PEPKOR
Holdings Limited

Annual financial statements

for the year ended
30 September 2024

Contents

01 Approval and reports

Approval of the annual financial statements 1

Statement of chief executive officer and chief financial officer responsibility 2

Secretary certification 3

Report of the directors 4

Audit and risk committee report 7

Independent auditor's report 14

02 Consolidated annual financial statements

Consolidated income statement 18

Consolidated statement of comprehensive income 19

Consolidated statement of financial position 20

Consolidated statement of changes in equity 21

Consolidated statement of cash flows 22

Summary of accounting policies 23

Significant judgements and estimates 35

Notes to the consolidated annual financial statements 39

03 Separate financial statements

Separate income statement 109

Separate statement of comprehensive income 109

Separate statement of financial position 110

Separate statement of changes in equity 111

Separate statement of cash flows 112

Notes to the separate financial statements 113

Shareholder analysis

Corporate information

Approval of the annual financial statements

The preparation and presentation of the consolidated and separate annual financial statements, and all information included in this report, is the responsibility of the directors. The consolidated and separate annual financial statements were prepared in accordance with the provisions of the South African Companies Act, No. 71 of 2008, as amended (Companies Act) and comply with IFRS® Accounting Standards. In discharging their responsibilities, the directors rely on the internal controls and risk management procedures applied by management for both the integrity and fairness of these statements, and are satisfied that the controls and procedures are in operation.

The directors of the group and company are responsible for the controls over and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

Based on the information and explanations provided by management and the internal auditors, the directors are of the opinion that:

- the internal controls are adequate;
- the financial records may be relied upon in the preparation of the annual financial statements;
- appropriate accounting policies, supported by reasonable judgements and estimates, have been applied;
- the annual financial statements fairly present the results and the financial position of the company and the group; and
- the board of directors has executed its responsibilities under the evaluation policy.

The annual financial statements are prepared on the going concern basis and nothing has come to the attention of the directors to indicate that the company and the group will not remain a going concern. These annual financial statements as at 30 September 2024, which appear on pages 4 to 126, have been prepared under the supervision of the chief financial officer, Mr RG Hanekom CA(SA). The consolidated and separate financial statements have been audited by PricewaterhouseCoopers Inc. in compliance with the Companies Act. The annual financial statements of the company and the group were approved by the board on 12 December 2024, and are signed on its behalf by PJ Erasmus (chief executive officer) and RG Hanekom (chief financial officer).

PJ Erasmus

PJ Erasmus
Chief executive officer

RG Hanekom

RG Hanekom
Chief financial officer

Statement of chief executive officer and chief financial officer responsibility

Each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 4 to 126 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

PJ Erasmus

PJ Erasmus
Chief executive officer

RG Hanekom

RG Hanekom
Chief financial officer

Secretary certification

I certify, in accordance with section 88(2)(e) of the Companies Act, that the company has lodged with the Companies and Intellectual Properties Commission all such returns as are required for a public company in terms of the Act and that all such returns are true, correct and up to date.

M Allie

M Allie
Company secretary

12 December 2024

Report of the directors

for the year ended 30 September 2024

Nature of business

The group is a diversified retailer of significant size and scale operating across three segments. The retail brands within the segments focus on discount, value and specialised goods and retail clothing, general merchandise, household goods, furniture, appliances, consumer electronics, cellular products and services and financial services in Angola, Botswana, Brazil, Eswatini, Lesotho, Malawi, Mozambique, Namibia, South Africa and Zambia.

The three (2023: four) operating segments from continuing operations include the following brands:

Clothing and general merchandise

This segment includes all clothing, footwear and homeware (CFH) retail brands.

- PEP
- PEP Africa
- Ackermans
- Pepkor Speciality, CODE, Dunns, Refinery, Shoe City, S.P.C.C and Tekkie Town
- Avenida

Other components included in this segment:

- Club Mais supports the Avenida brand in terms of credit sales through store cards to customers.
- Pepkor cellular sourcing supports this segment through the procurement of cellular devices.
- S'Ya Phanda group, which includes Bradian, supports this segment through the specialised distribution facilities for cellular devices.
- The Pepkor central office cost, including IT cost, property management cost and internal audit cost, are allocated to individual segments where appropriate.

Furniture, appliances and electronics

This segment includes the Pepkor Lifestyle (previously JD Group) retail business. Pepkor Lifestyle provides value-conscious mass market customers in Southern Africa with the opportunity and means to create a comfortable lifestyle through its diversified retail brands:

- Bradlows
- Russells
- Rochester
- Sleepmasters
- Incredible Connection
- HiFi Corp

FinTech

This segment includes unique businesses that are complimentary to Pepkor's retail brands' performance. These businesses utilise certain parts of the Pepkor retail store footprint to varying degrees in terms of interaction with their respective consumer markets.

- Flash is a technology-driven company committed to adding value to the lives of traders in the informal retail market. Using smart technology, traders are able to offer their customers greater convenience, providing access to mobile data and airtime, prepaid water and electricity, entertainment and gaming vouchers, money transfers, bill payments and National Lottery.
- Capfin provides unsecured credit to customers under the Capfin brand.
- Tenacity Financial Services supports the Ackermans, PEP and Pepkor Speciality CFH brands in terms of credit sales through store cards to customers and instalment sale receivables for handset devices.
- Connect Financial Solutions provides credit through instalment sale receivables to the furniture, appliances and electronics brands.
- Abacus provides insurance products via its subsidiaries to customers of Pepkor Lifestyle (previously the JD Group) and other group businesses.

Building materials (discontinued)

This segment includes The Building Company and comprises retail, wholesale and specialised divisions that serve the full spectrum of the construction industry, including the residential, commercial and industrial markets. The retail brands include:

- BUCO
- Timbercity

The wholesale division comprises:

- Brands 4 Africa
- Citiwood

Specialist building material brands, servicing both the retail and wholesale market, include Handles Hinges & Locks, B-One and Tiletoria.

In the current year, the group sold The Building Company on 30 September 2024.

Retail footprint

The group sold its products across a retail footprint consisting of 5 899 (2023: 5 780) stores at 30 September 2024. This excludes 138 (2023: 137) stores from discontinued operations in The Building Company.

Financial review

The financial results are set out in the attached annual financial statements.

Share capital

The authorised and issued share capital of the company as at 30 September 2024 is set out in note 20 of the annual financial statements.

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

- The group issued 17.9 million (2023: 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 1.7 million (2023: 27.8 million) ordinary shares during the current financial year from the open market on the JSE.

- A company within the group purchased 3.6 million (2023: 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.

Share rights

During the course of the year, 22.8 million share rights (2023: 17.1 million) were granted in terms of the Pepkor Executive Share Rights Scheme (Pepkor Scheme). Refer to note 27 for more details.

Corporate activity

Significant shareholder

The Ibex Group, formerly Steinhoff International Holdings N.V. (Steinhoff Group), holds 30.18% of Pepkor Holdings as at 30 September 2024. In the prior year, Ibex reduced its shareholding in Pepkor to 43.90% and therefore no longer has control of Pepkor effective 8 February 2023.

Discontinued operations in The Building Company

Pepkor disposed of The Building Company on 30 September 2024 in order to streamline Pepkor's portfolio of businesses, to enhance the group's return on capital and optimise shareholder returns. Refer to note 7 for more details.

Interest-bearing loans and borrowings

Following an auction held on 4 March 2024, the group successfully raised R2.2 billion in the bond market at lower-than-expected margins. The new floating rate notes issued effective from 7 March 2024 are:

- PEP07: three-year floating rate notes of R878 million at three-month Jibar plus 114 bps
- PEP08: five-year floating rate notes of R1.29 billion issued at three-month Jibar plus 124 bps

The proceeds from the issuance replaces the floating rate notes of R1.435 billion (PEP03 : three-year) due in May 2024, which carried interest at three-month Jibar plus 152 bps, and was further used to settle Term Loan E (three-year) of R500 million due in June 2024, which carried interest at three-month Jibar plus 120 bps.

Refer to note 21 for more details.

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 R51.2 billion, as required by IFRS Accounting Standards, resulted in a total impairment of R2.7 billion recognised in the current financial year. The impairment is allocated to the respective cash generating units (CGUs) as follows:

- R2.4 billion of the impairment is attributable to the Clothing and general merchandise CGU, which includes Ackermans, Dunns, PEP, PEP Africa, Refinery and Shoe City and R161 million relates to newly acquired S'Ya Phanda and Pepkor cellular sourcing CGUs. The key factors for the impairment include the continued uncertainty of trading in the retail market driven by performance in Ackermans, which continues to recover, and a challenging footwear market impacting performance in Tekkie Town and Shoe City resulting in a cautious outlook.
- An impairment of R200 million is attributable to the Tekkie Town CGU which also suffered from the challenging footwear market.
- The impairment impacted basic earnings from continuing operations but is excluded from headline earnings from continuing operations. Refer to note 4, 9 and 10 for more details.

Secondary listing on the A2X

The group listed its shares for trade on A2X effective 2 April 2024. The group retained its listing on the JSE Limited and its issued capital will be unaffected by this secondary listing.

Effective tax rate

Excluding the impact of the goodwill impairment and trade and brand names, the normalised effective tax rate is 22.1% (2023: 18.5%), which is lower than the South African standard rate, as a result of the recognition of deferred tax assets related to the Pepkor Lifestyle (previously JD Group) business in the prior year and the remeasurement of the IFRIC23 provision for uncertain tax positions, mainly due to the settlement of a South African Revenue Service (SARS) dispute. Refer to note 6.2 for more details.

Put option liability

As part of the Avenida acquisition in 2022, a put option liability was recognised as Pepkor Brazil has the option to purchase the remaining shares from the non-controlling shareholders in tranches over the next two years (2023: six years). The put option was restructured in the current year to accelerate the tranches, with the last tranche being exercisable in 2026 compared to 2028 in the prior year. A valuation is performed annually on the put option liability. In the current year, the value of the put option liability has decreased as a result of the acceleration of the exercise windows of the tranches. The unwinding of the interest over the past 12 months impacted the value of the put option liability and the appreciation of the South African rand to the Brazilian real impacted the translation of the put option liability. Refer to note 22 for more details.

Directors

In the current year, Nunu Ntshingila was appointed to the board of directors as an independent non-executive director with effect from 15 November 2023. With effect from 7 March 2024, Theodore de Klerk retired from the board of directors and the investment committee in his position as a non-executive director.

Particulars of the present directors are provided in note 32.3 of the annual financial statements. None of the directors have long-term service contracts with the company or any of its controlled entities.

Directors' shareholding

Directors' shareholding was 1 222 103 (2023: 792 497) shares. From 1 October 2024 to the date of approval of the company's consolidated financial statements, there were no dealings by directors in the company's ordinary shares.

Details of individual direct and indirect holdings are disclosed in note 32.4.

Events subsequent to the reporting date

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.

Distribution to ordinary shareholders

The board has declared a dividend to shareholders in respect of the year ended 30 September 2024 of 48.5 cents (2023: 48.1 cents). The dividend will be payable to the holders of ordinary shares in the share capital of the company recorded in the securities register of the company on 17 January 2025. The last date to trade in order to be eligible to receive the dividend will be 14 January 2025, and the ex-dividend date will be 15 January 2025. The dividend will be paid and broker accounts updated, as the case may be, on 20 January 2025.

Going concern

The board of directors have evaluated the going concern assumption as at 30 September 2024, taking into account the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and have continued to adopt the going concern basis in preparing the annual financial statements.

The cash flows and liquidity projections of the group have been prepared for a period exceeding 12 months from the reporting date and included performing sensitivity analyses based on various scenarios.

Litigation report

Except to the extent referred to under note 30.5 Contingent liabilities, the directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 months, a material effect on the group's financial results.

Corporate governance

The group complies with the Listings Requirements of the JSE, Debt and Specialist Securities Listing requirements, and, in all material respects, with the Code of Corporate Practice and Conduct published in the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™)*.

Auditor

The group's auditor, PricewaterhouseCoopers Inc., will continue in office in accordance with section 90(6) of the Companies Act.

Secretary

The group company secretary's responsibilities are fulfilled by Mr M Allie. The board is satisfied that the company secretarial role is carried out by a person who has the necessary competence, qualifications and experience, and that there is an arm's-length relationship between the company secretarial function and the board members as required by JSE Listings Requirement 3.84(h).

Closing

Pepkor's strategy to meet customer needs delivered a commendable performance in the current year, with strategic execution delivering tangible results. The group captured additional market share and increased gross profit margin through improved full-price sales. Pepkor's customer acquisition capability in its retail operations enabled rapid growth in fintech. Strategic execution in financial services and cellular connectivity added three million customers to the group's A+ retail credit base, FoneYam and Abacus. The group's participation and reach in the dynamic informal market through the Flash business further bolstered growth.

Pepkor remains dedicated to fulfilling customer needs and making a positive difference in the lives of our customers and the communities in which we operate by providing convenient access to everyday products and services at affordable prices.

The Pepkor board and management wish to thank our stakeholders for their continued support.

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Audit and risk committee report

for the year ended 30 September 2024

Introduction

The audit and risk committee ('the audit committee' or 'the committee') is established as a statutory committee in terms of section 94(2) of the Companies Act, No. 71 of 2008, as amended (the Companies Act). The committee oversees audit and risk matters for Pepkor Holdings Limited and all its subsidiaries (the group), as permitted by section 94(2)(a) of the Companies Act.

The operation of the audit committee is guided by a formal Terms of Reference (ToR) that is in line with the Companies Act, the JSE Limited Listings Requirements (JSE Listings Requirements) and Debt and Specialist Securities Listing Requirements and the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™). The ToR has been approved by the company's board. During the period under review, the committee has discharged its responsibilities as required by the ToR.

The committee hereby presents its report for the financial year ended 30 September 2024.

Membership

The committee consists of four (4) members, who all are independent non-executive directors of the company:

Director	Designation	Date appointed	Qualifications
HH Hickey	Chair	1 June 2021	BCompt (Hons), CA(SA)
ZN Malinga	Member	1 June 2021	BAcc (Hons), CA(SA)
SH Müller	Member	15 March 2018	BAcc, BAcc (Hons), CA(SA), Sanlam EDP, IoDSA
F Petersen-Cook	Member	16 April 2018	BBusSc (Act.Sc.), FIFoA, Certificate in Climate Change and Sustainability, FASSA, PGDip Global Business OXON, PGDip (MgtPrac) UCT GSB, CD(SA) IoDSA

The nomination committee and the board are satisfied that these members have the required knowledge and experience as set out in section 94(5) of the Companies Act and regulation 42 of the Companies Regulations, 2011. The re-appointment of committee members will be a matter for consideration by shareholders at the next annual general meeting (AGM).

The chief executive officer (CEO), chief financial officer (CFO), information technology executive, internal and external auditors, heads of group compliance, legal and risk, specialist members of the group finance function and the financial directors of the main group businesses attend audit committee meetings by invitation. The group company secretary is the secretary to the committee.

Meetings of the audit committee

The committee performs the duties required of it by section 94(7) of the Companies Act. It holds regular meetings with key role players and has unrestricted access granted to the external auditor. The committee's ToR requires it to convene at least twice per annum. During the year under review the committee held four (4) scheduled and two (2) ad hoc meetings. After the financial year-end, the committee held one further meeting. The attendance of the committee members at scheduled meetings for the year under review is recorded below:

Meeting date	Nature of meeting	HH Hickey	ZN Malinga	SH Müller	F Petersen-Cook
20 November 2023	Scheduled	√	√	√	√
19 February 2024	Scheduled	√	√	√	√
22 May 2024	Scheduled	√	√	√	√
14 August 2024	Scheduled	√	√	√	√

Note: A representative quorum for meetings shall be a majority of members present, which was attained at all meetings.

Responsibilities of the audit committee

The audit committee has the following specific responsibilities, which must be undertaken in compliance with all applicable legislation, regulations and accounting practices and to ensure the application by the committee of the relevant principles of King IV™:

1. Oversee **integrated reporting** and, in particular:
   - have regard to all known factors and risks that may impact the integrity of the integrated report;
   - review the annual financial statements, interim and condensed financial statements results announcements, summarised integrated information and prospectuses, trading statements and similar documents;
   - review the principles, policies and practices adopted in the preparation of the financial statements of the group and ensure that the financial statements of the group and any other formal announcements relating to the financial performance comply with all regulatory requirements as may be required;
   - review the effectiveness of the internal financial controls; and
   - in co-operation with the group social and ethics committee, oversee the disclosure of sustainability issues in the integrated report to ensure that it does not conflict with the financial information.
2. Ensure that a **combined assurance (CA)** model is effectively applied to provide a coordinated approach to all assurance activities and, in particular, ensure that the combined assurance received is appropriate to address all the significant risks facing the group. The committee also monitors the relationship between the external assurance providers and the group.
3. Review the expertise, resources and experience of the company's **finance function**, and satisfy itself annually as to the suitability of the expertise and experience of the CFO.
4. Monitor and review the effectiveness of the **internal audit function** and, in particular, review and approve the annual internal audit plan, ensure that the internal audit function is subject to an independent quality review, as and when appropriate, and obtain assurance as to whether the internal audit function has adequate resources, skills and qualifications and appropriate access to information to enable it to perform its function effectively.
5. Oversee **risk management** and, in particular:
   - consider financial reporting risks, internal financial controls, fraud risks as they relate to financial reporting, information technology (IT) risks as they relate to financial reporting and the risk of cybercrime;
   - oversee the development and regular review of a policy and plan for risk management and, recommending the same to the board for approval, monitor implementation of the policy and plan by means of risk management systems and processes;
   - review the group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial or other matters and receive reports on the investigation of such matters and the appropriate follow-up action; and
   - ensure that risk management assessments are performed on a regular basis and that management implements appropriate risk responses.
6. Set the direction on the management of technology and information, while overseeing management's governance of information technology, including cyber security, value delivered from IT investments, responsible use of information and compliance with applicable laws.
7. **External audit review** and, in particular:
   - assess the suitability of the audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment;
   - consider and make recommendations to the board, to be tabled for shareholder approval at the company's AGM, in relation to the appointment, re-appointment and removal of the company's independent external registered auditor in compliance with the provisions of the Companies Act;
   - review and approve the terms of engagement and audit plan and approve the fee for the external audit;
   - meet with the external auditors and review the findings of the audit, including but not limited to any major issues that arose during the audit, accounting and audit judgements and the level of errors identified during the audit;
   - verify and report on the independence of the external auditor in the annual financial statements;
   - establish and implement a policy for non-audit services provided by the external auditor and determine the level of non-audit services provided by the external auditor that will require pre-approval by the committee, and review non-audit services rendered by the auditors for impact on independence; and
   - ensure that there is a process for the committee to be informed of any reportable irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor.
8. To perform duties which are attributed to it by its mandate from the board, the Companies Act, the JSE Limited and regulatory requirements, and such other oversight functions as may be determined by the board.

Overview of activities of the audit committee

During the year under review, the committee's general activities included the following:

- evaluated the performance and independence of the external auditors and executed its responsibilities in terms of paragraphs 3.84 (g) and 7.3 (e) of the JSE Listings Requirements and Debt Listings Requirements, respectively. The committee recommended the re-appointment of the external auditors and audit partner at the company's AGM;
- reviewed quarterly business performance reports, assessing group and divisional operating performances, key financial indicators and considered indications of unmitigated business risk;
- monitored compliance with the group's foreign exchange forward cover policy, the board-approved borrowings limits and external debt covenants;
- monitored the status regarding completion of tax returns and assessments for the group and its subsidiaries;
- reviewed the appropriateness and ongoing adequacy of tax provisions raised by the group;
- considered the effectiveness of internal audit, approved the internal audit plan and monitored the adherence of internal audit to its annual plan;
- received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes;
- reviewed the key audit matters in the audit opinion and are in agreement that the issues raised are areas of key risk;
- considered the independence and objectivity of the external auditors and ensured that the scope of any additional services provided was not such that they could be seen to have impaired their independence;
- reviewed the governance regarding group information and communication technology, including IT risk assessments;
- oversaw the integrated risk management process and the implementation of combined assurance. The committee assessed the risk governance structures and lines of defence to ensure roles, responsibilities and accountabilities for identifying and managing risks were appropriately defined;
- reviewed risk registers and material risks the group is exposed to;
- reviewed the solvency and liquidity of the group, as required, for the declaration of dividends and financial assistance to subsidiaries;
- reviewed the group's dividend policy, and made recommendations to the board in this regard;
- reviewed and recommended for adoption by the board, such financial information that is publicly disclosed which, for the year, included the interim reports and consolidated financial statements for the year ended 30 September 2024;
- considered the group's liquidity and debt repayment profile and reviewed the company's replacement of its term loans; and
- reviewed the audit and risk activities of the insurance subsidiary of the group.

In the sections that follow, more information is provided on the specific areas of responsibility of the committee.

Reporting

Matters and risk areas pertaining to the 2024 consolidated annual financial statements

With reference to the group's results for the current financial year, the committee, among others, paid specific attention to the matters highlighted below:

- The methodology of the goodwill and indefinite life intangible asset impairment assessments, as required by IFRS Accounting Standards (IFRS), which resulted in a total impairment of R2.7 billion being recognised in FY24. This is highlighted as a key audit matter.
- Expected credit losses on financial assets based on IFRS 9 and the resultant provisioning on instalment sales, credit sales through store cards and loans to customer books, as disclosed in the annual financial statements.
- The disposal of The Building Company. As a result of the transaction, the Building Company is classified as a discontinued operation in the group's financial results.
- IFRS 16 and changes in the future contractual lease payments and lease terms of existing lease agreements. The gain on modification from the lease modifications for the group amounted to R478 million.
- Provision for taxation, including deferred taxation, the factors impacting the effective rate of taxation, and remedial measures possible within the scope of taxation regulations of the countries within which the group is doing business.
- The adoption of IFRS 17, which stipulates the principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces the previous insurance contracts standard and guidance, IFRS 4.
- Provision for slow-moving and obsolete stock, as well as ongoing levels of shrinkage.
- The scope and extent of other general and specific provisions recognised.
- Considered transactions for related-party disclosure, and the adequacy of the disclosure.
- Having oversight of and considering the reporting, monitoring and communication process regarding the CEO and CFO attestation regarding internal financial controls.
- Considering the content of reports released by the JSE during 2024 on the proactive monitoring of financial statements for compliance with IFRS and ensuring that the annual financial statements contain the required disclosure.

The committee, in forming a view of the specific matters highlighted, considered the opinion of the external auditors on all of these matters, in addition to that of management. No differences of opinion were noted by the committee.

The committee accordingly considers the group's accounting policies, accounting practices and financial disclosures, as amended, to be appropriate.

Internal controls

Internal controls and systems have been designed to provide reasonable assurance as to the integrity and reliability of the financial information represented in the financial statements, and to safeguard, verify and maintain the assets of the group.

The systems of internal control are based on established organisational structures, together with written policies and procedures, and provide for suitably qualified employees, segregation of duties, clearly defined lines of authority and accountability. They also include cost and budgeting controls, and comprehensive management reporting.

Nothing has come to the attention of the committee to indicate that any material breakdown in the functioning of the group's key internal control systems has occurred during the period under review.

Combined assurance model

The committee provides oversight that the assurance arrangements in place are effective. The combined assurance model comprises management, the group risk management function, the internal audit function, external audit services and other specialists contributing to combined assurance. The committee is satisfied that these arrangements are effective in providing a robust control environment which enables the provision of reliable information for decision-making purposes.

Evaluation of the CFO and finance function

As required by the JSE Listings and Debt Listings Requirements, as well as the recommended practices as per King IV™, the committee formally assessed the competence and performance of the CFO and concluded that he possesses the appropriate expertise and experience to meet his responsibilities.

The capacity, roles and responsibilities, qualifications and experience of senior members of the group finance function, including the financial directors of the main group businesses, were also considered. Based on this assessment, the audit committee is satisfied with the expertise and adequacy of resources within the finance function and the experience of financial staff in this function.

The committee believes the group has appropriate financial reporting procedures and is satisfied that these procedures are operating adequately.

Internal audit

The group's internal audit function operates in terms of an internal audit charter (which was reviewed by the committee during the year) and under the direction of the committee, which approves the scope of the work to be performed. Internal audit's activities are measured against that approved scope and an approved annual internal audit plan. The head of internal audit tables a progress report in this regard to the audit committee on a quarterly basis.

Internal audit is independent of all other organisational functions and reports functionally to the audit and risk committee and administratively to the CFO. Internal audit has direct access to the audit and risk committee, primarily through the chair of the committee, as well as unrestricted access to all areas within the group.

The internal audit function maintains general conformance to the Institute of Internal Auditors' (IIA's) International Standards for the Professional Practice of Internal Auditing (Standards) and Code of Ethics. The internal audit function adopts leading internal control frameworks, including COSO, COBIT, NIST and the ISO/IEC 27001 series. An audit quality assessment review (QAR) programme is in place and is maintained by the head of internal audit. An external QAR of the Internal Audit Department was conducted by an independent service provider during the year under review. The independent review found that there is General Conformance ("GC") to the spirit of the IIA Standards for the Professional Practice of Internal Auditing, Definition of Internal Auditing and Code of Ethics.

The centralised group internal audit function adopts a risk-based audit approach and is responsible for providing assurance and consulting services on the adequacy of the internal control environment across all the operating and support divisions of the group. The internal audit scope covers the significant financial, regulatory, operational and IT areas of each operating division, and group support functions. The internal audit plan is informed by the group strategies, risk registers, comprehensive risk assessments, compliance requirements and input from management, the audit committee and external audit.

The efforts of internal audit are aligned with those of the external auditor in order to integrate assurance activities for the group. The external auditor, as permitted, places some reliance on internal audit work performed.

Significant findings are reported to both executive management and the committee, and corrective action is taken to address identified internal control deficiencies. Internal audit follows up on any significant audit findings to assess implementation of such agreed corrective actions.

Financial year overview

During the year, the group internal audit department determined whether the group's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner that ensures that risks are appropriately identified and managed, information is accurate and reliable, compliance with policies and applicable laws and regulations is maintained, and resources and assets are adequately protected.

Pepkor's internal audit function completed audits of key financial controls as well as business processes, focusing on known or anticipated areas of business risk. The function also completed several unique projects and consulting engagements, including reviews of new computer systems, internal controls consulting on major business initiatives, and audits of contracts and expenditures.

Furthermore, the internal audit function covered, inter alia, the following:

- Financial Reporting and Control: These reviews focused on assessing the accuracy, reliability, and integrity of financial information and related controls, enabling the attestation of the JSE Listings Requirements 3.84(k): CEO/CFO sign-off on internal financial control in the Pepkor group;
- Operational Processes: Reviews of various business operations across different divisions to evaluate their efficiency, effectiveness, and adherence to internal policies and procedures;
- Information Technology: Reviews examined the security, integrity, and effectiveness of IT systems and infrastructure;
- Compliance: These reviews assessed compliance with applicable laws, regulations, and internal policies, particularly in areas such as payroll, health and safety, and data protection;

- Business Continuity and Resilience: This area of focus included assessing Pepkor's preparedness for various disruptive events;
- Reviewed Pepkor's integrated report before publication, specifically focusing on environmental and sustainability metrics;
- Assisted with the coordination of the group's combined assurance efforts; and
- Performed follow-up reviews on audit findings previously raised.

The results of the reviews indicated that governance and internal control systems and processes were generally adequate across the group. No material instances of control breakdown were identified.

Digital transformation and innovation

Pepkor Group Internal Audit is increasingly adopting advanced data analytics and digital technologies to optimise audit processes and strengthen risk management capabilities. The team is actively enhancing data-driven dashboards to streamline the tracking of audit findings, improve risk oversight, and automate reporting workflows.

Beyond individual audit activities, Pepkor Internal Audit embeds digital transformation into enterprise-wide initiatives. Collaborating with other group functions, they are developing Generative AI-powered solutions designed with robust safety and compliance measures to securely and efficiently analyse extensive document sets. Recognising the strategic importance of data-driven insights and AI, Pepkor Internal Audit advocates for leveraging these technologies to enhance proactive risk monitoring and refine key risk indicator reporting.

Performance and independence

The committee is satisfied with the effectiveness and performance of the internal auditors and compliance with their mandate. The committee is further of the view that the internal auditors have the necessary resources, budget, standing and authority to enable them to effectively discharge their functions. Internal audit reported that there were no undue scope limitations or impairments to its independence.

Scope of risk-related oversight by the audit and risk committee

The committee is responsible for overseeing risk management in the group. This function includes regular review of:

- the group risk analysis and major business and operational risks reported, including actions to mitigate those risks, and opportunities inherent to such risks (reported on in more detail below);
- insurance strategy, adequacy and cost of insurance cover, and claims experience; material legal claims against and by the group, and potential exposure based on advice of the group's legal counsel, and taken in account in the assessment of provisions raised;
- reported occurrences of fraud; although occurrences were reported, no material frauds were brought to the attention of the committee, nor are the overall amounts reported viewed as material or significant;
- insurance risk exposure assumed by subsidiaries of the group, and the adequacy of the reinsurance thereof;
- regulatory compliance (reported on in more detail below); and
- IT governance and risk management (reported on in more detail below).

Risk management

The Enterprise Risk Management (ERM) function at Pepkor is integral to safeguarding the group's strategic and operational goals. Its mandate is to establish a unified risk management framework, ensuring that significant risks across the business are identified, assessed, and proactively managed. This approach supports the alignment of risk mitigation efforts with the group's key performance indicators (KPIs) and strategic objectives.

Framework and operational prioritisation

Pepkor's risk management framework enables a holistic view of the group's risk landscape, encompassing operational risks, strategic group risks, and interrelated risks that may compound the overall risk profile. A formal risk appetite and tolerance framework has been defined, guiding the group's decision-making and risk mitigation activities. At an operational level, risk management and control measures are systematically implemented, monitored, and reported to governance structures, ensuring consistent accountability and oversight.

Advancing risk management practices

Over the past year, Pepkor has completed comprehensive operational and strategic risk assessments to evaluate material risks. The group continues to mature its combined assurance model, integrating risk oversight, implementation, and assurance across all operations.

Governance and oversight

The group's ERM framework is structured to ensure effective oversight and execution of risk management activities. The audit and risk committee, mandated by the board, provides combined oversight of risk management initiatives.

Each operating entity is tasked with implementing a risk management methodology tailored to its operations. This methodology facilitates the regular identification, evaluation, mitigation, monitoring, and reporting of risks, embedding risk management into everyday business activities and decision-making processes. Pepkor's defined risk appetite and tolerance thresholds establish clear guidelines for addressing risks across various categories, including strategic, operational, financial, compliance, sustainability, health and safety, business continuity, and disaster recovery.

Integrated risk management approach

Pepkor employs a dual approach to risk identification:

1. Top-down: Focused on the annual identification, evaluation, and reporting of material group-level risks.
2. Bottom-up: Periodic operational risk reports that highlight material risks within specific segments.

To maintain high standards of control, the group mandates minimum control requirements and deploys internal audit teams to test their effectiveness. Non-compliance with significant control measures is escalated to the operational executive management and the audit and risk committee for resolution.

Insights, resilience, and future outlook

The consolidation of risk management information across Pepkor's decentralised structure provides valuable insights into risks and control effectiveness. This enables the identification of interconnected risks and informs strategic responses. Risk management is a key agenda item in divisional executive committee meetings, driving a focus on material matters that may hinder the achievement of operational performance and strategic objectives.

Pepkor's commitment to robust risk management underpins its ability to navigate uncertainties, protect its stakeholders, and achieve sustainable growth.

Regulatory compliance

The group legal and compliance function is responsible for the day-to-day management of regulatory compliance, including coordinating the identification and management of compliance risk and identifying and assessing compliance obligations, including legislative updates and reporting. Each business manages its own specific regulatory compliance risk, with oversight and support from group legal and compliance. Reporting from the various business units on litigation and compliance takes place on at least a quarterly basis and is reported to the audit committee.

The group's compliance officer provides a regular written report to the audit committee as substantive compliance assurance. For the period under review, the regulatory compliance universe for the Pepkor group was stable. There were no material fines or penalties as a result of statutory or regulatory contraventions. Businesses across the group continue to resolve consumer complaints adequately and, where complaints are received from regulators and industry ombudsmen, it is dealt with in a timely manner and with acceptable outcomes.

The Prudential Authority has designated Pepkor Holdings as an insurance group. Pepkor Holdings, the ultimate holding company of Abacus, has therefore applied for an (insurance) controlling company licence, together with an application to be exempted from certain requirements of the Insurance Act (due to Pepkor Holdings being a listed entity), as well as an outsourcing notification in terms of which all insurance compliance functions will be outsourced to Abacus.

New regulatory developments are monitored by group compliance and presented for discussion and awareness. This includes regulatory developments in countries besides South Africa.

IT governance and IT risk management

IT governance in the group is premised on decentralised operating divisions being responsible for IT decisions within an agreed strategic framework, overseen by the group IT executive and supported at group level through enablement and support, the building of capacity, and facilitation of initiatives where appropriate.

Divisional strategic IT projects and change portfolios are managed through IT steering committees in each division. IT risks are managed through continuous risk assessment and monitoring, and risk registers are updated regularly within each division.

Pepkor IT, a business unit within the Group Strategic Services division provides IT services through a shared services model. Pepkor IT supports the clothing, footwear, homewear and general merchandise retailers, in addition to the group's central services functions. The Furniture, appliances and electronics and FinTech segments have their own integrated IT functions serving their respective businesses. The group utilises COBIT 5 as an overarching framework for IT governance and process maturity, which is at varying levels of implementation within each division. During the year, the committee received updates regarding the IT governance maturity self-assessment on the identified focus areas against the governance framework. Changes to address identified shortcomings have been implemented.

Progress made during the year included the following:

- Continuing to address vulnerabilities to mitigate cyber risk in the operating businesses and strengthening the internal environment. This included the appointment of a group chief information security officer.
- Overseeing the implementation of key IT projects, including the group point of sale solution;
- Performing network penetration tests in the businesses and conducting user awareness programmes; and
- Conducting disaster recovery and business continuity testing and addressing identified shortcomings.

External audit

Audit fees

The committee, in consultation with executive management, has approved the audit fee for the 2024 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. A breakdown of the audit, audit-related and non-audit fees for the financial year is summarised as follows:

Description of service

	Rm
Audit fees: PwC	**48**
Audit fees: other auditors	**3**
Fees for other services: PwC	**4**
Fees for other services: other auditors	**3**
Total audit and non-audit services	**58**

Non-audit services policy

There is a formal policy governing approval of non-audit services provided by the appointed external auditors. The policy outlines the procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and each engagement for such work is reviewed in accordance with this policy and approval procedures.

The non-audit services policy adopted clearly defines prohibited non-audit services, non-audit services permitted under general pre-approval, and non-audit services permissible only under specific pre-approval.

The committee is satisfied that the non-audit services provided by the external auditors are at a level and of a nature that has not compromised their independence.

Effectiveness and quality of the external audit process

The committee assesses the effectiveness and quality of the external audit process by considering, among others:

- the extent and focus of the external audit plan submitted and discussed by the auditor;
- assessment of key audit matters disclosed by the external auditors in the external audit plan submitted to the committee;

- the nature of the aspects reported on to the audit committee by the auditor;
- the quality of the discussions with the external auditor regarding audit, accounting and reporting matters at audit committee meetings; and
- ongoing progress towards the completion of the audit.

The external auditor was provided the opportunity to engage at each meeting with the audit committee members without management being present, if required. The committee chair also privately meets with the auditors prior to the final meeting of the committee after year-end to facilitate confidential inputs on audit progress and potentially sensitive matters.

The committee is satisfied with the effectiveness and quality of the external audit.

Independence of the external auditor

The committee has to satisfy itself that the external auditors of Pepkor and its subsidiaries (PwC) are independent as defined by the Companies Act. This was assessed through, inter alia, consideration of:

- the composition of the auditor's total fees and remuneration earned from the group from its appointment, and its materiality in relation to the audit firm's overall fees generated from its national client base;
- the quantum and nature of non-audit services performed;
- the existence of an audit partner rotation process;
- the auditor's confirmation that they remain independent as required by section 94(8) of the Companies Act and the relevant provision in the JSE Listings Requirements; and
- the existence of any relationships between the auditor and the group which may impede the auditor's independence.

Based on the above assessment, the audit committee is satisfied that PwC is independent of the group.

Recommendation on appointment for 2025 financial year

The committee reviewed the last inspection findings from IRBA and are comfortable with the firm remediation processes, the quality of the audit and designated audit partner.

The committee has further established that no reportable irregularities (as identified in the Auditing Profession Act, 2005) have been identified and reported by the external auditor.

On the basis of the assessment of independence, the assessment of the effectiveness and quality of the external audit process, and the assurances obtained on qualification for appointment, the committee recommends to the board and shareholders that PwC be reappointed as the independent external auditor and that, in terms of the regulations and policies governing rotation of designated auditors, Mr Anton Hugo be appointed as the new designated auditor for the 2025 financial year. No matters exist in terms of the JSE Listings Requirements and IRBA that may preclude Anton Hugo from accepting the appointment as individual auditor. The committee has therefore fulfilled its responsibilities in terms of IRBA and paragraphs 3.84(g) and 7.3(e) of the JSE Equity and Debt and Specialist Securities Listings Requirements, respectively.

Going concern

The audit committee has reviewed a documented assessment, including key assumptions, prepared by the financial function on the going concern status of the group, prior to the review of the solvency and liquidity assessment performed relating to the recommendation to the board of the dividend declared. The board's statement on the going concern status of the group, as supported by the audit committee, is contained in the report of the directors.

Financial statements

The audit committee has evaluated the consolidated financial statements for the year ended 30 September 2024, and considers that they comply, in all material aspects, with the requirements of the Companies Act and IFRS Accounting Standards. The committee therefore recommended the financial statements for approval to the board. The board subsequently approved the financial statements, which will be tabled for adoption at the coming AGM.

Functioning of the audit committee

The committee is satisfied that it has discharged its duties efficiently and that it has functioned in accordance with its ToR for the 2024 financial year. All members of the audit committee meet the independence requirements.

Recognition

In conclusion, I wish to express thanks to the other members of the audit committee for their invaluable contribution and support. I also wish to thank the CFO, Pepkor finance function, our internal and external auditors, and other contributors to the combined assurance process, for enabling the audit committee to execute its mandate.

HH Hickey

HH Hickey
Chair of the audit and risk committee

12 December 2024

Independent auditor's report

To the shareholders of Pepkor Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Pepkor Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Pepkor Holdings Limited's consolidated and separate financial statements set out on pages 18 to 126 comprise:

- the consolidated and separate statements of financial position as at 30 September 2024;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. 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)*.

Our audit approach

Overview

Materiality

Group scoping

Key audit matters

Overall group materiality

- Overall group materiality: R323 million, which represents 5% of consolidated profit before taxation adjusted for significant once-off impairment charges attributable to the write off of goodwill and indefinite life intangible assets.

Group audit scope

- Full scope audits were performed for all individually financially significant components;
- Full scope audits or audits of certain balances and/or classes of transactions were performed for components that are financially significant in aggregate with other components; and
- Analytical procedures were performed over the remaining non-significant components.

Key audit matters

- Impairment assessments in respect of goodwill and indefinite life intangible assets.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R323 million.
How we determined it	5% of consolidated profit before taxation adjusted for significant once-off impairment charges attributable to the write off of goodwill and indefinite life intangible assets.
Rationale for the materiality benchmark applied	We chose consolidated profit before taxation from continuing operations as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. Consolidated profit before taxation was adjusted to exclude the impact of once-off impairment charges as disclosed in note 4.1 (Capital items, From continuing operations, Goodwill and Intangible assets impairment) to the consolidated financial statements. We chose 5%, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping assessment included consideration of the financial significance of the Group's components as well as the sufficiency of work planned to be performed over material consolidated financial statement line items. We identified two financially significant components in the Group, namely PEP and Ackermans, both divisions of Pepkor Trading Proprietary Limited. We performed full scope audits for these components. In addition we performed a combination of full scope audits, audit of balances and/or classes of transactions for eleven components based on their contribution to consolidated revenue, profit before taxation and the risk associated with the components. The remainder of the components were not considered to be significant to the Group, individually and in aggregate, and we performed analytical review procedures on these components.

The above, together with additional procedures performed at the group level, including substantive procedures over the consolidation process, gave us sufficient and appropriate audit evidence to form an opinion on the consolidated financial statements as a whole.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team and by component auditors, from both other PwC network firms and non-PwC firms, operating under our instruction, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Detailed group audit instructions were communicated to all components in scope and the group engagement team was involved in determining the audit approaches adopted in relation to the in-scope components. Throughout the audit, various discussions were held with the component auditors and we inspected component auditors' working papers relating to areas of significant risks in the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter

Impairment assessments in respect of goodwill and indefinite life intangible assets
 	
This key audit matter relates to the consolidated financial statements only.
 	
The Group's net assets include a significant amount of goodwill amounting to R30.2 billion, and trade and brand names amounting to R17.9 billion classified as indefinite life intangible assets, allocated to groups of cash-generating units ("CGUs"). Please refer to Note 9 (Goodwill) and Note 10 (Intangible assets) to the consolidated financial statements.
 	
Management performs annual impairment tests to assess the recoverability of the carrying value of goodwill and indefinite life intangible assets. The recoverable amount of the CGUs to which goodwill has been allocated is based on fair value less cost of disposal calculations, determined using discounted cash flow models.
 	
Based on their impairment assessments and calculations, management recognized impairment losses of R2.5 billion against goodwill and R0.2 billion against indefinite life intangible assets relating to trade and brand names within the Clothing and general merchandise segment.
 	
No further impairment losses were recognised to goodwill and indefinite life intangible assets in relation to the other groups of CGUs.
 	
We considered this area to be a matter of most significance to our current year audit due to the following:
 	
• the significant judgement and key assumptions applied by management in performing the impairment assessments, which included the discount rate, long term growth rate, medium term revenue growth rate and future cash flows; and
• the magnitude of the related goodwill and indefinite life intangible asset balances.
	Our audit procedures included testing of the principles, integrity and mathematical accuracy of the Group's discounted cash flow models. The details of these audit procedures are listed below:
	
	• Through inspection of relevant documentation and discussions we assessed management's judgements relating to the allocation of goodwill and indefinite life intangible assets into the relevant CGUs against the principles of IAS 36, 'Impairment of Assets' to ensure that they relate to the lowest level of aggregation at which the assets are being monitored.
	• We utilised our valuations expertise to test the principles of management's calculation for each model.
	  – Compared the inputs to calculate discount rates used by management to externally obtained data such as risk-free rates, equity market risk premiums and the betas of comparable companies. The discount rate adopted by management fell within our internally developed range and no matters noted requiring further consideration;
	  – We challenged management's key assumptions by comparing long term growth rates and short- to medium term revenue growth rates to approved business plans and independent market and economic data as applicable. We noted no material differences and accepted management's key assumption.
	• In assessing management's forecasts, we evaluated sales and margin forecasts by comparing it to the past performance of each of the groups of CGUs. We considered the impact of projected macroeconomic activity on the market-related assumptions by comparing prior period budgets to actual results and evaluating differences noted against underlying documentation and explanations obtained from management and our valuation specialists. Where variances were noted we obtained reasons from management and performed independent stress tests to ascertain the impact on the impairment assessment and noted no material impacts.
	• We performed independent sensitivity calculations on the impairment assessments where no impairments were recognised, to assess the degree by which the key assumptions needed to change in order to trigger an impairment. The results of our sensitivity analyses were consistent with management's conclusions.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Pepkor Holdings Limited Annual financial statements for the year ended 30 September 2024", which includes the Report of the directors, the Audit and risk committee report and the Secretary certification as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Pepkor Holdings Limited Integrated Report 2024", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Pepkor Holdings Limited for seven years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: D de Jager

Registered Auditor
Stellenbosch, South Africa
12 December 2024

Consolidated annual financial statements

for the year ended 30 September 2024

Consolidated income statement

	Notes	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Restated[1] Rm
Revenue	2	**85 136**	78 960
Retail revenue		**80 714**	75 788
Financial services revenue		**3 957**	2 801
Insurance revenue		**465**	371
Cost of sales		**(52 527)**	(50 226)
Cost of merchandise sold		**(52 527)**	(50 277)
Insurance claim recovery – floods	3.1	**–**	51
Gross profit		**32 609**	28 734
Other income	3.10	**1 034**	1 176
Other income excluding insurance claim recovery – floods	3.10	**1 034**	906
Insurance claim recovery – floods	3.10	**–**	270
Operating expenses	3	**(16 718)**	(14 810)
Debtors' costs	3.6	**(2 527)**	(1 689)
Operating profit before depreciation, amortisation and capital items		**14 398**	13 411
Depreciation and amortisation	3.2	**(4 596)**	(4 367)
Operating profit before capital items		**9 802**	9 044
Capital items	4	**(2 908)**	(6 828)
Capital items excluding insurance claim recovery – floods		**(2 908)**	(6 865)
Insurance claim recovery – floods	4.3	**–**	37
Operating profit		**6 894**	2 216
Finance costs	5	**(3 447)**	(2 997)
Finance income	5	**279**	272
Profit/(loss) before associated income		**3 726**	(509)
Share of net profit of associate	13	**–**	7
Profit/(loss) before taxation		**3 726**	(502)
Taxation	6	**(1 386)**	(1 083)
Profit/(loss) for the year from continuing operations		**2 340**	(1 585)
(Loss)/profit for the year from discontinued operations	7	**(257)**	295
Profit/(loss) for the year		**2 083**	(1 290)
Profit/(loss) attributable to:			
Equity holders of the parent		**2 072**	(1 298)
Non-controlling interests		**11**	8
Profit/(loss) for the year		**2 083**	(1 290)
Earnings per share (cents)			
Basic earnings per share from continuing operations	8	**63.4**	(43.4)
Basic earnings per share from discontinued operations	8	**(7.0)**	8.0
Total basic earnings per share	8	**56.4**	(35.4)
Diluted earnings per share from continuing operations	8	**62.7**	(42.8)
Diluted earnings per share from discontinued operations	8	**(6.9)**	7.9
Total diluted earnings per share	8	**55.8**	(34.9)

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

Consolidated statement of comprehensive income

	Notes	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Restated[1] Rm
Profit/(loss) from continuing operations		**2 340**	(1 585)
(Loss)/profit from discontinued operations		**(257)**	295
Profit/(loss) for the year		**2 083**	(1 290)
Other comprehensive (loss)/income from continuing operations			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(794)**	188
Net fair value (loss)/gain on cash flow hedges	31.3	**(340)**	666
Deferred taxation on cash flow hedges		**82**	61
Foreign currency translation reserve released to profit or loss on liquidation of foreign subsidiary	4.4	**(6)**	(3)
Other comprehensive (loss)/income for the year, net of taxation		**(1 058)**	912
Other comprehensive income/(loss) from discontinued operations			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**–**	(34)
Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary	4.6	**7**	32
Other comprehensive income/(loss) for the year, net of taxation		**7**	(2)
Total comprehensive income/(loss) for the year		**1 032**	(380)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		**1 021**	(388)
Non-controlling interests		**11**	8
Total comprehensive income/(loss) for the year		**1 032**	(380)
Total comprehensive income/(loss) for the year attributable to equity holders of the parent arises from:			
Continuing operations		**1 271**	(681)
Discontinued operations		**(250)**	293
Total comprehensive income/(loss) for the year attributable to the equity holders of the parent		**1 021**	(388)

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

Consolidated statement of financial position

	Notes	30 September 2024 Rm	30 September 2023 Rm
ASSETS			
Non-current assets			
Goodwill	9	**30 218**	32 937
Intangible assets	10	**18 973**	19 104
Property, plant and equipment	11	**9 384**	9 329
Right-of-use assets	12	**10 277**	10 864
Interest in associate	13	**–**	71
Investments and loans	14	**59**	46
Deferred taxation assets	15	**2 444**	2 835
Trade and other receivables	16	**103**	–
Unsecured loans	17	**602**	298
		72 060	75 484
Current assets			
Investments and loans	14	**13**	48
Trade and other receivables	16	**10 987**	9 242
Unsecured loans	17	**2 153**	1 792
Inventories	18	**17 509**	16 974
Reinsurance contract assets		**32**	37
Current income taxation assets		**164**	284
Cash and cash equivalents		**4 793**	4 879
		35 651	33 256
Total assets		**107 711**	108 740
EQUITY AND LIABILITIES			
Total equity attributable to equity holders of the parent		**58 523**	58 841
Non-controlling interests		**226**	212
Total equity		**58 749**	59 053
Non-current liabilities			
Deferred taxation liabilities	15	**3 803**	4 277
Interest-bearing loans and borrowings	21	**8 742**	9 395
Put option liability	22	**261**	1 068
Lease liabilities	23	**10 058**	10 871
Employee benefits	24	**462**	388
Provisions	25	**158**	245
		23 484	26 244
Current liabilities			
Insurance contract liabilities	19	**42**	73
Interest-bearing loans and borrowings	21	**2 791**	2 121
Put option liability	22	**238**	–
Lease liabilities	23	**2 682**	3 078
Employee benefits	24	**1 310**	1 337
Provisions	25	**106**	112
Trade and other payables	26	**16 771**	15 095
Current income taxation liabilities		**1 012**	693
Bank overdrafts		**526**	934
		25 478	23 443
Total equity and liabilities		**107 711**	108 740

Consolidated statement of changes in equity

	Notes	Ordinary stated capital Rm	Treasury shares	Retained earnings Rm	Foreign currency translation reserve Rm	Share-based payment reserve Rm	Other reserves Rm	Common control reserve Rm	Hedging reserve Rm	Put option reserve Rm	Total equity attributable to owners of the parent Rm	Non-controlling interests Rm	Total Rm
Balance as at 30 September 2022		67 228	(9)	7 292	(367)	409	24	(11 755)	546	(606)	62 762	183	62 945
Total comprehensive (loss)/income for the year		–	–	(1 298)	183	–	–	–	727	–	(388)	8	(380)
(Loss)/profit for the year		–	–	(1 298)	–	–	–	–	–	–	(1 298)	8	(1 290)
Recognised in other comprehensive income		–	–	–	183	–	–	–	727	–	910	–	910
Dividends paid		–	–	(2 025)	–	–	–	–	–	–	(2 025)	–	(2 025)
Share issue under Pepkor Executive Share Rights Scheme	20	226	–	–	–	(226)	–	–	–	–	–	–	–
Share buy-back and cancellation	20	(511)	–	–	–	–	–	–	–	–	(511)	–	(511)
Treasury shares purchased	20	–	(8)	–	–	–	–	–	–	–	(8)	–	(8)
Share-based payment expense and related taxation		–	–	(20)	–	221	–	–	–	–	201	–	201
Net fair value gain on cash flow hedges transferred to inventory		–	–	–	–	–	–	–	(1 007)	–	(1 007)	–	(1 007)
Transfer of common control reserve due to ultimate holding company loss of control		–	–	(11 755)	–	–	–	11 755	–	–	–	–	–
Remeasurement of put option liability	22	–	–	–	–	–	–	–	–	(183)	(183)	–	(183)
Exchange differences on consolidation of foreign subsidiaries		–	–	–	–	–	–	–	–	–	–	21	21
Balance at 30 September 2023		**66 943**	**(17)**	**(7 806)**	**(184)**	**404**	**24**	**–**	**266**	**(789)**	**58 841**	**212**	**59 053**
Total comprehensive income/(loss) for the year		**–**	**–**	**2 072**	**(793)**	**–**	**–**	**–**	**(258)**	**–**	**1 021**	**11**	**1 032**
Profit for the year		**–**	**–**	**2 072**	**–**	**–**	**–**	**–**	**–**	**–**	**2 072**	**11**	**2 083**
Recognised in other comprehensive income		**–**	**–**	**–**	**(793)**	**–**	**–**	**–**	**(258)**	**–**	**(1 051)**	**–**	**(1 051)**
Dividends paid		**–**	**–**	**(1 763)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1 763)**	**–**	**(1 763)**
Share issue under Pepkor Executive Share Rights Scheme	20	**247**	**–**	**–**	**–**	**(247)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share buy-back and cancellation	20	**(29)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(29)**	**–**	**(29)**
Treasury shares purchased	20	**–**	**(65)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(65)**	**–**	**(65)**
Treasury shares disposed	20	**–**	**8**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8**	**–**	**8**
Share-based payment expense and related taxation		**–**	**–**	**22**	**–**	**196**	**–**	**–**	**–**	**–**	**218**	**–**	**218**
Net fair value gain on cash flow hedges transferred to inventory		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(295)**	**–**	**(295)**	**–**	**(295)**
Remeasurement of put option liability	22	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**589**	**589**	**–**	**589**
Transfer on disposal of subsidiary		**–**	**–**	**4**	**–**	**–**	**(6)**	**–**	**–**	**–**	**(2)**	**2**	**–**
Exchange differences on consolidation of foreign subsidiaries		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Balance at 30 September 2024		**67 161**	**(74)**	**(7 471)**	**(977)**	**353**	**18**	**–**	**(287)**	**(200)**	**58 523**	**226**	**58 749**

Consolidated statement of cash flows

	Notes	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	**11 920**	12 962
Dividends paid		**(1 763)**	(2 025)
Finance cost paid	5.2	**(3 081)**	(2 866)
Finance income received	5.2	**272**	252
Taxation paid	6.3	**(1 181)**	(2 537)
Net cash inflow from operating activities		**6 167**	5 786
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	11	**(2 141)**	(2 436)
Additions to intangible assets	10	**(471)**	(276)
Proceeds on disposal of property, plant and equipment and intangible assets		**43**	73
Payment for acquisition of subsidiary, net of cash and cash equivalents acquired		**(73)**	–
Disposal of business, net of cash and cash equivalents	7	**313**	–
Decrease in investments and loans		**37**	151
Increase in investments and loans		**(22)**	(84)
Net cash outflow from investing activities		**(2 314)**	(2 572)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount paid on share buy-back	20.3	**(29)**	(511)
Treasury shares purchased	20.5	**(65)**	(8)
Amounts paid on long-term interest-bearing loans and borrowings	21.4	**(2 109)**	(1 950)
Amounts received on long-term interest-bearing loans and borrowings	21.4	**2 222**	1 896
Principal lease liability repayments	23.4	**(3 141)**	(3 057)
Net cash outflow from financing activities		**(3 122)**	(3 630)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**731**	(416)
Effects of exchange rate translations on cash and cash equivalents		**(409)**	(8)
Cash and cash equivalents at beginning of the year		**3 945**	4 369
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**4 267**	3 945
Consisting of:			
Cash and cash equivalents		**4 793**	4 879
Bank overdrafts		**(526)**	(934)
		4 267	3 945

Summary of accounting policies

for the year ended 30 September 2024

Statement of compliance

The consolidated and separate annual financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), the IFRS Interpretations Committee interpretations, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the requirements of the Companies Act and the JSE Limited Listings Requirements and Debt Listings Requirements.

Basis of preparation

The consolidated and separate annual financial statements are prepared on the historical cost and going concern bases, except where otherwise indicated. The presentation and functional currency is the South African rand, rounded to the nearest million, except where otherwise indicated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The financial statements are prepared under the historical cost convention adjusted for the effects of the revaluation of certain financial instruments to fair value.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed under judgements and estimates.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these annual financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2: Share-based Payments and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2: Inventories or value in use in IAS 36: Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policies applied by the group and the company, as well as accounting policies where IFRS allows choice, are set out below and have been applied consistently to the periods presented in these consolidated annual financial statements, except where stated otherwise.

The accounting policies have been applied consistently by all the group entities.

Basis of preparation – common control transactions

IFRS do not provide guidance on the accounting for common control transactions. In the absence of specific guidance relating to common control transactions, entities should select an appropriate accounting policy using the hierarchy described in IAS 8: Accounting policies, Changes in Accounting Estimates and Errors. The hierarchy permits the consideration of pronouncements of other standard-setting bodies.

The acquisition by the group of Pepkor Holdco group, SA Poco Retail Proprietary Limited, JD Group Proprietary Limited and Tekkie Town Proprietary Limited from the Ibex Group in 2017 met the definition of a common control transaction as all the combining entities were ultimately controlled by the same party, being Ibex, before and after the combination, and that control was not transitory.

The group accounted for the common control transaction by applying the predecessor method, that is the assets and liabilities of the acquired entities were stated at their predecessor carrying amounts, being the carrying amount of these assets and liabilities in Ibex Group's consolidated financial statements.

The transaction was accounted for retrospectively as though the group was always in existence, using the results from the date that each entity joined the group, where such a date is later.

No new goodwill arose on the transaction. Instead, any difference between the value of the shares issued and the aggregate book value of the assets and liabilities of the acquired entities at the date of the transaction is included in a common control reserve within equity.

With the loss of control by Ibex during the 2023 financial year, the common control reserve was released directly to retained earnings.

The group periodically reorganises its investments in subsidiaries by transferring the investments between group companies. The group accounts for the common control transaction by applying the predecessor method. The investments are therefore transferred to the acquirer company at the predecessor carrying amounts being the carrying value of the investments in subsidiaries in the acquiree at the date of transfer. The holding company's carrying value of its investment in the acquiree relating to the investments reorganised will therefore transfer from the acquiree to the acquirer company.

Earnings per share, diluted earnings per share and headline earnings per share

The calculation of the weighted average number of shares weighed the shares issued in terms of IAS 33: Earnings per share.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the group (including structured entities). An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, substantive rights relating to an investee are taken into account. For a right to be substantive, the holder must have the practical ability to exercise that right.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any difference between the cost of acquisition and the group's share of the net identifiable assets, liabilities and contingent liabilities, fairly valued, is recognised and treated in terms of the group's accounting policy for goodwill. All intergroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between group entities are eliminated.

Non-controlling interests (NCI) in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination (the proportionate share method) in terms of IFRS 10: Consolidated Financial Statements.

Subsequently, any losses applicable to the non-controlling interests are allocated to the non-controlling interests even if this results in the non-controlling interests having deficit balances.

Consolidation of a subsidiary begins when a company obtains control over a subsidiary and ceases when the company loses control over the subsidiary.

In the company's separate financial statements, investments in subsidiaries are initially measured at cost, including any directly related transaction costs. The investments are subsequently measured at cost less any impairment losses and are tested for impairment when there is an indicator thereof.

Contingent consideration

Contingent consideration is measured at fair value at each reporting date, and changes in fair value are recognised in profit or loss.

Premiums and discounts arising on subsequent purchases from, or sales to non-controlling interests in subsidiaries

Any increases or decreases in ownership interest in subsidiaries without a change in control are recognised as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to owners of the company.

Associate companies

The company's investments in the ordinary shares of its associates are carried at cost less impairment losses. Purchases and sales of these investments are recognised on the trade date at cost, including transaction costs.

Associates are those entities over which the group exercises significant influence but not control. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting rights of another entity. The group's investments in associates are accounted for using the equity method and are initially recognised at cost. Investments in associates include goodwill identified on acquisition, net of any accumulated impairment losses.

The group's share of post-acquisition profit or loss and its share of post-acquisition movements in OCI are recognised in the statement of comprehensive income and in OCI respectively, with a corresponding adjustment to the carrying amount of the investment, from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses in an associate equals or exceeds its investment in the associate, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

When an associate becomes a subsidiary, the previously held equity interest is remeasured to fair value with the gain or loss recognised in profit or loss. Items of OCI are recycled through the income statement. The previously held equity interest is subsequently derecognised and the subsidiary is consolidated.

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill arising on the acquisition of a subsidiary represents the excess of the aggregate consideration transferred, non-controlling interest in the acquisition and in business combinations achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. An impairment loss in respect of goodwill is not reversed. Gains on bargain purchases arising on acquisition are recognised directly as capital items in profit or loss. Refer to significant judgements and estimates, capital items (use of adjusted measures), for the treatment of the impairment.

Goodwill is allocated to groups of CGUs and is tested annually for impairment, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Intangible assets

Intangible assets that are acquired by the group are stated at cost less accumulated amortisation and impairment losses. If an intangible asset is acquired in a business combination, the cost of that intangible asset is measured at its fair value at the acquisition date.

Computer software

Computer software acquired from external suppliers is initially recognised at cost. Computer software development costs are capitalised if the recognition criteria outlined below under Research and development are met.

Research and development

Research costs are expensed as incurred. Development costs are recognised as an expense in the period in which they are incurred unless the technical feasibility of the asset has been demonstrated and the intention to complete and utilise the asset is confirmed. Capitalisation commences when it can be demonstrated how the intangible asset will generate probable future economic benefits, that it is technically feasible to complete the asset, that the intention and ability to complete and use the asset exist, that adequate financial, technical and other resources to complete the development are available and the costs attributable to the process or product can be identified separately and measured reliably. Where development costs are recognised, it has a finite useful life and is amortised over its useful life on a straight-line basis and is tested for impairment if indications of impairment exist.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over the assets' estimated useful lives, unless such lives are indefinite. An intangible asset is regarded as having an indefinite useful life when, based on analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested annually for impairment, or more often when there is an indication that the asset may be impaired.

Other intangible assets are amortised from the date they are available for use.

Trade and brand names	Indefinite
Computer Software and enterprise resource planning (ERP) systems	1-8 years
Customer lists	Indefinite/16 years

Leases

Where the group is the lessee

The group's main leasing activities relate to that of retail stores, office space and distribution centres. On entering a contract, the group assesses whether a contract is, or contains, a lease based on the definition of a lease as per IFRS 16: Leases. The criteria to assess a contract include whether a contract involves the use of an identified asset, the group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period in use, and the group has the right to direct the use of the asset. The group then allocates the consideration in the contract to each lease component on the basis of its stand-alone price. The group has applied the practical expedient not to reassess any contract entered into before the initial application date of IFRS 16: Leases.

If a contract is assessed to be, or contains, a lease, the group recognises a right-of-use asset and corresponding lease liability at the lease commencement date over the lease term. The group determines the lease term as the non-cancellable period of a lease, including any beneficial occupation periods, and assesses if the lessee is reasonably certain to exercise an option available on a lease to extend or terminate the lease.

Management exercises judgement to assess the likelihood of whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease. The lease term will not include any renewal options where there is no reasonable certainty that the lease will be renewed until the option is exercised.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of the lease liabilities, any initial direct costs incurred by the group, and any lease payments made in advance of the lease commencement date, less any lease incentives received. Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the related lease liabilities. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life or lease term as noted above. Right-of-use assets are tested for impairment as part of the CGU it relates to (i.e. retail store) when indicators of impairment are identified and are periodically reduced by the impairment losses, if required.

Lease liabilities are initially measured at the present value of future lease payments discounted using the discount rate implicit in the lease or, where this has not been stipulated, the group's incremental borrowing rate. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that are based on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating a lease, if the group

exercises the option to terminate. Variable lease payments, which do not depend on an index or a rate, are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease liabilities are subsequently measured at amortised cost using the effective interest method and reduced by future lease payments net of interest charged. It is remeasured, with a corresponding adjustment to right-of-use assets, when there is a change in future lease payments resulting from a rent review, change in relevant index or rate, such as inflation, or change in the group's assessment of whether it is reasonably certain to exercise a renewal or termination option and thus a change in lease term. The lease liability is remeasured by discounting the revised lease payments using a revised discount rate when there is a change in the lease terms. The remeasurement results in a corresponding adjustment to the carrying amount of right-of-use assets, with the difference recorded in profit or loss if the carrying amount of right-of-use assets has been reduced to zero.

Where the group is the lessor

Portions of owner-occupied properties and leased properties are leased or subleased under operating leases. The owner-occupied properties are included in property, plant and equipment in the statement of financial position. Rental income in respect of operating leases with a fixed escalation clause is recognised on a straight-line basis over the lease term. Incentives received to enter into a lease agreement are released to the statement of comprehensive income as operating lease income over the lease term. All other rental income is recognised as it becomes due. When an operating lease is terminated before the lease period has expired, any payment received from the lessee by way of penalty is recognised as income and any unamortised portion of the fixed escalation lease accrual is recognised in the statement of comprehensive income in the period in which termination takes place.

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost to the group, less accumulated depreciation and impairment losses.

Subsequent costs

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, if it is probable that additional future economic benefits embodied within the item will flow to the group and the cost of such item can be measured reliably. Costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as an expense when incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time, which the group considers as 12 months or more, to get ready for its intended use or sale, are capitalised to the cost of that qualifying asset.

The group calculates general borrowing costs which are capitalised by calculating the weighted average expenditure on the qualifying asset and applying a weighted average borrowing rate to the expenditure. All other borrowing costs incurred are recognised as an expense in the income statement as finance costs and are accrued on a time basis by reference to the principal amounts outstanding and at the interest rate applicable.

Borrowing costs are presented as part of interest paid in the cash flow statement.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis at rates that will reduce the book values to estimated residual values over the estimated useful lives of the assets.

Land is not depreciated. Leasehold improvements on premises occupied under operating leases are written off over their expected useful lives or, where shorter, the term of the relevant lease.

The depreciation methods, estimated useful lives and residual values are reassessed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

Management determines the estimated useful lives, residual values and the related depreciation charges at acquisition. The estimates are reviewed at each reporting date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate:

Buildings	5 – 50 years
Computer equipment	2 – 4 years
Motor vehicles	4 – 10 years
Office equipment	3 – 16 years
Furniture and fittings	3 – 10 years

Taxation

Current taxation

Income taxation on the profit or loss for the year comprises current and deferred taxation. Income taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income (OCI) or equity, in which case it is recognised directly in OCI or equity.

Current taxation is the expected taxation payable on the taxable income for the year, using taxation rates enacted or substantively enacted at the reporting date, and any adjustment to taxation payable in respect of previous years.

Deferred taxation

Deferred taxation is provided for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used in the computation of taxable income. The following temporary differences are not provided for: goodwill not deductible for taxation purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current taxation assets and liabilities on a net basis.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the taxation rates (and taxation laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred taxation liabilities and assets reflects the taxation consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset will be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling and distribution expenses. Merchandise, raw materials and consumables are initially recognised at cost, determined using the weighted average cost formula.

The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of inventory is the net of: invoice price of merchandise, insurance, freight; customs duties, an appropriate allocation of distribution costs between distribution centres and stores, trade discounts, advertising and other rebates and settlement discounts.

Where necessary, the carrying amounts of inventory are adjusted for shrinkage, obsolescence and markdowns.

Insurance contracts

IFRS 17: Insurance Contracts replaces IFRS 4: Insurance Contracts for annual periods beginning on or after 1 January 2023. The group applies IFRS 17 prospectively to insurance contracts it issues and reinsurance contracts that it holds.

Classification

Contracts under which the group accepts significant insurance risk are classified as insurance contracts. Contracts held by the group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

Initial recognition and measurement

Contract boundaries

When measuring a group of contracts, the group includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay premiums or has a substantive obligation to provide services and insurance coverage.

Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the group's substantive rights and obligations and, therefore, may change over time.

Initial measurement

The group uses the Premium Allocation Approach (PAA) to simplify the measurement of groups of contracts when the coverage period of each contract in the group is one year or less or where the PAA eligibility criteria has been satisfied.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The group has chosen to expense insurance acquisition cash flows when they are incurred.

Subsequent measurement

Subsequently, the carrying amount of the liability for remaining coverage (LFRC) is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided. On initial recognition of each group of contracts, the group expects that the time between providing each part of the services and the related premium due date is not more than a year. Accordingly, the group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

The group recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts

For reinsurance contracts held, at each of the subsequent reporting dates, the liability for remaining coverage is increased for ceding premiums paid in the period; and decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period. The group does not adjust the LFRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items:

- Incurred claims and other insurance service expenses
- Insurance acquisition cash flows incurred
- Amortisation of insurance acquisition cash flows

- Losses on onerous contracts and reversals of such losses
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Share capital

Share buy-back

Consideration paid including any directly attributable incremental costs (net of income taxes) for shares repurchased by the group, is deducted from equity in stated capital as treasury shares until the shares are cancelled or reissued.

Dividends

Non-discretionary dividends on preference shares are recognised as a liability and recognised as an interest expense using the effective interest method. Other dividends are recognised as a liability in the period in which they are declared.

Share-based payment transactions

Equity-settled

The fair value of the share rights granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and is expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured with reference to the share price at grant date. At the end of each period, the entity revises its estimates of the number of share rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Group share-based payment transactions

Transactions in which a parent grants rights to its equity instruments directly to the employees of its subsidiaries are classified as equity-settled in the financial statements of the subsidiary as the entity does not have the obligation to settle the share-based payment transaction.

The subsidiary recognises the services acquired with the share-based payment as an expense and recognises a corresponding increase in equity representing a capital contribution from the parent for those services acquired. The parent recognises in equity the equity-settled share-based payment and recognises a corresponding increase in the investment in subsidiary.

A recharge arrangement exists whereby the subsidiary is required to repay the parent based on the market value of the shares at vesting date. The recharge arrangement is accounted for separately from the underlying equity-settled share based payment as follows upon initial recognition:

- The subsidiary recognises a share scheme settlement provision based on the market value at vesting date and a corresponding adjustment to the carrying amount of the capital contribution.
- The parent recognises a corresponding share scheme settlement asset at fair value and a corresponding adjustment to the carrying amount of the investment in the subsidiary.

Subsequent to initial recognition, the recharge arrangement is remeasured at market value at each subsequent reporting date until settlement date to the extent vested. At each reporting date, the unvested rights are adjusted by the number of rights forfeited during the year, to reflect the actual number of instruments outstanding.

Provisions

Provisions are recognised when the group has a present constructive or legal obligation as a result of a past event, and when it is probable that it will result in an outflow of economic benefits that can be reliably estimated.

If the effect is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Financial guarantees

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when it becomes due, in accordance with the terms of a debt instrument. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model under IFRS 9: Financial Instruments and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: Revenue from Contracts with Customers. Intragroup financial guarantees are eliminated on consolidation.

Foreign currency

Foreign currency transactions

The presentation currency of the group and the company's annual financial statements is the South African rand. Certain individual companies in the group have different functional currencies and are translated on consolidation. Transactions in currencies other than the functional currency of entities are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling on the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of all foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at rates of exchange ruling at the reporting date. The revenues and expenses of foreign operations are translated at rates approximating the foreign exchange rates ruling at the date of the transactions.

Foreign exchange differences arising on translation are recognised in OCI and aggregated in the foreign currency translation reserve (FCTR). The FCTR applicable to a foreign operation is released to profit or loss as a capital item on disposal of that foreign operation.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are recognised in OCI and accumulated in the FCTR. They are released to profit or loss as a capital item on disposal of that foreign operation.

Exchange differences arising from the translation of monetary items receivable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognised initially in OCI and reclassified from equity to profit or loss on repayment of the monetary items.

Financial instruments

Initial recognition

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value, with the exception of trade debtors where there is no significant financing component, which is initially recognised at the transaction price. Financial instruments include transaction costs that are incremental to the group and directly attributable to the acquisition or issue of the financial asset or financial liability, except for those classified as fair value through profit or loss, where the transaction costs are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'at fair value through other comprehensive income' (FVTOCI) and 'loans and receivables at amortised cost'. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortised cost.

Classification and measurement

Financial assets at FVTPL

The group classifies financial assets at FVTPL when the assets are held within a different business model other than 'hold to collect', unless the group has elected to classify an equity instrument at FVTOCI. Financial assets where contractual cash flows are not solely payments of principal and interest are also recognised as FVTPL irrespective of business model. All derivative financial instruments fall into this category, except those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVTOCI

The group classifies financial assets at FVTOCI where management has made an irrevocable election at initial recognition to present fair value gains and losses on equity instruments not held for trading in OCI.

Fair value gains and losses on equity investments carried at FVTOCI are recognised in OCI with no subsequent reclassification/recycling of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from these investments continue to be recognised in profit or loss as revenue when the group's right to receive payments is established.

Financial assets at amortised cost

The group classifies financial assets as at amortised cost only if the asset is held within a business model with the objective of collecting the contractual cash flows, and the contractual terms give rise to fixed or determinable cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are carried at amortised cost, with interest recognised in profit or loss for the period, using the effective interest method.

Current and non-current financial assets

Current assets have maturity terms of less than 12 months, except for instalment sale receivables. Instalment sale receivables, which are included in trade and other receivables, have maturity terms of between one and four years, but are classified as current as they form part of the normal operating cycle.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either 'held for trading' or where management has designated it as at FVTPL. Management has not designated financial liabilities at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Financial liabilities that are not classified as at FVTPL are classified as other financial liabilities and are carried at amortised cost, with interest recognised in profit or loss for the period, using the effective interest method.

Put option liability

Where a minority shareholder has the right to put equity instruments of a subsidiary to another group entity, the group records a financial liability for its obligation to pay the put option exercise price. This recognition occurs when the put option contract is signed. Where the put option is entered into as part of a business combination, the put option is accounted for as a financial liability at the present value of the redemption amount with a corresponding charge directly to equity.

Given that the value varies with non-financial variables that are specific to the parties in the contract, management has classified the put option as a financial liability at amortised cost. As such the put option liability is subsequently increased through finance costs in profit or loss for the period, using the effective interest rate method, up to the redemption amount that is payable at the date at which the options becomes exercisable or vests. Subsequent remeasurements in the put option liability relating to changes in the redemption amount is recognised at the present value with a corresponding charge directly in equity.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

The group derecognises a financial asset when the rights to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when, and only when, the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired.

Impairment of financial assets

Impairment of loans measured at amortised cost are measured using the ECL model under IFRS 9. The ECL model factors in information regarding past events, current conditions, supportable forecasts and economic conditions that affect the expected collectability of future cash flows at reporting date. The estimation of ECL takes into account the time value of money.

For trade and other receivables without a significant financing component, the group has adopted the simplified approach that recognises lifetime ECL regardless of the stage classification. The group applied a provision matrix based on historical credit loss experience, which was adjusted for forward-looking factors applicable to the trade and other receivables balances and economic factors.

Cash and cash equivalents

Cash comprises cash at banks, cash on hand and bank overdrafts. Cash equivalents comprise short-term deposits held at call with banks. Bank overdrafts are shown within current liabilities in the statement of financial position.

Effective-interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of a financial instrument or, where appropriate, a shorter period.

Hedge accounting

The group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges in foreign exchange risk on firm commitments are accounted for as cash flow hedges. These derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss through operating expenses.

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. In accordance with the provisions of IFRS 9, the application of hedge accounting requires management to adjust the cost of inventory to incorporate the impact of forward exchange hedging contracts. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item (forward points) is recognised within operating expenses.

Amounts accumulated in equity are reclassified to profit and loss in the periods when the hedged item is recognised in profit or loss, and it is included in the same line of the income statement as the recognised hedged item.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised when the group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the group expects to be entitled to in exchange for these goods or services, allocated to each specific performance obligation. Revenue is measured at the fair value of consideration received or receivable.

The main categories of revenue and the basis of recognition are as follows:

Retail revenue

Sale of goods and related revenue – retail sales

Revenue from the sale of goods from ordinary group operating activities, which comprise clothing and general merchandise, furniture, appliances and electronics and fintech, is measured net of value-added taxation, rebates and discounts and after eliminating sales within the group.

Revenue from the sale of goods is recognised at a point in time when control of goods is transferred to the customer at the point of sale. For goods that are due for delivery to the customer, the sale is recognised on delivery, as this is deemed to be when the performance obligations are met and control is transferred to the customer.

The group's rewards programme (+more) offers customers promotional discounts which are recognised as a reduction in revenue at the conclusion of the sale. This does not create a separate performance obligation providing a material right to a future discount.

Payment is usually received via cash, debit card or credit card. Related card transaction costs are recognised in the statement of comprehensive income as other expenses. When goods are sold under instalment sale agreements, revenue and the related receivable is recognised at the present value of the instalment sale payments using the effective interest rate computed at initial recognition over the one- to four-year term of the agreement, which is equal to the cash selling price of the goods. This effective interest rate reflects a discount rate that would be used in a separate financing transaction

between Pepkor and the customer. Revenue earned under the separate financing transaction is accounted for as *Financial services revenue – effective interest income* included under the accounting policy for *Other sources of revenue.*

Sale of goods and related revenue – ongoing revenue
The group earns ongoing revenue on starter packs that have been sold in stores. The recognition of ongoing revenue under IFRS 15 requires a certain level of judgement (refer to significant judgements and estimates). The group's policy is only to recognise the variable consideration as revenue as and when it is received, because it is only at this point that it is highly probable that a significant reversal in revenue for that contract will not occur in the future.

Deposits received from customers are recognised as deferred revenue. These balances are considered contract liabilities, as they are received prior to the satisfaction of performance obligations.

Sale of goods and related revenue – right of return
The group estimates variable consideration to be included in the transaction price for the sale of goods where customers are entitled to a right of return within a specified time frame. The group uses projection methods to forecast sales returns that are based on historical return data. Any significant changes in experience as compared to historical return patterns will impact the expected return percentages estimated by the group. Estimated return percentages are updated regularly and the refund liability adjusted accordingly.

Sale of goods and related revenue – lay-by sales
Lay-by revenue is recognised on the initiation of the contract with the customer for the Clothing and general merchandise segment, as this is deemed to be when control of the goods passes to the customer. The group recognises revenue at the amount of consideration to which they expect to be entitled and for which a significant reversal of revenue is not considered probable. A contract liability for the expected possible unsuccessful lay-bys is recognised as an adjustment to revenue as well as an asset (with a corresponding adjustment to cost of sales) representing its right to recover the products from the customer. The group uses projection methods to forecast unsuccessful lay-bys that are based on historical data. Any significant changes in experience as compared to historical patterns will impact the percentages estimated by the group. Estimated percentages are updated regularly and the contract liability for unsuccessful lay-bys is adjusted accordingly.

Lay-by revenue is recognised when the final payment for the goods is received from the customer for the Furniture, appliances and electronics segment, as this is deemed to be when control of the goods passes to the customer and all performance obligations are met. Proceeds from these lay-by sales are recognised as contract liabilities, and the revenue is deferred until all the performance obligations are met.

Sale of goods and related revenue – gift vouchers
Prepaid gift cards provide rights to customers that are deemed to be accounted for as separate performance obligations. The consideration allocated to unredeemed gift cards is measured by reference to its stand-alone selling prices adjusted for an expected forfeiture rate. The group applies projection methods in its estimation of forfeiture rates by using customers' historical redemption patterns as the main input.

Service fee income
Service fee income is recognised on a monthly basis when charged to a customer's account as the services are provided by the group.

Other revenue – handling fees
Handling fees consists of delivery fees charged to customers. Revenue is recognised at a point in time when the goods are delivered to the customer.

Other revenue – extended warranty sales
Proceeds from the warranty sales are recognised as contract liabilities on the date of the sale, and the revenue is deferred until the performance obligations are met. Extended warranties are granted on furniture, appliances and electronics products for a period of three months up to four years. The performance obligations are considered to be met over the period of the extended warranty, and are recognised as revenue on a monthly basis.

Other revenue – logistics
Logistics revenue consists of revenue earned for facilitating the specialised distribution centre function for high value items. Revenue is recognised at a point in time when the goods have been delivered to the customer.

Other sources of revenue

Financial services revenue – effective interest income
Interest income earned is recognised on a time-proportion basis. The group calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the group calculates interest income by applying the effective interest rate to the net amortised cost (gross carrying amount less the allowance for expected credit losses) of the financial asset. If the financial asset is no longer deemed to be credit-impaired, the group reverts to calculating interest income on a gross basis.

Insurance revenue
Insurance revenue for each period is recognised as the amount of expected premium receipts for providing services in the period under the Premium Allocation Approach (PAA). The group allocates the expected premium receipts to each period based on the passage of time.

Cost of sales
Cost of sales primarily comprises the cost of goods sold and services provided, including an allocation of direct overhead expenses, net of supplier rebates, and costs incurred that are necessary to acquire and store goods. Cost of sales also includes: the cost to distribute goods to customers where delivery is invoiced; inbound freight costs; internal transfer costs between distribution centres and stores; warehousing costs and the cost of other shipping and handling activities; as well as write-downs and reversals of write-downs to inventory.

Other operating income
Other operating income is recognised as follows:

Income earned from suppliers
The group enters into various agreements with suppliers, which provide for various purchase rebates and other income. Rebates are recognised as part of the cost of merchandise sold when they are closely related to the purchase of inventory. Where the income earned relates to inventories that are held by the group at year-end, the income is included within the cost of those inventories, and recognised in cost of sales when the inventory is sold.

Other income earned from suppliers is recognised in other income when services are provided to suppliers that are not closely related to the purchase of inventory and when the group can reasonably

estimate the fair value of the service. Management uses judgement in determining whether the services provided to suppliers are sufficiently separable from the purchase of inventory, by determining if the supplier could have entered into an agreement with a party, other than a purchaser of its inventory, in order to receive those services.

Income earned from suppliers that is in substance, a cost recovery is offset against the operating expense to which the recovery relates.

Commission received

The group acts as an agent for the services and products provided by a variety of third parties to the group's customers through its retail footprint. The agent's commissions received by the businesses, other than the FinTech segment, from the third parties for the services are recognised as other income. Commissions relating to third-party products, money transfers and bill payments are recognised at the point in time when the underlying third-party payment takes place, as control is transferred to the customer and all performance obligations are deemed to be met.

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Operating lease income

Payments and receipts under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement and statement of comprehensive income.

Government grants

Government grants, in the form of allowances and refunds for certain expenditure by government, are recognised at fair value when the group complies with the conditions attached to the grants and the grants have been received. The grants are recognised, on a systematic basis, in the income statement as a deduction of the related expense over the periods necessary to match them with the related costs.

Segmental reporting

An operating segment is a component of the group that engages in business activities that may earn revenues and incur expenses and whose operating results are regularly reviewed by the CODM (which represent the executive members of the board of directors), in order to allocate resources and assess performance and for which discrete financial information is available.

The group has the following three operating and reportable segments: Clothing and general merchandise; Furniture, appliances and electronics and FinTech from continuing operations.

Refer to note 1 for more details relating to these segments.

The Building materials segment was discontinued as a result of the sale of The Building Company in the current year. Refer to note 7 for more details on the disposal.

Adoption of new or revised standards

Standards, interpretations and amendments that are not yet effective at 30 September 2024

At the date of authorisation of these annual financial statements, there are standards and interpretations in issue but not yet effective. These include the following standards and interpretations that have not been early adopted and may have an impact on future financial statements:

Number	Title	Effective for year ending
Amendments to IFRS 16	Leases on sale and leaseback	2025
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	2025
Amendments to IAS 7 and IFRS 7	Amendment to IAS 7 and IFRS 7 – Supplier finance	2025
Amendments to IAS 21	Lack of Exchangeability	2026
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	2027
IFRS 18	Presentation and Disclosure in Financial Statements	2028
IFRS 19	Subsidiaries without Public Accountability: Disclosures	2028

The application of the above in future financial periods is not expected to have a significant impact on the group's reported results, financial position or cash flows in the next reporting period.

Implementation of ZARONIA

The South African Overnight Index Average (ZARONIA) is a benchmark that reflects the interest rate at which rand-denominated overnight wholesale funds are obtained by commercial banks. It is based on actual transactions that are reported daily to the South African Reserve Bank (SARB). In June 2020, the SARB published the 'Draft Statement of methodology and the policies governing the SARB-administered interest rate benchmarks', which is a technical specification paper that details the calculation methodology, contingency arrangements and policies governing ZARONIA and four other new benchmarks.

The Market Practitioners Group (MPG) has designated ZARONIA as the preferred successor rate that will most likely replace the Johannesburg Interbank Average Rate (Jibar), which currently underpins a significant number of financial contracts. Consequently, the conceptual design of ZARONIA was rigorously tested, using bona fide transactions data to ensure that it is reliable, robust and sufficiently stable. The back-testing results were published in a report titled 'Feedback on the draft statement of methodology and policies governing the SARB-administered interest rate benchmarks.

Standards, interpretations and amendments effective for the year ended 30 September 2024

The following amendments to existing standards are effective for the year ended 30 September 2024. This had no significant effect on the group's operations, except for IFRS 17, which led to changes in the group's accounting policies, IFRIC agenda decision on IFRS 8 which led to the change in the segmental disclosure and tax exposure relating to amendments in IAS 12 as detailed below:

Number	Title
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendment to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction

Number	Title
IFRS 17	Insurance contracts

On 1 October 2023, the group adopted IFRS 17, effective for financial years ending on or after 1 January 2023. IFRS 17 sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces the previous insurance contracts standard and guidance, IFRS 4.

The adoption of IFRS 17 did not have a material impact on the group's results, and the group has not restated the prior year comparative results. The prior year cumulative equity impact of R14 million has been recognised in profit or loss in the current year.

Standards, interpretations and amendments effective for the year ended 30 September 2024 (continued)

Number	Title
IFRIC Agenda decision on IFRS 8	Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8)

In its July 2024 meeting, the IASB approved an IFRS IC agenda decision in relation to segment reporting. The decision deals with specified items of revenue and expenses that need to be disclosed for each reportable segment. The group has amended its segmental disclosure to include all material items of income and expenses in the segmental profit or loss reviewed by the chief operating decision maker. The group has included cost of sales, gross profit, other income and other operating expenses to the segmental disclosure. Refer to note 1.

Number	Title
Amendments to IAS12	International tax reform – Pillar Two model rules

The Organisation for Economic Co-operation and Development (OECD) published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy. It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate should be used to measure deferred taxes. In response to this uncertainty, during 2023, the IASB issued amendments to IAS 12 introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed Pillar Two model rules. The group applied the temporary exception as at 30 September 2024.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Pepkor group operates, namely the United Kingdom and Czech Republic, while South Africa and Poland have issued draft Pillar Two legislation. The enacted legislation will be effective for the group's financial year beginning 1 October 2024. The group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, i.e. the 2022 and 2023 country-by-country reporting for the constituent entities in the group, and the latest financial information.

Based on the assessment, the group has not identified any material exposure to Pillar Two income taxes on profits earned. However, exposure may exist should certain transactions be entered into in the 2025 financial year or the financial results of the constituent entities vary significantly from the years considered in the assessment. There are a limited number of jurisdictions where the transitional safe harbour relief does not apply (based on the 2022 and 2023 country-by-country reporting numbers). The group does however not expect a significant exposure to Pillar Two income taxes in the applicable jurisdictions. Based on the assessment performed, the Pillar Two effective tax rates in the majority of jurisdictions in which the group operates are above 15% or the jurisdiction will meet one of the transitional safe harbours and management is not currently aware of any circumstances under which this might change. Therefore, the group does not expect a material exposure to Pillar Two top-up taxes as at 30 September 2024.

Significant judgements and estimates

for the year ended 30 September 2024

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below.

The following areas require significant estimates to be made by management in the application of the group's accounting policies:

Intangible assets

Trade names and brand names, which are considered to be well-established growing brands and product lines for which there is no foreseeable limit to the period in which these assets are expected to generate cash flows, are classified as indefinite useful life assets. The classification of such assets is reviewed annually.

Indefinite useful life intangible assets, excluding goodwill, recognised at fair value in business combinations, are expected to generate cash flows indefinitely and the carrying value would only be recovered in the event of disposal of such assets. Accordingly, deferred taxation is raised at the capital gains taxation rate on the fair value of such assets exceeding its taxation base.

The estimated useful lives of finite useful life intangible assets are reviewed annually, taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the specific industries in which these assets are used. Refer to note 10 where this significant estimate is discussed.

Leases

Lease terms applicable to lease agreements, relating to the group's lease liabilities, are negotiated on an individual basis and contain a wide range of different terms and conditions. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Judgement is exercised in determining the likelihood of exercising termination or extension options in determining the lease term, including considerations of the initial term/age of the lease, economic uncertainty of countries the group trades in and uncertainty over the feasibility of certain business units.

Subsequent to the commencement date of lease agreements, lease terms are reassessed when there is a significant event or change in circumstances that is within the group's control and affects its ability to exercise or not to exercise the option to renew or to terminate. Significant events could include a change in the group's assessment of whether it is reasonably certain to exercise a renewal or termination option, which includes if a store is flagged for relocation or closure, or if it is more favourable not to exercise the option.

Incremental borrowing rates applied in the measurement of certain lease liabilities are specific to the country, term, currency and commencement date of the applicable lease agreement. Incremental borrowing rates are based on a series of inputs, including the prime lending rate, the Jibar rate, a credit risk adjustment and a country-specific adjustment.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life, or are not yet ready for use, are assessed annually for impairment. Investments, property, plant and equipment, right-of-use assets and finite intangibles are only tested if an impairment indicator is identified. Refer to notes 9, 10, 11 and 12 for detail of impairment of assets where applicable. The impairment review requires estimation uncertainty (refer to note 9 and 10). The group evaluates, among other things, losses incurred, duration and the extent of losses and near-term business outlook.

Allocation of goodwill to CGUs

Goodwill is allocated to a group of CGUs based on the lowest level at which goodwill is monitored.

Recognition of put option derivative and non-controlling interest

The group has elected and consistently applied an accounting policy of which in accounting for put options in relation to NCI shareholding, the group has elected that IFRS 10: Consolidated Financial Statements takes precedence over IAS 32: Financial Instruments: Presentation when considering forwards over NCI. In assessing whether the NCI should be recognised the group takes into consideration whether the put and call option was entered into simultaneously, the exercise price for both the put and call option is based on the same formula and the NCI shareholders retains the ability to legally exercise its voting rights and right to any distributions declared in relation to the shares retained.

The non-controlling interest portion is recognised in equity at its proportionate share of the fair value of identifiable net assets of the subsidiary at acquisition date if the party to the non-controlling interest is deemed to have control over the contractual put and call option, whereas the put option derivative is recognised directly in equity at its fair value on the date acquisition.

The following areas require significant judgements to be made by management in the application of the group's accounting policies:

Recoverability of deferred taxation assets

Deferred taxation assets are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised. Future taxable profits are estimated based on business plans that include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces. Refer to note 15.

Income taxation provision

The group is subject to income taxation in more than one jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate taxation determination is uncertain during the ordinary course of business. Taxation positions are provided for based on either the most probable outcome method (the single most likely amount in a range of possible outcomes: the most likely amount may better predict the resolution of the uncertainty if the possible outcomes are binary or are concentrated on one value) or the expected value of the taxation position (the sum of the probability weighted amounts in a range of possible outcomes: the expected value may better predict the resolution of the uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value), for each type of taxation provision.

Contingent liabilities

Management apply their judgement to the fact patterns and advice they receive from their attorneys, advocates and other advisors in assessing whether an obligation is probable, more likely than not, or remote. This judgement application is used to determine whether the obligation is recognised as a liability or disclosed as a contingent liability. Refer to note 30.5.

Provision for inventory shrinkage, obsolescence and markdowns

The provision for inventory obsolescence and markdowns represents management's judgement in relation to the extent to which merchandise on hand at the reporting date will be sold below cost. This estimate takes into consideration the nature of the product and/or product category, past trends (including historical sales volumes and prices of the product and/or similar products), evidence of impairment at year-end (including damaged goods and days on hand) and an assessment of future saleability (product seasonality, technological obsolescence and aesthetic obsolescence).

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the history, existing market conditions, as well as forward-looking estimates at the end of each reporting period. Key assumptions and inputs used are detailed in note 31.5, of which the most significant are as follows:

Impairment of financial assets judgements

Significant increases in credit risk (SICR):

In terms of IFRS 9: Financial Instruments, all loans and other receivables are assessed at each reporting date to determine whether there has been a SICR. In cases where a SICR has occurred, an impairment equal to the lifetime ECL is recognised. If, at reporting date, the credit risk has not significantly increased, the group recognises a 12-month ECL. The group identifies a SICR on clients that are up to date on their loans and other receivables, but who have been subject to SICR events of which the most significant are detailed below:

Event trigger	Unsecured loans	Instalment sale agreements	Credit sales through store cards
Change in customer behaviour	Triggers includes: a customer entering into debt review or rescheduling an existing loan or a customer that is in arrears as defined below.	Application and behavioural scorecards are segmented into ratings. For each application rating, an appropriate notch deterioration in behavioural scorecard will result in an SICR. In the event that no application rating is available, the loan will be classified as an SICR.	Not deemed to be SICR event.
Customer defaulting on repayments	A customer's loan is in default when 90% of an instalment is not paid or the account is 30 days in arrears.	A customer is in default when their account is 30 days in arrears. All debt counselling accounts that are less than 90 days in arrears will be classified as SICRs.	A customer is in default when their account is 30 days in arrears.

Loan write-off point

	Unsecured loans	Instalment sale agreements	Credit sales through store cards
Loan write-off policy	Six consecutive instalments in arrears and three consecutive instalments in arrears on rescheduled accounts.	Nine consecutive instalments in arrears with no qualifying payments made in the last 90 days.	Eight instalments in arrears with no payment in the previous three months.

Impairment of financial assets estimates

Forward-looking information

It is one of the fundamental principles of IFRS 9 that the ECL impairment provision that the group holds against potential future losses takes into account changes in the economic environment in the future.

In order to quantify the effects of changes to the economic environment, the group utilises the Bureau of Economic Research's (BER) macroeconomic outlook for the country over a planning horizon of five years. Three economic scenarios (negative, baseline and positive scenario) are taken into account when calculating future expected credit losses. The probability of each scenario is determined by management estimation.

The relevance of the group's loan and other receivables is proven by the following linear relationship between the change in the following basket of macroeconomic variables:

	Unsecured loans	Instalment sale agreements	Credit sales through store cards
Macroeconomic variables	Forward-looking factors surrounding private sector credit extension, repo rate, private sector wages, unemployment, expenditure on GDP and the petrol price.	Forward-looking factors surrounding private sector wages, repo rate, gross domestic expenditure lagged 4 months, household debt to disposable income, petrol price index, and credit extension to households were incorporated.	Forward-looking factors surrounding private sector wages, unemployment, expenditure on GDP and the change in private sector credit extended to households.

Management has assigned a probability of 57% (2023: 50%) to the baseline scenario, 18% (2023: 15%) to the negative scenario and 25% (2023: 36%) to the positive scenario for the 12-month forecast. The impact of incorporating forward-looking information into ECL for instalment sale agreements relating to furniture, appliances and electronics, granted by the group is as follows:

Probability-weighted impact of all three scenarios for instalment sale agreements	30 September 2024	30 September 2023
100% negative scenario	**591**	607
% change in ECL (Rm)	**0.74%**	1.87%
100% baseline scenario	**587**	596
% change in ECL (Rm)	**0.00%**	0.00%
100% positive scenario	**587**	587
% change in ECL (Rm)	**(0.07%)**	(1.44%)

Modelling assumptions

Historical data may not always be reflective of the future. The way in which it is used by statistical ECL models (probability of default (PD), exposure at default (EAD), loss given default (LGD)) to estimate the timing and amount of the forecasted cash flows based on historical default data, roll rates and recoveries, requires consideration of sub segments. These include aspects such as client risk groups, time on book, product term, payment frequency, default statuses, employment, industry and rescheduling status, and the behaviour score of the client.

Segmental reporting

Management identified operating segments in line with internal reporting structures in accordance with IFRS 8:Operating Segments. Refer to note 1.

Ongoing revenue

The group earns ongoing revenue on starter packs that have been sold in stores. The group earns this ongoing revenue on all future prepaid airtime loaded and/or spent on these prepaid starter packs by the subscriber, even if the subscriber does not top up through group companies in the future.

Ongoing revenue earned is variable in nature as the group's entitlement to these amounts is dependent on the future spending patterns of the prepaid customers, and therefore contingent on a future event occurring or not occurring. IFRS 15 requires an entity to estimate the amount of variable consideration it will be entitled to for the contracts it has entered into with its customers and include this in the transaction price at contract inception, to the extent the variable consideration is not constrained.

The group has concluded that the ongoing revenue is fully constrained at the individual contract level due to the high variability in behaviour of the individual customers, including:

- the period over which prepaid customers remain on the same SIM card (this can range from one day to a number of years); and
- the spending patterns of individual customers, which are also highly variable.

In addition, because the terms of the ongoing revenue structure with the telecommunication companies are regularly up for negotiation, the group is not able to predict the likelihood or magnitude of a revenue reversal. The group's policy is therefore only to recognise the variable consideration as revenue as and when it is received, because it is only at this point that it is highly probable that a significant reversal in revenue for that contract will not occur in the future.

Retail revenue

Sale of goods and related revenue – retail sales

The group has an agreement with customers whereby customers can rent a handset device over a 12 month period and can either purchase the device at the end of the rental contract at a nominal fee, or return the handset. Although the legal agreement is structured as a lease, in substance, it is a sale of the handset to the customer with a significant financing component.

Share scheme

Various assumptions are applied in determining the valuations of share-based payment reserves and the number of share rights expected to vest at the end of the vesting period. Refer to note 27.

Capital items (use of adjusted measures)

The measure listed below is presented as management believes it to be relevant to the understanding of the group's financial performance. The measure is used to provide additional useful information on underlying trends to shareholders. The measure is not defined under IFRS and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS.

Capital items on the face of the statement of comprehensive income include all remeasurements excluded from the calculation of headline earnings per share (HEPS) in accordance with the guidance contained in SAICA Circular 1/2023: Headline Earnings. The principal items that will be included under this measure are: gains and losses on disposal and scrapping of property, plant and equipment, intangible assets and assets held for sale, impairments or reversal of impairments, and any non-trading items, such as gains and losses and the release of FCTR on disposal of investments, operations and subsidiaries. Refer to note 4 and 8.

Notes to the consolidated annual financial statements

for the year ended 30 September 2024

1. Segmental analysis

1.1 Basis of segmental presentation

The segmental information has been prepared in accordance with 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 CODM to allocate resources to segments and to assess their performance. The executive members of the Pepkor Holdings Limited board of directors has 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 2023. The executive members of the board of directors identified and monitor segments in relation to differences in products and services.

Geographical analysis

The CODM reviews revenue, operating profit and assets as one geographical region. However, due to South Africa being the group's primary country of operations, the geographical segments have been split between South Africa and other foreign countries. In presenting information on the basis of geographical segments, segment revenue is based on the location of the customers, while segment assets are based on the location of the asset.

Major customers

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

1. Segmental analysis *continued*

1.2 Segmental analysis

Year ended 30 September 2024	Clothing and general merchandise[1,3] Rm	Furniture, appliances and electronics Rm	Building materials Rm	FinTech[1] Rm	Total operations Rm	Discontinued operations[2] Rm	Total from continuing operations Rm
External revenue	61 437	11 017	8 445	12 682	93 581	(8 445)	85 136
Total revenue	61 437	11 017	8 445	14 647	95 546	(8 445)	87 101
Intersegmental revenue	–	–	–	(1 965)	(1 965)	–	(1 965)
Cost of sales	(38 035)	(7 893)	(6 183)	(6 599)	(58 710)	6 183	(52 527)
Gross profit	23 402	3 124	2 262	6 083	34 871	(2 262)	32 609
Other income	902	103	32	29	1 066	(32)	1 034
Operating expenses	(12 227)	(2 112)	(1 524)	(2 379)	(18 242)	1 524	(16 718)
Personnel expenses	(7 189)	(1 224)	(1 031)	(1 049)	(10 493)	1 031	(9 462)
Other operating expenses	(5 038)	(888)	(493)	(1 330)	(7 749)	493	(7 256)
Debtors' costs	(313)	–	1	(2 214)	(2 526)	(1)	(2 527)
Operating profit before depreciation, amortisation and capital items	11 764	1 115	771	1 519	15 169	(771)	14 398
Depreciation and amortisation	(4 031)	(466)	(325)	(99)	(4 921)	325	(4 596)
Operating profit before capital items	7 733	649	446	1 420	10 248	(446)	9 802
Reconciliation of operating profit							
Operating profit per segmental analysis							9 802
Capital items (note 4)[3]							(2 908)
Operating profit per income statement							6 894
Finance costs (note 5)							(3 447)
Finance income (note 5)							279
Profit before taxation per income statement							3 726
Geographical split of revenue	61 437	11 017	8 445	12 682	93 581	(8 445)	85 136
South Africa	49 427	10 243	7 968	12 468	80 106	(7 968)	72 138
Other foreign countries[4]	12 010	774	477	214	13 475	(477)	12 998
Geographical split of sale of goods and related revenue (note 2.1.1)	60 724	10 789	8 445	8 044	88 002	(8 445)	79 557
South Africa	49 354	10 024	7 968	7 950	75 296	(7 968)	67 328
Other foreign countries	11 370	765	477	94	12 706	(477)	12 229

1. Segmental analysis *continued*

1.2 Segmental analysis *continued*

	Clothing and general merchandise[1,3] Rm	Furniture, appliances and electronics Rm	Building materials Rm	FinTech[1] Rm	Total operations Rm	Discontinued operations Restated[2] Rm	Total from continuing operations Restated[2] Rm
Year ended 30 September 2023[5]							
External revenue	58 663	10 541	8 448	9 998	87 650	(8 690)	78 960
Total revenue	58 663	10 541	8 448	11 896	89 548	(8 690)	80 858
Intersegmental revenue	–	–	–	(1 898)	(1 898)	–	(1 898)
Cost of sales[5]	(37 552)	(7 452)	(6 144)	(5 331)	(56 479)	6 253	(50 226)
Gross profit[5]	21 111	3 089	2 304	4 667	31 171	(2 437)	28 734
Other income[5]	1 068	67	49	41	1 225	(49)	1 176
Operating expenses[5]	(10 445)	(2 161)	(1 573)	(2 303)	(16 482)	1 672	(14 810)
Personnel expenses	(6 489)	(1 184)	(1 079)	(1 108)	(9 860)	1 101	(8 759)
Other operating expenses[5]	(3 956)	(977)	(494)	(1 195)	(6 622)	571	(6 051)
Debtors' costs	(276)	–	(18)	(1 413)	(1 707)	18	(1 689)
Operating profit before depreciation, amortisation and capital items[5]	11 458	995	762	992	14 207	(796)	13 411
Depreciation and amortisation	(3 845)	(464)	(294)	(77)	(4 680)	313	(4 367)
Operating profit before capital items	7 613	531	468	915	9 527	(483)	9 044
Reconciliation of operating profit							
Operating profit per segmental analysis							9 044
Capital items (note 4)							(6 828)
Operating profit per income statement							2 216
Share of net profit of associate (note 13)							7
Finance costs (note 5)							(2 997)
Finance income (note 5)							272
Profit before taxation per income statement							(502)
Geographical split of revenue	58 663	10 541	8 448	9 998	87 650	(8 690)	78 960
South Africa	47 370	9 847	8 134	9 800	75 151	(8 134)	67 017
Other foreign countries[4]	11 293	694	314	198	12 499	(556)	11 943
Geographical split of sale of goods and related revenue (note 2.1.1)	58 136	10 334	8 448	6 692	83 610	(8 690)	74 920
South Africa	47 370	9 648	8 134	6 596	71 748	(8 134)	63 614
Other foreign countries	10 766	686	314	96	11 862	(556)	11 306

[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 Building materials segment.
[3] Capital items of R2.9 billion (2023: R6.8 billion) includes the impairment of goodwill of R2.5 billion (2023: R6.5 billion) and trade and brand names of R200 million (2023: R97 million) relating to the Clothing and general merchandise segment.
[4] Revenue from other foreign countries includes the Brazilian market revenue from Avenida of R4.5 billion (2023: R3.8 billion), which was acquired during the 2022 financial year. The Brazilian contribution to total revenue is not deemed to be material and is therefore not separately disclosed.
[5] The group previously accounted for specific items of material segmental income and expenses reviewed by the CODM. Following the IFRIC agenda decision in July 2024 relating to Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8: Operating Segments), the group has disclosed all material items of income and expenses that are included in the segmental profit or loss reviewed by the CODM. This change in accounting treatment has been accounted for retrospectively and comparative information has been restated.

1. Segmental analysis *continued*

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Restated[1] Rm
1.3 Segmental assets	**102 846**	103 767
1.3.1 Reconciliation between total assets and segmental assets		
Total assets per statement of financial position	**107 711**	108 740
Less: Cash and cash equivalents	**(4 793)**	(4 879)
Less: Long-term investments and loans	**(59)**	(46)
Less: Short-term investments and loans	**(13)**	(48)
Segmental assets	**102 846**	103 767
1.4 Geographical split of non-current assets		
South Africa	**63 119**	66 118
Other foreign countries	**5 733**	6 116
Non-current assets	**68 852**	72 234

Non-current assets consist of goodwill, intangible assets, property, plant and equipment and right-of-use assets.

2. Revenue

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Restated[1] Rm
Revenue from contracts with customers		
Retail revenue	**80 714**	75 788
Sale of goods and related revenue (note 2.1.1)	**79 557**	74 920
Service fee income	**857**	662
Other revenue	**300**	206
Other sources of revenue		
Financial services revenue (note 2.1.2)	**3 957**	2 801
Insurance revenue	**465**	371
	85 136	78 960

2.1 Disaggregation of revenue

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Restated[1] Rm
2.1.1 Sale of goods and related revenue		
Sale of goods and related revenue excluding ongoing revenue	**77 594**	73 035
Ongoing revenue	**1 963**	1 885
	79 557	74 920
2.1.2 Financial services revenue		
Finance income earned	**3 567**	2 424
Loan origination fees	**390**	377
	3 957	2 801

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

3. Operating profit

Cost of sales includes the following items:

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Restated[1] Rm
3.1 Cost of sales		
Insurance claim recovery – KwaZulu-Natal floods	**–**	(51)
	–	(51)
Operating profit includes the following items:		
3.2 Depreciation and amortisation		
Amortisation (note 10)	**271**	204
Depreciation (note 11)	**1 433**	1 283
Right-of-use assets depreciation (note 12)	**2 892**	2 880
	4 596	4 367
3.3 Personnel expenses		
Post-employment benefit contributions to defined benefit and contribution plans	**247**	190
Salaries and wages	**9 010**	8 362
Share-based payments – equity-settled	**205**	207
	9 462	8 759
3.4 Lease related expenses		
Short-term lease expense	**446**	403
Low value asset lease expense	**11**	12
Variable lease payments not included in the measurement of lease liabilities	**896**	803
Turnover rentals	**16**	10
	1 369	1 228
3.5 Auditor's remuneration[2]		
Audit fees: PwC	**48**	42
Audit fees: other auditors	**3**	2
Fees for other services: PwC	**4**	6
Fees for other services: other auditors	**3**	1
	58	51
3.6 Debtors' costs		
Debtor/loan balances written off	**2 034**	1 506
Debtor/loan balances increase in ECLs	**734**	466
Debtor/loan balances recovered	**(241)**	(283)
	2 527	1 689
3.7 Advertising and marketing		
Advertising and marketing	**1 167**	967
3.8 Foreign exchange losses		
Foreign exchange losses	**643**	327
3.9 Insurance service expenses		
Insurance service expenses (note 19.1)	**312**	–

[1] Prior year comparatives have been restated for the effect of the discontinued operation as detailed in note 7.
[2] The prior year auditors remuneration has been restated to separately disclose audit fees and fees from other services between PwC and other auditors.

3. Operating profit *continued*

3.10 Other income

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Restated[1] Rm
Commission received	**524**	486
Marketing and advertising income	**112**	94
Dividend income	**84**	73
Employee taxation incentives	**56**	33
Cancelled lay-bys	**21**	13
Other income	**237**	207
	1 034	906
Insurance claim recovery – KwaZulu-Natal floods	**–**	270
	1 034	1 176

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

4. Capital items

The effect of capital items should be excluded from earnings when determining headline earnings. Refer to note 8.

Items of a capital nature are included in the 'capital items' line in the income statement. These items are:

	Year ended 30 September 2024		Year ended 30 September 2023 Restated[1]	
	Gross of taxation and non-controlling interests Rm	Net of taxation and non-controlling interests Rm	Gross of taxation and non-controlling interests Rm	Net of taxation and non-controlling interests Rm
From continuing operations:				
4.1 Impairment/(impairment reversal)	**2 869**	**2 793**	6 796	6 722
Goodwill (note 9)	**2 541**	**2 541**	6 516	6 516
Intangible assets (note 10)	**202**	**158**	101	75
Property, plant and equipment (note 11)	**40**	**29**	(22)	(23)
Right-of-use assets (note 12)	**86**	**65**	201	154
4.2 Loss on disposal of property, plant and equipment and intangible assets	**47**	**34**	72	67
4.3 Insurance claim received of property, plant and equipment – floods	**–**	**–**	(37)	(27)
4.4 Foreign currency translation reserve released to profit or loss on liquidation of foreign subsidiary	**(6)**	**(6)**	(3)	(3)
4.5 Profit on disposal of investments	**(2)**	**(2)**	–	–
	2 908	**2 819**	6 828	6 759
From discontinued operations:				
4.6 Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary (note 7.2 and note 7.6)	**7**	**7**	32	32
4.7 Loss/(profit) on sale of subsidiaries (note 7.2 and note 7.6)	**584**	**584**	(29)	(16)
4.8 (Impairment reversal)/impairment				
Property, plant and equipment (note 11)	**(1)**	**(1)**	(1)	(1)
Right-of-use assets (note 12)	**(35)**	**(26)**	10	8
4.9 Profit on disposal of property, plant and equipment and intangible assets	**(4)**	**(3)**	(2)	(2)
4.10 Insurance claim received of property, plant and equipment – floods	**–**	**–**	(8)	(6)
	551	**561**	2	15
Capital items from continuing operations	**2 908**	**2 819**	6 828	6 759
Capital items from discontinued operations	**551**	**561**	2	15
Total capital items	**3 459**	**3 380**	6 830	6 774

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

5. Finance costs and finance income

5.1 Year ended 30 September 2024

	Expense Rm	Income Rm	Net expense/ (income) Rm
Interest			
Banks	**319**	**(212)**	**107**
Loans	**1 190**	**–**	**1 190**
Discounting of payables/(receivables)	**328**	**(47)**	**281**
Lease liability finance cost (note 23)	**1 455**	**–**	**1 455**
Put option liability	**130**	**–**	**130**
Other	**25**	**(20)**	**5**
	3 447	**(279)**	**3 168**
Year ended 30 September 2023[1]			
Interest			
Banks	255	(204)	51
Loans	1 123	–	1 123
Discounting of payables/(receivables)	221	(44)	177
Lease liability finance cost (note 23)	1 356	–	1 356
Put option liability	100	–	100
Other	29	(24)	5
	3 084	(272)	2 812
Interest capitalised to property, plant and equipment (note 5.3)	(87)	–	(87)
	2 997	(272)	2 725

5.2 Finance costs and finance income cash flow reconciliation

	Expense Rm	Income Rm	Net expense/ (income) Rm
Year ended 30 September 2024			
Finance costs and finance income recognised in profit or loss	**3 447**	**(279)**	**3 168**
Discounting of trade (payables)/receivables	**(328)**	**47**	**(281)**
Put option liability recognised at amortised cost	**(130)**	**–**	**(130)**
Finance costs and income from discontinued operations (note 7.1)	**92**	**(40)**	**52**
Cash outflow/(inflow) per the consolidated statement of cash flows	**3 081**	**(272)**	**2 809**
Year ended 30 September 2023[1]			
Finance costs and finance income recognised in profit or loss	2 997	(272)	2 725
Amortisation of debt raising fees	(4)	–	(4)
Discounting of trade (payables)/receivables	(221)	44	(177)
Put option liability recognised at amortised cost	(100)	–	(100)
Interest capitalised to property, plant and equipment	87	–	87
Finance costs and income from discontinued operations (note 7.1 and 7.5)	107	(24)	83
Cash outflow/(inflow) per the consolidated statement of cash flows	2 866	(252)	2 614

5.3 Interest capitalised to property, plant and equipment

Borrowing costs relate to the construction of a distribution centre by the group. The group used existing borrowings and cash on hand to fund the construction and therefore a weighted average interest rate of 9.2% was used to calculate the borrowing costs capitalised in the prior year. No borrowing costs were capitalised in the current year, as the distribution centre was substantially completed in the prior year.

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

6. Taxation

6.1 Taxation charge

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Restated[1] Rm
Normal taxation		
South African normal taxation – current year	**1 327**	722
South African normal taxation – prior year adjustment	**(34)**	(105)
Foreign normal taxation – current year	**173**	205
Foreign normal taxation – prior year adjustment	**28**	(44)
Withholding taxation – South African	**51**	53
	1 545	831
Deferred taxation		
South African deferred taxation – current year	**214**	534
South African deferred taxation – prior year adjustment	**(349)**	(293)
Foreign deferred taxation – current year	**(23)**	19
Foreign deferred taxation – prior year adjustment	**(3)**	(13)
Foreign deferred taxation – rate change adjustment	**2**	5
	(159)	252
Total taxation from continuing operations	**1 386**	1 083
Normal taxation		
South African normal taxation – current year	**81**	84
South African normal taxation – prior year adjustment	**1**	2
South African normal taxation – capital gains taxation	**2**	–
Foreign normal taxation – current year	**–**	1
	84	87
Deferred taxation		
South African deferred taxation – current year	**19**	16
South African deferred taxation – prior year adjustment	**(3)**	–
	16	16
Total taxation from discontinued operations	**100**	103
Taxation expense recognised in profit and loss	**1 486**	1 186

For detail on deferred taxation (liabilities)/assets refer to note 15.

6.2 Reconciliation of rate of taxation[2]

	%	%
South African standard rate of taxation	**27.0**	27.0
Foreign taxation rate differential	**(0.2)**	(30.5)
Irrecoverable foreign taxes	**1.4**	(51.3)
Unrecognised taxation losses net of prior year unrecognised taxation losses utilised	**(2.2)**	17.0
Prior year adjustments[3]	**(10.1)**	444.5
Tax-exempt income[4]	**(2.1)**	82.4
Non-deductible expenses[5]	**5.3**	(90.6)
Non-deductible loss on disposal of subsidiary	**4.5**	–
Non-deductible expenses relating to the impairment of goodwill and trade and brand names	**19.5**	(1 697.9)
Change in foreign corporate taxation rates	**0.1**	2.3
Special allowances	**(1.5)**	56.8
Foreign currency translation reserve release through profit and loss	**–**	(28.4)
Previously unrecognised deferred taxation assets on timing differences[6]	**–**	117.6
Other	**(0.1)**	6.9
Effective rate of taxation	**41.6**	(1 144.2)

6. Taxation *continued*

6.3 Taxation paid cash flow reconciliation

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Restated[1] Rm
Opening balance of current taxation payable and receivable	**409**	2 011
Opening balance of withholding taxation included in trade and other payables	**16**	35
Normal taxation charge for the year recognised in profit or loss	**1 629**	918
Acquisition of subsidiary	**1**	–
Disposal of subsidiary	**8**	(1)
Other taxation charges	**(22)**	–
Exchange differences on consolidation of foreign subsidiaries	**11**	(1)
Closing balance of current taxation payable and receivable	**(848)**	(409)
Closing balance of withholding taxation included in trade and other payables	**(23)**	(16)
Taxation paid	**1 181**	2 537

[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 a remeasurement of provisions 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 to a once of loan write-off in PEP Angola and recurring expenses of a capital nature, expenses not incurred in the production of income and depreciation of leasehold improvements.
[6] Deferred taxation assets recognised relate to the Pepkor Lifestyle (previously JD Group) business.

7. Discontinued operations

Description

Pepkor disposed of The Building Company on 30 September 2024 in order to streamline Pepkor's portfolio of businesses, to enhance the group's return on capital and optimise shareholder returns. The agreed purchase consideration of R1 246 million was received in two transactions. A dividend of R466 million was declared from The Building Company to Pepkor Holdings prior to the sale, and the remaining R780 million was received in cash from Capitalworks, resulting in a net cash flow of R1 246 million to Pepkor Holdings.

The Building Company was previously included in the Building materials segment.

In the prior year, 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.

7.1 Income statement – The Building Company

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Revenue	**8 445**	8 448
Retail revenue	**8 445**	8 448
Cost of sales	**(6 183)**	(6 144)
Cost of merchandise sold	**(6 183)**	(6 167)
Insurance claim recovery – floods	**–**	23
Gross profit	**2 262**	2 304
Other income	**32**	49
Other income excluding insurance claim recovery – floods	**32**	44
Insurance claim recovery – floods	**–**	5
Operating expenses	**(1 524)**	(1 573)
Debtors' costs	**1**	(18)
Operating profit before depreciation, amortisation and capital items	**771**	762
Depreciation and amortisation	**(325)**	(294)
Operating profit before capital items	**446**	468
Capital items	**40**	–
Capital items excluding insurance claim recovery – floods	**40**	(8)
Insurance claim recovery – floods	**–**	8
Operating profit	**486**	468
Finance costs	**(92)**	(98)
Finance income	**40**	24
Profit before taxation	**434**	394
Taxation	**(100)**	(89)
Profit for the year	**334**	305

7. Discontinued operations *continued*

7.2 Details of the sale of the business

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Agreed consideration, net of permitted leakages	**1 246**	–
Dividend declared prior to sale	**(466)**	–
Proceeds	**780**	–
Costs to sell	**(31)**	–
Net consideration received	**749**	–
Carrying amount of net assets sold	**(1 333)**	–
Loss on sale before taxation and reclassification of foreign currency translation reserve	**(584)**	–
Reclassification of foreign currency translation reserve	**(7)**	–
Loss on sale before taxation	**(591)**	–
Taxation	**–**	–
Loss on sale after taxation	**(591)**	–

7.3 Summary of assets and associated liabilities disposed

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Intangible assets	**1**	–
Property, plant and equipment	**324**	–
Right-of-use assets	**693**	–
Deferred tax assets	**371**	–
Inventories	**1 591**	–
Trade and other receivables	**616**	–
Current income taxation receivable	**8**	–
Cash and cash equivalents	**436**	–
Total assets	**4 040**	–
Interest-bearing loans and borrowings	**1**	–
Lease liabilities	**862**	–
Deferred tax liabilities	**246**	–
Trade and other payables	**1 410**	–
Provisions	**42**	–
Employee benefits	**146**	–
Total liabilities	**2 707**	–
Carrying amount of net assets sold	**1 333**	–

7.4 Statement of cash flows

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Net cash inflow from operating activities	**303**	151
Net cash (outflow)/inflow from investing activities	**(71)**	328
Net cash outflow from financing activities	**(347)**	(342)
Net (decrease)/increase in cash and cash equivalents	**(115)**	137
Effects of exchange rate translations on cash and cash equivalents	**(23)**	(16)
Cash and cash equivalents at beginning of the year	**574**	453
Cash and cash equivalents at end of the year	**436**	574

The net cash inflow from the disposal of the business in the cash flow statement of R313 million consists of the R749 million net consideration received (note 7.2) less R436 million cash and cash equivalents (note 7.3) disposed.

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Sale of business – Nigeria		
7.5 Income statement		
Revenue	–	242
Retail revenue	–	242
Cost of sales	–	(109)
Cost of merchandise sold	–	(109)
Insurance claim recovery – floods	–	–
Gross profit	–	133
Operating expenses	–	(99)
Operating profit before depreciation, amortisation and capital items	–	34
Depreciation and amortisation	–	(19)
Operating profit before capital items	–	15
Capital items	–	1
Capital items excluding insurance claim recovery – floods	–	1
Insurance claim recovery – floods	–	–
Operating profit	–	16
Finance costs	–	(9)
Finance income	–	–
Profit before taxation	–	7
Taxation	–	(1)
Profit for the year	–	6
7.6 Details of the sale of the business		
Net consideration received	–	33
Carrying amount of net assets sold	–	(4)
Loss on sale before taxation and reclassification of foreign currency translation reserve	–	29
Reclassification of foreign currency translation reserve	–	(32)
Loss on sale before taxation	–	(3)
Taxation	–	(13)
Loss on sale after taxation	–	(16)
Total (loss)/profit for the year from discontinued operations per the consolidated income statement (total per note 7.1, 7.2, 7.5 and 7.6 above)	**(257)**	295

8. Earnings and headline earnings per share

Earnings and headline earnings per share are calculated in note 8.1 below:

The calculation of per share numbers uses the exact unrounded numbers, which may result in differences when compared to calculating the numbers using the rounded number of shares and earnings as disclosed below.

	Year ended 30 September 2024			Year ended 30 September 2023		
	Continuing Cents	Discontinued Cents	Total Cents	Continuing Restated[1] Cents	Discontinued Restated[1] Cents	Total Cents
Earnings per share (cents)						
Basic	**63.4**	**(7.0)**	**56.4**	(43.4)	8.0	(35.4)
Headline	**140.2**	**8.3**	**148.5**	140.8	8.4	149.2
Diluted basic	**62.7**	**(6.9)**	**55.8**	(42.8)	7.9	(34.9)
Diluted headline	**138.6**	**8.2**	**146.8**	139.1	8.3	147.4

	Rm	Rm	Rm	Rm	Rm	Rm
8.1 Earnings and headline earnings attributable to equity holders of the parent						
Profit/(loss) for the year	**2 340**	**(257)**	**2 083**	(1 585)	295	(1 290)
Attributable to non-controlling interests	**(11)**	**–**	**(11)**	(8)	–	(8)
Earnings attributable to ordinary shareholders	**2 329**	**(257)**	**2 072**	(1 593)	295	(1 298)
Capital items (note 4)	**2 908**	**551**	**3 459**	6 828	2	6 830
Taxation effect of capital items (note 4)	**(89)**	**10**	**(79)**	(69)	13	(56)
Headline earnings	**5 148**	**304**	**5 452**	5 166	310	5 476

Headline earnings is an additional earnings number that is permitted by IAS 33. The starting point is earnings as determined in IAS 33, excluding separately identifiable remeasurements, net of related taxation (both current and deferred) and related non-controlling interests other than remeasurements specifically included in headline earnings. This number is required to be reported by the JSE and is defined by Circular 1/2023: Headline Earnings.

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

	Year ended 30 September 2024 Million	Year ended 30 September 2023 Million
8.2 Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year (note 20)	**3 667**	3 678
Treasury shares (note 20)	**(4)**	(1)
Shares vested under Pepkor Executive Share Rights Scheme	**10**	9
Share buy-back and cancellation of shares	**(1)**	(17)
Weighted average number of ordinary shares at end of the year for the purpose of basic earnings per share and headline earnings per share	**3 672**	3 669
Effect of dilution due to share rights issues in terms of share scheme (note 27)[1]	**41**	46
Weighted average number of ordinary shares at end of the year for the purpose of diluted earnings per share and diluted headline earnings per share	**3 713**	3 715

8. Earnings and headline earnings per share *continued*

8.3 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.

	Year ended 30 September 2024			Year ended 30 September 2023		
Net asset value per share	**1 588.5**	**–**	**1 588.5**	1 604.9	–	1 604.9

[1] Share rights issued to employees have been taken into account for diluted earnings and diluted headline earnings per share purposes.

9. Goodwill

	2024 Rm	2023 Rm
Carrying amount at beginning of the year	**32 937**	39 204
Arising on business combinations	**161**	–
Impairments (note 4)	**(2 541)**	(6 516)
Exchange differences on consolidation of foreign subsidiaries	**(339)**	249
Carrying amount at end of the year	**30 218**	32 937
Cost	**43 987**	44 837
Accumulated impairment	**(13 769)**	(11 900)
Carrying amount at end of the year	**30 218**	32 937

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.

Review of impairment

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 CGU. 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.

Management assessed the various CGUs for impairment based on the input factors above. The methodology applied in the impairment assessment is consistent with prior years. The key factors for the impairment include the continued uncertainty of trading in the retail market driven by performance in Ackermans, which continues to recover, and a challenging footwear market impacting performance in Tekkie Town and Shoe City resulting in a cautious outlook. See the sensitivity analysis below for further possible exposure of the recoverable amount. In the prior year, Tekkie Town was impacted by ongoing loadshedding and weak projected macroeconomic activity placing 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 macro market environment in the prior year, resulted in an increase in the discount rates which impacted the result of the clothing and general merchandise's group of CGUs negatively. This resulted in a lower recoverable amount for this group of CGUs in 2023.

An impairment charge has been recognised for both goodwill and indefinite useful 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 R2.4 billion (2023: R5.9 billion) was processed to impair the goodwill relating to Ackermans, Dunns, PEP, PEP Africa, Refinery, Shoe City group of CGUs, R18 million was processed to impair the S'Ya Phanda CGU and R143 million was processed to impair the Pepkor cellular sourcing CGU. In the prior year, R606 million was processed to impair the goodwill relating to Tekkie Town CGU. In the current year, R200 million (2023: R97 million) was processed to impair the indefinite useful life intangible assets in Tekkie Town. Refer to note 10 for this impairment.

9. Goodwill *continued*

Impairment tests for CGUs containing goodwill

Goodwill is monitored by management at the following group of CGUs, not greater than the three (2023: four) operating segments from continuing operations identified in note 1:

	Cost Rm	Accumulated impairment Rm	Carrying value Rm
2024			
Clothing and general merchandise			
Ackermans, Dunns, PEP, PEP Africa, Refinery, Shoe City	**39 320**	**(11 309)**	**28 011**
Tekkie Town	**2 251**	**(2 251)**	**–**
S.P.C.C, CODE	**24**	**–**	**24**
Avenida	**1 834**	**–**	**1 834**
S'Ya Phanda	**18**	**(18)**	**–**
Pepkor cellular sourcing	**143**	**(143)**	**–**
Furniture, appliances and electronics			
Bradlows, Rochester, Russells, Sleepmasters	**12**	**–**	**12**
FinTech			
Capfin	**282**	**–**	**282**
EeziGlobal	**48**	**(48)**	**–**
Abacus	**55**	**–**	**55**
	43 987	**(13 769)**	**30 218**
2023			
Clothing and general merchandise			
Ackermans, Dunns, PEP, PEP Africa, Refinery, Shoe City	39 320	(8 929)	30 391
Tekkie Town	2 251	(2 251)	–
S.P.C.C, CODE	24	–	24
Avenida	2 173	–	2 173
Furniture, appliances and electronics			
Bradlows, Rochester, Russells, Sleepmasters	12	–	12
Building materials			
BUCO, Hardware Warehouse, Timbercity	593	(593)	–
BSG	79	(79)	–
FinTech			
Capfin	282	–	282
EeziGlobal	48	(48)	–
Abacus	55	–	55
	44 837	(11 900)	32 937

9. Goodwill *continued*

The following table sets out the key assumptions for the group of CGUs that have significant goodwill or trade and brand names (refer to note 10) allocated to them:

	Clothing and general merchandise (excluding Tekkie Town and Avenida)	Tekkie Town	Avenida	Furniture and appliances	Electronics	FinTech
2024						
Post-taxation discount rate	**14.7%**	**15.1%**	**15.2%**	**16.0%**	**15.2%**	**17.6%**
Short- to medium-term revenue (compound annual growth rate)	**9.5%**	**3.0%**	**23.7%**	**9.0%**	**6.9%**	**9.4%**
Long-term growth rate	**6.0%**	**3.0%**	**3.0%**	**4.0%**	**6.0%**	**4.5%**
Forecasted cash flows	**5 years**	**5 years**	**10 years[1]**	**5 years**	**5 years**	**5 years**
2023						
Post-taxation discount rate	15.7%	15.7%	15.4%	18.0%	17.4%	19.6%
Short- to medium-term revenue (compound annual growth rate)	10.0%	5.0%	26.8%	4.9%	7.4%	10.0%
Long-term growth rate	6.0%	4.8%	6.0%	4.0%	6.0%	4.5%
Forecasted cash flows	5 years	5 years	10 years[1]	5 years	5 years	5 years

Management have determined the values assigned to each of the above key assumptions as follows:

Post-tax discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.
Revenue	Average annual growth rate over the budgeted period; based on current industry trends and including long-term inflation forecasts for each group of CGUs.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the five-year period. The rates are consistent with forecasts included in industry reports.
Cash flow assumptions	Management base future cash flow assumptions on historical performance and approved budgets.

Sensitivity analysis

Management has adjusted the cash flows of the group of CGUs for entity-specific risk factors to arrive at the future cash flows expected to be generated from the group of CGUs. There is no indication based on a reasonable fluctuation in those risk factors that the goodwill is further impaired and management is satisfied that sufficient impairment has been recognised.

Refer below for the recoverable amounts:

Clothing and general merchandise	2024 Rm	2023 Rm
Ackermans, Dunns, PEP, PEP Africa, Refinery, Shoe City	**49 732**	47 090
Tekkie Town	**1 551**	1 557

The S'Ya Phanda and Pepkor cellular sourcing CGUs were not sensitive to reasonable fluctuations in key assumptions in the current year and the recoverable amount was therefore not disclosed.

[1] Forecasted cash flows of 10 years was used relating to the calculation of the fair value less cost to sell of the Avenida CGU as the group is of the opinion that the synergies and expansion plans for this recent acquisition will only start maturing after 5 years.

9. Goodwill *continued*

The recoverable amount of the Ackermans, Dunns, PEP, PEP Africa, Refinery, Shoe City group of CGUs would increase/decrease if the following key assumptions were to change:

	From	To	Recoverable amount
2024			
Recoverable amount decrease if the following key assumptions below were to change:			
Post-tax discount rate	**14.7%**	**15.2%**	**46 796**
Short- to medium-term revenue (compound annual growth rate)	**9.5%**	**9.0%**	**48 934**
Long-term growth rate	**6.0%**	**5.5%**	**46 913**
Recoverable amount increase if the following key assumptions below were to change:			
Post-tax discount rate	**14.7%**	**14.1%**	**53 735**
Short- to medium-term revenue (compound annual growth rate)	**9.5%**	**10.0%**	**50 534**
Long-term growth rate	**6.0%**	**6.5%**	**52 823**
2023			
Recoverable amount decrease if the following key assumptions below were to change:			
Post-tax discount rate	15.7%	16.1%	44 941
Short- to medium-term revenue (compound annual growth rate)	10.0%	9.5%	45 947
Long-term growth rate	6.0%	5.5%	44 584
Recoverable amount increase if the following key assumptions below were to change:			
Post-tax discount rate	15.7%	15.2%	50 040
Short- to medium-term revenue (compound annual growth rate)	10.0%	10.5%	48 246
Long-term growth rate	6.0%	6.5%	49 809

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause a further impairment relating to the CGUs mentioned above.

The recoverable amount of the Tekkie Town CGU would increase/decrease if the following key assumptions were to change:

	From	To	Recoverable amount
2024			
Recoverable amount decrease if the following key assumptions below were to change:			
Post-tax discount rate	**15.1%**	**15.9%**	**1 481**
Long-term growth rate	**3.0%**	**2.5%**	**1 520**
Recoverable amount increase if the following key assumptions below were to change:			
Post-tax discount rate	**15.1%**	**14.2%**	**1 642**
Long-term growth rate	**3.0%**	**3.5%**	**1 584**
2023			
Recoverable amount decrease if the following key assumptions below were to change:			
Post-tax discount rate	15.7%	16.9%	1 434
Long-term growth rate	4.8%	4.3%	1 519
Post-tax discount rate	15.7%	14.4%	1 725
Long-term growth rate	4.8%	5.3%	1 599

The recoverable amount of the Tekkie Town CGU was not sensitive to the short- to medium- term revenue (compound annual growth rate) of 3.0% (2023: 5.0%) in the current year and prior year. An increase and decrease in this growth rate of 0.2% (2023: 0.2%) results in an increase and decrease of R12 million (2023: R14 million) to the recoverable amount of the Tekkie Town CGU.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause a further impairment relating to the CGUs mentioned above.

10. Intangible assets

	Trade and brand names[1] Rm	Computer Software and ERP systems Rm	Customer lists Rm	Work in progress and ERP systems Rm	Other Rm	Total Rm
Balance at 30 September 2022	18 312	490	50	132	20	19 004
Additions	–	213	–	63	–	276
Amortisation (note 3.2)	(1)	(200)	(3)	–	(2)	(206)
Disposals	–	(4)	–	–	–	(4)
Impairment (note 4)	(97)	(4)	–	–	–	(101)
Reclassification from work-in-progress assets	–	60	–	(60)	–	–
Transfer from property, plant and equipment (note 11)	–	31	–	–	–	31
Exchange differences on consolidation of foreign subsidiaries	95	1	5	–	3	104
Balance at 30 September 2023	**18 309**	**587**	**52**	**135**	**21**	**19 104**
Additions	**–**	**269**	**–**	**191**	**11**	**471**
Acquired on acquisition of business (note 29)	**–**	**59**	**–**	**–**	**–**	**59**
Amortisation (note 3.2)	**(1)**	**(254)**	**(3)**	**–**	**(14)**	**(272)**
Disposal of business (note 7)	**–**	**(1)**	**–**	**–**	**–**	**(1)**
Disposals	**–**	**(27)**	**–**	**–**	**–**	**(27)**
Impairment (note 4)	**(200)**	**–**	**–**	**–**	**(2)**	**(202)**
Reclassification from work-in-progress assets	**–**	**33**	**–**	**(33)**	**–**	**–**
Transfers (to)/from property, plant and equipment (note 11)	**–**	**(55)**	**–**	**19**	**10**	**(26)**
Exchange differences on consolidation of foreign subsidiaries	**(130)**	**7**	**(6)**	**(1)**	**(3)**	**(133)**
Balance at 30 September 2024	**17 978**	**618**	**43**	**311**	**23**	**18 973**
Cost	19 069	2 120	82	135	44	21 450
Amortisation and impairment	(760)	(1 533)	(30)	–	(23)	(2 346)
Net book value at 30 September 2023	18 309	587	52	135	21	19 104
Cost	**18 390**	**2 342**	**75**	**311**	**153**	**21 271**
Amortisation and impairment	**(412)**	**(1 724)**	**(32)**	**–**	**(130)**	**(2 298)**
Net book value at 30 September 2024	**17 978**	**618**	**43**	**311**	**23**	**18 973**
Classification of intangible assets						
2024						
Indefinite useful life assets	**17 965**	**–**	**–**	**–**	**–**	**17 965**
Definite life assets	**13**	**618**	**43**	**311**	**23**	**1 008**
	17 978	**618**	**43**	**311**	**23**	**18 973**
2023						
Indefinite useful life assets	18 295	–	–	–	–	18 295
Definite life assets	14	587	52	135	21	809
	18 309	587	52	135	21	19 104

[1] Patents and trademarks have been aggregated with trade and brand names.

10. Intangible assets *continued*

Trade and brand names

The carrying value of the trade and brand names below are included in the following group of CGUs:

	Cost Rm	Accumulated depreciation and impairment Rm	Exchange differences on consolidation of foreign subsidiaries Rm	Carrying value Rm
2024				
Clothing and general merchandise				
Ackermans, CODE, Dunns, PEP, PEP Africa, Refinery, Shoe City	**15 998**	**(2)**	**–**	**15 996**
Tekkie Town	**766**	**(297)**	**–**	**469**
Avenida	**660**	**(10)**	**54**	**704**
Furniture, appliances and electronics				**–**
Bradlows, Rochester, Russells, Sleepmasters	**619**	**–**	**–**	**619**
Incredible Connection	**293**	**(103)**	**–**	**190**
	18 336	**(412)**	**54**	**17 978**
2023				
Clothing and general merchandise				
Ackermans, CODE, Dunns, PEP, PEP Africa, Refinery, Shoe City	15 998	(2)	–	15 996
Tekkie Town	766	(97)	–	669
Avenida	660	(9)	184	835
Furniture, appliances and electronics				
Bradlows, Rochester, Russells, Sleepmasters	619	–	–	619
Incredible Connection	293	(103)	–	190
Building materials				
BUCO, BSG, Tiletoria, Timbercity	547	(547)	–	–
	18 883	(758)	184	18 309

Refer to note 9 for the assumptions relating to the impairment tests for the group of CGUs containing intangible assets other than software and ERP systems, and work in progress ERP systems.

10. Intangible assets *continued*

Review of impairment

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, 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, while growth rates are based on management's experience and expectations. Growth rates used do not exceed the long-term average growth rate for the area in which the group of CGUs operates. 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 per note 9.

Where an intangible asset, such as a trademark, trade name and brand name, has been assessed as having an indefinite useful life (see accounting policies), the cash flow of the group of CGUs, supporting the goodwill and driven by the trademark, brand or patent is also assumed to be indefinite.

The key assumptions for those groups of CGUs that have significant intangible assets allocated to them are presented in note 9.

Impairment

An impairment charge is required for both goodwill and other indefinite life intangible assets when the carrying amount exceeds the recoverable amount. The recoverable amount of the CGU reflected the fair value. An impairment charge is required for both goodwill and other indefinite useful life intangible assets when the carrying amount exceeds the recoverable amount. The recoverable amount of the CGU reflects the fair value less cost to sell in both the current and prior year. Indefinite useful life intangible assets were tested for impairment during the current and prior year and it was determined that an impairment of R200 million (2023: R97 million) was required.

There is no indication based on a reasonable fluctuation in the key assumptions that the remaining balance of the indefinite useful life intangible assets should be impaired.

Software and ERP systems to the value of Rnil (2023: R4 million) were impaired in the current year due to the replacement of certain ERP systems.

All impairment testing was done consistently with methods used in the prior year.

Sensitivity analysis

Management has adjusted the cash flows of the group of CGUs for entity-specific risk factors to arrive at the future cash flows expected to be generated from the group of CGUs. There is no indication based on a reasonable fluctuation in those risk factors that the indefinite useful life intangible assets are further impaired or that the impairment model is sensitive to a reasonable change in the assumptions.

Useful lives

Under IAS 38, the useful life of an asset is either finite or indefinite. An indefinite useful life does not mean an infinite useful life, but rather that there is no foreseeable limit to the period over which the asset can be expected to generate cash flows for the entity. Intangible assets with an indefinite useful life are not amortised; an impairment test is performed at least annually, as well as an annual review of the assumptions used to determine the useful life.

The majority of the group's trade names, brand names and/or trademarks have been assessed as having an indefinite useful life. The majority of these trade names and brand names were assessed independently at the time of the acquisitions, and the indefinite useful life assumptions were supported by the following evidence:

- The industry is mature and well established.
- The trade names, brand names and/or trademarks are long established relative to the market and have been in existence for a long time.
- The intangible assets relate to trade names, brand names, trademarks and patents rather than products and are therefore not vulnerable to typical product life cycles or to the technical, technological, commercial or other types of obsolescence that can be seen to limit the useful lives of other trade names and brand names.
- There is a relatively low turnover of comparable intangible assets, implying stability within the industry.

11. Property, plant and equipment

	Land and buildings Rm	Furniture and fittings Rm	Leasehold improvements Rm	Computer equipment Rm	Other assets Rm	Total Rm
Balance at 30 September 2022	3 136	2 820	1 052	479	854	8 341
Additions	390	1 067	458	168	440	2 523
Depreciation (note 3)[1]	(68)	(700)	(276)	(204)	(137)	(1 385)
Disposals	(26)	(61)	(17)	(16)	(17)	(137)
Disposal of business (note 7)	–	(6)	–	–	–	(6)
Impairment reversals and (impairment) (note 4)[2]	–	27	(2)	9	(11)	23
Reclassification from work-in-progress assets	(68)	93	98	30	(153)	–
Transfer to intangible assets (note 10)	–	13	–	2	(46)	(31)
Transfer to right-of-use assets (note 12)	(3)	–	–	–	–	(3)
Exchange differences on consolidation of foreign subsidiaries	(26)	(23)	46	5	2	4
Balance at 30 September 2023	**3 335**	**3 230**	**1 359**	**473**	**932**	**9 329**
Additions	**93**	**953**	**454**	**175**	**466**	**2 141**
Depreciation (note 3)[1]	**(119)**	**(788)**	**(271)**	**(212)**	**(134)**	**(1 524)**
Disposals	**–**	**(29)**	**(11)**	**(2)**	**(17)**	**(59)**
Disposal of business (note 7)	**(1)**	**(114)**	**(19)**	**(16)**	**(174)**	**(324)**
Impairment reversals and (impairment) (note 4)[2]	**–**	**(38)**	**1**	**–**	**(2)**	**(39)**
Acquisition of business (note 29)	**2**	**5**	**–**	**2**	**7**	**16**
Reclassification from work-in-progress assets and asset transfers	**6**	**18**	**37**	**64**	**(125)**	**–**
Transfer (to)/from intangible assets (note 10)	**5**	**–**	**3**	**73**	**(55)**	**26**
Transfer to right-of-use assets (note 12)	**–**	**–**	**(14)**	**–**	**–**	**(14)**
Exchange differences on consolidation of foreign subsidiaries	**(7)**	**(29)**	**(110)**	**(12)**	**(10)**	**(168)**
Balance at 30 September 2024	**3 314**	**3 208**	**1 429**	**545**	**888**	**9 384**
Cost	3 642	6 914	3 144	1 938	1 734	17 372
Accumulated depreciation and impairment	(307)	(3 684)	(1 785)	(1 465)	(802)	(8 043)
Net book value at 30 September 2023	3 335	3 230	1 359	473	932	9 329
Cost	**3 735**	**7 361**	**3 294**	**2 046**	**1 359**	**17 795**
Accumulated depreciation and impairment	**(421)**	**(4 153)**	**(1 865)**	**(1 501)**	**(471)**	**(8 411)**
Net book value at 30 September 2024	**3 314**	**3 208**	**1 429**	**545**	**888**	**9 384**

[1] Depreciation consists of depreciation from continuing operations of R1 433 million (2023: R1 283 million) and discontinued operations of R91 million (2023: R102 million).
[2] Impairment, impairment reversals and scrapping consists of net impairment from continuing operations of R40 million (2023: impairment reversal of R24 million) and impairment reversals from discontinued operations of R1 million (2023: R1 million).

11. Property, plant and equipment *continued*

Land and buildings

Details of land and buildings are available for inspection by shareholders on request at the various registered offices of the company and its subsidiaries.

Other assets

Other assets comprise: motor vehicles, office equipment and capital work in progress. Capital work in progress is not depreciated.

Useful lives

The estimated useful lives are reflected in the accounting policies.

Insurance

Property, plant and equipment, with the exception of motor vehicles and land, are insured at approximate cost of replacement. Motor vehicles are insured at market value.

	2024 Rm	2023 Rm
Cash outflow on additions to property, plant and equipment		
Additions (note 11)	**2 141**	2 523
Capitalisation of borrowing costs (note 5.1)	**–**	(87)
	2 141	2 436
Impairment losses consist of (note 4):		
Clothing and general merchandise[1]	**38**	(23)
Furniture, appliances and electronics[2]	**2**	–
	40	(23)

[1] The current year impairment mainly relate to assets of R38 million which were no longer in use (2023: impairment reversal R23 million which were subsequently scrapped and disposed).

[2] The current year impairment mainly relate to assets of R2 million (2023: Rnil) no longer in use.

12. Right-of-use assets

	Land and buildings Rm	Other assets Rm	Total Rm
Balance at 30 September 2022	11 100	1	11 101
Additions	3 742	–	3 742
Disposal of business	(24)	–	(24)
Transfer from property, plant and equipment (note 11)	3	–	3
Remeasurement due to lease modifications	(675)	–	(675)
Depreciation (note 3)[1]	(3 089)	–	(3 089)
Impairment (note 4)[2]	(211)	–	(211)
Exchange differences on consolidation of foreign subsidiaries	17	–	17
Balance at 30 September 2023	**10 863**	**1**	**10 864**
Additions	**4 106**	**–**	**4 106**
Acquisition of business (note 29)	**35**	**–**	**35**
Disposal of business	**(693)**	**–**	**(693)**
Transfer from property, plant and equipment (note 11)	**14**	**–**	**14**
Remeasurement due to lease modifications	**(669)**	**(1)**	**(670)**
Depreciation (note 3)[1]	**(3 125)**	**–**	**(3 125)**
Impairment (note 4)[2]	**(51)**	**–**	**(51)**
Exchange differences on consolidation of foreign subsidiaries	**(203)**	**–**	**(203)**
Balance at 30 September 2024	**10 277**	**–**	**10 277**
Cost	15 648	1	15 649
Accumulated depreciation and impairment	(4 785)	–	(4 785)
Net book value at 30 September 2023	10 863	1	10 864
Cost	**13 985**	**–**	**13 985**
Accumulated depreciation and impairment	**(3 708)**	**–**	**(3 708)**
Net book value at 30 September 2024	**10 277**	**–**	**10 277**

Remeasurement due to lease modifications

The remeasurement of the right-of-use assets of R670 million (2023: R675 million) and the relating lease liability remeasurement of R1 148 million (2023: R1 464 million) led to the recognition of R474 million from continuing operations and R4 million from discontinued operations (2023: R778 million from continuing operations and R11 million from 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 prior year is due to the significant decrease in lease term of PEP's distribution centre located in Durban.

Impairment

The right-of-use assets relating to retail stores, office space and distribution centres are each seen as an individual CGU. The group assesses each of these CGUs when indicators of impairment are identified. These mainly include loss-making stores and stores marked for closure. The impairment test compares the carrying amount of the CGU to the higher of the value-in-use, or fair value of the unit. For retail stores, the recoverable amount of the CGU is determined from the value-in-use calculation, whereas office space and distribution centres CGUs are determined from its fair value. The key assumptions for the value-in-use calculation are those regarding the discount rates and growth rates. The discount rates are based on the weighted average cost of capital of 13.7% (2023: 13.8%) relating to South Africa (other African countries and Brazil use different weighted average cost of capital rates, but the effect thereof is immaterial), while growth rates are based on management's experience and expectations that are in line with the growth rates used for the goodwill impairment assessment as per note 9. Growth rates used do not exceed the long-term average growth rate for the area in which the CGU operates.

Lease term

Right-of-use assets are written off over the shorter of the useful life or the lease term of the specific right-of-use asset. The lease term of the group is generally between 3 – 5 years and if a lease contains an option to renew which is included in the lease term if it is reasonably certain that the option will be exercised, the option period also ranges between 3 – 5 years.

[1] Depreciation consists of depreciation from continuing operations of R2 892 million (2023: R2 880 million) and discontinued operations of R233 million (2023: R209 million).
[2] Impairment consists of impairments from continuing operations of R86 million (2023: R201 million) and an impairment reversal from discontinued operations of R35 million (2023: impairment of R10 million).

13. Interests in associate

On 1 October 2023, the group acquired the remaining shareholding of S'Ya Phanda Proprietary Limited (S'Ya Phanda) and it became a wholly owned subsidiary in the current year. The loan which was granted to S'Ya Phanda in the prior year is eliminated within the group in the current year. Refer to note 29 for further details on the acquisition.

	Place of incorporation	% ownership interest	Nature of relationship	Carrying amount Investment	Carrying amount loan
13.1 Balance at 30 September 2023					
S'Ya Phanda Proprietary Limited	South Africa	46%	Associate	–	71
				–	71

In the prior year, the group held 46 shares at R1 each in S'Ya Phanda Proprietary Limited and advanced loan funding in previous years to the entity for black supplier development initiatives. The entity provides B-BBEE consulting services and is intended to make strategic investments.

Through the shareholder agreement, the group was guaranteed one of three or two of five seats on the board of S'Ya Phanda and participates in all significant financial and operating decisions. The group has therefore determined that it had significant influence over this entity in the prior year.

	2024 Rm	2023 Rm
13.2 Details of assets and liabilities of associate at year-end		
Non-current assets		
Investments	–	51
Current assets		
Cash and cash equivalents	–	10
Other receivables	–	3
Total assets	–	64
Equity		
Retained earnings	–	8
Non-current liabilities		
Loans due to related parties	–	56
Total equity and liabilities	–	64

14. Investments and loans

	2024 Rm	2023 Rm
Long-term investments and loans		
Fair value through OCI		
Unlisted investments – other	**2**	9
Impairment of other unlisted investments	**(2)**	(2)
Net unlisted investments – other	**–**	7
Loans and receivables at amortised cost		
Gross loans to current and previous members of key management and employees	**14**	13
Impairment against loans (note 31.5)	**(10)**	(10)
Net loans to current and previous members of key management and employees	**4**	3
Investments with banking institutions serving as security over term loans (note 21)	**–**	20
Loan receivable	**68**	64
Total investments and loans	**72**	94
Portion payable within 12 months included in current assets	**(13)**	(48)
Total non-current investments and loans	**59**	46

Loans to current and previous members of key management and employees
Loans were advanced in prior years to current and previous employees and members of key management to enable them to purchase shares in Business Venture Investments No. 1499 (BVI). The loans were granted after reviewing each employee or member of key management's ability to repay the loan when it falls due, as well as the underlying pledged share in BVI.

During the 2020 financial year, Pepkor advanced a bridge loan facility to an investment company, BVI, to settle the external funding, including the guarantee, with RMB, where Pepkor was a guarantor. This follows Pepkor providing for the full exposure, including associated employee loans, in the 2018 financial year. The Steinhoff global settlement (now Ibex Group) in 2022 resulted in the recovery and consequent reversal of the impairment pertaining to the guarantee of R529 million and associated employee loans of R90 million. This was due to the fact that following the settlement, BVI distributed Pepkor shares and/or cash to its shareholders which resulted in the group recovering loans from employees to the value of R107 million. Following the settlement, the group only has 8 loans (2023: 8 loans) that are still outstanding against current and previous members of key management and employees to the current value of R14 million (2023: R13 million) of which the group is still in process of recouping.

These loans were measured using the general model based on lifetime ECLs. The group holds the employee shares in BVI as security for the loans provided to current and previous employees and members of key management and employees. BVI's underlying investment is an investment in Pepkor shares. Refer to notes 31.5 for the details relating to the loan balances to key management members and relating ECL provision.

The loans to current members of key management bear interest at market-related interest rates. The remaining loans with previous members of key management are repayable in accordance with agreed payment plans, bearing interest at market-related interest rates.

These loans are shown net of a provision for expected credit losses of R10 million (2023: R10 million).

The fair value of loans are disclosed in note 31.

Investments with banking institutions
Investments with banking institutions relates to cash held as security over the Avenida term loans and bank guarantees. The investments held as security bears interest at 100%-103% of the Brazilian Interbank Deposit Certificates rate and are invested mostly with bank institutions with a Ba3 credit rating (refer to note 31.5 for Moody's rating scale). These investments approximates 30% of the outstanding term loans and can be redeemed as the term loans are settled.

Loan receivable
During the year, the group granted an additional R20.2 million (2023: R44.5 million) to companies for various BBBEE initiatives. R20.2 million (2023: R36.5 million) of these loans granted during the year are interest free, and the remaining loans bears interest at various rates approximating the South Africa prime lending rate. Management has assessed the ECL for the loans in both the current and prior year and found it to be immaterial.

15. Deferred taxation (liabilities)/assets

15.1 Deferred taxation movement (liabilities)/assets

	2024 Rm	2023 Rm
Balance at beginning of the year	**(1 442)**	(1 213)
Amounts charged directly to OCI and equity		
Share-based payments	**8**	(38)
Cash flow hedging reserve	**82**	61
Current year charge		
Income statement charge from continuing operations (note 6)	**159**	(268)
Income statement charge from discontinued operations (note 6)	**(16)**	–
Disposal of business (note 7.3)	**(125)**	–
Exchange differences on consolidation of foreign subsidiaries	**(25)**	16
Balance at end of the year	**(1 359)**	(1 442)

15.2 Deferred taxation balances

The corporate taxation rate in South Africa is 27% and the capital gains taxation rate is 21.6%. Deferred taxes for non-South African subsidiaries are calculated based on taxation rates that have been enacted or substantively enacted by the reporting date.

	2024 Rm	2023 Rm
Total deferred taxation liabilities	**(3 803)**	(4 277)
Total deferred taxation assets	**2 444**	2 835

Realisation of the deferred taxation assets are expected out of future taxable income, which was assessed and deemed to be reasonable based on the budgets of the various statutory entities. Certain companies within the group do not, however, recognise its deferred taxation assets due to there not being sufficient future taxable income, refer to note 15.3.

	2024 Rm	2023 Rm
Deferred taxation balance comprises:		
Intangible assets	**(3 864)**	(4 182)
Prepayments and provisions	**691**	777
Taxation losses	**288**	408
Doubtful debts	**306**	361
Property, plant and equipment	**306**	(112)
Right-of-use assets	**(3 031)**	(3 313)
Lease liabilities	**3 674**	4 127
Share-based payments	**123**	116
Unrealised foreign exchange gain	**7**	–
Deferred revenue	**696**	639
Trade and other receivables	**(252)**	–
Other	**(303)**	(263)
	(1 359)	(1 442)

15. Deferred taxation (liabilities)/assets *continued*

15.3 Unrecognised deferred taxation assets

	2024 Rm	2023 Rm
Deferred taxation assets have not been recognised in respect of the following item:		
Taxation losses		
The taxation losses and deductible temporary differences do not expire under current taxation, with the exception of certain African jurisdictions. Deferred taxation assets have not been recognised in respect of these items because it is not yet probable that future taxable profits will be available against which the group can realise the benefits therefrom. Deferred taxation assets are assessed at each statutory entity individually. The utilisation of the deferred taxation asset recognised is dependent on future taxable profits that are in line with budgets.	**314**	787

15.4 Taxation losses

	2024 Rm	2023 Rm
Estimated taxation losses available for offset against future taxable income[1,2]	**1 124**	1 996
Recognised estimated taxation losses	**810**	1 209
Unrecognised estimated taxation losses	**314**	787

[1] Avenida contributes R738 million (2023: R814 million) and JD CEAD contributes R2 million (2023: R249 million) of the recognised estimated taxation losses. The group is of the opinion that Avenida and JD CEAD will be able to utilise the losses based on the current three year plan and medium-term historic growth year-on-year.

[2] The Bradian Logistics business contributes R122 million (2023: Rnil) of the unrecognised estimated taxation losses.

16. Trade and other receivables

	2024 Rm	2023 Rm
Trade and other receivables		
Trade receivables	**1 364**	1 774
Related-party receivables (note 32)	**7**	5
Instalment sale receivables	**2 813**	1 893
Credit sales through store cards	**7 463**	5 424
Total gross trade receivables, instalment sale receivables and credit sales through store cards	**11 647**	9 096
Less: provision for expected credit losses relating to trade receivables (note 31.5)	**(144)**	(207)
Less: provision for expected credit losses relating to instalment sale receivables (note 31.5)	**(774)**	(619)
Less: provision for expected credit losses relating to credit sales through store cards (note 31.5)	**(1 471)**	(1 124)
Total trade receivables, instalment sale receivables and credit sales through store cards	**9 258**	7 146
Other amounts due	**1 388**	1 201
Insurance receivable – floods	**–**	121
Less: provision for expected credit losses relating to other amounts due (note 31.5)	**(101)**	(94)
Derivative financial assets	**135**	247
Trade and other receivables (financial assets)	**10 680**	8 621
Prepayments	**241**	311
Value-added taxation receivable	**169**	310
	11 090	9 242
Non-current trade and other receivables	**103**	–
Current trade and other receivables	**10 987**	9 242
	11 090	9 242

For normal trade receivables the credit period on the sale of goods is between 30 and 90 days, whereas the credit period for credit granted through store cards is between 30 and 360 days, and instalment sales can be up to three to four years. Where relevant, interest is charged at rates as determined by the National Credit Act on the gross outstanding balances, unless the outstanding balance is credit-impaired, in which case interest is calculated on the net outstanding balance.

Before accepting any new customers, credit risk management uses various credit bureaux and performs credit assessments. These customers' credit ratings are reviewed on a regular basis. To assess the new customer's credit potential and credit limit, the credit rating together with the customer affordability, as detailed below, is taken into consideration.

For credit sales through instalment sale receivables, customer affordability is also taken into consideration before accepting any new customers. This process involves collecting information regarding the customer's income, current debt obligations and additional expenses. The group has its own expense model, in addition to the National Credit Regulator's expense table. The following factors are then taken into consideration, in consultation with the customer, to conclude the affordability of each: assessing existing financial means and prospects, existing financial obligations and debt repayment history.

For credit sales through store cards in South Africa and Botswana, Lesotho, Namibia, Eswatini (BLNE) countries, customer affordability is also taken into consideration before accepting any new customers. This process involves collecting information regarding the customer's income and expenses as well as independently obtained data regarding the prescribed minimum expenses and listed credit commitments. The customer's disposable income is then derived and the calculation with the most conservative value is used in determining the potential customer's credit limit.

For credit sales through store cards in Brazil, customer affordability is also taken into consideration before accepting any new customers. This process involves collecting information regarding the customer's income and expenses as well as credit score models obtained from authorised agencies regarding the credit approval and purchase limits.

Given the diverse nature of the group's operations, it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers.

No customer represents more than 5% of the total trade receivables at year-end.

The group's exposure to credit risk related to trade and other receivables and the movement in the provision for expected credit losses is disclosed in note 31.5.

The trade and other receivables, other than derivative financial assets, are denominated in the functional currency of the various subsidiaries. The total exposure to credit risk is therefore limited to the carrying value of the receivables.

Refer to note 31.3 for the foreign currency risk relating to derivative financial assets.

17. Unsecured loans

	2024 Rm	2023 Rm
Unsecured loans receivable	**3 305**	2 549
Less: Provision for expected credit losses (note 31.5)	**(550)**	(459)
	2 755	2 090
Long-term unsecured loans	**602**	298
Short-term unsecured loans	**2 153**	1 792
	2 755	2 090

Unsecured loans consist of unsecured lending with repayment terms between three and 24 months and existing customers rescheduled loans of between three and 24 months. These loans attract interest based on rates as determined by the National Credit Act.

Before accepting any new customers, credit risk management uses various credit bureaux and performs credit assessments. These customers' credit ratings are reviewed on a regular basis. To assess the potential customer's credit potential and credit limit, the credit rating together with the customer affordability, as detailed below, is taken into consideration.

Customer affordability is also taken into consideration before accepting any new customers. This process involves collecting information regarding the customer's income, current debt obligations and additional expenses. The group has its own expense model, in addition to the National Credit Regulator's expense table. The following factors are then taken into consideration, in consultation with the customer, to conclude the affordability of each: assessing existing financial means and prospects, existing financial obligations and debt repayment history.

Given the diverse nature of the group's operations, it does not have significant concentration of credit risk in respect of unsecured loans, with exposure spread over a large number of customers.

The group's exposure to credit risk related to unsecured loans is disclosed in note 31.5.

	2024 Rm	2023 Rm
18. Inventories		
18.1 Inventories at cost less provisions		
Finished goods and merchandise	**14 969**	14 834
Goods in transit	**2 420**	2 033
Raw materials and other inventories	**120**	107
	17 509	16 974
18.2 Amount of write-down to net realisable value recognised in cost of sales during the year	**751**	603
18.3 Movement in the provision for inventory shrinkage, obsolescence and markdowns was as follows:		
Balance at beginning of the year	**(892)**	(817)
Charge for the year	**(594)**	(435)
Amounts used during the year	**223**	126
Unused amounts reversed	**314**	215
Disposal of business	**142**	6
Foreign currency translation	**20**	13
Balance at end of the year	**(787)**	(892)

The group considers the following inputs, judgements and assumptions in calculating the provision for inventory shrinkage, obsolescence and markdowns:

- The nature of the product and/or product category.
- Past trends (including historical sales volumes and prices of the product and/or similar products).
- Evidence of impairment at year-end (including damaged goods, days on hand).
- Assessment of future saleability (product seasonality, technological obsolescence, aesthetic obsolescence).
- Specific events (inventory stolen, destroyed during social unrest or damaged due to natural disasters).

19. Insurance

19.1 Reconciliation of insurance liabilities

	Liability for Remaining Coverage		Liability for Incurred Claims		
	Excluding Loss Component	Loss Component	Present value of future cashflows	Risk adjustment for non-financial risk	Total
Insurance contracts liabilities	–	–	–	–	73
Balance at 30 September 2023[1]	–	–	–	–	73
Effect of adopting IFRS 17: Insurance Contracts[1]	–	–	–	–	(31)
Balance at 30 September 2023 after the impact of IFRS 17: Insurance contracts	(17)	2	56	1	42
Insurance revenue	(465)	–	–	–	(465)
Insurance service expenses	110	(1)	202	1	312
Incurred claims and other directly attributable expenses	–	(1)	216	1	216
Changes that relate to past service – adjustments to the liability for incurred claims	–	–	(14)	–	(14)
Insurance acquisition cash flows	110	–	–	–	110
Insurance service result	(355)	(1)	202	1	(153)
Finance expenses from insurance contracts issued	–	1	6	–	7
Total amounts recognised in comprehensive income	(355)	–	208	1	(146)
Total cash flows	351	–	(205)	–	146
Premiums received	460	–	–	–	460
Claims and other directly attributable expenses paid	–	–	(205)	–	(205)
Insurance acquisition cash flows	(109)	–	–	–	(109)
Balance at 30 September 2024	(21)	2	59	2	42

[1] Prior year comparatives have not been restated or provided in the note as the impact of adoption of IFRS 17: Insurance Contracts is immaterial.

20. Stated capital

	2024 Number of shares	2023 Number of shares
20.1 Authorised – ordinary		
Ordinary shares of no par value (number)	**20 000 000 000**	20 000 000 000
20.2 Issued – ordinary		
Balance at beginning of the year	**3 667 426 643**	3 678 141 546
Share issue under Pepkor Executive Share Rights Scheme[1]	**17 904 319**	17 068 639
Share buy-back and cancellation[2]	**(1 675 938)**	(27 783 542)
Total issued ordinary stated share capital (number)	**3 683 655 024**	3 667 426 643

	Rm	Rm
20.3 Issued – ordinary		
Balance at beginning of the year	**66 943**	67 228
Share issue under Pepkor Executive Share Rights Scheme[1]	**247**	226
Share buy-back and cancellation, including transaction costs and related taxes[2]	**(29)**	(511)
Total issued ordinary stated share capital (Rm)	**67 161**	66 943

	Number of shares	Number of shares
20.4 Treasury shares		
Balance at beginning of the year	**951 270**	427 651
Treasury share purchased by subsidiary[3]	**3 600 000**	523 619
Treasury shares disposed of by subsidiary[4]	**(443 095)**	–
Total treasury shares (number)	**4 108 175**	951 270

	Rm	Rm
20.5 Treasury shares		
Balance at beginning of the year	**17**	9
Treasury share purchased by subsidiary[3]	**65**	8
Treasury shares disposed of by subsidiary[4]	**(8)**	–
Total treasury shares (Rm)	**74**	17

	Number of shares	Number of shares
20.6 Unissued shares		
Shares reserved for future participation in share schemes	**119 467 834**	137 372 153
Unissued shares	**16 196 877 142**	16 195 201 204
Total unissued shares (number)	**16 316 344 976**	16 332 573 357

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the company.

[1] 17.9 million (2023: 17.1 million) new ordinary no par value shares were issued as part of the shares which vested under the Pepkor Executive Share Rights Scheme. The shares were issued at an average price of R18.65 ranging between R18.47 – R24.06 (2023: R16.65 and R17.31) per share.
[2] The group repurchased 1.7 million (2023: 27.8 million) shares from the open market on the JSE. The shares were acquired at R17.44 (2023: an average price of R18.31) per share, (2023: ranging from R14.32 to R20.50). The total cost, including related after-tax transaction costs, was deducted from stated capital.
[3] 3.6 million (2023: 523 619) ordinary no par value shares were purchased by a subsidiary within the group. The shares were purchased at an average price of R17.70 ranging between R17.18 – R18.50 (2023: R20.93) per share.
[4] A subsidiary within the group disposed of 443 095 (2023: nil) treasury shares at a price of R18.47 per share.

20. Share capital *continued*

20.7 Authorised – preference share capital

	Number of shares	Number of shares
Non-redeemable, non-cumulative, non-participating preference shares of no par value	**5 000 000**	5 000 000
Non-redeemable, cumulative, non-participating preference shares of no par value	**2 500 000**	2 500 000
Redeemable, non-cumulative, non-participating preference shares of no par value	**2 500 000**	2 500 000
Redeemable, cumulative, non-participating preference shares of no par value in the following classes:		
Class A1 redeemable, cumulative, non-participating preference shares of no par value	**10 000 000**	10 000 000
Class A2 redeemable, cumulative, non-participating preference shares of no par value	**10 000 000**	10 000 000
Class A3 redeemable, cumulative, non-participating preference shares of no par value	**10 000 000**	10 000 000
Class A4 redeemable, cumulative, non-participating preference shares of no par value	**10 000 000**	10 000 000
Class A5 redeemable, cumulative, non-participating preference shares of no par value	**10 000 000**	10 000 000
Total authorised preference share capital (number)	**60 000 000**	60 000 000

As at the reporting date preference share capital authorised are not in issue.

21. Interest-bearing loans and borrowings

21.1 Analysis of closing balance: External interest-bearing loans and borrowings

	2024 Rm	**2023 Rm**
Secured financing		
Term loans	**5 696**	6 412
Revolving credit facilities	**1 500**	1 500
Floating rate notes	**4 337**	3 604
Total interest-bearing loans and borrowings	**11 533**	11 516
Portion payable within 12 months included in current liabilities	**(2 791)**	(2 121)
Total non-current interest-bearing loans and borrowings	**8 742**	9 395

21.2 Analysis of repayment: External loans

	2024 Rm	**2023 Rm**
Repayable within the next year and thereafter – current and non-current split		
Next year	**2 791**	2 121
Within two years	**3 500**	3 028
Within three years	**3 102**	3 209
Within four years	**850**	2 285
Within five years	**1 290**	873
	11 533	11 516

Long- and short-term investments at banking institutions serve as security over the Avenida's term loans in the current year as detailed in note 14. No other financial assets have been pledged as collateral for either year presented.

The undiscounted cash flows of the remaining contractual maturity as well as the fair values of interest-bearing loans and borrowings are disclosed in note 31.6.

The group is expected to settle its future debt as it falls due out of current reserves.

21. Interest-bearing loans and borrowings *continued*

21.3 Loan details

	Maturity date	Interest rate	2024 Rm	2023 Rm
Unsecured				
Loans due:				
Term Loan E[1]	30 June 2024	Three-month Jibar plus 120 bps	**–**	500
Term Loan F	30 June 2025	Three-month Jibar plus 130 bps	**1 000**	1 000
Term Loan G	30 June 2026	Three-month Jibar plus 140 bps	**1 000**	1 000
Term Loan H	31 March 2026	Three-month Jibar plus 130 bps	**1 000**	1 000
Term Loan I	31 March 2027	Three-month Jibar plus 137 bps	**2 205**	2 205
Term loans – Avenida	Various (30 January 2023 – 18 May 2027)	Variable Rates linked to CDI and IPCA	**491**	707
Revolving credit facility (RCF C)	31 March 2025	Three-month Jibar plus 125 bps	**1 500**	1 500
Floating rate notes – PEP02	10 March 2025	Three-month Jibar plus 174 bps	**206**	206
Floating rate notes – PEP03[1]	5 May 2024	Three-month Jibar plus 152 bps	**–**	1 435
Floating rate notes – PEP04	5 May 2026	Three-month Jibar plus 170 bps	**765**	765
Floating rate notes – PEP05	6 March 2026	Three-month Jibar plus 123 bps	**348**	348
Floating rate notes – PEP06	6 March 2028	Three-month Jibar plus 138 bps	**850**	850
Floating rate notes – PEP07[2]	6 March 2027	Three-month Jibar plus 114 bps	**878**	–
Floating rate notes – PEP08[2]	6 March 2029	Three-month Jibar plus 124 bps	**1 290**	–
			11 533	11 516

21. Interest-bearing loans and borrowings *continued*

Term loans

Term Loan E of R500 million was early settled in March 2024.

Revolving credit facilities

RCF C has a maximum facility of R1.5 billion (2023: R1.5 billion) which has been fully utilised as at 30 September 2024 and 30 September 2023.

Floating rate notes

On 4 March, the group replaced floating rate notes of R1 435 million (PEP03), which carried interest at three-month Jibar plus 152 bps, with three-year floating rate notes of R878 million at three-month Jibar plus 114 bps (PEP07) and five-year floating rate notes of R1 290 million at three-month Jibar plus 124 bps (PEP08).

Interest-bearing loans and borrowings

Interest-bearing borrowings bear interest at variable, market-determined rates. These borrowings are measured at amortised cost, which approximates their fair value. Interest on external borrowings are payable quarterly in arrears except for the Avenida term loans which is paid monthly in arrears.

Refer to note 31.6 for the financial covenants and the guarantees provided in relation to the interest-bearing borrowings and loans.

21.4 Total net debt

	2024 Rm	2023 Rm
Cash and cash equivalents	**4 793**	4 879
Bank overdrafts	**(526)**	(934)
Interest-bearing loans and borrowings	**(11 533)**	(11 516)
Lease liabilities	**(12 740)**	(13 949)
	(20 006)	(21 520)
Net debt reconciliation		
Net debt at the beginning of the year	**21 520**	21 807
Movement in interest-bearing loans and borrowings		
Cash outflow with settlement of various loans and borrowings through refinancing process[1]	**(500)**	(500)
Cash inflow from various loans and borrowings through refinancing process[2]	**–**	500
Cash outflow from repayment of term and other loans[1]	**(174)**	(650)
Cash inflow from additional term loans[2]	**54**	198
Floating rate notes settled[1]	**(1 435)**	(800)
Floating rate notes issued[2]	**2 168**	1 198
Exchange differences on consolidation of foreign subsidiaries	**(96)**	91
Movement in Lease liabilities		
Cash outflow on payment of lease liability (note 23)	**(4 679)**	(4 499)
Foreign currency adjustments (note 23)	**(228)**	34
Additions to lease liabilities (note 23)	**4 135**	3 783
Other movements	**(437)**	(66)
Net movement in cash and cash equivalents	**86**	68
Net movement in bank overdrafts	**(408)**	356
Net debt at the end of the year	**20 006**	21 520

[1] Included in amounts paid on long-term and short-term interest-bearing loans and borrowings in the consolidated statement of cash flows.
[2] Included in amounts received on long-term interest-bearing loans and borrowings in the consolidated statement of cash flows.

22. Put option liability

22.1 Reconciliation of put option liability

	2024 Rm	2023 Rm
Balance at beginning of the year	**1 068**	682
Remeasurement of put option liability	**(589)**	183
Interest cost (note 5)	**130**	100
Exchange differences on consolidation of foreign subsidiaries	**(110)**	103
Balance at end of the year	**499**	1 068
Transferred to short-term put option liability	**(238)**	–
Long-term put option liability	**261**	1 068

Effective 3 February 2022, the group acquired 81.7% of the issued share capital of Avenida and further increased its shareholding to 89.5% (2023: 88.3%) through a capital injection during the year. As part of the transaction the group entered into a written symmetrical put and call agreement, with three natural persons with equal number of share options, over the remaining 10.5% (2023: 11.7%) interest in Avenida which can be exercised in two (2023: three) tranches.

In the current year, the put option was restructured to accelerate the previous three tranches into two tranches with earlier exercise windows. This remeasurement was recognised in equity in accordance with the group's accounting policy. In the current year, tranche one and two each represent 50% of the remaining shareholding. Each tranche may be exercised within 60 days from the date Avenida delivers to the group its audited annual financial statements for the financial year ending 30 September 2024 (tranche one) and 30 September 2025 (tranche two).

In the prior year, tranche one and two each represented 25% of the remaining shareholding, and tranche three represented 50% of the remaining shareholding. Each tranche may be exercised within 60 days from the date Avenida delivers to the group its audited annual financial statements for the financial year ending 30 September 2024 (tranche one), 30 September 2026 (tranche two) and 30 September 2028 (tranche three).

In the case where the put options are not exercised within a certain exercise window, it shall accumulate to the following exercise window.

The consideration on exercise will be determined based on the growth ratio (determined as the actual or forecasted EBITDA divided by the targeted EBITDA over the period determined), net debt value and EBITDA figures of Avenida at a point in time. The exercise price is formula based. In the current year of assessment, a growth ratio between -12% and 70% (2023: 25% and 68%) and an EBITDA multiple of 10 times (2023: 11 times) was used. The amount that may become payable under the option on exercise date is initially recognised at the present value of the redemption amount. The corresponding charge is accounted for directly as a reduction in the parent's equity since the risks and rewards have not been transferred to the parent until the option is exercised.

On an annual basis, management revises its estimates of payments and adjusts the amortised cost of the financial liability to reflect actual and revised estimated contractual cash flows. The group remeasures the amortised cost of the put option liability as the present value of the estimated future contractual cash flows that are discounted at the original effective interest rate.

Given that the value varies with non-financial variables that are specific to the parties in the contract, management has classified this put option as a financial liability at amortised cost.

Refer to note 31.6 for the undiscounted cash flows due.

23. Lease liabilities

23.1 Reconciliation of lease liabilities

	2024 Rm	2023 Rm
Balance at beginning of the year	**13 949**	14 697
Recognition of lease liability	**4 135**	3 783
Interest cost (note 5 and note 7)	**1 538**	1 442
Lease liability repayments	**(4 679)**	(4 499)
Foreign exchange losses	**6**	38
Remeasurement on modification of leases	**(1 148)**	(1 464)
Acquisition of business	**35**	–
Disposal of business	**(862)**	(44)
Exchange differences on consolidation of foreign subsidiaries	**(234)**	(4)
Balance at end of the year	**12 740**	13 949
Secured liabilities total capital balances		
Non-current liabilities: Lease liabilities	**10 058**	10 871
Repayable in the next 12 months included in current liabilities		
Current liabilities: Lease liabilities	**2 682**	3 078

23.2 Analysis of repayments

	2024 Rm	2023 Rm
Repayable within the next year and thereafter – current and non-current split		
Next year	**2 682**	3 078
Within two years	**2 556**	2 901
Within three to five years	**4 608**	5 459
Thereafter	**2 894**	2 511
	12 740	13 949

23.3 The group is exposed to the following potential future undiscounted cash outflows which are not included in the measurement of lease liabilities

	2024 Rm	2023 Rm
Extension and termination options not reasonably certain to be exercised	**186**	159

Refer to note 31.6 for the undiscounted cash flows due.

23.4 Reconciliation of cash outflow relating to leases

	2024 Rm	2023 Rm
Principal payment of lease liability	**(3 141)**	(3 057)
Interest paid (note 5 and note 7)	**(1 538)**	(1 442)
Lease payments made against lease liabilities (note 23.1)	**(4 679)**	(4 499)
Lease related expenses included in cash generated from continuing operations (note 3.4)[1]	**(1 369)**	(1 228)
Lease related expenses included in cash generated from discontinued operations[1]	**(74)**	(111)
Total cash outflow relating to leases	**(6 122)**	(5 838)

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

24. Employee benefits

	2024 Rm	2023 Rm
Post-retirement medical benefits (note 24.1 and 24.2)	**79**	82
Performance-based bonus accrual (note 24.3)	**1 132**	1 029
Leave pay accrual (note 24.3)	**302**	344
Thirteenth cheque	**259**	70
Total employee benefits	**1 772**	1 725
Transferred to short-term employee benefits	**(1 310)**	(1 337)
Long-term employee benefits	**462**	388

24.1 Defined contribution plans

The group has various defined contribution plans to which employees contribute. The assets of these schemes are held in administered trust funds separate from the group's assets.

24.2 Defined benefit plans

A defined benefit plan is in operation within the group. The assets of this scheme are held in administered trust funds separate from the group's assets. If the funds have surpluses, these have not been recognised as the employer is not entitled to any of the surpluses or unutilised reserves.

24.3 Performance-based bonus and leave pay accruals

	Performance-based bonus Rm	Leave pay Rm	Total Rm
Balance at 30 September 2022	794	350	1 144
Accrual raised	807	117	924
Amounts unused reversed	(283)	(42)	(325)
Amounts utilised	(289)	(80)	(369)
Exchange differences on consolidation of foreign subsidiaries	–	(1)	(1)
Balance at 30 September 2023	**1 029**	**344**	**1 373**
Acquisition of businesses (note 29)	**1**	**1**	**2**
Disposal of businesses (note 7)	**(93)**	**(44)**	**(137)**
Accrual raised	**746**	**211**	**957**
Amounts unused reversed	**(99)**	**(36)**	**(135)**
Amounts utilised	**(448)**	**(172)**	**(620)**
Exchange differences on consolidation of foreign subsidiaries	**(4)**	**(2)**	**(6)**
Balance at 30 September 2024	**1 132**	**302**	**1 434**

Performance-based bonus accrual
The bonus payable is calculated by applying specific formulas based on the achievement of performance targets within the various divisions.

Leave pay accrual
The leave pay accrual relates to vesting leave pay to which employees may become entitled on leaving the employment of the group. The accrual arises as employees render a service that increases their entitlement to future compensated leave and is calculated based on an employee's total cost of employment. The accrual is utilised when employees become entitled to and are paid for the accumulated leave or utilise compensated leave due to them.

25. Provisions

	Dilapidation provision Rm	Contingent liabilities raised on business combinations Rm	Other Rm	Total Rm
Balance at 30 September 2022	160	198	49	407
Provision raised	63	–	–	63
Amounts unused reversed	(36)	(40)	(13)	(89)
Amounts utilised	(34)	–	(15)	(49)
Exchange differences on consolidation of foreign subsidiaries	–	24	1	25
Balance at 30 September 2023	**153**	**182**	**22**	**357**
Provision raised	**14**	**7**	**5**	**26**
Acquisition of business (note 29)	**5**	**106**	**–**	**111**
Disposal of business	**(42)**	**–**	**–**	**(42)**
Amounts unused reversed	**(46)**	**(92)**	**(3)**	**(141)**
Amounts utilised	**(15)**	**–**	**(12)**	**(27)**
Exchange differences on consolidation of foreign subsidiaries	**–**	**(18)**	**(2)**	**(20)**
Balance at 30 September 2024	**69**	**185**	**10**	**264**

	2024 Rm	2023 Rm
Long-term provisions	**158**	245
Short-term provisions	**106**	112
	264	357

Dilapidation provision
This includes provision for dilapidation of buildings occupied by the group. Both the timing and the amount of the provision is uncertain. Key uncertainties include estimated dilapidation costs to cover repairs and restorations at the end of the lease term. The amount of the provision raised is estimated based on the most likely amount/the expected value for each item and is expected to be settled within one to three years.

Contingent liabilities raised on business combinations
IFRS 3 requires certain contingent liabilities of the acquiree to be recognised and measured in a business combination at acquisition date fair value. Therefore, contrary to IAS 37: Provision, Contingent Liabilities and Contingent Assets, the acquirer recognises a contingent liability assumed in a business combination at the acquisition date even if it is not probable that an outflow of economic benefits will be required to settle the obligation. This provision includes amounts for employee disputes and indirect tax credits. Both the timing and the amount of the provision is uncertain. Key uncertainties in the contingent liabilities raised on a business combination includes the estimation of the amount relating to uncertain indirect tax credits and employee disputes. The amount of the provision raised is estimated based on the most likely amount/the expected value for each item and is expected to be settled within one to seven years.

Other provisions
Other provisions are recognised when the group has a present constructive or legal obligation as a result of a past event, and when it is probable that it will result in an outflow of economic benefits that can be reasonably estimated. Included in other provisions are estimated costs for transaction-related, legal and regulatory matters and for warranties on products sold. Both the timing and the amount of the provision is uncertain. Key uncertainties in the other provisions include the estimation of the outcome and probable settlement amounts of various legal disputes, and the estimation of warranty costs based on the number of goods within the warranty period and the likelihood of the products being defective. The amount of the provision raised is estimated based on the most likely amount/the expected value for each item and is expected to be settled within one to three years.

26. Trade and other payables

26.1 Current trade and other payables

	2024 Rm	2023 Rm
Trade payables	**11 777**	10 772
Related-party payables (note 32)	**–**	13
Accruals	**1 902**	1 562
Payroll-related creditors and other payables	**1 331**	1 281
Cancelled lay-bys	**168**	170
Derivative financial liabilities	**783**	143
Trade and other payables (financial liabilities)	**15 961**	13 941
Deferred revenue[1]	**615**	773
Contract liabilities[2]	**559**	710
Refund liability	**25**	25
Other deferred revenue	**31**	38
Value-added taxation payable	**195**	381
	16 771	15 095

26.2 Reconciliation of contract liabilities

	2024 Rm	2023 Rm
Balance at beginning of the year	**710**	680
Prepayments received during the year	**2 828**	4 428
Revenue recognised upon completion	**(2 337)**	(4 387)
Revenue recognised upon redemption	**(467)**	(11)
Disposal of business	**(175)**	–
Balance at end of the year	**559**	710

[1] Deferred revenue recognised will realise in the 2025 financial year except for deferred revenue relating to extended warranty sales. Refer to the accounting policies for more detail.
[2] Contract liabilities consists of lay-by payments, deposits received from customers, extended warranty liabilities and paid online orders which have not been delivered yet.

27. Share scheme

Pepkor Scheme

Terms of the scheme

Pepkor grants share rights to share scheme participants under the Pepkor Executive Share Rights Scheme. The grants remain subject to meeting certain performance conditions (vesting conditions) over the vesting period.

Pepkor Executive Share Right Scheme

The Pepkor Executive Share Rights Scheme is subject to the following conditions:

a) Rights are granted to qualifying senior executives on an annual basis.

b) Vesting of rights occurs on the third anniversary of grant date, provided performance criteria, as set by Pepkor Holdings Limited's remuneration committee at or about the time of the grant date, have been achieved.

c) In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, rights attaching to the particular grant will lapse.

	Year ended 30 September 2024 Number of rights	Year ended 30 September 2023 Number of rights
The number of Pepkor share rights outstanding is:		
At the beginning of the year	**45 994 919**	55 153 613
Granted during the year	**22 830 824**	17 069 964
Forfeited during the year[1]	**(9 659 371)**	(9 160 019)
Vested during the year	**(18 347 414)**	(17 068 639)
Outstanding at end of the year	**40 818 958**	45 994 919

[1] Forfeited share rights consist of certain individuals who left the group and therefore forfeited their share rights relating to the initial grants made as well as share rights that did not vest in the current year relating to the 2021 grant (2023: 2020 grant).

Assumptions

The fair value of services received in return for share rights granted is measured at the fair value of the share rights granted. The estimated value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The value of the share rights granted is measured by reference to the market value of the shares. (2021: The pricing model used was the Monte Carlo simulation model. The equity volatility was determined using an exponentially weighted moving average of Pepkor's historical daily closing share price.)

	2024 grant	2023 grant	2022 grant	2021 grant
Fair value of Pepkor share rights and assumptions:				
Fair value at grant date	**18.73**	18.65	22.02	13.56
Share price at grant date	**18.73**	18.65	22.02	14.64
Strike price	**n/a**	n/a	n/a	Rnil
Expected volatility	**n/a**	n/a	n/a	41.2%
Dividend yield	**n/a**	n/a	n/a	2.5%
Risk-free interest rate	**n/a**	n/a	n/a	4.8%
Vesting period	**3 years**	3 years	3 years	3 years

Refer to note 3.3 for the share-based payment expense for the year.

28. Cash generated from operations

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Operating profit	**6 789**	2 697
Operating profit from continuing operations	**6 894**	2 216
Operating (loss)/profit from discontinued operations (note 7.1, 7.2, 7.5 and 7.6)	**(105)**	481
Adjusted for non-cash adjustments:		
Debtors' write-offs and movement in provision	**2 977**	2 163
Amortisation and depreciation (note 10, 11 and 12)	**4 921**	4 680
Inventories written down to net realisable value	**782**	603
Share-based payment expense	**197**	221
Profit on lease modification	**(478)**	(789)
Net impairments (note 4)	**2 833**	6 805
Net loss on scrapping/disposal of property, plant and equipment and intangible assets (note 4)	**43**	70
Loss/(profit) on disposal of subsidiary (note 4)	**584**	(29)
Profit on disposal of investments	**(2)**	–
Foreign currency translation reserve release on liquidation or disposal of foreign subsidiary (note 4)	**1**	29
Insurance claim receivable relating to property, plant and equipment – floods	**–**	(45)
Non-working capital provisions releases and other non-cash adjustments	**480**	9
Cash generated before working capital changes	**19 127**	16 414
Working capital changes		
Increase in inventories	**(3 384)**	(1 529)
Increase in trade and other receivables	**(88)**	(77)
(Increase)/decrease in derivative financial assets/liabilities	**(226)**	963
Decrease in non-current and current provisions	**(149)**	(75)
Increase in non-current and current employee benefits	**419**	546
Increase in trade and other payables	**2 253**	80
Increase in instalment sale receivables and credit sales through store cards	**(4 593)**	(2 442)
Increase in unsecured loans	**(1 439)**	(918)
Net changes in working capital	**(7 207)**	(3 452)
Cash generated from operations	**11 920**	12 962

29. Acquisition of businesses

The group acquired the following businesses during the financial period. The board is of the opinion that this acquisition presents an attractive investment opportunity that is aligned with the group's strategy to grow through value accretive acquisitions:

- On 1 October 2023 the remaining shareholding of S'Ya Phanda Proprietary Limited (previously recognised as an associate) and its subsidiaries (Bradian Holdings Proprietary Limited and Bradian Logistics Proprietary Limited) for a purchase price of R2.7 million.
- On 1 November 2023, certain sales assets and liabilities from the Adapt group for R40 million plus additional contingent consideration of approximately R106 million based on the EBITDA of the entity over the next 3 financial years.
- On 1 February 2024, 100% interest in a newly established company which has a 50% undivided share in certain software from Glu Global Proprietary Limited for a purchase price of R55 million which will allow for synergies within the Flash business.

30. Commitments and contingencies

30.1 Capital expenditure

	2024 Rm	2023 Rm
Contracts for capital expenditure	**339**	218
Capital expenditure authorised but not contracted for	**544**	374

Capital expenditure will be financed from cash and existing loan facilities.

30.2 Borrowing facilities

In terms of the MOI, the borrowing powers of the company are unlimited.

30.3 Unutilised borrowing facilities at year-end

	2024 Rm	2023 Rm
Short-term facilities	**8 891**	7 041
Letters of credit, forex facilities and asset-based finance facilities	**1 495**	2 309
	10 386	9 350

30.4 Contingent rent payable – calculated based on turnover level

	2024 Rm	2023 Rm
Contingent rent payable – calculated based on turnover level	**16**	10

30.5 Contingent liabilities

The group has no significant contingent liabilities except for the following:

The group is disputing and defending a claim from Cell C. The likelihood of success is currently unknown and dependent on future litigation.

30.6 Contingent assets

The group has no significant contingent assets.

31. Financial instruments

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively across the group, embedding a risk management culture throughout the group. The board and the audit and risk committee are provided with a consolidated view of the risk profile of the group, and any major exposures and relevant mitigating actions are identified.

The system of risk management is designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

Regular management reporting and internal audit reports provide a balanced assessment of key risks and controls. The financial director provides quarterly confirmation to the board that financial and accounting control frameworks have operated satisfactorily and consistently.

The group does not speculate in the trading of derivative or other financial instruments. It is the group's policy to hedge exposure to cash and future contracted transactions.

31.1 Total financial assets and liabilities

	At fair value through other comprehensive income[1] Rm	At fair value through profit or loss[1] Rm	Financial assets and liabilities at amortised[2] Rm	Total carrying values Rm
30 September 2024				
Investments and loans (note 14)	–	–	59	59
Unsecured loans (note 17)	–	–	602	602
Trade and other receivables (financial assets) (note 16)	–	–	103	103
Non-current financial assets	–	–	764	764
Trade and other receivables (financial assets) (note 16)	28	107	10 538	10 673
Unsecured loans (note 17)	–	–	2 153	2 153
Related-party receivables (note 16)	–	–	7	7
Investments and loans (note 14)	–	–	13	13
Cash and cash equivalents	–	–	4 793	4 793
Current financial assets	28	107	17 504	17 639
Long-term interest-bearing loans and borrowings (note 21)	–	–	(8 742)	(8 742)
Non-current financial liabilities	–	–	(8 742)	(8 742)
Short-term interest-bearing loans and borrowings (note 21)	–	–	(2 791)	(2 791)
Bank overdrafts	–	–	(526)	(526)
Trade and other payables (financial liabilities) (note 26)	(139)	(644)	(15 178)	(15 961)
Current financial liabilities	(139)	(644)	(18 495)	(19 278)
	(111)	(537)	(8 969)	(9 617)
Net (gains) and losses recognised in profit or loss	–	–	–	–
Net (gains) and losses recognised in OCI	(340)	–	–	(340)
	(340)	–	–	(340)
Total interest income (note 5 and 7)	–	–	–	(319)
Total interest expense (note 5 and 7)	–	–	–	3 539
	–	–	–	3 220

[1] This category includes derivative financial instruments.
[2] Financial assets and liabilities carried at amortised cost which approximates their fair value.

31. Financial instruments *continued*

31.1 Total financial assets and liabilities

	At fair value through other comprehensive income[1] Rm	At fair value through profit or loss[1] Rm	Financial assets and liabilities at amortised[2] Rm	Total carrying values Rm
30 September 2023				
Investments and loans (note 14)	7	–	39	46
Unsecured loans (note 17)	–	–	298	298
Non-current financial assets	7	–	337	344
Trade and other receivables (financial assets) (note 16)	226	21	8 369	8 616
Reinsurance receivables	–	–	37	37
Unsecured loans (note 17)	–	–	1 792	1 792
Related-party receivables (note 16)	–	–	5	5
Investments and loans (note 14)	–	–	48	48
Cash and cash equivalents	–	–	4 879	4 879
Current financial assets	226	21	15 130	15 377
Long-term interest-bearing loans and borrowings (note 21)	–	–	(9 395)	(9 395)
Non-current financial liabilities	–	–	(9 395)	(9 395)
Short-term interest-bearing loans and borrowings (note 21)	–	–	(2 121)	(2 121)
Bank overdrafts	–	–	(934)	(934)
Trade and other payables (financial liabilities) (note 26)	(42)	(101)	(13 785)	(13 928)
Insurance contract liabilities	–	–	(73)	(73)
Related-party payables (note 26)	–	–	(13)	(13)
Current financial liabilities	(42)	(101)	(16 926)	(17 069)
	191	(80)	(10 854)	(10 743)
Net (gains) and losses recognised in profit or loss	–	–	–	–
Net (gains) and losses recognised in OCI	666	–	–	666
	666	–	–	666
Total interest income (note 5 and 7)	–	–	–	(296)
Total interest expense (note 5 and 7)	–	–	–	3 104
	–	–	–	2 808

[1] This category includes derivative financial instruments.
[2] Financial assets and liabilities carried at amortised cost which approximates their fair value.

31. Financial instruments *continued*

31.2 Fair value

Financial instrument	Fair value hierarchy	Valuation techniques and key inputs	Fair value 2024 Rm	Fair value 2023 Rm
Derivative financial assets	Level 2	The fair values of forward exchange contracts are based on their listed market price, if available. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).	**135**	247
Derivative financial liabilities	Level 2		**(783)**	(143)
FVTOCI investments	Level 3		**–**	7

The fair value calculation of the financial assets and liabilities was performed at the reporting date. The group enters into derivative financial instruments with various counterparties, principally financial institutions with investment-grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves of the underlying index. At year-end, the marked-to-market value of derivative asset positions is net of a debit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value. Between the reporting date and the date of this report, the fair values reported may have fluctuated with changing market conditions and therefore the fair values are not necessarily indicative of the amounts the group could realise in the normal course of business after the reporting date. These contracts are to hedge the foreign currency exposure of the anticipated purchase of goods. Derivatives are expected to mature within 12 months.

There were no level 1 financial assets or financial liabilities at 30 September 2024 and 30 September 2023. There were no transfers between levels during the year.

31.3 Foreign currency risk

The group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts.

The fair value of the forward exchange contracts has been classified as level 2.

It is the group's policy to hedge exposure to cash and future contracted transactions in foreign currencies for a range of forward periods, but not to hedge exposure for the translation of reported profits or reported assets and liabilities.

Exposure to currency risk
Currency risk (or foreign exchange risk), as defined by IFRS 7, arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of IFRS 7, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Differences resulting from the translation of subsidiary financial statements into the group's presentation currency are not taken into consideration.

Foreign currency sensitivity analysis
The group is exposed mainly to fluctuations in the Angolan kwanza, Botswana pula, Brazilian real, Chinese yuan, Mozambican metical, United States dollar, Zambian kwacha in the current year, and including Nigerian naira in the prior year.

Where significant concentrations of foreign currency risk exist within the group, a sensitivity analysis is performed to calculate the impact on profit for the year if the various individual currencies strengthened or weakened against the South Africa rand for both hedged and unhedged exposure. The impact on the group's profit after tax is not considered to be material in the current and prior year.

31. Financial instruments *continued*

31.3 Foreign currency risk *continued*

The spot rates used to translate assets and liabilities denominated in foreign currency at year-end were as follows:

	Reporting date spot rate 2024	Reporting date spot rate 2023
South African rand		
US dollar	**17.17**	18.86
European euro	**19.23**	19.98
Pound sterling	**23.01**	23.11
Chinese yuan	**2.45**	2.58
Polish złoty	**4.49**	4.32
Brazilian real	**3.18**	3.77
Botswana pula	**1.33**	1.40
Zambian kwacha	**0.65**	0.90
Angolan kwanza	**0.02**	0.02
Mozambican metical	**0.27**	0.30
Malawian kwacha	**0.01**	0.02
Nigerian naira	**–**	0.02

Forward exchange contracts

It is the policy of the group to enter into forward exchange contracts to cover specific foreign currency payments based on a predefined profile that takes into account the future expected date of payment. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable US dollar and Chinese yuan expenditures. The risk is hedged with the objective of minimising the volatility of the South African rand cost of highly probable forecast inventory purchases.

The group uses forward exchange contracts to hedge its foreign currency risk against the functional currency of its various global operations. Most of the forward exchange contracts have maturities of less than one year after reporting date. The group's risk management policy is to hedge between 60% and 80% of forecast US dollar and Chinese yuan cash flows for inventory purchases up to 12 months in advance, subject to a review of the cost of implementing each hedge. As a matter of policy, the group does not enter into derivative contracts for speculative purposes.

For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the entity or the derivative counterparty. There was no significant ineffectiveness during 2024 or 2023 in relation to the forward exchange contracts.

The fair values of such contracts at year-end, by currency, were:

	2024 Rm	2023 Rm
Short-term derivatives		
Assets		
Fair value of foreign exchange contracts		
US dollar	**47**	178
Chinese yuan	**88**	69
	135	247
Liabilities		
Fair value of foreign exchange contracts		
US dollar	**(406)**	(15)
Chinese yuan	**(377)**	(128)
	(783)	(143)
Net short-term derivative (liabilities)/assets	**(648)**	104

31. Financial instruments *continued*

31.3 Foreign currency risk *continued*

The group has established a hedge ratio of 1:1 (current and prior year) since the notional amount and currency of the hedged item is the same as the notional amount of the foreign currency leg of the hedging instrument.

At year-end, the group holds the following forward exchange contracts that form part of a hedging relationship:

Foreign currency forward contracts – assets	Notional amount	Fair value adjustment Rm	Average forward rate	Year-end revaluation rate
2024				
US dollar	**31**	**47**	**USD17.76**	**USD18.25**
Chinese yuan	**1 063**	**88**	**CNY2.56**	**CNY2.63**
	1 094	**135**		
2023				
US dollar	156	178	USD18.08	USD19.11
Chinese yuan	1 203	69	CNY2.60	CNY2.66
	1 359	247		
Foreign currency forward contracts – liabilities				
2024				
US dollar	**303**	**(406)**	**USD18.62**	**USD17.46**
Chinese yuan	**2 722**	**(377)**	**CNY2.66**	**CNY2.52**
	3 025	**(783)**		
2023				
US dollar	22	(15)	USD20.70	USD21.07
Chinese yuan	784	(128)	CNY2.76	CNY2.88
	806	(143)		

	2024 Rm	2023 Rm
Cash flow hedges		
The group classifies certain of its forward exchange contracts that hedge forecast transactions as cash flow hedges. The fair value of such contracts recognised as derivative assets and liabilities and adjusted against the hedging reserve at year-end was:		
The (losses)/gains on financial instruments recognised within OCI comprises of:		
Forward exchange contracts	**(340)**	666
Transferred to inventory	**(295)**	(1 007)
Fair value adjustment on cash flow hedges	**(635)**	(341)

Changes in the fair value of forward exchange contracts of economically hedged monetary assets and liabilities in foreign currencies for which no hedge accounting is applied are recognised in profit or loss.

31. Financial instruments *continued*

31.4 Interest rate risk

The group follows a policy of maintaining a balance between loans from different interest rate environments, the stability of the relevant currencies, the effect that the relevant interest rates have on group operations and consumer spending within these environments. These variables are taken into account in structuring the group's borrowings to achieve a reasonable, competitive, market-related cost of funding.

As part of the process of managing the group's borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Interest rate exposure is managed within limits agreed by the board.

The interest and related terms of the group's interest-bearing loans are disclosed in note 21.

At the reporting date, the interest rate profile of the group's financial instruments was as follows:

	Subject to interest rate movement					
	Variable SA prime Rm	Variable Jibar Rm	Other variable rates Rm	Fixed rate Rm	Non-interest-bearing Rm	Total Rm
2024						
Non-current financial assets	**705**	**–**	**–**	**–**	**59**	**764**
Current financial assets	**9 604**	**–**	**1 058**	**2 210**	**4 632**	**17 504**
Non-current financial liabilities	**–**	**(8 336)**	**–**	**(406)**	**–**	**(8 742)**
Current financial liabilities	**(3 719)**	**(2 706)**	**(1 104)**	**(85)**	**(10 881)**	**(18 495)**
	6 590	**(11 042)**	**(46)**	**1 719**	**(6 190)**	**(8 969)**
2023						
Non-current financial assets	–	–	–	298	39	337
Current financial assets	6 305	–	1 017	3 327	4 481	15 130
Non-current financial liabilities	(1)	(8 874)	–	(520)	–	(9 395)
Current financial liabilities	(3 835)	(1 435)	(358)	–	(11 298)	(16 926)
	2 469	(10 309)	659	3 105	(6 778)	(10 854)

Market-related rates were used in the determination of the fair values of the fixed-rate financial assets. The carrying amounts presented are not materially different from the fair value. Further details are disclosed in note 14 (Investments and loans) and note 17 (Unsecured loans).

Sensitivity analysis

The group is sensitive to movements in the Jibar and SA prime rates, which are the primary interest rates to which the group is exposed. Within some African countries, the group is exposed to other variable rates mainly relating to bank and cash.

The sensitivities calculated below are based on an increase of 200 basis points (2023: 200 basis points) for each interest category. These rates are also used when reporting sensitivities internally to key management employees.

	2024 Rm	2023 Rm
Through (profit)/loss		
SA prime – 200 basis point increase	**(188)**	(93)
Jibar – 200 basis point increase	**221**	206

A 200 basis point decrease in the above rates would have had an equal, but opposite, effect on profit or loss.

31. Financial instruments *continued*

31.5 Credit risk

Potential concentration of credit risk consists principally of short-term cash and cash equivalent investments, trade and other receivables, instalment sale receivables, credit sales through store cards, unsecured loans as well as related-party receivables and financial guarantees. The group deposits short-term cash surpluses with major banks of quality credit standing. Instalment sale receivables, credit sales through store cards and loans to customers comprise a large and widespread customer base and group companies perform ongoing credit evaluations on the financial condition of their customers. As at year-end, R1 657 million (2023: R1 847 million) of receivables were insured. At 30 September 2024, the group did not consider there to be any significant concentration of credit risk that had not been adequately provided for. The amounts presented in the statement of financial position are net of provisions for expected credit losses, estimated by the group companies' management based on past events, current conditions and supportable forecasts and economic conditions.

The company has guaranteed various long-term borrowings and revolving credit facilities. Financial guarantees are kept to an operational minimum and reassessed regularly.

	2024 Rm	2023 Rm
The maximum exposure to credit risk at the reporting date without taking account the value of any collateral obtained was:		
Investments and loans (note 14)	**68**	84
Loans to employees and key management (note 14)	**4**	3
Cash and cash equivalents (note 31.5.2)	**4 793**	4 879
Loan to associate (note 13)	**–**	56
Instalment sale agreements (note 31.5.1)	**2 039**	1 274
Credit sales through store cards (note 31.5.1)	**5 992**	4 300
Trade and other receivables (note 31.5.1)	**2 514**	2 800
Reinsurance contract assets	**–**	37
Unsecured loans (note 17)	**2 755**	2 090
Financial assets	**18 165**	15 523

31.5.1 Credit risk modelling applied to financial assets at amortised cost

The group's financial assets measured at amortised cost are subject to impairment under the ECL model. The inputs, assumptions and estimation techniques used in measuring ECL are explained below.

Measurement of ECL in terms of the general model for impairment
ECLs are measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted value of the PD and EAD, of which PD represents the likelihood of a counterparty defaulting on its financial obligation, either over 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation. EAD is based on the amounts the group expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). The group calculates LGD as discounted EAD.

These three components are multiplied together, which effectively calculates the ECL. The ECL is then discounted back to the reporting date, using the original effective interest rate, and aggregated. ECL is a probability weighted outcome.

The 12-month and lifetime EADs are determined based on the probability of default, which varies by type of financial asset.

The group considers the probability of default on initial recognition of its financial asset measured at amortised cost and whether there has been a SICR on an ongoing basis throughout each reporting period. To assess whether there is an SICR, the group compares the risk of a default occurring on these asset as at the reporting date with the risk of default as at the date of initial recognition. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the credit risk team (refer to significant judgements and estimates for the groups of significant judgement exercised in assessing the SICR). Receivables with a significant financing component are grouped into stage 1, 2 and 3 as described below:

Stage 1: On recognition of financial assets, the group recognises a loss allowance based on 12 months ECLs. For disclosure purposes the stage 1 ECLs are split between performing and in arrears, where performing represents up to date debt outstanding and its corresponding ECL provision and in arrears represents debt outstanding where debt is outstanding for more than 30 days and its corresponding ECL provision.

Stage 2: When there is an indication that the financial assets have an SICR since origination, the group records a loss allowance for the lifetime ECLs.

Stage 3: Financial assets are considered to be credit-impaired when one or more events that have an unfavourable impact on its estimated future cash flows have occurred. The group records a loss allowance for the lifetime ECLs.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

31. Financial instruments *continued*

31.5 Credit risk *continued*

31.5.1 Credit risk modelling applied to financial assets at amortised cost *continued*

Significant increases in credit risk (SICR) sensitivity analysis:

Refer to significant judgements and estimates for events triggering a SICR.

Shifting of the SICR threshold by 5% (reflects the full stage 2 ECL if the deterioration or improvement in the factor used as a behavioural or granting scores threshold is stressed by 5%) at 30 September 2024:

Impact on SICR on ECL	Unsecured loans	Instalment sale agreements relating to furniture, appliances and electronics	Instalment sale agreements relating to clothing and general merchandise	Credit sales through store cards
Positive	**545**	**586**	**184**	**1 462**
% change in ECL	**(0.82%)**	**(0.25%)**	**(1.35%)**	**(0.61%)**
Base	**550**	**587**	**187**	**1 471**
% change in ECL	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Negative	**555**	**591**	**190**	**1 480**
% change in ECL	**0.82%**	**0.73%**	**1.35%**	**0.61%**

Shifting of the SICR threshold by 5% (reflects the full stage 2 ECL if the deterioration or improvement in the factor used as a behavioural or granting scores threshold is stressed by 5%) at 30 September 2023:

Impact on SICR on ECL	Unsecured loans	Instalment sale agreements relating to furniture, appliances and electronics	Credit sales through store cards
Positive	456	618	1 117
% change in ECL	(0.74%)	(0.15%)	(0.63%)
Base	459	619	1 124
% change in ECL	0.00%	0.00%	0.00%
Negative	462	627	1 131
% change in ECL	0.74%	1.25%	0.63%

Default and credit-impaired assets

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

	Unsecured loans	Instalment sale agreements relating to furniture, appliances and electronics	Instalment sale agreements relating to clothing and general merchandise	Credit sales through store cards
Criteria used for credit-impaired accounts	Debt review accounts and non-performing accounts. As a backstop for all other customers, customers with three consecutive unpaid instalments.	Suspected fraud on a loan and loans exceeding maturity date. As a backstop for all other customers, customers with three consecutive unpaid instalments.	Two consecutive unpaid rental payments/60 days in arrears.	Three consecutive unpaid instalments/90 days in arrears.

31. Financial instruments *continued*

31.5 Credit risk *continued*

31.5.1 Credit risk modelling applied to financial assets at amortised cost *continued*

A credit-impaired account will cure when the customer does not meet the criteria for being a credit-impaired account. For a customer to cure, a significant improvement in the customer's payment behaviour is required.

	Unsecured loans	Instalment sale agreements relating to furniture, appliances and electronics	Instalment sale agreements relating to clothing and general merchandise	Credit sales through store cards
Curing occurs in the following instances	Customers with rescheduled loans are deemed to be rehabilitated once they have made contractual payments for 12 months post rescheduling and are up to date with their amended contractual obligations. For all other customers to cure, the customer is required to make 12 months of clean payments.	Customers where the facility is 90 days in arrears will cure after the customer has settled arrears causing the 90 days arrears and have maintained less than 90 days arrears for three consecutive months.	Customer accounts will cure when all outstanding rental payments are paid.	Customer accounts will cure when three consecutive instalments are paid. Accounts in debt counselling will cure when the customer is deemed to no longer be under debt counselling in terms of the National Credit Act.

Forward-looking factors

The group further considers available reasonable and supportive forward-looking information without undue cost or effort and for which significant judgements and estimates are applied. Refer to significant judgements and estimates for the forward-looking information incorporated in the determination of ECLs.

Measurement of ECL in terms of the provision matrix:

For short-term trade receivables, e.g. trade receivables without a significant financing component, the determination of forward-looking economic scenarios may be less significant given that over the credit risk exposure period a significant change in economic conditions may be unlikely, and historical loss rates might be an appropriate basis for the estimate of expected future losses. The group has elected to apply the provision matrix for trade receivables without a significant financing component and measures the impairment allowance at an amount equal to lifetime ECL. Lifetime ECL is assessed by applying the relevant loss rates to the trade receivable balance outstanding (i.e. a trade receivable age analysis). Due to the diversity of the group's customer base, the group used appropriate groupings if the historical credit loss experience showed significantly different loss patterns for different customer segments.

Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery of the receivable or part thereof. The write-off periods differ for each type of financing the group offers to their respective customers and are detailed in the significant judgements and estimates note. Where these financial assets have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Subsequent recoveries made are recognised in profit or loss. Refer to note 3 for more detail on receivables written off.

ECLs for the different financial assets at amortised cost within the group:
Reinsurance contract assets

Reinsurance contract assets relate to insurance granted under the Abacus business. The ECL on the receivables is measured using the general model based on 12-month ECLs as there was no significant increase in credit risk from initial recognition of this loan. There has been no default in payments based on historical information and no significant decrease in credit ratings since initial recognition.

The group has assessed ECLs based on past events, current conditions and supportable forecasts, and economic conditions that affect the expected collectability of future cash flows at reporting date and has deemed the ECLs to be insignificant.

31. Financial instruments *continued*

31.5 Credit risk *continued*

31.5.1 Credit risk modelling applied to financial assets at amortised cost *continued*

Loans to current and previous employees and members of key management

Loans were advanced in the prior years to current and previous employees and members of key management to enable them to purchase shares in BVI. The loans were granted after reviewing each employee or member of key management's ability to repay the loan when it falls due, as well as with the underlying pledged shares in BVI. These loans were measured using the general model based on lifetime ECLs.

Prior to the Steinhoff global settlement net recovery (now Ibex) in February 2022, management was of the view that an additional impairment provision should be raised as the underlying security to the loans' value had decreased since the inception of these loans, thus being an indicator of impairment. In addition to the shares pledged as security, management assesses each employee or member of key management's abilities to repay the loan when it falls due annually based on the employees' future remuneration, financial health and payment plan. Management used historical and current information to estimate the ECL.

Macroeconomic and forward-looking factors have been incorporated into the ECL valuation of these employee loans. The macroeconomic factors include changes in the interest rate which may impact the employees' abilities to service the loans. Forward-looking information includes evaluating the employees' abilities to repay the loans and the future returns from the investment in BVI. Each employee loan is assessed individually based on formal agreements with these employees which stipulates that either future remuneration will be used to settle part of the loan or through formalised payment plans based on the employees' financial health.

Following the Steinhoff global settlement net recovery (now Ibex), the majority of the loans were repaid. The remaining loans to current and previous employees and members of key management were classified as stage 2, as there was a SICR due to the loans being outstanding for more than 90 days. Although the underlying investment which acts as security to the loans is sufficient to cover the outstanding loan amount, a prudent approach was taken to not take the value of the security into consideration on calculation of the ECLs. Previous employees' loans were classified as stage 3 as these are deemed to be credit impaired, due to the uncertainty of whether these loans will be repaid due to these individuals no longer being employed by the company. This is, however, an insignificant portion to the total amount outstanding.

Provision for expected credit losses: Loans to current and previous employees and members of key management (note 14)	**2024 Rm**	2023 Rm
Balance at beginning of the year	**(10)**	(10)
Provision reversed	**–**	–
Balance at end of the year	**(10)**	(10)

Instalment sale agreements

Instalment sale agreements relate to the credit purchases of goods by customers in South Africa within the Furniture, appliances and electronics operating segment (the majority of these borrowings are deemed to be secured by the product purchased by the customer) (refer to note 16 for more detail on the process of granting instalments to customers). The group applies the general approach to calculating the ECL allowance for these balances as they are deemed to have a significant financing component.

The loss allowance provision for the group as at year-end is determined as follows:

	Performing (stage 1)	In arrears (stage 1)	Under-performing (stage 2)	Non-performing (stage 3)	Total
2024					
Expected credit loss rate	**10.8%**	**0.0%**	**34.5%**	**77.6%**	**31.2%**
Estimated gross carrying amount of default (Rm)	**1 065**	**–**	**374**	**442**	**1 881**
12-month ECL (Rm)	**(115)**	**–**	**–**	**–**	**(115)**
Lifetime ECL (Rm)	**–**	**–**	**(129)**	**(343)**	**(472)**
Total ECL (Rm)	**(115)**	**–**	**(129)**	**(343)**	**(587)**
Net carrying amount (Rm)	**950**	**–**	**245**	**99**	**1 294**
2023					
Expected credit loss rate	12.8%	0.0%	41.6%	72.1%	32.7%
Estimated gross carrying amount of default (Rm)	1 071	–	363	459	1 893
12-month ECL (Rm)	(137)	–	–	–	(137)
Lifetime ECL (Rm)	–	–	(151)	(331)	(482)
Total ECL (Rm)	(137)	–	(151)	(331)	(619)
Net carrying amount (Rm)	934	–	212	128	1 274

31. Financial instruments *continued*

31.5 Credit risk *continued*

31.5.1 Credit risk modelling applied to financial assets at amortised cost *continued*

The loss allowance provision for instalment sale agreement reconciled to the opening loss allowance as follows:

	Performing (stage 1) Rm	In arrears (stage 1) Rm	Under-performing (stage 2) Rm	Non-performing (stage 3) Rm	Total Rm
Balance at 30 September 2022	(132)	–	(116)	(296)	(544)
Allowance on credit granted during the year	(103)	–	(96)	(100)	(299)
Derecognition of allowance due to settlement of outstanding debt	20	–	1	13	34
Amounts written off	7	–	27	157	191
Amounts recovered	56	–	21	23	100
Net remeasurement of loss allowances	17	–	(13)	(128)	(124)
Change in credit risk parameters	(2)	–	25	–	23
Balance at 30 September 2023	**(137)**	**–**	**(151)**	**(331)**	**(619)**
Allowance on credit granted during the year	**(95)**		**(86)**	**(94)**	**(275)**
Amounts used (incurred and charged to provision)	**16**	**–**	**9**	**13**	**38**
Amounts unused reversed	**6**	**–**	**30**	**205**	**241**
Derecognition of allowance due to settlement of outstanding debt	**46**	**–**	**37**	**15**	**98**
Amounts written off	**44**	**–**	**19**	**(151)**	**(88)**
Amounts recovered	**5**	**–**	**13**	**1**	**19**
Net remeasurement of loss allowances	**–**	**–**	**–**	**(1)**	**(1)**
Balance at 30 September 2024	**(115)**	**–**	**(129)**	**(343)**	**(587)**

Instalment sale agreements relate to handset purchases of goods by customers in South Africa within the Clothing and general merchandise operating segment (the majority of these borrowings are deemed to be secured by the product purchased by the customer) (refer to note 16 for more detail on the process of granting instalments to customers). The group applies the general approach to calculating the ECL allowance for these balances as they are deemed to have a significant financing component.

The loss allowance provision for the group as at year-end is determined as follows:

2024	Performing (stage 1)	In arrears (stage 1)	Under-performing (stage 2)	Non-performing (stage 3)	Total
Expected credit loss rate	**8.4%**	**0.0%**	**38.4%**	**80.0%**	**20.1%**
Estimated gross carrying amount of default (Rm)	**715**	**–**	**112**	**105**	**932**
12-month ECL (Rm)	**(60)**	**–**	**–**	**–**	**(60)**
Lifetime ECL (Rm)	**–**	**–**	**(43)**	**(84)**	**(127)**
Total ECL (Rm)	**(60)**	**–**	**(43)**	**(84)**	**(187)**
Net carrying amount (Rm)	**655**	**–**	**69**	**21**	**745**

	Performing (stage 1) Rm	In arrears (stage 1) Rm	Under-performing (stage 2) Rm	Non-performing (stage 3) Rm	Total Rm
Balance at 30 September 2023	**–**	**–**	**–**	**–**	**–**
Initial allowance raised on new book	**(119)**	**–**	**(19)**	**(36)**	**(174)**
Derecognition of allowance due to settlement of outstanding debt	**34**	**–**	**25**	**47**	**106**
Amounts written off	**–**	**–**	**–**	**63**	**63**
Net remeasurement of loss allowances	**25**	**–**	**(49)**	**(158)**	**(182)**
Balance at 30 September 2024	**(60)**	**–**	**(43)**	**(84)**	**(187)**

31. Financial instruments *continued*

31.5 Credit risk *continued*

31.5.1 Credit risk modelling applied to financial assets at amortised cost *continued*

Credit sales through store cards

Credit sales through store cards relate to the credit purchases of goods by customers in South Africa (with an insignificant portion in Botswana, Namibia and Eswatini) and Brazil within the Clothing and general merchandise operating segment (these borrowings are deemed to be unsecured) (refer to note 16 for more detail on the process of granting credit to customers). The group elected to apply the general approach to calculating the ECL allowance for these balances.

The loss allowance provision for the group exposure in South Africa (including Botswana, Namibia and Eswatini) as at year-end is determined as follows:

2024	**Performing (stage 1)**	**In arrears (stage 1)**	**Under-[performing (stage 2)**	**Non-performing (stage 3)**	**Total**
Expected credit loss rate	**7.8%**	**0.0%**	**19.0%**	**72.5%**	**19.5%**
Estimated gross carrying amount of default (Rm)	**4 537**	**–**	**1 087**	**1 015**	**6 639**
12-month ECL (Rm)	**(355)**	**–**	**–**	**–**	**(355)**
Lifetime ECL (Rm)	**–**	**–**	**(206)**	**(736)**	**(942)**
Total ECL (Rm)	**(355)**	**–**	**(206)**	**(736)**	**(1 297)**
Net carrying amount (Rm)	**4 182**	**–**	**881**	**279**	**5 342**

2023	**Performing in arrears (stage 1)**	**In arrears (stage 1)**	**Under-performing (stage 2)**	**Non-performing (stage 3)**	**Total**
Expected credit loss rate	8.4%	0.0%	20.6%	74.9%	20.7%
Estimated gross carrying amount of default (Rm)	3 111	–	746	705	4 562
12-month ECL (Rm)	(256)	–	–	–	(256)
Lifetime ECL (Rm)	(5)	–	(154)	(528)	(687)
Total ECL (Rm)	(261)	–	(154)	(528)	(943)
Net carrying amount (Rm)	2 850	–	592	177	3 619

The loss allowance provision for credit sales through store cards exposure in South Africa (including Botswana, Namibia and Eswatini) is reconciled to the opening loss allowance as follows:

	Performing (stage 1) Rm	**In arrears (stage 1) Rm**	**Under-performing (stage 2) Rm**	**Non–performing (stage 3) Rm**	**Total Rm**
Balance at 30 September 2022	(195)	–	(134)	(369)	(698)
Allowance on credit granted during the year	(563)	–	(45)	(117)	(725)
Derecognition of allowance due to settlement of outstanding debt	346	–	194	171	711
Amounts written off	–	–	–	431	431
Net remeasurement of loss allowances	151	–	(169)	(644)	(662)
Balance at 30 September 2023	**(261)**	**–**	**(154)**	**(528)**	**(943)**
Allowance on credit granted during the year	**(732)**	**–**	**(62)**	**(171)**	**(965)**
Derecognition of allowance due to settlement of outstanding debt	**418**	**–**	**235**	**202**	**855**
Amounts written off	**–**	**–**	**(2)**	**661**	**659**
Net remeasurement of loss allowances	**220**	**–**	**(223)**	**(900)**	**(903)**
Balance at 30 September 2024	**(355)**	**–**	**(206)**	**(736)**	**(1 297)**

31. Financial instruments *continued*

31.5 Credit risk *continued*

31.5.1 Credit risk modelling applied to financial assets at amortised cost *continued*

The loss allowance provision for the group exposure in Brazil as at year-end is determined as follows:

2024	Performing (stage 1)	In arrears (stage 1)	Under-performing (stage 2)	Non–performing (stage 3)	Total
Expected credit loss rate	**0.7%**	**0.0%**	**17.1%**	**96.8%**	**21.1%**
Estimated gross carrying amount of default (Rm)	**552**	**–**	**117**	**155**	**824**
12-month ECL (Rm)	**(4)**	**–**	**–**	**–**	**(4)**
Lifetime ECL (Rm)	**–**	**–**	**(20)**	**(150)**	**(170)**
Total ECL (Rm)	**(4)**	**–**	**(20)**	**(150)**	**(174)**
Net carrying amount (Rm)	**548**	**–**	**97**	**5**	**650**
2023					
Expected credit loss rate	1.1%	0.0%	23.0%	58.4%	21.0%
Estimated gross carrying amount of default (Rm)	471	–	148	243	862
12-month ECL (Rm)	(5)	–	–	–	(5)
Lifetime ECL (Rm)	–	–	(34)	(142)	(176)
Total ECL (Rm)	(5)	–	(34)	(142)	(181)
Net carrying amount (Rm)	466	–	114	101	681

The loss allowance provision for credit sales through store cards exposure in Brazil is reconciled to the opening loss allowance as follows:

	Performing (stage 1) Rm	In arrears (stage 1) Rm	Underperforming (stage 2) Rm	Non–performing (stage 3) Rm	Total Rm
Balance at 30 September 2022	(4)	–	(29)	(129)	(162)
Allowance on credit granted during the year	(20)	–	(38)	(78)	(136)
Derecognition of allowance due to settlement of outstanding debt	12	–	46	62	120
Amounts written off	–	–	–	568	568
Net remeasurement of loss allowances	8	–	(9)	(549)	(550)
Exchange differences on consolidation of foreign subsidiaries	(1)	–	(4)	(16)	(21)
Balance at 30 September 2023	**(5)**	**–**	**(34)**	**(142)**	**(181)**
Allowance on credit granted during the year	**(20)**	**–**	**(17)**	**(76)**	**(113)**
Derecognition of allowance due to settlement of outstanding debt	**12**	**–**	**41**	**73**	**126**
Amounts written off	**–**	**–**	**–**	**288**	**288**
Net remeasurement of loss allowances	**8**	**–**	**(14)**	**(319)**	**(325)**
Exchange differences on consolidation of foreign subsidiaries	**1**	**–**	**4**	**26**	**31**
Balance at 30 September 2024	**(4)**	**–**	**(20)**	**(150)**	**(174)**

31. Financial instruments *continued*

31.5 Credit risk *continued*

31.5.1 Credit risk modelling applied to financial assets at amortised cost *continued*

Unsecured loans

Unsecured loans relate to unsecured loans granted to customers in South Africa for a period of three to 24 months up to the value of R50 000 per loan granted (refer to note 17 for more detail on the process of granting loans to customers). The group applies the general approach to calculating the ECL allowance for these balances as they are deemed to have a significant financing component. Non-performing loans decreased to 8.1% (2023: 8.8%) due to an increase in larger value and longer term loans granted to the lowest risk customers resulting in an decrease in non-performing loans.

The loss allowance provision for the group as at year-end is determined as follows:

2024	Performing (stage 1)	In arrears (stage 1)	Under-performing (stage 2)	Non-performing (stage 3)	Total
Expected credit loss rate	**5.4%**	**0.0%**	**34.9%**	**74.6%**	**16.6%**
Estimated gross carrying amount of default (Rm)	**2 598**	**–**	**298**	**409**	**3 305**
12-month ECL (Rm)	**(141)**	**–**	**–**	**–**	**(141)**
Lifetime ECL (Rm)	**–**	**–**	**(104)**	**(305)**	**(409)**
Total ECL (Rm)	**(141)**	**–**	**(104)**	**(305)**	**(550)**
Net carrying amount (Rm)	**2 457**	**–**	**194**	**104**	**2 755**
2023					
Expected credit loss rate	6.0%	0.0%	34.5%	74.6%	18.0%
Estimated gross carrying amount of default (Rm)	1 964	–	235	350	2 549
12-month ECL (Rm)	(117)	–	–	–	(117)
Lifetime ECL (Rm)	–	–	(81)	(261)	(342)
Total ECL (Rm)	(117)	–	(81)	(261)	(459)
Net carrying amount (Rm)	1 847	–	154	89	2 090

The loss allowance provision for unsecured loans is reconciled to the opening loss allowance as follows:

	Performing (stage 1) Rm	In arrears (stage 1) Rm	Underperforming (stage 2) Rm	Non-performing (stage 3) Rm	Total Rm
Balance at 30 September 2022	(76)	–	(96)	(206)	(378)
Additional provision made	(190)		(36)	(61)	(287)
Allowance on credit granted during the year	(76)	–	(21)	(36)	(133)
Derecognition of allowance due to settlement of outstanding debt	194	–	180	62	436
Amounts written off	–	–	–	435	435
Net remeasurement of loss allowances	31	–	(108)	(455)	(532)
Balance at 30 September 2023	**(117)**	**–**	**(81)**	**(261)**	**(459)**
Additional provision made	**(325)**	**–**	**(56)**	**(108)**	**(489)**
Derecognition of allowance due to settlement of outstanding debt	**242**	**–**	**151**	**78**	**471**
Amounts written off	**–**	**–**	**–**	**512**	**512**
Net remeasurement of loss allowances	**59**	**–**	**(118)**	**(526)**	**(585)**
Balance at 30 September 2024	**(141)**	**–**	**(104)**	**(305)**	**(550)**

31. Financial instruments *continued*

31.5 Credit risk *continued*

31.5.1 Credit risk modelling applied to financial assets at amortised cost *continued*

Trade receivables and other amounts due

Trade receivables consist mainly of receivables from cellular companies and credit purchases of goods by customers within the Building materials operating segment in the prior year, of which the receivables from cellular companies are mainly not exposed to ECLs. The group applies the simplified approach to calculating the ECL allowance for trade receivables that do not have a significant financing component. This approach permits the use of the lifetime ECL regardless of stage classification and is based on a provision matrix that incorporates historical credit losses as well as forward-looking information as detailed above.

Trade receivables are written off when the customer's outstanding balance has been outstanding for more than 120 days.

The loss allowance provision for trade receivables is reconciled to the opening loss allowance as follows:

	2024 Rm	2023 Rm
Balance at beginning of the year	**(301)**	(246)
Decrease/(increase) in loss allowance during the year	**56**	(55)
Balance at end of the year	**(245)**	(301)

Provision matrix used in the calculation of ECL allowances:

	2024				2023			
	Expected loss rate %	Gross carrying amount Rm	Loss allowance provision Rm	Net carrying amount Rm	Expected loss rate %	Gross carrying amount Rm	Loss allowance provision Rm	Net carrying amount Rm
Current	**7.3**	**2 613**	**(190)**	**2 423**	4.3	2 721	(117)	2 604
More than 30 days past due	**–**	**33**	**–**	**33**	21.5	200	(43)	157
More than 60 days past due	**–**	**16**	**–**	**16**	49.0	51	(25)	26
More than 90 days past due	**56.7**	**97**	**(55)**	**42**	89.9	129	(116)	13
	8.9	**2 759**	**(245)**	**2 514**	9.7	3 101	(301)	2 800

31.5.2 Cash and cash equivalents

The table below reflects the cash invested on the statement of financial position date at financial institutions grouped per Moody's credit rating of financial institutions:

	2024 Rm	2023 Rm
Rating		
Bank balances: A1	**–**	–
Bank balances: Aa3	**–**	–
Bank balances: Ba2[1]	**–**	2 610
Bank balances: Baa2	**–**	–
Bank balances: Baa3[1]	**2 663**	–
Fixed deposits – African Banks	**230**	128
Bank balances: No rating available	**1 451**	1 442
Cash on hand/cash in transit	**449**	699
	4 793	4 879

31. Financial instruments *continued*

31.5 Credit risk *continued*

31.5.2 Cash and cash equivalents *continued*

Moody's appends the numerical modifiers 1, 2, and 3 to each generic rating classification (as indicated below) as per the global long-term rating scale from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Global Long-Term Rating Scale:

- Aaa – Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.
- Aa – Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
- A – Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.
- Baa – Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
- Ba – Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.
- B Obligations rated B are considered speculative and are subject to high credit risk.

[1] In the current year, the methodology of the bank ratings scales changed from Ba2 to Baa3.

31.6 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected.

The group manages liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities are available. Cash surpluses and short-term financing needs are mainly centralised. These central treasury offices invest net cash reserves on the financial markets, mainly in short-term instruments linked to variable interest rates.

The following table details the group's remaining contractual maturity for its financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

The risk buckets in the current year have been disaggregated further to provide more transparency of the maturity of the cash flows of the group's liabilities. The prior year comparative risk buckets have been restated for this disaggregation.

	Year 1 Rm	Year 2 Rm	Year 3 Rm	Year 4 Rm	Year 5 Rm	After 5 years Rm	Total Rm
2024							
Interest-bearing loans and borrowings	**(4 153)**	**(3 884)**	**(3 460)**	**(1 016)**	**(1 352)**	**–**	**(13 865)**
Lease liabilities	**(4 096)**	**(3 546)**	**(2 967)**	**(2 349)**	**(2 003)**	**(5 325)**	**(20 286)**
Put option liability	**(238)**	**(317)**	**–**	**–**	**–**	**–**	**(555)**
Bank overdrafts	**(526)**	**–**	**–**	**–**	**–**	**–**	**(526)**
Trade and other payables (financial liabilities)	**(15 961)**	**–**	**–**	**–**	**–**	**–**	**(15 961)**
	(24 974)	**(7 747)**	**(6 427)**	**(3 365)**	**(3 355)**	**(5 325)**	**(51 193)**

	Year 1 Rm	Year 2 Rm	Year 3 Restated[1] Rm	Year 4 Restated[1] Rm	Year 5 Restated[1] Rm	After 5 years Rm	Total Rm
2023							
Interest-bearing loans and borrowings	(3 528)	(4 855)	(3 658)	(2 441)	(930)	(86)	(15 498)
Lease liabilities	(4 471)	(3 877)	(3 223)	(2 428)	(1 730)	(5 524)	(21 253)
Put option liability	–	(154)	–	(294)	–	(1 412)	(1 860)
Bank overdrafts	(934)	–	–	–	–	–	(934)
Trade and other payables (financial liabilities)	(13 978)	–	–	–	–	–	(13 978)
Insurance contract liabilities	(38)	(8)	(27)	–	–	–	(73)
Related-party payables	(13)	–	–	–	–	–	(13)
	(22 962)	(8 894)	(6 908)	(5 163)	(2 660)	(7 022)	(53 609)

[1] Prior year comparatives have been restated to further disaggregate the risk buckets.

31. Financial instruments *continued*

31.6 Liquidity risk *continued*

Covenants regarding term loans and revolving credit facilities as disclosed in note 21:	As at 30 September 2024 Required covenant	As at 30 September 2024 Achieved
Net debt:EBITDA[1] cover	<3.00	0.68
Interest cover	>3.50	6.20
Based on the above, the group is well within its covenants ranges.		

[1] EBITDA is adjusted for IFRS 16: Leases and one-off transactions which includes capital items as disclosed in note 4 and non-cash share based payments as allowed per the covenants.

31.7 Treasury risk

A finance forum, consisting of senior executives of the group, meets on a regular basis to analyse currency and interest rate exposure and to review and, if required, adjust the group's treasury management strategies in the context of prevailing and forecast economic conditions.

31.8 Capital risk

The group manages its capital to ensure that entities of the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The group's audit and risk committee reviews the capital structure of the group on a quarterly basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the committee, the group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

31.9 Insurance risk

The risks covered under insurance contracts entered into with customers by the group's insurer, Abacus are as follows:

- replacement of customers' goods or settlement of balances in the event of damage or theft of goods. Where the goods are replaced, the cost of the claim is determined with reference to the cost of the goods acquired;
- settlement of customers' outstanding balance in the event of death.

As Abacus is part of the group, the underwriting of the above insurance risks forms part of the credit assessment made prior to entering an instalment sale or loan with the customer for the purchase of goods.

The risk under the insurance contract is the possibility that the insured events as detailed above occur and the uncertainty of the amount of the resulting claim. By the very nature of the insurance contract, this risk is random and therefore unpredictable.

A prominent risk that the group faces is that the actual claims exceed the amount of the insurance claims provisions. This could occur because the frequency or severity of claims are greater than estimated. Insurance events are random, and the actual number of claims will vary from year to year from the estimated claims provision established using historical claims patterns.

The development of insurance claims provisions provides a measure of the group's ability to estimate the ultimate value of the claims. Regular estimates of claims are performed in reviewing the adequacy of the insurance claims provisions. Claims development is reviewed by management on a regular basis. Insurance claim provisions will generally be settled within one year.

The frequency and severity of claims can be affected due to unforeseen factors such as patterns of crime, AIDS and employment trends. The group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The geographical spread of the group ensures that the underwritten risks are well diversified. No significant concentrations of insurance risk exist.

32. Related-party transactions

Related-party relationships exist between shareholders, subsidiaries, joint-venture companies and associate companies within the group and its company directors and group key management employees.

Key management and directors did not have any material transactions with the group.

These transactions are concluded in the normal course of business and include transactions as a result of the group-wide treasury management of foreign currency movements. All material intergroup transactions are eliminated on consolidation.

The summary below reflects the material transactions with fellow subsidiaries, associate companies and joint-venture companies during the year and related receivables and payables balances at year-end.

32.1.1 Related-party transactions in place for the current and previous year:

Nature of related-party relationship	Nature of service
Pepco Poland Sp. z.o.o and Poundland UK and Europe Limited	EeziGlobal manages the relationship between the suppliers of virtual products (being Domestic airtime, International airtime, e-vouchers and Point of sale activation cards) and the retailers being Pepco Poland Sp. z.o.o, Poundland UK Europe Limited and Dealz. EeziGlobal manage the relationship, distribution and commissions for physical sim cards sold from the Poundland stores.
Ainsley Holdings Proprietary Limited	Payment of dividends to a significant shareholder.
SAHPL Proprietary Limited (wholly owned subsidiaries of Ibex)	Payment of non-executive director fees and payment of dividend to a shareholder.

32.1.2 Related-party transactions in place for the previous year only:

Nature of related-party relationship	Nature of service
S'Ya Phanda Proprietary Limited, an associated company of Pepkor in the prior year.	Provision of B-BBEE consulting services and is intended to make strategic investments in the supply chain.

32. Related-party transactions *continued*

32.1 Related-party transactions and balance

32.1.3 Related-party transactions in the current and prior year

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Receivables		
Pepkor Europe GmbH	**1**	1
Poundland UK and Europe Limited	**6**	4
	7	5
Payables		
SAHPL Proprietary Limited	**–**	(1)
Poundland UK and Europe Limited	**–**	(12)
	–	(13)
Loans receivable from associated companies		
S'Ya Phanda Proprietary Limited	**–**	56
	–	56
Dividends paid to:		
SAHPL Proprietary Limited	**(34)**	(38)
Ainsley Holdings Proprietary Limited	**(741)**	(996)
Tanzanite Treasure Trading 7 Proprietary Limited	**–**	(1)
	(775)	(1 035)
Revenue from:		
Pepco Poland Sp. z o.o.	**–**	31
Poundland UK and Europe Limited	**38**	2
	38	33
Commission paid to:		
Pepco Poland Sp. z o.o.	**(18)**	(1)
Poundland UK and Europe Limited	**(2)**	(34)
	(20)	(35)
Directors' fees paid to:		
SAHPL Proprietary Limited	**(2)**	(2)

32. Related-party transactions *continued*

32.2 Significant subsidiaries

	2024 year-end	2023 year-end	30 September 2024 Ownership %	30 September 2023 Ownership %
Pepkor Holdco Proprietary Limited	30 September	30 September	**100**	100
Pepkor Trading Proprietary Limited	30 September	30 September	**100**	100
Pepkorfin Proprietary Limited	30 September	30 September	**100**	100
Pepkor Proprietary Limited	30 September	30 September	**100**	100
Pepkor Speciality Proprietary Limited	30 September	30 September	**100**	100
The Building Company Trading Proprietary Limited	30 September	30 September	**–**	100

All significant subsidiaries noted above are incorporated in South Africa. A full list of subsidiaries of the company is available for inspection by shareholders on request at the registered office of the company.

32.3 Directorate

The directors of the company are as follows:

Executive directors

PJ Erasmus (Chief executive officer)

RG Hanekom (Chief financial officer)

Non-executive directors

TLR de Klerk[1]

LJ du Preez

Independent non-executive directors

WYN Luhabe (Chair)

P Disberry

HH Hickey

IM Kirk

ZN Malinga

LI Mophatlane

SH Müller

F Petersen-Cook

N Ntshingila

[1] TLR de Klerk retired from the board of directors on 7 March 2024.

32. Related-party transactions *continued*

32.3 Directorate *continued*

Composition of board committees:

	Audit and risk committee	Human resources and remuneration committee	Nomination committee	Social and ethics committee	Investment committee
Non-executive directors					
LJ du Preez	–	x	x	–	–
TLR de Klerk[1]	–	–	–	–	x
Independent non-executive directors					
P Disberry	–	–	–	x	–
HH Hickey	Chair	–	–	–	–
IM Kirk	–	x	–	–	Chair
WYN Luhabe	–	–	Chair	–	–
ZN Malinga	x	–	–	x	–
LI Mophatlane	–	x	x	–	–
SH Müller	x	Chair	–	–	x
F Petersen-Cook	x	–	–	Chair	x
N Ntshingila	–	x	–	–	–
Executive directors					
PJ Erasmus	–	–	–	x	x
RG Hanekom	–	–	–	–	x

[1] TLR de Klerk retired from the board of directors on 7 March 2024.
[2] On 30 October 2024, SH Müller resigned from the investment committee and P Disberry and LJ du Preez were appointed to the investment committee.

32.4 Director's shareholding

The present directors of the company held no direct or indirect interests in the company's issued ordinary shares other than:

	2024		2023	
	Direct/ indirect	Number of shares	Direct/ indirect	Number of shares
RG Hanekom	**Direct**	**1 207 933**	Direct	778 327
LJ du Preez	**Direct**	**10 122**	Direct	10 122
F Petersen-Cook	**Direct**	**4 048**	Direct	4 048
		1 222 103		792 497

From 1 October 2024 to the date of approval of the company's consolidated financial statements, there were no dealings by directors in the company's ordinary shares.

32. Related-party transactions *continued*

32.5 Compensation of key management personnel

Key management employees are those persons who have authority and responsibility for planning, directing and controlling the activities of the company as a whole. The company considers all members of the executive committee as well as any other person with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, to be key management employees as defined in IAS 24: Related Parties.

Remuneration of the executive and non-executive directors was paid by Ibex Group and Pepkor during the year. Details relating to directors' emoluments are disclosed in note 33.

	Year ended 30 September 2024 R'000	Year ended 30 September 2023 R'000
Compensation paid to key management and directors – Pepkor	**203 429**	136 352
Compensation paid to key management and directors – Ibex	**1 369**	68 487
Share-based payments – Pepkor scheme	**48 614**	53 358
	253 412	258 197

32.6 Other director's interest

As part of the Steinhoff global settlement (now Ibex Group) which was concluded in 2022, Trevo Capital Limited (Trevo Capital) which is associated with PJ Erasmus was granted call options to purchase 120 million Pepkor shares at a strike price R24.9215 per share and exercisable during 2025. The call options were cancelled during the current financial year. These options were granted to Trevo Capital and disclosed to the public prior to his appointment to the board of directors on 12 January 2022. The options were valued at Rnil during the previous financial year.

During the current year, Vista Treasury Proprietary Limited (Vista), an associate company of PJ Erasmus, subscribed for 12 Class A ordinary shares (the shares) of no-par value in Ainsley Holdings Proprietary Limited (Ainsley), for a total subscription price of R120 million. In addition to participating pro rata in all distributions to shareholders of Ainsley, Vista shall be entitled to receive a special distribution as from 30 September 2026, provided that the Pepkor Holdings share price remains above R21.00. Ainsley may give notice to Vista at any time from 1 October 2027 to 30 October 2027 of its intention to repurchase the shares. SAHPL Proprietary Limited has agreed to purchase the shares on 31 October 2027 provided that Ainsley has not already repurchased the shares at that point. The value of the shares was R490.8 million at year-end as Pepkor's share price closed at R24.09 per share on 30 September 2024.

32.7 Directors' interest in contracts

In 2020, Shop2Shop Proprietary Limited (Shop2Shop) entered into an agreement with Flash Mobile Vending Proprietary Limited (Flash), a wholly owned subsidiary of the group (the agreement).

The services per the agreement relate to:

- the sale of bulk airtime on which Shop2Shop earns commission from Flash;
- rentals and services fees paid to Shop2Shop for the use of drop safes;
- net commission earned by Flash on the card taps on Tap2Pay devices; and
- a profit share on the sale of Shop2Shop's Tap2Pay devices.

After entering into the agreement, and prior to his appointment as a member of the Pepkor board, a company associated with PJ Erasmus acquired a 30% shareholding in Shop2Shop. This shareholding increased to 31.2% in the prior financial year.

In the current year, Flash paid Shop2Shop R166 million (2023: R107 million) in commission relating to bulk airtime, R77 million (2023: R65 million) was paid to Shop2Shop for the use of the drop safes, net commission of R109 million (R29 million) was earned by Flash on Tap2Pay devices and R111 million (2023: R61 million) profit share was earned on the Tap2Pay devices.

An associate company of PJ Erasmus is the indirect holder of 19.2% of Bounty Group Proprietary Limited, the owner of the Reebok agency in South Africa, which is a brand that is distributed through the Tekkie Town retail channel.

An associate company of PJ Erasmus holds 14.3% of the shares in POD Property Fund Proprietary Limited, a company that owns five retail centres where members of the group are current tenants.

An associate company of PJ Erasmus are the indirect holders of 42.6% (2023: 38.7%) of ikeja Wireless Proprietary Limited (ikeja), a tech company that builds infrastructure and systems to enable affordable internet access in the informal market in South Africa. Flash is a distributor of ikeja's prepaid Wi-Fi voucher.

An associate company of ZN Malinga acquired a 25% shareholding in Hangar 18 Investments Proprietary Limited (Hangar 18) in the current year. Hangar 18 owns five retail centres in South Africa where members of the group are current tenants.

33. Remuneration report

33.1 Remuneration of the executive directors and COO

	Basic remuneration 'R000	Company contributions and benefits 'R000	Annual bonus 'R000	Long-term incentive 'R000	Total remuneration and fees 'R000
2024					
PJ Erasmus	**18 851**	**149**	**6 840**	**–**	**25 840**
RG Hanekom	**4 771**	**972**	**6 024**	**14 695**	**26 462**
SNN Cardinaal[1]	**17 642**	**3 020**	**7 359**	**–**	**28 021**
Paid by Pepkor	**41 264**	**4 141**	**20 223**	**14 695**	**80 323**
2023					
PJ Erasmus	–	–	–	–	–
RG Hanekom	4 462	982	514	11 461	17 419
SNN Cardinaal[1]	9 685	392	–	–	10 077
Paid by Pepkor	14 147	1 374	514	11 461	27 496

33.2 Remuneration of the other executive directors

	Basic remuneration 'R000	Company contributions and benefits 'R000	Annual bonus 'R000	Long-term incentive 'R000	Total remuneration and fees 'R000
2024					
Total other executive committee members	**38 149**	**5 984**	**22 600**	**44 605**	**111 338**
2023					
Total other executive committee members	35 889	5 355	7 899	49 183	98 326

[1] Due to the COO being a non-South African resident, the company contributions and benefits amount includes expatriate allowances as part of his employment agreement. This amount includes taxable benefits such as, inter alia, travel expenses.

33.3 Remuneration of the non-executive directors

	Basic remuneration 'R000	Company contributions and benefits 'R000	Company directors' fees 'R000	Annual bonus 'R000	Total remuneration and fees 'R000
2024					
SH Müller	**–**	**–**	**1 528**	**–**	**1 528**
F Petersen-Cook	**–**	**–**	**1 629**	**–**	**1 629**
WYN Luhabe	**–**	**–**	**2 209**	**–**	**2 209**
P Disberry	**–**	**–**	**896**	**–**	**896**
HH Hickey	**–**	**–**	**1 325**	**–**	**1 325**
IM Kirk	**–**	**–**	**1 174**	**–**	**1 174**
ZN Malinga	**–**	**–**	**1 212**	**–**	**1 212**
LI Mophatlane	**–**	**–**	**991**	**–**	**991**
N Ntshingila	**–**	**–**	**804**	**–**	**804**
Paid by Pepkor	**–**	**–**	**11 768**	**–**	**11 768**
TLR de Klerk	**–**	**–**	**378**	**–**	**378**
LJ du Preez	**–**	**–**	**991**	**–**	**991**
Paid by Ibex[1]	**–**	**–**	**1 369**	**–**	**1 369**
Total	**–**	**–**	**13 137**	**–**	**13 137**
2023					
SH Müller	–	–	1 445	–	1 445
F Petersen-Cook	–	–	1 541	–	1 541
WYN Luhabe	–	–	2 089	–	2 089
P Disberry	–	–	848	–	848
HH Hickey	–	–	1 385	–	1 385
IM Kirk	–	–	1 110	–	1 110
ZN Malinga	–	–	1 146	–	1 146
LI Mophatlane	–	–	966	–	966
Paid by Pepkor	–	–	10 530	–	10 530
TLR de Klerk (until 8 February 2023)	7 721	448	–	23 639	31 808
LJ du Preez (until 8 February 2023)	9 048	372	–	27 259	36 679
Paid by Ibex[1]	16 769	820	–	50 898	68 487
Total	16 769	820	10 530	50 898	79 017

[1] Relates to remuneration received for services provided to Ibex Group. The fees to directors include fees paid as directors of the ultimate holding company (until 8 February 2023), Ibex, where directors serve on the board of the company and holding company. The amount payable to Ibex Group for the attendance of Pepkor board meetings as well as being non-executive Pepkor board members amounts to R1.37 million, of which R0.38 million was for TLR de Klerk and R0.99 million for LJ du Preez.

33.4 Share rights – Pepkor scheme

	Offer date	Conditional vesting date	Total number of rights granted	Number of rights awarded during the year	Number of rights exercised during the year	Number of rights forfeited during the year	Number of rights as at 30 September 2024	Value of rights exercised during the prior and current year R	Value of rights awarded during the year[1] R
Directors and COO paid for services at Pepkor level									
Fair value per share at date of exercise/vesting and/or grant date								**18.47**	**18.73**
PJ Erasmus									
	March 2023	**March 2026**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	March 2024	**March 2027**	**–**	**1 405 943**	**–**	**–**	**1 405 943**	**–**	**26 333 312**
			–	**1 405 943**	**–**	**–**	**1 405 943**	**–**	**26 333 312**
RG Hanekom									
	March 2020	March 2023	623 365	38 649	(662 014)	–	–	11 460 912	
	March 2021	**March 2024**	**966 665**	**–**	**(795 565)**	**(171 100)**	**–**	**14 695 199**	**–**
	March 2022	**March 2025**	**533 819**	**–**	**–**	**–**	**533 819**	**–**	**–**
	March 2023	**March 2026**	**514 717**	**–**	**–**	**–**	**514 717**	**–**	**–**
	March 2024	**March 2027**	**–**	**657 126**	**–**	**–**	**657 126**	**–**	**12 307 970**
			(2 015 201)	**657 126**	**(795 565)**	**(171 100)**	**1 705 662**	**14 695 199**	**12 307 970**
30 September 2023	March 2020	March 2023	623 365	38 649	(662 014)	–	–	11 460 912	**–**
30 September 2024	**March 2021**	**March 2024**	**966 665**	**–**	**(795 565)**	**(171 100)**	**–**	**14 695 199**	**–**
SNN Cardinaal[2]									
	March 2023	**March 2026**	**766 090**	**–**	**–**	**–**	**766 090**	**–**	
			766 090	**–**	**–**	**–**	**766 090**	**–**	**–**
Total executive directors			**2 781 291**	**2 063 069**	**(795 565)**	**(171 100)**	**3 877 695**	**14 695 199**	**38 641 282**

Executive directors and executives of the group do not have bespoke executive contracts, but are employed in terms of the group's standard contract of employment.

[1] The value of rights granted during the year represents the value of the rights for the full service condition (three-year vesting condition).
[2] The COO, per the agreement for the current year, was allocated 1.2 million shares with the purposes of ensuring his employment until December 2026. These shares will vest in March 2027 if all conditions are met. This agreement does not form part of the Pepkor Holdings Limited executive rights share scheme.

34. Going concern

The board of directors have evaluated the going concern assumption as at 30 September 2024, taking into account the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and have continued to adopt the going concern basis in preparing the annual financial statements.

The cash flows and liquidity projections for the group have been prepared for a period exceeding 12 months from the reporting date and included performing sensitivity analyses based on various scenarios.

35. Events after reporting date

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

36. Distribution to ordinary shareholders

The board has declared a dividend to shareholders in respect of the year ended 30 September 2024 of 48.5 cents (2023: 48.1 cents). The dividend will be payable to the holders of ordinary shares in the share capital of the company recorded in the securities register of the company on 17 January 2025. The last date to trade in order to be eligible to receive the dividend will be 14 January 2025, and the ex-dividend date will be 15 January 2025. The dividend will be paid and broker accounts updated, as the case may be, on 20 January 2025.

Separate financial statements

for the year ended 30 September 2024

Separate income statement

	Notes	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Revenue	1	**1 048**	898
Operating expenses		**(25)**	(235)
Operating profit before capital items		**1 023**	663
Capital items		**110**	–
Operating profit	2	**1 133**	663
Finance costs	3	**(415)**	(311)
Profit before taxation		**718**	352
Taxation	4	**–**	–
Profit for the year		**718**	352

Separate statement of comprehensive income

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Profit for the year	**718**	352
Other comprehensive income	**–**	–
Total comprehensive profit for the year, net of taxation	**718**	352

Separate statement of financial position

	Notes	30 September 2024 Rm	30 September 2023 Rm
ASSETS			
Non-current assets			
Investment in subsidiary companies	5	**60 149**	59 976
Related-party loan receivable	6	**3 076**	3 309
		63 225	63 285
Current assets			
Investment in subsidiary companies	5	**192**	290
Related-party loans receivable	6	**367**	308
Other receivables	7	**56**	106
Cash and cash equivalents		**–**	–
		615	704
Total assets		**63 840**	63 989
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary stated capital	9	**67 161**	66 943
Reserves		**(7 780)**	(6 692)
		59 381	60 251
Non-current liabilities			
Interest-bearing loans and borrowings	11	**4 131**	2 169
		4 131	2 169
Current liabilities			
Interest-bearing loans and borrowings	11	**206**	1 435
Other payables and accruals	10	**122**	92
Related-party loans payable	14	**–**	42
		328	1 569
Total equity and liabilities		**63 840**	63 989

Separate statement of changes in equity

	Note	Ordinary stated capital Rm	Retained earnings Rm	Share-based payment reserve Rm	Total Rm
Balance at 30 September 2022		67 228	(5 425)	411	62 214
Total comprehensive profit for the year		–	352	–	352
Dividends paid		–	(2 025)	–	(2 025)
Share issue under Pepkor Executive Share Rights Scheme	9	226	–	(226)	–
Share buy-back and cancellation	9	(511)	–	–	(511)
Share-based payments		–	–	221	221
Balance at 30 September 2023		**66 943**	**(7 098)**	**406**	**60 251**
Total comprehensive profit for the year		**–**	**718**	**–**	**718**
Dividends paid		**–**	**(1 763)**	**–**	**(1 763)**
Share issue under Pepkor Executive Share Rights Scheme	9	**247**	**–**	**(247)**	**–**
Share buy-back and cancellation	9	**(29)**	**–**	**–**	**(29)**
Share-based payments		**–**	**–**	**204**	**204**
Balance at 30 September 2024		**67 161**	**(8 143)**	**363**	**59 381**

Separate statement of cash flows

	Note	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilised in)/generated from operations	13	**404**	425
Dividends received	14.3	**546**	15
Dividends paid		**(1 763)**	(2 025)
Interest paid		**(415)**	(311)
Net cash outflow from operating activities		**(1 228)**	(1 896)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of subsidiary	2.2	**1 215**	–
Amounts received from related-party loans receivable	5, 6	**2 253**	3 882
Amounts paid to related-party loans receivable	5, 6	**(2 944)**	(1 873)
Net cash inflow from investing activities		**524**	2 009
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received on long-term interest-bearing loans and borrowings	11.4	**2 168**	1 198
Amounts paid on long-term interest-bearing loans and borrowings	11.4	**(1 435)**	(800)
Amount paid on share buy-back	9.3	**(29)**	(511)
Net cash inflow/(outflow) from financing activities		**704**	(113)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**–**	–
Cash and cash equivalents at beginning of the year		**–**	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**–**	–

Notes to the separate financial statements

for the year ended 30 September 2024

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
1. Revenue		
Dividends received – group companies (note 14.3)	**546**	15
Dividends in specie received – group companies (note 14.3)	**–**	501
Interest received – group companies (note 14.3)	**415**	311
Deferred dividend realised	**87**	71
	1 048	898

2. Operating profit

Operating profit is stated after taking account of the following items:

2.1 Operating expenses

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Management fees paid – group companies (note 14.3)	**4**	4
Impairment of investment in Tekkie Town Proprietary Limited (note 5)	**–**	211

All directors' fees and remuneration were paid by subsidiary companies and Ibex (formerly Steinhoff) where applicable. Refer to note 14.4.

2.2 Capital items

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Profit on disposal of The Building Company	**110**	–

The company recorded a profit on sale on the disposal of The Building Company on 30 September 2024. The agreed purchase consideration of R1 246 million was received in two transactions. A dividend of R466 million (note 14.3) was declared from The Building Company to Pepkor Holdings prior to the sale, as per the signed sale agreement between Pepkor Holdings and Capitalworks, and the remaining R780 million was received in cash from Capitalworks, resulting in a cash flow of R1 246 million to Pepkor Holdings.

Profit on disposal of The Building Company is determined as follows:	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Proceeds received from a third party	**780**	–
Dividend received from The Building Company	**466**	–
Total consideration received from disposal of The Building Company	**1 246**	–
Transaction costs related to disposal of The Building Company	**(31)**	–
Net cash inflow received from disposal of The Building Company	**1 215**	–
Carrying value of Investment in The Building Company (note 5)	**(1 105)**	–
Profit on disposal of The Building Company	**110**	–

3. Finance costs

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Finance cost paid on floating rate notes issued	**(415)**	(311)

4. Taxation

Taxation charge	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Normal taxation		
South African normal taxation – current year	**–**	–
Deferred taxation		
South African deferred taxation – current year	**–**	–
	–	–

4. Taxation *continued*

	%	%
Reconciliation of rate of taxation		
Standard rate of taxation	**27.0**	27.0
Exempt income[1]	**(23.8)**	(46.5)
Non-taxable income	**(4.1)**	–
Non-deductible expenditure[2]	**0.9**	2.8
Non-deductible expenditure relating to impairment of investments	**–**	16.7
Effective rate of taxation	**–**	–

No deferred taxation asset has been recognised in the current and prior year due to the uncertainty regarding the generation of future taxable income against which this can be utilised.

[1] Exempt income relates to dividend and investment income.
[2] Non-deductible expenses mainly relate to recurring expenses of a capital nature and expenses not incurred in the production of income.

5. Investment in subsidiary companies

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Shares at cost at the beginning of the year	**59 782**	59 993
Impairment of investment	**–**	(211)
Additional investment in Pepkor Proprietary Limited	**1 200**	–
Disposal of investment in The Building Company	**(1 105)**	–
Shares at cost at the end of the year	**59 877**	59 782
Share-based payments (note 8)	**464**	484
	60 341	60 266
Share-based payments receivable within 12 months included in current assets	**(192)**	(290)
Total non-current investment in subsidiary companies	**60 149**	59 976

The share-based payments receivable within 12 months included in current assets will be settled when the share scheme vests in March 2025 (2023: March 2024).

2024

Pepkor disposed of The Building Company on 30 September 2024 in order to streamline Pepkor's portfolio of business, to enhance the group's return on capital and optimise shareholder returns. The agreed purchase consideration for the sale of the investment was R1 246 million (note 2.2).

During the year, Pepkor Proprietary Limited issued 1 share to Pepkor Holdings Limited for R1.2 billion.The loan receivable that the company held with Pepkor Proprietary Limited of R662 million in the prior year (note 14.3) was offset against the subscription amount and an amount of R700 million was paid to Pepkor Proprietary Limited in the current year.

2023

During the year, Pepkor Proprietary Limited declared its investment in Boland Mountains Financial Services Limited to the value of R1 as dividend in specie to the company.

The investment in Pepkor Capital (RF) Proprietary Limited was subsequently impaired as the company has been dormant for the 2022 financial year and in the process of being deregistered in the current financial year.

Impairment methodology

The company considers its investments in subsidiaries for impairment at each reporting date. The investments' carrying amounts are written down to its recoverable amounts if the investments' carrying amounts are greater than its estimated recoverable amounts. Pepkor Proprietary Limited is the holding company for the majority of the group's Clothing and general merchandise investments which is a significant contributor to the company's investment in subsidiary companies. The Clothing and general merchandise segment is seen as a separate CGU. The recoverable amount of each CGU is the higher of its value-in-use and its fair value less costs of disposal. Each CGU is tested for impairment at the reporting date to determine if any indicators of impairment have been identified.

The investment in Tekkie town was impaired by R211 million in the prior year, no further impairment was required in the current year, to its recoverable amount being the fair value less costs of disposal. Tekkie Town was impacted by ongoing loadshedding 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 in the prior year.

Refer to note 9 in the group financial statements for the assumptions used for the clothing and general merchandise and Tekkie Town group of CGUs.

5. Investment in subsidiary companies *continued*

	Shareholding %	Cost Rm	Accumulated impairment Rm	Carrying value Rm
30 September 2024[1]				
Pepkor Proprietary Limited	**100**	**65 633**	**(6 998)**	**58 635**
JD Group Proprietary Limited[2]	**100**	**–**	**–**	**–**
Tekkie Town Proprietary Limited	**100**	**2 915**	**(1 856)**	**1 059**
SA Poco Retail Proprietary Limited[2,3]	**100**	**–**	**–**	**–**
Abacus Holdco Proprietary Limited	**100**	**183**	**–**	**183**
Pepkor Capital (RF) Proprietary Limited[3]	**100**	**144**	**(144)**	**–**
Pepkor Holdco Proprietary Limited	**100**	**–**	**–**	**–**
Boland Mountains Financial Services Limited[2]	**100**	**–**	**–**	**–**
		68 875	**(8 998)**	**59 877**
30 September 2023[1]				
Pepkor Holdco Proprietary Limited	100	64 433	(6 998)	57 435
JD Group Proprietary Limited[2]	100	–	–	–
Tekkie Town Proprietary Limited	100	2 915	(1 856)	1 059
The Building Company Proprietary Limited	100	2 651	(1 546)	1 105
SA Poco Retail Proprietary Limited[2,3]	100	–	–	–
Abacus Holdco Proprietary Limited	100	183	–	183
Pepkor Capital (RF) Proprietary Limited[3]	100	144	(144)	–
Pepkor Proprietary Limited[2]	100	–	–	–
Boland Mountains Financial Services Limited[2]	100	–	–	–
		70 326	(10 544)	59 782

[1] All companies are incorporated in South Africa.
[2] Investment in subsidiary is less than R500 000.
[3] The company is in the process of being deregistered.

6. Related-party loans receivable

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Related-party loans receivable	**3 443**	3 617
Provision for impairment	**–**	–
Net of impairment provision	**3 443**	3 617
Related party loan receivable within 12 months included in current assets	**(367)**	(308)
Total non-current related-party loan receivable	**3 076**	3 309

Pepkor Holdings Limited undertakes that it shall not require repayment of the total non-current portion of the related-party loan receivable from Pepkorfin Proprietary Limited prior to 12 months after the reporting date.

Reconciliation of movement for the year

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Balance at beginning of the year	**3 617**	4 831
Loan receivable raised through dividend in specie (note 14.3)	**–**	501
Floating rate notes issued via intercompany nominated bank account	**2 168**	1 198
Floating rate notes settled via intercompany nominated bank account	**(1 435)**	(800)
Additional loans granted	**339**	408
Share buy-back and related transaction costs and taxes (note 9)	**(29)**	(511)
Dividend received (note 1)	**546**	15
Dividend paid	**(1 763)**	(2 025)
Balance at end of the year	**3 443**	3 617

7. Other receivables

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Related-party receivables (note 14.3)	**56**	106

8. Pepkor group scheme

Terms of the scheme

Pepkor granted future share rights to share scheme participants under the Pepkor Executive Share Rights Scheme. The grants remain subject to meeting certain performance conditions (vesting conditions) over the vesting period.

Pepkor Executive Share Right Scheme

The Pepkor Executive Share Rights Scheme is subject to the following conditions:

a) Rights are granted to qualifying senior executives on an annual basis.

b) Vesting of rights occurs on the third anniversary of grant date, provided performance criteria, as set by Pepkor Holdings Limited's remuneration committee at or about the time of the grant date, have been achieved.

c) In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, rights attaching to the particular grant will lapse.

Assumptions

The fair value of services received in return for share rights granted is measured at fair value of the share rights granted. The estimated value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The value of the share rights granted is measured by reference to the market value of the shares. (2021: The pricing model used was the Monte Carlo simulation model. The equity volatility was determined using an exponentially weighted moving average of Pepkor's historical daily closing share price).

	2024 grant	2023 grant	2022 grant	2021 grant
Fair value of Pepkor share rights and assumptions:				
Fair value at grant date	**18.73**	18.65	22.02	13.56
Share price at grant date	**18.73**	18.65	22.02	14.64
Strike price	**n/a**	n/a	n/a	Rnil
Expected volatility	**n/a**	n/a	n/a	41.2%
Dividend yield	**n/a**	n/a	n/a	2.5%
Risk-free interest rate	**n/a**	n/a	n/a	4.8%
Option life	**3 years**	3 years	3 years	3 years

Share scheme settlement provision affecting equity

Rights granted under the Pepkor Executive Share Rights Scheme are subject to a share scheme settlement arrangement whereby the subsidiary companies are required to pay the subscription price of shares granted to employees, equivalent to the quoted market price of such shares on the vesting date when the shares are secured by the subsidiary companies for delivery to the employees less the rights subscription price payable by the employees. Refer to the summary of accounting policies, group share-based payment transactions for more details.

	2024 Rm	2023 Rm
Fair value of share scheme settlement receivable		
Balance at beginning of the year	**419**	602
Increase in fair value	**352**	112
Settlement	**(334)**	(295)
Balance at end of the year	**437**	419
Capital contribution investment in subsidiary		
Balance at beginning of the year	**65**	29
Capital contribution	**(38)**	36
Balance at end of the year	**27**	65
Total	**464**	484

	30 September 2024 Number of shares	30 September 2023 Number of shares
9. Stated capital		
9.1 Authorised – ordinary		
Ordinary shares of no par value	**20 000 000 000**	20 000 000 000
9.2 Issued – ordinary		
Balance at beginning of the year	**3 667 426 643**	3 678 141 546
Share issued under Pepkor Executive Share Rights Scheme	**17 904 319**	17 068 639
Share buy-back and cancellation	**(1 675 938)**	(27 783 542)
Total issued ordinary stated share capital	**3 683 655 024**	3 667 426 643

	Rm	Rm
9.3 Issued – ordinary		
Balance at beginning of the year	**66 943**	67 228
Share issue under Pepkor Executive Share Rights Scheme[1]	**247**	226
Share buy-back and cancellation, including transaction costs and related taxes[2]	**(29)**	(511)
Total issued ordinary stated share capital	**67 161**	66 943

	Number of shares	Number of shares
9.4 Unissued shares		
Shares reserved for future participation in share schemes	**119 467 834**	137 372 153
Unissued shares	**16 196 877 142**	16 195 201 204
Total unissued shares	**16 316 344 976**	16 332 573 357

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the company.

	Number of shares	Number of shares
9.5 Authorised – preference		
Non-redeemable, non-cumulative, non-participating preference shares of no par value	**5 000 000**	5 000 000
Non-redeemable, cumulative, non-participating preference shares of no par value	**2 500 000**	2 500 000
Redeemable, non-cumulative, non-participating preference shares of no par value	**2 500 000**	2 500 000
Redeemable, cumulative, non-participating preference shares of no par value in the following classes:		
Class A1 redeemable, cumulative, non-participating preference shares of no par value	**10 000 000**	10 000 000
Class A2 redeemable, cumulative, non-participating preference shares of no par value	**10 000 000**	10 000 000
Class A3 redeemable, cumulative, non-participating preference shares of no par value	**10 000 000**	10 000 000
Class A4 redeemable, cumulative, non-participating preference shares of no par value	**10 000 000**	10 000 000
Class A5 redeemable, cumulative, non-participating preference shares of no par value	**10 000 000**	10 000 000
Total authorised preference share capital	**60 000 000**	60 000 000

As at the reporting date preference share capital authorised are not in issue.

[1] 17.9 million (2023: 17.1 million) new ordinary no par value shares were issued as part of the shares which vested under the Pepkor Executive Share Rights Scheme. The shares were issued at an average price of R18.65 ranging between R18.47 – R24.06 (2023: R17.31 and 16.65) per share.
[2] The group repurchased 1.7 million (2023: 27.8 million) shares from the open market on the JSE. The shares were acquired at R17.44 (2023: an average price of R18.31) per share, (2023: ranging from R14.32 to R20.50). The total cost, including related after-tax transaction costs, was deducted from stated capital.

	30 September 2024 Rm	30 September 2024 Rm
10. Other payables and accruals		
Other payables and amounts due	**48**	42
Deferred dividend – Pepkor Executive Share Right Scheme	**74**	50
Total financial liabilities	**122**	92

The fair values of other payables are disclosed in note 15.

11. Interest-bearing loans and borrowings

11.1 Analysis of closing balance: External interest-bearing loans and borrowings

	30 September 2024 Rm	30 September 2024 Rm
Secured financing		
Floating rate notes	**4 337**	3 604
Portion payable within 12 months included in current liabilities	**(206)**	(1 435)
Total non-current interest-bearing loans and borrowings	**4 131**	2 169

11.2 Analysis of repayment: External loans

	30 September 2024 Rm	30 September 2024 Rm
Repayable within the next year and thereafter – current and non-current split		
Next year	**206**	1 435
Within two years	**1 113**	206
Within three years	**878**	1 113
Within four years	**850**	–
Within five years	**1 290**	850
	4 337	3 604

11.3 Loan details

	Maturity date	Interest rate	30 September 2024 Rm	30 September 2024 Rm
Loans due:				
Floating rate notes – PEP02	10 March 2025	Three-month Jibar plus 174 bps	**206**	206
Floating rate notes – PEP03[1]	5 May 2024	Three-month Jibar plus 152 bps	**–**	1 435
Floating rate notes – PEP04	5 May 2026	Three-month Jibar plus 170 bps	**765**	765
Floating rate notes – PEP05	6 March 2026	Three-month Jibar plus 123 bps	**348**	348
Floating rate notes – PEP06	6 March 2028	Three-month Jibar plus 138 bps	**850**	850
Floating rate notes – PEP07	6 March 2027	Three-month Jibar plus 114 bps	**878**	–
Floating rate notes – PEP08	6 March 2029	Three-month Jibar plus 124 bps	**1 290**	–
			4 337	3 604

11. Interest-bearing loans and borrowings *continued*

11.3 Loan details *continued*

Floating rate notes

On 4 March, the company replaced floating rate notes of R1 435 million (PEP03), which carried interest at three-month Jibar plus 152 bps, with three-year floating rate notes of R878 million at three-month Jibar plus 114 bps (PEP07) and five-year floating rate notes of R1 290 million at three-month Jibar plus 124 bps (PEP08).

Interest-bearing borrowings bear interest at variable, market-determined rates and are repayable quarterly in arrears. These borrowings are measured at amortised cost, which approximates their fair value.

The undiscounted cash flows of the remaining contractual maturity as well as the fair values of interest-bearing loans and borrowings are disclosed in note 15.

[1] Included in amounts paid on long-term and short-term interest-bearing loans and borrowings in the consolidated statement of cash flows.

	30 September 2024 Rm	30 September 2024 Rm
11.4 Total net debt		
Cash and cash equivalents	**–**	–
Interest-bearing loans and borrowings	**(4 337)**	(3 604)
	(4 337)	(3 604)
Net debt reconciliation		
Net debt reconciliation	**3 604**	3 206
Movement in interest-bearing loans and borrowings		
Floating rate notes issued via intercompany nominated bank account	**2 168**	1 198
Floating rate notes settled via intercompany nominated bank account	**(1 435)**	(800)
Repayment of interest	**(415)**	(311)
Interest accrued	**415**	311
Net movement in cash and cash equivalents	**–**	–
	4 337	3 604

12. Contingent liabilities

There is no litigation, current or pending, which is considered likely to have a material adverse effect on the company.

13. Cash generated from operations

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Operating profit	**1 133**	663
Adjusted for:		
Dividends received (note 1)	**(546)**	(15)
Dividends in specie received (note 1)	**–**	(501)
Share-based payment related non-cash adjustments	**(87)**	(71)
Profit on sale of investment in The Building Company	**(110)**	–
Impairment of investment in subsidiary (note 5)	**–**	211
Cash generated from operations before working capital changes	**390**	287
Working capital changes		
Decrease in receivables	**50**	82
(Decrease)/Increase in other payables and accruals	**(36)**	56
Net changes in working capital	**14**	138
Cash generated from operations	**404**	425

14. Related party transactions

Related-party relationships exist between shareholders and subsidiaries within the group and its company directors and key management employees.

14.1 Subsidiaries

Details of investments in direct subsidiaries are disclosed in note 5.

14.2 Financial guarantee contracts

Details of financial guarantee contracts are disclosed in note 16 of the company financial statements.

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
14.3 Trading transactions and balances		
The following is a summary of transactions with related parties during the year and balances at year end:		
Loans receivable from:		
Pepkorfin Proprietary Limited	**3 281**	2 447
Pepkor Proprietary Limited	**162**	662
Pepkor Speciality Proprietary Limited	**–**	508
	3 443	3 617
The loans receivable bear no interest, except for the loan with Pepkorfin Proprietary Limited which bears interest at market-related interest rates. All loans has no fixed terms of repayment.		
Loan payable to:		
SAHPL Proprietary Limited	**–**	(1)
	–	(1)
The loans payable to Pepkor Proprietary Limited bear no interest. The loan has no fixed repayment terms.		
Accounts receivable from:		
Pepkorfin Proprietary Limited	**56**	–
Abacus Insurance Limited	**–**	106
	56	106
Accounts payable to:		
Pepkorfin Proprietary Limited	**–**	(41)
	–	(41)
Dividends received:		
Pepkor Holdco Proprietary Limited (note 1)	**546**	–
The Building Company Proprietary Limited (note 2.2)	**466**	–
Abacus Holdings Proprietary Limited (note 1)	**–**	15
	1 012	15

14. Related party transactions *continued*

14.3 Trading transactions and balances *continued*

	Year ended 30 September 2024 Rm	Year ended 30 September 2023 Rm
Dividends in specie received:		
The Building Company Proprietary Limited	–	501
	–	501
Dividends paid:		
Ainsley Holdings Proprietary Limited	741	997
SAHPL Proprietary Limited	34	38
Tanzanite Treasure Trading 7 Proprietary Limited	–	1
	775	1 036
Management fees paid:		
Pepkor Trading Proprietary Limited	(4)	(4)
Directors' fees paid:		
SAHPL Proprietary Limited	(2)	(2)
Interest received:		
Pepkorfin Proprietary Limited	415	311

14.4 Compensation of key management personnel

Refer to note 32 of the consolidated financial statements.

15. Financial instruments

The management, board and executive team are responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively within the company, embedding a risk management culture. The board and the audit and risk committee are provided with a view of the risk profile of the company and any major exposures and relevant mitigating actions are identified.

The system of risk management is designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

Regular management reporting and internal audit reports provide a balanced assessment of key risks and controls. The financial director provides quarterly confirmation to the board that financial and accounting control frameworks have operated satisfactorily and consistently.

15.1 Total financial assets and liabilities

	Loans and receivables and other financial liabilities at amortised cost[1]	
	30 September 2024 Rm	**30 September 2023 Rm**
Related-party loans receivable	**3 076**	3 309
Non-current financial assets	**3 076**	3 309
Related-party loans receivable	**367**	308
Other receivables	**56**	106
Cash and cash equivalents	**–**	–
Current financial assets	**423**	414
Interest-bearing loans and borrowings	**(4 131)**	(2 169)
Non-current financial liabilities	**(4 131)**	(2 169)
Interest-bearing loans and borrowings	**(206)**	(1 435)
Other payables and accruals	**(122)**	(92)
Related-party loans payable	**–**	(42)
Current financial liabilities	**(328)**	(1 569)
	(961)	(15)

[1] Financial assets and liabilities carried at amortised cost which approximates their fair value.

No items were classified as 'at fair value through profit or loss' or 'at fair value through other comprehensive income' during the current and previous financial year.

No fair value adjustments were made to any of the financial assets and liabilities.

15.2 Foreign currency risk

All the financial assets and liabilities of the company are denominated in the company's functional currency of South African rand.

15. Financial instruments *continued*

15.3 Interest rate risk

As part of the process of managing the company's borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Interest rate exposure is managed within limits agreed by the board.

At the reporting date, the interest rate profile of the company's financial instruments was as follows:

	Subject to interest rate movements			
	Variable South African prime Rm	Variable Jibar Rm	Non-interest bearing Rm	Total Rm
30 September 2024				
Non-current financial assets	**2 914**	**–**	**162**	**3 076**
Current financial assets	**367**	**–**	**56**	**423**
Non-current financial liabilities	**–**	**(4 131)**	**–**	**(4 131)**
Current financial liabilities		**(206)**	**(122)**	**(328)**
	3 281	**(4 337)**	**96**	**(961)**
30 September 2023				
Non-current financial assets	2 139	–	1 170	3 309
Current financial assets	308	–	106	414
Non-current financial liabilities	–	(2 169)	–	(2 169)
Current financial liabilities	–	(1 435)	(134)	(1 569)
	2 447	(3 604)	1 142	(15)

Sensitivity analysis

The company is sensitive to movements in the Jibar and SA prime rates, which are the primary interest rates to which the company is exposed.

The sensitivities calculated below are based on an increase of 200 basis points (2023: 200 basis points) for each interest category. These rates are also used when reporting sensitivities internally to key management employees.

	30 September 2024 Rm	30 September 2023 Rm
Through (profit)/loss		
SA prime – 200 basis point increase	**(132)**	(98)
Jibar – 200 basis point increase	**87**	72

A 200 basis point decrease in the above rates would have had an equal, but opposite, effect on profit or loss.

15.4 Credit risk

Potential concentration of credit risk consists principally of related-party loans receivable. Management has assessed the ECL for these current financial assets in both the current and prior year and found it to be immaterial given that the counterparties are liquid and solvent.

The carrying amounts of financial assets represent the maximum credit exposure.

The maximum exposure to credit risk at the reporting date, taking account of the value of any collateral and financial guarantees are as follows:

	30 September 2024 Rm	30 September 2023 Rm
Non-current financial assets	**3 076**	3 309
Current financial assets	**423**	414
Maximum exposure to financial guarantees	**19 832**	19 080
	23 330	22 803

Credit risk is concentrated within southern Africa, which has been assessed based on the ECL model and has concluded that the effect would not be material in the current and prior year as there is no material deterioration in credit risk related to the counterparties.

15. Financial instruments *continued*

15.5 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected. The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are available. The company can also call on financial assistance from certain companies within the Pepkor group of companies based on an agreement if the need arises.

The risk buckets in the current year have been disaggregated further to provide more transparency of the maturity of the cash flows of the company's liabilities. The prior year comparative risk buckets have been restated for this disaggregation.

The following are the contractual maturities of financial liabilities:

	Total Rm	Year 1 Rm	Year 2 Rm	Year 3 Rm	Year 4 Rm	Year 5 Rm	After 5 years Rm
2024							
Non-current financial liabilities	**5 368**	**401**	**1 472**	**1 127**	**1 016**	**1 352**	**–**
Current financial liabilities	**877**	**877**	**–**	**–**	**–**	**–**	**–**
Financial guarantee contracts	**19 832**	**19 832**	**–**	**–**	**–**	**–**	**–**
	26 076	**21 110**	**1 472**	**1 127**	**1 016**	**1 352**	**–**

	Total Rm	Year 1 Rm	Year 2 Rm	Year 3 Restated[1] Rm	Year 4 Restated[1] Rm	Year 5 Restated[1] Rm	After 5 years Rm
2023							
Non-current financial liabilities	2 886	221	417	1 269	86	893	–
Current financial liabilities	1 730	1 730	–	–	–	–	–
Financial guarantee contracts	19 080	19 080	–	–	–	–	–
	23 696	21 031	417	1 269	86	893	–

[1] Prior year comparatives have been restated to further disaggregate the risk buckets.

Further details of financial guarantee contracts are provided in note 16.

15.6 Treasury risk

A finance forum, consisting of senior executives of the company, meets on a regular basis to analyse currency and interest rate exposure and to review and, if required, to adjust the company's treasury management strategies in the context of prevailing and forecast economic conditions.

Capital risk

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of equity, comprising issued capital, distributable reserves and retained earnings as disclosed in the statement of changes in equity.

The company's audit and risk committee reviews the capital structure of the company on a quarterly basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the committee, the company will balance its overall capital structure through the payment of dividends, new share issues and share buybacks as well as the issue of new debt or the redemption of existing debt.

16. Financial guarantee contracts

The company along with other subsidiaries guaranteed the term loans, revolving credit facilities and general banking facilities under the terms of the guarantee. The company will make payments to reimburse the lenders upon failure of the guarantee entity to make payments when due. The company has secured a letter of support from fellow subsidiaries within the group in the event that the company is called upon to perform on such commitment.

	Face value 2024 Rm	Drawn down balance 2024 Rm	Face value 2023 Rm	Drawn down balance 2023 Rm
Term loans	**5 205**	**5 205**	5 705	5 705
Revolving credit facilities	**1 500**	**1 500**	1 500	1 500
General banking facilities	**11 513**	**2 263**	10 203	2 025
Guarantee facilities	**614**	**477**	672	500
Bridge facilities	**1 000**	**–**	1 000	–
	19 832	**9 445**	19 080	9 730

17. Distribution to ordinary shareholders

The board has declared a dividend to shareholders in respect of the year ended 30 September 2024 of 48.5 cents (2023: 48.1 cents). The dividend will be payable to the holders of ordinary shares in the share capital of the company recorded in the securities register of the company on 17 January 2025. The last date to trade in order to be eligible to receive the dividend will be 14 January 2025, and the ex-dividend date will be 15 January 2025. The dividend will be paid and broker accounts updated, as the case may be, on 20 January 2025.

18. Events after reporting date

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

19. Going concern

The board of directors have evaluated the going concern assumption as at 30 September 2024. Taking into account the current financial position and existing borrowing facilities, the directors are satisfied that the company is a going concern and have continued to adopt the going concern basis in preparing the annual financial statements.

The cash flows and liquidity projections of the company have been prepared for a period exceeding 12 months from the reporting date and included performing sensitivity analyses based on various scenarios.

Shareholder analysis

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

Public/non-public shareholders	Number of shareholders	%	Number of shares	%
Public shareholders	37 698	99.99	2 567 838 299	69.71
Non-public shareholders				
Directors and associates	–	0.00	–	0.00
Strategic holdings (more than 10%)	2	0.01	1 111 708 550	30.18
Treasury shares	1	0.00	4 108 175	0.11
Totals	37 701	100.00	3 683 655 024	100.00

Beneficial shareholders holding 1% or more	Number of shares	%
Ainsley Holdings Proprietary Limited	1 041 708 550	28.28
Government Employees Pension Fund	429 056 560	11.65
Titan Premier Investments Proprietary Limited	140 600 000	3.82
Government of Norway	104 736 745	2.84
Alexander Forbes Investments	78 841 451	2.14
Various retail investors	72 633 453	1.97
SAHPL Proprietary Limited	70 000 000	1.90
Titan FinCap Solutions RF Proprietary Limited	41 485 785	1.13
Coronation Top 20 Fund	41 913 278	1.14
Old Mutual Life Assurance Company Limited	41 377 546	1.12
Vanguard Total International Stock Index	38 392 152	1.04
Total	2 100 745 520	57.03

Fund managers holding 1% or more	Number of shares	%
Public Investment Corporation (PIC)	327 323 537	8.89
Coronation Asset Management Proprietary Limited	211 226 320	5.74
Titan Premier Investments Proprietary Limited	182 085 785	4.95
M&G Investment Managers Proprietary Limited	136 212 219	3.70
Sanlam Investment Management	118 947 067	3.23
Truffle Asset Management Proprietary Limited	113 038 664	3.07
The Vanguard Group Incorporated	102 713 271	2.79
Value Capital Partners	80 694 964	2.19
BlackRock Advisors LLC	75 246 833	2.04
Abax Investments	67 131 426	1.82
Allan Gray Proprietary Limited	66 799 774	1.81
Fidelity Management & Research Company	50 996 066	1.38
Camissa Asset Management	49 331 187	1.34
Fairtree Asset Management Proprietary Limited	49 050 410	1.34
Total	1 630 797 523	44.29

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)*
P Disberry*
LJ du Preez
HH Hickey*
IM Kirk*
ZN Malinga*
LI Mophatlane*
SH Müller*
NS Ntshingila*
F Petersen-Cook*

** Independent*

Registration number
2017/221869/06

Share code
PPH

Debt code
PPHI

ISIN
ZAE000259479

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Company secretary
M Allie

Auditor
PricewaterhouseCoopers Inc.

Equity and debt sponsor
Investec Bank Limited

Corporate broker
Rand Merchant Bank (a division of FirstRand Bank Limited)

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