PEPKOR
Holdings Limited

23

# Reviewed annual results

for the year ended 30 September 2023

# Pepkor **delivers solid cash generation**, driven by a compelling second-half performance

## FY23 performance highlights[1]

**7.7%**
growth in revenue to **R87.4 billion**

- Stronger trading in second half of the year notwithstanding 53rd trading week
- Market share gains[2] in key product categories

**Cost growth well managed**

**15.9%**
increase in cash generated to **R13.0 billion** – despite payments of R1.4 billion before cut-off (53 trading weeks)

**4 100**
learnerships provided – the most of all SA retailers[4]

**20** bps
increase in gross profit margin – despite aggressive markdowns

**8.7%**
decrease in HEPS to **149.1 cents** – in line with expectations

- 6.7% decrease in normalised HEPS[3]

**48.1** cents
dividend declared

**6** MWp
solar capacity installed and **84%** in-store electricity resilience

1 Continuing operations for the year ended 30 September 2023
2 Retailers' Liaison Committee (RLC) and Growth from Knowledge (GfK) data to 30 September 2023
3 Refer to the Pro forma financial information for further detail
4 Based on public information available

# Operating environment

## A challenging operating environment persists in South Africa

Consumers in South Africa continue to face financial strain and are over-leveraged due to high living costs. Unemployment remains persistently high, particularly among the youth, severely affecting their ability to earn an income. Additionally, continued disruption in social grant payments further compounds the challenges faced by consumers in the country.

Electricity load shedding continues to restrict economic activity. The lost trading hours more than doubled this year, reaching 845 000 hours, and diesel costs surged by 69% to R141 million for the year. The group has bolstered its operational resilience, with 84% of the store base now equipped with alternative power sources. In PEP and Ackermans, 100% of stores are covered. These measures are, however, only effective up to certain stages of load shedding. Load shedding further affects customer movement, activity and spending power.

Increasing levels of crime, including burglaries and armed robberies of stores, electricity infrastructure damage and cable theft negatively impacts operations, including employee and customer safety. In response, the group has put numerous measures in place to safeguard employees and assets, resulting in additional costs.

The competitive environment in the discount and value retail segment remains intense with high levels of promotional activity during the year. Market share gains highlight the compelling value proposition of the group's retail brands. The group sells two out of three babies' and one out of two kids' apparel items in South Africa (RLC data).

Product supply challenges were experienced in certain categories such as cellular handsets. This negatively impacted sales performance; however, the group maintained its market position and still sells seven out of 10 prepaid handsets in South Africa (GfK data).

## Positive operating environment in Brazil

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.

# FY23 performance

## Stronger sales performance in the second half of FY23 drives market share gains

Trading improved during the second half of the year, supported by a 53rd trading week in the group's South Africa-based clothing and general merchandise retail brands. Market share gains were achieved in key product categories.

Based on 12-month moving average RLC data to September 2023, PEP achieved gains in the Babies, Adult and Home categories, and Speciality expanded market share in the Adult category. Ackermans gained share in the Schoolwear, Younger girls and Lingerie categories, with a positive trajectory emerging in other categories. The group continues to outperform its pre-COVID market share. JD Group expanded market share in the computer and audio categories based on GfK data to September 2023.

## Headline earnings in line with expectations

Headline earnings of R5.5 billion was in line with expectations, negatively impacted by elevated debtors' costs and net finance costs.

The implementation of the group's credit interoperability strategy in the South Africa-based clothing and general merchandise retail brands has yielded pleasing results, notwithstanding increased debtors' costs in the form of provisions raised. The overall group credit sales mix increased to 10% from 8% in the prior year.

## Robust cash generation

The group's operations generated R13.0 billion in cash this year, reflecting an increase of 15.9% on the prior year. This performance is the result of impeccable working capital management and was achieved notwithstanding R1.4 billion in creditor payments made before cut-off as a result of the 53rd trading week.

## Dividend declared not impacted by impairment of goodwill and trade and brand names

A dividend of 48.1 cents per share was declared for FY23. Based on the group's credible operating performance and strong cash generation during the year, in addition to its healthy financial position, the board resolved that the FY23 impairment of R6.6 billion, recognised on goodwill and trade and brand names, be disregarded in the consideration and determination of the FY23 dividend.

## Portfolio review and capital allocation decisions implemented

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.

Capital allocation to the Avenida business was increased to accelerate growth and expansion based on continued strong performance and good progress made to reposition the business to a discount retailer in the Brazilian market. Planned new store openings have been doubled to 50 per year. Avenida represents a significant opportunity for growth and diversification outside of Africa for the group.

## Integrated sustainability

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

Enabling livelihoods means making the unaffordable affordable for customers. PEP is at the forefront of this through its best price leadership, with an average product price point of only R48.

Skills development is key in driving inclusive growth in a society such as South Africa with high unemployment, in particular youth unemployment. Pepkor's Retail Learning Academy offers 2 700 learnerships annually to existing employees as well as unemployed individuals. These learnerships enhance the skill sets and employability of individuals both internally and externally. During the year, the group offered 4 100 learnerships, well exceeding its ambitions.

To drive efficiency and business continuity the group implemented more renewable energy sources and invested R62 million in solar PV projects in 2023, taking the total installed solar capacity in the group to 6 MWp across 68 sites. The aim is to install an additional 2.5 MWp in 2024. These key investments provide uninterrupted power supply for operations, reducing Pepkor's demand from the electricity grid and making sure that the group can continue serving its customers.

# Financial results

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 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 by segment | FY23 Rm | FY22 Rm | Growth % | Contribution % |
|---|---|---|---|---|
| **RETAIL SEGMENTS** | **77 410** | **71 647** | **8.0%** | **89%** |
| Clothing and general merchandise | **58 421** | 52 573 | 11.1% | 67% |
| Furniture, appliances and electronics | **10 541** | 10 616 | (0.7%) | 12% |
| Building materials | **8 448** | 8 458 | (0.1%) | 10% |
| **FINTECH SEGMENT** | **9 998** | **9 507** | **5.2%** | **11%** |
| **GROUP** | **87 408** | **81 154** | **7.7%** | **100%** |

## 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.

Refer to page 6 for further detail

## Normalised results[1]

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 distribution centre lease in the KwaZulu-Natal province and commissioning of the newly constructed distribution centre 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 distribution centre. 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.

[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 32 to 35.

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.

| 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[2,3] | 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.
3 Excludes PEP Nigeria.

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.

Retail selling price inflation in PEP, Ackermans and Speciality (in aggregate) amounted to 7.3% for the year.

The group has a long history of earning ongoing revenue 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, ongoing revenue amounted to R1.9 billion.

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.

**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 weighted average cost of capital (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).

Refer to page 19 for further detail

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.

Operating expenses include 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.

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.

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

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.

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.

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

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. 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.

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.

Pepkor achieved a total return on net assets of 27.0% for the year. This excludes the goodwill and trade and brand names impairment and remains within the targeted range.

HEPS decreased by 8.7% to 149.1 cents. On a normalised basis, which excludes non-recurring items, HEPS decreased by 6.7% to 141.3 cents.

## 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.

# Segmental performance

## Traditional retail segments

**89%** of group revenue

**90%** operating profit

**47 600** employees

**5 917** stores

### CLOTHING AND GENERAL MERCHANDISE

PEP
ACKERMANS
PEPKOR Speciality
PEP | Africa
AVENIDA

GROUP STRATEGIC SERVICES

### FURNITURE, APPLIANCES AND ELECTRONICS

JD GROUP
Russells
BRADLOWS
HiFiCorp
incredible
ROCHESTER
Sleepmasters The Bed Experts

### BUILDING MATERIALS

THE BUILDING COMPANY
BUCO LET'S BUILD TOGETHER
Timbercity
BRANDS 4 AFRICA
Citiwood
tiletoria sanware • tiles • vinyl • laminate
HANDLES HINGES & LOCKS
B ONE

## FinTech segment

**11%** of group revenue

**10%** operating profit

**2 400** employees

### FINANCIAL SERVICES

TENACITY
CONNECT
capfin
abacus

### INFORMAL MARKET

flash

# Traditional retail segments

## CLOTHING AND GENERAL MERCHANDISE

### PEP

PEP achieved very pleasing results with strong like-for-like sales growth of 9.0% in H2FY23 (on a 52-week basis). Market share was expanded in the Babies, Adult and Home product categories (September 2023 RLC data).

Best price leadership was maintained with a healthy price gap to competitors. The PEP HOME stand-alone format, with 393 stores, achieved strong sales growth of 21.9%.

PEP sold eight million cellular handsets during the year, 50% of which were smartphones. Growth in consumer demand for smartphones exceeded product availability in certain smartphone product lines.

PEP's credit sales mix increased to 4% (1% in the prior year) based on consumer demand for credit and enabled by the group's credit interoperability strategy.

PEP opened 96 new stores during the year, mostly driven by the PEP HOME format, and expanded its retail base to 2 602 stores.

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.

PEP's new 150 000 m$^2$ distribution centre in Hammarsdale was successfully commissioned during the year. The distribution centre is self-sufficient and has been EDGE (Excellence in Design for Greater Efficiencies)-certified.

### Ackermans

Trading in Ackermans showed a marked improvement in H2FY23, with like-for-like sales declining by 1.1% compared to a decline of 8.3% reported for H1FY23 (on a 52-week basis). Ackermans gained share 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.

The credit sales mix increased to 18% from 17% in the prior year.

Ackermans opened 84 new stores, growing the retail footprint to 1 027 stores. The stand-alone Ackermans Woman format was expanded to 57 stores and the stand-alone Ackermans Connect format to 59 stores.

### Speciality

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. The Speciality store base was expanded to 891 stores with 62 new stores opened during the year.

### PEP Africa

PEP Africa reported good trading results across most countries of operation, supported by customer and volume growth. Good margin management and cost control, in combination with strengthening local currencies and weakening of the rand, resulted in improved profitability. Strong cash repatriation continued to be achieved. The store base was consolidated to 227 stores with a reduction of 54 stores, including the exit from Nigeria.

### Avenida

Avenida performed well despite a weak first quarter where performance was impacted by disruptions caused by elections in Brazil. Performance in Avenida exceeded expectations and the business is well ahead of its original value creation plan. Cellular was removed as a product category based on lack of scope in profitability and returns and 20 Giovanna stand-alone footwear stores were closed or converted to Avenida formats. Avenida's competitive positioning was enhanced through the implementation of a discount strategy and key value items necessitating a reduction in selling prices but yielding the desired effect of increased volumes. Plans to expand the retail footprint and distribution network have been accelerated with 50 new stores planned per annum.

## Traditional retail segments

### FURNITURE, APPLIANCES AND ELECTRONICS

Following two consecutive years of solid performance in JD Group, consumer demand for household goods and consumer electronics weakened during the year. Notwithstanding this, market share was expanded in computer and audio product categories (GfK data).

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.

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.

### BUILDING MATERIALS

The Building Company (TBCo) managed to maintain sales performance in an extremely challenging building materials and construction market, with reduced activity and low levels of confidence. Load shedding continues to have a crippling effect on the construction and manufacturing industries.

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 segment

### FINANCIAL SERVICES

#### 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

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.

The average throughput across the trader base increased by 11.3%. In terms of making customers' lives easier, traders are now able to facilitate SASSA grants distribution to beneficiaries.

Cellular base spend increased by 4.7% and the sim activation rate improved. These factors drive ongoing revenue.

Aggregation turnover increased by 44.9% to R8.6 billion, driven by airtime and 1Voucher sales.

1Voucher is Flash's fastest growing product and turnover increased by 62.4%.

Flash contributed 67% to the FinTech segment's revenue for the year.

## Outlook

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

Although sales performance exhibited fluctuations in October 2023, trading remains resilient and robust during periods when money is injected into the market, such as payment days for social grants, salaries and wages. The success of the first quarter of FY24 will hinge on the performance of festive and back-to-school trade.

In FY24, it is anticipated that product inflation will alleviate to mid-single-digit levels, supported by enhanced sourcing strategies and deflation in factory gate prices. This will benefit customer affordability and boost sales volumes. The group continues to implement specific cost reduction measures.

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

## Dividend declaration

The board declared a cash dividend of 48.07572 cents per ordinary share payable to shareholders on Monday, 22 January 2024. The dividend has been declared out of income reserves.

| |
|---|
| **Last date to trade cum dividend – Tuesday, 16 January 2024** |
| **Date trading commences ex dividend – Wednesday, 17 January 2024** |
| **Record date – Friday, 19 January 2024** |
| **Payment date – Monday, 22 January 2024** |

Share certificates may not be dematerialised or rematerialised between Wednesday, 17 January 2024 and Friday, 19 January 2024, both days inclusive. The maximum local dividend tax rate is 20%. The net local dividend amounts to 38.46058 cents per share for shareholders liable to pay dividend tax at the maximum rate. The issued ordinary share capital of Pepkor Holdings Limited as at the date of this declaration is 3 667 426 643 ordinary shares. Pepkor Holdings Limited's tax reference number is IT9542320180.

## Changes to the board

The following changes to the board took place during the year under review:

- As a result of Mr Leon Lourens' early retirement as CEO, Pieter Erasmus was transitioned from non-executive director and was appointed as the CEO with effect from 1 October 2022. Pieter subsequently stepped down as a member of the human resources and remuneration committee on 1 October 2022 and was appointed as a member of the social and ethics committee with effect from 1 November 2022.

Following the conclusion of the FY23 financial year:

- Nunu Ntshingila was appointed as a director and as a member of the human resources and remuneration committee with effect from 15 November 2023 in order to enhance the skill set and strengthen the diversity of the board.
- Hester Hickey stepped down as a member of the investment committee with effect from 15 November 2023, as the board deemed it appropriate to reduce the number of directors serving on the investment committee.

## Ultimate holding company

On 8 February 2023, Ibex Group, formerly Steinhoff International Holdings N.V., reduced its shareholding in Pepkor to 43.898%. Subsequent to this transaction the Ibex Group no longer has control over Pepkor and is therefore no longer considered to be its ultimate holding company.

**Wendy Luhabe**
*Independent non-executive chair*

**Pieter Erasmus**
*Chief executive officer*

**Riaan Hanekom**
*Chief financial officer*

28 November 2023

# Independent auditor's review report

**on condensed consolidated financial statements**

## To the shareholders of Pepkor Holdings Limited

We have reviewed the condensed consolidated financial statements of Pepkor Holdings Limited, set out on pages 13 to 31, which comprise the condensed consolidated statement of financial position as at 30 September 2023 and the related condensed consolidated income statement and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

## Directors' responsibility for the condensed consolidated financial statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in the basis of preparation paragraph to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Pepkor Holdings Limited for the year ended 30 September 2023 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in the basis of preparation paragraph to the financial statements, and the requirements of the Companies Act of South Africa.

*PricewaterhouseCoopers Inc.*

**PricewaterhouseCoopers Inc.**
Director: D de Jager
Registered Auditor

Stellenbosch, South Africa

28 November 2023

# 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 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

# Condensed consolidated financial statements

for the year ended 30 September 2023

## Condensed consolidated income statement

| | Notes | Year ended 30 September 2023 Reviewed Rm | Year ended 30 September 2022 Restated[1] Reviewed Rm | % change |
|---|---|---|---|---|
| **Revenue** | 2 | **87 408** | 81 154 | 7.7 |
| Retail revenue | | **84 236** | 78 673 | 7.1 |
| Financial services revenue | | **2 801** | 2 150 | 30.3 |
| Insurance revenue | | **371** | 331 | 12.1 |
| **Cost of sales** | | **(56 370)** | (52 471) | (7.4) |
| Cost of merchandise sold | | **(56 444)** | (52 617) | (7.3) |
| Cost of merchandise written off – floods | | **–** | (318) | 100.0 |
| Insurance claim recovery – social unrest and floods | | **74** | 464 | (84.1) |
| **Gross profit** | | **31 038** | 28 683 | 8.2 |
| Other income | | **1 225** | 1 448 | (15.4) |
| Other income excluding insurance claim recovery – social unrest and floods | | **950** | 938 | 1.3 |
| Insurance claim recovery – social unrest and floods | | **275** | 510 | (46.1) |
| Steinhoff global settlement net recovery | 1.6 | **–** | 439 | (100.0) |
| Operating expenses | | **(16 383)** | (14 868) | (10.2) |
| Debtors' costs | | **(1 707)** | (1 085) | (57.3) |
| **Operating profit before depreciation, amortisation and capital items** | | **14 173** | 14 617 | (3.0) |
| Depreciation and amortisation | | **(4 661)** | (4 270) | (9.2) |
| **Operating profit before capital items** | | **9 512** | 10 347 | (8.1) |
| Capital items | 3 | **(6 828)** | 169 | (> 100) |
| Capital items excluding insurance claim recovery – social unrest and floods | | **(6 873)** | (128) | (> 100) |
| Insurance claim recovery – social unrest and floods | | **45** | 297 | (84.8) |
| **Operating profit** | | **2 684** | 10 516 | (74.5) |
| Finance costs | 4 | **(3 095)** | (2 461) | (25.8) |
| Finance income | | **296** | 259 | 14.3 |
| **(Loss)/profit before associated income** | | **(115)** | 8 314 | (101.4) |
| Share of net profit of associate | | **7** | 4 | 75.0 |
| **(Loss)/profit before taxation** | | **(108)** | 8 318 | (101.3) |
| Taxation | 5 | **(1 172)** | (2 168) | 45.9 |
| **(Loss)/profit for the year from continuing operations** | | **(1 280)** | 6 150 | (120.8) |
| Loss for the year from discontinued operations | 7 | **(10)** | (41) | 75.6 |
| **(Loss)/profit for the year** | | **(1 290)** | 6 109 | (121.1) |
| **(Loss)/profit attributable to:** | | | | |
| Equity holders of the parent | | **(1 298)** | 6 114 | (121.2) |
| Non-controlling interests | | **8** | (5) | > 100 |
| **(Loss)/profit for the year** | | **(1 290)** | 6 109 | (121.1) |
| **Earnings per share (cents)** | | | | |
| Basic earnings per share from continuing operations | | **(35.1)** | 166.6 | (121.1) |
| Basic earnings per share from discontinued operations | | **(0.3)** | (1.1) | 72.7 |
| Total basic earnings per share | 6 | **(35.4)** | 165.5 | (121.4) |
| Diluted earnings per share from continuing operations | | **(34.6)** | 164.1 | (121.1) |
| Diluted earnings per share from discontinued operations | | **(0.3)** | (1.1) | 72.7 |
| Total diluted earnings per share | 6 | **(34.9)** | 163.0 | (121.4) |

[1] Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 7.

## Condensed consolidated statement of comprehensive income

| | Notes | Year ended 30 September 2023 Reviewed Rm | Year ended 30 September 2022 Restated[1] Reviewed Rm |
|---|---|---|---|
| (Loss)/profit from continuing operations | | **(1 280)** | 6 150 |
| Loss from discontinued operations | | **(10)** | (41) |
| **(Loss)/profit for the year** | | **(1 290)** | 6 109 |
| **Other comprehensive (OCI) income from continuing operations** | | | |
| ***Items that may be reclassified subsequently to profit or loss:*** | | | |
| Exchange differences on translation of foreign operations | | **188** | 588 |
| Net fair value gain on cash flow hedges | | **666** | 1 350 |
| Deferred taxation on cash flow hedges | | **61** | (60) |
| Foreign currency translation reserve released to profit or loss on liquidation of foreign subsidiaries | 3 | **(3)** | (50) |
| **Other comprehensive income for the year, net of taxation** | | **912** | 1 828 |
| **Other comprehensive (OCI) (loss)/income from discontinued operations** | | | |
| ***Items that may be reclassified subsequently to profit or loss:*** | | | |
| Exchange differences on translation of foreign operations | | **(34)** | 10 |
| Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary | | **32** | – |
| **Other comprehensive (loss)/income for the year, net of taxation** | | **(2)** | 10 |
| **Total comprehensive (loss)/income for the year** | | **(380)** | 7 947 |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Equity holders of the parent | | **(388)** | 7 952 |
| Non-controlling interests | | **8** | (5) |
| **Total comprehensive (loss)/income for the year** | | **(380)** | 7 947 |
| **Total comprehensive (loss)/income for the year attributable to equity holders of the parent arises from:** | | | |
| Continuing operations | | **(368)** | 7 978 |
| Discontinued operations | | **(12)** | (31) |
| **Total comprehensive (loss)/income for the year** | | **(380)** | 7 947 |

[1] Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 7.

# Condensed consolidated statement of changes in equity

| | Year ended 30 September 2023 Reviewed Rm | Year ended 30 September 2022 Reviewed Rm |
|---|---|---|
| **Balance at beginning of the year** | **62 945** | 58 188 |
| **Changes in reserves** | | |
| Total comprehensive (loss)/income for the year attributable to owners of the parent | **(388)** | 7 952 |
| (Loss)/profit for the year | **(1 298)** | 6 114 |
| Recognised in other comprehensive income from total operations | **910** | 1 838 |
| Shares issued under Pepkor Executive Share Rights Scheme | **226** | 231 |
| Shares issued as properties purchase consideration | **–** | 19 |
| Share buy-back and cancellation | **(511)** | (643) |
| Treasury shares purchased by a subsidiary company of the group | **(8)** | (9) |
| Dividends paid | **(2 025)** | (1 634) |
| Net movement in share-based payment reserve | **(5)** | 29 |
| Transfers to retained earnings | **(20)** | (13) |
| Transfers from other reserves | **–** | 33 |
| Transfer to retained earnings due to ultimate holding company loss of control | **(11 755)** | – |
| Transfer from common control reserve due to ultimate holding company loss of control | **11 755** | – |
| Net fair value loss on cash flow hedges transferred to inventory | **(1 007)** | (785) |
| Recognition of put option reserve | **(183)** | (606) |
| **Changes in non-controlling interests** | | |
| Non-controlling interest recognised on acquisition of subsidiaries | **–** | 172 |
| Total comprehensive income/(loss) for the year attributable to non-controlling interests | **8** | (5) |
| Exchange differences on consolidation of foreign subsidiaries | **21** | 16 |
| **Balance at end of the year** | **59 053** | 62 945 |
| **Comprising** | | |
| Ordinary stated capital | **66 943** | 67 228 |
| Treasury shares | **(17)** | (9) |
| Common control reserve | **–** | (11 755) |
| Retained earnings | **(7 806)** | 7 292 |
| Share-based payment reserve | **404** | 409 |
| Hedging reserve | **266** | 546 |
| Foreign currency translation reserve | **(184)** | (367) |
| Put option reserve | **(789)** | (606) |
| Other reserves | **24** | 24 |
| Non-controlling interests | **212** | 183 |
| | **59 053** | 62 945 |

# Condensed consolidated statement of financial position

| | Notes | 30 September 2023 Reviewed Rm | 30 September 2022 Reviewed Rm |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | | **32 937** | 39 204 |
| Intangible assets | | **19 104** | 19 004 |
| Property, plant and equipment | | **9 329** | 8 341 |
| Right-of-use assets | 8 | **10 864** | 11 101 |
| Interest in associate | | **71** | 64 |
| Investments and loans | | **46** | 49 |
| Unsecured loans[1] | | **298** | 5 |
| Deferred taxation assets | | **2 835** | 3 022 |
| | | **75 484** | 80 790 |
| **Current assets** | | | |
| Inventories | | **16 974** | 17 066 |
| Trade and other receivables | | **9 242** | 8 511 |
| Unsecured loans[1] | | **1 792** | 1 842 |
| Insurance and reinsurance receivables | | **37** | 39 |
| Current income taxation assets | | **284** | 262 |
| Investments and loans | | **48** | 110 |
| Cash and cash equivalents | | **4 879** | 4 947 |
| | | **33 256** | 32 777 |
| **Total assets** | | **108 740** | 113 567 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Ordinary stated capital | | **66 943** | 67 228 |
| Reserves | | **(8 102)** | (4 466) |
| Total equity attributable to equity holders of the parent | | **58 841** | 62 762 |
| Non-controlling interests | | **212** | 183 |
| **Total equity** | | **59 053** | 62 945 |
| **Non-current liabilities** | | | |
| Interest-bearing loans and borrowings | | **9 395** | 10 350 |
| Lease liabilities | | **10 871** | 11 861 |
| Employee benefits | | **388** | 233 |
| Deferred taxation liabilities | | **4 277** | 4 235 |
| Provisions | | **245** | 315 |
| Put option liability | | **1 068** | 682 |
| | | **26 244** | 27 676 |
| **Current liabilities** | | | |
| Trade and other payables | | **15 095** | 14 712 |
| Insurance payables | | **73** | 76 |
| Lease liabilities | | **3 078** | 2 836 |
| Employee benefits | | **1 337** | 1 250 |
| Provisions | | **112** | 92 |
| Interest-bearing loans and borrowings | | **2 121** | 1 129 |
| Current income taxation liabilities | | **693** | 2 273 |
| Bank overdrafts | | **934** | 578 |
| | | **23 443** | 22 946 |
| **Total equity and liabilities** | | **108 740** | 113 567 |

[1] Loans to customers have been renamed to Unsecured loans to provide more clarity to users of the financial statements around the nature of the loans.

# Condensed consolidated statement of cash flows

| | Notes | Year ended 30 September 2023 Reviewed Rm | Year ended 30 September 2022 Reviewed Rm |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Operating profit from total operations** | | **2 697** | 10 479 |
| Adjusted for: | | | |
| Debtors' write-offs and movement in provision | | **2 163** | 1 357 |
| Depreciation and amortisation | | **4 680** | 4 293 |
| Non-cash capital items | 3 | **6 830** | 151 |
| Inventories written down to net realisable value | | **603** | 851 |
| Profit on lease modification | | **(789)** | (769) |
| Share-based payment expense | | **221** | 260 |
| Non-working capital provisions releases and other non-cash adjustments | | **9** | (28) |
| | | **16 414** | 16 594 |
| Working capital changes | | | |
| Increase in inventories | | **(1 529)** | (5 115) |
| Increase in trade and other receivables | | **(77)** | (490) |
| Increase in instalment sale receivables and credit sales through store cards | | **(2 442)** | (1 331) |
| Increase in unsecured loans[1] | | **(918)** | (740) |
| Increase in trade and other payables | | **1 514** | 2 269 |
| **Net changes in working capital** | | **(3 452)** | (5 407) |
| **Cash generated from operations** | | **12 962** | 11 187 |
| Net dividends paid | | **(2 025)** | (1 634) |
| Finance cost paid | | **(2 866)** | (2 321) |
| Finance income received | | **252** | 238 |
| Taxation paid | | **(2 537)** | (2 005) |
| **Net cash inflow from operating activities** | | **5 786** | 5 465 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Additions to property, plant and equipment and intangible assets | | **(2 712)** | (2 550) |
| Proceeds on disposal of property, plant and equipment and intangible assets | | **73** | 39 |
| Payment for acquisition of subsidiary, net of cash and cash equivalents acquired | | **–** | (1 843) |
| Settlement of BVI loan | | **–** | 609 |
| Decrease in investments and loans | | **151** | 305 |
| Increase in investments and loans | | **(84)** | (25) |
| Increase in investments and loans in equity accounted companies | | **–** | (5) |
| **Net cash outflow from investing activities** | | **(2 572)** | (3 470) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Amount paid on share buy-back | | **(511)** | (643) |
| Treasury shares purchased | | **(8)** | (9) |
| Amounts paid on long-term interest-bearing loans and borrowings | | **(1 950)** | (5 338) |
| Amounts received on long-term interest-bearing loans and borrowings | | **1 896** | 5 000 |
| Principal lease liability repayments | | **(3 057)** | (2 783) |
| **Net cash outflow from financing activities** | | **(3 630)** | (3 773) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | **(416)** | (1 778) |
| Effects of exchange rate translations on cash and cash equivalents | | **(8)** | 404 |
| Cash and cash equivalents at beginning of the year | | **4 369** | 5 743 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | | **3 945** | 4 369 |
| Consisting of: | | | |
| Cash and cash equivalents | | **4 879** | 4 947 |
| Bank overdrafts and short-term facilities | | **(934)** | (578) |
| | | **3 945** | 4 369 |

[1] Loans to customers have been renamed to Unsecured loans to provide more clarity to users of the financial statements around the nature of the loans.

# Notes to the condensed consolidated financial statements

**for the year ended 30 September 2023**

## Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and Debt Listings Requirements (collectively, the Listings Requirements) for condensed financial statements and the requirements of the Companies Act of South Africa. The Listings Requirements require condensed financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and Financial Pronouncements as issued by the Financial Reporting Standards Council and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

New and revised accounting standards became effective during the year, but their implementation had no significant impact on the results of either the current or the previous financial year. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated financial statements are prepared in millions of South African rand (Rm) on the historical cost basis, except for certain assets and liabilities, which are carried at amortised cost, and derivative financial instruments, which are stated at their fair values. The preparation of the condensed consolidated financial statements for the year ended 30 September 2023 have been supervised by RG Hanekom CA(SA), the group's chief financial officer.

These condensed consolidated financial statements for the year ended 30 September 2023 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion thereon. The review was performed in accordance with ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity, of which the report has been included in this announcement. The auditor's report does not necessarily report on all the information contained in this announcement.

Any forward-looking and forecast information presented is the responsibility of the board and has not been reviewed or reported on by Pepkor's auditor.

## Significant events

### Share capital

The following movements in ordinary shares were recorded during the period:

- The group issued 17.1 million ordinary shares during the current financial year for share rights that vested under the Pepkor Executive Share Rights Scheme.
- The group repurchased and cancelled 27.8 million ordinary shares during the current financial year from the open market on the JSE.
- A company within the group purchased 523 619 ordinary shares during the current financial year from the open market on the JSE which is classified as treasury shares in the annual financial statements.

### Ultimate holding company

On 8 February 2023, Ainsley Holdings Proprietary Limited, an indirect wholly owned subsidiary of Steinhoff International Holdings N.V. (Steinhoff Group) reduced its shareholding in the group to 43.898%. Subsequent to this transaction the Steinhoff Group no longer has control over the group and is therefore no longer considered to be the ultimate holding company of the group. On 29 June 2023, Steinhoff Group transferred substantially all of its assets and liabilities to a newly incorporated company, Ibex Topco B.V. (Ibex Group).

### Discontinued operations in Nigeria

The decision was taken to sell the group's operations in Nigeria which forms part of the PEP Africa operations. The decision was made as part of the group's ongoing strategic review of the PEP Africa business on a country-by-country basis in addition to the increasing difficulty of trading in Nigeria as result of adverse macroeconomic conditions. The group has disposed of PEP Nigeria by 30 September 2023. Refer to note 7 for further detail.

### Interest-bearing loans and borrowings

On 1 March 2023, the group replaced floating rate notes of R800 million (PEP01), which carried interest at three-month Jibar plus 159 bps, with the following two floating rate notes:

- PEP05: three-year floating rate notes of R348 million at three-month Jibar plus 123 bps
- PEP06: five-year floating rate notes of R850 million at three-month Jibar plus 138 bps

The group effected a margin amendment from 1 April 2023 on the following loans:

- Term Loan E: three-year margin reduced to 120 bps (previously at 159 bps)
- Term Loan F: four-year margin reduced to 130 bps (previously at 168 bps)
- Term Loan G: five-year margin reduced to 140 bps (previously at 174 bps)
- Bridge RCF: margin reduced to 120 bps (previously at 140 bps)

The group effected a further margin amendment from 1 July 2023 on the following loans:

- RCF C: three-year margin reduced to 125 bps (previously at 140 bps)
- Term Loan H: four-year margin reduced to 130 bps (previously at 150 bps)
- Term Loan I: five-year margin reduced to 137 bps (previously at 155 bps)

In order to secure the lower margins across Term Loan H, I and RCF C as well as to reduce the overall cost of funding , the group repaid an amount of R295 million against Term Loan I.

### 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.

Refer to note 1 on the segmental analysis for further detail.

### Significant lease modification

The group owns and rents various distribution centres across the group in order to meet its supply chain requirements, one of which is a key distribution centre in Durban that the group leases. During the course of January 2023, the lease on the distribution centre was modified in terms of IFRS 16: Leases, which led to a profit on modification of R392 million that is included in operating expenses in the income statement. The group developed a new distribution centre which was commissioned during the current financial year. Management therefore reassessed the use and lease term of the current distribution centre and concluded that it is reasonably certain that the current distribution centre will only be used for a limited period and not the full lease term, including the renewal option period as initially negotiated.

### 53rd week of trading

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

### Impairment of goodwill and trade and brand names

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 impairment is allocated to the respective cash generating units (CGUs) as follows:

- R5.9 billion of the impairment is attributable to the Clothing and general merchandise cash generating unit, which includes Ackermans, Dunns, PEP, PEP Africa, Refinery and Shoe City. The methodology applied in the impairment assessment is consistent with prior years, however a higher weighted average cost of capital (WACC) was applied. 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.
- 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. R606 million is attributable to goodwill and R97 million relates to trade and brand names.

The impairment impacted basic earnings from continuing operations but is excluded from headline earnings from continuing operations. Refer to note 3 and 12 for further detail.

## Events subsequent to reporting period

The board is not aware of any significant events after the reporting date that will have a material effect on the group's results or financial position as presented in these financial statements.

## Notes to the condensed consolidated financial statements *continued*

**for the year ended 30 September 2023**

# 1. Segmental analysis

## 1.1 Basis of segmental presentation

The segmental information was prepared in accordance with IFRS 8: Operating Segments, which defines requirements for the disclosure of financial information of an entity's operating segments. IFRS 8 requires operating segments to be identified on the basis of internal reporting of group components that are regularly reviewed by the chief operating decision-maker (CODM) to allocate resources to segments and to assess their performance. The executive members of the board of directors has been identified as the CODM.

### Identification of segments

The composition of the previously reported segments, as per the annual consolidated financial statements for the year ended 30 September 2022, have been amended to reflect how the CODM reviews the segments during the current financial year. This is due to the change in executive members of the board of directors during the 2023 financial year. The executive members of the board of directors have identified and monitor segments in relation to differences in products and services. Refer to note 1.3 for the restatement of the operating segments.

### Geographical analysis

The CODM reviews revenue, operating profit and assets as one geographical region.

### Major customers

No single customer contributes 10% or more of the group's revenue.

## 1.2 Segmental analysis

| | Clothing and general merchandise[1,2,3] Reviewed Rm | Furniture, appliances and electronics Reviewed Rm | Building materials Reviewed Rm | FinTech[1] Reviewed Rm | Total operations Reviewed Rm | Discontinued operations Reviewed Rm | Total from continuing operations Reviewed Rm |
|---|---|---|---|---|---|---|---|
| **Year ended 30 September 2023** | | | | | | | |
| External revenue | 58 663 | 10 541 | 8 448 | 9 998 | 87 650 | (242) | 87 408 |
| Total revenue | 58 663 | 10 541 | 8 448 | 11 896 | 89 548 | (242) | 89 306 |
| Intersegmental revenue | – | – | – | (1 898) | (1 898) | – | (1 898) |
| *Significant expenses* | | | | | | | |
| Depreciation and amortisation | (3 845) | (464) | (294) | (77) | (4 680) | 19 | (4 661) |
| Personnel expenses (recognised in operating expenses) | (6 489) | (1 184) | (1 079) | (1 108) | (9 860) | 22 | (9 838) |
| Debtors' costs | (276) | – | (18) | (1 413) | (1 707) | – | (1 707) |
| Operating profit before capital items | 7 613 | 531 | 468 | 915 | 9 527 | (15) | 9 512 |
| *Reconciliation of operating profit* | | | | | | | |
| Operating profit per segmental analysis | | | | | | | 9 512 |
| Capital items (note 3)[3] | | | | | | | (6 828) |
| *Operating profit per income statement* | | | | | | | 2 684 |
| Share of net profit of associate | | | | | | | 7 |
| Finance costs (note 4) | | | | | | | (3 095) |
| Finance income | | | | | | | 296 |
| *Loss before taxation per income statement* | | | | | | | (108) |
| **Geographical split of revenue** | 58 663 | 10 541 | 8 448 | 9 998 | 87 650 | (242) | 87 408 |
| South Africa | 47 370 | 9 847 | 8 134 | 9 800 | 75 151 | – | 75 151 |
| Other foreign countries[4] | 11 293 | 694 | 314 | 198 | 12 499 | (242) | 12 257 |
| **Geographical split of sale of goods and related revenue (note 2.1.1)** | 58 136 | 10 334 | 8 448 | 6 692 | 83 610 | (242) | 83 368 |
| South Africa | 47 370 | 9 648 | 8 134 | 6 596 | 71 748 | – | 71 748 |
| Other foreign countries | 10 766 | 686 | 314 | 96 | 11 862 | (242) | 11 620 |

# 1. Segmental analysis *continued*

## 1.2 Segmental analysis *continued*

| | Clothing and general merchandise[1,2] Reviewed Rm | Furniture, appliances and electronics Reviewed Rm | Building materials Reviewed Rm | FinTech[1] Reviewed Rm | Total operations Reviewed Rm | Discontinued operations Restated[2] Reviewed Rm | Total from continuing operations Reviewed Rm |
|---|---|---|---|---|---|---|---|
| **Year ended 30 September 2022[2,5]** | | | | | | | |
| External revenue | 52 815 | 10 616 | 8 458 | 9 507 | 81 396 | (242) | 81 154 |
| Total revenue | 52 815 | 10 616 | 8 458 | 11 329 | 83 218 | (242) | 82 976 |
| Intersegmental revenue | – | – | – | (1 822) | (1 822) | – | (1 822) |
| *Segmental analysis of significant expenses* | | | | | | | |
| Depreciation and amortisation | (3 458) | (447) | (284) | (104) | (4 293) | 23 | (4 270) |
| Personnel expenses (recognised in operating expenses) | (5 888) | (1 248) | (1 043) | (865) | (9 044) | 25 | (9 019) |
| Debtors' costs | (112) | – | (15) | (958) | (1 085) | – | (1 085) |
| Operating profit before capital items | 8 028 | 549 | 462 | 855 | 9 894 | 14 | 9 908 |
| *Reconciliation of operating profit* | | | | | | | |
| Operating profit per segmental analysis | | | | | | | 9 908 |
| Capital items (note 3) | | | | | | | 169 |
| Steinhoff global settlement net recovery (note 1.6) | | | | | | | 439 |
| *Operating profit per income statement* | | | | | | | 10 516 |
| Share of net profit of associate | | | | | | | 4 |
| Finance costs (note 4) | | | | | | | (2 461) |
| Finance income | | | | | | | 259 |
| *Profit before taxation per income statement* | | | | | | | 8 318 |
| **Geographical split of revenue[2]** | 52 815 | 10 616 | 8 458 | 9 507 | 81 396 | (242) | 81 154 |
| South Africa | 44 034 | 9 953 | 8 159 | 9 303 | 71 449 | – | 71 449 |
| Other foreign countries[4] | 8 781 | 663 | 299 | 204 | 9 947 | (242) | 9 705 |
| **Geographical split of sale of goods and related revenue (note 2.1.1)[2]** | 52 689 | 10 402 | 8 458 | 6 684 | 78 233 | (242) | 77 991 |
| South Africa | 44 091 | 9 749 | 8 159 | 6 573 | 68 572 | – | 68 572 |
| Other foreign countries | 8 598 | 653 | 299 | 111 | 9 661 | (242) | 9 419 |

[1] FinTech segment revenue is disclosed net of intergroup revenue earned relating to the sale of virtual vouchers and airtime, and insurance cover provided on PAXI products, to the Clothing and general merchandise segment.
[2] Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 7, which relates to the Clothing and general merchandise segment.
[3] Capital items of R6.8 billion include the impairment of goodwill (R6.5 billion) and trade and brand names (R97 million) relating to the Clothing and general merchandise segment.
[4] Revenue from other foreign countries includes the Brazilian market revenue from Avenida of R3.8 billion (2022: R1.9 billion) , which was acquired during the prior financial year. The Brazilian contribution to total revenue is not deemed to be material and is therefore not separately disclosed.
[5] During the 2023 financial year the CODM amended the composition of the previously reported segments to reflect how the CODM reviews the segments during the current financial year. This is due to the change in executive members of the board of directors and a change in their strategic view of the group's reportable segments during the 2023 financial year. Refer to note 1.3 for the restatement of revenue and expenses between segments for the 2022 financial year.

## Notes to the condensed consolidated financial statements *continued*
**for the year ended 30 September 2023**

# 1. Segmental analysis *continued*

### 1.3 Restatement of segmental revenue and expenses for the year ended 30 September 2022

| | Clothing and general merchandise[1,2] Reviewed | Furniture, appliances and electronics Reviewed | Building materials Reviewed | FinTech[1] Reviewed | Total operations Reviewed | Discontinued operations Restated[2] Reviewed | Total continuing operations Reviewed |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| Previously reported | 53 627 | 11 411 | 8 458 | 7 900 | 81 396 | (242) | 81 154 |
| Reallocation of revenue from Clothing and general merchandise to the FinTech segment | (812) | – | – | 812 | – | – | – |
| Reallocation of revenue from Furniture, appliances and electronics to the FinTech segment | – | (795) | – | 795 | – | – | – |
| | 52 815 | 10 616 | 8 458 | 9 507 | 81 396 | (242) | 81 154 |
| **Significant expenses** | | | | | | | |
| **Depreciation and amortisation** | | | | | | | |
| Previously reported | (3 471) | (451) | (284) | (87) | (4 293) | 23 | (4 270) |
| Reallocation of depreciation and amortisation from Clothing and general merchandise to the FinTech segment | 13 | – | – | (13) | – | – | – |
| Reallocation of amortisation and depreciation from Furniture, appliances and electronics to the FinTech segment | – | 4 | – | (4) | – | – | – |
| | (3 458) | (447) | (284) | (104) | (4 293) | 23 | (4 270) |
| **Personnel expenses (recognised in operating expenses)** | | | | | | | |
| Previously reported | (6 017) | (1 357) | (1 043) | (627) | (9 044) | 25 | (9 019) |
| Reallocation of personnel expenses from Clothing and general merchandise to the FinTech segment | 129 | – | – | (129) | – | – | – |
| Reallocation of personnel expenses from Furniture, appliances and electronics to the FinTech segment | – | 109 | – | (109) | – | – | – |
| | (5 888) | (1 248) | (1 043) | (865) | (9 044) | 25 | (9 019) |
| **Debtors' costs** | | | | | | | |
| Previously reported | (537) | (195) | (15) | (338) | (1 085) | – | (1 085) |
| Reallocation of debtors' costs from Clothing and general merchandise to the FinTech segment | 425 | – | – | (425) | – | – | – |
| Reallocation of debtors' costs from Furniture, appliances and electronics to the FinTech segment | – | 195 | – | (195) | – | – | – |
| | (112) | – | (15) | (958) | (1 085) | – | (1 085) |
| **Operating profit before capital items and Steinhoff global settlement net recovery** | | | | | | | |
| Previously reported | 8 107 | 601 | 462 | 724 | 9 894 | 14 | 9 908 |
| Reallocation of operating profit from Clothing and general merchandise to the FinTech segment | (79) | – | – | 79 | – | – | – |
| Reallocation of operating profit from Furniture, appliances and electronics to the FinTech segment | – | (52) | – | 52 | – | – | – |
| | 8 028 | 549 | 462 | 855 | 9 894 | 14 | 9 908 |

[1] FinTech segment revenue is disclosed net of intergroup revenue earned relating to the sale of virtual vouchers and airtime and insurance cover provided on PAXI products to the Clothing and general merchandise segment.

[2] Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 7, which relates to the Clothing and general merchandise segment.

# 1. Segmental analysis *continued*

| | | Year ended 30 September 2023 Reviewed Rm | Year ended 30 September 2022 Reviewed Rm |
|---|---|---|---|
| **1.4** | **Segmental assets** | **103 767** | 108 461 |
| 1.4.1 | Reconciliation between total assets and segmental assets | | |
| | Total assets per statement of financial position | **108 740** | 113 567 |
| | *Less:* Cash and cash equivalents | **(4 879)** | (4 947) |
| | *Less:* Long-term investments and loans | **(46)** | (49) |
| | *Less:* Short-term investments and loans | **(48)** | (110) |
| | **Segmental assets** | **103 767** | 108 461 |
| **1.5** | **Geographical split of non-current assets** | | |
| | South Africa | **66 118** | 72 179 |
| | Other foreign countries | **6 116** | 5 471 |
| | **Non-current assets** | **72 234** | 77 650 |
| | Non-current assets consist of property, plant and equipment, right-of-use assets, goodwill and intangible assets. | | |
| **1.6** | **Steinhoff global settlement net recovery** | | |
| | BVI impairment reversal | **–** | 529 |
| | Employee loans impairment reversal | **–** | 90 |
| | Settlement of litigation disputes | **–** | (180) |
| | **Total Steinhoff global settlement net recovery** | **–** | 439 |

# 2. Revenue

| | | Year ended 30 September 2023 Reviewed Rm | Year ended 30 September 2022 Restated[1] Reviewed Rm |
|---|---|---|---|
| | **Revenue from contracts with customers** | | |
| | **Retail revenue** | **84 236** | 78 673 |
| | Sale of goods and related revenue (note 2.1.1)[1] | **83 368** | 77 991 |
| | Service fee income | **662** | 469 |
| | Other revenue | **206** | 213 |
| | **Other sources of revenue** | | |
| | Financial services revenue (note 2.1.2) | **2 801** | 2 150 |
| | Insurance revenue (note 2.1.3) | **371** | 331 |
| | | **87 408** | 81 154 |
| **2.1** | **Disaggregation of revenue from contracts** | | |
| 2.1.1 | Sale of goods and related revenue | | |
| | Sale of goods and related revenue excluding ongoing revenue[1] | **81 483** | 76 088 |
| | Ongoing revenue[2] | **1 885** | 1 903 |
| | | **83 368** | 77 991 |
| 2.1.2 | Financial services revenue | | |
| | Finance income earned | **2 424** | 1 812 |
| | Loan origination fees | **377** | 338 |
| | | **2 801** | 2 150 |
| 2.1.3 | Insurance revenue | | |
| | Gross premiums written | **371** | 333 |
| | Less: gross premiums cede to reinsurers | **–** | (2) |
| | Change in provision for unearned premium | **371** | 331 |

[1] Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 7.
[2] Ongoing revenue has been separately disclosed in order to provide more useful information to users of the financial statements.

## Notes to the condensed consolidated financial statements *continued*
**for the year ended 30 September 2023**

| | Year ended 30 September 2023 Reviewed Rm | Year ended 30 September 2022 Restated[1] Reviewed Rm |
|---|---|---|
| **3. Capital items** | | |
| The effect of capital items should be excluded from earnings when determining headline earnings per share. Refer to note 6. | | |
| Expenses of a capital nature are included in the 'capital items' line in the income statement. These expense items are: | | |
| **From continuing operations:** | | |
| Impairment/(impairment reversal) | **6 810** | 107 |
| Goodwill | **6 516** | – |
| Intangible assets – Trade and brand names | **97** | 3 |
| Intangible assets – Software and ERP systems | **4** | 2 |
| Property, plant and equipment | **(21)** | 5 |
| Right-of-use assets | **214** | 97 |
| Loss on disposal of property, plant and equipment and intangible assets | **66** | 57 |
| Scrapping of property, plant and equipment – floods | **–** | 14 |
| Insurance claim accrued/received of property, plant and equipment – social unrest and floods | **(45)** | (297) |
| Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary | **(3)** | (50) |
| | **6 828** | (169) |
| **From discontinued operations:** | | |
| (Impairment reversal)/Impairment | | |
| Property, plant and equipment | **(2)** | – |
| Right-of-use assets | **(3)** | 21 |
| Loss on disposal of property, plant and equipment and intangible assets | **4** | 2 |
| Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary | **32** | – |
| Profit on sale of subsidiaries (note 7.2) | **(29)** | – |
| | **2** | 23 |
| Capital items from continuing operations | **6 828** | (169) |
| Capital items from discontinued operations | **2** | 23 |
| **Total capital items** | **6 830** | (146) |
| Capital items with cash inflow during the year | **–** | 297 |
| Non-cash capital items | **6 830** | 151 |
| **4. Finance costs** | | |
| Interest-bearing loans and borrowings | **1 123** | 755 |
| Bank | **276** | 169 |
| Lease liability finance cost | **1 433** | 1 376 |
| Put option liability | **100** | 52 |
| Other | **250** | 153 |
| | **3 182** | 2 505 |
| Interest capitalised to property, plant and equipment | **(87)** | (44) |
| | **3 095** | 2 461 |

[1] Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 7.

## 5. Taxation

| | Year ended 30 September 2023 Reviewed Rm | Year ended 30 September 2022 Restated[1] Reviewed Rm |
|---|---|---|
| Taxation from continuing operations | **1 172** | 2 168 |
| Taxation from discontinued operations | **14** | – |
| Total taxation for the year | **1 186** | 2 168 |
| **Reconciliation of rate of taxation[2]** | **%** | % |
| South African standard rate of taxation | **27.0** | 28.0 |
| Foreign taxation rate differential | **(30.5)** | (0.2) |
| Irrecoverable foreign taxes | **(51.3)** | 0.6 |
| Unrecognised taxation losses net of prior year unrecognised taxation losses utilised | **17.0** | (1.0) |
| Prior year adjustments[3] | **444.5** | 0.8 |
| Tax-exempt income[4] | **82.4** | (3.1) |
| Change in South African corporate taxation rate to 27% | **–** | (0.7) |
| Change in foreign corporate taxation rates | **2.3** | – |
| Special allowances | **56.8** | (0.4) |
| Non-deductible expenses[5] | **(90.6)** | 2.8 |
| Non-deductible expenses relating to the impairment of goodwill | **(1 697.9)** | – |
| Foreign currency translation reserve release through profit and loss | **(28.4)** | (0.1) |
| Previously unrecognised deferred tax assets relating to timing differences[6] | **117.6** | – |
| Other | **6.9** | (0.5) |
| **Effective rate of taxation** | **(1 144.2)** | 26.2 |

[1] Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 7.
[2] The reconciliation of rate of taxation items are impacted by the goodwill impairment which has a nil taxation impact.
[3] Prior year adjustments include the settlement of the previously reported SARS tax dispute, resulting in a net reversal of a provision raised for uncertain taxation positions in terms of IFRIC 23.
[4] Tax-exempt income mainly relates to income of a capital nature and exempt tax incentives received.
[5] Non-deductible expenses mainly relates expenses of a capital nature, expenses not incurred in the production of income and depreciation on leasehold improvements.
[6] Deferred taxation assets recognised related to the JD Group business.

## Notes to the condensed consolidated financial statements *continued*

**for the year ended 30 September 2023**

| | 30 September 2023 Reviewed Million | 30 September 2022 Reviewed Million |
|---|---|---|
| **6. Earnings and headline earnings per share** | | |
| **6.1 Weighted average number of ordinary shares** | | |
| Issued ordinary shares at beginning of the period | **3 678** | 3 697 |
| Treasury shares[1] | **(1)** | – |
| Shares vested under Pepkor Executive Share Rights Scheme | **9** | 7 |
| Share buy-back and cancellation of share | **(17)** | (8) |
| **Weighted average number of ordinary shares at end of the period for the purpose of basic earnings per share and headline earnings per share** | **3 669** | 3 696 |
| Effect of dilution due to share rights issues in terms of share scheme | **46** | 55 |
| **Weighted average number of ordinary shares at end of the period for the purpose of diluted earnings per share and diluted headline earnings per share** | **3 715** | 3 751 |
| **Number of shares in issue** | **3 667** | 3 678 |

| | Year ended 30 September 2023 | | | Year ended 30 September 2022 | | |
|---|---|---|---|---|---|---|
| | Continuing Reviewed Rm | Discontinued Reviewed Rm | Total Reviewed Rm | Continuing Reviewed Rm | Discontinued Restated[2] Reviewed Rm | Total Reviewed Rm |
| **6.2 Earnings and headline earnings** | | | | | | |
| (Loss)/profit for the year | **(1 280)** | **(10)** | **(1 290)** | 6 150 | (41) | 6 109 |
| Attributable to non-controlling interests | **(8)** | **–** | **(8)** | 5 | – | 5 |
| **Earnings attributable to ordinary shareholders** | **(1 288)** | **(10)** | **(1 298)** | 6 155 | (41) | 6 114 |
| Capital items (note 3) | **6 828** | **2** | **6 830** | (169) | 23 | (146) |
| Taxation effect of capital items | **(69)** | **13** | **(56)** | 48 | (7) | 41 |
| **Headline earnings attributable to ordinary shareholders** | **5 471** | **5** | **5 476** | 6 034 | (25) | 6 009 |
| **6.3 Diluted earnings and diluted headline earnings per share** | | | | | | |
| Share rights issued to employees have been taken into account for diluted earnings and diluted headline earnings per share purposes. | | | | | | |
| | **Cents** | **Cents** | **Cents** | Cents | Cents | Cents |
| **6.4 Earnings per share** | | | | | | |
| Basic | **(35.1)** | **(0.3)** | **(35.4)** | 166.6 | (1.1) | 165.5 |
| Headline | **149.1** | **0.1** | **149.2** | 163.3 | (0.7) | 162.6 |
| Diluted basic | **(34.6)** | **(0.3)** | **(34.9)** | 164.1 | (1.1) | 163.0 |
| Diluted headline | **147.3** | **0.1** | **147.4** | 160.9 | (0.7) | 160.2 |
| **6.5 Net asset value per share** | | | | | | |
| Net asset value per ordinary share is calculated by dividing the ordinary shareholders' equity by the number of ordinary shares in issue at year-end. | | | | | | |
| Net asset value per share | **1 604.9** | **–** | **1 604.9** | 1 706.5 | – | 1 706.5 |

[1] Less than 500 000 shares in the 2022 financial year.
[2] Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 7.

| | 30 September 2023 Reviewed Rm | 30 September 2022 Reviewed Rm |
|---|---|---|

## 7. Discontinued operations

**Description**

The board decided to exit the group's Nigerian business. The decision was driven mainly by the increasing difficulty of trading in Nigeria as a result of adverse macroeconomic conditions. The group disposed of its Nigerian business by 30 September 2023.

The Nigeria discontinued operation was previously included under the Clothing and general merchandise segment.

### Sale of business

### 7.1 Income statement

| | 30 September 2023 Reviewed Rm | 30 September 2022 Reviewed Rm |
|---|---|---|
| **Revenue** | **242** | 242 |
| Retail revenue | **242** | 242 |
| **Cost of sales** | **(109)** | (112) |
| Cost of merchandise sold | **(109)** | (112) |
| **Gross profit** | **133** | 130 |
| Operating expenses | **(99)** | (121) |
| **Operating profit before depreciation, amortisation and capital items** | **34** | 9 |
| Depreciation and amortisation | **(19)** | (23) |
| **Operating profit/(loss) before capital items** | **15** | (14) |
| Capital items | **1** | (23) |
| **Operating profit/(loss)** | **16** | (37) |
| Finance costs | **(9)** | (7) |
| Finance income | **–** | 3 |
| **Profit/(loss) before taxation** | **7** | (41) |
| Taxation | **(1)** | – |
| **Profit/(loss)for the year** | **6** | (41) |

### 7.2 Details of the sale of the Nigerian business

| | 30 September 2023 Reviewed Rm | 30 September 2022 Reviewed Rm |
|---|---|---|
| Consideration receivable | **33** | – |
| Carrying amount of net assets sold | **(4)** | – |
| Profit on sale before taxation and reclassification of foreign currency translation reserve (note 3) | **29** | – |
| Reclassification of foreign currency translation reserve | **(32)** | – |
| **Loss on sale before taxation** | **(3)** | – |
| Taxation | **(13)** | – |
| Loss on sale after taxation | **(16)** | – |
| Total loss for the year from discontinued operations per the condensed consolidated income statement (total per note 7.1 and note 7.2 above) | **(10)** | (41) |

## Notes to the condensed consolidated financial statements *continued*

**for the year ended 30 September 2023**

| | Total Reviewed Rm |
|---|---|
| **8. Right-of-use assets** | |
| Balance at 30 September 2021 | 10 230 |
| Additions | 5 587 |
| Acquired on acquisition of business | 360 |
| Remeasurement due to lease modifications | (2 270) |
| Depreciation[1] | (2 817) |
| Impairment (note 3)[2] | (118) |
| Exchange differences on consolidation of foreign subsidiaries | 129 |
| **Balance at 30 September 2022** | **11 101** |
| Additions | **3 742** |
| Assets of subsidiaries disposed | **(24)** |
| Transfer from property, plant and equipment | **3** |
| Remeasurement due to lease modifications | **(675)** |
| Depreciation[1] | **(3 089)** |
| Impairment (note 3)[2] | **(211)** |
| Exchange differences on consolidation of foreign subsidiaries | **17** |
| **Balance at 30 September 2023** | **10 864** |

The remeasurement of the right-of-use assets of R675 million (2022: R2 270 million) and the relating lease liability remeasurement of R1 464 million (2022: R3 039 million) led to the recognition of R783 million for continuing operations and R6 million discontinued operations (2022: R767 million continuing operations and R2 million relating to discontinued operations) profit on lease modification and is mainly attributable to the following:

- Favourable lease renewals.
- Retail footprint consolidation in specific retail brand.
- R392 million one-off lease modification in the current year due to the significant decrease in lease term of PEP's distribution centre located in Durban. Refer to Significant events for more detail.

[1] Depreciation consists of depreciation from continuing operations of R3 078 million (2022: R2 803 million) and discontinued operations of R11 million (2022: R14 million).

[2] Impairment consists of impairments from continuing operations of R214 million (2022: R97 million) and an impairment reversal from discontinued operations of R3 million (2022: impairment of R21 million).

| | Year ended 30 September 2023 Reviewed Rm | Year ended 30 September 2022 Reviewed Rm |
|---|---|---|
| **9. Financing** | | |
| Unutilised banking and debt facilities consist of the following: | | |
| Short-term cash facilities | **7 041** | 6 543 |
| Letters of credit, forex facilities and asset-based finance facilities | **2 309** | 2 492 |
| **Total** | **9 350** | 9 035 |

On 1 March 2023, the group replaced floating rate notes of R800 million (PEP01), which carried interest at three-month Jibar plus 159 bps, with the following two floating rate notes:

- PEP05: three-year floating rate notes of R348 million at three-month Jibar plus 123 bps.
- PEP06: five-year floating rate notes of R850 million at three-month Jibar plus 138 bps.

The group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn facilities to services its operating activities and ongoing investments.

The group effected a margin amendment from 1 April 2023 on the following loans:

- Term Loan E: three-year margin reduced to 120 bps (previously at 159 bps)
- Term Loan F: four-year margin reduced to 130 bps (previously at 168 bps)
- Term Loan G: five-year margin reduced to 140 bps (previously at 174 bps)
- Bridge RCF: margin reduced to 120 bps (previously at 140 bps)

The group effected a further margin amendment from 1 July 2023 on the following loans:

- RCF C: three-year margin reduced to 125 bps (previously at 140 bps)
- Term Loan H: four-year margin reduced to 130 bps (previously at 150 bps)
- Term Loan I: five-year margin reduced to 137 bps (previously at 155 bps)

In order to secure the lower margins across Term Loan H, I and RCF C as well as to reduce the overall cost of funding, the group repaid an amount of R295 million against Term Loan I.

The group has various debt covenants relating to its term loans and revolving credit facilities. The group is well within its covenants ranges for the year ended 30 September 2023.

## 10. Contingent assets and liabilities

In the current year, the group received an insurance payout of R394 million for material loss damage and business interruption relating to the KwaZulu-Natal floods in April 2022.

There were no significant changes in the contingent liabilities to those disclosed in the consolidated annual financial statements as at 30 September 2022.

## 11. Related parties

During the year, the group entered into related party transactions in the ordinary course of business, the substance of which are similar to those disclosed in the group's annual financial statements for the year ended 30 September 2022. There were no material movements in the balances for the year ended 30 September 2023.

## Notes to the condensed consolidated financial statements *continued*
**for the year ended 30 September 2023**

| | Year ended 30 September 2023 Reviewed Rm | Year ended 30 September 2022 Reviewed Rm |
|---|---|---|
| **12. Impairment of goodwill and trade and brand names** | | |
| **12.1 Effect on goodwill** | | |
| Carrying amount at beginning of the year | **39 204** | 37 280 |
| Arising on business combinations | **–** | 1 694 |
| Impairments (note 3) | **(6 516)** | – |
| Exchange differences on consolidation of foreign subsidiaries | **249** | 230 |
| | **32 937** | 39 204 |
| Cost | **44 837** | 44 588 |
| Accumulated impairment | **(11 900)** | (5 384) |
| **Carrying amount at end of the year** | **32 937** | 39 204 |
| **Impairment tests for CGUs containing goodwill** | | |
| Goodwill is monitored by management at the following group of CGUs, not greater than the four operating segments: | | |
| **Clothing and general merchandise** | | |
| Ackermans, Dunns, PEP, PEP Africa, Refinery, Shoe City | **30 391** | 36 301 |
| Tekkie Town | **–** | 606 |
| S.P.C.C, CODE | **24** | 24 |
| Avenida | **2 173** | 1 924 |
| **Furniture, appliances and electronics** | | |
| Bradlows, Rochester, Russells, Sleepmasters | **12** | 12 |
| **Building materials** | | |
| BUCO, Hardware Warehouse, Timbercity | **–** | – |
| BSG | **–** | – |
| **FinTech** | | |
| Capfin | **282** | 282 |
| EeziGlobal | **–** | – |
| Abacus | **55** | 55 |
| | **32 937** | 39 204 |

When the group acquires a business that qualifies as a business combination in respect of IFRS 3: Business Combinations, the group determines the fair value of assets acquired, including identifiable intangible assets, and the liabilities assumed. Any excess of the aggregate of the consideration transferred, non-controlling interest in the acquiree and for a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, over the fair value of those net assets, is considered to be goodwill. The goodwill acquired in a business combination is allocated, at acquisition, to the group of CGUs that is expected to benefit from that business. Goodwill is assessed for impairment annually, irrespective of whether there is any indication of impairment.

# 12. Impairment of goodwill and trade and brand names *continued*

## 12.1 Effect on goodwill *continued*

The impairment test compares the carrying amount of the CGU, including goodwill to the higher of the value in use, or fair value less cost to sell of the unit. The recoverable amount of the group of CGUs is determined from the fair value less cost to sell calculation (fair value hierarchy level 3), using a discounted cash flow model. The key assumptions for the fair value less cost to sell calculation are those regarding the discount rates, growth rates, expected changes to the revenue growth during the forecast period and working capital requirements. The discount rates are based on the weighted average cost of capital, except for the FinTech CGU where cost of equity has been used, while growth rates are based on management's experience and expectations. Assumptions are based on past practices and expectations of future changes in the market, and are derived from the most recent financial budgets and forecasts that have been prepared by management for the next three years and extrapolated cash flows for the following years based on an estimated growth rate as set out below. (2022: Management has further assessed the impact of the wide-scale flooding in KwaZulu-Natal during 2022 on future cash flows and is comfortable that the impact is not significant and does not lead to an impairment of goodwill).

Management assessed the various CGUs for impairment based on the input factors above. Tekkie Town was impacted by ongoing load shedding and weak projected macroeconomic activity placing further pressure on customer disposable income and impacting the demand of products resulting in a lower recoverable amount for Tekkie Town's group of CGUs. The current macro market environment, which has resulted in an increase in the discount rates (from 14.4% in 2022 to 15.7% in 2023) has impacted the result of the Clothing and general merchandise's group of CGUs negatively. This has resulted in lower expected recoverable amounts for this group of CGUs.

An impairment charge has been recognised for both goodwill and indefinite life intangible assets when the carrying amount exceeds the recoverable amount. The recoverable amount of the group of CGUs reflected the fair value less cost to sell. During the year, an impairment charge of R5.9 billion was processed to impair the goodwill relating to Ackermans, Dunns, PEP, PEP Africa, Refinery, Shoe City group of CGUs and R606 million was processed to impair the goodwill relating to Tekkie Town's group of CGUs. (2022: During the 2022 year, no impairment was recognised).

The following table sets out the key assumptions for the group of CGUs that have been impaired in the current year:

| | Clothing and general merchandise (excl Tekkie Town and Avenida) | Tekkie Town |
|---|---|---|
| **2023** | | |
| Post-taxation discount rate | **15.7%** | **15.7%** |
| Short- to medium-term revenue (compound annual growth rate) | **10.0%** | **5.0%** |
| Long-term growth rate | **6.0%** | **4.8%** |
| Forecasted cash flows | **5 years** | **5 years** |
| **2022** | | |
| Post-taxation discount rate | 14.4% | 15.1% |
| Short- to medium-term revenue (compound annual growth rate) | 10.3% | 11.4% |
| Long-term growth rate | 6.0% | 4.8% |
| Forecasted cash flows | 5 years | 5 years |

## 12.2 Effect on intangible assets

As per note 12.1, the impairment test covered both the goodwill and the indefinite life intangible assets. As a result of the impairment assessment described in note 12.1, an impairment of the trade and brand name of R97 million (2022: nil) was recognised relating to Tekkie Town's group of CGUs within the Clothing and general merchandise segment.

# 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 table below 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*
**for the year ended 30 September 2023**

| | 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*

**for the year ended 30 September 2023**

## 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 previous 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 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.

| | Average exchange rate | | Reported currency | | Constant currency | |
|---|---|---|---|---|---|---|
| **Change in sales on prior year (%)** | **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** |

# Corporate information

**PEPKOR HOLDINGS LIMITED**
('Pepkor' or 'the company' or 'the group')
(Incorporated in the Republic of South Africa)

**Executive directors**
PJ Erasmus (Chief executive officer)
RG Hanekom (Chief financial officer)

**Non-executive directors**
WYN Luhabe (Chair)*
TL de Klerk
P Disberry*
LJ du Preez
HH Hickey*
IM Kirk*
ZN Malinga*
LI Mophatlane*
SH Müller*
NR Ntshingila (appointed 15 November 2023)*
F Petersen-Cook*
* Independent

**Registration number**
2017/221869/06

**Share code**
PPH

**Debt code**
PPHI

**ISIN**
ZAE000259479

**LEI**
3789006D677C34F69875

**Registered address**
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**Transfer secretary**
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Rosebank Towers, 15 Biermann Avenue, Rosebank 2196

**Company secretary**
M Allie

**Auditor**
PricewaterhouseCoopers Inc.

**Equity sponsor**
Investec Bank Limited

**Debt sponsor**
Rand Merchant Bank (A division of FirstRand Bank Limited)

**Corporate broker**
Rand Merchant Bank (A division of FirstRand Bank Limited)

**Announcement date**
29 November 2023

STUDIO 5

PEPKOR

*Holdings Limited*

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