



PEPKOR
Holdings Limited

Integrated Report 2023

ENTER

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Report navigation

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Integrated reporting suite

This integrated report is primarily aimed at the investor community, and is supported by a suite of reports that provide more detailed and specific information. These reports are published on the group's website. Read together, these represent Pepkor's integrated reporting suite and include:

Sustainability report, Corporate governance report, Remuneration report, Annual financial statements, Notice of annual general meeting

Icon identification

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

Icons for: Relevant pages within the report, Relevant web links, Material matters (#1)

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.

SDG icons: 1 NO POVERTY, 4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The Pepkor Holdings Limited 2023 integrated reporting suite covers the financial year ended 30 September 2023.

PEPKOR

Holdings Limited

01

We make a **positive difference** in the lives of our customers.

1.9 billion
transactions

5 900 stores

50 000 employees



Highlights

Building Better Business

7.7%
growth in revenue to
R87.4 billion

R13 billion
cash generated

27.0%
return on net assets

48.1 cents
dividend declared

Read more: CEO and COO's review

Read more: CFO's review

#5 Allocating capital effectively

Customer value

30 million
identifiable customers

R48
average item price point in
PEP

#1 Customer focus

2 out of 3¹
baby garments sold in SA

1 out of 2¹
kids' garments sold in SA

7 out of 10¹
prepaid handsets sold in SA

¹ Source: Retailers' Liaison Committee (RLC) and Growth from Knowledge (GfK)

Environment

6.0 MWp
solar capacity installed

100%
Recyclable shopping bags
rolled out in PEP and
Ackermans

#3 Maintaining a low cost of doing business

First
 CDP
DRIVING SUSTAINABLE ECONOMIES
submission completed

Read more: Sustainability report



Talent

50 000
employees

4 100
learnerships, internships
and apprenticeships

1.6 million
training hours

4 QUALITY EDUCATION
 8 DECENT WORK AND ECONOMIC GROWTH
#4 Attracting and retaining talent

Communities

20 500
children supported in ECD
centres

R63 million
total CSI spend

1 NO POVERTY
 4 QUALITY EDUCATION

Supply chain

4%
fuel saving per cubic metre
of stock delivered

246 million
clothing, footwear and accessory
units sourced locally

94%
of trade suppliers committed to
Pepkor's updated supplier code
of conduct

#2 Maintaining an efficient and
effective supply chain

02

Our purpose and values drive our philosophy of continuously **building a better business** for all stakeholders.

4 Chair's review

5 CEO and COO's review

Overview of our business





Wendy Luhabe
Independent
non-executive chair

Chair's review

Pepkor continued to play a vital role in the South African economy in FY23.

Key changes in leadership

4 100 learnerships provided

I am pleased to present the seventh Pepkor integrated report, for the 2023 financial year (FY23).

Performance in FY23 and beyond

The group exhibited resilience, performing well and remaining the preferred choice among customers when they have the capacity to spend.

Performance by the Avenida business in Brazil was particularly pleasing, contributing positively to diversification efforts. The group's diversified portfolio, along with a cash-generative business model and a disciplined focus on retail disciplines and costs, helped mitigate the negative effects on performance. The group declared a dividend of 48.1 cents per share, showcasing excellent cash generation.

The board reviewed and approved the group's three-year plan to 2026 and the budget for the 2024 financial year (FY24). The plan encompasses exciting strategic initiatives, value-creation plans and capital allocation strategies aimed at leveraging Pepkor's strong position in the discount and value market to drive growth and create sustainable value for all stakeholders.

Overall, the group faced numerous challenges that impacted its performance, including high unemployment, persistent poverty levels, ongoing load shedding and disruptions to social grant payments. The weaker exchange rate and elevated interest rates further strained the group's ability to shield customers from inflation effects.

Governance and leadership

It was encouraging to receive overwhelming support of above 85% for both our remuneration policy and implementation report at our annual general meeting (AGM) held in March 2023. Pepkor has made

substantial progress regarding remuneration governance and disclosure, which was demonstrated by the support received at the AGM.

Pepkor welcomed two former employees with considerable retail sector knowledge and experience back to its leadership team on 1 October 2022. Pieter Erasmus was appointed as chief executive officer (CEO) (and as a member of the social and ethics committee), while Sean Cardinaal was appointed as chief operating officer (COO). The board is confident that these appointments will accelerate the strategic growth of the group.

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 a wealth of experience in marketing and creative innovation, which will be an asset to Pepkor.

Pepkor's role in society

Pepkor remains committed to diversity and inclusion, maintaining its Level 7 broad-based black economic empowerment score. Increased focus on integrating sustainability into strategy and enhanced disclosure regarding environmental, social and governance (ESG) matters has resulted in pleasing progress.

What is paramount is that we continue to provide customers with very limited financial means access to affordable products and services.

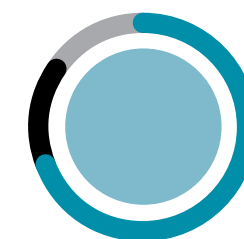
While our country continued to face socio-economic challenges with persistent unemployment and poverty levels, Pepkor continued to support the communities within which it operates with initiatives such as early childhood development (ECD), which assisted 20 500 children. We also provide employment to over 50 000 people. During the year under review, 1.6 million hours of training was provided to employees.

We view learnerships as a key mechanism for development. As a group, we provided 4 100 learnerships during the year. These learnerships were provided to a combination of employed and unemployed learners and represent 28% of Wholesale & Retail SETA sector learnerships completed in 2023. This exceeds the number of learnerships provided by any other retailer in South Africa.

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

Wendy Luhabe
Independent non-executive chair

Board independence and diversity



● Independent non-executive **9/13**
● Non-executive **2/13**
● Executive **2/13**

5/13
black directors

6/13
female directors

[Read more: Corporate governance report](#)



Pieter Erasmus
Chief executive
officer



Sean Cardinaal
Chief operating
officer

CEO and COO's review

**FY23 was a trying but
successful year for Pepkor.**

**Resilient trading and
solid cash generation**

**Reinvention driven by
value creation plans**

**Accelerated
international expansion**

Resilient performance in FY23

Trading strengthened during the second half of FY23, supported by the inclusion of the 53rd trading week (in the group's South Africa-based clothing, footwear and homeware (CFH) retail brands) and robust like-for-like sales performance in most businesses. Ackermans achieved notable progress in clearing merchandise through markdowns, leading to improved like-for-like sales performance.

The group demonstrated outstanding cash generation for the year, with R13.0 billion generated from operations, reflecting a notable increase of 15.9% compared to the previous year. This impressive performance is attributed to excellent working capital management, despite creditor payments before the cut-off due to the 53rd trading week.

The successful implementation of credit interoperability contributed to the group's increased share in the credit sales market, although credit contribution remains substantially lower than that of retail peers.

Capital allocation reviews resulted in consolidation of the group's store footprint. Most notably, this includes store closures in PEP Africa, including the exit from Nigeria, closure of the Dealz discount variety business, closure

and conversion of stand-alone Giovanna footwear stores in the Avenida business, and brand consolidation opportunities in JD Group.

Notwithstanding this, 324 new stores were opened during the year (175 on a net basis, excluding the above-mentioned interventions). The group's store base comprised 5 917 stores at year-end.

The Avenida business surpassed expectations, demonstrating robust sales, volumes and trading density performance. This achievement was realised despite various strategic changes implemented throughout the year, such as the removal of cellular products, the closure of the stand-alone Giovanna store format, the introduction of key value items and the utilisation of group sourcing capabilities. Recognising Avenida's substantial potential for growth and diversification outside of Africa, the group plans to invest additional funds in the business to accelerate its growth plans.

Performance was negatively impacted by a constrained consumer environment, increased competition in the discount and value space, and poor performance in the Ackermans business.

Reinvention of Pepkor

Having spent several years away from the Pepkor group has provided us with a fresh external perspective. One constant that has endured over the years is the remarkable core competencies and capabilities within the traditional retail businesses, enabling the delivery of value to its customers.

Our retail brands excel in offering outstanding products and services to cater to the needs of customers in the discount and value space. Consequently, the group currently accounts for two out of three baby garments, one out of two kids' garments and seven out of 10 prepaid cellular phones sold in South Africa. The evolution of technology and connectivity has prompted us to extend our focus beyond the physical store environment, exploring ways to leverage our traditional retail capability in areas such as financial services, telecommunications and the informal market.

The development of value-creation plans was a key initiative undertaken during the year, encompassing all our retail brands and Group Strategic Services. We have identified four strategic areas of focus where we will actively drive value creation:

Traditional retail

Financial services and telecommunications

Informal market

Efficiencies and leverage

CEO and COO's review *continued*

The reporting segments were modified to more accurately reflect the strategic emphasis on two key areas: traditional retail; and financial services, telecommunications and informal market operations. Traditional retail now encompasses the Clothing and general merchandise, Furniture, appliances and electronics, and Building materials segments. The FinTech segment includes the Financial services businesses, covering credit (Tenacity, Connect), lending (Capfin) and insurance (Abacus), and the Informal market (Flash). This adjustment provides a clearer representation of the organisation's focus areas and business operations.



Traditional retail

CLOTHING AND GENERAL MERCHANDISE SEGMENT

Cement our dominance in the value and discount space – focused on babies' and kids' wear

PEP achieved very pleasing results and expanded market share in the Babies, Adult and Home product categories (September 2023 RLC data). Best price leadership was maintained with a healthy price gap to competitors.

Trading in Ackermans showed a marked improvement in the second half of FY23, achieving market share gains in the Schoolwear, Younger girls and Lingerie categories.

Good progress was made to clear underperforming merchandise through markdowns, resulting in improved inventory levels. Short-term corrective actions were implemented in the late winter and summer 2023 ranges within the confines of product lead times to address merchandise mix and pricing issues. The strategic implementation of the first full product proposition will be in winter 2024.

Ackermans launched a new teenage range, CUBE, which has received a positive response from customers.

Grow our position in womenswear

In the adult wear market we plan to accelerate growth to expand our low market share.

Dedicated leadership capacity was created to review the Ackermans Woman offering with its scalable footprint of 57 stores.

The Speciality business gained market share across most brands in the adult wear market (RLC data). Performance in Tekkie Town was impacted by availability challenges of key brand franchises and an extremely competitive branded footwear market. Strong like-for-like

sales growth was achieved in Refinery, Dunns and Shoe City. CODE apparel was introduced in 100 Tekkie Town stores with promising results and expansion plans in Refinery have been accelerated.

Accelerate international expansion

The repositioning of the Avenida business in Brazil to a discount retailer is ahead of plan with performance in new stores continuing to be strong. As a result, additional investment has been made to accelerate expansion of the retail footprint and distribution network.

Despite a challenging first quarter influenced by disruptions from elections and the football world cup, Avenida demonstrated strong overall performance, surpassing expectations and outperforming its original value-creation plan. The decision to remove Cellular as a product category was driven by insufficient profitability and returns. Additionally, 20 Giovanna stand-alone footwear stores were either closed or converted to Avenida formats.

Avenida strategically enhanced its competitive position by implementing a discount strategy and introducing key value items, resulting in reduced selling prices but yielding increased volumes. We have accelerated Avenida's expansion and doubled the number of planned new store openings in FY24 to 50.

Continued growth in Home

Performance in the Home category continues to exceed expectations with sales growth of 21.9% achieved during the year in PEP HOME. The store footprint was expanded to 393 stores.

CEO and COO's review *continued*

Traditional retail

FURNITURE, APPLIANCES AND ELECTRONICS SEGMENT

Consolidation in JD Group Home

Performance in the Home division was most constrained with a notable increase in contribution from lay-bys. The credit sales mix remained stable at 20%. Across the entire JD Group, the credit sales mix was sustained at 11%, underscoring a conservative approach to credit granting.

Consolidation opportunities are being explored where there is duplication in trading models and the retail footprint.

Expansion in JD Group Tech

The Tech division performed well based on its strong value proposition in key product categories such as computing and cellular. Its B2B product and service offering further supported performance. Two new store formats were developed and successfully launched to supplement the Incredible format. The new Incredible Cellular format, focusing on the higher-end post-paid cellular market, was expanded to five stores. The Incredible (mega) format offers the traditional range of consumer electronics and connected devices, together with a wide range of large and small appliances, with three stores opened.

Add scale and leverage

Opportunities are being considered to add scale to the JD Group business and to leverage its capabilities across the wider group.

BUILDING MATERIALS SEGMENT

Good performance in a challenging sector

The Building Company (TBCo) performed well in the context of a very tough building materials sector. TBCo's customer value proposition was enhanced through an expanded product range into new categories such as garden while the launch of house and private label brands will improve margins. Trading hours have also been extended and now include Sunday trade. The new convenience store format was successfully launched and the store base expanded to 137 retail stores, with six new stores opened during the year.

FinTech

FINANCIAL SERVICES

A combination of the group's product offerings, retail footprint and customer acquisition capability has enabled expansion of the group's financial services offering over many years. During this year, further advancements were made in the areas of credit, lending, insurance and cellular.

Credit

Performance in the financial services businesses was supported by the group's credit interoperability strategy and a high interest rate environment. The group maintained its conservative approach to credit granting. Collections, non-performing loans and provision levels remain well within tolerable levels across all credit books. Credit book growth has, however, resulted in increased debtors' costs for the year.

Tenacity, which supports the South Africa-based clothing and general merchandise retailers, opened a record number of new A+ accounts (794 000) during the year. This positively impacted sales through cross-shopping by customers across group retail brands. The approval rate decreased to 36% from 40% in the prior year, and compares to a historical average approval rate of 38%. New account limits are now 16% below the historical average. Tenacity adopts a more conservative approach compared to peers, where customers are not allowed to make further purchases if one payment is missed. Under this definition, customers able to make purchases amount to

75%, in line with the historical average. The gross credit book increased to R4.5 billion (FY22: R3.4 billion) and provision levels increased to 21% (20% in the prior year) while non-performing loans remained stable.

The Connect credit book, which supports the JD Group business, increased moderately to R1.9 billion (FY22: R1.7 billion). Provision levels were increased to 33% from 31% last year, in line with non-performing loans.

Lending

Capfin's loan base reached 301 000 loans and the gross unsecured credit loan book increased to R2.5 billion (FY22: R2.2 billion). Provisioning was increased to 18% (FY22: 17%), in line with the increase in non-performing loans.

Insurance

The group started to leverage its insurance capability in the Abacus business and introduced credit life cover on Capfin loans and funeral cover in PEP.

Cellular

With the aim of making smartphones affordable for customers, a cellular handset rental product was developed and is being tested in 180 stores. To date, 120 000 cellular rentals have been provided through both the group's internally developed capability and third parties.

INFORMAL MARKET

Although growth expectations in the formalised market in South Africa are subdued, the prospects in the informal market are compelling.

Flash performed well and increased profitability by more than 20% for the year. Annual throughput (virtual turnover based on face value of products sold or cash digitised) increased by 11.6% to R37.1 billion this year.

CEO and COO's review *continued*

Efficiencies and leverage

There has been renewed focus on leveraging our scale and driving efficiencies.

As Pepkor is a predominantly cash-based retailer, we have limited means to identify customers. Through the group's existing sales channels, 30 million customers have been identified and potential exists to expand this. We are in the process of developing a customer value platform that will enable us to identify more customers and use the insights gained from this engagement to broaden our product and service offering to meet customer needs.

The PAXI parcel distribution service, which leverages the retail footprint of PEP and other Pepkor brands in more than 2 800 locations, increased volumes by 18% to 4.9 million during the year.

Having considered the group's entire value chain, we have identified opportunities in the areas of sourcing and logistics with a number of projects well under way.

We also critically evaluated our operating structure and identified opportunities to increase efficiency and reduce costs. This enabled substantial cost savings during the year and will continue in FY24.

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.



[Read more: Sustainability report](#)

The focus on making the unaffordable affordable aligns with PEP's best price leadership, maintaining an average product price point of only R48.

In addressing high unemployment, particularly youth unemployment in South Africa, the group offered 4 100 learnerships to employees and unemployed individuals.

To drive efficiency and business continuity we increased our use of renewable energy sources, investing R62 million in solar PV projects in FY23. This brings the total installed solar capacity to 6 MWp across 68 sites, with plans to add an additional 2.5 MWp in FY24.

We are excited to further integrate our Building Better Business framework across our operating businesses to inform decision-making and scale our sustainability efforts by leveraging our core assets and capabilities.

It is pleasing to see improved recognition of Pepkor and its sustainability efforts by ESG rating agencies, including FTSE, ISS, MSCI and S&P. We are proud to have once again met and exceeded the required threshold for inclusion in the FTSE/JSE Responsible Investment Index, the primary investor and rating scorecard we consistently track. We also completed our first submission to the Climate Disclosure Protocol (CDP) and continued with our Task Force on Climate-Related Financial Disclosures (TCFD) roadmap.

Outlook

The consumer and operating environment in South Africa continue to pose challenges. Substantial disruption in port operations is adversely affecting stock inflows following year-end.

Trading remains resilient and robust during periods when money is injected into the market, such as payment days for social grants, salaries and wages.

We are optimistic and enthusiastic about the potential of our value-creation plans and the future advantages they will deliver to the group and our customers.

Pepkor remains dedicated to fulfilling customer needs and making a positive difference in their lives.

Pieter Erasmus
Chief executive officer

Sean Cardinaal
Chief operating officer

03

Our **scale** enables us to keep costs down to make everyday products and services affordable.

10 How we create value

11 Operating environment

13 Strategy

14 Material matters

18 Risks and opportunities

19 Stakeholders

Value creation



How we create value

In a challenging macro operating environment with limited growth prospects, we create value through the execution of our strategy. We are guided by our purpose to make a positive difference in the lives of our customers.

We leverage our unparalleled and expansive core traditional retail capability to extend our product and service offerings to financial services and telecommunications.

Our close proximity to customers allows us to reach them in the formalised market but also in the bustling informal market. Strategy execution is dependent on and influenced by our 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

Operating environment

The global economy

- Low growth
- High inflation
- High interest rates

While the global economy has shown resilience in its recovery post the COVID-19 pandemic, actual and expected growth levels remain weak. Economic growth is further threatened by the risk of deeper geo-economic fragmentation and continued geopolitical tension.

Central banks globally continue to focus on managing inflation and maintaining financial stability through restrictive monetary policy.

This resulted in a high interest rate environment which is expected to remain for some time, fuelling increased living and debt servicing costs.

Sources: International Monetary Fund, South African Reserve Bank, Statistics South Africa, GG Alcock, The Broadcast Research Council of South Africa research and publications



The South African economy

- High unemployment and poverty
- Bustling informal market activity

With a population of 62 million people, South Africa continues to face significant challenges, including poverty and unemployment, and has the highest level of inequality in the world.

Social security is provided to the poorest in the form of government grants. Twelve million beneficiaries are dependent on government grants, which totals R223 billion. These government grants provide a financial safety net for beneficiaries to ultimately make ends meet. Payments are unfortunately often disrupted, resulting in delays in the distribution of these much-needed funds.

As an emerging economy, South Africa has demonstrated its resilience in facing challenges over many years. Over the past year, the debilitating impact of electricity load shedding severely impacted economic activity, while high levels of inflation drove interest rates higher. As a result, growth expectations for the South African economy remain below 1% until 2025.

The informal market in South Africa is not formally measured but is believed to be a significant contributor (c. R300 billion) to the country's gross domestic product. It is in this informal market where unemployed individuals create opportunities for themselves to earn an income.



The Brazilian economy

The operating environment in Brazil is more favourable, despite challenges experienced by other local retailers. Unemployment is low and there is improved political certainty following the national elections at the end of 2022. Additionally, both inflation and interest rates have receded.

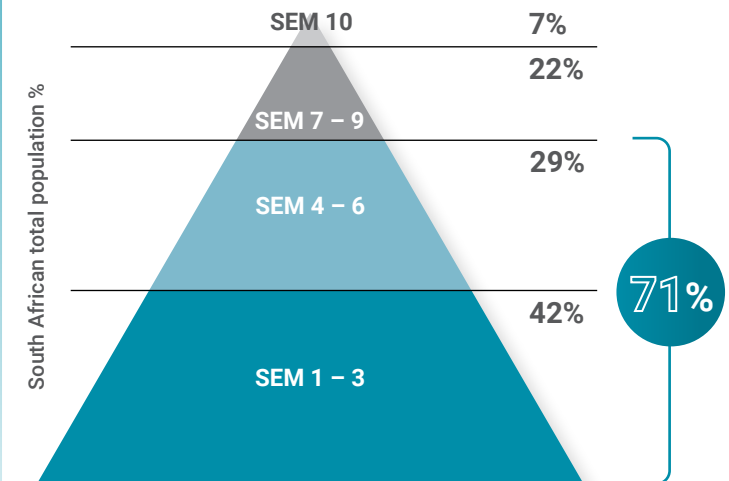
The South African consumer

- Value
- Price
- Connectivity

Consumers in South Africa face increased living costs with high inflation, particularly in the cost of food. In many instances, the ability of consumers to earn an income is under severe strain as electricity load shedding impacts the number of hours or shifts that can be worked.

The socio-economic measure (SEM) depicts how South Africans live and what they have access to. The SEM distribution of the South African population shows that the vast majority – 71% of the total population – find themselves in the lower SEM categories (SEM 1 to 6). These consumers have limited access to products and services based on their limited financial means.

SEM distribution of the South African population



Key priorities for consumers in these categories include food and connectivity, followed by essential clothing and apparel with a clear focus on price and value.

In recent years, competition has intensified in the discount and value retail sectors with many new local and international players looking to gain market share. Overall, this benefits consumers, and retailers need to ensure that their customer value propositions continue to resonate with consumers.

Pepkor's market position

Discount and value leader

On an annual basis:

365 million
physical transactions

1.0 billion
units sold

1.5 billion
virtual transactions processed

This equates to more than

50

transactions every second

In a weak operating environment, we remain focused on achieving growth through delivering affordable value to customers and serving their needs.

In this operating context, Pepkor has established itself as a leader in the discount and value retail sectors of the South African economy. Over the years, the group has developed unparalleled customer acquisition capability and amassed significant market share in product categories such as babies' and kids' apparel and cellular handsets.

Kids and babies

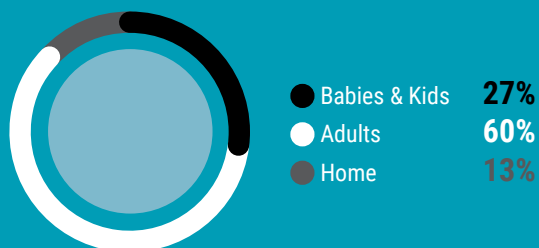
Apparel items sold in South Africa:

2 out of 3
baby garments

1 out of 2
kids' garments

In South Africa, the group holds strong market share in the Babies and Kids categories. Although the Adult category represents the largest product category in the market, our market share has only recently breached 10% and remains under-indexed. In recent years, market share in the Home category has expanded significantly.

RLC market



Our ambition is to recover and strengthen the group's position in the Babies and Kids categories and to accelerate growth in the Adult and Home categories.

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

Connectivity

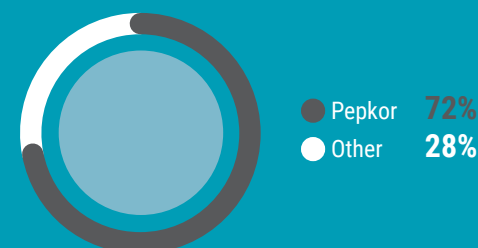
Group sales in South African cellular handset market:

7 out of
every 10
prepaid handsets

57%
of these
are smartphones

11 million
handsets sold

GfK prepaid cellular handset market



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.

Source: GfK data

Informal market
R37.1 billion
cash digitised

Connectivity and smartphones provide an opportunity for the group to extend our reach to customers outside traditional retail stores, and into the informal market. This is further supported by our Flash business with its network of traders in the informal market.

Strategy

Strategy

The group strategy serves customer needs through our offering:

A wide **VARIETY** of products and services are offered, specifically tailored to meet the needs of families. Products are designed to be fit for purpose and to offer unbeatable value.

Buy low

Customer **AFFORDABILITY** is enabled by the group's supply chain, including global sourcing capabilities, scale of operations and low cost of doing business.

Product

Price

Easy access

Sell low

Operate low

ACCESSIBILITY to products and services, regardless of location, is enabled through an extensive store footprint and online retail channels offering multiple payment options through innovative technology.

Areas of focus

Our strategy is executed through our focus areas:

Traditional retail

- Recover and strengthen share in Babies and Kids
- Accelerate growth in Adult
- Accelerate international expansion
- Continue growth in Home
- Consolidate JD Home, expand JD Tech, add scale and leverage

Financial services and telecommunications

- Leverage retail capability in:
 - Credit
 - Lending
 - Insurance
 - Cellular

Informal market

- Continue growth in Flash
- Leverage retail capability in the informal market

Efficiencies and leverage

- Sourcing
- Logistics
- Central costs



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 our top priority, and our business revolves around them. Providing products and services they want, at affordable prices, is crucial.

Customer insights

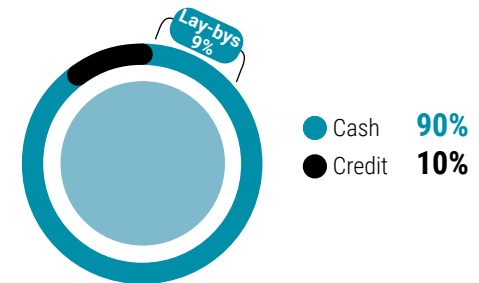
In the ever-changing retail landscape, staying up to date with consumer and market trends is essential. We heavily invest in trend analysis, design insights and behaviour analysis through our dedicated trend and design office and Pepkor Data and Analytics (D&A).

Customer data and insights not only offer commercial benefits but also enable personalised and responsible customer communication. We are developing a customer data platform to enhance customer lifetime value, while providing real value to customers.

Payment options

We offer numerous convenient payment options. As a predominantly cash retailer with low reliance on credit, we provide lay-bys in most retail brands, offering customers more flexibility. The introduction of credit interoperability across CFH retail brands has allowed us to retain customers shopping across the group's retail brands, growing our credit sales contribution in a responsible way. We manage credit conservatively, through central credit methodologies, and contact and customer care centres in Pepkor Payments and Lending (PPL) and Connect for the JD Group. Our credit books perform well with adequate provisions.

Group sales mix



Material matters *continued*

#2 MAINTAINING AN EFFICIENT AND EFFECTIVE SUPPLY CHAIN

Our stores' success relies on our manufactured and intellectual capital, physical infrastructure, experience, knowledge and management capabilities. We prioritise business continuity and efficient delivery, thanks to a strong supply chain, process management and extensive infrastructure built over many years through robust supplier relationships and continuous investment.

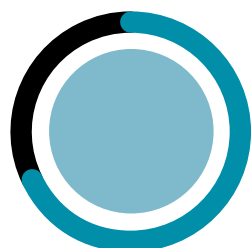
This infrastructure includes our extensive store network, distribution centres (DCs), logistics hubs, logistics operations and technology. We invest substantial capital in ongoing initiatives to optimise our supply chain capability.

Sourcing

Our buying and planning teams have vast experience in sourcing the best products at competitive prices for our customers.

We source CFH products locally and internationally. We have planning, purchasing and supply chain systems to address disruptions effectively.

Pepkor CFH sourcing



● International **68%**
● Local **32%**

We own and operate our own sourcing office in China, Pepkor Product Solutions. This central team has an on-the-ground presence in China dealing directly with suppliers and leverages the scale of the group's order volumes. The team also collaborates with buying and logistics teams throughout the product journey.

Pepkor is a signatory to the South African government's 2030 Retail – Clothing, Textile, Footwear and Leather Master Plan (R-CTFL Master Plan), which seeks to grow local sourcing. The group is the biggest local sourcing retailer in terms of CFH units and sources 246 million units locally. We own and operate the largest clothing manufacturing facility under one roof in South Africa. PepClo employs 1 800 people and produces affordable schoolwear sold in PEP and Ackermans stores.

JD Group sources 99% of its furniture products locally and supports the Furniture Industry Master Plan. TBCo procures 74% of its products from local suppliers.

Supply chain visibility is complex and we are centralising efforts to improve this. Our supplier code of conduct addresses social and environmental matters.

[Read more: Sustainability report: Responsible sourcing](#)

Distribution

Each retail brand manages its own inbound logistics and DCs. Group scale in CFH is leveraged in outbound logistics through Pepkor Logistics (PKL), managing distribution to stores and optimising routes and efficiency.

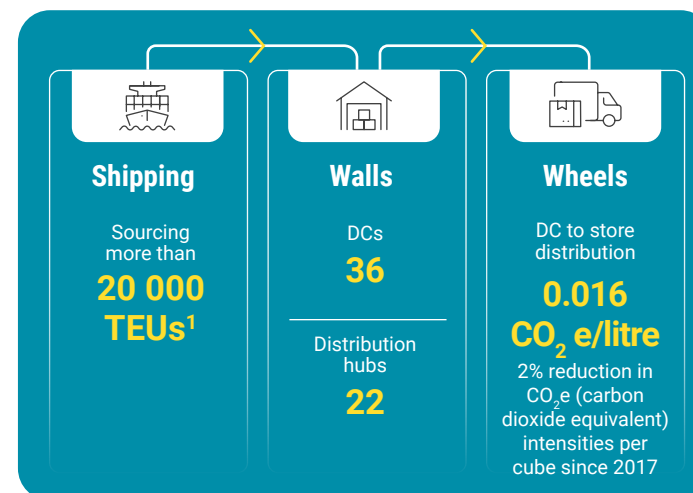
JD Group has extensive distribution capability in high-value items and e-commerce.

There are a number of projects running across the group to leverage commonality within distribution and these will continue to drive efficiencies.

The 150 000 m² PEP DC in Hammarsdale was successfully commissioned this year at a total investment cost of R1.5 billion, supporting long-term growth prospects.

[Read more: Hammarsdale DCs case study](#)

Technology is integral to our supply chain management. We utilise our intellectual property and retail experience to implement technology innovations, including information technology (IT) systems, platforms, and hardware/software for connectivity and store operations, as well as cutting-edge developments like 3D product design for enhanced efficiency and merchandising.



¹ Twenty-foot equivalent unit (cargo capacity) shipping container

Material matters *continued*

#3

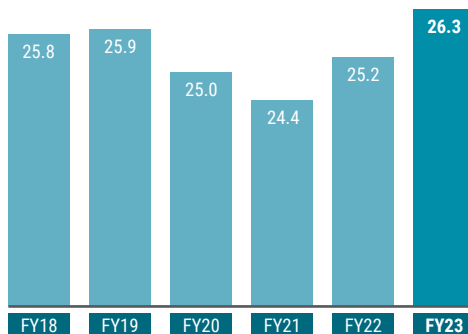
MAINTAINING A LOW COST OF DOING BUSINESS

To enable affordability for customers, we are committed to providing them with the best prices by keeping our operating costs low and passing on any savings to them.

Pepkor is well known for its value and price leadership and the lowest cost of doing business in the market. This is achieved through rigorous cost management, efficient systems and through leveraging scale and volumes. This approach extends to various areas, from foreign currency hedging to daily store operations.

We consistently maintain merchandise inflow margins, passing any efficiencies on to customers.

Low cost of doing business (%)



#4

ATTRACTING AND RETAINING TALENT

Our employees are our cultural ambassadors, led by a dedicated and experienced team with industry and group expertise.

Across our group, every operating business and retail brand adds value to customers, driven by their unique cultures. These cultures are upheld and fostered by our talented employees, who are crucial to our success.

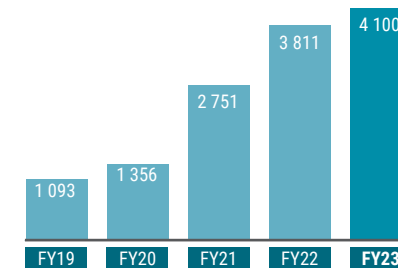
In the competitive landscape of scarce specialist retail, IT, financial services and telecommunications skills, we balance internal promotions with external appointments. During FY23, 1 485 internal promotions were made. Our human resource strategy aligns with our group's goals and growth plans.

Our primary focus is job preservation, complemented by our commitment to learnerships, which support our employment pipeline while contributing to government initiatives and economic growth. We have enrolled 4 100 learners this year, with a special emphasis on those with disabilities.

[Read more: Skills development case study](#)

We offer various development and wellness programmes to empower our employees to excel in both their work and personal lives. Women play a vital role in our employment equity initiatives, with 73% of our store managers in South Africa being black females.

Learnerships, internships and apprenticeships



Material matters *continued*

#5 ALLOCATING CAPITAL EFFECTIVELY

Pepkor's aim is to utilise cash generated and profits to fund growth initiatives. Low debt levels are maintained to enable flexibility and decision-making to enable growth. Our capital allocation priorities are as follows:

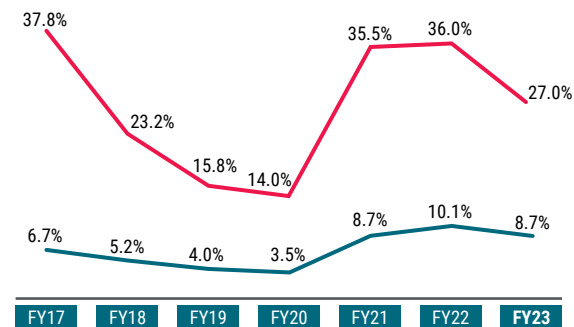
- 1. Organic growth:** Continued expansion of our traditional retail footprint and growing financial services and telecommunications capability to serve customer needs.
- 2. Mergers and acquisitions:** Expanding into existing and new market segments and geographies where our scale and experience offer an advantage.
- 3. Share repurchases:** Repurchasing shares to prevent earnings dilution due to the group's equity-based long-term share incentive scheme.

- 4. Dividends:** Our current dividend policy aims to pay dividends at 3 times earnings cover, evaluated annually by the board.

Capital allocation decisions are based on individual value-creation plans submitted by operating businesses. Returns need to well exceed the group's weighted average cost of capital (WACC).

The ambition is to maintain debt levels within targeted ranges of 0.5 times and 1.0 times net debt-to-EBITDA.

Return on equity and Return on net assets



SEVEN-YEAR AVERAGE

— Return on net assets

27.0%

— Return on equity

6.7%



Risks and opportunities

Risks and opportunities evolve over time as the business adapts to an ever-changing and challenging operating environment. Our approach to risk management is pragmatic and remains relevant to the group's context.

Our approach to risk management is consistent with previous years and opportunities are discussed throughout this report.

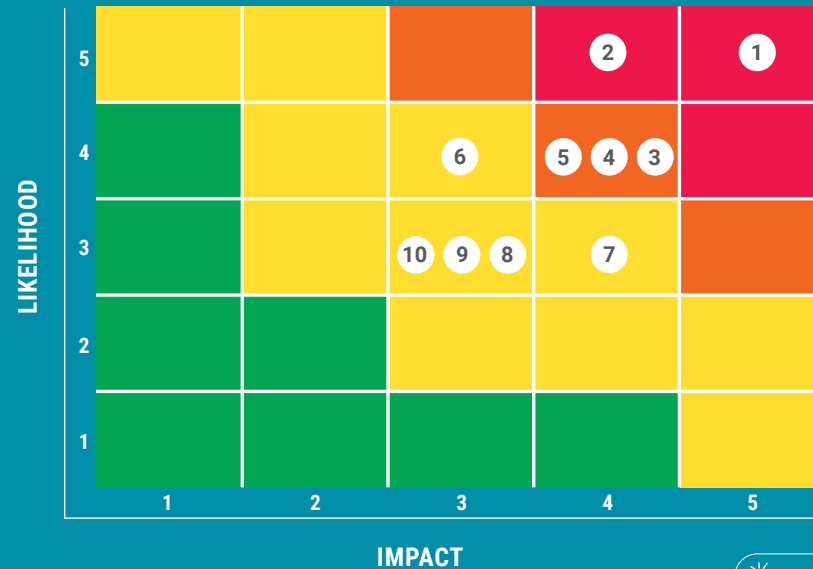
Maintaining a dynamic and effective integrated risk management process is vital to support and strengthen business operations as the group manages the impact of a challenging external environment. Our risk appetite and tolerance framework guide decision-making to achieve strategy-driven results and proactively manage potential value erosion.

The audit and risk committee, under delegated authority from the board, is accountable for overseeing the effectiveness of our risk management process. This includes identification of the key risks facing the group, receiving regular feedback from management on all risk-related activities and assessing risk governance structures and lines of defence to ensure appropriate risk definition and response while monitoring compliance with the risk management policy.

Overview of our risk management process



Risk heat map



[Read more: Full risk report](#)

Key risks



Stakeholders

The group values mutually beneficial relationships. Collaboration is particularly relevant with certain stakeholders, such as suppliers, while we take on a more supportive role in our communities.

We follow a holistic approach to stakeholder engagement and each stakeholder, in one way or another, impacts our ability to execute our strategy and create value over time.

We actively manage our relationships and nurture the social and physical environments in which we operate while creating value through our business activities.

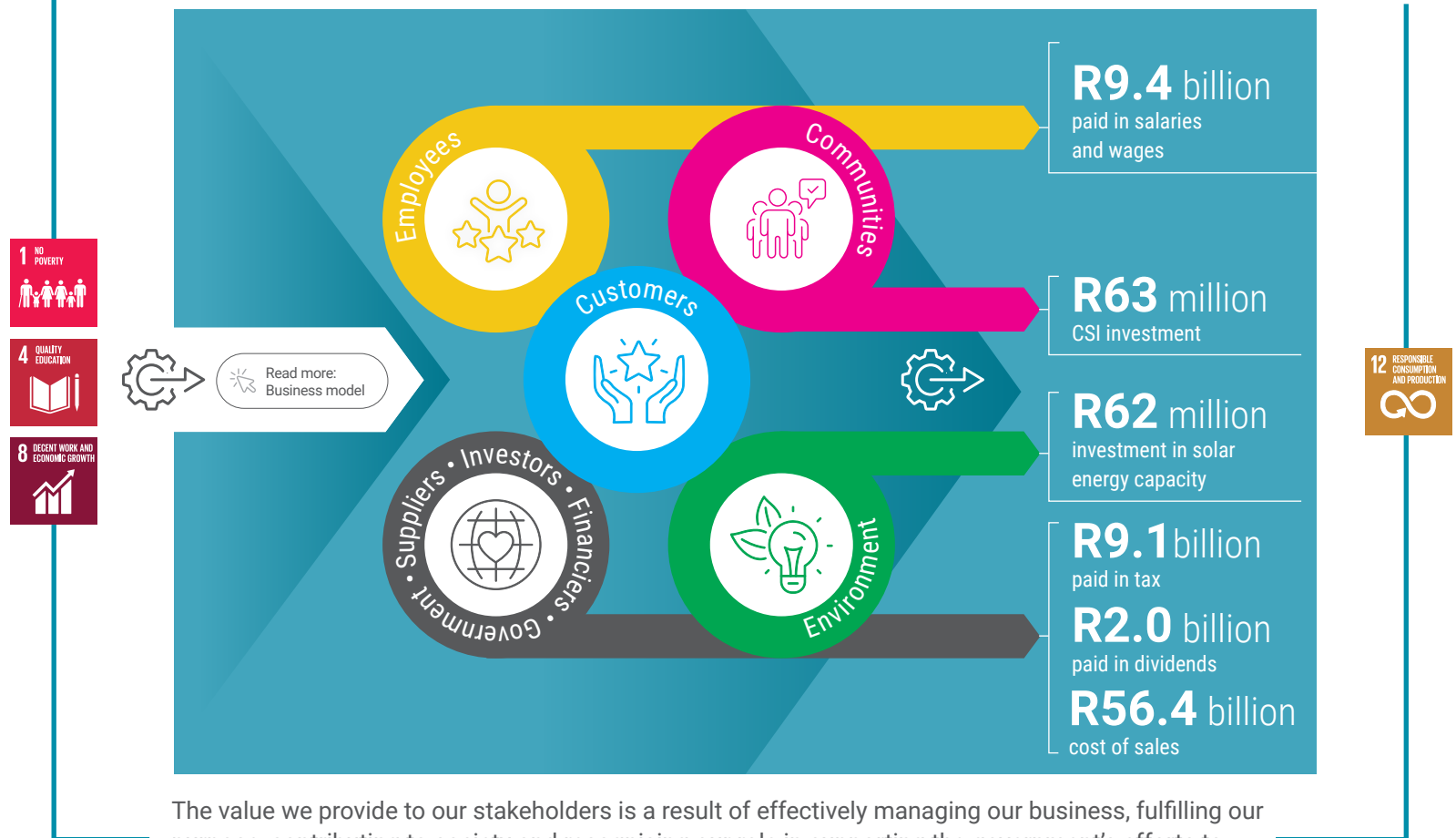
Engagement is ongoing and varies in frequency and approach, from one-on-one in-store interviews with customers to investor meetings and internal online surveys with employees. Each operating business is responsible for their own engagement with their respective stakeholder communities.

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

[Read more: Sustainability report: Stakeholders](#)

Our stakeholders include any group or individual with significant influence over, or those who will be impacted by, our business activities.

Building Better Business



The value we provide to our stakeholders is a result of effectively managing our business, fulfilling our purpose, contributing to society and recognising our role in supporting the government's efforts to address the Sustainable Development Goals (SDGs).

04

We maintain our focus on **achieving growth** by delivering affordable value and serving customer needs.

21 CFO's review

28 Segmental overview

29 Our retail brands

Performance overview





Riaan Hanekom
Chief financial officer

CFO's review

The group's strong and flexible balance sheet enabled further investment in our credit offering and Avenida.

20 bps

increase in gross profit margin – despite aggressive markdowns

Cost growth well managed

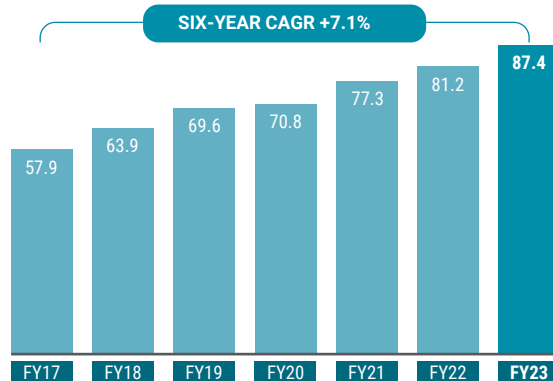
R13.0 billion
cash generated

Consistent revenue growth

Group revenue for the year ended 30 September 2023 (FY23) increased by 7.7% to R87.4 billion. The Avenida business in Brazil (which was acquired in February 2022) increased its contribution to group revenue to 4.3% in FY23 from 2.4% in the prior year – in line with prior guidance.

FY23 included a 53rd trading week for the South Africa-based clothing and general merchandise (CGM) retail brands. On a comparable 52-week basis, group revenue increased by 6.5% for the year. Revenue growth strengthened during the second half of FY23 (H2FY23) to 8.8% compared to growth of 4.3% reported for the first half of FY23 (H1FY23).

Revenue growth (Rbn)



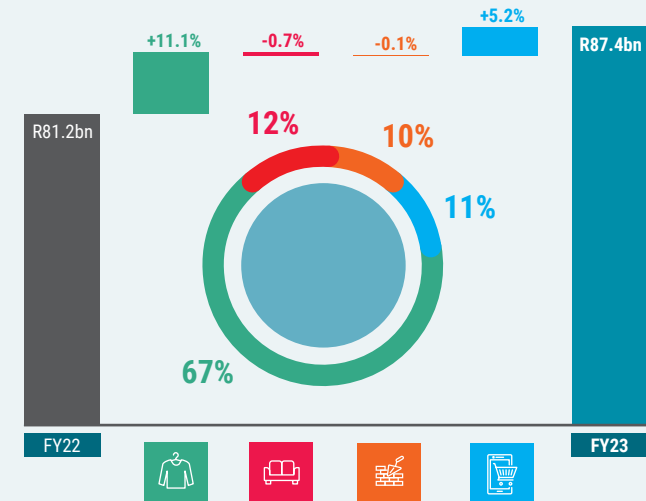
Segmental revenue

From a traditional retail perspective, the Clothing and general merchandise, Furniture, appliances and electronics and Building materials segments in aggregate (Retail segments), increased revenue by 8.0% (6.7% on a comparable 52-week basis). Revenue in the FinTech segment increased by 5.2%.

New reporting segments

Pepkor's reporting segments have been updated to reflect the strategic view going forward of how the group's reportable segments operate. The operations of Tenacity, Abacus and Connect, which support the Clothing and general merchandise and Furniture, appliances and electronics segments through their credit facilities and insurance products to customers, have been reclassified to the FinTech segment. This is due to these businesses supporting strategic growth in financial services and telecommunications.

[Read more: Segmental overview](#)



CFO's review *continued*

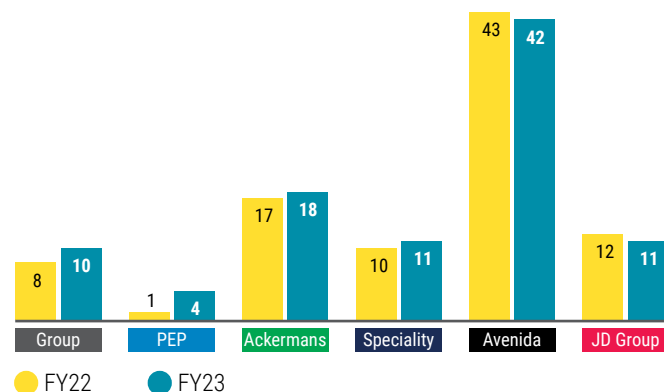
Retail sales

Group merchandise sales (sales) increased by 7.9% for the year. On a 52-week basis, FY23 sales increased by 6.4%, including sales growth of 8.2% in H2FY23 and 4.8% in H1FY23. Group like-for-like sales growth (which excludes the newly acquired Avenida business) amounted to 0.7% for FY23, strengthening to 3.9% in H2FY23 compared to the 2.2% decline reported for H1FY23.

Cash-based retailer

Group cash sales increased by 5.6% and credit sales increased by 35.6%, driven by the opening of 794 000 A+ accounts and the implementation of the group's credit interoperability strategy in the South Africa-based clothing and general merchandise retail brands. As a result, the overall group credit sales mix increased to 10% from 8% in the prior year. With 90% of sales generated in cash, credit is not a material sales enabler for the group. Credit continues to be granted on a prudent basis within the group's conservative credit methodologies.

Credit sales mix (%)



The Clothing and general merchandise segment increased sales by 11.1% (9.1% on a comparable 52-week basis). Like-for-like sales (which exclude Avenida) increased by 1.5%, negatively impacted by the poor performance in Ackermans. Trading was weaker in the durables and building materials sectors.

Sales growth	FY23 Total sales growth 53 weeks	FY23 Total sales growth 52 weeks	H1FY23 Like-for-like sales growth	H2FY23 Like-for-like sales growth	FY23 Like-for-like sales growth
RETAIL SEGMENTS	7.9%	6.4%	(2.2%)¹	3.9%¹	0.7%¹
Clothing and general merchandise	11.1%	9.1%	(2.1%) ¹	5.7% ¹	1.5% ¹
PEP	10.1%	8.2%	0.5%	9.0%	4.5%
Ackermans	2.6%	0.7%	(8.3%)	(1.1%)	(5.1%)
Speciality	11.2%	8.7%	2.4%	7.1%	4.5%
PEP Africa ²	14.6%	11.8%	6.0%	14.1%	9.9%
Avenida ²	13.6%	13.6%	8.5%	7.0%	7.8%
Furniture, appliances and electronics JD Group	(1.2%)	(1.2%)	(3.7%)	(0.2%)	(2.1%)
Building materials The Building Company	(0.1%)	(0.1%)	(0.8%)	(0.8%)	(0.8%)

¹ Like-for-like sales growth excludes Avenida acquired in February 2022.

² Constant currency sales growth is reported for PEP Africa and Avenida.

Discontinued operations

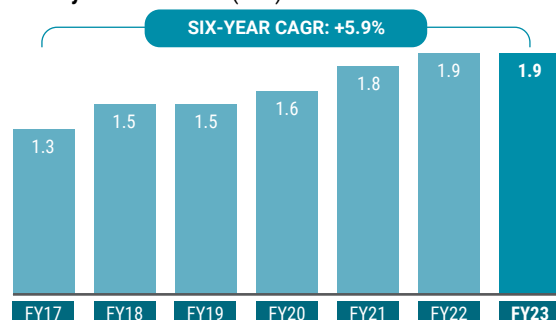
As announced at the interim results published on 30 May 2023, the decision was made to exit PEP Africa's operations in Nigeria. The exit was completed and the Nigerian operations are classified as discontinued operations in the group's FY23 annual results. Where applicable, prior year comparatives have been restated for the effect of the discontinued operation.

CFO's review *continued*

Ongoing revenue (OGR)

The group has a long history of earning OGR from mobile network operators (MNOs). This is driven by cellular handset sales in-store and is based on long-term contracts between Pepkor and MNOs in South Africa. These contracts determine that Pepkor earns a portion of the future value spent by a customer on a sim card that was sold by any one of Pepkor's retail brands, rewarding Pepkor for its unrivalled customer acquisition capability. In FY23, OGR amounted to R1.9 billion.

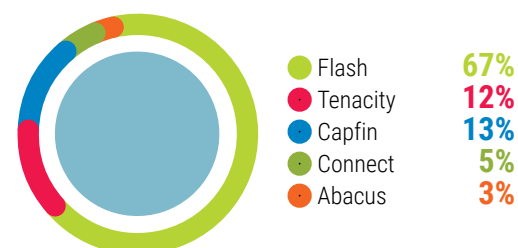
History of OGR earned (Rbn)



FinTech revenue

FinTech revenue increased by 5.2% to R10.0 billion.

FinTech revenue composition



Normalised results¹

Normalised results exclude the following non-recurring items in the FY22 and FY23 results:

Non-recurring IFRS 16 lease modification gain pertaining to termination of lease – FY23

As reported during the group's interim FY23 results published on 30 May 2023, the termination of the PEP DC lease in the KwaZulu-Natal province and commissioning of the newly constructed DC in Hammarsdale (which is owner-occupied) resulted in a lease modification gain of R392 million. This non-recurring gain contributed c. 8 cents per share to earnings and headline earnings per share (HEPS) in FY23.

Non-recurring recovery of exposure and settlement of claims and litigation – FY22

As reported during the group's FY22 results published on 22 November 2022, the group recovered its full exposure in terms of the management investment company loan, Business Venture Investments 1499 (RF) Proprietary Limited (BVI) and associated loans, and settled all Tekkie Town-related claims and litigation. This contributed c. 12 cents to FY22 earnings and HEPS.

Non-recurring insurance recovery of capital items – FY23 and FY22

As previously reported, the widespread flooding in KwaZulu-Natal in April 2022 caused damage to the leased PEP DC. The total loss of R790 million was recovered with R396 million recognised in FY22 and R394 million recognised in FY23.

The social unrest in July 2021 resulted in a total loss of R1.5 billion and this was fully recovered with R875 million recognised in FY22 and R671 million recognised in FY21.

The bulk of these insurance payments relate to business interruption and are not excluded from normalised results as it replaces lost sales. Damaged fixtures and fittings were written off at net book value, after accumulated depreciation, while the full replacement value was recovered from insurance. These recoveries are included as capital items and benefited earnings per share by c. 1 cent in FY23 and c. 6 cents in FY22. Headline earnings, by definition, exclude capital items and are therefore not impacted by this insurance recovery.

Impairment of goodwill and trade and brand names – FY23

The outcome of the annual impairment assessment process on goodwill and trade and brand names with an opening carrying value of R57.5 billion, as required by IFRS, resulted in a total impairment of R6.6 billion recognised in FY23 (the impairment).

The methodology applied in the impairment assessment is consistent with prior years; however, a higher WACC was used. The WACC rate increased from 14.4% in the prior year to 15.7% this year and is attributed to increased market volatility and higher interest rates. This resulted in an impairment of R5.9 billion attributable to the Clothing and general merchandise cash-generating unit, which includes Ackermans, Dunns, PEP, PEP Africa, Refinery and Shoe City.

An impairment of R703 million is attributable to the Tekkie Town cash-generating unit with 90% of this due to softer performance in a highly competitive branded footwear market. The remaining 10% is attributable to the higher WACC.

The impairment impacts earnings but is excluded from headline earnings – as prescribed by *Circular 1: 2023 – Headline Earnings* issued by the South African Institute of Chartered Accountants (SAICA).

¹ The normalised results constitute pro forma financial information in terms of the JSE Limited Listings Requirements. For a full appreciation of the pro forma financial information, please refer to pages 52 to 57.

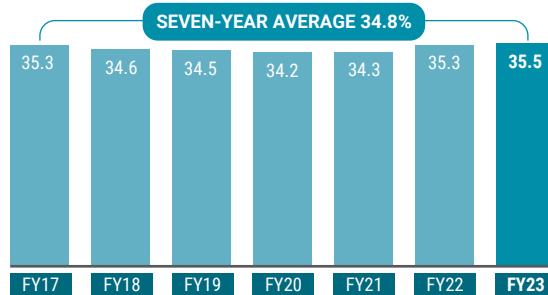
CFO's review *continued*

Consistent gross profit margin

Over the past seven years, the group has maintained consistent gross profit margins, which is testament to our disciplined approach to maintain retail margins and pass on any additional costs and cost benefits to our customers.

Group gross profit margin increased by 20 basis points to 35.5%. Higher markdowns were implemented to clear underperforming merchandise in Ackermans and to manage stock freshness across retail brands. Higher interest rates and increased credit granting resulted in higher margins achieved in the financial services businesses. A higher gross profit margin in the Flash business further benefited group gross profit margin.

Gross profit margin history (%)



Other income remains robust

Other income decreased by 15.4% to R1.2 billion. This includes insurance proceeds of R275 million for the damage caused by the April 2022 KwaZulu-Natal floods, as previously reported. Excluding these insurance proceeds, other income increased by 1.3% and includes income earned from commissions, insurance, marketing and other initiatives aimed at leveraging the group's proximity and reach to customers. Bill payment commissions increased by 13.0% this year.

Lowest cost of doing business

The group prides itself on maintaining the lowest cost of doing business, managing all costs very closely to enable best prices for customers.

Operating expenses includes the full Avenida cost base for the first time in the current period, foreign exchange losses, and a non-recurring IFRS 16 lease modification gain of R392 million, which resulted in operating expense growth of 10.2%. Excluding foreign exchange losses, IFRS 16 gains and the impact of Avenida, operating expenses grew by 6.8%, achieving positive operating leverage on a comparable basis.

#3 Maintaining a low cost of doing business

Cost of credit

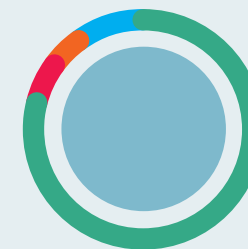
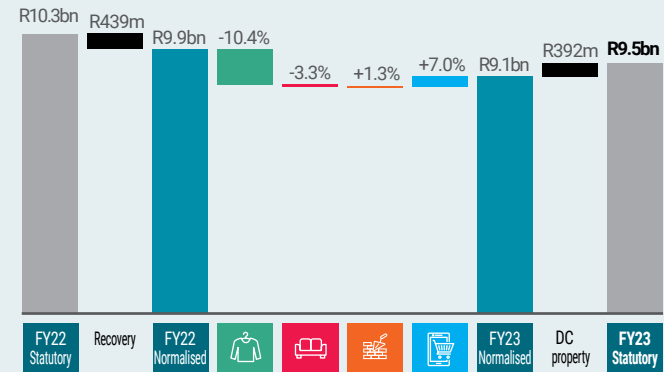
Debtors' costs increased by 57.3% to R1.7 billion based on increased credit granting and recognition of expected credit loss provisions.

Bad debts amounted to R1 232 million compared to R990 million in the prior year.

Operating profit

Normalised operating profit (before capital items) decreased by 8.0% to R9.1 billion, mainly impacted by increased debtors' costs.

Segmental operating profit growth



Normalised group operating profit margin reduced to 10.4% from 12.2% in the prior year.

CFO's review *continued*

Earnings

Earnings growth was negatively impacted by higher net finance costs and the impairment of goodwill and trade and brand names.

Net finance costs increased by 27.1% to R2.8 billion due to higher interest rates and a higher level of net debt, following the acquisition of Avenida.

On a normalised basis, headline earnings per share decreased by 6.7% to 141.3 cents per share.

Effective tax rate

Pepkor's effective tax rate (excluding the impairment to goodwill) reduced based on the recognition of deferred tax assets related to the JD Group business and the settlement of a South African Revenue Service (SARS) dispute.

Cash generation

The group's cash conversion of 91.1% was negatively impacted by the 53rd week in FY23 and investment in the credit books. Excluding the impact of the 53rd week, cash conversion of 85.2% was achieved. The group remains highly cash generative with operations generating R13.0 billion in cash during the year.

Working capital

Inventory

Inventory levels have normalised with improved freshness, decreasing by 0.5% to R17.0 billion due to markdown activity.

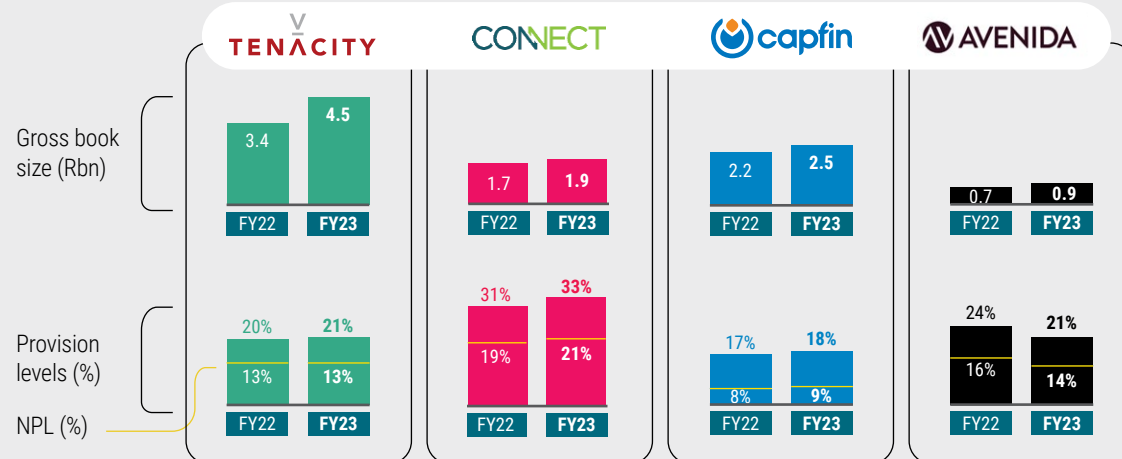
Credit books

The Tenacity credit book, which facilitates credit sales in the South Africa-based general merchandise retail brands, performed well. The gross credit book increased to R4.5 billion (FY22: R3.4 billion) and provision levels increased to 21% (20% in the prior year) while non-performing loans (NPLs) remained stable.

The Connect credit book, which supports the JD Group business, increased moderately to R1.9 billion (FY22: R1.7 billion). Provision levels were increased to 33% from 31% last year, in line with non-performing loans.

Capfin's loan base reached 301 000 loans and the gross unsecured credit loan book increased to R2.5 billion (FY22: R2.2 billion). Provisioning was increased to 18% (FY22: 17%), in line with the increase in non-performing loans.

The Avenida credit book performed to expectation and increased to R860 million from R670 million (gross). The performance was driven by increased momentum in new store openings. The provision level was reduced to 21% (FY22: 24%), in line with lower non-performing loans.

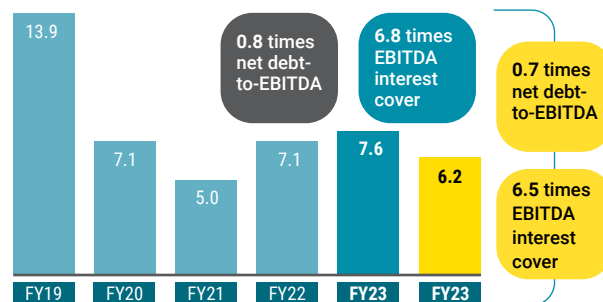


CFO's review *continued*

Low gearing and flexible balance sheet

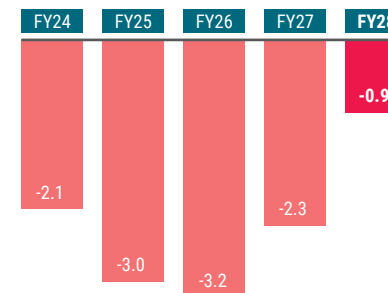
Gearing levels remain low with net debt (excluding IFRS 16 lease liabilities) amounting to R7.6 billion. The net debt-to-EBITDA ratio of 0.8 times and interest cover ratio of 6.8 times remain substantially within contractual funding covenants. On a normalised basis, excluding payments of R1.4 billion made before cut-off as a result of the 53rd trading week, net debt amounts to R6.2 billion with a net debt-to-EBITDA ratio of 0.7 times and interest cover ratio of 6.5 times.

Net debt within targeted range (Rbn)¹



¹ Excludes IFRS 16

Debt repayment profile: 30 September 2023 (Rbn)



Capital allocation

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

1 Organic growth and expansion

The first priority is organic growth and expansion. During FY23 the following investments were made:

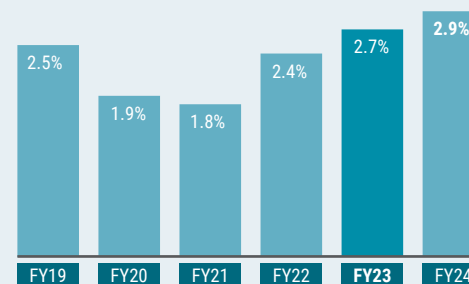
Traditional retail

Capital expenditure of R2.8 billion was made to support and grow the group's core retail capability:

- New store roll-outs and refurbishments amounted to R1.1 billion. During the year, the Retail segments opened a total of 324 new stores (175 on a net basis), expanding the retail store base to 5 917 stores.

- Distribution capacity amounted to R688 million and included the last investment made in the new PEP Hammarisdale DC, which was commissioned during FY23.
- IT systems amounted to R480 million.

Capital expenditure as a percentage of revenue¹



¹ Excludes Hammarisdale DC development, social unrest and KwaZulu-Natal floods

Financial services and telecommunications

Leveraging retail capability to grow financial services resulted in the investment of R3.4 billion in credit books.



CFO's review *continued*

Capital allocation *continued*

2 Mergers and acquisitions

The acquisition of Avenida in Brazil was completed during the previous year, representing an investment of c. 4% of the group's total market capitalisation at the time. Based on the good progress made in its value-creation plan, additional capital will be invested to expand its retail footprint and distribution capability.

The group continues to consider opportunities for further growth and expansion through mergers and acquisitions from both a local and international perspective.

3 Share repurchases

The group repurchased and cancelled 27.8 million ordinary shares from the open market on the JSE during the year at a cost of R511 million.

The group 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 48.1 cents was declared for FY23.

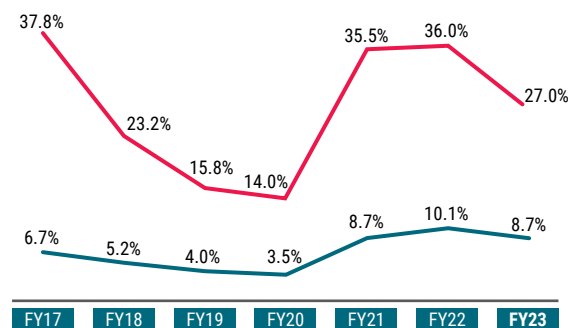
Strengthening returns

The group's return on equity is negatively impacted by the substantial amount of goodwill and trade and brand names recognised on its balance sheet – an outcome following the group's restructuring to its current form prior to its listing on the JSE in 2017.

Return on net assets (RONA), which excludes goodwill and trade and brand names, is therefore a more representative measure of returns. Over the past seven years, returns were impacted by establishing and building the internally funded credit books, resulting in an average RONA of 27.0%.

In FY23, RONA of 27.0% was achieved.

Return on equity and Return on net assets



SEVEN-YEAR AVERAGE

– Return on net assets

27.0%

– Return on equity

6.7%

Outlook

FY23 proved to be a challenging year from a performance perspective. The group's balance sheet remains strong and flexible to enable execution of growth initiatives within its defined focus areas of Traditional retail, in particular in Clothing and general merchandise, Financial services and telecommunications and the Informal market.

Riaan Hanekom

Chief financial officer



Segmental overview

Traditional retail segments

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

89% of group revenue | **90%** operating profit | **5 917** stores | **47 600** employees

CLOTHING AND GENERAL MERCHANDISE

67% of group revenue
79% operating profit
4 888 stores

This segment provides CFH products, fast-moving consumer goods (FMCG) and cellular products and services.



[Read more: Our retail brands](#)

FURNITURE, APPLIANCES AND ELECTRONICS

12% of group revenue
6% operating profit
892 stores

The JD Group comprises six household furniture, appliances and consumer electronics retail brands under two divisions: JD Home and JD Tech.



[Read more: Our retail brands](#)

BUILDING MATERIALS

10% of group revenue
5% operating profit
137 stores

The business operates across three divisions that include established and well-known brands that provide and distribute products for the building industry.



[Read more: Our retail brands](#)

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.

11% of group revenue | **10%** operating profit | **2 400** employees

FINANCIAL SERVICES

2.1 million
A+ accounts

301 000
Capfin unsecured loans

Credit

- Tenacity** 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.



[Read more: Financial services](#)

INFORMAL MARKET

R37.1 billion cash digitised in the informal market

Flash is a technology-driven B2B business 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.



[Read more: 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:



- 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.

[Read more: Group Strategic Services](#)

Our retail brands



Largest single brand retailer in South Africa by footprint

PEP fulfils its purpose of helping customers look and feel good by offering affordable products and services in conveniently located stores.

Maintaining best price leadership

Delivering 'best products for less' drives PEP's entire business. The brand sustains product margins through operational efficiencies, consistently passing on pricing benefits to customers. Pricing is regularly benchmarked and the brand has consistently upheld its position as a leader in offering the best prices.

16 800

employees

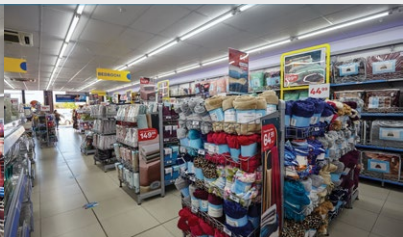
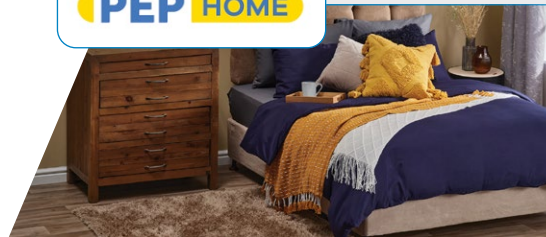
Countries: South Africa,
Botswana, Lesotho,
Namibia, Eswatini

2 602 stores **903 000 m²** total trading area

PEP **1 659** stores



PEP HOME **393** stores



PEP CELL **550** stores



PAXI **2 800+** distribution points **4.9m** parcels delivered



Our retail brands *continued*

ACKERMANS

Value-focused leader in baby and kids' wear

Ackermans brings 'value to life' by providing a wide selection of clothing, footwear and value-added services to its customers.

Striving to be the retailer of choice for women with kids in their lives, it offers a compelling range of products for babies, kids and ladies.

Unbeatable value

Ackermans is a one-stop-shop for mothers buying for their kids and themselves. It has an extensive store footprint and is well known for its seasonal category disruptor promotions, offering the best value in specific product categories.

8 200

employees

Countries: South Africa,
Botswana, Lesotho,
Namibia, Eswatini

1 027

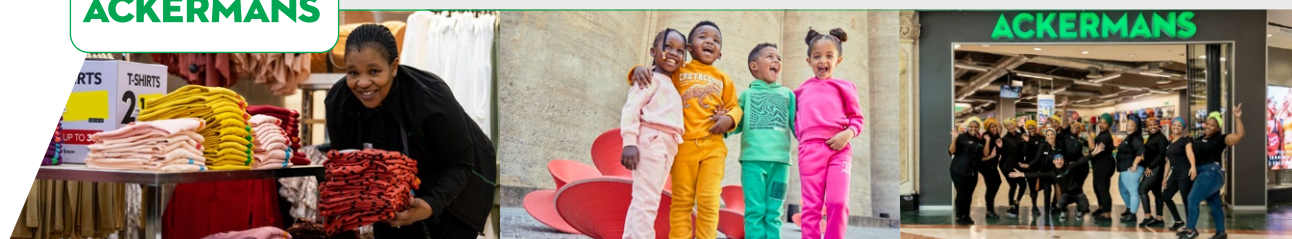
stores

548 000

m² total trading area

ACKERMANS

911 stores



**ACKERMANS
WOMAN**

57 stores



**ACKERMANS
CONNECT**

59 stores



Our retail brands *continued*

PEPKOR^S

Speciality

Offering on-trend value adult apparel and footwear

Speciality adds value to the group as an incubator for smaller businesses, which may be subscale from an operational perspective within the adult wear market.

Prices range from entry-level private labels in CODE and Refinery to higher-end branded sportswear in Tekkie Town. The division's relationships with its brand partners and integrated supply chain and its speed to market through local sourcing capabilities set it apart.

4 700

employees

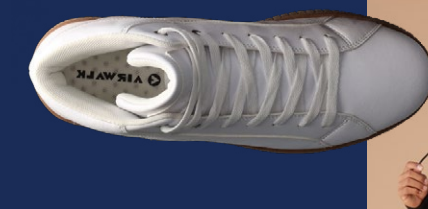
Countries: South Africa,
Botswana, Lesotho,
Namibia, Eswatini

891 stores

225 000 m² total trading area

Tekkie Town

406 stores



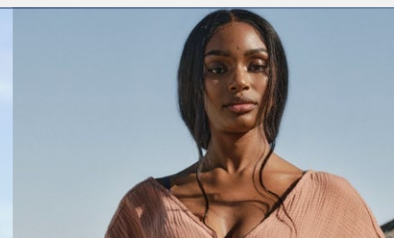
DUNNS

199 stores



REFINERY

118 stores



Our retail brands *continued*

ShoeCity

125 stores



CODE

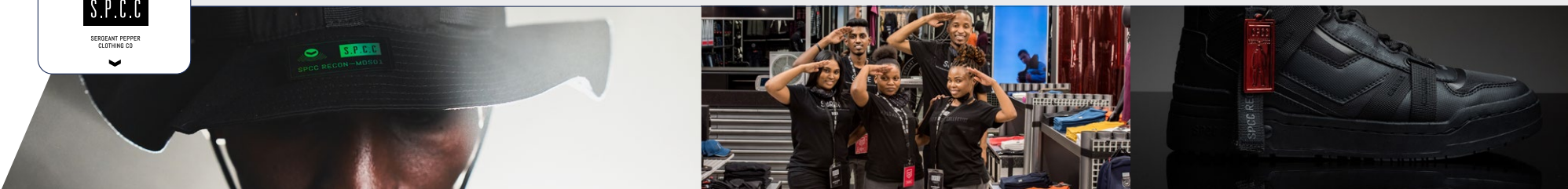
35 stores



S.P.C.C

SERGEANT PEPPER
CLOTHING CO

8 stores



Our retail brands *continued*

PEP | Africa

Celebrating best prices every day

PEP Africa is the biggest formal clothing retailer in Africa.

Most affordable formal retailer

Customers know they can find quality new products and consistency in size and ranges, as well as the added benefit of good customer service and a money-back guarantee. While stronger informal markets with a focus on second-hand clothing exist in many countries of operation, PEP Africa's positioning is the most affordable formal retail option.



2 000

employees

Countries: Angola,
Malawi, Mozambique,
Zambia

227 stores **89 000 m²** total trading area



Our retail brands *continued*



Serving the largest economy in Latin America and providing affordable products to families

One of the 10 largest retail chains in Brazil, Avenida offers good-quality, low-fashion products at affordable prices.

A true discount retailer

Avenida has been successfully repositioned as a leading discount retailer in Brazil. Through a range of key or known value items, customers have access to good quality products at affordable, everyday low prices.

2 100

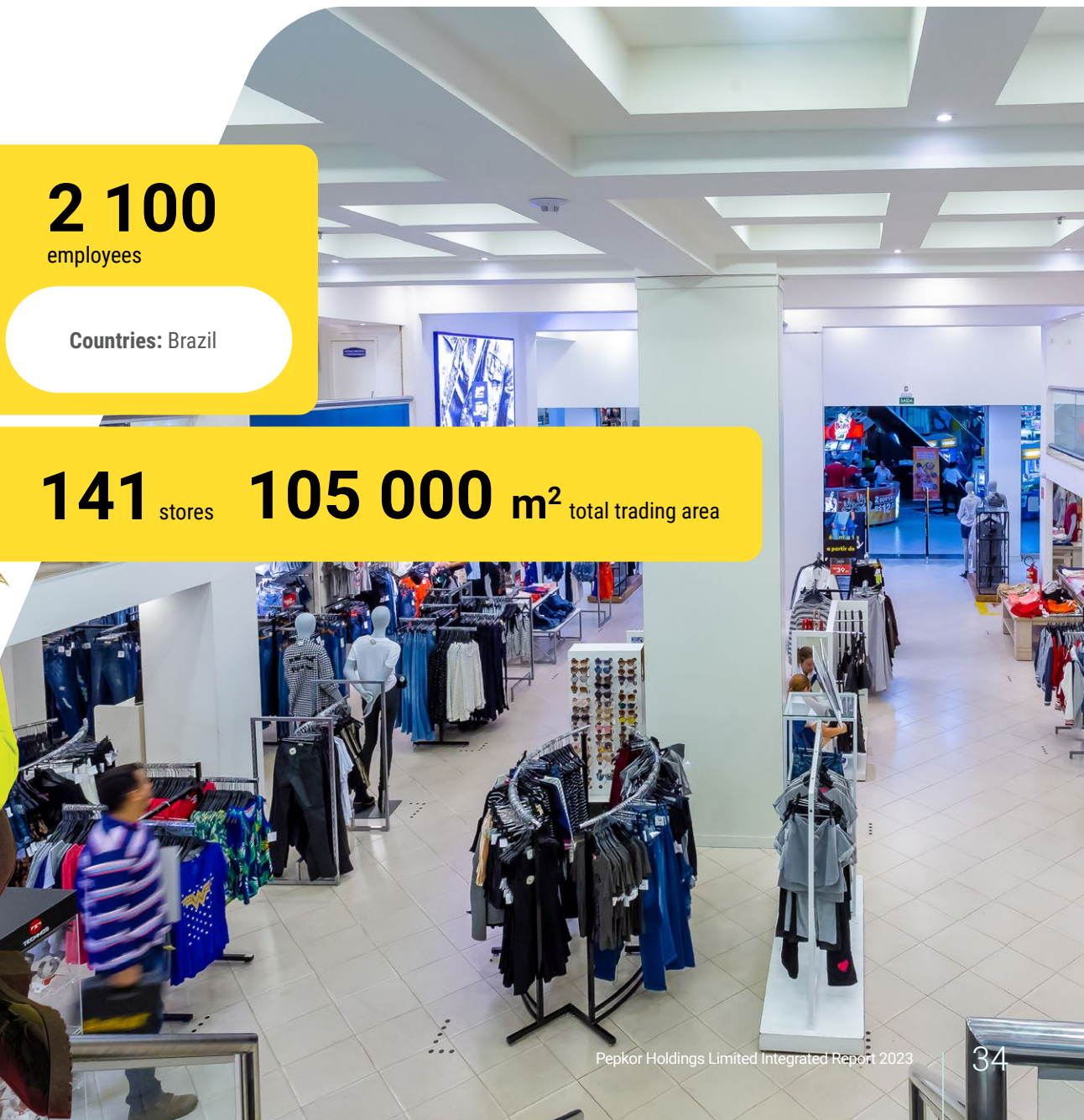
employees

Countries: Brazil

141

stores

105 000 m² total trading area



Our retail brands *continued*

JD GROUP

Creating a comfortable lifestyle

JD Group gives value-conscious mass-market customers the opportunity and means to create a comfortable lifestyle, transforming houses into homes.

Value lifestyle product offering

The JD Group brands provide quality, value-for-money furniture, appliances and household goods from well-known international brands to locally manufactured household names. Products cover all aspects of life, from leisure for families to small office requirements for entrepreneurs.

5 500

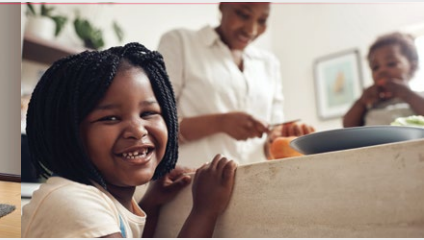
employees

Countries: South Africa,
Botswana, Namibia,
Eswatini

892 stores 391 000 m² total trading area

Russells

233 stores



B. BRADLOWS

239 stores



ROCHESTER

43 stores



Sleepmasters
The Bed Experts

241 stores



Our retail brands *continued*

HiFiCorp

54 stores



★incredible

82 stores



Our retail brands *continued*



Building lives, building homes, building communities

TBCo offers a comprehensive service to the construction sector, with a primary focus on serving building contractors. It operates across three divisions, encompassing various well-established trading and product brands.

5 600

employees

Countries: South Africa,
Namibia



95 stores



31 stores



3 stores



137 total stores **347 000 m²** total trading area

05

- 39** About this report
- 40** History and development
- 41** Seven-year review
- 43** Business model
- 44** Risks and opportunities
- 49** Retail footprint
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- 51** Share performance
- 52** Pro forma financial information
- 58** Glossary

Further reading



About this report

Scope and boundary

Pepkor's integrated reporting covers Pepkor Holdings Limited and its subsidiaries. All references to Pepkor, the group or the company refer to the operations within its decentralised structure.

 [Read more: Segmental overview](#)

This report covers the following in detail:

Value creation

Pepkor's ability to create sustainable value is reported in the context of how we manage our capitals. We align our reporting of the capitals in terms of the <IR> Framework with the group's purpose and strategy, and implement our strategy through managing our risks and material matters.

 [Read more: Strategy](#)

Materiality

The group uses materiality to inform its reporting content, and the context in and extent to which it discloses any material matters relating to the group. The group's risk management process considers materiality from both financial and non-financial perspectives.

 [Read more: Material matters](#)

 [Read more: Risks and opportunities](#)

Stakeholders

Pepkor's scale of operations influences multiple stakeholders. We engage with our stakeholders to foster mutually beneficial relationships.

 [Read more: Sustainability report: Stakeholders](#)

Forward-looking information

This integrated report contains certain forward-looking statements that relate to the financial position and results of the operations of the group. These statements are based on the view and considerations of the board. These statements, by nature, involve risk and uncertainty, and they relate to events and depend on circumstances that may occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global and national economic events, changing market conditions, interest and foreign exchange rate fluctuations, competitive conditions and regulatory factors. These forward-looking statements have not been reviewed or reported on by the group's external auditor.

Restatements

There were no significant restatements from prior periods other than the restatement of the discontinued operations in Nigeria. Financial information contained in the integrated report is extracted from the audited annual financial statements that were approved by the Pepkor board.

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 International Financial Reporting 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; and
- 5 Broad-based Black Economic Empowerment Act, No. 53 of 2003

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.

 [Read more: Corporate governance report](#)

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 19 January 2024.

On behalf of the Pepkor board

Wendy Luhabe

Independent non-executive chair

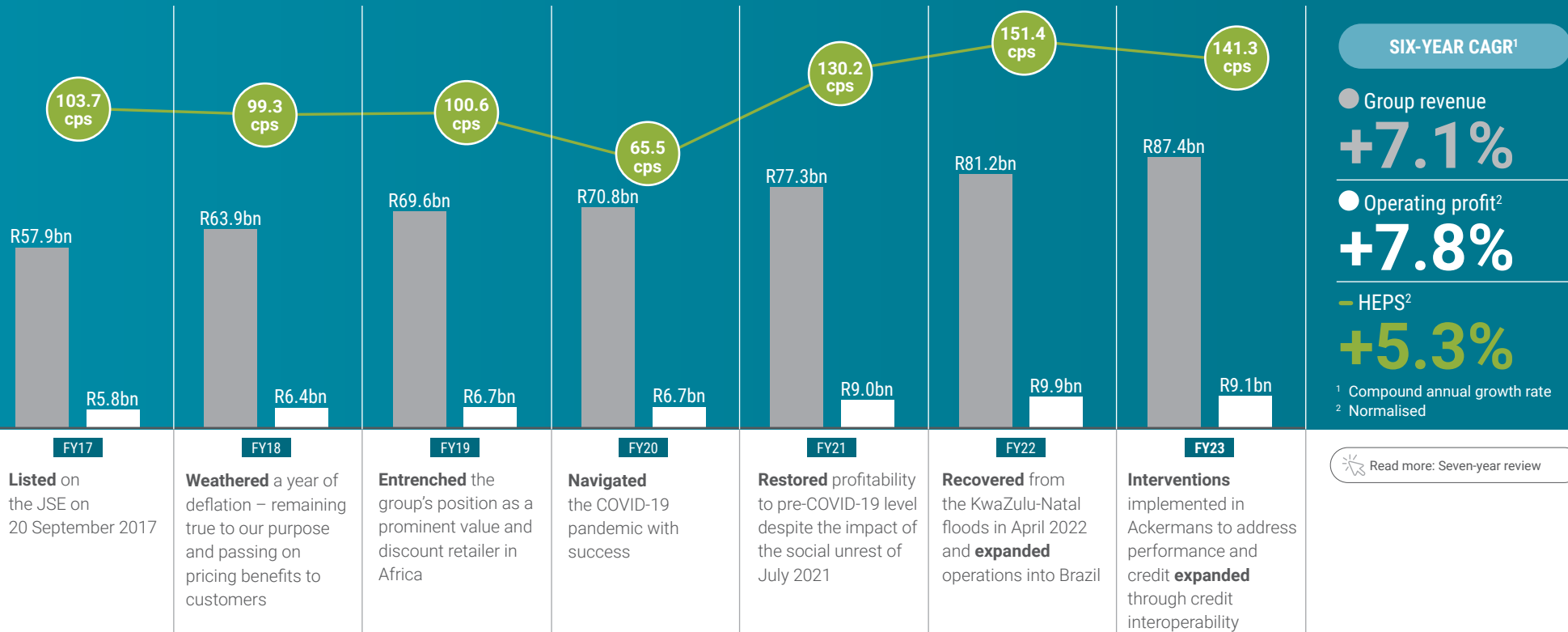
Pieter Erasmus

Chief executive officer

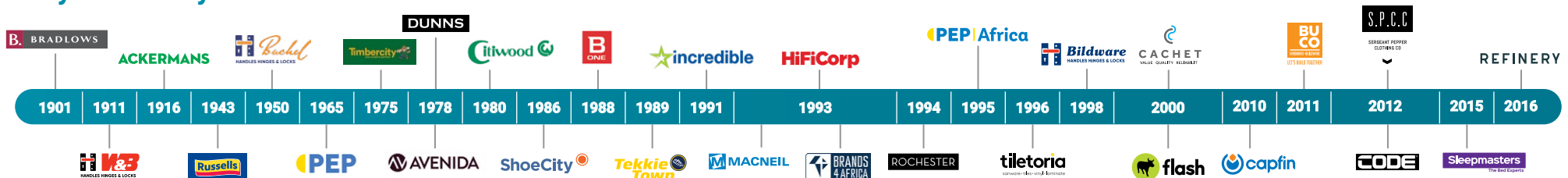
Supported by the board of directors

 [Read more: Board of directors](#)

History and development



100-year history



Seven-year review

		FY17	FY18	FY19	FY20	FY21	FY22	FY23
Revenue and profitability								
Revenue	Rm	57 850	63 912	69 634	70 827	77 329	81 154	87 408
Gross profit	Rm	20 438	22 097	23 995	24 199	26 534	28 683	31 038
Gross profit margin	%	35.3	34.6	34.5	34.2	34.3	35.3	35.5
EBITDA	Rm	6 775	7 014	7 996	10 547	13 104	14 617	14 173
EBITDA (excl. IFRS 16)	Rm	6 775	7 014	7 996	6 722	8 408	9 708	8 994
Operating profit (statutory)	Rm	5 815	5 880	6 697	6 653	9 305	10 347	9 512
One-off items¹	Rm	–	(511)	(40)	–	265	439	392
Operating profit (normalised) ¹	Rm	5 815	6 391	6 737	6 653	9 040	9 908	9 120
Capital items	Rm	(29)	(37)	(1 278)	(5 107)	(164)	169	(6 828)
Net finance costs	Rm	620	1 168	1 581	3 016	2 059	2 202	2 799
Net finance costs (excl. IFRS 16)	Rm	620	1 168	1 581	1 379	659	826	1 366
Effective tax rate	%	30.9	38.4	41.9	(81.6)	31.2	26.2	(1 144.2)
Earnings	Rm	3 550	2 874	2 230	(2 858)	4 875	6 155	(1 288)
Headline earnings	Rm	3 576	2 917	3 393	2 310	4 972	6 034	5 471
Headline earnings per share (statutory)	cents	133.6	84.5	98.3	65.5	135.4	163.3	149.1
Headline earnings per share (normalised) ¹	cents	103.7	99.3	100.6	65.5	130.2	151.4	141.3
Dividends per share	cents	–	27.8	20.9	–	44.2	55.2	48.1
Weighted average number of shares in issue	No.	2 678	3 450	3 450	3 520	3 674	3 696	3 669

¹ Normalisation note

IFRS implementation

JSE listing and issuance of 882m shares

Guarantee exposure provided for

Guarantee exposure provided for

–

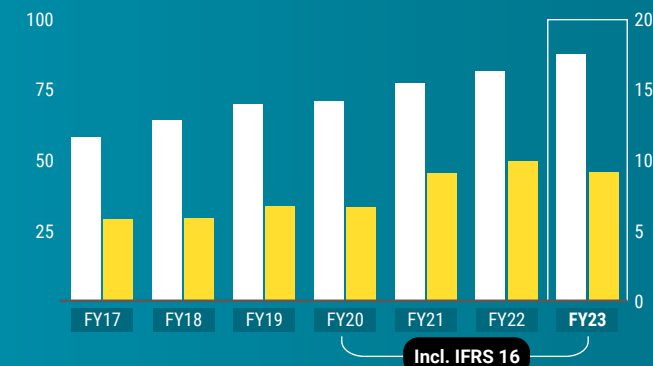
IFRS 16 gain: Acquisition of properties

Guarantee exposure recovered

IFRS 16 gain: Development of PEP DC



Resilient growth in revenue and profitability (Rbn)

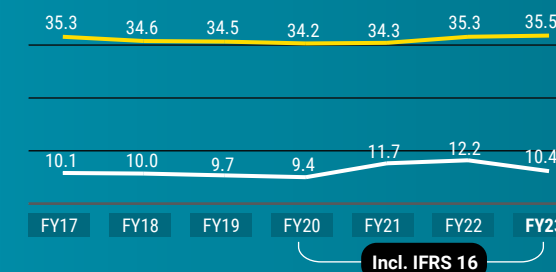


SIX-YEAR CAGR

● Revenue
7.1%

● Operating profit (normalised)
7.8%

Consistent profit margins (%)



SEVEN-YEAR AVERAGE

– Gross profit margin
34.8%

– Operating profit margin (normalised)
10.5%

Seven-year review *continued*

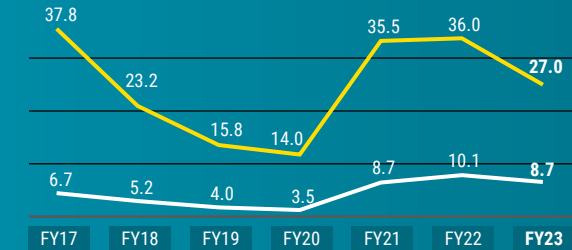
		FY17	FY18	FY19	FY20	FY21	FY22	FY23
Cash generation								
Cash generated from operations	Rm	6 276	5 312	4 086	12 912	11 033	11 187	12 962
Cash conversion	%	96	79	94	122	84	75	91
Cash generated from operating activities	Rm	2 247	2 517	556	8 667	7 111	5 465	5 786
Cash flows from investment activities	Rm	6 211	(2 194)	(1 576)	(2 187)	(1 760)	(3 470)	(2 572)
Cash flows from finance activities	Rm	(7 312)	(220)	1 306	(4 621)	(4 985)	(3 773)	(3 630)
Capital allocation and gearing								
Capital expenditure	Rm	1 813	1 871	1 715	1 693	2 882	2 613	2 800
Capital expenditure as a percentage of revenue ¹	%	3.1	2.9	2.5	2.4	3.7	3.2	3.2
Share repurchases	Rm	–	–	–	–	762	643	511
Net debt (incl. IFRS 16)	Rm	11 951	12 623	13 931	23 249	19 306	21 807	21 476
Net debt (excl. IFRS 16)	Rm	11 951	12 623	13 931	7 068	4 977	7 110	7 572
Net debt-to-EBITDA (excl. IFRS 16)	times	1.80	1.64	1.70	1.02	0.58	0.71	0.82
Returns								
Return on equity	%	6.7	5.2	4.0	3.5 ²	8.7	10.1	8.7²
Return on net assets	%	37.8	23.2	15.8	14.0 ²	35.5	36.0	27.0²
Operations								
Number of retail stores	No.	4 953	5 197	5 415	5 480	5 470	5 830	5 917
Retail space	'000 m ²	2 307	2 375	2 434	2 410	2 418	2 592	2 608
Trading density ³	R'000	23 087	24 306	24 907	24 402	27 041	27 939	28 997

¹ Includes Hammarsdale DC development, social unrest and KwaZulu-Natal floods

² Excludes impairment on goodwill and trade and brand names

³ Restated to exclude ongoing revenue and Flash

Strengthening returns (%)



SEVEN-YEAR AVERAGE

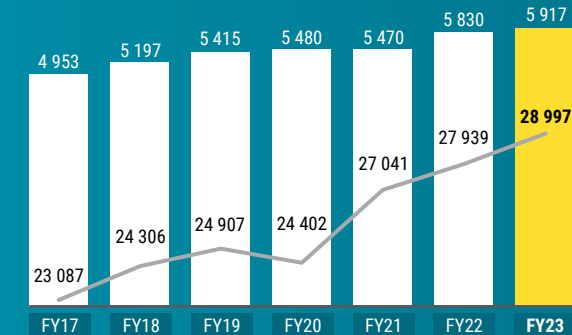
– Return on net assets

27.0%

– Return on equity

6.7%

Robust store expansion



SIX-YEAR CAGR

● Number of stores

3.0%

– Trading density

3.9%

Business model in terms of the <IR> Framework

Strategy and approach

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



[Read more: Sustainability report: Stakeholders](#)

In our operational activities, our business model allows us to buy low, operate low and sell low.



[Read more: 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.

[Read more: Sustainability report](#)

Capitals

Dependencies we manage and rely on

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

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

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

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

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

Inputs

Outputs

Outcomes

R59 billion shareholder equity
R8 billion net debt
R16 billion operating expenditure

R13 billion cash generated by operations
R1.4 million net finance cost (excluding IFRS 16)
141.3 cents normalised HEPS
27.0% return on net assets
48.1 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

R1.5 billion DC development
R2.7 billion capital expenditure
324 new stores opened

5 917 stores
36 DCs and hubs
570 000 m² total DC and hub space
28 million parcels distributed 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

R9.4 billion paid in salaries and wages
R56 million training investment
2 800+ PAXI locations
R480 million IT spend
Supply chain expertise
Brand management

50 000 employees
82% permanent previously disadvantaged individuals employed in South African operations
54 000 employee training sessions
19% employee turnover
26.3% cost of doing business
4.9 million PAXI parcels delivered

Development, retention and attraction
Fair remuneration
Ethical and safe working conditions
Diversity and inclusion
Strong governance
Digital transformation
Best price leadership with a low cost of doing business
Trusted and responsible brands

340 Ububele schools and 27 PEP Academies supported
Commitment to the R-CTFL Master Plan
R63 million CSI spend

30 million identifiable customers serviced
20 500 learners in ECD programmes through Ububele schools and PEP Academies
94% of trade suppliers committed to the group's supplier code of conduct
Improved B-BBEE contributor level
R9.2 million supplier spend on black-owned small, medium and micro enterprises (SMMEs)
R8.5 million supplier spend on black women-owned SMMEs

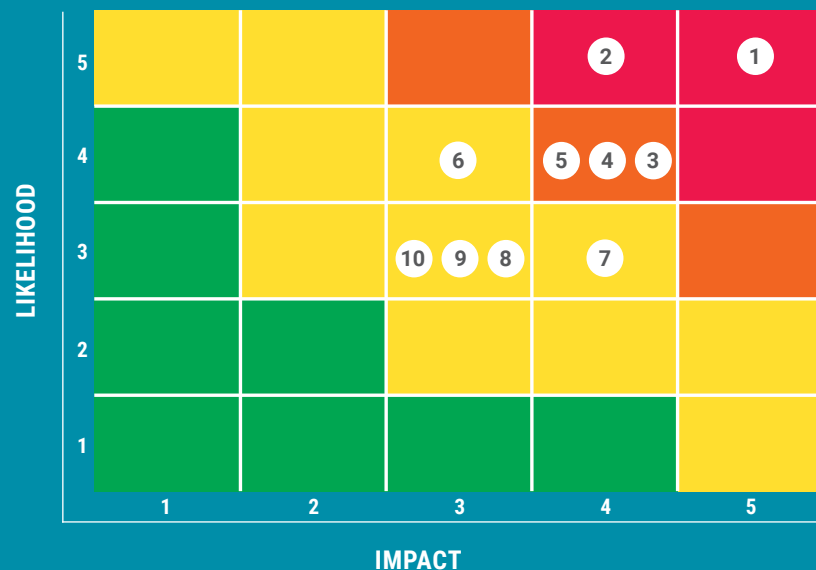
Customer affordability, accessibility and convenience
Supplier development
Responsible sourcing
Community development

6.0 MWp total solar generation capacity
Aligned group reporting processes to determine baselines and set targets

Scope 1: 28 859 (CO₂e tonnes)
Scope 2: 225 201 (CO₂e tonnes)
Scope 3: 56 455 (CO₂e tonnes)
17 303 173 kWh 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

Risks and opportunities



Material risks and opportunities

- 1 Sociopolitical and economic instability negatively impact business
- 2 Business disruption risk, including unstable electricity supply
- 3 Changing market dynamics
- 4 Currency volatility
- 5 Loss of or deterioration in significant revenue streams
- 6 Cybersecurity threats
- 7 Cost of doing business
- 8 Talent attraction and retention
- 9 ESG integration and adoption
- 10 Crime and employee safety



Risks and opportunities *continued*

Risk trend:  Increasing > Stable

1

Sociopolitical and economic instability negatively impact business

Risk context

The current sociopolitical climate in South Africa is causing concern due to its negative impact on economic growth and the increased risk of social unrest and related disruptions. The local economy is also affected by high global inflation levels, declining consumer spending and demand trends. These factors, along with slow economic recovery, high inflation and unemployment rates, are contributing to social instability. Furthermore, political uncertainty may exacerbate the situation and lead to further disruptions.

Mitigations

- Ongoing extensive reviews of strategies and value-creation plans with input from relevant experts
- Our established operating businesses have a unique understanding of their customers and are uniquely positioned to attract customers who are now more focused on essential and value products as a result of the economic conditions
- Value-creation plans developed across all our retail brands and Group Strategic Services
- Grow presence and reach in the informal market
- Renewed focus on leveraging our scale and driving efficiencies
- Accelerate international expansion – the repositioning of the Avenida business in Brazil to a discount retailer
- Comprehensive insurance cover for civil unrest and business interruption
- Additional emphasis is being placed on managing margins, expenses and driving efficiencies

Material matters

#1 Customer focus

#3 Maintaining a low cost of doing business

#5 Allocating capital effectively

#2 Maintaining an efficient and effective supply chain

#4 Attracting and retaining talent

2

Business disruption risk, including unstable electricity supply

Risk context

Business interruption and financial loss can occur due to various factors such as supply chain disruptions from local sourcing partners in South Africa and China, shipping delays, loss of key strategic facilities like data centres, distribution centres, warehouses, load shedding, potential national power grid failure, or multiple stores being affected by a single event. Natural disasters like floods, and social unrest, including denial of access to crucial locations, require enhanced emphasis on crisis management and resilience capabilities.

Mitigations

- Enhancing resilience plans and conducting simulation tests in response to various disruptive events
- The group has a diversified supplier base to minimise the effect of disruptions
- Stable supplier base with long-standing relationships and collaboration to proactively resolve disruption
- Increase in local manufacturing and sourcing to improve resilience and agility in an event of international supply chain disruptions
- Extended back-up power to handle higher stages of load shedding
- A crisis response and recovery plan to prepare for a possible collapse of the national or provincial energy grid developed across the businesses
- The group is investing in renewable energy sources with a solar generation capacity project launched in order to reduce the businesses' dependence on Eskom for energy provision
- Implementing various cost-saving initiatives that simultaneously reduce carbon emissions (LED light replacement initiatives have been rolled out since 2013)
- Enhanced security mechanisms at key strategic and concentrated locations

Material matters

#1 Customer focus

#3 Maintaining a low cost of doing business

#2 Maintaining an efficient and effective supply chain

Risks and opportunities *continued*

Risk trend: ▲ Increasing ➤ Stable

3 Changing market dynamics

Risk context

The competitor landscape remains highly contested as retailers fight for market share growth in a low-growth retail market. Aggressive promotional activity by competitors and intentional shift towards value and discount segments by competitors are challenging the group to respond effectively to competitive pressures and changes in the local retail market. The group needs to understand and respond to the drivers of change and improve the customer value proposition.

Mitigations

- Adjust product offering to align with the shift in customer behaviour
- Strengthen our value perception by focusing on product and price
- Discount and value positioning. Our established operating businesses have a unique understanding of their customers and are uniquely positioned to attract customers who are now more focused on essential and value products as a result of the economic conditions
- Diversified customer base through our strong retail brands
- Grow presence and reach in the informal market
- Dedicated leadership capacity was created to develop and grow the Ackermans Woman offering with its scalable footprint of stores
- Our extensive footprint allows us to leverage scale, while our retail experience supports our ability to effectively manage the end-to-end supply chain, thereby providing value to our customers
- Balance sheet strength that enables the business to invest in organic and acquisitive growth

Material matters

- #1 Customer focus
- #3 Maintaining a low cost of doing business

4 Currency volatility

Risk context

Exchange rate volatility significantly impacts imported merchandise, which in turn impacts forecasts and achieving budgets as the uncertainty around currency fluctuation increases.

Mitigations

- Effective hedging and currency management policy is in place

Material matters

- #1 Customer focus
- #3 Maintaining a low cost of doing business

5 Loss of or deterioration in significant revenue streams

Risk context

The group is dependent on various revenue streams, including revenue earned from the sale of merchandise and services, income from financial services, and ongoing revenue and commissions earned from strategic partners. Macroeconomic circumstances, consumer trends, demands and affordability, in addition to the strength of partnerships and changes in regulation, can cause disruption in these revenue streams.

Mitigations

- The group has a long history of serving customers and their needs
- Major income streams are underpinned by contracts, in many instances long-term contracts, negotiated with strategic partners, including MNOs
- Grow cellular and financial services offering to ensure relevance in meeting customer needs

Material matters

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

Risks and opportunities *continued*

Risk trend: ▲ Increasing ➤ Stable

6 Cybersecurity threats

Risk context

Cybersecurity infrastructure and/or measures are insufficient or rendered obsolete by increasingly sophisticated and frequent cybercrimes. This could result in the disruption of operating businesses, financial loss as a result of a cyberattack and a negative impact on the company's reputation. Third-party risk also exists in the form of value chain infrastructure vulnerability.

Mitigations

- IT resilience is being addressed at all levels of the group and is considered part of the strategy and culture
- Proactive penetration testing and vulnerability scanning of both internal and externally facing network security devices and applications
- Ongoing security training and awareness campaigns raise appreciation of information security threats
- Ongoing focus on improving controls in line with our environment and threat landscape
- The dedicated information security function has multidisciplinary specialists
- Proactive risk management, focusing on the ability to absorb and recover from a cyberattack (proactive penetration tests and crisis response simulations)
- IT disaster recovery plans are in place across the group and are regularly reviewed

Material matters

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

7 Cost of doing business

Risk context

Increasing costs across the value chain could result in the cost of doing business rising faster than sales.

Mitigations

- Cost reviews across the group
- Ongoing review of performance through the budget and forecast processes to manage margins and costs
- Renewed focus on leveraging our scale and driving efficiencies

Material matters

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



Risks and opportunities *continued*

Risk trend:  Increasing  Stable

8 Talent attraction and retention

Risk context

Specialist retail and information technology skills remain scarce, while competition in retaining and attracting skilled staff remains concentrated, in South Africa and globally. Key talent in high demand, key person dependency and lack of diversity at senior levels remain a concern.

Mitigations

- Continued focus on employee value proposition designed to attract, engage, retain and motivate the talent required to deliver the strategy
- Greater investment in recruitment capability across our brands to promote and improve our employer brands
- Focused investment in the recruitment of young retail talent, through graduate and internship programmes across the business
- Regular benchmarking of remuneration

Material matters

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

9 ESG integration and adoption

Risk context

There is a growing emphasis on ESG matters worldwide, leading to more organisations adopting global ESG trends. Failing to keep up with these trends could put the long-term sustainability of the group at risk. Stakeholders expect organisations to operate as part of a holistic system, integrating ESG-related matters into their business's value chain.

Mitigations

- Increase commitment to sustainability from all operating businesses across the group
- A formalised approach to sustainability ensures ESG matters are governed and reported on appropriately
- The group's social and ethics committee is charged with the responsibility to review and advise on the group's management of matters that could influence our long-term sustainability from an ESG perspective
- Supplier code of conduct in place, covering social and environmental aspects
- Investment in renewable energy in areas such as solar technology in distribution centres

Material matters

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

10 Crime and employee safety

Risk context

Increases in burglaries and armed robberies are having a negative impact on trade and on staff well-being.

Mitigations

- Investing in our own control room (security operations centre)
- Enhanced security mechanisms at key strategic locations
- Building strong relationships and working together with law enforcement in order to effectively respond
- Fast and focused trauma counselling for any staff involved in an incident in stores

Material matters

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

Retail footprint

		30 September 2022		Openings	Closures	Net movement		30 September 2023	
		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	4 809	1 848	269	(190)	79	22	4 888	1 870
	PEP	2 579	897	96	(73)	23	6	2 602	903
	Ackermans	951	523	84	(8)	76	25	1 027	548
	PEP Africa	280	107	1	(54)	(53)	(18)	227	89
	Speciality¹	864	220	62	(35)	27	5	891	225
	Avenida²	135	101	26	(20)	6	4	141	105
	Furniture, appliances and electronics	888	398	49	(45)	4	(7)	892	391
	JD Home³	753	318	43	(40)	3	(7)	756	311
	JD Tech⁴	135	80	6	(5)	1	–	136	80
	Building materials⁵	133	346	6	(2)	4	1	137	347
	Pepkor	5 830	2 592	324	(237)	87	16	5 917	2 608

¹ Includes Tekkie Town, Dunns, Refinery, Shoe City, CODE and S.P.C.C

² Includes Avenida and Giovanna

³ Includes Russells, Bradlows, Rochester and Sleepmasters

⁴ Includes Incredible and HiFi Corp

⁵ Includes (retail and wholesale) BUCO, Timbercity, Tiletoria, Floors Direct, MacNeil, Cachet, B-One, Buchel, W&B Hardware, Buildware, Citiwood and Brands 4 Africa

Net movement of **+175** stores, excluding:

- 17 Dealz stores
- 54 PEP Africa stores
- 17 Giovanna stores



Shareholder analysis

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	23 126	68.01	2 133 268	0.06
1 001 – 10 000 shares	8 131	23.91	28 835 787	0.79
10 001 – 100 000 shares	1 874	5.51	54 651 789	1.49
100 001 – 1 000 000 shares	656	1.93	217 802 476	5.94
1 000 001 shares and over	217	0.64	3 364 003 323	91.72
Total	34 004	100.00	3 667 426 643	100.00
Distribution of shareholders				
Strategic investments	3	0.01	1 611 708 550	43.95
Pension funds	232	0.68	565 596 828	15.42
Unit trusts	332	0.98	465 068 608	12.68
Private investors	175	0.51	293 639 244	8.01
Sovereign wealth	12	0.04	256 998 975	7.01
Mutual funds	140	0.41	126 857 831	3.46
Insurance companies	23	0.07	47 193 430	1.29
Trading position	21	0.06	42 517 835	1.16
Hedge funds	14	0.04	39 666 352	1.08
Exchange-traded funds	36	0.11	37 401 467	1.02
Corporate holdings	4	0.01	36 167 670	0.99
Charities	18	0.05	11 806 208	0.32
Medical aid schemes	14	0.04	8 885 892	0.24
Custodians	14	0.04	6 185 730	0.17
Universities	10	0.03	4 714 931	0.13
Local authorities	3	0.01	2 894 597	0.08
Foreign governments	4	0.01	792 171	0.02
ESG	2	0.01	278 998	0.01
Other managed funds	4	0.01	256 028	0.01
Black economic empowerment	2	0.01	150 000	0.00
Remainder	32 941	96.87	108 645 209	2.95
Total	34 004	100.00	3 667 426 643	100.00
Public/non-public shareholders				
Public shareholders	33 997	99.98	2 053 259 156	55.98
Non-public shareholders	7	0.02	1 614 167 487	44.01
Directors and associates	4	0.01	2 786 920	0.08
Strategic holdings (more than 10%)	2	0.01	1 610 429 297	43.91
Treasury shares	1	0.00	951 270	0.03
Total	34 004	100.00	3 667 426 643	100.00

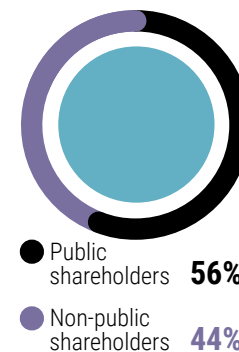
Beneficial shareholders holding 1% or more

	Number of shares	%
Ainsley Holdings Proprietary Limited	1 541 708 550	42.04
Government Employees Pension Fund (PIC)	331 439 424	9.04
Titan Premier Investments Proprietary Limited	199 394 550	5.44
GIC Asset Management Private Limited	113 729 455	3.10
Government of Norway	95 953 475	2.62
SAHPL Proprietary Limited	68 720 747	1.87
Various retail investors	59 097 962	1.61
Coronation Top 20 Fund	48 278 950	1.32
Total	2 458 323 113	67.04

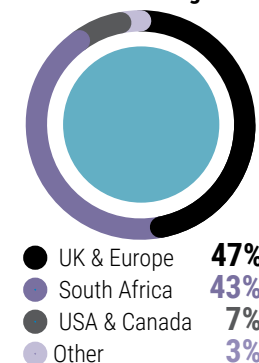
Fund managers holding 1% or more

PIC	250 890 836	6.84
Titan Premier Investments Proprietary Limited	199 394 550	5.44
Coronation Asset Management Proprietary Limited	191 728 727	5.23
GIC Asset Management Private Limited	112 713 955	3.07
The Vanguard Group Incorporated	81 776 078	2.23
Value Capital Partners	81 351 242	2.22
Sanlam Investment Management Proprietary Limited	78 141 365	2.13
Allan Gray Proprietary Limited	68 147 914	1.86
Fairtree Asset Management Proprietary Limited	67 118 301	1.83
BlackRock Advisors LLC	59 070 534	1.61
Camissa Asset Management	51 312 821	1.40
Truffle Asset Management Proprietary Limited	49 170 299	1.34
Abax Investments	42 192 450	1.15
Sanlam Private Investments	39 472 105	1.08
Total	1 372 481 177	37.43

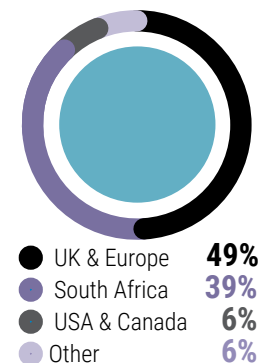
Free float



Geographic split of investment managers



Geographic split of beneficial shareholders



Share performance

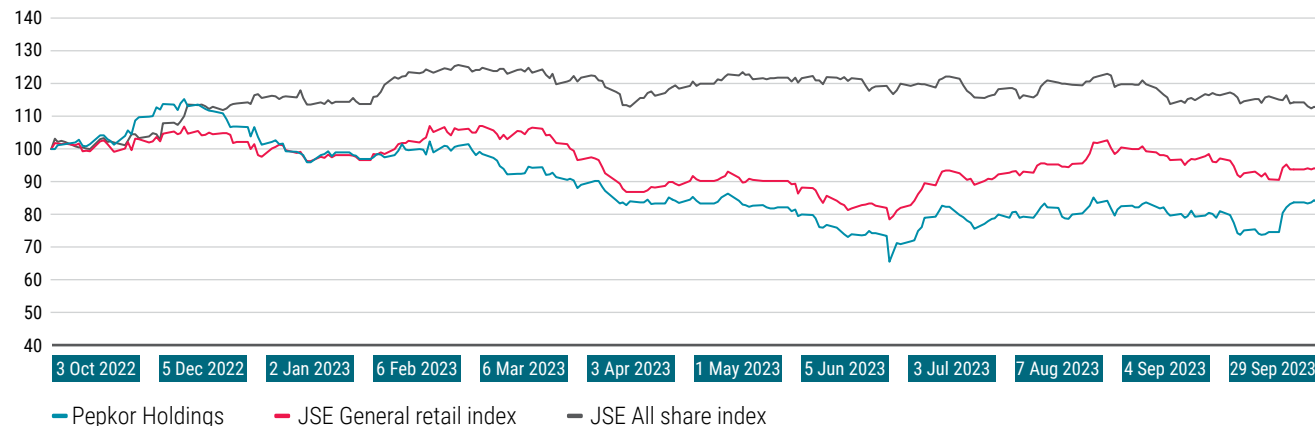
Analysis of trading

Month	High close (cents)	Low close (cents)	Volume (million shares)	Value (Rm)
October 2022	2 267	2 062	136	2 892
November 2022	2 376	2 143	157	3 577
December 2022	2 140	1 980	110	2 274
January 2023	2 112	2 011	159	3 289
February 2023	2 044	1 869	745	14 410
March 2023	1 865	1 709	199	3 496
April 2023	1 782	1 690	143	2 480
May 2023	1 680	1 354	334	5 124
June 2023	1 705	1 465	285	4 488
July 2023	1 759	1 623	118	1 991
August 2023	1 727	1 628	105	1 741
September 2023	1 741	1 521	225	3 693

Key statistics (12 months to September 2023)

	Close	1 725
	High	2 376
	Low	1 354
Traded price (cents per share)		
Market capitalisation as of 29 September 2023 (R billion)		63.3
Value of shares traded (R billion)		49.5
Value traded as % of market capitalisation		78.2%
Volume of shares traded (million)		2 716
Volume traded as a % of number of shares in issue		74.1%
PE ratio (statutory headline earnings)		11.9
PE ratio (normalised headline earnings)		12.6
Dividend yield (based on FY22 dividend declared)		3.2%
Earnings yield (statutory headline earnings)		8.4%
Earnings yield (normalised headline earnings, excluding one-off cost)		7.9%
Period-end market price/NAV		1.0
Shares in issue (million)		3 667
Average number of shares in issue (million)		3 673
Net shares issued during the year – net of share repurchases (million)		(10.7)

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



JSE All share index 12.7%

JSE General retail index (6.0%)

PPH (16.3%)

Pro forma financial information assurance report

Report on the assurance engagement on the compilation of pro forma financial information included in the Pepkor reviewed annual results for the year ended 30 September 2023

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 (the group) by the directors. The pro forma financial information, as set out on pages 32 to 35 of the Pepkor reviewed annual results for the year ended 30 September 2023, consist of the impact of week 53, the impact of the constant currency disclosure and the impact of the lease modification of a significant distribution centre in terms of IFRS 16: Leases; the insurance claim received relating to the replacement of property, plant and equipment damaged as a result of the floods in KwaZulu-Natal; the impact of the goodwill and trade and brand names being impaired as required by IFRS on the group's condensed consolidated statement of comprehensive income for the year ended 30 September 2023 and the impact on basic and diluted earnings per share and basic and diluted headline earnings per share (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 JSE Limited (JSE) Listings Requirements and described in the pro forma financial information of the Pepkor reviewed annual results for the year ended 30 September 2023.

The pro forma financial information has been compiled by the directors to illustrate the impact of removing the results of week 53 from revenue and trading profit, the impact of constant currency disclosure and the impact on basic and diluted earnings per share

and basic and diluted headline earnings per share of the lease modification of a significant distribution centre in terms of IFRS 16: Leases; 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 being impaired as required by IFRS.

As part of this process, information about the group's consolidated financial position and consolidated financial performance has been extracted by the directors from the group's condensed consolidated financial statements for the year ended 30 September 2023, on which a review report has been published.

Directors' responsibility

The directors of the company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the pro forma financial information section of the Pepkor reviewed annual results for the year ended 30 September 2023.

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.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the pro forma financial information section of the Pepkor reviewed annual results for the year ended 30 September 2023 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

Pro forma financial information assurance report *continued*

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 JSE Listings Requirements.

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 pro forma financial information 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 event or transaction, 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 company, the event or transaction 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 specified by the JSE Listings Requirements and described in the pro forma financial information section of the Pepkor reviewed annual results for the year ended 30 September 2023.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: D de Jager

Registered auditor

Stellenbosch, South Africa

28 November 2023



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 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, change 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.

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 modification of a significant distribution centre in terms of IFRS 16: Leases, 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 impairment.

The following table presents the adjustments to the items reported:

	As reported Year ended 30 September 2023 Reviewed ¹ Rm	IFRS 16 adjustment ² Rm	Property insurance claim adjustment Rm	Goodwill & trade and brand names impairment adjustment Rm	Pro forma after adjustments Year ended 30 September 2023 Reviewed Rm	Pro forma after adjustments Year ended 30 September 2022 Restated Reviewed ³ Rm	Pro forma % change on prior year
Revenue	87 408	–	–	–	87 408	81 154	7.7
Cost of sales	(56 370)	–	–	–	(56 370)	(52 471)	(7.4)
Gross profit	31 038	–	–	–	31 038	28 683	8.2
Other income	1 225	–	–	–	1 225	1 448	(15.4)
Steinhoff global settlement net recovery	–	–	–	–	–	–	0.0
Operating expenses	(16 383)	(392)	–	–	(16 775)	(14 868)	(12.8)
Debtors' costs	(1 707)	–	–	–	(1 707)	(1 085)	(57.3)
Operating profit before depreciation, amortisation and capital items	14 173	(392)	–	–	13 781	14 178	(2.8)
Depreciation and amortisation	(4 661)	–	–	–	(4 661)	(4 270)	(9.2)
Operating profit before capital items	9 512	(392)	–	–	9 120	9 908	(8.0)
Capital items	(6 828)	–	(45)	6 613	(260)	(128)	(> 100)
Operating profit	2 684	(392)	(45)	6 613	8 860	9 780	(9.4)
Finance costs	(3 095)	–	–	–	(3 095)	(2 461)	(25.8)
Finance income	296	–	–	–	296	259	14.3
(Loss)/profit before associated income	(115)	(392)	(45)	6 613	6 061	7 578	(20.0)
Share of net profit of associate	7	–	–	–	7	4	75.0
(Loss)/profit before taxation	(108)	(392)	(45)	6 613	6 068	7 582	(20.0)
Taxation	(1 172)	106	12	(26)	(1 080)	(2 088)	48.3
(Loss)/profit for the year from continuing operations	(1 280)	(286)	(33)	6 587	4 988	5 494	(9.2)
Loss for the year from discontinued operations	(10)	–	–	–	(10)	(41)	75.6
(Loss)/profit for the year	(1 290)	(286)	(33)	6 587	4 978	5 453	(8.7)
(Loss)/profit attributable to:							
Equity holders of the parent	(1 298)	(286)	(33)	6 587	4 970	5 458	(8.9)
Non-controlling interests	8	–	–	–	8	(5)	> 100
(Loss)/profit for the year	(1 290)	(286)	(33)	6 587	4 978	5 453	(8.7)

Pro forma financial information *continued*

	As reported Year ended 30 September 2023 Reviewed ¹ Rm	IFRS 16 adjustment ² Rm	Property insurance claim adjustment Rm	Goodwill & trade and brand names impairment adjustment Rm	Pro forma after adjustments Year ended 30 September 2023 Reviewed Rm	Pro forma after adjustments Year ended 30 September 2022 Restated Reviewed ³ Rm	Pro forma % change on prior year
Earnings attributable to ordinary shareholders	(1 298)	(286)	(33)	6 587	4 970	5 458	(8.9)
Capital items (note 3 in the reviewed condensed consolidated financial statements)	6 830	–	45	(6 613)	262	151	73.5
Taxation	(56)	–	(12)	26	(42)	(39)	(7.7)
Headline earnings attributable to ordinary shareholders	5 476	(286)	–	–	5 190	5 570	(6.8)
Earnings per share (cents)⁴							
Total basic earnings per share from continuing operations	(35.1)	(7.8)	(0.9)	179.5	135.7	148.9	(8.9)
Total basic earnings per share from discontinued operations	(0.3)	–	–	–	(0.3)	(1.1)	72.7
Total basic earnings per share	(35.4)	(7.8)	(0.9)	179.5	135.4	147.8	(8.4)
Total headline earnings per share from continuing operations	149.1	(7.8)	–	–	141.3	151.4	(6.7)
Total headline earnings per share from discontinued operations	0.1	–	–	–	0.1	(0.7)	> 100
Total headline earnings per share	149.2	(7.8)	–	–	141.4	150.7	(6.2)
Total diluted earnings per share from continuing operations	(34.6)	(7.7)	(0.9)	177.3	134.1	146.6	(8.5)
Total diluted earnings per share from discontinued operations	(0.3)	–	–	–	(0.3)	(1.1)	72.7
Total diluted earnings per share	(34.9)	(7.7)	(0.9)	177.3	133.8	145.5	(8.0)
Total diluted headline per share from continuing operations	147.3	(7.7)	–	–	139.6	149.2	(6.4)
Total diluted headline earning per share from discontinued operations	0.1	–	–	–	0.1	(0.7)	> 100
Total diluted headline earnings per share	147.4	(7.7)	–	–	139.7	148.5	(5.9)

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 2023.
- ² Refer to note 12 of the reviewed condensed consolidated financial statements for full appreciation of the IFRS 16 adjustment.
- 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 2022 and have been restated for the effect of the discontinued operation as detailed in note 6 and 7 in the reviewed condensed consolidated financial statements of the group for the year ended 30 September 2023.
- 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 detailed in note 6 in the reviewed condensed consolidated statements of the group for the year ended 30 September 2023.

Pro forma financial information *continued*

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 6 years by including a 53rd week. Accordingly, the results for the year include 53 weeks of sales for the group's clothing retailers vs 52 weeks in the previous 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 2023 financial year. The impact of the 53rd week, as calculated, is deducted from the reported current year's results to illustrate a comparable 52-week period. The 52-week financial information is based on the accounting policies of the annual financial statements, which have been prepared in accordance with IFRS.

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.

	53 weeks Year ended 30 September 2023 Reviewed ¹ Rm	Week 53 adjustment Rm	Pro forma 52 weeks Year ended 30 September 2023 Reviewed Rm	52 weeks Year ended 30 September 2022 Restated ² Reviewed ¹ Rm	% change on prior year
Revenue	87 408	(994)	86 414	81 154	6.5
Operating profit before capital items	9 512	(304)	9 208	10 347	(11.0)
(Loss)/profit for the year	(1 290)	(217)	(1 507)	6 109	(124.7)
(Loss)/profit attributable to:					
Equity holders of the parent	(1 298)	(217)	(1 515)	6 114	(124.8)
Non-controlling interests	8	–	8	(5)	> 100
(Loss)/profit for the year	(1 290)	(217)	(1 507)	6 109	(124.7)
Total basic earnings per share	(35.4)	(5.9)	(41.3)	165.5	(125.0)
Total diluted earnings per share	(34.9)	(5.8)	(40.7)	163.0	(125.0)
Total headline earnings per share	149.2	(5.9)	143.3	162.6	(11.9)
Total diluted headline earnings per share	147.4	(5.8)	141.6	160.2	(11.6)

Notes to the pro forma financial information

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 2023.

² Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 7 in the reviewed condensed consolidated financial statements of the group for the year ended 30 September 2023.

Pro forma financial information *continued*

Pro forma constant currency disclosure

The Pepkor group discloses 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, the current year's 53-week sales, for entities reporting in currencies other than South African rand, are converted from local currency actuals into South African rand at the prior period's 52-week and 53-week actual average exchange rates

on a country-by-country basis. 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 53 weeks on the comparative period sales of the 53 and 52 weeks, in reported currency and constant currency, for the basket of currencies in which these businesses operate.

Change in sales on prior year (%)	Average exchange rate		Reported currency		Constant currency	
	2023	2022	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	0.0320	0.0321	8.61	5.20	9.17	6.40
Malawian kwacha	0.0176	0.0181	3.78	0.81	6.59	3.37
Mozambican metical	0.2830	0.2451	24.90	22.82	8.16	6.22
Nigerian naira	0.0357	0.0379	0.29	(1.78)	6.31	4.54
Zambian kwacha	0.9960	0.9107	35.77	32.12	24.15	20.95
Total PEP Africa			20.60	17.63	13.62	10.97
Total PEP Africa (excluding Nigeria)			23.36	20.27	14.61	11.84
Avenida: Brazilian real	3.5877	3.2165	26.69	26.69	13.58	13.58



Glossary

AGM	annual general meeting	FAE	Furniture, appliances and electronics	PE ratio	price-earnings ratio
B-BBEE	broad-based black economic empowerment	FMCG	fast-moving consumer goods	PKL	Pepkor Logistics
B2B	business-to-business	FT	FinTech	PPH	Pepkor Holdings Limited JSE share code
BM	Building materials	FY	financial year	PPL	Pepkor Payments and Lending
bn	billion	GfK	Growth from Knowledge data and consumer goods intelligence market research company	PV	photovoltaic
bps	basis points	HEPS	headline earnings per share	Rbn	rand billion
BVI	Business Venture Investments 1499 (RF) Proprietary Limited	IFRIC	International Financial Reporting Interpretations Committee	R-CTFL	Retail – Clothing, Textile, Footwear and Leather
CAGR	compound annual growth rate	IFRS	International Financial Reporting Standards	RLC	Retailers' Liaison Committee
CDP	Climate Disclosure Protocol	ILO	International Labour Organisation	Rm	rand million
CEO	chief executive officer	<IR> Framework	Integrated Reporting Framework	RONA	return on net assets
CFH	clothing, footwear and homeware	IRBA	Independent Regulatory Board of Auditors	SAICA	South African Institute of Chartered Accountants
CFO	chief financial officer	ISAE	International Standard on Assurance Engagements	SARS	South African Revenue Service
CGM	Clothing and general merchandise	IT	information technology	SDG	Sustainable Development Goal
COO	chief operating officer	JSE	Johannesburg Stock Exchange	SEM	socio-economic measure (previously LSM)
CO₂e	carbon dioxide equivalent	kWh	kilowatt hour	SETA	Sector Education and Training Authority
COVID-19	novel coronavirus (SARS-CoV-2)	LED	light-emitting diode	SMMEs	small, medium and micro enterprises
cps	cents per share	m²	square meter	Speciality	Pepkor Speciality
CSI	corporate social investment	MNO	mobile network operator	TBCo	The Building Company
D&A	Pepkor Data and Analytics	MWp	megawatt peak	TCFD	Task Force on Climate-Related Financial Disclosures
DC	distribution centre	NPL	non-performing loan	TEUs	twenty-foot equivalent unit (cargo capacity) shipping container
DEPS	diluted earnings per share	OECD	Organisation for Economic Co-operation and Development	UNGC	United Nations Global Compact
DHEPS	diluted headline earnings per share	OGR	ongoing revenue	UN SDGs	United Nations Sustainable Development Goals
EBITDA	earnings before interest, taxes, depreciation and amortisation	PAXI	parcel delivery service	WACC	weighted average cost of capital
ECD	early childhood development				
EPS	earnings per share				
ESG	environmental, social and governance				

Corporate information

Registration number 2017/221869/06

Share code PPH

Debt code PPHI

ISIN ZAE000259479

LEI 3789006D677C34F69875

Registered address

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Parow Industria 7493

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Telephone

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E-mail: press@pepkor.co.za

Company secretary

Masood Allie

E-mail: companysec@pepkor.co.za

Auditor

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Cape Town 8012
PO Box 2799, Cape Town 8000

Equity sponsor

Investec Bank Limited
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100 Grayston Drive, Sandown
Sandton 2196
PO Box 78055, Sandton 2146

Debt sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place, Corner Fredman Drive and Rivonia Road
Sandton 2196
PO Box 786273, Sandton 2146

Transfer secretary

Computershare Investor Services Proprietary Limited



Shareholder diary

Annual general meeting

7 March 2024

Announcement of
interim results

May 2024

Financial year-end

30 September 2024

Announcement of
annual results

November 2024



PEPKOR

Holdings Limited

www.pepkor.co.za