth prospects by increasing the interim dividend by 50.0% to 300 cents per share.

### **Expanding store footprint**

The group has increased its presence in the bedding base set market with the acquisition of Real Beds, a specialised bedding chain. Real Beds is a cash retailer operating 13 stores, primarily in Gauteng. The acquisition of a further four stores in Botswana was finalised on 1 November 2024.

Fifteen new stores were opened across Lewis (6 stores), Best Home & Electric (6 stores), Beares (1 store) and Bedzone (2 stores), bringing the total store base to 897. No stores were closed during the period.

### **Share repurchase programme**

The group repurchased 0.9 million shares at a cost of R43.9 million in the six months to September 2024 at an average price of R47.00 per share. Since the commencement of the current share repurchase programme in 2017, the group has bought back 36.7 million shares at a cost of R1.3 billion and an average price of R35.96 per share. At the annual general meeting in October 2024, shareholders granted management the authority to repurchase a further 10% of the issued share capital.

### **Outlook**

Consumer confidence has been buoyed by lower inflation, interest rate relief, lower fuel and transport costs as well as the suspension of load shedding. However, the group expects that the recovery in discretionary spending will be slow and consumers will remain under pressure in the short to medium-term.

In this environment, consumer demand for credit is expected to remain high and the group will continue to invest in the growth of its debtors book. Management also aims to

capitalise on opportunities to acquire well-located trading space to expand the store base.

Appealing Black Friday and festive season promotions are planned across all brands, supported by new merchandise ranges, favourable stock availability and targeted marketing campaigns.

### **Dividend declaration**

Notice is hereby given that an interim gross cash dividend of 300 cents per share has been declared payable to holders of ordinary shares in respect of the six months ended 30 September 2024. The number of shares in issue as of the date of declaration is 52 159 288. The dividend has been declared out of income reserves and is subject to a dividend withholding tax of 20%. The gross dividend for determining the dividend withholding tax is 300 cents and the dividend withholding tax payable is 60 cents for shareholders who are not exempt. The net dividend for shareholders who are not exempt will therefore be 240 cents. The dividend withholding tax rate may be reduced where the shareholder is tax resident in a foreign jurisdiction which has a Double Tax Convention with South Africa and meets the requirements for a reduced tax rate. The company's tax reference number is 9551/419/15/4.

The following dates are applicable to this declaration:

Last date to trade "cum" dividend	Tuesday,	21 January 2025
Date trading commences "ex" dividend	Wednesday,	22 January 2025
Record date	Friday,	24 January 2025
Date of payment	Monday,	27 January 2025

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 January 2025 and Friday, 24 January 2025, both days inclusive.

For and on behalf of the board

Hilton Saven  
*Independent  
non-executive  
chairman*

Johan Enslin  
*Chief executive officer*

Jacques Bestbier  
*Chief financial officer*

Cape Town  
21 November 2024

#### 4. **Short Form Announcement**

This short-form announcement is the responsibility of the company's directors and is a summary of the unaudited interim results announcement and does not contain full or complete details. The unaudited interim results announcement can be downloaded from <https://senspdf.jse.co.za/documents/2024/jse/isse/LEW/HY25.pdf> and on the group's website [www.lewisgroup.co.za](http://www.lewisgroup.co.za). The full results announcement may be requested at the company's registered office, at no charge, during normal business hours. Any investment decision in relation to the company's shares should be based on the full announcement.

Cape Town  
21 November 2024

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