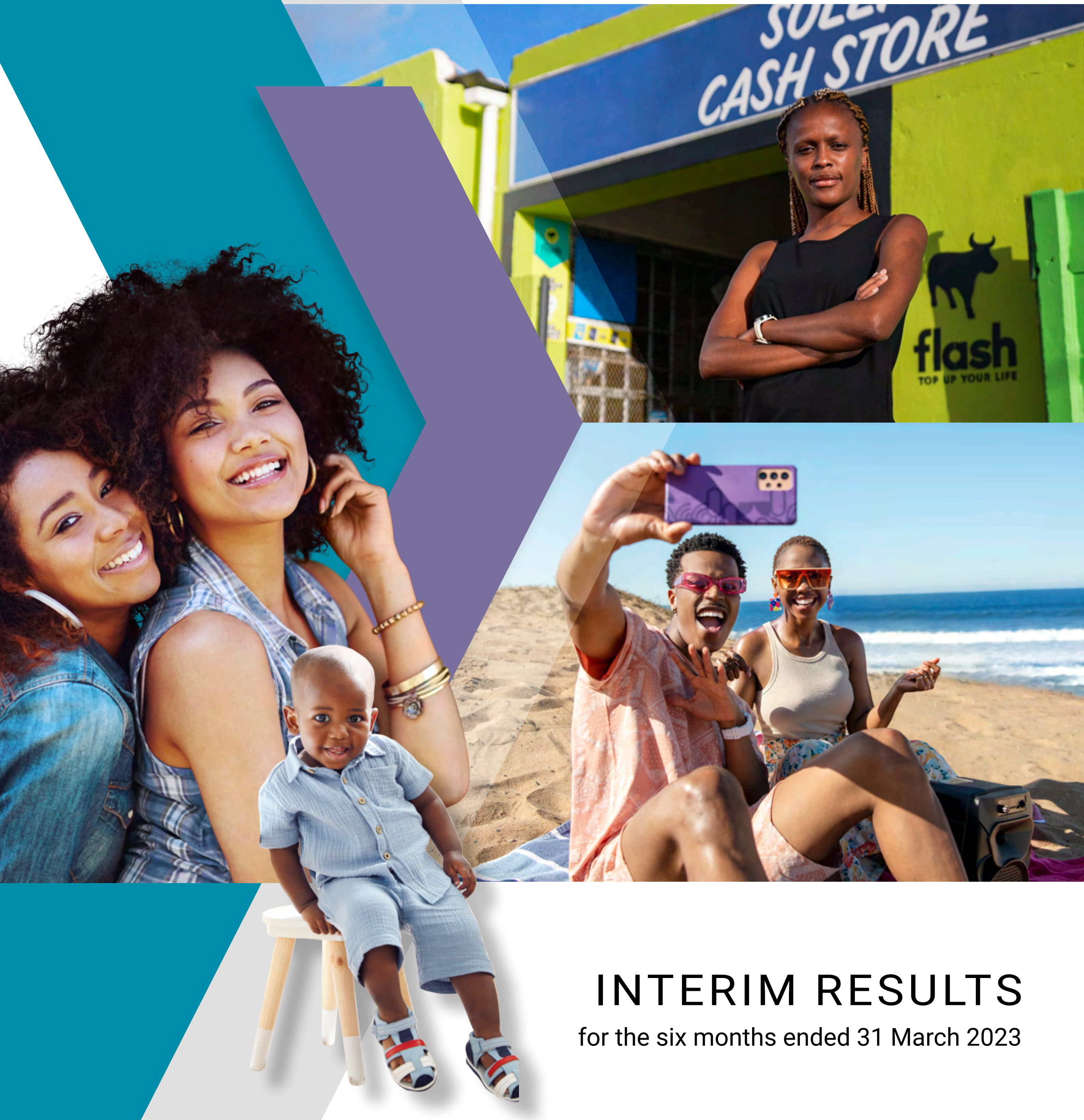
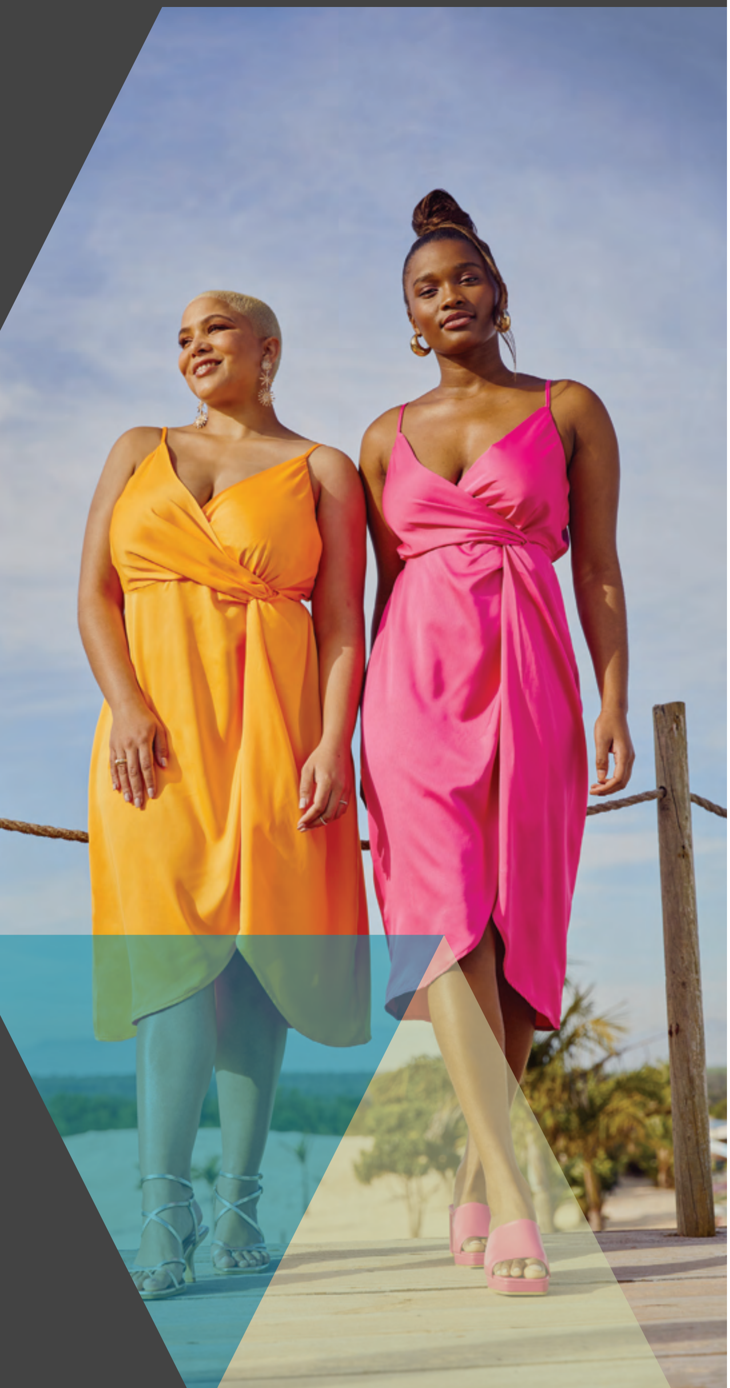
PEPKOR
Holdings Limited



INTERIM RESULTS
for the six months ended 31 March 2023

Highlights

Pepkor continues to deliver value to customers, enabled by strong cost control.



4.3% growth
in revenue to R43.8 billion

9.8% decrease
in operating profit to R5.1 billion[1]

11.7% decrease
in HEPS to 80.8 cents

8.6% decrease
in normalised HEPS[2]

Cost growth well managed below inflation

Market share gains[3] in key product categories

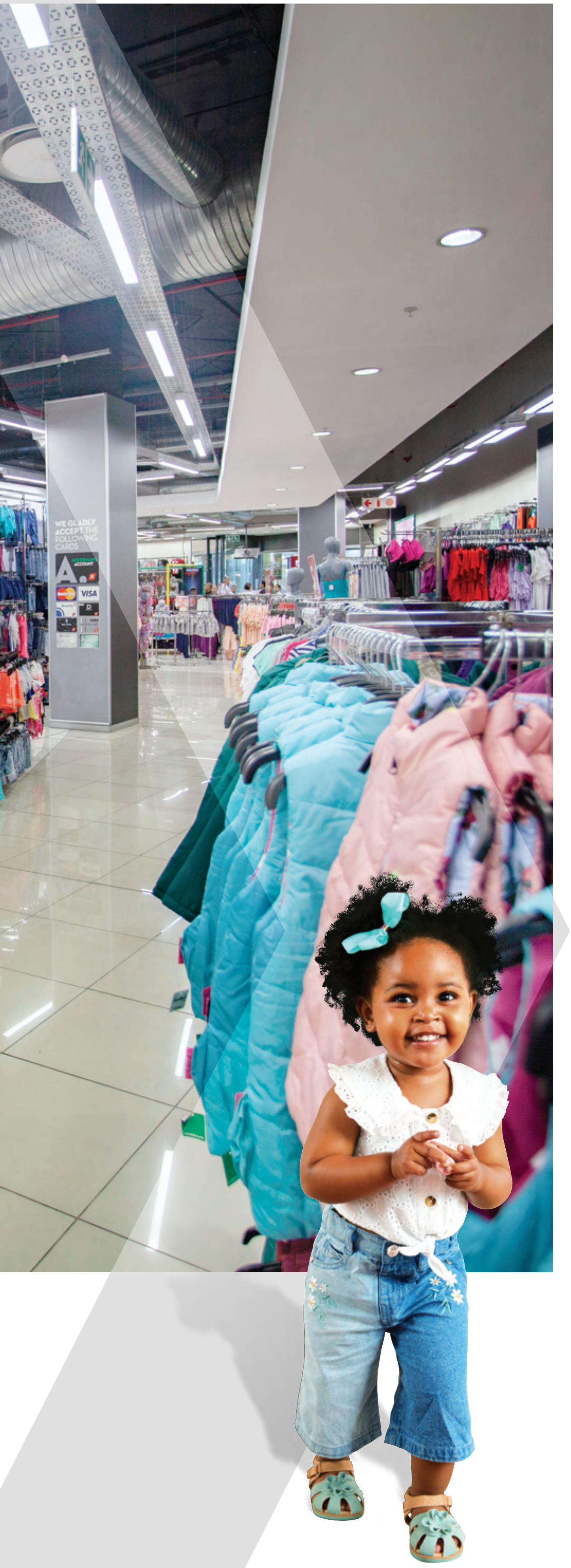
Avenida business in Brazil performing above expectation

168 new stores opened

Continued portfolio optimisation progress

- Closure of Dealz
- PEP Africa to exit Nigeria

[1] *Before capital items*
[2] *Refer to the Normalised results section for further detail.*
[3] *Retailers' Liaison Committee (RLC) and Growth from Knowledge (GfK) data*



Operating context

Pepkor's performance was negatively impacted as its core customer continues to face a constrained consumer environment as unemployment remains persistently high. Feedback from our customers indicate that they have no choice but to prioritise spending on necessities to contend with high levels of inflation, in particular the increased cost of food and transport.

Customers' ability to earn an income is also impacted by unprecedented levels of electricity load shedding and disruption in social grant payments. Many of the group's customers have adapted their shopping behaviour as they are forced to travel further to access shopping complexes that are able to remain fully operational during load shedding.

Impact of load shedding and the group's mitigation plans to alleviate it

The number of trading hours lost by the group as a result of load shedding increased by close to 500% during this period (211 000 hours). Diesel costs increased by 142% to R72 million for the period as a result of load shedding.

The group continued to implement initiatives to mitigate the impact of outages, increasing the proportion of the group's store base with alternative power sources to 74%. Notwithstanding most of the group's stores being able to trade during load shedding, the inability of many other retailers to do so negatively impacts trading in shopping complexes. The group is working with property owners to expand alternative power sources across shopping complexes to address this challenge.

Cost containment enabling Pepkor's purpose

Pepkor's purpose of making a positive difference in the lives of our customers is ever more relevant as the need for easy access to essential products at affordable prices intensifies. In addition to this, many customers were able to utilise the PEP store footprint to access social grant payments through cash-back transactions when other locations were no longer viable.

The group continued to deliver value to customers at affordable prices, enabled by diligent management of the cost base through targeted cost reduction measures. The interoperability of the Tenacity credit offering across the group's clothing and general merchandise retail brands fulfilled customers' need to access credit responsibly and in line with conservative credit scoring methodologies.

During the second quarter, market share gains were achieved in key product categories. PEP increased market share in the babies, ladies and home product categories, while Ackermans gained market share in schoolwear and lingerie (RLC data). JD Group gained market share in computing, appliances and audio (GfK data). It is pleasing that the group's total share of the South African clothing market continues to exceed pre-COVID-19 levels (RLC data).

Pepkor continues to play an essential role in connecting our customers – selling seven out of 10 prepaid handsets in South Africa (GfK data).

During the period, the group opened 168 new stores (99 on a net basis), expanding the retail store base to 5 929 stores.

Trading in the group's Brazilian value retailer, Avenida, continues to exceed initial investment case plans, particularly in the opening of new stores. Good progress has been made regarding the repositioning of the business and store rollout plans have been accelerated as a result. Avenida represents a significant opportunity for growth and diversification outside of Africa for the group.

Further progress was made from a portfolio optimisation and capital allocation perspective with the closure of the Dealz discount variety brand and PEP Africa's planned exit from Nigeria.

Financial results

Group revenue increased by 4.3% to R43.8 billion. From a traditional retail perspective, the Clothing and general merchandise; Furniture, appliances and electronics; and Building materials segments (Retail segments), in aggregate, increased revenue by 5.6%. Revenue in the FinTech segment decreased by 7.8% due to lower revenue recognition in the Flash business (refer below).

Revenue by segment	Six months ended 31 March 2023 Rm	Six months ended 31 March 2022 Rm	Growth	Contribution
RETAIL SEGMENTS	**40 059**	37 948	5.6%	91%
– Clothing and general merchandise	**29 809**	27 613	8.0%	68%
– Furniture, appliances and electronics	**6 109**	6 205	(1.5%)	14%
– Building materials	**4 141**	4 130	0.3%	9%
FINTECH SEGMENT	**3 746**	4 062	(7.8%)	9%
GROUP	**43 805**	42 010	4.3%	100%

Group merchandise sales in the Retail segments increased by 4.8% while group like-for-like sales (which exclude the newly acquired Avenida business) decreased by 2.2%.

Cash sales increased by 2.6% while credit sales increased by 36.7% (including Avenida), supporting demand from customers. Cash sales comprised 91% of total group sales for the period.

Overall, the group's gross profit margin was maintained at 35.3%. Retail gross profit margins decreased due to higher markdowns 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.

Other income increased by 1.1% to R557 million. This includes insurance proceeds of R150 million for the damage caused by the April 2022 KwaZulu-Natal floods, as previously reported.

Operating expenses (excluding debtors' costs and depreciation and amortisation) were well contained and increased by 3.5%. Operating expenses include the full Avenida cost base for the first time in the current period and a non-recurring IFRS 16 lease modification gain of R392 million – refer to the Normalised results section for further detail.

Debtors' costs increased by 62.3% to R821 million based on increased credit granting and recognition of expected credit loss provisions. Collections and non-performing loans remain at satisfactory levels and resulted in stable provision levels.

Operating profit (before capital items) decreased by 9.8% to R5.1 billion, mainly impacted by soft trading performance and increased debtors' costs.

Net finance costs increased by 31.1% to R1.4 billion due to higher interest rates and a higher level of net debt, following the acquisition of Avenida.

Pepkor's effective tax rate reduced to 20.3% based on the recognition of deferred tax assets related to the JD Group business and the settlement of a SARS dispute.

Inventory levels increased by 11.7% to R17.3 billion due to lower sales performance in PEP and Ackermans. Opening of new stores, inflation and the acquisition of Avenida further contributed to higher stock levels.

Gearing levels remain low with net debt (excluding IFRS 16 lease liabilities) amounting to R11.6 billion. The net debt-to-EBITDA ratio of 1.29 times and interest cover ratio of 8.15 times remain substantially within contractual funding covenants.

The group continued to repurchase and cancel ordinary shares from the open market on the JSE during the period at a cost of R415 million. The group will continue to repurchase shares opportunistically at attractive share prices to neutralise any dilution from the group's long-term share incentive scheme, thereby providing sustained benefit to shareholders.

Pepkor achieved a total return on net assets of 26.2% for the period on an annualised basis. This excludes goodwill and intangibles. In line with Pepkor's historical dividend policy, no interim dividend is declared.

Headline earnings per share (HEPS) decreased by 11.7% to 80.8 cents. On a normalised basis, which excludes non-recurring items, HEPS decreased by 8.6% to 73.0 cents.

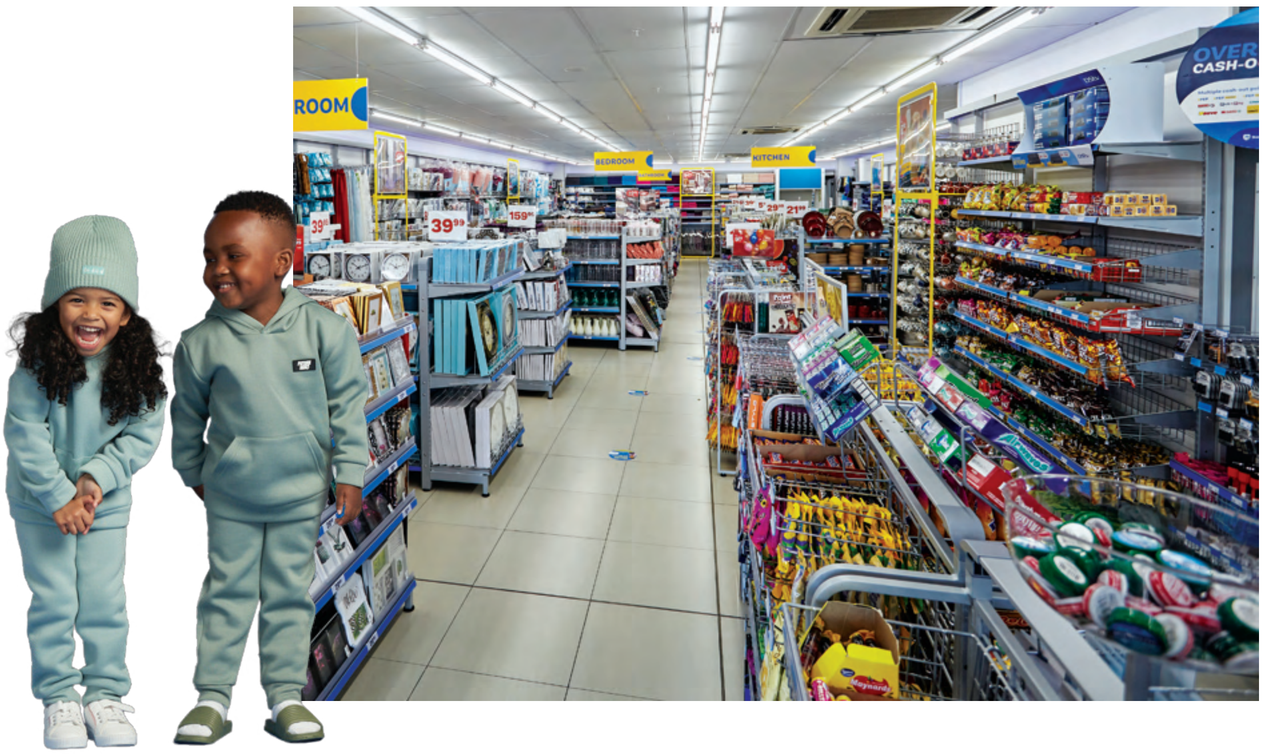
NORMALISED RESULTS

Normalised results exclude the following non-recurring items:

- **Non-recurring IFRS 16 lease modification gain pertaining to termination of lease**
  The termination of the PEP distribution centre lease in the KwaZulu-Natal province and imminent commissioning of the newly constructed distribution centre in Hammarsdale (which will be owner-occupied) resulted in a lease modification gain of R392 million. This non-recurring gain contributed c. 7.8 cents per share to earnings and headline earnings per share in the current reporting period.
- **Non-recurring recovery of exposure and settlement of claims and litigation**
  As previously reported, 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 earnings and headline earnings per share in the comparable period.

KWAZULU-NATAL FLOODS INSURANCE PROCEEDS

As previously reported, the widespread flooding in KwaZulu-Natal in April 2022 caused damage to the PEP distribution centre. The total loss is estimated at R800 million. An interim insurance payment of R396 million was received in FY22 and R250 million was recognised in the current period. The remainder is expected to be recovered in the second half of the current financial year.

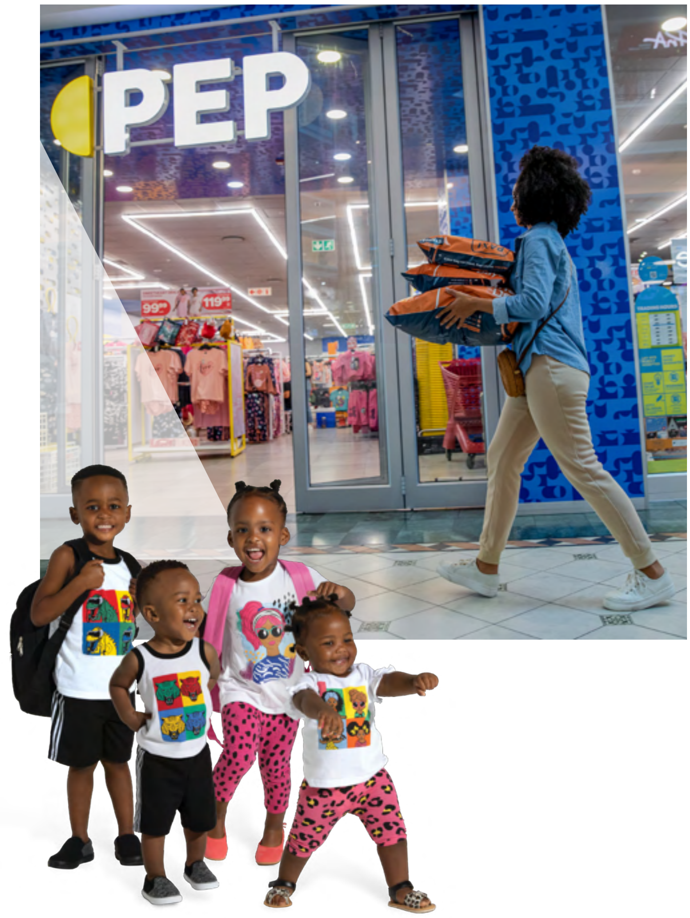


Segmental performance

Retail segments

CLOTHING AND GENERAL MERCHANDISE

The Clothing and general merchandise segment increased sales by 7.0%. Like-for-like sales (which exclude Avenida) decreased by 2.0%, negatively impacted by the poor performance in Ackermans.



Sales growth for the period	Total sales growth	Like-for-like sales growth
PEP	4.8%	0.5%
Ackermans	(3.0%)	(8.3%)
Speciality	6.9%	2.4%
PEP Africa – constant currency	5.4%	5.6%
Avenida – constant currency	13.3%	8.5%

Retail selling price inflation in core clothing, footwear and homeware (CFH) amounted to 5.8% in aggregate in PEP, Ackermans and Speciality for the period, well below the national rate of inflation.

PEP | ACKERMANS | PEP Africa | PEPKOR Speciality | Tekkie Town | ShoeCity | DUNNS | REFINERY | CODE | S.P.C.C SERGEANT PEPPER CLOTHING CO | AVENIDA

PEP

PEP's best price leadership position was maintained with a healthy price gap to competitors. Market share gains were achieved in the babies, ladies and home product categories in the second quarter (RLC data). The PEP HOME stand-alone format, with 374 stores, achieved strong sales growth of 18.8% and continued to grow market share.

PEP opened 56 new stores during the period, driven by the PEP HOME format, and expanded its retail base to 2 618 stores.

After testing the discount variety retail concept in South Africa through the Dealz format, the decision was made to close the business, which comprises 17 stores.

The PAXI parcel distribution service, which leverages the retail footprint of PEP and other Pepkor brands over 2 800 locations, is developing well as a strategic business from a group perspective. Volumes increased by 16% to 2.3 million during the period.

Ackermans

Performance in Ackermans was negatively impacted by the suboptimal merchandise mix in its summer 2022 range and the inability to correct this within product lead times. A comprehensive review of the summer 2022 merchandising process was completed, and shortcomings identified in terms of price tiering, fashionability and multipacks not meeting customer affordability. Markdowns were increased to clear summer 2022 merchandise and as expected, weighed on margins. Corrective action was implemented within the confines of product lead times, and improved performance should be visible towards the end of winter and in summer 2023.

The credit sales mix increased to 18% from 16% in the comparable period, enabled by 237 000 new accounts onboarded. Ackermans opened 51 new stores, growing the retail footprint to 999 stores. The stand-alone Ackermans Woman format was expanded to 54 stores and the stand-alone Ackermans Connect format to 51 stores.

CLOTHING AND GENERAL MERCHANDISE *CONTINUED*

Speciality

The Speciality business performed well and most retail brands expanded market share (RLC data). Performance in Tekkie Town was impacted by availability challenges of key brand franchises, a significant drop in demand for canvas footwear, and an extremely competitive branded footwear market. The Speciality store base was expanded to 876 stores with 29 new stores opened during the period.

PEP Africa

PEP Africa reported good customer growth across most countries of operation. Good margin management and cost control, in combination with strengthening local currencies and weakening of the rand, improved profitability. The store base was consolidated to 276 stores. As part of the ongoing strategic review of the PEP Africa business on a country-by-country basis, the focus remains on leveraging the existing retail format and exiting underperforming markets. Based on this, the decision was made to exit Nigeria (44 stores).

Avenida

From a strategic perspective, further progress was made in the implementation of a discount strategy to enhance the product offering with key value items – thereby enhancing the competitive positioning of Avenida in the lower end of the market. Cellular phones were removed as it proved to be an unprofitable category.

As planned, closure of 17 of the 20 stand-alone Giovanna footwear stores commenced, with five stores already closed. The remainder will be closed by the end of this financial year with three stores to be converted to the Avenida format.

Six new Avenida stores were opened during the period. New store rollout plans have been increased based on new stores consistently and substantially exceeding projections. 21 new stores will be opened during the current financial year – more than double the number that was originally planned.

Leveraging the scale of the group

Tenacity

Tenacity expanded its account base by 22.1% to 1.8 million active accounts during the period, benefiting from the interoperability of its credit offering across clothing and general merchandise retail brands (except PEP Africa and Avenida). The gross credit book increased to R4.0 billion from R3.2 billion a year ago. The provision level was maintained at 21% based on positive collections and non-performing loans. The proportion of customers with accounts in good standing is consistent with the comparable period.

FURNITURE, APPLIANCES AND ELECTRONICS

JD GROUP

JD Home

Russells, Bradlows, Rochester, Sleepmasters

JD Tech

HiFiCorp, incredible, everyshop.co.za

abacus

THE BUILDING COMPANY

General building material

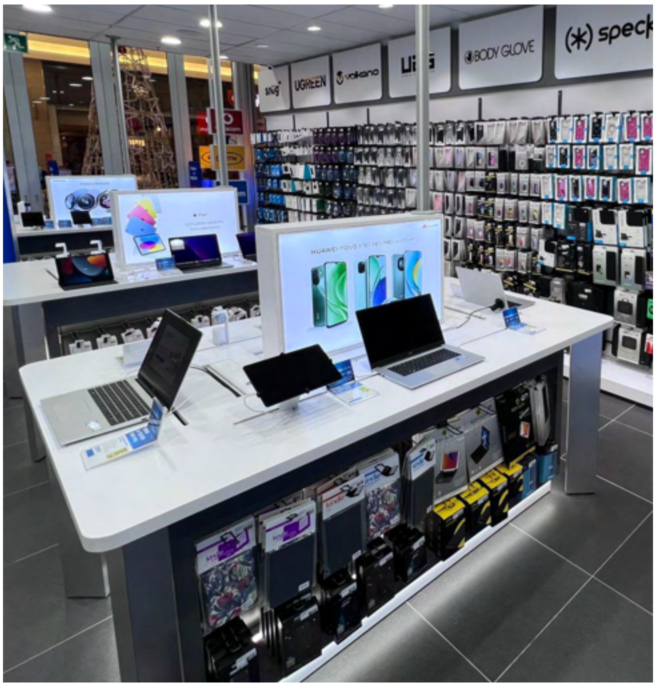
BUCO, Timbercity

Wholesale

Macneil, Cachet, Citiwood, Brands 4 Africa

Specialised building material

H&B, Buchel, tiletoria, B ONE, Bildware



BUILDING MATERIALS

Sales growth for the period	Total sales growth	Like-for-like sales growth
JD Group	(2.1%)	(3.7%)
The Building Company	0.3%	(0.8%)

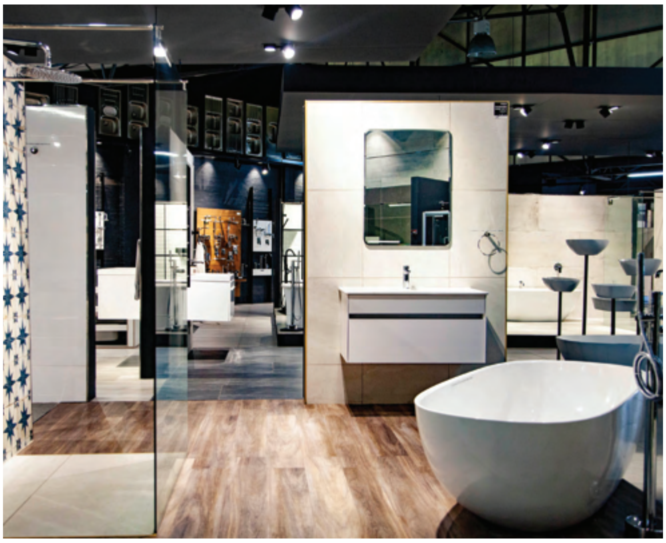
Performance in the JD Group was impacted by weak consumer demand for household goods and consumer electronics. Notwithstanding this, market share was expanded in a number of product categories, including computing, appliances and audio (GfK data). This performance follows two consecutive years during which strong sales growth was achieved.

Performance in the Home division was most constrained and the credit sales mix remained stable at 20%. Overall, JD Group's credit sales mix was maintained at 11% and highlights the 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. Performance was further supported by growth in new categories, such as power solutions and general merchandise, as well as continued strong online sales that contributed 10% to the Tech division's turnover.

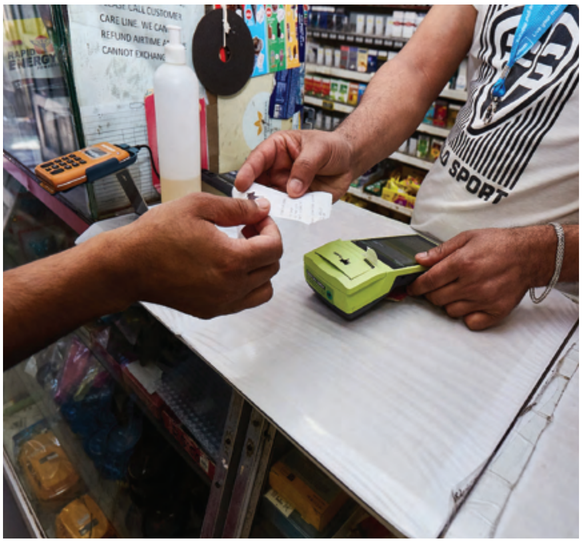
The Connect credit book, which facilitates credit sales in JD Group, increased to R1.9 billion from R1.6 billion a year ago (gross). Collection performance remained strong during the period and the provision level was maintained at 33%.

The Building Company (TBCo) continued to outperform the market and maintained sales levels. This performance was delivered in an extremely challenging building materials and construction market environment, with reduced activity and low levels of confidence. Market performance was particularly impacted by load shedding, which has a crippling effect on the construction and manufacturing industries, impacting the complete value chain from product supply, business operations and customer activity.

The business has done well to improve its product range and product availability while containing cost growth. The store base was expanded to 136 retail stores after adding four new store openings during the period.



FINTECH SEGMENT



flash

Flash performed well and increased profitability by more than 20% for the period. The deliberate change in product mix in the Flash business continued to weigh on statutory revenue growth while management turnover (based on face value of products sold) increased by 10.9%. The basket of products offered to traders in the informal market was expanded and the average turnover generated per trader improved by 10% during the period. Flash contributed 83.6% to the FinTech segment's revenue for the period.

capfin

Capfin increased revenue by 20.0% for the period and expanded its loan base to 289 000 loans from 251 000 loans a year ago. The loan book increased to R2.5 billion from R2.1 billion a year ago (gross). The provision level was maintained at 18% based on satisfactory levels of collections and non-performing loans.

Outlook

Trading in April was weak but improved in May 2023. It is, however, not expected that the operating and consumer environment will improve any time soon. Targeted cost reduction measures have been implemented and will continue to compensate for softer trading performance.

High levels of product inflation are expected in the coming summer season based on currency fluctuations. Consumer affordability remains a priority for merchandise teams. Inventory levels remain elevated and will be managed to lower levels over the remainder of the financial year.

Performance in the second half of this financial year will benefit from an additional trading week in the group's clothing and general merchandise retail brands (53rd week). This is in line with this year's retail trading calendar. Pepkor's retail store footprint will exceed 6 000 stores by the end of this financial year, as its robust and proven store formats continue to expand.

Management's focus remains on ensuring the group's discount and value offerings meet changing customer needs. Value creation plans have been formulated and are in the process of being executed in the following areas:

- Entrenching the group's dominant position in key product categories
- Expanding the group's offering in ladies wear
- Continuing to review the portfolio of businesses and their contribution to value creation
- Growing the group's presence and reach in the informal retail market in South Africa
- Growing the group's cellular and financial services offering
- Expanding the group's proven and very successful discount and value proposition in the Brazilian market
- Reducing costs through efficiencies and leveraging the scale of the group's operations

Pepkor remains steadfast in its purpose of making a positive difference in the lives of our customers and creating value for all stakeholders, including generating attractive returns for investors.

Appreciation

The Pepkor board and management team appreciate the continued support from investors, customers, employees and suppliers and value their loyalty to Pepkor and its retail brands.

Wendy Luhabe
Independent non-executive chair

Pieter Erasmus
Chief executive officer

Riaan Hanekom
Chief financial officer

29 May 2023

Unaudited condensed consolidated interim financial statements

for the six months ended 31 March 2023

Condensed consolidated income statement

	Notes	Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	% change	Twelve months ended 30 September 2022 Audited Rm
Revenue	2	43 805	42 010	4.3	81 396
Retail revenue		42 271	40 811	3.6	78 915
Financial services revenue		1 357	975	39.2	2 150
Insurance revenue		177	224	(21.0)	331
Cost of sales		(28 328)	(27 191)	(4.2)	(52 583)
Cost of merchandise sold		(28 385)	(27 191)	(4.4)	(52 729)
Cost of merchandise written off – social unrest and floods		–	–	–	(318)
Insurance claim recovery – social unrest and floods		57	–	100	464
Gross profit		15 477	14 819	4.4	28 813
Other income		557	551	1.1	1 448
Other income excluding insurance claim recovery – social unrest and floods		407	419	(2.9)	938
Insurance claim recovery – social unrest and floods		150	132	13.6	510
Steinhoff global settlement net recovery	1.2	–	429	(100)	439
Operating expenses		(7 798)	(7 535)	(3.5)	(14 989)
Debtors' costs		(821)	(506)	(62.3)	(1 085)
Operating profit before depreciation, amortisation and capital items		7 415	7 758	(4.4)	14 626
Depreciation and amortisation		(2 293)	(2 077)	(10.4)	(4 293)
Operating profit before capital items		5 122	5 681	(9.8)	10 333
Capital items	3	16	(71)	> 100	146
Capital items excluding insurance claim recovery – social unrest and floods		(27)	(71)	62.0	(151)
Insurance claim recovery – social unrest and floods		43	–	100	297
Operating profit		5 138	5 610	(8.4)	10 479
Finance costs	4	(1 533)	(1 197)	(28.1)	(2 468)
Finance income		139	134	3.7	262
Profit before associated income		3 744	4 547	(17.7)	8 273
Share of net profit of associate		3	1	>100	4
Profit before taxation		3 747	4 548	(17.6)	8 277
Taxation	5	(762)	(1 218)	37.4	(2 168)
Profit for the period		2 985	3 330	(10.4)	6 109
Profit attributable to:					
Owners of the parent		2 980	3 334	(10.6)	6 114
Non-controlling interests		5	(4)	> 100	(5)
Profit for the period		2 985	3 330	(10.4)	6 109
Earnings per share (cents)					
Total basic earnings per share		81.1	90.2	(10.0)	165.5
Total diluted earnings per share		79.9	88.8	(10.0)	163.0

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *continued*

for the six months ended 31 March 2023

Condensed consolidated statement of comprehensive income

	Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	Twelve months ended 30 September 2022 Audited Rm
Profit for the period	**2 985**	3 330	6 109
Other comprehensive income/(loss) (OCI)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**7**	79	598
Net fair value gain on cash flow hedges	**412**	155	1 350
Deferred taxation on cash flow hedges	**105**	43	(60)
Foreign currency translation reserve released to profit or loss on liquidation of foreign subsidiary	**–**	–	(50)
Total other comprehensive income for the period, net of taxation	**524**	277	1 838
Total comprehensive income for the period	**3 509**	3 607	7 947
Total comprehensive income attributable to:			
Owners of the parent	**3 504**	3 611	7 952
Non-controlling interests	**5**	(4)	(5)
Total comprehensive income for the period	**3 509**	3 607	7 947

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *continued*

for the six months ended 31 March 2023

Condensed consolidated statement of changes in equity

	Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	Twelve months ended 30 September 2022 Audited Rm
Balance at beginning of the period	**62 945**	58 188	58 188
Changes in reserves			
Total comprehensive income for the period attributable to owners of the parent	**3 504**	3 611	7 952
Shares issued under Pepkor Executive Share Rights Scheme	**206**	231	231
Shares issued as properties purchase consideration	**–**	–	19
Share buy-back and cancellation	**(416)**	(36)	(643)
Treasury shares purchased	**(11)**	–	(9)
Dividends paid	**(2 025)**	(1 634)	(1 634)
Net movement in share-based payment reserve	**(46)**	(102)	29
Transfers to retained earnings	**(15)**	23	(13)
Transfers from other reserves	**–**	–	33
Recognition of put option reserve	**–**	(575)	(606)
Net fair value gain on cash flow hedges transferred to inventory	**(537)**	(390)	(785)
Transfer from common control reserve due to ultimate holding company loss of control	**11 755**	–	–
Transfer to retained earnings due to ultimate holding company loss of control	**(11 755)**	–	–
Changes in non-controlling interests			
Total comprehensive income/(loss) for the period attributable to non-controlling interests	**5**	(4)	(5)
Non-controlling interest recognised on acquisition of subsidiaries	**–**	167	172
Exchange differences on consolidation of foreign subsidiaries	**10**	–	16
Balance at end of period	**63 620**	59 479	62 945
Comprising:			
Ordinary stated capital	**67 018**	67 816	67 228
Treasury shares	**(20)**	–	(9)
Common control reserve	**–**	(11 755)	(11 755)
Retained earnings	**(3 523)**	4 548	7 292
Share-based payment reserve	**363**	278	409
Hedging reserve	**526**	(151)	546
Foreign currency translation reserve	**(360)**	(836)	(367)
Put option reserve	**(606)**	(575)	(606)
Other reserves	**24**	(9)	24
Non-controlling interests	**198**	163	183
	63 620	59 479	62 945

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *continued*

for the six months ended 31 March 2023

Condensed consolidated statement of financial position

	31 March 2023 Unaudited Rm	31 March 2022 Unaudited Rm	30 September 2022 Audited Rm
ASSETS			
Non-current assets			
Goodwill	**39 303**	39 012	39 204
Intangible assets	**19 032**	18 810	19 004
Property, plant and equipment	**8 736**	7 552	8 341
Right-of-use assets	**10 899**	10 905	11 101
Interest in associate	**68**	56	64
Investments and loans	**48**	90	49
Loans to customers	**6**	2	5
Deferred taxation assets	**2 600**	2 844	3 022
	80 692	79 271	80 790
Current assets			
Inventories	**17 250**	15 444	17 066
Trade and other receivables	**9 234**	7 979	8 511
Loans to customers	**2 017**	1 735	1 842
Insurance and reinsurance receivables	**54**	18	39
Current income taxation assets	**627**	244	262
Investments and loans	**89**	161	110
Cash and cash equivalents	**3 449**	4 577	4 947
	32 720	30 158	32 777
Total assets	**113 412**	109 429	113 567
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary stated capital	**67 018**	67 816	67 228
Reserves	**(3 596)**	(8 500)	(4 466)
Total equity attributable to equity holders of the parent	**63 422**	59 316	62 762
Non-controlling interests	**198**	163	183
Total equity	**63 620**	59 479	62 945
Non-current liabilities			
Interest-bearing loans and borrowings	**11 955**	10 191	10 350
Lease liabilities	**10 969**	12 319	11 861
Employee benefits	**209**	131	233
Deferred taxation liabilities	**4 274**	4 403	4 235
Provisions	**326**	284	315
Non-current income taxation liabilities	**–**	65	–
Put option liability	**763**	575	682
	28 496	27 968	27 676
Current liabilities			
Trade and other payables	**12 633**	13 172	14 712
Insurance and reinsurance payables	**43**	65	76
Lease liabilities	**2 964**	2 572	2 836
Employee benefits	**916**	827	1 250
Provisions	**91**	65	92
Current income taxation liabilities	**1 600**	1 968	2 273
Interest-bearing loans and borrowings	**484**	1 434	1 129
Bank overdrafts	**2 565**	1 879	578
	21 296	21 982	22 946
Total equity and liabilities	**113 412**	109 429	113 567

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *continued*

for the six months ended 31 March 2023

Condensed consolidated statement of cash flows

	Notes	Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	Twelve months ended 30 September 2022 Audited Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit		**5 138**	5 610	10 479
Adjusted for:				
Debtors' write-offs and movement in provision		**1 089**	696	1 357
Depreciation and amortisation		**2 293**	2 077	4 293
Non-cash capital items	3	**(16)**	71	151
Inventories written down to net realisable value		**378**	343	851
Share-based payment expense		**160**	129	260
Profit on lease modification		**(646)**	(279)	(769)
Non-working capital provisions releases and other non-cash adjustments		**(287)**	307	(28)
		8 109	8 954	16 594
Working capital changes				
Increase in inventories		**(1 137)**	(2 822)	(5 115)
Increase in trade and other receivables		**(160)**	(657)	(490)
Increase in instalment sale receivables and credit sales through store cards		**(1 184)**	(719)	(1 331)
Increase in loans to customers		**(516)**	(416)	(740)
(Decrease)/increase in trade and other payables		**(1 887)**	(258)	2 269
Net changes in working capital		**(4 884)**	(4 872)	(5 407)
Cash generated from operations		**3 225**	4 082	11 187
Net dividends paid		**(2 025)**	(1 634)	(1 634)
Finance cost paid		**(1 434)**	(1 182)	(2 321)
Finance income received		**117**	164	238
Taxation paid		**(1 259)**	(1 002)	(2 005)
Net cash (outflow)/inflow from operating activities		**(1 376)**	428	5 465
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment and intangible assets		**(1 171)**	(949)	(2 550)
Proceeds on disposal of property, plant and equipment and intangible assets		**35**	22	39
Payment for acquisition of subsidiary, net of cash and cash equivalents acquired		**–**	(1 843)	(1 843)
Proceeds from settlement of BVI loan		**–**	609	609
Decrease in investments and loans		**78**	59	305
Increase in investments and loans		**(51)**	–	(25)
Increase in investments and loans in equity-accounted companies		**–**	–	(5)
Net cash outflow from investing activities		**(1 109)**	(2 102)	(3 470)
CASH FLOWS FROM FINANCING ACTIVITIES				
Amount paid on share buy-back		**(416)**	(36)	(643)
Treasury shares purchased		**(11)**	–	(9)
Amounts paid on long-term interest-bearing loans and borrowings		**(963)**	(5 032)	(5 338)
Amounts received on long-term interest-bearing loans and borrowings		**1 884**	5 000	5 000
Principle lease liability repayments		**(1 504)**	(1 310)	(2 783)
Net cash outflow from financing activities		**(1 010)**	(1 378)	(3 773)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3 495)**	(3 052)	(1 778)
Effects of exchange rate translations on cash and cash equivalents		**10**	7	404
Cash and cash equivalents at beginning of the period		**4 369**	5 743	5 743
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**884**	2 698	4 369
Consisting of:		**3 449**	4 577	4 947
Cash and cash equivalents		**(2 565)**	(1 879)	(578)
Bank overdrafts		**884**	2 698	4 369

Notes to the condensed consolidated financial statements

for the six months ended 31 March 2023

Basis of preparation

The condensed consolidated interim 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 provisions of the South African Companies Act, No. 71 of 2008, as amended (Companies Act) applicable to condensed financial statements. 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 the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the preparation of the previous consolidated annual financial statements for the year ended 30 September 2022. New and revised accounting standards became effective during the period, but their implementation had no significant impact on the results of either the current or the previous periods. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated interim 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 interim financial statements for the six months ended 31 March 2023 was supervised by RG Hanekom CA(SA), Pepkor Holdings Limited and its subsidiaries (the group) chief financial officer (CFO).

These results have not been audited or reviewed by the group's external auditors. All forward-looking information is the responsibility of the board of directors and has not been reviewed or reported on by the group’s auditors. The results were approved by the board of directors on 29 May 2023.

Significant events

SHARE CAPITAL

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

- The group issued 15.8 million ordinary shares on 13 March 2023 for share rights that vested under the Pepkor Executive Share Rights Scheme.
- The group repurchased and cancelled 21.8 million ordinary shares from the open market on the JSE.
- A subsidiary within the group purchased 523 619 ordinary shares during the current financial year from the open market on the JSE that are classified as treasury shares.

Refer to note 6 for the total number of shares in issue.

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.

INTEREST-BEARING LOANS AND BORROWINGS

During 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 further utilised R500 million of the R1 billion bridge facility.

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, this 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 is in the process of building a new distribution centre which will be commissioned in the current financial year. Management therefor 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.

EVENTS SUBSEQUENT TO REPORTING PERIOD

The board is not aware of significant events after the reporting period date that would 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 six months ended 31 March 2023

1 SEGMENTAL ANALYSIS

1.1 BASIS OF SEGMENTAL PRESENTATION

The segmental information has been prepared in accordance with IFRS 8: *Operating Segments* (IFRS 8), 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 have been identified as the CODM.

Identification of segments

The identification of segments is consistent with those identified in the annual consolidated financial statements for the year ended 30 September 2022. The board of directors identified and monitors segments in relation to differences in products and services.

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.

	Clothing and general merchandise[1,2] Unaudited Rm	Furniture, appliances and electronics Unaudited Rm	Building materials Unaudited Rm	FinTech[1,2] Unaudited Rm	Total Unaudited Rm
Six months ended 31 March 2023					
Revenue	**29 809**	**6 109**	**4 141**	**3 746**	**43 805**
Significant expenses[3]					
Amortisation and depreciation (recognised in operating expenses)	**(1 879)**	**(229)**	**(156)**	**(29)**	**(2 293)**
Personnel expenses	**(3 334)**	**(682)**	**(543)**	**(282)**	**(4 841)**
Debtors' costs	**(420)**	**(136)**	**(8)**	**(257)**	**(821)**
Operating profit before capital items	**4 156**	**327**	**201**	**438**	**5 122**
Reconciliation of operating profit					
Operating profit per segmental analysis					**5 122**
Capital items (note 3)					**16**
Operating profit per income statement					**5 138**
Share of net profit of associate					**3**
Finance costs (note 4)					**(1 533)**
Finance income					**139**
Profit before taxation per income statement					**3 747**

[1] FinTech segment revenue is disclosed net of intergroup revenue of R949 million (31 March 2022: R938 million, 30 September 2022: R1.8 billion) earned relating to the sale of virtual vouchers and airtime as well as hand-held devices to the clothing and general merchandise segment.

[2] The FinTech segment operating profit is disclosed net of intersegment expenses of R6 million (31 March 2022: R7 million, 30 September 2022: R15 million) paid to the clothing and general merchandise segment relating to the use of its footprint.

[3] The segmental analysis has been updated in the current and prior year to reflect significant expenses identified by the CODM per segment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the six months ended 31 March 2023

1 SEGMENTAL ANALYSIS continued

1.1 BASIS OF SEGMENTAL PRESENTATION continued

	Clothing and general merchandise[1,2] Reviewed Rm	Furniture, appliances and electronics Reviewed Rm	Building materials Reviewed Rm	FinTech[1,2] Reviewed Rm	Total Reviewed Rm
Six months ended 31 March 2022					
Revenue	27 613	6 205	4 130	4 062	42 010
Significant expenses[3]					
Amortisation and depreciation (recognised in operating expenses)	(1 680)	(209)	(143)	(45)	(2 077)
Personnel expenses	(2 861)	(700)	(530)	(262)	(4 353)
Debtors' costs	(257)	(91)	(4)	(154)	(506)
Operating profit before capital items and Steinhoff global settlement net recovery	4 295	344	220	393	5 252
Reconciliation of operating profit					
Operating profit per segmental analysis					5 252
Capital items (note 3)					(71)
Steinhoff global settlement net recovery (note 1.2)					429
Operating profit per income statement					5 610
Share of net profit of associate					1
Finance costs (note 4)					(1 197)
Finance income					134
Profit before taxation per income statement					4 548
Twelve months ended 30 September 2022					
Revenue	53 627	11 411	8 458	7 900	81 396
Significant expenses[3]					
Amortisation and depreciation (recognised in operating expenses)	(3 471)	(451)	(284)	(87)	(4 293)
Personnel expenses	(6 017)	(1 357)	(1 043)	(627)	(9 044)
Debtors' costs	(537)	(195)	(15)	(338)	(1 085)
Operating profit before capital items and Steinhoff global settlement net recovery	8 107	601	462	724	9 894
Reconciliation of operating profit					
Operating profit per segmental analysis					9 894
Capital items (note 3)					146
Steinhoff global settlement net recovery (note 1.2)					439
Operating profit per income statement					10 479
Share of net profit of associate					4
Finance costs (note 4)					(2 468)
Finance income					262
Profit before taxation per income statement					8 277

[1] *FinTech segment revenue is disclosed net of intergroup revenue of R949 million (31 March 2022: R938 million, 30 September 2022: R1.8 billion) earned relating to the sale of virtual vouchers and airtime as well as hand-held devices to the clothing and general merchandise segment.*

[2] *The FinTech segment operating profit is disclosed net of intersegment expenses of R6 million (31 March 2022: R7 million, 30 September 2022: R15 million) paid to the clothing and general merchandise segment relating to the use of its footprint.*

[3] *The segmental analysis has been updated in the current and prior year to reflect significant expenses identified by the CODM per segment.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the six months ended 31 March 2023

1 SEGMENTAL ANALYSIS continued

1.1 BASIS OF SEGMENTAL PRESENTATION continued

	Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	% change	Twelve months ended 30 September 2022 Audited Rm
SEGMENTAL ASSETS	**109 826**	104 601	5.0	108 461
RECONCILIATION BETWEEN TOTAL ASSETS AND SEGMENTAL ASSETS				
Total assets per statement of financial position	**113 412**	109 429	3.6	113 567
Less: Cash and cash equivalents	**(3 449)**	(4 577)	24.6	(4 947)
Less: Long-term investments and loans	**(48)**	(90)	46.7	(49)
Less: Short-term investments and loans	**(89)**	(161)	44.7	(110)
Segmental assets	**109 826**	104 601	5.0	108 461

1.2 STEINHOFF GLOBAL SETTLEMENT NET RECOVERY

	Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	% change	Twelve months ended 30 September 2022 Audited Rm
BVI impairment reversal	**–**	529	(100)	529
Employee loans impairment reversal	**–**	80	(100)	90
Settlement of litigation disputes	**–**	(180)	100	(180)
Total Steinhoff global settlement net recovery	**–**	429	(100)	439

2 REVENUE

	Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	Twelve months ended 30 September 2022 Audited Rm
Revenue from contracts with customers			
Sale of goods and related revenue (note 2.1.1)[1]	**41 890**	40 528	78 233
Service fee income	**263**	207	469
Other revenue[1]	**118**	76	213
Other sources of revenue			
Financial services revenue (note 2.1.2)[2]	**1 357**	975	2 150
Insurance revenue (note 2.1.3)[2]	**177**	224	331
	43 805	42 010	81 396

2.1 DISAGGREGATION OF REVENUE FROM CONTRACTS

2.1.1 Sale of goods and related revenue

	Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	Twelve months ended 30 September 2022 Audited Rm
Clothing and general merchandise			
South Africa	**23 790**	23 407	44 091
Other countries	**5 343**	3 827	8 598
Furniture, appliances and electronics			
South Africa	**5 207**	5 334	9 749
Other countries	**356**	348	653
Building materials			
South Africa	**3 984**	3 980	8 159
Other countries	**157**	150	299
FinTech			
South Africa	**3 003**	3 423	6 573
Other countries	**50**	59	111
	41 890	40 528	78 233

[1] *Revenue is recognised at a point in time when either the point of sale transaction or the delivery of goods is concluded, or when any significant uncertainty is resolved on variable consideration.*

[2] *Financial services revenue relates to finance income and other revenue measured in terms of the effective-interest method in accordance with IFRS 9 and is therefore recognised over the term of the financial instrument. Insurance revenue is also recognised over the period of the contract entered into with the customer. The non-South African split is not deemed to be material for the group.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the six months ended 31 March 2023

	Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	Twelve months ended 30 September 2022 Audited Rm
2 REVENUE continued			
2.1 DISAGGREGATION OF REVENUE FROM CONTRACTS continued			
2.1.2 Financial services revenue			
Finance income earned	1 169	814	1 812
Loan origination fees	188	161	338
	1 357	975	2 150
2.1.3 Insurance revenue			
Gross premiums written	177	242	333
Less: Gross premiums ceded to reinsurers	–	(24)	–
Change in provision for unearned premium	–	6	(2)
	177	224	331
3 CAPITAL ITEMS			
3.1 CAPITAL ITEMS			
Capital items are required to be reported by the JSE. The effect of capital items should be excluded from earnings when determining headline earnings per share.			
Expenses of a capital nature are included in the 'capital items' line in the income statement. These expense items are:			
Impairment	26	74	128
Intangible assets	–	3	5
Property, plant and equipment	5	16	5
Right-of-use assets	21	55	118
Loss/(profit) on disposal of property, plant and equipment and intangible assets	1	(3)	59
Scrapping of property, plant and equipment and intangible assets – social unrest	–	–	14
Insurance claim received of property, plant and equipment – social unrest and floods	(43)	–	(297)
Foreign currency translation reserve released to profit or (loss) on liquidation of foreign subsidiary	–	–	(50)
	(16)	71	(146)
4 FINANCE COSTS			
Interest-bearing loans and borrowings	511	329	755
Bank overdraft	193	128	169
Lease liability finance cost	722	685	1 383
Put option liability	45	4	52
Other	101	51	153
	1 572	1 197	2 512
Interest capitalised to property, plant and equipment	(39)	–	(44)
	1 533	1 197	2 468

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the six months ended 31 March 2023

	Six months ended 31 March 2023 Unaudited %	Six months ended 31 March 2022 Unaudited %	Twelve months ended 30 September 2022 Audited %
5 TAXATION			
Reconciliation of rate of taxation			
South African standard rate of taxation	**27.0**	28.0	28.0
Foreign tax rate differential and irrecoverable foreign taxes	**0.7**	1.5	0.4
Unrecognised tax losses net of prior year unrecognised taxation losses utilised	**(1.3)**	(0.4)	(1.0)
Prior year adjustments[1]	**(4.2)**	0.1	0.8
Tax-exempt income[2]	**(0.6)**	(2.0)	(3.1)
Other	**(1.3)**	(0.4)	1.1
Effective rate of taxation	**20.3**	**26.8**	**26.2**

[1] *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.*

[2] *Tax-exempt income mainly relates to non-recurring income of a capital nature, franchise fees and tax incentives.*

	Million	Million	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	3 697
Treasury shares[1]	**(1)**	–	–
Shares vested under share scheme	**1**	1	–
Shares issued as properties purchase consideration	**–**	–	7
Share buy-back and cancellation of shares	**(3)**	–	(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	**3 675**	**3 698**	**3 696**
Effect of dilution due to share rights issues in terms of share scheme	**56**	57	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	**3 731**	**3 755**	**3 751**
Number of shares in issue	**3 671**	**3 707**	**3 678**

	Rm	Rm	Rm
6.2 EARNINGS AND HEADLINE EARNINGS			
Profit for the period	**2 985**	3 330	6 109
Attributable to non-controlling interests	**(5)**	4	5
Earnings attributable to ordinary shareholders	**2 980**	**3 334**	**6 114**
Capital items (note 3)	**(16)**	71	(146)
Taxation effect of capital items	**4**	(20)	41
Headline earnings attributable to ordinary shareholders	**2 968**	**3 385**	**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.

[1] *Less than 500 000 shares as at 30 September 2022*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the six months ended 31 March 2023

	Six months ended 31 March 2023 Unaudited Cents	Six months ended 31 March 2022 Unaudited Cents	Twelve months ended 30 September 2022 Audited Cents
6 EARNINGS AND HEADLINE EARNINGS PER SHARE continued			
6.4 HEADLINE AND DILUTED HEADLINE EARNINGS PER SHARE			
Headline earnings per share	**80.8**	91.5	162.6
Diluted headline earnings per share	**79.6**	90.1	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 period-end.			
Net asset value per share	1 727.6	1 600.1	1 706.5

	Rm	Rm	Rm
7 FINANCING			
Unutilised banking and debt facilities consist of the following:			
Short-term cash facilities	5 174	5 005	6 543
Letters of credit, forex facilities and asset-based finance facilities	2 336	2 555	2 492
Total	7 510	7 560	9 035

During 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 further utilised R500 million of the R1 billion bridge facility.

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.

8 CONTINGENT LIABILITIES

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

9 RELATED PARTIES

During the period, 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 period ended 31 March 2023.

Pro forma financial information

The pro forma financial information, which is the responsibility of the group's directors, is presented in accordance with the JSE Listings Requirements and the SAICA Guide on Pro Forma Financial Information. The pro forma financial information includes the impact of the modification of a significant distribution centre in terms of IFRS 16: *Leases* (IFRS 16) as detailed under significant events to the condensed consolidated financial statements for the period ended 31 March 2023 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. The pro forma financial information presented is the responsibility of the group's directors and was not reviewed by Pepkor's auditors.

Pro forma earnings and headline earnings per share

The pro forma financial information has been prepared in order to illustrate the impact of the significant lease modification in terms of IFRS 16 on earnings and headline earnings per share.

	As reported Six months ended 31 March 2023 Unaudited Rm	IFRS 16 adjustment Six months ended 31 March 2023 Unaudited Rm	Pro forma after adjustment Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	% change on prior period
Revenue	43 805	–	43 805	42 010	4.3
Cost of sales	(28 328)	–	(28 328)	(27 191)	(4.2)
Gross profit	15 477	–	15 477	14 819	4.4
Other income	557	–	557	551	1.1
Steinhoff global settlement net recovery	–	–	–	429	(100)
Operating expenses	(7 798)	(392)	(8 190)	(7 535)	(8.7)
Debtors' costs	(821)	–	(821)	(506)	(62.3)
Operating profit before depreciation, amortisation and capital items	7 415	(392)	7 023	7 758	(9.5)
Depreciation and amortisation	(2 293)	–	(2 293)	(2 077)	(10.4)
Operating profit before capital items	5 122	(392)	4 730	5 681	(16.7)
Capital items	16	–	16	(71)	> 100
Operating profit	5 138	(392)	4 746	5 610	(15.4)
Finance costs	(1 533)	–	(1 533)	(1 197)	(28.1)
Finance income	139	–	139	134	3.7
Profit before associated income	3 744	(392)	3 352	4 547	(26.3)
Share of net profit of associate	3	–	3	1	> 100
Profit before taxation	3 747	(392)	3 355	4 548	(26.2)
Taxation	(762)	106	(656)	(1 218)	46.1
Profit for the period	2 985	(286)	2 699	3 330	(18.9)

PRO FORMA FINANCIAL INFORMATION *continued*

	Notes	As reported Six months ended 31 March 2023 Unaudited Rm	IFRS 16 adjustment Six months ended 31 March 2023 Unaudited Rm	Pro forma after adjustment Six months ended 31 March 2023 Unaudited Rm	Six months ended 31 March 2022 Unaudited Rm	% change on prior period
Profit attributable to:						
Owners of the parent		2 980	(286)	2 694	3 334	(19.2)
Non-controlling interests		5	–	5	(4)	> 100
Profit for the period		**2 985**	**(286)**	**2 699**	**3 330**	**(18.9)**
Pro forma headline earnings are adjusted for the significant lease modification as follows:						
Earnings attributable to ordinary shareholders		2 980	(286)	2 694	3 334	(19.2)
Capital items (note 3 in the condensed consolidated financial statements)		(16)	–	(16)	71	> 100
Taxation effect on capital items (note 6 in the condensed consolidated financial statements)		4	–	4	(20)	> (100)
Headline earnings attributable to ordinary shareholders	3	**2 968**	**(286)**	**2 682**	**3 385**	**(20.8)**
Total basic earnings per share	3	81.1	(7.8)	73.3	90.2	(18.7)
Total diluted earnings per share	3	79.9	(7.7)	72.2	88.8	(18.7)
Total headline earnings per share	3	80.8	(7.8)	73.0	91.5	(20.2)
Total diluted headline earnings per share	3	79.6	(7.7)	71.9	90.1	(20.2)

Notes to the pro forma financial information

1. The current and prior period numbers were extracted without adjustments from the condensed consolidated financial statements of the group for the period ended 31 March 2023.
2. The adjustment represents excluding impact of the significant lease modification.
3. Pro forma earnings and diluted earnings per share, headline earnings and diluted headline earnings per share are calculated on the same basis and using the same weighted average number of ordinary shares and weighted average number of dilutive ordinary shares as per note 6 of the notes to the condensed consolidated financial statements of the group for the period ended 31 March 2023.

PRO FORMA FINANCIAL INFORMATION *continued*

Pro forma constant currency disclosure

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

	Average exchange rate			
Change in sales on prior year (%)	31 March 2023	31 March 2022	Reported currency	Constant currency
Angolan kwanza	**0.0363**	0.0271	36.3	1.5
Malawian kwacha	**0.0173**	0.0188	(11.2)	(3.4)
Mozambican metical	**0.2753**	0.2411	19.7	4.8
Nigerian naira	**0.0395**	0.0374	8.2	2.5
Zambian kwacha	**1.0132**	0.8850	27.5	11.3
Total PEP Africa			20.5	5.4
Brazilian real	**3.3839**	3.1154	23.1	13.3

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*
F Petersen-Cook*
* Independent

Registration number
2017/221869/06

Share code
PPH

Debt code
PPHI

ISIN
ZAE000259479

LEI
3789006D677C34F69875

Registered address
36 Stellenberg Road, Parow Industria 7493

Postal address
PO Box 6100, Parow East 7501

Telephone
021 929 4800

E-mail
investors@pepkor.co.za

Transfer secretary
Computershare Investor Services Proprietary Limited,
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196

Company secretary
M Allie

Auditor
PricewaterhouseCoopers Inc.

Equity sponsor
PSG Capital Proprietary 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
30 May 2023

PEPKOR
Holdings Limited

www.pepkor.co.za