PEPKOR
Holdings Limited



PURPOSE-DRIVEN GROWTH

Integrated Report **2024**

ENTER

Contents

01 The essence of Pepkor

FY24 performance highlights 2
Purpose-driven growth rooted in solving customer needs 3

02 The year in review

Chair's review 5
CEO and COO's review 6
CFO's review 11
Segmental overview 16

03 Business model

How we create value 18
Operating environment 19
Pepkor's market position 20
Strategy 21
Material matters 22
Risks and opportunities 27
Stakeholder engagement 28

04 Business overview

Traditional Retail 30
PEP 30
Ackermans 31
Pepkor Speciality 32
PEP Africa 33
Avenida 34
Pepkor Lifestyle 35
Financial services 36
Informal market 37
Leverage and efficiency 38
PAXI 38
Group Strategic Services 39

05 Further reading

About this report 41
History and development 42
Eight-year review 43
Business model 45
Risks and opportunities 46
Retail footprint 52
Shareholder analysis 53
Share performance 54
Pro forma financial information 55
Glossary 60

Corporate information
Shareholder diary

The IR suite was prepared in accordance with the Integrated Reporting Framework (<IR> Framework). Refer to the About this report section for more information on how the IR suite was prepared.

Report navigation

CONTENTS | PREVIOUS VIEW | PREVIOUS PAGE | NEXT PAGE

Navigating the IR suite
Pepkor's IR suite is fully digital, and users are able to click through to additional information or reports.



Welcome to Pepkor's FY24 integrated report

This report is primarily aimed at serving the information needs of the investor community and is supported by additional reports that provide more detailed and specific information to serve the information needs of other stakeholders. The additional reports include:



Sustainability report



Corporate governance report



Remuneration report



Annual financial statements



Notice of annual general meeting

Read together, these reports represent Pepkor's integrated reporting suite (IR suite) and are available on the Pepkor **website: www.pepkor.co.za**

Icon identification

Throughout the IR suite, cross references are made to our material matters, key risks and the capitals, as prescribed by the <IR> Framework). The following icons are used:

#1 Material matters

This icon takes you to relevant pages within the report

This icon takes you to relevant web links

United Nations Sustainable Development Goals (UN SDGs)

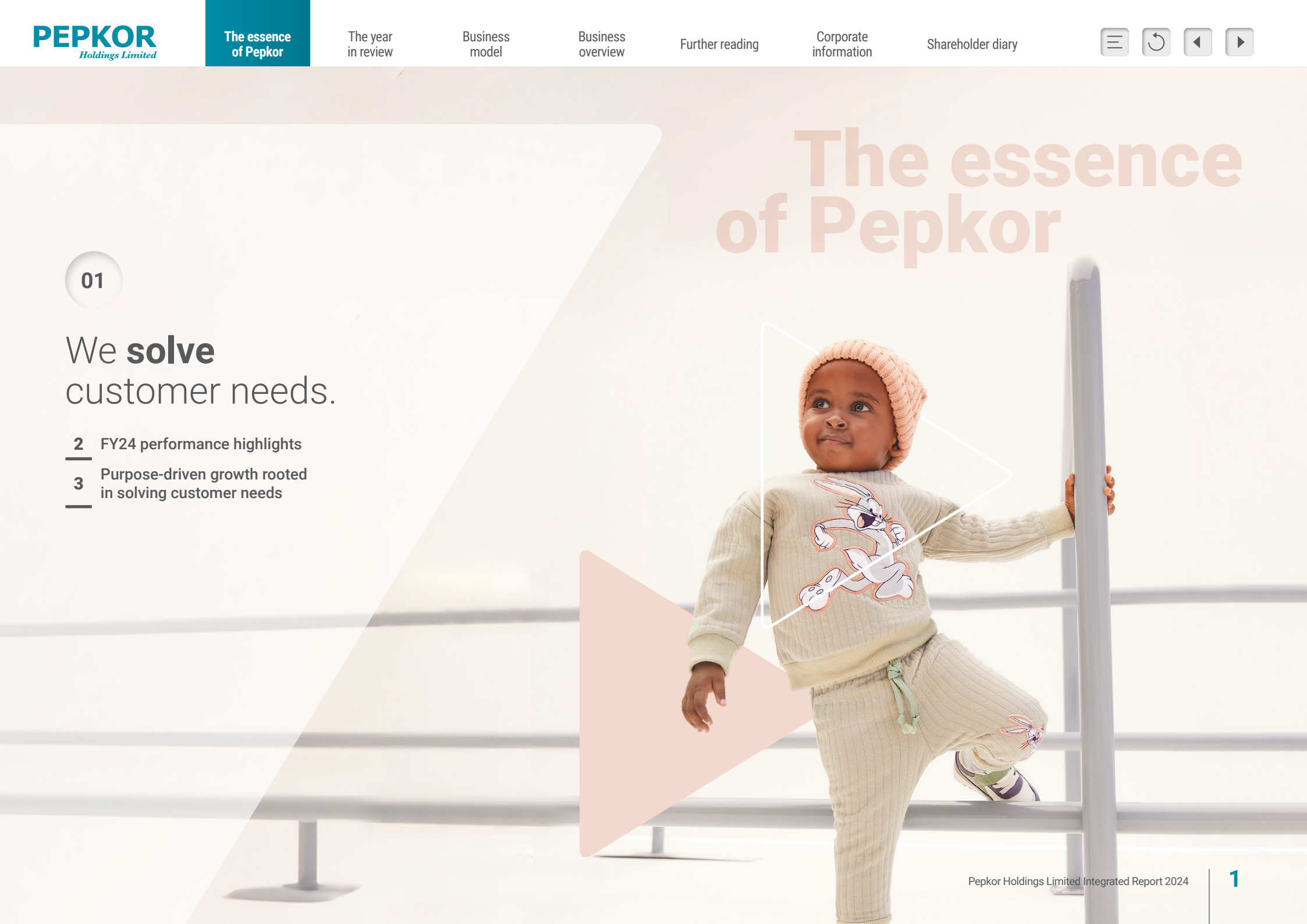
Where relevant and appropriate, links are made to the UN SDGs and these are identified by the official UN SDG icons.

The essence of Pepkor

01

We **solve** customer needs.

2 FY24 performance highlights
3 Purpose-driven growth rooted in solving customer needs



FY24 performance highlights

7.8% growth in revenue to **R85.1 billion**

10.3% growth in normalised and comparable HEPS to **140.2 cps**

R11.9 billion cash generated

22.3% return on net assets

48.5 cents dividend declared

CFO's review
History and development
Eight-year review

Normalised and comparable results

BuildingBetter Business



Customer value

In South Africa Pepkor accounts for:

2 out of 3* baby wear sales

1 out of 2* kids' wear sales

3 out of 4* school wear sales

7.5 out of 10* prepaid cellular handsets

Pepkor's market position

2 million flexes in PEP school shoes, making them last longer

1 million customers added to FoneYam

1.2 million customers added to retail credit

1 million abacus insurance policies activated

Talent

46 600 employees

4 143 learnerships, internships and apprenticeships

539 000 training hours

Communities

28 329 children supported in ECD centres

R62.4 million total CSI spend

Supply chain

2% fuel saving per cubic metre of stock delivered

238 million clothing, footwear and accessory units sourced locally

96% of trade suppliers committed to Pepkor's supplier code of conduct

Environment

9.4 MWp total solar capacity installed

48 000 kℓ water harvested

3 170 tonnes boxes reused

Sustainability report

* Retailers' Liaison Committee (RLC) 12-month moving average (12mma) and Growth from Knowledge (GfK)

Purpose-driven growth rooted in solving customer needs



Clothing families, improving people's homes and connecting the South African nation

TRADITIONAL RETAIL

We solve customer needs through our unparalleled retail, distribution and global sourcing capabilities.

2 billion customer transactions

5 899 retail stores

Traditional Retail

FINANCIAL SERVICES AND CONNECTIVITY

Our strong retail brands coupled with our customer acquisition and distribution capabilities enable growth in financial services and connectivity.

11.5 million cellular handsets sold

1 million FoneYam cellular rentals

29 million active sim card base

5 million retail credit accounts

1 million insurance policies activated

Financial services

OMNICHANNEL

With strength in traditional retail and the bustling informal market, our ambition is to build equally robust digital channels to further deepen our understanding of customer needs.

More than **5** million more customers

165 000 informal market flash traders

R50 billion flash throughput

Informal market

LEVERAGE AND EFFICIENCY

With an ingrained low-cost culture, we operate at the lowest cost of doing business, leveraging scale to ensure customer affordability.

25 million km travelled to replenish stores

20 000 containers shipped

1 400 property lease renewals

Group Strategic Services

Annual data points – FY24

The year in review

02

We are relentlessly focused on **growth** and **building a better business** for all stakeholders.

5 Chair's review
6 CEO and COO's review
11 CFO's review
16 Segmental overview



Chair's review

Pepkor continued to play a vital role in the South African society and economy in FY24.



Wendy Luhabe
Independent non-executive chair

48.5 cents dividend declared

4 143 learnerships provided

I am pleased to present Pepkor's integrated report, for the 2024 financial year (FY24).

Performance in FY24 and beyond

Pepkor continued to deliver on its quest to meet the needs of our customers. Although the operating environment remained challenging, the group reported solid performance in FY24.

FY24 presented the business with a host of complexities. Supply chain disruptions due to port congestion in KwaZulu-Natal impacted the availability of merchandise, while the entrance of foreign pure-play online retailers in the local market increased competition in certain product categories. Consumers remained under pressure based on the high cost of living.

Management responded commendably to FY24's challenges. The group expanded its market share in various categories, underscoring our role in clothing families, improving people's homes and connecting the South African nation.

The FinTech segment delivered strong performance due to Flash's performance in the informal market and continued strategic execution in areas of credit interoperability, connectivity and insurance. Our responsible credit extension to our customers assisted them in meeting their needs. Pepkor's new cellular handset rental product, FoneYam, remarkably surpassed one million customers, helping them to gain access to affordable smartphones. The group launched the +more customer value platform, registering more than five million members by 30 September 2024. This helps build its digital and data capability.

The challenges of FY24 are likely to continue in the next financial year, although the lower inflation towards the end of FY24 is expected to provide relief to consumers, resulting in increased spending power.

The group continues to excel at cash generation and declared a dividend of 48.5 cents per share.

The board reviewed and approved the group's three-year plan to 2027 and the budget for the 2025 financial year (FY25). The plan encompasses stimulating strategic initiatives, value-creation plans and capital allocation strategies which will leverage Pepkor's strong position in the discount and value market to drive growth and create sustainable value for all stakeholders.

Governance and leadership

It was pleasing to receive support of above 80% for both our remuneration policy and implementation report at our annual general meeting (AGM) held in March 2024. Pepkor has made considerable progress regarding remuneration governance and disclosure, which was demonstrated by the support received at the AGM.

On 15 November 2023, Nunu Ntshingila was appointed as an independent non-executive director, enhancing the diversity and independence of the board. Nunu was also appointed as a member of the human resources and remuneration committee and has substantial experience in marketing and creative innovation, which will be an asset to Pepkor.

On 7 March 2024, Theodore de Klerk retired from the board. Theodore provided an invaluable contribution during his tenure as a director and we wish him well.

Pepkor's role in society

Pepkor is committed to diversity and inclusion and achieved a Level four broad-based black economic empowerment score in FY24. Increased focus on integrating sustainability into strategy and enhanced disclosure regarding environmental, social and governance (ESG) matters has resulted in good progress.

We will continue to provide customers with very limited financial means access to affordable products and services.

Pepkor provides employment to over 46 000 people and supports the communities within which it operates. We view learnerships as a key mechanism for development. As a group, we provided more than 4 000 learnerships during the year, building on the 4 100 provided in FY23. These learnerships were provided to a combination of employed and unemployed learners and represent 32% of Wholesale & Retail SETA learnerships completed in 2024. This exceeds the number of learnerships provided by any other retailer in South Africa.

I wish to thank my fellow board members for their significant contribution and commitment to the group during the year under review.

Wendy Luhabe
Independent non-executive chair

Corporate governance report

CEO and COO's review

Consistent performance drives market share gains at improved margin while strategic execution in fintech yields tangible results.



Pieter Erasmus
Chief executive officer



Sean Cardinaal
Chief operating officer

Consistent performance

Market share gains at improved margin

Tangible results in fintech

The year in review

Pepkor's strategy to focus on meeting customer needs delivered a commendable performance in FY24. Consistent performance in retail resulted in the group capturing additional market share while a significant improvement in full-price sales resulted in a higher gross profit margin for the group.

Pepkor's customer acquisition capability in its retail operations enabled rapid growth in fintech. Strategic execution in financial services and cellular connectivity added three million customers to the group's A+ retail credit base, FoneYam and Abacus.

The group's unique participation and reach in the dynamic informal market through the Flash business further bolstered growth.

This performance was achieved despite a challenging operating environment, marked by high unemployment, financially constrained consumers and supply chain complexities. Lower inflation towards the end of the year, particularly in food prices, is expected to provide some relief to customers, while the suspension of electricity load shedding will enhance customers' ability to earn an income.

Strategic execution

Based on our value-creation methodology, we continued to target four key growth areas:

Traditional Retail





Financial services and connectivity

Omnichannel





Leverage and efficiency

Traditional Retail



Market share was expanded with the latest independent South African data* showing that Pepkor accounts for:

- nearly two out of every three baby wear sales;
- one out of every two kids' wear sales;
- more than three out of four school wear sales; and
- 7.5 out of 10 prepaid cellular handsets – an improvement from seven out of 10 in the previous year.

This underscores the key role played by Pepkor in clothing families, improving people's homes and connecting the South African nation.

PEP continued to deliver on its Best Price Leadership (BPL) with a positive trajectory in like-for-like sales growth delivered throughout the year, while higher full-price sales improved gross profit margin.

Ackermans achieved a strong recovery in like-for-like sales at improved gross profit margins driven by higher full-price sales. The decommissioning of the Cape Town distribution centre (DC) and the successful transition to the new Hagley DC were completed seamlessly, with the new facility already surpassing the daily volume record. The Ackermans team was further enhanced with additions in key functions to strengthen execution.

Group market share in adult wear increased and remains a significant opportunity for future expansion based on the group's under-indexed share of this market segment.

Speciality's clothing brands delivered consistent performance. Refinery reached record annual sales and expanded its store base to 154 stores with 36 new stores opened. The launch of Refinery Junior extended the Refinery brand's winning formula into the kids' wear market. The development of a new standalone women's retail format was completed and is set for launch in FY25. Speciality's footwear formats faced challenges due to a highly competitive footwear market.

In new geographies, the Avenida business in Brazil accelerated expansion during the year, opening 42 new stores and a second DC. Performance weakened in the second half, impacted by a late and unusually short winter season.

In South Africa, the late arrival of winter, along with supply chain disruptions affecting stock inflows, negatively impacted clothing brands' performance in the second half of the year.

Pepkor Lifestyle (previously JD Group) completed its rebrand and opened 54 new stores, expanding its retail base to 906 stores. Strong performance was achieved in furniture and the Bradlows brand refresh enhanced sales. Performance in Tech had to contend with a high base in the prior year in addition to significant promotional activity by competitors in key categories. As announced on 3 September 2024, Pepkor has entered into an agreement to acquire Shoprite's furniture business, which operates more than 400 stores. Pepkor's Lifestyle business has developed strong capabilities in supply chain, logistics and financial services, supported by scalable integrated systems and data-driven insights. By combining Shoprite Furniture with Pepkor Lifestyle, key synergies and efficiencies will be realised through improved scale.

The retail store base was expanded to 5 899 stores with 256 new stores opened during the year. New store openings fell short of historical run rates due to delays in property development by landlords and a deliberate pull-back in the roll-out of cellular formats as feasibility models were updated. This will normalise in FY25 with between 250 and 300 new stores confirmed to be opened.

* RLC 12mma and GfK data

CEO and COO's review *continued*

Financial services and connectivity



A key focus during the year was growing our financial services and connectivity offerings. Pivotal to the success of this is Pepkor's strong retail brands, coupled with its customer acquisition and distribution capabilities with tangible results realised during the year. While this growth comes at a trade-off in the form of higher costs related to customer acquisition and debtor provisioning, our focus remains on fully monetising the lifetime value of our customers.

Credit interoperability

Pepkor has successfully managed its A+ retail credit business since 2011, conservatively granting credit to customers as a sales enabler. In recent years, interoperability was introduced, initially allowing customers to use their A+ account between Ackermans and Speciality retail brands. Most recently, interoperability was extended to PEP and customers are now able to use their A+ account in all of Pepkor's South African apparel retail brands. This has driven sales through cross-shopping, with 30% of customer spend occurring in other group retail brands.

As a result, the group opened a record 1.2 million new A+ accounts this year, expanding its account base to 2.8 million accounts and growing our share of the retail credit market. The group credit sales mix increased to 14% in the current year from 11% last year. Credit continues to be granted conservatively and the team continued to see a reduced proportion of approvals based on applications received during the year. The credit book remains healthy and provision levels remain consistent.

Our objective is to grow our customers' wallets to enable affordability in a manner that they can manage responsibly. This ensures customers have access to the group's entire portfolio of apparel retail brands while providing us with valuable insights into shopping behaviour, which we can utilise to serve them better.

Connectivity

Customers have a core need to be connected to their loved ones and to participate in the digital world. Technological advancements and the migration to smartphones provide customers the opportunity to enrich their lives. The group sold 11.5 million cellular handsets this year, expanding market share to make the group the seller of 7.5 out of 10 prepaid smartphones in South Africa (GfK). With this scale, Pepkor is instrumental in migrating customers from feature phones to smartphones.

Smartphones contributed 60% to handset sales and the group expanded its active sim card base to 29 million, which underpins ongoing revenue.

With the high cost of smartphones remaining a barrier for customers to migrate from feature phones, Pepkor developed FoneYam, a smartphone rental product that places a smartphone in a customer's hand at a tolerable risk level to the group. FoneYam has been highly successful, enabled by full biometrics and Wi-Fi capability in-store. By November 2024, it surpassed one million customers, with monthly activations exceeding 120 000. The FoneYam cellular rental book amounts to R932 million (gross) with an initial provision level of 20%.

Insurance

Through our Abacus insurance business, we have a unique opportunity to leverage this capability across the group and capitalise on the ability to seamlessly embed and bundle insurance products with our existing product and service offerings – meeting customers' need for affordable peace of mind. Additional investments were made to execute on this and Abacus insurance products were rolled out across Capfin, PEP, Ackermans, Dunns, PAXI and, most recently, FoneYam. As a result, more than one million customers were added through policies activated during the year.

CEO and COO's review *continued*

Omnichannel

Digital channels

Our omnichannel approach aims to meet customer needs wherever they are. With existing strength in our expansive store footprint and the informal market, we offer a wide range of wanted products and services, including clothing, footwear and homeware (CFH); fast-moving consumer goods (FMCG); value-added services; and financial services. Our ambition is to build equally robust digital channels and further deepen our understanding of customer needs and shopping behaviour.

This year, our focus has been on developing an engaging rewards programme and converting digital engagement into meaningful commercial relationships. Launched in March 2024, the +more customer value platform now has over five million members, with 25% representing new, contactable customers, demonstrating strong early progress in strengthening customer connections.

Informal market

The bustling informal market in South Africa represents a significant growth opportunity in both business-to-business (B2B) and business-to-consumer (B2C) sectors by empowering informal traders to operate more effectively and expand their businesses.

Pepkor's Flash business provides 165 000 informal market traders with a digital ecosystem that allows them to offer value-added services to their customers in close proximity to their homes.

Flash increased revenue by 20.2% to R8.0 billion with operating profit increasing by 38% to R617 million – reflecting a seven-year compound annual growth rate (CAGR) of 22%. Total throughput (virtual turnover based on face value of products sold) increased by 30% to R50 billion for the year. The average throughput across the informal market trader base of 165 000 increased by 21.7%. 1Voucher sales reached R15.7 billion for the year, growing by 36.8%. We see significant potential to expand this business in the future.

Leverage and efficiency



The group operates with an ingrained low-cost culture, maintaining the lowest cost of doing business in the market. This not only ensures affordability for our customers but also sustains a competitive advantage.

Our relentless focus on driving efficiency is underpinned by leveraging the scale of our operations. Key achievements during the year include a 16% growth in our internal sourcing order book to R4.4 billion and realising additional efficiency savings within our supply chain with a 1% reduction in fuel usage to replenish stores.

Portfolio development

While organic growth will always be prioritised, we recognise that opportunities can be unlocked through acquisitions, joint ventures and partnerships to rapidly enter new markets and segments. During the year, we considered many potential acquisition opportunities, using our value-creation methodology as a basis to allocate capital to maximise returns and deliver sustained long-term growth. This resulted in the acquisition of Shoprite's furniture business and Choice Clothing. The Building Company was successfully disposed of for R1.2 billion, enabling the group to exit the building materials market and deliver on our objectives to streamline the portfolio of businesses, enhance return on capital and optimise shareholder returns.

The group's capital allocation process involves the ongoing evaluation of growth prospects of each individual business within our portfolio, including opportunities to accelerate growth and value-creation. The potential to scale capabilities within a particular business or across the greater group is another consideration. This drives decision-making to either invest in or divest from specific businesses and ensures that capital is allocated to areas that offer the most significant growth and value-creation potential.



CEO and COO's review *continued*

Building better business

Pepkor's Building Better Business sustainability framework focuses on enabling livelihoods, fostering inclusive growth and paving a road to green – centred on the group's purpose of making a positive difference in the lives of customers.

In FY24, we made progress with integrating the Building Better Business goals across our operating businesses and performed well against our targeted ambitions. Pepkor again provided the highest number of learnership opportunities in the country this year, at 4 143. We expanded our solar capacity further to 9.4 MWp, building operational resilience while reducing costs and our environmental impact.

Building Better Business aids us in building a resilient business that not only meets the needs of today but also anticipates the challenges of tomorrow.



Sustainability report

Outlook

An optimistic consumer outlook is supported by lower food inflation, the suspension of electricity load shedding and the two-pot retirement system reform. These factors contribute to improved consumer confidence, lower indebtedness and enhanced spending power. Measures have also been put in place to improve stock inflows and supply chain resilience.

Pepkor remains committed to delivering value to customers by expanding product categories, customer segments and retail formats, further broadening our reach across formal, informal and digital channels. International diversification opportunities, such as those in Brazil, add to our growth potential, while financial services, connectivity solutions and the informal market offer promising avenues for expansion. Additionally, mergers and acquisitions (M&A) remain a strategic focus to diversify and strengthen the group's portfolio.

Pepkor is well-positioned to capture additional market share with a robust foundation for continued growth across retail and fintech sectors. Our unique and multifaceted strategy built on purpose-driven growth positions Pepkor to deliver compelling and sustainable growth in the future.

Pieter Erasmus
Chief executive officer

Sean Cardinaal
Chief operating officer



CFO's review

Pepkor's strong and flexible balance sheet enabled investment in strategic initiatives during FY24 – driving sustainable growth.



Riaan Hanekom
Chief financial officer

+7.8% R85.1 billion revenue

+9.2% normalised and comparable*

+190 bps gross profit margin expansion

+8.4% R9.8 billion operating profit

+17.4% normalised and comparable*

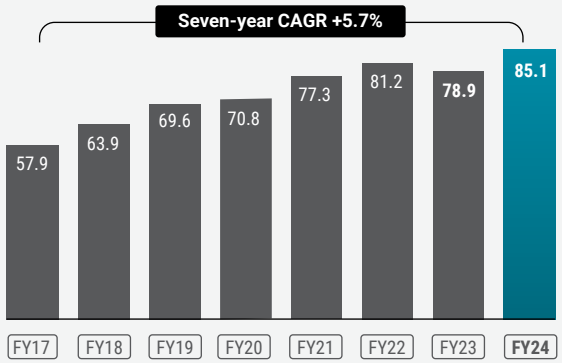
(0.4%) 140.2 cents HEPS

+10.3% normalised and comparable*

Group performance

For the year ended 30 September 2024 (FY24), group revenue increased by 7.8% to R85.1 billion. The prior year (FY23) included an additional 53rd trading week for South Africa-based clothing and general merchandise brands. On a comparable 52-week basis, group revenue increased by 9.2%.

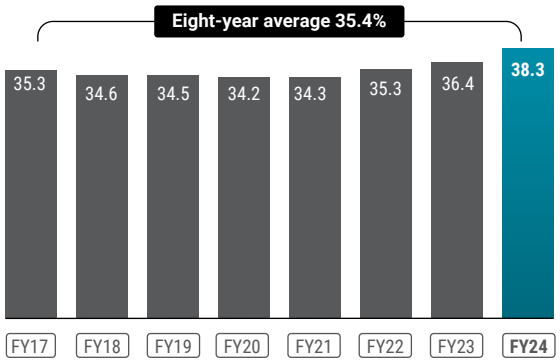
Revenue growth (Rbn)



* Normalised and comparable results reflect performance on a comparable 52-week basis and exclude non-recurring items in the prior year. Refer to pages 55 to 59 for further information.

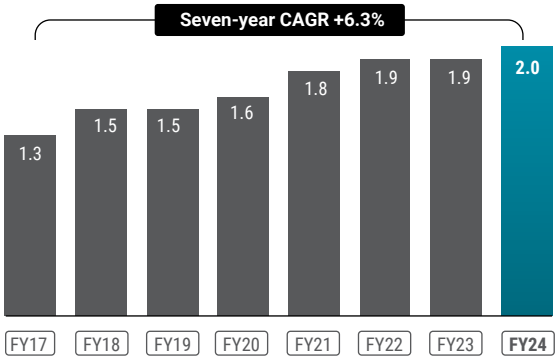
Group gross profit margin increased by 190 basis points to 38.3%, benefiting from improved full-price sales and growth in fintech. FinTech operates at a higher gross profit margin and its increased contribution to group gross profit resulted in an improvement in the overall group's gross profit margin.

Gross profit margin history (%)



Ongoing revenue (OGR) grew by 4.1%, reaching R2.0 billion. Pepkor earns revenue from long-term agreements with mobile network operators (MNOs) in South Africa, earning a share of future customer spend on sim cards sold through its retail brands.

History of OGR earned (Rbn)



Operating expenses (excluding debtors' costs, depreciation and amortisation, foreign exchange losses and IFRS 16 gains) increased by 8.4% and were well controlled in the context of additional costs incurred to enable strategic execution. The Avenida business in Brazil has a higher cost base than the rest of the group's operations and continues to grow at a rate that supports its expansion, leading to higher expense growth. Excluding Avenida, operating expenses increased by 7.1%.

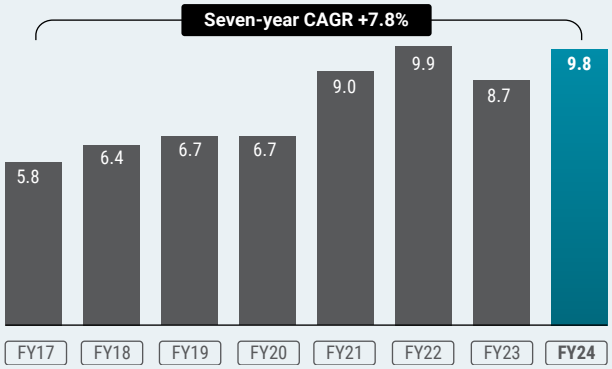
Debtors' costs increased by 49.6% to R2.5 billion, driven by strategic execution in credit interoperability and connectivity.

Operating profit (before capital items) increased by 17.4% on a normalised and comparable basis to R9.8 billion.

FY23 and FY24 chart data represent continuing operations and exclude The Building Company, which was disposed of on 30 September 2024. Data prior to this includes The Building Company.

CFO's review *continued*

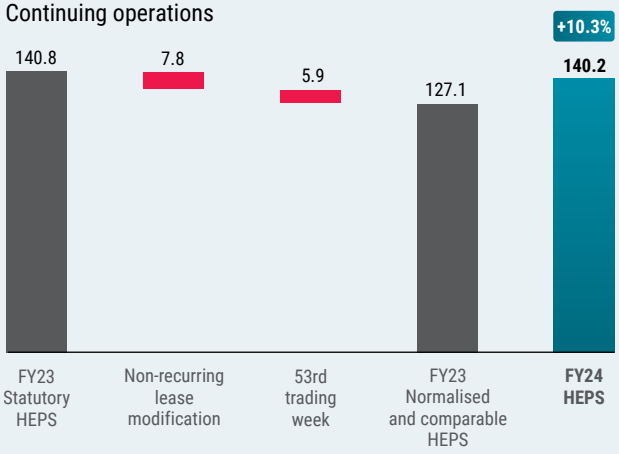
Operating profit history (Rbn)



Net finance costs increased by 16.3% to R3.2 billion due to high interest rates during the year.

HEPS increased by 10.3% to 140.2 cents on a normalised and comparable basis, reflecting a decrease of 0.4% on a statutory basis.

Normalised HEPS (Cents)
Continuing operations



Segmental performance

Retail segments

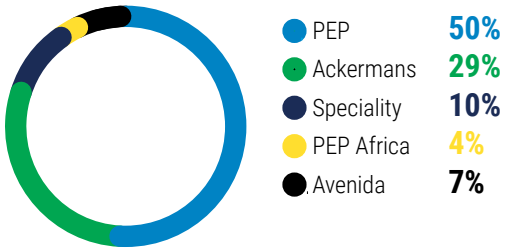
The Clothing and general merchandise segment (CGM) increased revenue by 5.2% to R61.4 billion (7% on a 52-week basis) and the Furniture, appliances and electronics segment (FAE) increased revenue by 4.5% to R11.0 billion. Gross profit margin in CGM expanded by 218 basis points to 38.1% based on improved full-price sales and contracted to 28.4% in FAE due to lower margins in the Tech division. CGM operating profit increased by 12% (on a normalised and comparable basis) to R7.7 billion and FAE operating profit increased by 22.2% to R649 million.

Group merchandise sales (sales) increased by 4.8% for the year (6.4% on a 52-week basis). Group like-for-like (LFL) sales increased by 4.1%. Retail space expanded by 2% following the opening of 256 new stores (119 on a net basis) during the year.

	Total sales growth %*	LFL sales growth %	New stores
Traditional Retail segments	**+6.4**	**+4.1**	**256**
Clothing and general merchandise segment	**+6.8**	**+4.2**	**202**
PEP	+6.0	+4.7	58
Ackermans	+6.8	+4.5	37
Speciality	+8.1	+3.6	61
PEP Africa^	+22.5	+19.7	4
Avenida^	+20.1	+5.5	42
Furniture, appliances and electronics segment Lifestyle	**+4.3**	**+3.6**	**54**

* Comparable 52 weeks sales performance
^ Constant currency sales performance

Group sales composition

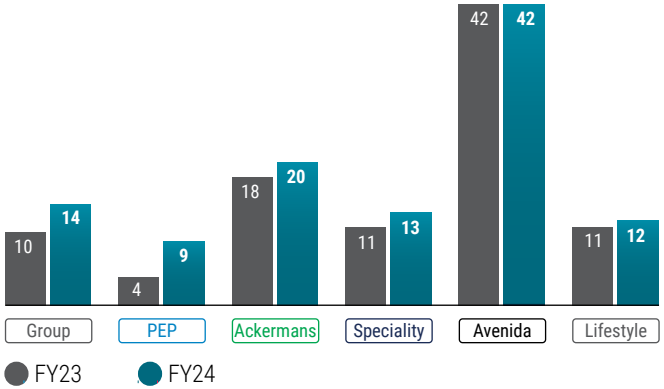


On a 52-week basis, group cash sales increased by 2% and credit sales increased by 34%, driven by the implementation of the group's credit interoperability strategy which added 1.2 million A+ accounts in the South Africa-based CGM retail brands. The overall group credit sales mix increased to 14% from 11% in the prior year.

FY23 and FY24 chart data represent continuing operations and exclude The Building Company, which was disposed of on 30 September 2024. Data prior to this includes The Building Company.

CFO's review *continued*

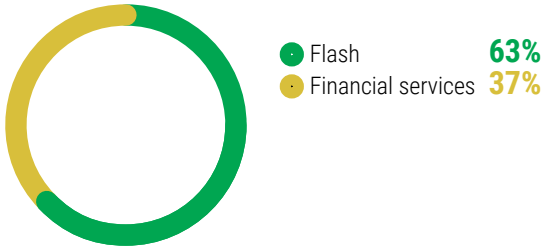
Credit sales mix (%)



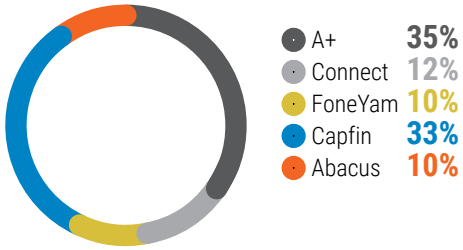
FinTech segment

The FinTech segment increased revenue by 26.8% to R12.7 billion. Gross profit margin expanded by 129 basis points to 48%. Operating profit increased by 55.2% to R1.4 billion.

Revenue composition



Financial services revenue composition



Working capital

Inventory levels increased by 3.2% to R17.5 billion. When excluding The Building Company, inventory increased by 14.3% as a result of growth in cellular and measures taken to buffer product inflows to compensate for supply chain disruption.

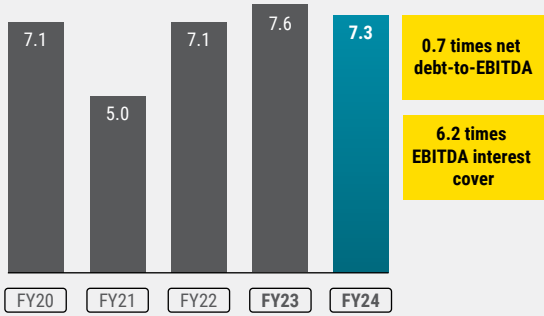
The group's financial services books increased by 37.6% to R13.6 billion (gross) with the most significant increase relating to the A+ retail credit book and the growth in the FoneYam rental book.

- A+ opened 1.2 million new accounts during the year and the gross credit book increased to R6.6 billion (FY23: R4.5 billion). The provision level decreased slightly to 19% (FY23: 21%) based on strong collections performance and consistent non-performing loans.
- The FoneYam cellular rental book increased to R932 million (gross) based on the high demand for the product that makes smartphones affordable.
- The Connect gross credit book increased moderately to R2.0 billion (FY23: R1.9 billion) and the provision level decreased to 31.5% (FY23: 32.7%).
- The Capfin gross credit book increased to R3.3 billion (FY23: R2.5 billion) as a result of activations of longer-term loans. Non-performing loans improved, driven by an increase in lower-risk 24-month loans, and resulted in a decrease in the provision level to 17% (FY23: 18%).
- The Club Mais gross credit book, which facilitates credit in Avenida, decreased to R824 million (FY23: R862 million), mainly due to currency conversion. In local currency, the book increased by 13.2% based on new store expansion and the provision level remained stable at 21%.

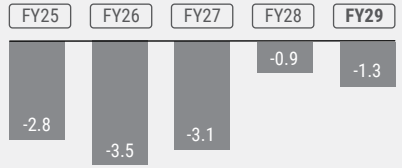
Gearing

Gearing levels remain low with net debt (excluding IFRS 16 lease liabilities) decreasing to R7.3 billion (FY23: R7.6 billion), in line with the targeted range of between 0.5 times and 1 times net debt-to-EBITDA.

Net debt (Rbn)

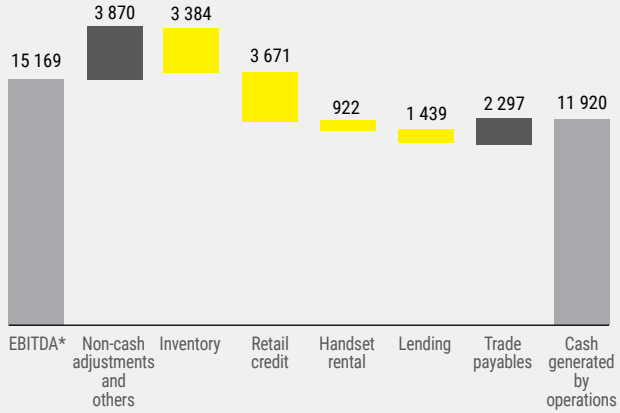


Debt repayment profile: 30 September 2024 (Rbn)



Cash generation

Cash generated from operations totalled R11.9 billion, reflecting the impact of investments in inventory and financial service books.



* EBITDA before capital items (Rm)

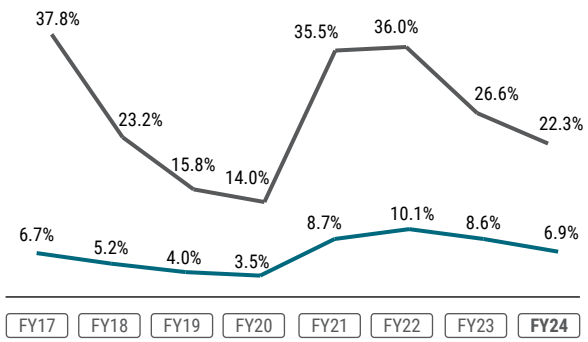
CFO's review *continued*

Returns

The group's return on equity has been adversely affected by the significant goodwill and trade and brand names recorded on its balance sheet, a result of the restructuring that shaped the group prior to its listing on the JSE in 2017.

As a result, return on net assets (RONA), which excludes, among others, goodwill and trade and brand names, serves as a more accurate measure of returns. From FY18 to FY20, returns were dampened by a strategic decision to build internally funded credit books. Returns improved subsequently as these credit books matured. In FY23 and FY24, the strategic decision to implement credit interoperability and build the handset rental book once again placed downward pressure on returns. In FY24, RONA of 22.3% was achieved.

Return on equity and Return on net assets



EIGHT-YEAR AVERAGE

– Return on net assets
26.4%

– Return on equity
6.8%

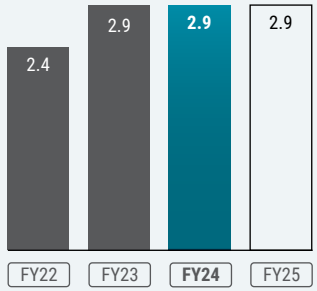
Capital allocation

The group deploys capital diligently in a prioritised manner to maximise return on investment.

1 Organic growth and expansion

Organic growth and expansion remains the first priority. In FY24, capital expenditure levels were maintained at c. 3% of group revenue and included investment in the roll-out and refurbishment of new stores, IT systems and expanding distribution capacity. In addition, significant investment was made in financial services books.

Capex (% of revenue)*



* Excluding Hammarsdale DC development and social unrest and floods

2 Mergers and acquisitions

The Building Company was disposed of on 30 September 2024 in order to streamline Pepkor's portfolio of businesses, enhance the group's return on capital and optimise shareholder returns. As a result, the business is classified as discontinued operations in the group's FY24 annual results and where applicable, prior year comparatives have been restated.

As announced on 3 September 2024, Pepkor plans to acquire Shoprite's furniture business, which includes over 400 stores, for an estimated consideration of c. 4% of the group's market capitalisation. The acquisition includes the Shoprite Furniture credit loan book, insurance arrangements, OK Furniture and House & Home retail brands, as well as inventory and fixed assets. Pepkor's Lifestyle business, leveraging its expertise in supply chain, logistics and financial services, aims to achieve synergies and efficiencies by integrating Shoprite Furniture. The transaction is subject to regulatory approvals and the final purchase price will be based on the net asset value at closing which is anticipated to be during the second half of the 2025 financial year.

The group continues to consider opportunities for further growth and expansion through M&A from both a local and international perspective.



FY23 and FY24 chart data represent continuing operations and exclude The Building Company, which was disposed of on 30 September 2024. Data prior to this includes The Building Company.

CFO's review *continued*



3 Share repurchases

The group repurchased and cancelled 99.7 million ordinary shares from the open market on the JSE since 2021 at a cost of R1.9 billion and will continue to repurchase shares opportunistically at attractive prices to prevent dilution as a result of the group's equity-based long-term share incentive scheme.

4 Dividends

The impact on earnings arising from the impairment of goodwill and trade and brand names during the year was excluded from the determination of the dividend this year. Based on the dividend policy of three times earnings cover, a dividend of 48.5 cents per share was declared for FY24.

Outlook

While macroeconomic conditions remain dynamic, our strong and flexible balance sheet positions us well to execute strategic initiatives. We remain focused on disciplined capital allocation to deliver continued growth and improved returns in the medium term.

Riaan Hanekom
Chief financial officer

Segmental overview

Traditional Retail segments

The Retail segments in aggregate represent Pepkor's core retail capability.

85% of group revenue | **86%** operating profit | **5 899** stores | **44 200** employees

FinTech segment

This segment includes businesses that leverage Pepkor's core retail capability to enable sales or provide complementary financial service products to customers in the formal and informal market.

15% of group revenue | **14%** operating profit | **2 400** employees

Clothing and general merchandise segment

72% of group revenue
79% operating profit
4 993 stores

This segment provides CFH products, FMCG and cellular products and services.

PEP
ACKERMANS
PEPKOR Speciality
PEP Africa
AVENIDA

Traditional Retail

Furniture, appliances and electronics segment

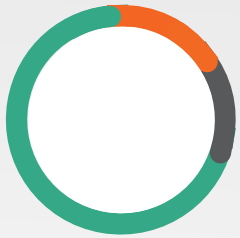
13% of group revenue
7% operating profit
906 stores

Pepkor Lifestyle comprises six household furniture, appliances and consumer electronics retail brands under two divisions: Home and Tech.

PEPKOR Lifestyle

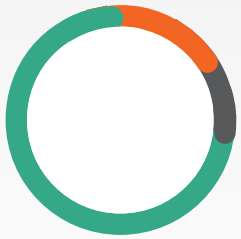
Pepkor Lifestyle

Group revenue



CGM	72%
FAE	13%
FinTech	15%

Group operating profit



CGM	79%
FAE	7%
FinTech	14%

Financial services

2.8 million A+ accounts
170 000 Connect loans
320 000 Capfin unsecured loans
1 million active insurance policies

Credit
- **A+** supports the Ackermans, PEP and Pepkor Speciality CGM brands in terms of interoperable credit sales across brands through store cards to customers.
- **Connect** provides credit through instalment sale receivables to the furniture, appliances and electronics brands.

Lending
- **Capfin** provides unsecured credit to customers under the Capfin brand.

Insurance
- **Abacus** provides insurance products via its subsidiaries to customers of the group.

A+ CONNECT FoneYam capfin abacus

Financial services

Informal market

165 000 informal market Flash traders
R50 billion throughput

Flash is a technology-driven B2B operation committed to adding value to the lives of traders in the informal retail market. Using smart technology, traders are able to offer their customers greater convenience, providing access to virtual products and services such as mobile data and airtime, prepaid electricity, money transfers, bill payments, streaming services and gaming.

flash

Flash

Group Strategic Services

Group Strategic Services, included in the Clothing and general merchandise segment, focus on providing operational and strategic support to operating businesses. Operationally we collaborate and provide services that might otherwise be outsourced. Strategically we leverage our assets, processes and systems for the group's benefit.

Strategic services include:

PEPKOR Properties | PEPKOR Installations | PEPKOR Sourcing & Services | PEPKOR Logistics | PEPKOR | PEPKOR Payments & Lending | PEPCLO

Having these central services allow for economies of scale across shared functions, create centres of excellence, save costs and improve efficiencies, while providing a holistic approach to group compliance.

Group Strategic Services

Business model

03

We use our **scale** to keep costs down.

18 How we create value
19 Operating environment
20 Pepkor's market position
21 Strategy
22 Material matters
27 Risks and opportunities
28 Stakeholder engagement



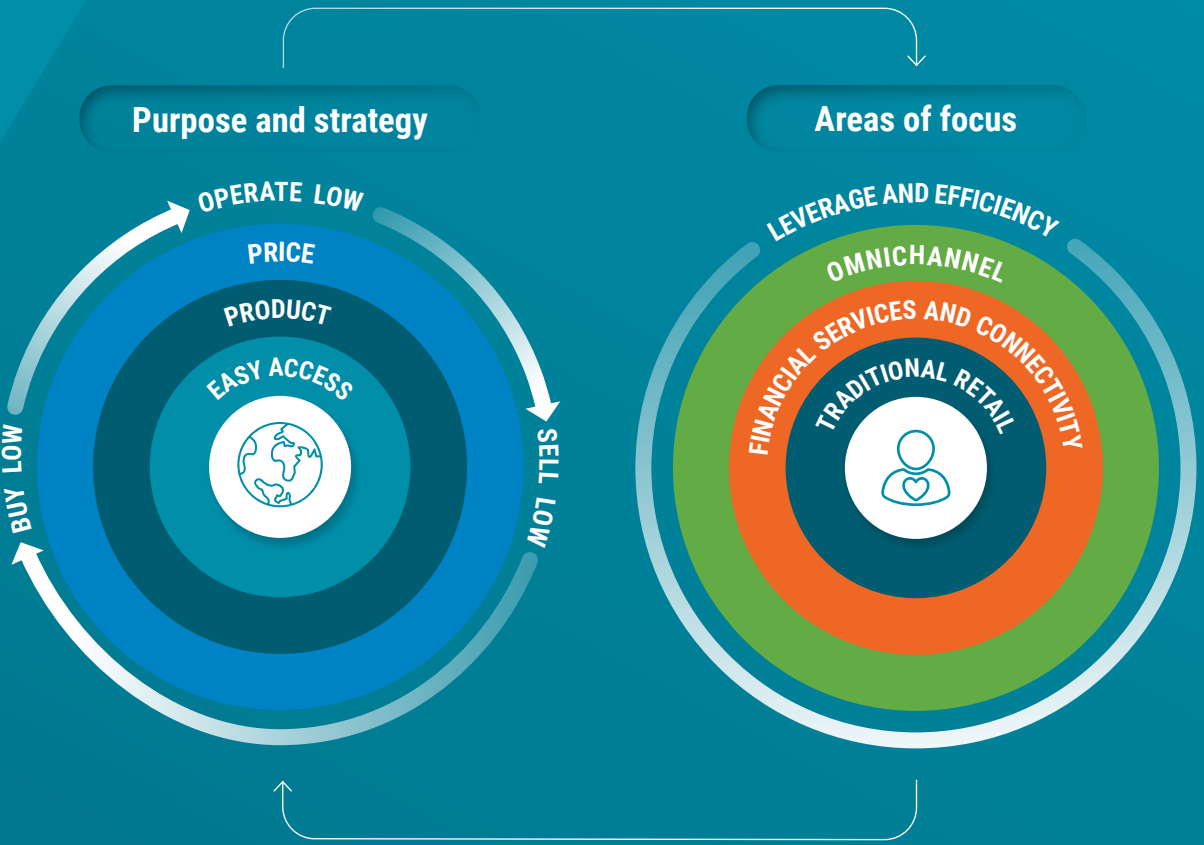
How we create value

In a volatile macroeconomic environment, our purpose and strategy to solve customer needs result in a defensive and robust business model capable of creating continued and sustained value through economic cycles.

We leverage our strong retail brands and distribution capabilities in Traditional Retail as a springboard to grow our product and service offerings to financial services and connectivity.

Our close proximity to customers allows us to reach customers in both the formal and bustling informal markets.





Operating environment

The global economy

- **Muted growth**
- **Moderating inflation**
- **Lower interest rates**
- **Geopolitical tension**

Global growth of 3.2% in 2024 and 3.3% in 2025 is projected by the International Monetary Fund (IMF) with monetary policy normalisation inhibited by inflation and driving higher-for-longer interest rates.

Recent moderation of inflation in various countries has initiated interest rate reductions and policymakers are focused on achieving a delicate balance between supporting growth while controlling inflation through gradual easing of interest rates.

Geopolitical tension continues to drive market uncertainty and volatility. Disruption in international supply chains persists as a result of conflict in the Red Sea, continuing to cause restricted container availability and contested shipping routes.

The Brazilian economy

- **Growth recovery**
- **Moderating inflation**
- **Improved purchasing power**

While growth expectations of 2.1% for Brazil in 2024 have been negatively impacted by widespread flooding, expectations were revised upward to 2.4% in 2025 as the country recovers. Inflation has moderated substantially from peaking at double-digit levels in 2022, paving the way for gradual interest rate cuts which should provide stimulus to the economy and improve consumer purchasing power.

The South African economy

- **Growth recovery**
- **Improved political certainty and operating environment**
- **Inequality, poverty and unemployment**
- **Lower inflation and interest rates**
- **Improved consumer confidence**
- **Bustling informal market**

The South African economy is expected to show recovery with growth of 0.9% in 2024 and 1.2% being projected for 2025 as economic prospects improve. The economy rebounded in the second quarter of 2024, achieving broad-based expansion across most economic sectors.

Growth was supported by no electricity supply disruption during the second and third quarter of 2024 based on better management of Eskom's electricity generation fleet and increased private investment in renewable energy. While there has been some improvement in local port operations, resolving the country's logistical constraints remain key to further unlocking growth.

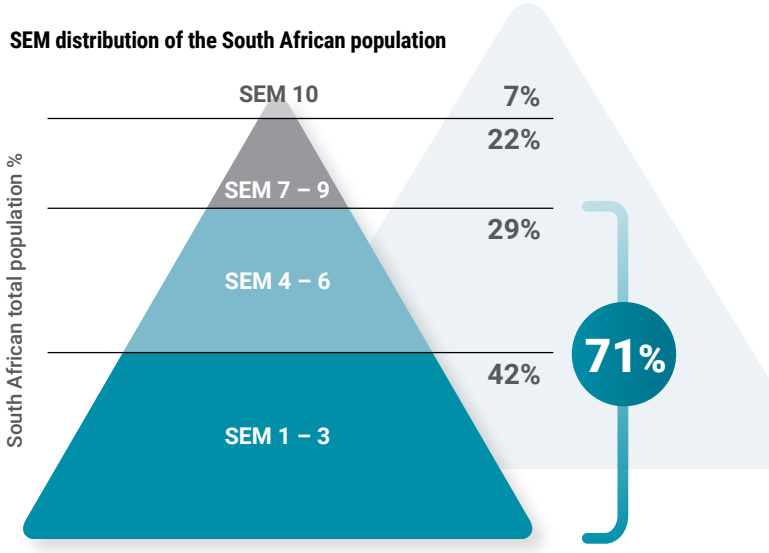
The national elections held in 2024 resulted in the formation of a government of national unity and is considered a positive outcome for the South African political landscape – providing stability and enhanced certainty.

With 62 million people, South Africa faces significant structural challenges, including inequality, high unemployment and widespread poverty. Unemployment improved to 32.1% in the third quarter of 2024 with youth unemployment remaining persistently high. Social grants remain a vital lifeline to many South Africans, supporting over 28 million beneficiaries. Social grant spending in 2024 is expected to amount to R266.2 billion, representing 3.6% of global domestic product (GDP).

South African consumers continued to grapple with high living costs, prioritising value-oriented spending as consumers seek to stretch their disposable income. Moderating inflation has facilitated the first interest rate reduction in September 2024 in more than four years and is expected to alleviate household financial stress. Receding food inflation is expected to support lower-income consumers in particular.

Seventy-one percent of South Africans are in the lower socio-economic measure (SEM) categories, limiting access to products and services.

SEM distribution of the South African population



Advancements in technology and connectivity are playing an increasingly pivotal role as improved connectivity supports not only personal communication but also access to digital services like e-commerce, online education and remote work opportunities, which have become more relevant post-pandemic. As South Africa transitions from 2G to 5G telecommunications technology, demand is fuelled for affordable smartphones and data.

The consumer environment is further supported by retirement reform and the introduction of the two-pot retirement system in 2024, which is designed to enhance long-term retirement savings while offering liquidity to deal with short-term financial pressures. This system is expected to encourage consumer confidence and savings, potentially reducing household financial stress.

The informal market remains a compelling source of growth and expansion for South Africa, estimated to contribute R600 billion to South Africa's GDP. This sector offers income opportunities for those excluded from the formal job market. The sector includes street vendors, small-scale traders and various unregistered businesses, as entrepreneurs create opportunities to supplement their income in the face of formal job market constraints.

Source: IMF, GG Alcock research

Pepkor's market position

In a challenging operating environment, Pepkor delivers consistent performance, focusing on providing affordable value to customers.

LEADER IN VALUE AND DISCOUNT

As a leader in South Africa's discount and value retail sectors, the group has built strong customer acquisition capabilities and gained significant market share in core categories like babies' and kids' apparel, as well as cellular handsets.

2 billion
customer transactions in a year

KIDS' AND BABIES' APPAREL

The group holds significant market share in South Africa's babies' and kids' apparel categories, representing 27% of the total apparel market.

The adult apparel category represents 60% of the total apparel market, with the group's share of this market being under-indexed at low double-digits – a significant opportunity to expand. In recent years, market share was rapidly expanded in the Home category.

Our ambition is to cement and strengthen our position in the babies, kids, school and home categories and to expand share in the adult market.

Source: RLC data on clothing, footwear, accessories, beauty and homeware market.

In South Africa Pepkor accounts for:

2 out of 3
baby wear sales

1 out of 2
kids' wear sales

3 out of 4
school wear sales

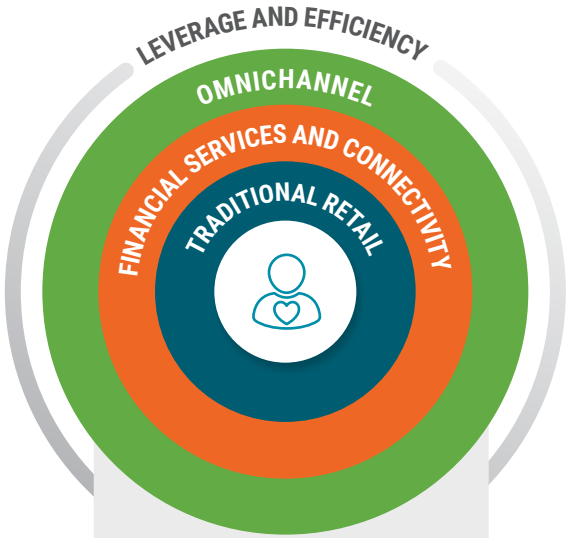
FINANCIAL SERVICES

Customers need affordable financial services to supplement their income or give them peace of mind. Pepkor has the ability to seamlessly embed and bundle financial services with existing product offerings – making it affordable for customers.

In South Africa we opened one out of every four new retail credit accounts this year.

1.2 million
customers added to A+ retail credit

1 million
Abacus insurance policies activated



Clothing families, improving people's homes and connecting the South African nation

CONNECTIVITY

Customers' need for connectivity, the prohibitive cost of smartphones and data, and the migration to 5G technology present an opportunity for the group to provide an affordable offering to customers.

In South Africa we sell:
7.5 out of every 10
prepaid cellular handsets

60%
of these are smartphones

11.5 million
handsets annually

29 million
active sim card base

Source: GfK data

OMNICHANNEL

The more customer value platform was launched this year and already has more than five million members. Connectivity and smartphones offer the group an opportunity to reach customers beyond traditional retail stores – extending into the informal market. This capability is strengthened through the Flash business.

165 000
informal market Flash traders

R50 billion
throughput

Strategy

Passionate about growth

Customer needs
Pepkor's strategic model centres on a deep understanding of customers' ever-evolving needs, whether they are physical, digital, financial or emotional.

Execution
We then consider our capability, capacity and available capital to address those needs – ensuring the business can deliver strategic initiatives that can solve those needs.

Channels
We execute strategy through multiple channels, including traditional formalised retail channels in-store, digital channels online and in the informal market.

Segments
While our strength lies in targeting lower-income consumers focused on discount and value, we target consumers across the entire income-earning spectrum in higher-end markets.



Monetisation
We commercially monetise solving customer needs, creating diverse income streams and continuously growing and improving.

Categories
We offer a wide range of products and services across apparel, household goods and fintech categories, dominating in many categories such as babies and kids and accelerating in others like adult, retail credit and insurance.

Enablers
Three key enablers allow us to execute our strategy:

Scale, our growing capability in data and technology, and people.

Scale

Data and technology

People

All of this culminates in shared value creation rooted in customer affordability, accessibility and variety in our offering.

Material matters

#1 Customer focus
#2 Maintaining an efficient and effective supply chain
#3 Maintaining a low cost of doing business
#4 Attracting and retaining talent
#5 Allocating capital effectively

#1 CUSTOMER FOCUS

Customers are at the heart of our business. Our mission is to provide them with the products and services they need, at prices that are accessible and competitive. Our business is evolving to meet the changing needs and expectations of our customers. By leveraging data, technology and sustainable practices, we aim to create a customer-centric business model that delivers value and fosters long-term relationships.



Customer insights

In the dynamic and rapidly evolving retail environment, understanding consumer preferences and market trends is more critical than ever. To stay ahead, we invest significantly in trend analyses, design insights and behaviour research through our dedicated trend and design office and data and analytics. This allows us to anticipate changes and adapt to meet customer demands.

We recognise that customer data is not just a commercial tool but a means to create meaningful and personalised interactions. We have developed +more, a customer data platform aimed at enhancing customer lifetime value by leveraging artificial intelligence (AI) and machine learning to offer personalised recommendations, tailored marketing and optimised product assortments. This not only improves the customer experience but also ensures we communicate responsibly and effectively.

Customers expect seamless and personalised experiences across all channels. We are integrating digital tools to create a unified customer journey, whether online or in-store. By leveraging customer insights and advanced analytics, we aim to deliver customised product recommendations, loyalty programmes and targeted promotions that resonate with individual customer preferences.

More than **5** million +more customers

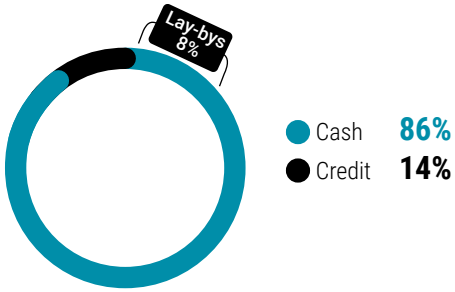
Payment options

Flexibility in payment methods is essential to meet the diverse needs of our customers. While we remain a predominantly cash-based retailer, we understand the importance of providing various payment solutions. Our lay-by options across most retail brands offer customers greater purchasing flexibility. Furthermore, the introduction of credit interoperability across apparel retail brands has enabled us to retain and engage customers shopping across our network.

We also prioritise financial inclusivity by expanding our payment offerings to include digital wallets and buy-now-pay-later solutions, catering to the growing demand for alternative payment methods. Our approach to credit remains conservative, utilising centralised credit methodologies and dedicated customer care centres within Pepkor Payments and Lending (PPL) for apparel retail brands and Connect for Pepkor Lifestyle. Our credit books remain healthy, with adequate provisions to ensure stability and sustainability.

1.2 million
A+ customers signed up

Credit/cash/lay-by contribution to revenue



Sustainability and social responsibility

As consumer awareness around sustainability grows, we are committed to integrate sustainability initiatives into our operations to reduce costs and minimise risk while enhancing our corporate responsibility. This includes sourcing sustainable materials at affordable prices, reducing our carbon footprint and supporting community development initiatives. By focusing on 'Building Better Business' we aim to build trust and loyalty while contributing positively to society.

Increased FTSE score from
2.9 to **3.7** over the last three years

Embracing digital innovation

The retail industry is being transformed by technology and we are embracing these advancements to enhance the customer experience and fulfil their needs. We are investing in digital innovation, online shopping options and mobile connectivity to provide a unique and engaging shopping journey – also providing digital options to our informal market consumers.

Material matters *continued*

#2 MAINTAINING AN EFFICIENT AND EFFECTIVE SUPPLY CHAIN

By prioritising business continuity and ensuring seamless delivery, we have built a robust supply chain network over the years, and our success is deeply rooted in our ability to leverage our intellectual capital, physical infrastructure and management expertise. To maintain an efficient and effective supply chain we continuously invest in infrastructure, technology and sustainable practices. This is supported by strong supplier relationships.

Sourcing strategies

Our buying and planning teams have a wealth of experience in sourcing high-quality products at competitive prices for our customers. We source products both locally and internationally, using advanced planning, sourcing and supply chain systems that allow us to respond effectively to disruptions. Pepkor Product Solutions, our owned sourcing office in China, provides on-the-ground support and leverages our group's scale to strengthen supplier relationships and improve procurement processes.

Supporting local economies and sustainability

Our commitment to local sourcing extends beyond compliance with a commitment to support local economies, reducing our carbon footprint and promoting sustainable practices across our supply chain. Pepkor is the largest local sourcing retailer in apparel units in South Africa and we own the largest clothing manufacturing facility under one roof in South Africa. We are a signatory to the South African government's 2030 Retail – Clothing, Textile, Footwear and Leather Master Plan (R-CTFL Master Plan), which aims to increase local sourcing, while Pepkor Lifestyle supports the Furniture Industry Master Plan.

We require our suppliers to adhere to a comprehensive supplier code of conduct that addresses social and environmental standards, ensuring that our supply chain operations align with our corporate values and stakeholder expectations.

12.2 million
apparel units manufactured in PepClo

238 million
apparel units sourced locally

98%
of furniture products sourced locally

Enhancing supply chain visibility and collaboration

We are working to centralise and streamline efforts to improve transparency across our supply chains. By implementing digital supply chain solutions and AI-driven analytics, we are enhancing our ability to monitor and manage the entire product life cycle, from sourcing to delivery.

Distribution and logistics optimisation

Each of our retail brands manages its inbound logistics and DC operations independently. However, we leverage group scale in apparel through Pepkor Logistics (PKL) for outbound logistics, optimising distribution routes and efficiency. Pepkor Lifestyle's extensive distribution capabilities provide an advantage in the distribution of high-value items and e-commerce.

To further enhance our logistics efficiency, the new state-of-the-art PEP DC was commissioned during the year with automation and robotics enhancing the speed and cost-effective deliveries to PEP stores. Ackermans also commissioned a new DC in Cape Town.

150 000 m^2
PEP DC commissioned

35 000 m^2
Ackermans DC commissioned

27 million parcels
distributed by PKL per year

Integrating technology into supply chain management

Technology plays a crucial role in our supply chain management. We utilise our intellectual property and retail expertise to implement cutting-edge technology solutions, including advanced information technology (IT) systems, digital platforms and hardware/software innovations for connectivity and store operations. We also use 3D product design and virtual reality for enhanced product development, merchandising and customer engagement.

Material matters *continued*

#3 MAINTAINING A LOW COST OF DOING BUSINESS

Our commitment to affordability is central to our business strategy. By continuously optimising our business and supply chain we are well-positioned to sustain our competitive advantage and continue delivering exceptional value to our customers. This focus on cost efficiency is key to sustaining and providing consistent price leadership in the market.

Strategic cost management and efficiency

Pepkor is renowned for its leadership in value and price, achieved through disciplined cost management, streamlined processes and leveraging economies of scale. We continually seek opportunities to optimise operational efficiency across all aspects of our business, from foreign currency hedging to daily store operations. This enables us to maintain low operating costs and pass on the savings to our customers.

Supply chain optimisation and lean operations

Maintaining a lean supply chain is crucial for minimising costs. We are continuously investigating and investing in tools and technology like real-time data analytics, machine learning, automation, improved transparency and traceability to help streamline logistics, reduce lead times and minimise excess inventory/improved demand forecasting, all of which contribute to enhanced decision-making, operational agility and cost savings that can be transferred to our customers.

Sustainable business practices

With growing consumer and regulatory focus on sustainability, we are integrating energy-efficient store operations, reducing waste and utilising renewable energy sources where possible. By adopting sustainable business practices, we are not only lowering costs but also supporting long-term environmental and social goals.

R18.2 million estimated cost saving on electricity costs from renewable energy

Foreign currency hedging and financial efficiency

Effective financial management is critical to maintaining low costs, especially in a volatile economic environment. Our approach to foreign currency hedging helps mitigate risks associated with exchange rate fluctuations, ensuring stable cost structures and maintaining consistent margins. We also employ innovative financial strategies to optimise cash flow and reduce the cost of capital.

Passing on savings to customers

Our cost management efforts are ultimately aimed at delivering value to our customers. By strictly managing all costs, we ensure that any efficiencies are directly passed on to our customers. This allows us to offer the best prices and maintain our reputation as a price leader in the market.



Material matters *continued*



#4 ATTRACTING AND RETAINING TALENT

Our employees are vital to our business, embodying our values and driving success across all brands. Attracting, retaining and nurturing top talent is crucial in competitive sectors like retail, IT, financial services and telecommunications. Our human resource (HR) strategy focuses on fostering a supportive environment, embracing new business trends, and prioritising employee development and well-being to ensure sustainable growth and success.

Creating a future-ready workforce

A diverse and inclusive workforce drives creativity, innovation and business success. HR initiatives focus on creating an environment where all employees feel valued and empowered to contribute their best. We prioritise uplifting and empowering women as part of our employment equity initiatives. We are expanding our efforts to support gender equality, promote representation across all levels and address unconscious biases through targeted training and mentorship programmes.

To remain competitive, we emphasise continuous learning and upskilling. Comprehensive development programmes, which include digital learning platforms and personalised career growth plans, are designed to equip employees with the skills needed to navigate the future of work. This commitment to learning not only strengthens our internal talent pool but also fosters a culture of innovation, agility and personal growth.

Adding to our on-the-job training programmes in each brand or business, we have partnered with educational institutions and industry leaders to provide management level employees with access to cutting-edge knowledge and resources.

We offer a variety of development and wellness programmes to support professional and personal growth. These initiatives are aimed at enhancing overall employee well-being from mental health support to financial wellness. By promoting a healthy work-life balance, we ensure our employees are engaged, motivated and able to perform at their best.

75% of our store managers in South Africa are black females

The Lead programme graduated **84** senior leaders since 2017

Ascend and Henley Business School prepared **51** potential senior to executive talent since 2018

Internal mobility

Balancing internal promotions with external recruitment is key to our talent strategy. We actively encourage internal mobility, enabling employees to explore new roles and opportunities within the group, which not only fosters career growth but also enhances employee retention and satisfaction.

2 304 internal promotions

Supporting skills development and employment pipelines

We are dedicated to preserving jobs and contributing to economic growth through strategic skills development initiatives and learnership programmes, with a specific focus on individuals with disabilities. Our learnerships and apprenticeship programmes are designed to build a strong employment pipeline, supporting both our business needs and government initiatives. These programmes provide practical experience and training, equipping participants with the skills required to succeed in the workplace.

4 143 learnerships

Sustainability report: Inclusive growth

Material matters *continued*



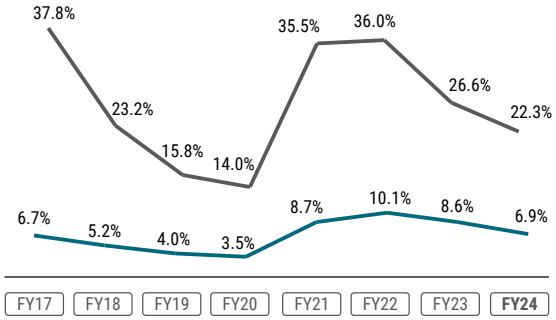
#5 ALLOCATING CAPITAL EFFECTIVELY

Pepkor strategically uses cash and profits to fund growth initiatives while maintaining low debt levels to ensure financial flexibility and sustainable growth. The capital allocation process prioritises organic growth, strategic acquisitions, share repurchases and dividends, along with investments in digital innovation. This approach optimises returns, strengthens the market position and supports long-term success and value-creation for stakeholders.

Capital allocation priorities

1. **Organic growth:** We continue to invest in expanding our traditional retail footprint while enhancing our financial services and telecommunications capabilities to meet evolving customer needs. To remain competitive, we are also focusing on digital transformation and e-commerce growth, including investments in online platforms, digital marketing and omnichannel integration. This allows us to reach more customers and offer seamless shopping experiences across all channels.
2. **Mergers and acquisitions:** Our M&A strategy targets expansion into existing and new market segments and geographies where our scale and experience provide a competitive advantage. We are particularly interested in acquiring businesses that offer technological innovations, such as fintech startups or digital retail platforms, which can enhance our digital capabilities and accelerate our transformation in line with global trends.
3. **Share repurchases:** We repurchase shares to prevent earnings dilution related to our equity-based long-term share incentive scheme. This approach not only supports shareholder value but also aligns with our goal of maintaining a strong balance sheet. In addition, share buy-backs may be considered as part of a broader capital return strategy when other investment opportunities do not meet our stringent return criteria.
4. **Dividends:** Our current dividend policy targets a payout of three times earnings cover, reviewed annually by the board. As part of our commitment to returning value to shareholders, we ensure that dividends are consistent and balanced with investment in growth opportunities that support long-term value creation.

Return on equity and Return on net assets



EIGHT-YEAR AVERAGE

– Return on net assets **26.4%**

– Return on equity **6.8%**

Financial flexibility

Our goal is to maintain healthy debt levels, providing the flexibility to navigate market fluctuations and capitalise on strategic opportunities. This disciplined approach to debt management ensures we can sustain growth while mitigating financial risks.

Debt levels remain within targeted ranges of **0.5** to 1 times net debt-to-EBITDA

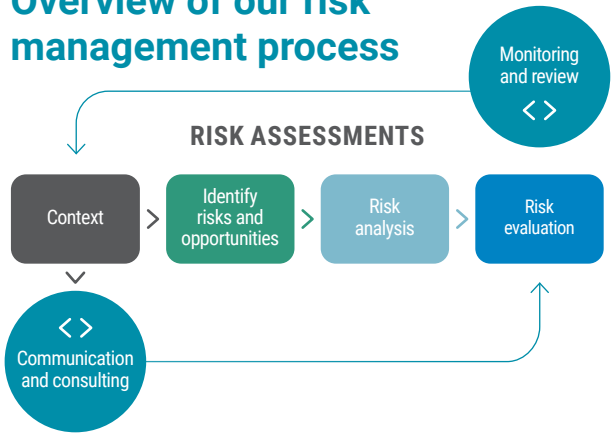
Risks and opportunities

As the business navigates an increasingly complex and dynamic operating environment, the risks and opportunities we face continually evolve and change. Our risk management approach has adapted accordingly, moving beyond consistency to embrace a more forward-looking and proactive stance.

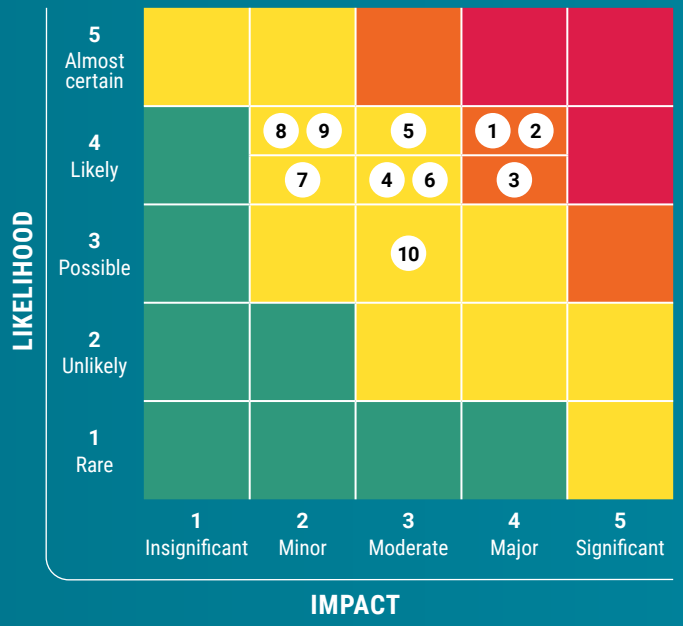
Maintaining a flexible and robust process is essential in protecting our business, ensuring resilience and identifying opportunities for growth.

The audit and risk committee, under the board's delegated authority, plays a pivotal role in overseeing the effectiveness of this process. With a focus on both risk mitigation and value creation, the committee ensures key risks are identified and managed through a comprehensive risk framework. This framework, guided by our risk appetite and tolerance, strengthens decision-making processes, mitigates potential value erosion and ensures governance structures are in place for a responsive, well-defined risk approach aligned with the group's strategic objectives.

Overview of our risk management process



Risk heat map



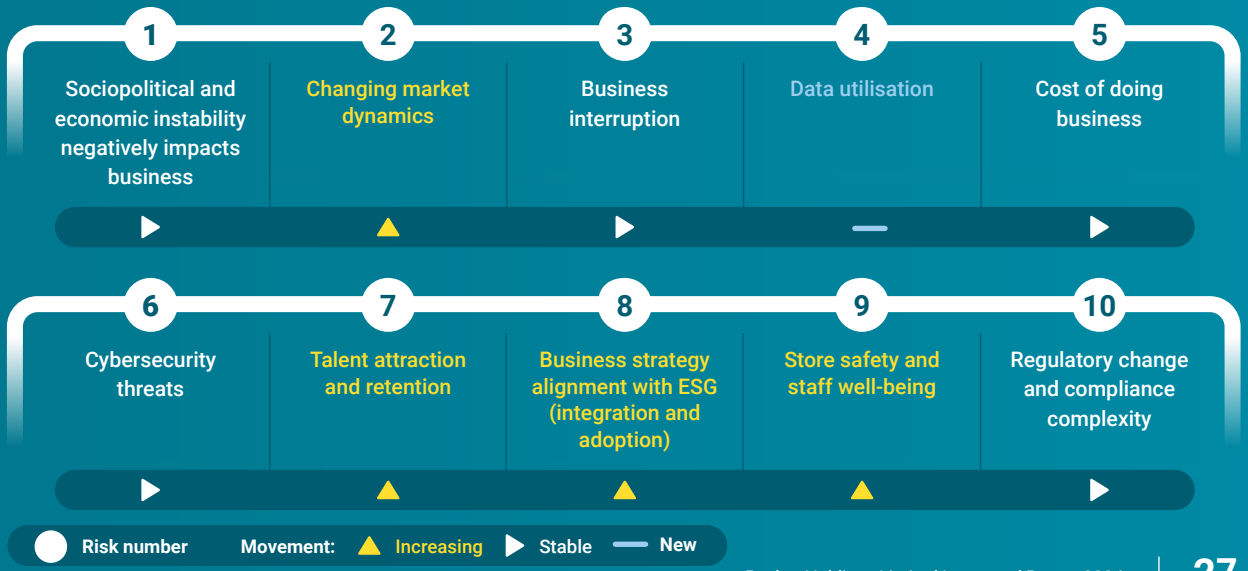
Key risks and movements

Between 2023 and 2024, the company's risk landscape has evolved, reflecting shifts in both external and internal challenges. Sociopolitical and economic instability remains the most critical risk, but the importance of changing market dynamics has risen, now taking precedence over business disruption, which has dropped in priority. Notably, data utilisation has emerged as a significant risk in 2024, replacing currency volatility.

While cybersecurity threats, talent attraction and ESG integration remain key concerns, there is a greater emphasis on business strategy alignment with ESG in 2024. Additionally, store safety and staff well-being have gained prominence, highlighting a growing focus on employee protection, while regulatory change and compliance complexity have newly appeared as notable risks.

Full risk report

Key risks



Stakeholder engagement

Pepkor operates in countries facing socio-economic inequalities and economic pressures that challenge household incomes. Our ability to offer affordable, quality products that are durable and designed to last makes us a preferred choice for value-conscious consumers.

Beyond this, we are committed to supporting the communities we serve, focusing on creating socio-economic value for our key stakeholders, including customers, employees, suppliers and local communities. We follow a holistic approach where stakeholder relationships are integral to our ability to≈execute our strategy and create value.

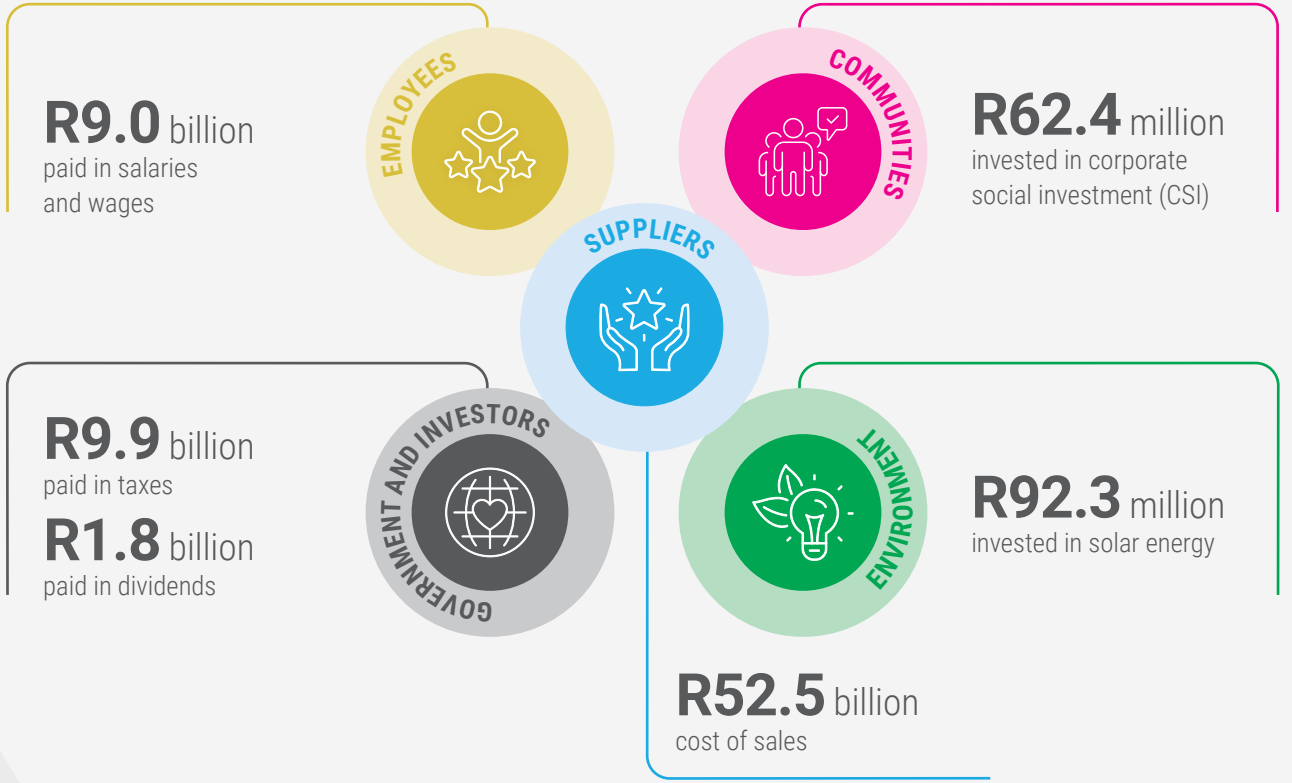
Each Pepkor business is responsible for engaging with its stakeholders and is tailored by the operating businesses. It will vary in form and frequency – from in-store customer interviews to investor meetings and employee surveys. Collaboration is key in our relationships with suppliers, while we take on a more supportive role within our communities.

At group level, investor and regulatory engagement is managed by Pepkor's Group Strategic Services.

Our communication with stakeholders aims to:

deliver mutual value	address the unique needs and expectations of each group	align with our strategic goals and material issues	uphold transparency, ethics, and professionalism in every interaction	comply with policies such as our stakeholder engagement policy, code of ethics and the Protection of Personal Information Act (POPIA)

Pepkor's efforts to create value and contribute to society are reflected in our stakeholder impact:



Through effective business management and alignment with our purpose, Pepkor also supports government initiatives and contributes to the Sustainable Development Goals (SDGs).

Business model | Sustainability report: Stakeholders

Business overview

04

We have **strong brands** and distribution channels.

30 Traditional Retail
30 PEP
31 Ackermans
32 Pepkor Speciality
33 PEP Africa
34 Avenida
35 Pepkor Lifestyle
36 Financial services
37 Informal market
38 Leverage and efficiency
38 PAXI
39 Group Strategic Services



Traditional Retail

PEP
1 657 stores

PEP CELL
534 stores

PEP HOME
426 stores

Retail sites

Largest single brand retailer in South Africa

PEP fulfils its purpose of helping customers look and feel good by offering affordable products and services in conveniently located stores. Known for delivering 'best products for less', PEP maintains its price leadership through operational efficiencies and regular price benchmarking, consistently offering the lowest prices to customers.

The vibrant PEP company culture, Sikhula KunYe (growing together) is famous and has been rated a few times as one of the top inspiring business cultures in the world.* The brand also gives back through its PEP Academy, supporting over 4 500 learners in 27 schools, and partners with Thandulwazi to provide early childhood education training to teachers in Limpopo.

since 1965













2 617 stores

17 100 employees

Countries
South Africa, Botswana, Lesotho, Namibia, Eswatini









* Barrett Culture Survey

Virtual store tour

Traditional Retail *continued*

ACKERMANS
929 stores

ACKERMANS CONNECT
66 stores

ACKERMANS

Leading baby and kids' wear value retailer

Ackermans, a proudly South African brand, serves vibrant customers of all races. This leading value retailer appeals primarily to moms seeking good quality fashion and essentials for themselves and their kids at great prices.

Guided by the purpose of 'Bringing Value to Life', Ackermans remains committed to continuously setting the standard for value and affordability, supported by a strong service culture, store accessibility and exciting campaigns. Through its Ububele (kindness and generosity) programme, Ackermans supports communities with donations, sponsorships and volunteerism and the flagship programme, Ububele Schools, benefits 540 early childhood development centres and more than 23 000 learners.

1 041
stores

9 300
employees

Countries
South Africa, Botswana, Lesotho, Namibia, Eswatini



Retail site

Virtual store tour

Traditional Retail *continued*

CODE DUNNS ShoeCity
REFINERY Tekkie Town S.P.C.C

Retail sites

PEPKOR Speciality

Offering on-trend value apparel and footwear

Pepkor's Speciality division serves as a strategic platform for launching and nurturing emerging brands, while also supporting new fashion and footwear acquisitions and concepts.

Although smaller than Pepkor's flagship brands, these businesses benefit from the group's economies of scale and specialised services. By leveraging Pepkor's extensive resources and expertise, the Speciality brands are able to carve out distinct market niches and grow within their segments.

922
stores

4 600
employees

Countries
South Africa, Botswana, Lesotho, Namibia, Eswatini



Virtual store tours

Traditional Retail *continued*

PEP | Africa

Largest formal clothing retailer in Africa

PEP Africa, the largest formal clothing retailer on the African continent, celebrates unbeatable prices every day. PEP Africa is dedicated to being the friendliest and most trusted retailer by providing quality clothing, footwear, homeware and cellular products at the lowest possible prices.

PEP Africa's commitment to value extends beyond affordable products to excellent customer service and a money-back guarantee, making it a preferred choice over informal markets. PEP Africa consistently puts customers at the heart of everything they do, ensuring accessibility, consistency and trust.

230
stores

1 900
employees

Countries
Angola, Malawi, Mozambique, Zambia



Traditional Retail *continued*

AVENIDA

Quality essentials for families in Brazil

Positioned as a leading discount retailer in Brazil, Avenida brings quality essentials to families at affordable prices. Its modern and accessible stores offer a wide selection of affordable clothing, footwear and homeware, making it one of the top 10 retail chains in Brazil.

Their customer-focused culture, combined with the Avenida store card for flexible access to products, makes Avenida a trusted choice in the midwestern and northern regions of Brazil.

183
stores

2 700
employees

Retail site

Virtual store tour



Traditional Retail *continued*

PEPKOR Lifestyle

Enabling customers to live the way they deserve

Pepkor Lifestyle is dedicated to helping value-conscious customers create comfortable and fulfilling lifestyles by transforming houses into homes.

The Lifestyle brands provide quality, affordable furniture, appliances and consumer electronics from trusted international and local names, covering all aspects of life – from leisure for families to office essentials for entrepreneurs. With six household retail brands divided into Home and Tech divisions, Pepkor Lifestyle is a trusted retailer and finance provider, enabling customers to live the way they deserve.

906
stores

5 700
employees

Countries
South Africa, Botswana, Namibia, Eswatini

Virtual store tours

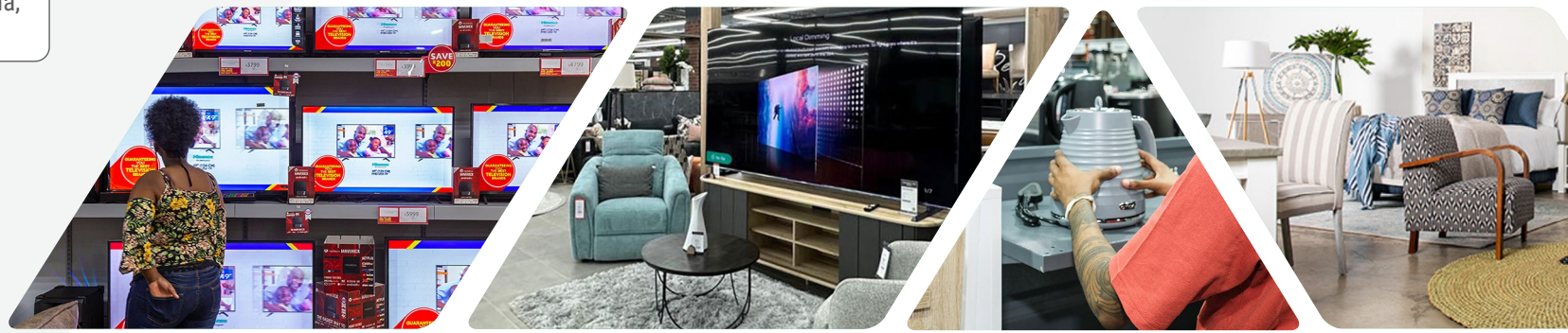
Russells | Bradlows | ROCHESTER | Sleepmasters The Bed Experts | HiFiCorp | incredible

Retail sites



since **1901**
oldest brand
Bradlows





Financial services

Empowering everyday lives with accessible credit, lending and insurance solutions

Pepkor's financial services empower customers across southern Africa with flexible, accessible solutions tailored to meet everyday needs. Leveraging a broad retail network, diverse product range and deep customer focus, Pepkor provides credit, lending, insurance and connectivity options to enhance financial inclusion and support customers at every step.

Retail credit: A+ and **Connect** offer affordable retail credit options across Pepkor's southern African retail brands.

Lending: Capfin provides unsecured loans through a hassle-free process, prioritising ethical and responsible lending practices for customer peace of mind.

Insurance: Abacus Insurance offers tailored and affordable insurance solutions with personalised support, ensuring protection is within reach across Pepkor's retail network.

Connectivity: FoneYam offers an affordable smartphone rental option at selected PEP and Ackermans stores. FoneYam keeps customers connected with a small initial payment, flexible monthly terms, and built-in software to protect the device if lost or stolen.



Informal market

flash

Making people's lives easier

Flash leverages connectivity and smartphone access to extend reach beyond traditional retail, through a technology-driven B2B and B2C business focused on empowering informal market traders with smart technology solutions.

Flash provides affordable, safe access to virtual products like airtime, mobile data, prepaid electricity and more, supporting millions of transactions daily across Africa and Europe while expanding partnerships with global brands.

165 000
informal market traders

R50 billion
throughput



Business site

Leverage and efficiency

PAXI
send | collect | return

Convenient, reliable and affordable

PAXI connects individuals, small businesses and corporate clients across South Africa with a reliable, affordable and highly accessible courier solution. With PAXI points located in PEP, Tekkie Town and Shoe City stores, customers can conveniently drop off or collect parcels as part of their everyday shopping experience.

Launched in 2015, PAXI quickly evolved from a manual document delivery service to a fully integrated send, collect and return network. Built on Pepkor's extensive retail and logistics infrastructure, PAXI offers the lowest-cost parcel delivery in the market, and its tech-driven system – developed in-house by Pepkor IT – streamlines parcel movement without additional overhead costs.

2 800
distribution points

15 500
business customers

5.7 million
parcels delivered

since
2015



Business site

Leverage and efficiency *continued*

Group Strategic Services

PEPKOR Holdings Limited

Corporate Services supports operating businesses through finance and treasury, human resources, internal audit, investor relations, legal, compliance and risk, marketing and tax functions.

Centralising many of these day-to-day business and regulatory functions allow us to use our economies of scale to save administration costs and it provides a holistic group approach to group compliance.

PEPKOR Properties

Pepkor Properties gives Pepkor's brands the chance to grow through access to expert property knowledge and systems. Its comprehensive property offering includes:

- property management;
- identifying new locations;
- preparing feasibility presentations;
- payment of rental to respective landlords; and
- the negotiation of leases and contracts.

Pepkor Properties is assisted by a financial and legal team that covers all aspects of property management.

PEPKOR Installations

Pepkor Installations was initially formalised in 2008 to service PEP. Today, it services all of Pepkor's clothing and footwear brands. Pepkor Installations completes an average of 47 shopfitting projects per month, including new store roll-outs and refurbishments. It also assists with the design and implementation of new-look stores.

PEPKOR Sourcing & Services

Pepkor Sourcing & Services supports Pepkor's clothing, footwear and homeware retailers in building strategic sourcing and technical capabilities. Key focus areas include:

- 3D sampling;
- local/regional sourcing opportunities;
- supplier/enterprise development;
- value-added sourcing; and
- group contract negotiations.

The Pepkor Product Solutions (PPS) group sourcing office is based in Shanghai, China with a dedicated team of 80 people.

PEPKOR Logistics

Pepkor Logistics provides a product distribution service for Pepkor's clothing and footwear brands. Its cost-effective and reliable delivery network makes it easy for Pepkor brands to deliver on their value-for-money and service promises to customers.

PEPKOR .it

Pepkor IT reduces operational costs and strengthens productivity for Pepkor's retail businesses. With services that include strategy, engineering and development, Pepkor IT plays an important role in helping the group's various brands to develop effective business and, specifically, technology solutions to operate in a competitive environment.

PEPKOR Payments & Lending

Pepkor Payments and Lending supports the clothing and general merchandise brands in terms of credit sales through store cards to customers. The in-store revolving credit card now allows interoperability across all clothing and general merchandise stores (except PEP Africa and Avenida), providing more choice to customers and ensuring that credit is facilitated within the group.

PEPCLO

Pep Clothing (PepClo) is a low-cost, high-volume mass manufacturer of school clothes and basic underwear that supplies PEP and Ackermans through four factory divisions.

PepClo is currently the largest manufacturing facility of its kind under one roof in South Africa, employing more than 1 700 people and delivering more than 11 million garments per year to retail outlets.

Further reading

05

Our leadership remains dedicated to **transparency and accountability**, adhering to the highest standards of corporate governance.

41 About this report
42 History and development
43 Eight-year review
45 Business model
46 Risks and opportunities
52 Retail footprint
53 Shareholder analysis
54 Share performance
55 Pro forma financial information
60 Glossary



About this report

Scope and boundary

Pepkor's integrated reporting covers Pepkor Holdings Limited and its subsidiaries, collectively referred to as 'the group' or 'the company'. Our integrated reporting remains centred on the decentralised structure of our operations, ensuring a holistic view of our performance.

Segmental overview

This report covers the following in detail:

Focus on value creation

Our 2024 report emphasises Pepkor's ability to create long-term sustainable value, addressing how we manage our financial, human, intellectual, natural, social and manufactured capitals. Aligned with the International Integrated Reporting Council's <IR> Framework, our reporting reflects our group's purpose, strategy and the impact of material matters on value creation. This framework ensures that our strategy is implemented effectively, with a focus on managing risks and seizing opportunities in a dynamic environment.

Strategy

Materiality

Materiality remains a cornerstone of our reporting process. We evaluate materiality from both financial and non-financial perspectives to determine what matters most to our stakeholders and how it impacts the group. Our risk management process continues to be shaped by a what is material to the business, ensuring all relevant factors are considered when disclosing matters related to the group.

Risks and opportunities

Material matters

Stakeholder engagement

Recognising the scale of our operations and its impact on a diverse range of stakeholders, Pepkor prioritises transparent, constructive engagement. Our stakeholder engagement process fosters relationships that are integral to our business sustainability, ensuring that their expectations, needs and concerns are addressed.

Sustainability report: Stakeholders

Forward-looking information

This integrated report includes forward-looking statements relating to the group's financial position, operational outcomes and strategic direction. These statements are based on the board's expectations, informed by market dynamics and external factors. However, such statements are inherently subject to risks and uncertainties, which could result in material deviations from actual outcomes. Factors such as global and domestic economic trends, regulatory changes, market volatility and competitive pressures may influence the group's performance.

Please note that these forward-looking statements have not been reviewed or audited by the external auditor.

Restatements

No material restatements have been made for the period under review, except for the restatement of the discontinued operations of The Building Company. All financial information in this report is taken from the audited financial statements approved by Pepkor's board of directors.

Assurance

Pepkor's combined assurance model is designed to address the significant risks faced by the group.

It comprises management, the internal audit function, external audit services and other specialists contributing to combined assurance.

Corporate governance report

Reporting compliance

The following principles, disclosures and guidelines were considered in the compilation of our reports:

1. International Integrated Reporting Council's <IR> Framework (<IR> Framework)
2. The Companies Act, No. 71 of 2008, as amended (Companies Act), including reference to the United Nations Global Compact (UNGC), Organisation for Economic Co-operation and Development (OECD) and International Labour Organisation (ILO) principles
3. JSE Equity and Debt Listings Requirements
4. IFRS® Accounting Standards (IFRS) and Interpretations issued by the IFRS Interpretations Committee, and the interpretations issued by the South African Institute of Chartered Accountants (SAICA); Financial Reporting Guidelines issued by the Accounting Practices Committee; and Financial Pronouncements issued by the Financial Reporting Standards Council
5. Broad-based Black Economic Empowerment Act, No. 53 of 2003

Report approval

The board, supported by the audit and risk committee, acknowledges its responsibility to ensure the integrity of the integrated report.

The directors confirm they have reviewed the content of this report and are satisfied that the integrated report addresses all material matters. The report offers a balanced view of the group's performance as it relates to strategy and the ability to create and preserve value in the short, medium and long term.

The report addresses our business model with reference to the use of and availability of our capitals.

The board believes this report has been prepared in accordance with the <IR> Framework and approved it for release on 17 January 2025.

On behalf of the Pepkor board

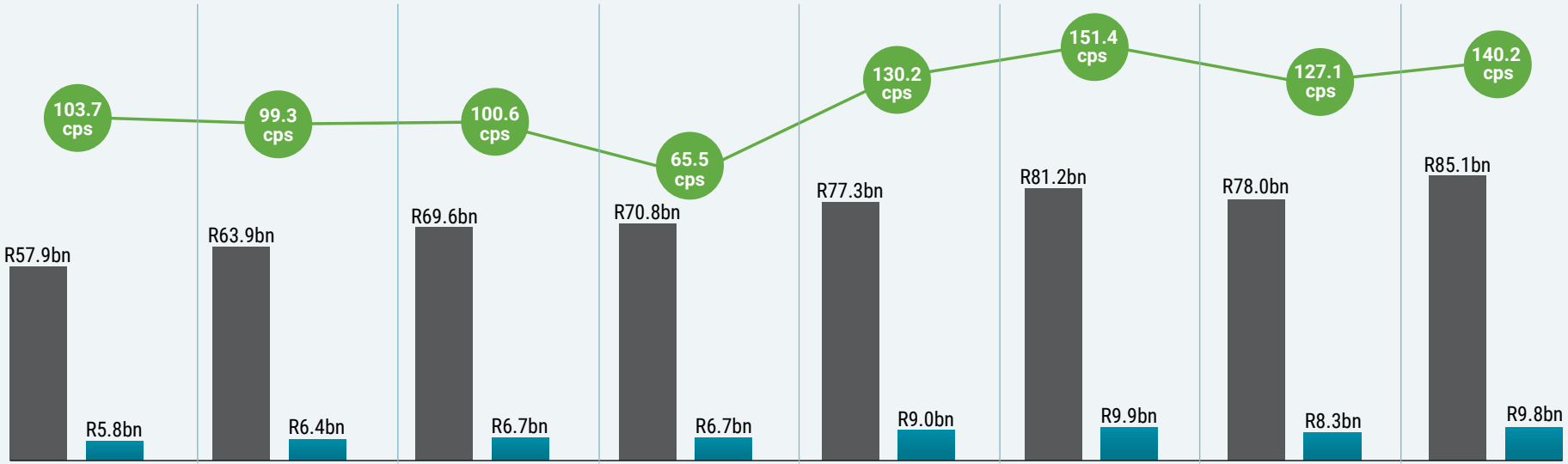
Wendy Luhabe
Independent non-executive chair

Pieter Erasmus
Chief executive officer

Supported by the board of directors

Board of directors

History and development



Listed on the JSE on 20 September 2017

Weathered a year of deflation – remaining true to our purpose and passing on pricing benefits to customers

Entrenched the group's position as a prominent value and discount retailer in Africa

Navigated the COVID-19 pandemic with success

Restored profitability to pre-COVID-19 level despite the impact of the social unrest of July 2021

Recovered from the KwaZulu-Natal floods in April 2022 and **expanded** operations into Brazil

Value-creation plans developed across the group – leveraging retail core to grow fintech

Consistent performance while strategic execution in fintech yields **tangible results**

FY24 GROWTH

Revenue
+9.2%

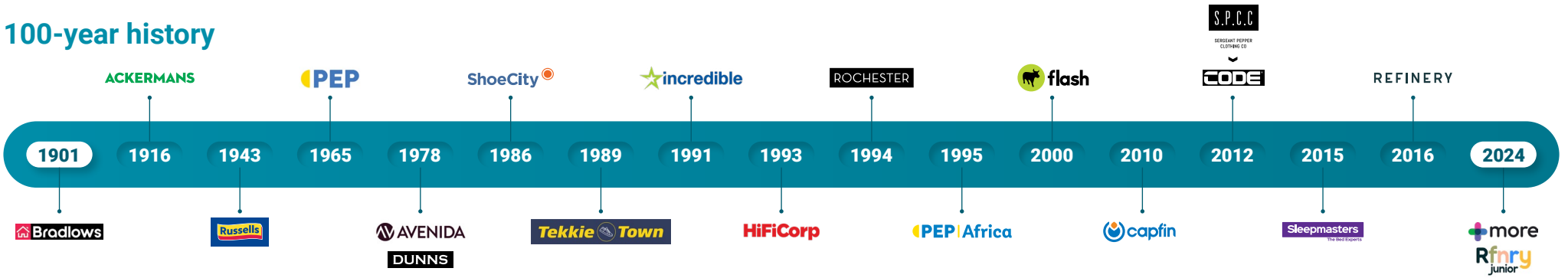
Operating profit
+17.4%

HEPS
+10.3%

FY24 and FY23 normalised and comparable results from continuing operations

Eight-year review

100-year history

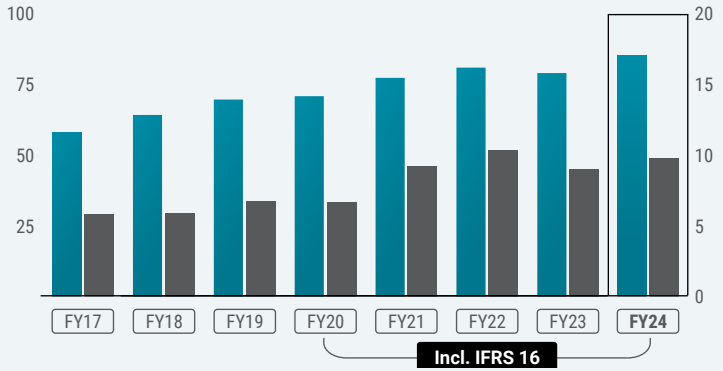


Eight-year review

		FY17	FY18	FY19	FY20	FY21	FY22	FY23[1]	FY24
Revenue and profitability									
Revenue	Rm	57 850	63 912	69 634	70 827	77 329	81 154	78 960	**85 136**
Gross profit	Rm	20 438	22 097	23 995	24 199	26 534	28 683	28 734	**32 609**
Gross profit margin	%	35.3	34.6	34.5	34.2	34.3	35.3	36.4	**38.3**
EBITDA	Rm	6 775	7 014	7 996	10 547	13 104	14 617	13 411	**14 398**
EBITDA (excl. IFRS 16)	Rm	6 775	7 014	7 996	6 722	8 408	9 708	8 577	**9 647**
Operating profit (statutory)	Rm	5 815	5 880	6 697	6 653	9 305	10 347	9 044	**9 802**
One-off items*	**Rm**	**–**	**(511)**	**(40)**	**–**	**265**	**439**	**392**	**–**
Operating profit (normalised)*	Rm	5 815	6 391	6 737	6 653	9 040	9 908	8 652	**9 802**
Capital items	Rm	(29)	(37)	(1 278)	(5 107)	(164)	169	(6 828)	**(2 908)**
Net finance costs	Rm	620	1 168	1 581	3 016	2 059	2 202	2 725	**3 168**
Net finance costs (excl. IFRS 16)	Rm	620	1 168	1 581	1 379	659	826	1 369	**1 713**
Effective tax rate	%	30.9	38.4	41.9	(81.6)	31.2	26.2	18.5	**22.1**
Earnings	Rm	3 550	2 874	2 230	(2 858)	4 875	6 155	(1 593)	**2 329**
Headline earnings	Rm	3 576	2 917	3 393	2 310	4 972	6 034	5 166	**5 148**
Headline earnings per share (statutory)	cents	133.6	84.5	98.3	65.5	135.4	163.3	140.8	**140.2**
Headline earnings per share (normalised)*	cents	103.7	99.3	100.6	65.5	130.2	151.4	133.0	**140.2**
Dividends per share	cents	–	27.8	20.9	–	44.2	55.2	48.1	**48.5**
Weighted average number of shares in issue	m	2 678	3 450	3 450	3 520	3 674	3 696	3 669	**3 672**
*Normalisation note		JSE listing and issuance of 882m shares	Guarantee exposure provided for	Guarantee exposure provided for	–	IFRS 16 gain: Acquisition of properties	Guarantee exposure recovered	IFRS 16 gain: Development of PEP DC	–
IFRS implementation		–	–	IFRS 9 IFRS 15 IFRIC 23	IFRS 16	–	–	–	IFRS 17

[1] Restated to exclude The Building Company

Resilient growth in revenue and profitability (Rbn)

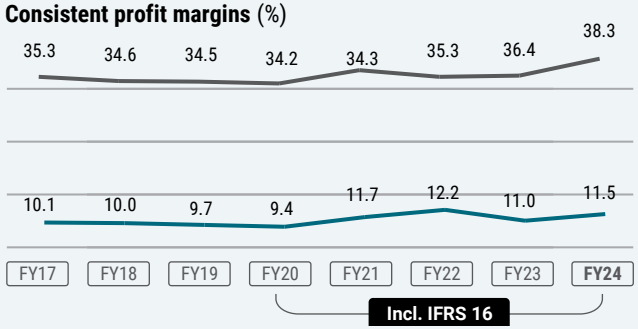


SEVEN-YEAR CAGR

Revenue **5.7%**

Operating profit (normalised) **7.7%**

Consistent profit margins (%)



EIGHT-YEAR AVERAGE

Gross profit margin **35.4%**

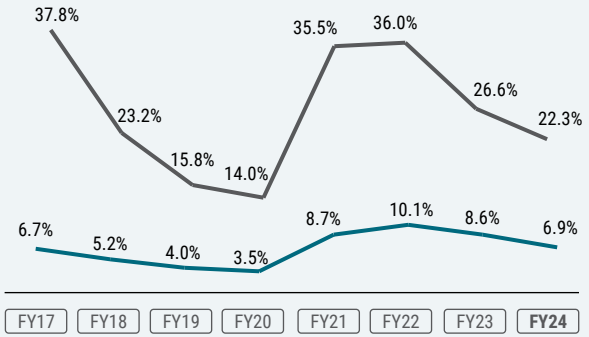
Operating profit margin (normalised) **10.7%**

Eight-year review *continued*

		FY17	FY18	FY19	FY20	FY21	FY22	FY23[1]	FY24
Cash generation									
Cash generated from operations	Rm	6 276	5 312	4 086	12 912	11 033	11 187	12 962	**11 920**
Cash conversion	%	96	79	94	122	84	75	91	**79**
Cash generated from operating activities	Rm	2 247	2 517	556	8 667	7 111	5 465	5 786	**6 167**
Cash flows from investment activities	Rm	6 211	(2 194)	(1 576)	(2 187)	(1 760)	(3 470)	(2 572)	**(2 314)**
Cash flows from finance activities	Rm	(7 312)	(220)	1 306	(4 621)	(4 985)	(3 773)	(3 630)	**(3 122)**
Capital allocation and gearing									
Capital expenditure	Rm	1 813	1 871	1 715	1 693	2 882	2 613	2 692	**2 531**
Capital expenditure as a percentage of revenue[2]	%	3.1	2.9	2.5	2.4	3.7	3.2	3.4	**3.0**
Share repurchases	Rm	–	–	–	–	762	643	511	**(29)**
Net debt (incl. IFRS 16)	Rm	11 951	12 623	13 931	23 249	19 306	21 807	21 520	**20 007**
Net debt (excl. IFRS 16)	Rm	11 951	12 623	13 931	7 068	4 977	7 110	7 572	**7 266**
Net debt-to-EBITDA (excl. IFRS 16)	times	1.80	1.64	1.70	1.02	0.58	0.71	0.82	**0.68**
Returns									
Return on equity	%	6.7	5.2	4.0	3.5[3]	8.7	10.1	8.6[3]	**7.8[3]**
Return on net assets	%	37.8	23.2	15.8	14.0[3]	35.5	36.0	26.6[3]	**22.3[3]**
Operations									
Number of retail stores	No.	4 953	5 197	5 415	5 480	5 470	5 830	5 780	**5 899**
Retail space	'000 m²	2 307	2 375	2 434	2 410	2 418	2 592	2 261	**2 305**
Trading density	R'000	23 087	24 306	24 907	24 402	27 041	27 939	27 417	**30 641**

[1] Restated to exclude The Building Company
[2] Includes Hammarsdale DC development, social unrest and KwaZulu-Natal floods
[3] Excludes impairment on goodwill and trade and brand names

Return on equity and Return on net assets

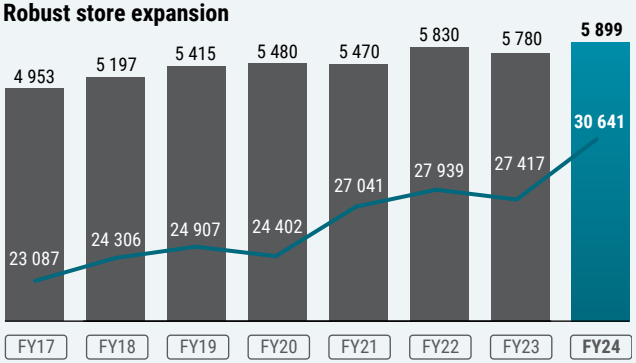


EIGHT-YEAR AVERAGE

– Return on net assets **26.4%**

– Return on equity **6.8%**

Robust store expansion



SEVEN-YEAR CAGR

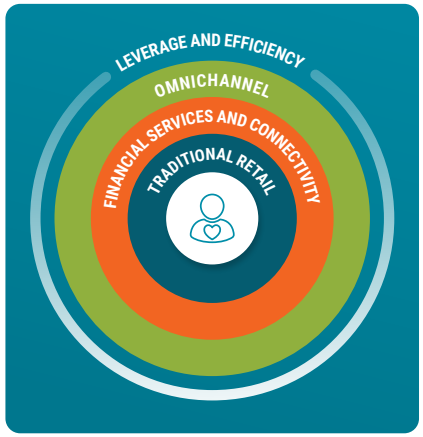
● Number of stores **2.5%**

– Trading density **4.1%**

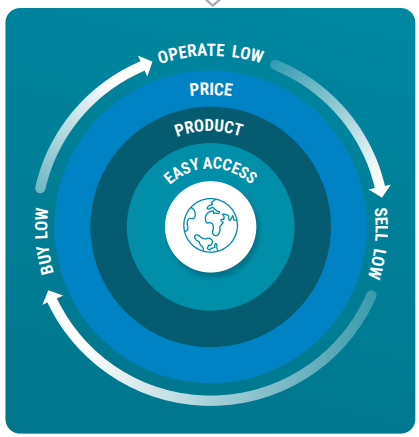
Business model

Strategy and approach

We use and apply our capital inputs to provide products and services to our customers through our brands and operational businesses.



Sustainability report: Stakeholders



Strategy

We measure and manage by-products (such as waste and carbon) that are produced during the manufacture and distribution of our products and services.

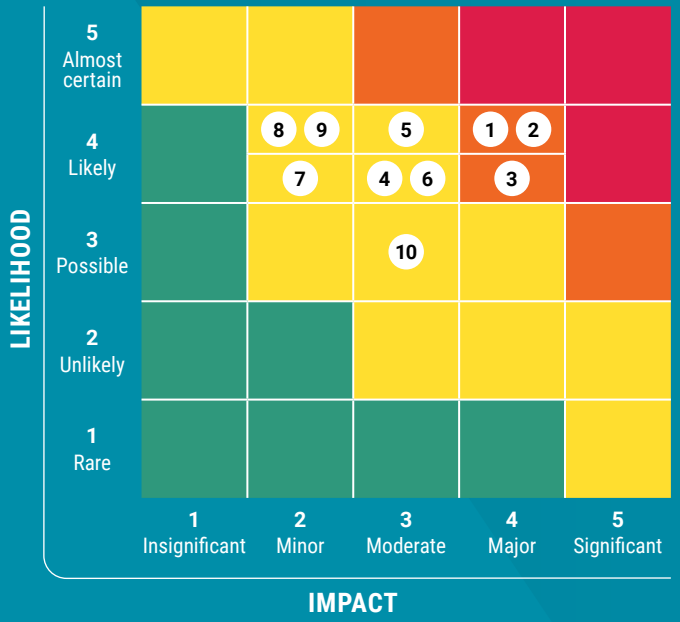
Sustainability report

Capitals	Dependencies we manage and rely on	Inputs	Outputs	Outcomes
FC Financial capital				
Achieving growth in a low-growth environment Maintaining a low cost of doing business Allocating capital effectively	Debt financing Customer sales Investor confidence	R58.7 billion shareholder equity R7.3 billion net debt R16.7 billion operating expenditure	R11.9 billion cash generated by operations R1.7 billion net finance cost (excluding IFRS 16) 140.2 cents normalised HEPS 22.3% return on net assets 48.5 cents dividend per share declared	Sustainable returns for investors Strong and flexible financial position with optimal gearing levels to execute on growth opportunities Ethical and responsible business practices for long-term sustainability
MC Manufactured capital				
Maintaining an efficient and effective supply chain Achieving growth in a low-growth environment	Access to product supply Reliable services Retail store network Logistics and IT infrastructure and systems	R2.5 billion capital expenditure* 119 net new stores opened	5 899 stores 58 DCs and hubs 770 000 m^2 total DC and hub space 27 million parcels distributed per year through the PKL distribution network	Effective and efficient supply chain which optimises in-store serviceability of our retail store network and caters for long-term growth, expansion and enabling leverage
H&IC Human and intellectual capital				
Attracting and retaining talent Maintaining an efficient and effective supply chain Employee development	Employee commitment Strong board and executive team Diverse skills and talent Innovative capability Intellectual property Supplier management Trusted governance	R9.0 billion paid in salaries and wages R44.3 million training investment 2 800 PAXI locations Supply chain expertise Brand management +more and FoneYam development	46 600 employees 83% permanent previously disadvantaged individuals employed in South African operations 539 000 training hours 19.4% employee turnover 27.5% cost of doing business 5.7 million PAXI parcels delivered More than 5 million +more customers 1 million FoneYam customers	Development, retention and attraction Fair remuneration Ethical and safe working conditions Diversity and inclusion Strong governance Digital transformation BPL with a low cost of doing business Trusted and responsible brands
SRC Social and relationship capital				
Maintaining an efficient and effective supply chain Customer enablement Community support Responsible sourcing	Market demand for needed products and services at affordable prices Brand loyalty Socio-economic stability Regulatory environment Stable and reliable supplier base Responsible supply chain practices Continued investment	540 Ububele schools and 27 PEP Academies supported Commitment to the R-CTFL Master Plan (CFG) and Furniture Industry Master Plan R62.4 million CSI spend 2 800 PAXI locations	30 million identifiable customers serviced 28 329 learners in ECD programmes through Ububele schools and PEP Academies 96% of trade suppliers committed to the group's supplier code of conduct Level 4 B-BBEE contributor level R13.1 million supplier spend on black-owned small, medium and micro enterprises (SMMEs) R11.7 million supplier spend on black women-owned SMMEs	Customer affordability, accessibility and convenience Supplier development Responsible sourcing Community development
NC Natural capital				
Maintaining an efficient and effective supply chain Maintaining a low cost of doing business Environmental protection	Energy and water security Supply chain efficiencies Resource and waste management	9.4 MWp total solar generation capacity	Scope 1: 14 815 CO_2e tonnes Scope 2: 233 387 CO_2e tonnes Scope 3: 55 263 CO_2e tonnes 1 150 MWh electricity saved through LED implementation 100% recyclable shopping bags in PEP and Ackermans	Energy and fuel efficiencies Greenhouse gas emission reduction Reduced production waste Responsible packaging options

* Excluding Hammarsdale DC development and social unrest and floods



Risks and opportunities



Material risks and opportunities

1. Sociopolitical and economic instability negatively impact business
2. Changing market dynamics
3. Business interruption
4. Data utilisation
5. Cost of doing business
6. Cybersecurity threats
7. Talent attraction and retention
8. Business strategy alignment with ESG (integration and adoption)
9. Store safety and staff well-being
10. Regulatory change and compliance complexity

Risks and opportunities *continued*

Movement: Increasing | Stable | New

1 Sociopolitical and economic instability negatively impact business

Risk context

The current sociopolitical environment in South Africa is raising significant concerns, threatening both economic stability and social cohesion. The formation of the new Government of National Unity allows political parties to work together to tackle the country's challenges, including unemployment, slow economic growth and inequality. However, the political future remains uncertain, creating an unpredictable environment that undermines investor confidence and business operations.

High unemployment rates, especially among the youth, combined with persistent inflation, stagnant wages and rising living costs, are putting additional pressure on household finances. As people have less disposable income, demand for local products and services declines, making it more difficult for businesses to sustain growth. These economic pressures also contribute to growing social instability as frustration and discontent increase among communities struggling to meet their basic needs.

Mitigations

- Actively review and refine our strategies and value-creation plans, with a focus on aligning our business activities with long-term objectives to drive both growth and resilience
- Uniquely positioned businesses to attract consumers who prioritise essential and value products, and expansion of our presence in the informal market to meet evolving customer needs
- Leverage our scale to drive efficiencies, enhance expense controls and optimise budgets, ensuring strong margin management and cost reduction
- Centralise processes, limiting price increases and focusing on delivering value to capture a larger share of consumer spending
- Comprehensive insurance coverage for civil unrest and business interruptions implemented, ensuring robust risk management
- Continuous monitoring of and adjustments to our strategies aim to preserve business resilience and maintain a strong focus on sustainable growth

Material matters

- #1 Customer focus
- #2 Maintaining an efficient and effective supply chain
- #3 Maintaining a low cost of doing business
- #4 Attracting and retaining talent
- #5 Allocating capital effectively

2 Changing market dynamics

Risk context

Growing competition and the increasing focus of retailers on value and discount segments are putting pressure on profitability and market share. The retail landscape remains highly competitive, with retailers striving to grow market share in a challenging, low-growth environment. Competitors increasingly engage in aggressive promotional activities and intentionally shift their strategies toward value and discount offerings, intensifying the pressure on the group to adapt and respond effectively.

To stay competitive, we must deeply understand the key drivers of these market changes and focus on enhancing our customer value proposition to meet evolving consumer needs and preferences.

Mitigations

- Adjust our product offerings to align with shifting customer behaviour, focusing on discount and value positioning to meet the growing demand for essential and affordable products
- Differentiate our brands through a strong value perception by emphasising quality, price and a relevant assortment that appeals to trend-savvy consumers
- Expand our presence in the informal market and continue our store expansion based on data-driven trends and figures
- Leverage our established brands and our +more customer platform to attract a broader customer base
- Utilise our extensive footprint and retail experience to manage the end-to-end supply chain efficiently, delivering consistent value to our customers
- Enhance market differentiation by focusing on the core elements of our strategy: BPL, consistent availability and relevant product assortment
- Leverage our strong balance sheet to invest in both organic and acquisitive growth opportunities, ensuring long-term sustainability and expansion

Material matters

- #1 Customer focus
- #2 Maintaining an efficient and effective supply chain
- #3 Maintaining a low cost of doing business

Risks and opportunities *continued*

Movement: Increasing | Stable | New

3 Business interruption

Risk context

Business interruptions and financial losses can arise from various factors, including supply chain disruptions involving local sourcing partners in South Africa and China, shipping delays and the loss of key strategic assets like data centres, distribution centres, warehouses or multiple stores impacted by a single event. Natural disasters, such as floods, and social unrest that lead to restricted access to critical locations highlight the need for a stronger focus on crisis management and resilience capabilities.

The N3 highway corridor, a vital distribution route for the group, remains vulnerable to disruptions. Furthermore, recent rail and port infrastructure failures have significantly affected inbound logistics and service delivery. These challenges underscore the need to update and strengthen crisis management and resilience strategies to handle these increasingly frequent disruptions better.

Mitigations

- Enhance our resilience plans with simulation tests to prepare for various disruptive events
- Implemented enhanced security measures at key strategic locations and explore alternative transport routes and increased security for high-risk areas
- Minimise the impact of disruptions through proactive collaboration with the help of long-standing relationships with our diversified and stable supplier base
- Increase local manufacturing and sourcing to enhance agility in case of international supply chain disruptions
- Invest in renewable energy, including a solar generation project, to reduce reliance on Eskom and improve energy sustainability
- Regularly monitor risks and contingency plans, including the South African Special Risk Insurance Association and Political Violence and Terrorism Insurance to ensure risks are managed effectively
- Consistently meet with customs and port authorities to address any issues, such as shipment delays or customs hold-ups, to ensure smooth operations

Material matters: #1 Customer focus; #3 Maintaining a low cost of doing business

4 Data utilisation

Risk context

Data has become a critical asset in today's digital landscape and, when leveraged effectively, it can differentiate a company in the marketplace. However, organisations face significant challenges in utilising both customer and company data to gain a competitive advantage. These challenges arise from a lack of advanced analytics and business intelligence and potential non-compliance with data protection regulations, such as POPIA.

Furthermore, the increasing reliance on AI raises additional concerns regarding ethical data use, transparency and bias in AI algorithms, which can further complicate strategic data utilisation. To remain competitive, the group must build robust capabilities for data-driven decision-making, prioritise ethical AI practices and integrate these insights into strategic planning and operational processes, ensuring compliance and fostering trust with stakeholders.

Mitigations

- Establish a robust data governance framework that outlines policies and procedures for data management, ensuring compliance with regulations like POPIA
- Enhance cybersecurity measures to protect sensitive data from breaches and unauthorised access, thereby ensuring compliance with data protection regulations
- Implement quality assurance procedures to ensure the accuracy and reliability of data collected and used for decision-making
- Form dedicated teams focused on data analytics to drive initiatives that leverage data for competitive advantage
- Use customer data collected through the +more platform to gain insights into customer preferences responsibly to help us better meet their needs and enhance the platform's capabilities by offering convenient value-added services
- Develop and adopt an ethical AI framework that guides the responsible use of AI technologies, ensuring alignment with legal and ethical standards

Material matters: #1 Customer focus; #3 Maintaining a low cost of doing business

Risks and opportunities *continued*

Movement: Increasing | Stable | New

5 Cost of doing business

Risk context

Rising costs across the value chain are leading to an increase in the cost of doing business that may exceed sales growth. If the group fails to effectively implement its efficiency strategies, the risk of financial strain will heighten, potentially threatening profitability and long-term sustainability.

Mitigations

- Manage margins effectively by conducting thorough cost reviews across the group and continuously monitoring performance through budget and forecast processes
- Leverage our scale to drive efficiencies and optimise our operations
- Manage foreign currency exposure, supported by forward contracts with various banks, through an effective hedging and currency management policy
- Formalise our labour engagement processes to ensure effective communication and collaboration within the workforce
- Continuously evaluate alternative suppliers based on volume requirements and pricing

Material matters

- #1 Customer focus
- #3 Maintaining a low cost of doing business
- #5 Allocating capital effectively



6 Cybersecurity threats

Risk context

The rising sophistication and frequency of cyberattacks may render the current cybersecurity infrastructure and measures inadequate or obsolete. This vulnerability could lead to significant disruptions in business operations, financial losses from successful cyberattacks and damage to the group's reputation. Additionally, there is a risk associated with third-party vendors, as their value chain infrastructure may also be susceptible to breaches, further exposing the group to potential threats.

Mitigations

- Treat cybersecurity as a strategic priority, engaging in proactive board discussions about cybersecurity
- Conduct proactive penetration testing and vulnerability scanning on both internal and external network security devices and applications to identify and address potential threats
- Enhance employees' understanding of information security risks through ongoing security training and awareness campaigns
- Focus on proactive risk management through our dedicated information security teams, comprised of multidisciplinary specialists, emphasising our ability to absorb and recover from cyberattacks through regular penetration tests and crisis response simulations
- Conduct third-party vendor risk assessments and implement mitigation measures
- Established IT disaster recovery plans across the group that are routinely reviewed to ensure the effectiveness of plans
- Prioritise keeping our software, hardware and technology infrastructure updated and secure
- Investments in biometric systems for physical access control, where feasible, along with enhanced camera and closed circuit television monitoring at support centres to bolster security

Material matters

- #1 Customer focus
- #3 Maintaining a low cost of doing business
- #4 Attracting and retaining talent
- #5 Allocating capital effectively

Risks and opportunities *continued*

Movement: Increasing | Stable | New

7 Talent attraction and retention

Risk context

Specialised skills in retail and IT are still in short supply, making it challenging to attract and retain talented staff both in South Africa and globally. The competition for critical talent is intense, leading to a significant dependency on a few critical individuals within the organisation. Additionally, there is a concern regarding the lack of diversity at senior management levels, which could hinder innovation and effective decision-making. Addressing these issues is essential for ensuring long-term organisational success and sustainability.

Mitigations

- Focus strongly on our employee value proposition (EVP) to attract, engage, retain and motivate the talent necessary to execute our strategy
- Invest specifically in recruiting young retail talent through graduate and internship programmes, fostering a new generation of skilled professionals within the business
- Benchmark remuneration regularly to ensure our compensation packages remain competitive and reflect industry trends
- Actively monitor turnover rates and conduct exit interviews to identify trends and inform mitigation plans
- Continuously review organisational structure and support systems to optimise talent management and succession planning
- Identify high-potential employees and empower them through targeted development initiatives
- Cultivate a strong organisational culture, essential for enhancing our EVP and supporting employee engagement

Material matters: #1 Customer focus | #3 Maintaining a low cost of doing business | #5 Allocating capital effectively

8 Business strategy alignment with ESG (integration and adoption)

Risk context

An increasing global focus on ESG issues has prompted more organisations to adopt ESG trends and practices. Stakeholders now expect companies to function as part of a holistic system, integrating ESG considerations throughout their business value chain. This shift reflects changing societal values and emphasises the importance of responsible and ethical business practices in driving success and resilience in today's market.

Mitigations

- Established a formalised approach to sustainability, allowing for effective governance and reporting of ESG issues, with the group's social and ethics committee overseeing the management of sustainability-related concerns that may impact long-term success
- Address social and environmental responsibilities through Pepkor's supplier code of conduct. Suppliers are managed to minimise their environmental impact and address ethical employment practices, ensuring alignment with Pepkor's values without compromising quality or pricing
- Invest in renewable energy solutions, such as solar technology, to reduce the group's carbon footprint
- Implement practices that reduce waste, conserve resources and improve efficiency across all operational aspects
- Stay ahead of regulatory changes regarding ESG matters, ensuring compliance and avoiding penalties or reputational damage
- Establish clear metrics to measure the effectiveness of ESG initiatives, allowing for data-driven decision-making
- Forge partnerships with organisations, NGOs and other stakeholders that share a commitment to sustainability, enhancing the group's impact on ESG issues

Material matters: #3 Maintaining a low cost of doing business | #4 Attracting and retaining talent

Risks and opportunities *continued*

Movement: ▲ Increasing ▶ Stable — New

9 Store safety and staff well-being

Risk context

Burglaries and armed robberies are significantly impacting trade and staff well-being. Beyond safety concerns, the escalating cost of living – particularly in areas like transportation and essential goods –is placing additional strain on employees. This situation not only affects their financial stability but also has broader implications for their overall welfare, job satisfaction and productivity. As staff face these challenges, their ability to perform effectively at work may diminish, further affecting the organisation's operations and success.

Mitigations

- Established security operations centres to improve monitoring and response to incidents
- Implement various innovative loss prevention procedures to reduce losses and deter criminal activity
- Build strong relationships with law enforcement agencies to enhance response effectiveness during incidents
- Provide fast and focused trauma counselling for staff involved in security incidents and a trauma line for staff support and guidance during emergencies
- Implement various training and awareness programmes, training staff on effectively handling robbery situations and enhancing staff awareness and preparedness for financial crime schemes and syndicates
- Provide on-site support services, including fully equipped clinics for staff
- Provide group-sponsored shuttle services to offset employee commuting expenses, particularly in areas with limited public transport options
- Expand employee wellness programmes to include physical health checks, financial literacy workshops, stress management courses and mental health support
- Invest in skill-building and career development opportunities that enable employees to advance within the organisation, increasing their earnings potential

Material matters

- #1 Customer focus
- #3 Maintaining a low cost of doing business
- #4 Attracting and retaining talent
- #5 Allocating capital effectively

10 Regulatory change and compliance complexity

Risk context

The regulatory landscape is becoming increasingly complex, posing significant challenges for business operations. Stricter compliance demands across multiple jurisdictions require heightened vigilance and resource allocation. Government initiatives focused on cybersecurity, operational resilience, data privacy, IT governance, third-party risk management and financial crime – particularly in the regulated financial services sector – are intensifying, especially as South Africa aims to exit the Financial Action Task Force grey list. Numerous ESG-related regulations are also being introduced, alongside new rules in the digital and payment industries. The group must proactively refine its compliance strategies to navigate these challenges, ensuring resilience and positioning itself for sustainable growth amid the evolving regulatory environment.

Mitigations

- Create a comprehensive compliance register that highlights key regulations related to business activities, ensuring adherence to corporate governance standards
- Established reporting framework for compliance status in place and shared with the board to ensure accountability
- Continuously review new compliance developments and security trends to keep policies and practices relevant
- Distribute relevant alerts and compliance updates to business stakeholders to maintain awareness and understanding of compliance obligations
- Maintain open lines of communication with regulatory authorities to stay informed about upcoming changes and expectations
- Develop and implement an incident response plan for potential compliance breaches to mitigate risks promptly

Material matters

- #3 Maintaining a low cost of doing business
- #4 Attracting and retaining talent

Retail footprint

	30 September 2023		Openings	Closures	Net movement		30 September 2024	
	Retail stores	Retail area '000 m²	Retail stores	Retail stores	Retail stores	Retail area '000 m²	Retail stores	Retail area '000 m²
Clothing and general merchandise	**4 888**	**1 870**	**202**	**(97)**	**105**	**40**	**4 993**	**1 910**
PEP	2 602	903	58	(43)	15	7	2 617	910
Ackermans	1 027	548	37	(23)	14	9	1 041	557
PEP Africa	227	89	4	(1)	3	1	230	90
Speciality[1]	891	225	61	(30)	31	3	922	228
Avenida	141	105	42	–	42	20	183	125
Lifestyle	**892**	**391**	**54**	**(40)**	**14**	**4**	**906**	**395**
Home[2]	756	311	43	(36)	7	1	763	312
Tech[3]	136	80	11	(4)	7	3	143	83
Pepkor	**5 780**	**2 261**	**256**	**(137)**	**119**	**44**	**5 899**	**2 305**

1 Includes Tekkie Town, Dunns, Refinery, Shoe City, CODE and S.P.C.C
2 Includes Russells, Bradlows, Rochester and Sleepmasters
3 Includes Incredible and HiFi Corp

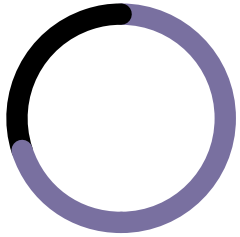


Shareholder analysis

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	25 378	67.31	2 416 463	0.07
1 001 – 10 000 shares	9 042	23.98	32 660 336	0.89
10 001 – 100 000 shares	2 228	5.91	65 537 742	1.78
100 001 – 1 000 000 shares	772	2.05	259 329 290	7.04
1 000 001 shares and over	281	0.75	3 323 711 193	90.23
Total	37 701	100.00	3 683 655 024	100.00
Distribution of shareholders				
Strategic investments	2	0.01	1 111 708 550	30.18
Pension funds	180	0.48	725 717 761	19.70
Unit trusts	310	0.82	699 091 872	18.98
Private investors	107	0.28	309 474 923	8.40
Mutual funds	136	0.36	211 722 980	5.75
Sovereign wealth	19	0.05	199 771 749	5.42
Trading position	23	0.06	91 232 347	2.48
Insurance companies	20	0.05	70 710 150	1.92
Hedge funds	22	0.06	57 568 359	1.56
Exchange-traded funds	41	0.11	50 657 928	1.38
Corporate holdings	4	0.01	13 953 088	0.38
Charities	16	0.04	13 259 670	0.36
Custodians	16	0.04	12 755 474	0.35
Medical aid schemes	10	0.03	12 213 155	0.33
Universities	8	0.02	5 360 015	0.15
Local authorities	1	0.00	3 666 342	0.10
Foreign governments	1	0.00	1 226 271	0.03
ESG	2	0.01	1 144 113	0.03
Private equity	1	0.00	963 519	0.03
Investment trusts	2	0.01	435 407	0.01
Black economic empowerment	2	0.01	250 000	0.01
Other managed funds	2	0.01	100 762	0.00
Remainder	36 776	97.56	90 670 589	2.46
Total	37 701	100.00	3 683 655 024	100.00
Public/non-public shareholders				
Public shareholders	37 698	99.99	2 566 616 196	69.71
Non-public shareholders				
Directors and associates	–	0.00	–	0.00
Strategic holdings (more than 10%)	2	0.01	1 111 708 550	30.18
Treasury shares	1	0.00	4 108 175	0.11
Total	37 701	100.00	3 683 655 024	100.00

	Number of shares	%
Beneficial shareholders holding 1% or more		
Ainsley Holdings Proprietary Limited	1 041 708 550	28.28
Government Employees Pension Fund	429 056 560	11.65
Titan Premier Investments Proprietary Limited	140 600 000	3.82
Government of Norway	104 736 745	2.84
Alexander Forbes Investments	78 841 451	2.14
Various retail investors	72 633 453	1.97
SAHPL Proprietary Limited	70 000 000	1.90
Titan FinCap Solutions RF Proprietary Limited	41 485 785	1.13
Coronation Top 20 Fund	41 913 278	1.14
Old Mutual Life Assurance Company Limited	41 377 546	1.12
Vanguard Total International Stock Index	38 392 152	1.04
Total	2 100 745 520	57.03
Fund managers holding 1% or more		
Public Investment Corporation (PIC)	327 323 537	8.89
Coronation Asset Management Proprietary Limited	211 226 320	5.74
Titan Premier Investments Proprietary Limited	182 085 785	4.95
M&G Investment Managers Proprietary Limited	136 212 219	3.70
Sanlam Investment Management	118 947 067	3.23
Truffle Asset Management Proprietary Limited	113 038 664	3.07
The Vanguard Group Incorporated	102 713 271	2.79
Value Capital Partners	80 694 964	2.19
BlackRock Advisors LLC	75 246 833	2.04
Abax Investments	67 131 426	1.82
Allan Gray Proprietary Limited	66 799 774	1.81
Fidelity Management & Research Company	50 996 066	1.38
Camissa Asset Management	49 331 187	1.34
Fairtree Asset Management Proprietary Limited	49 050 410	1.34
Total	1 630 797 523	44.29

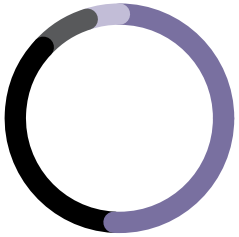
Free float



Public shareholders 70%

Non-public shareholders 30%

Geographic split of beneficial shareholders



South Africa 51%

UK & Europe 36%

USA & Canada 8%

Other 5%

Share performance

Analysis of trading

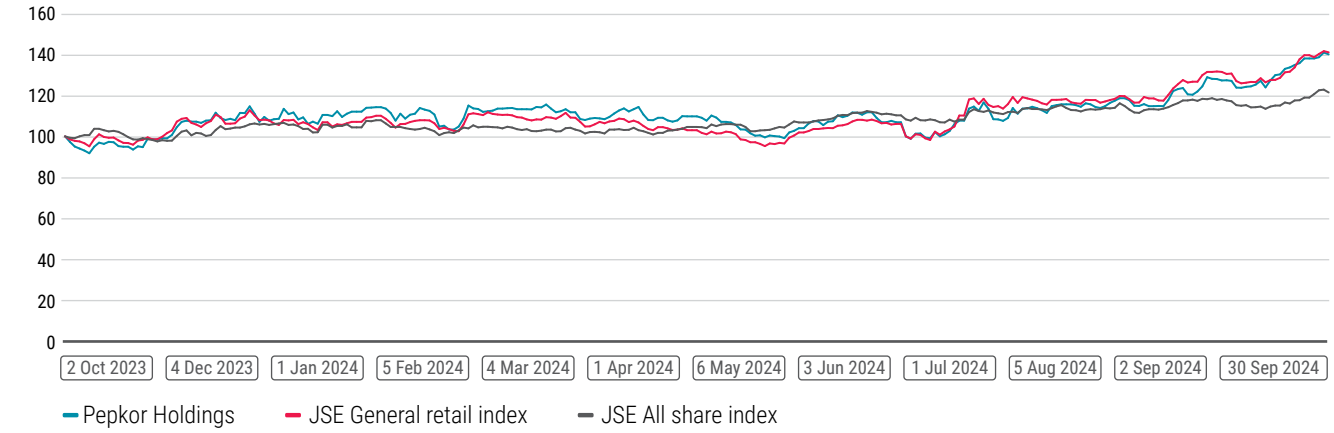
Month	High close (cents)	Low close (cents)	Volume (million shares)	Value (Rm)
October 2023	1 718	1 575	161	2 658
November 2023	1 970	1 730	197	3 644
December 2023	1 963	1 822	88	1 665
January 2024	1 978	1 775	170	3 185
February 2024	1 986	1 855	64	1 222
March 2024	1 965	1 842	126	2 396
April 2024	1 894	1 703	104	1 850
May 2024	1 921	1 698	163	2 953
June 2024	2 003	1 703	1 335	24 850
July 2024	2 039	1 908	301	5 947
August 2024	2 216	1 972	157	3 297
September 2024	2 424	2 127	342	7 854

Key statistics (12 months to September 2024)

Traded price (cents per share)	
Close	2 409
High	2 424
Low	1 575

Market capitalisation as of 30 September 2024 (R billion)	88.7
Value of shares traded (R billion)	61.5
Value traded as % of market capitalisation	69.3%
Volume of shares traded (million)	3 208
Volume traded as a % of number of shares in issue	87.1%
PE ratio (statutory headline earnings)	17.2
Dividend yield (based on FY23 dividend declared)	2.2%
Earnings yield (statutory headline earnings)	7.3%
Period-end market price/NAV	1.52
Shares in issue (million)	3 683
Average number of shares in issue (million)	3 677
Net shares issued during the year – net of share repurchases (million)	16.2

PPH vs General retail index vs All share index (Rebased to 100%)



JSE All share index
21%

JSE General retail index
41%

Pepkor Holdings
40%

Source: IRESS

Independent auditor's assurance report

on the compilation of pro forma financial information for the period ended 30 September 2024 included in the Pepkor reviewed annual results for the year ended 30 September 2024

To the directors of Pepkor Holdings Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Pepkor Holdings Limited (Pepkor or the company) and its subsidiaries (together the group) by the directors. The pro forma financial information, as set out on pages 27 to 30 of Pepkor's reviewed annual results for the year ended 30 September 2024 (the document), consists of non-IFRS measures/constant currency information/week 52/53 impact (the pro forma financial information). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the Listings Requirements of the JSE Limited (the JSE Listings Requirements), including Guidance Letter: *Presentation of constant currency information* dated 16 August 2012 and described in the pro forma financial information section of the pro forma financial information (the applicable criteria).

The pro forma financial information has been compiled by the directors solely to illustrate the impact of removing the results of week 53 from the 30 September 2023 revenue and trading profit, the impact of constant currency disclosure and the impact of the goodwill and trade and brand name asset impairment as required by IFRS Accounting Standards on the 30 September 2024 results.

As part of this process, information about the group's consolidated financial position and financial performance has been extracted by the directors from the group's reviewed annual results for the year ended 30 September 2024, on which a review opinion was issued on 25 November 2024.

Directors' responsibility for the pro forma financial information

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors,* issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

The firm applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent auditor's assurance report *continued*

Auditor's responsibility

Our responsibility is to express an opinion, as required by the JSE Listings Requirements, about whether the pro forma financial information has been compiled, in all material respects, by the directors, on the basis of the applicable criteria, based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of the pro forma financial information included in the document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the events, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the group, the events in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D de Jager
Registered Auditor
Stellenbosch, South Africa
25 November 2024

Pro forma financial information

The pro forma financial information, which is the responsibility of the group's directors, is presented in accordance with the JSE Listings Requirements, including Guidance Letter: *Presentation of constant currency information* dated 16 August 2012, and the SAICA Guide on Pro Forma Financial Information. Certain financial information presented in these annual financial results constitutes pro forma financial information and is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present the group's financial position, changes in equity, results of operations or cash flows. An assurance report (in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a prospectus issued by the International Auditing and Assurance Standards Board) has been issued by the group's auditor, PricewaterhouseCoopers Inc., in respect of the pro forma financial information included in this announcement. The pro forma financial information should be read in conjunction with this assurance report.

Impact of week 53

The group's South Africa-based clothing retailers report on the retail calendar of trading weeks, which treats each calendar year as having a 52 trading week period, incorporating sales from Sunday to Saturday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year, which is not considered material for the group on an annual basis. However, these days are brought into account approximately every six years by including a 53rd week. Accordingly, the results for the prior year include 53 weeks of sales for the group's clothing retailers vs 52 weeks in the current financial year.

In order to provide a comparison between the current and previous financial year, the financial information has been presented below to exclude the impact of the extra week of trade in the prior financial year.

The group calculated the impact of the 53rd week as follows:

- The sale of merchandise and the related cost is extracted from the group's accounting records.
- Expenses have been included based on management's judgement and management information available.
- Interest has been included based on actual interest (income and expense) extracted from the groups accounting records.
- A South African statutory tax rate of 27% has been applied.

	52 weeks Year ended 30 September 2024 Reviewed[1] Rm	As reported 53 weeks Year ended 30 September 2023 Restated[2] Reviewed[1] Rm	Week 53 Adjustment Year ended 30 September 2023 Reviewed Rm	Pro forma 52 weeks Year ended 30 September 2023 Restated[2] Reviewed Rm	% change on prior year Rm
Revenue	**85 136**	78 960	(994)	77 966	9.2
Operating profit before capital items	**9 802**	9 044	(304)	8 740	12.2
Profit/(loss) for the year	**2 083**	(1 290)	(217)	(1 507)	238.2
Profit/(loss) attributable to:					
Equity holders of the parent	**2 072**	(1 298)	(217)	(1 515)	236.8
Non-controlling interests	**11**	8	–	8	37.5
Profit/(loss) for the year	**2 083**	(1 290)	(217)	(1 507)	238.2
Total basic earnings per share	**56.4**	(35.4)	(5.9)	(41.3)	236.6
Total diluted earnings per share	**55.8**	(34.9)	(5.8)	(40.7)	237.1
Total headline earnings per share	**148.5**	149.2	(5.9)	143.3	3.6
Total diluted headline earnings per share	**146.8**	147.4	(5.8)	141.6	3.7

[1] The current and prior year numbers were extracted without adjustments from the reviewed condensed consolidated financial statements of the group for the year ended 30 September 2024.
[2] Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 6 and 7 in the reviewed condensed consolidated financial statements.

Normalised earnings, headline earnings, diluted earnings and diluted headline earnings per share (EPS, HEPS, DEPS and DHEPS)

The groups' reported EPS, HEPS, DEPS and DHEPS are adjusted for the impact of the goodwill and trade and brand name asset impairment in the current year.

Pro forma financial information *continued*

The table below presents the adjustments to the items reported:

	As reported	Goodwill and trade and brand names impairment	Pro forma after adjustments	As reported	IFRS 16 adjustment	Property insurance claim adjustment	Goodwill and trade and brand names impairment	Pro forma after adjustments	
	Year ended 30 September 2024 Reviewed[1] Rm	Year ended 30 September 2024 Reviewed[2] Rm	Year ended 30 September 2024 Reviewed Rm	Year ended 30 September 2023 Restated[3] Reviewed Rm	Year ended 30 September 2023 Reviewed[2] Rm	Year ended 30 September 2023 Restated[3] Reviewed[2] Rm	Year ended 30 September 2023 Reviewed[2] Rm	Year ended 30 September 2023 Restated[3] Reviewed[2] Rm	Pro forma % change on prior year
Revenue	**85 136**	**–**	**85 136**	78 960	–	–	–	78 960	7.8
Cost of sales	**(52 527)**	**–**	**(52 527)**	(50 226)	–	–	–	(50 226)	(4.6)
Gross profit	**32 609**	**–**	**32 609**	28 734	–	–	–	28 734	13.5
Other income	**1 034**	**–**	**1 034**	1 176	–	–	–	1 176	(12.1)
Operating expenses	**(16 718)**	**–**	**(16 718)**	(14 810)	(392)	–	–	(15 202)	(10.0)
Debtors' costs	**(2 527)**	**–**	**(2 527)**	(1 689)	–	–	–	(1 689)	(49.6)
Operating profit before depreciation, amortisation and capital items	**14 398**	**–**	**14 398**	13 411	(392)	–	–	13 019	10.6
Depreciation and amortisation	**(4 596)**	**–**	**(4 596)**	(4 367)	–	–	–	(4 367)	(5.2)
Operating profit before capital items	**9 802**	**–**	**9 802**	9 044	(392)	–	–	8 652	13.3
Capital items	**(2 908)**	**2 741**	**(167)**	(6 828)	–	(37)	6 613	(252)	33.7
Operating profit	**6 894**	**2 741**	**9 635**	2 216	(392)	(37)	6 613	8 400	14.7
Finance costs	**(3 447)**	**–**	**(3 447)**	(2 997)	–	–	–	(2 997)	(15.0)
Finance income	**279**	**–**	**279**	272	–	–	–	272	2.6
Profit/(loss) before associated income	**3 726**	**2 741**	**6 467**	(509)	(392)	(37)	6 613	5 675	14.0
Share of net profit of associate	**–**	**–**	**–**	7	–	–	–	7	(100.0)
Profit/(loss) before taxation	**3 726**	**2 741**	**6 467**	(502)	(392)	(37)	6 613	5 682	13.8
Taxation	**(1 386)**	**(43)**	**(1 429)**	(1 083)	106	10	(26)	(993)	(43.9)
Profit/(loss) for the year from continuing operations	**2 340**	**2 698**	**5 038**	(1 585)	(286)	(27)	6 587	4 689	7.4
(Loss)/profit from discontinued operations	**(257)**	**–**	**(257)**	295	–	(6)	–	289	(188.9)
Profit/(loss) for the year	**2 083**	**2 698**	**4 781**	(1 290)	(286)	(33)	6 587	4 978	(4.0)
Profit/(loss) attributable to:									
Equity holders of the parent	**2 072**	**2 698**	**4 770**	(1 298)	(286)	(33)	6 587	4 970	(4.0)
Non-controlling interests	**11**	**–**	**11**	8	–	–	–	8	37.5
Profit/(loss) for the year	**2 083**	**2 698**	**4 781**	(1 290)	(286)	(33)	6 587	4 978	(4.0)
Pro forma headline earnings are adjusted for the goodwill and trade and brand names impairment as follows:									
Earnings attributable to ordinary shareholders	**2 072**	**2 698**	**4 770**	(1 298)	(286)	(33)	6 587	4 970	(4.0)
Capital items (note 3 in the reviewed condensed consolidated financial statements)	**3 459**	**(2 741)**	**718**	6 830	–	45	(6 613)	262	> 100
Taxation effect of pro forma information	**(79)**	**43**	**(36)**	(56)	–	(12)	26	(42)	14.3
Headline earnings attributable to ordinary shareholders	**5 452**	**–**	**5 452**	5 476	(286)	–	–	5 190	5.0
Earnings per share (cents)[4]									
Total basic earnings per share from continuing operations	**63.4**	**73.5**	**136.9**	(43.4)	(7.8)	(0.7)	179.5	127.6	7.3
Total basic earnings per share from discontinued operations	**(7.0)**	**–**	**(7.0)**	8.0	–	(0.2)	–	7.8	(189.7)
Total basic earnings per share[4]	**56.4**	**73.5**	**129.9**	(35.4)	(7.8)	(0.9)	179.5	135.4	(4.1)
Total headline earnings per share from continuing operations	**140.2**	**–**	**140.2**	140.8	(7.8)	–	–	133.0	5.4
Total headline earnings per share from discontinued operations	**8.3**	**–**	**8.3**	8.4		–	–	8.4	(1.2)
Total headline earnings per share[4]	**148.5**	**–**	**148.5**	149.2	(7.8)	–	–	141.4	5.0
Total diluted earnings per share from continuing operations	**62.7**	**72.7**	**135.4**	(42.8)	(7.7)	(0.7)	177.3	126.1	7.4
Total diluted earnings per share from discontinued operations	**(6.9)**	**–**	**(6.9)**	7.9	–	(0.2)	–	7.7	(189.6)
Total diluted earnings per share[4]	**55.8**	**72.7**	**128.5**	(34.9)	(7.7)	(0.9)	177.3	133.8	(4.0)
Total diluted headline per share from continuing operations	**138.6**	**–**	**138.6**	139.1	(7.7)	–	–	131.4	5.5
Total diluted headline earning per share from discontinued operations	**8.2**	**–**	**8.2**	8.3	–	–	–	8.3	(1.2)
Total diluted headline earnings per share [4]	**146.8**	**–**	**146.8**	147.4	(7.7)	–	–	139.7	5.1

Notes to the pro forma financial information

1 The current year numbers were extracted without adjustments from the reviewed condensed consolidated financial statements of the group for the year ended 30 September 2024.

2 The adjustments represents the impact of the goodwill and trade and brand names intangible asset impairment (2023: significant lease modification relating to the PEP Hammarsdale DC, the insurance claim received relating to the replacement of property, plant and equipment damaged as a result of the floods in KwaZulu-Natal and the impact of the goodwill and trade and brand names intangible asset impairment).

3 Prior year comparatives have been extracted from the pro forma financial information included in the Pepkor reviewed annual results for the year ended 30 September 2023 and have been restated for the effect of the discontinued operation as detailed in note 7 in the reviewed condensed consolidated financial statements.

4 Pro forma earnings and diluted earnings per share, headline earnings and diluted headline earnings per share are calculated on the same basis and using the same weighted average number of ordinary shares and weighted average number of dilutive ordinary shares as per note 6 of the notes to the reviewed condensed consolidated financial statements of the group for the year ended 30 September 2024.

Pro forma financial information *continued*

Pro forma constant currency disclosure

The Pepkor group discloses unaudited constant currency information to indicate PEP Africa and Avenida's performance in terms of sales growth, excluding the effect of foreign currency fluctuations. To present this information, current year turnover for these businesses reported in currencies other than South African rand is converted from local currency actuals into South African rand at the prior period's actual average exchange rates per country. The table below sets out the approximate average rand cost for one unit as well as percentage change in sales, based on the actual continuing results for the period, in reported currency and constant currency, for the basket of currencies in which these businesses operate.

	Average exchange rate		Reported currency		Constant currency	
Change in sales on prior year (%)	**2024**	2023	On the prior period 53 weeks	On the prior period 52 weeks	On the prior period 53 weeks	On the prior period 52 weeks
Angolan kwanza	**0.0222**	0.0320	**(9.03)**	**(6.09)**	**30.87**	**35.11**
Malawian kwacha	**0.0116**	0.0176	**19.39**	**22.91**	**81.09**	**86.43**
Mozambican metical	**0.2869**	0.2830	**(5.84)**	**(4.25)**	**(7.09)**	**(5.52)**
Zambian kwacha	**0.7564**	0.9960	**(10.62)**	**(8.15)**	**17.69**	**20.94**
Total PEP Africa			**(6.14)**	**(3.73)**	**19.45**	**22.53**
Brazilian real	**3.6030**	3.5877	**20.58**	**20.58**	**20.06**	**20.06**

Glossary

AGM	annual general meeting
AI	artificial intelligence
B-BBEE	broad-based black economic empowerment
B2B	business-to-business
B2C	business-to-consumer
bn	billion
bps	basis points
CAGR	compound annual growth rate
CEO	chief executive officer
CFH	clothing, footwear and homeware
CFO	chief financial officer
CGM	Clothing and general merchandise
COO	chief operating officer
COVID-19	novel coronavirus (SARS-CoV-2)
cps	cents per share
CSI	corporate social investment
DC	distribution centre
DEPS	diluted earnings per share
DHEPS	diluted headline earnings per share
EBITDA	earnings before interest, taxes, depreciation and amortisation
ECD	early childhood development
EPS	earnings per share
Eskom	South Africa's public electricity utility
ESG	environmental, social and governance
EVP	employee value proposition
FAE	Furniture, appliances and electronics
FinTech	Financial and technology
FMCG	fast-moving consumer goods
FTSE	Financial Times Stock Exchange 100 Index
FY	financial year
GfK	Growth from Knowledge data and consumer goods intelligence market research company
HEPS	headline earnings per share
IFRIC	International Financial Reporting Interpretations Committee
IFRS	IFRS Accounting Standards
ILO	International Labour Organisation
<IR> Framework	Integrated Reporting Framework
IRBA	Independent Regulatory Board of Auditors
ISAE	International Standard on Assurance Engagements
IR	Integrated Reporting
IT	information technology
JSE	Johannesburg Stock Exchange
m	million
m^2	square metre
MNO	mobile network operator
MWp	megawatt peak
NAV	net asset value
OECD	Organisation for Economic Co-operation and Development
OGR	ongoing revenue
PE ratio	price-earnings ratio
PepClo	Pep Clothing
PKL	Pepkor Logistics
POPIA	Protection of Personal Information Act
PPH	Pepkor Holdings Limited JSE share code
PPL	Pepkor Payments and Lending
PPS	Pepkor Product Solutions
Rbn	rand billion
R-CTFL	Retail – Clothing, Textile, Footwear and Leather
RLC	Retailers' Liaison Committee
Rm	rand million
RONA	return on net assets
SAICA	South African Institute of Chartered Accountants
SDG	Sustainable Development Goal
SEM	socio-economic measure (previously LSM)
SETA	Sector Education and Training Authority
SMMEs	small, medium and micro enterprises
UNGC	United Nations Global Compact
UN SDGs	United Nations Sustainable Development Goals



Corporate information

Registration number 2017/221869/06
Share code PPH
Debt code PPHI
ISIN ZAE000259479
LEI 3789006D677C34F69875

Registered address
36 Stellenberg Road
Parow Industria 7493

Postal address
PO Box 6100, Parow East 7501

Telephone
021 929 4800

Contact
E-mail: investors@pepkor.co.za

Investor relations and debt officer
Ian Nel
E-mail: investors@pepkor.co.za

Press enquiries
E-mail: press@pepkor.co.za

Company secretary
Masood Allie
E-mail: companysec@pepkor.co.za

Auditor
PricewaterhouseCoopers Inc.
5 Silo Square, V&A Waterfront
Cape Town 8012
PO Box 2799, Cape Town 8000

Equity and debt sponsor
Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive, Sandown
Sandton 2196
PO Box 78055, Sandton 2146

Transfer secretary
Computershare Investor Services Proprietary Limited

Shareholder diary

Annual general meeting	**24 February 2025**
Announcement of interim results	**May 2025**
Financial year-end	**30 September 2025**
Announcement of annual results	**November 2025**



PEPKOR

Holdings Limited

www.pepkor.co.za