

Pepkor Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2017/221869/06)
Share code: PPH
Debt code: PPHI
ISIN: ZAE000259479
("Pepkor", the "company" or the "group")



**REVIEWED ANNUAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 AND
DIVIDEND DECLARATION**

Pepkor grows headline earnings by 115.2% for the year ended 30 September 2021

Highlights

- 9.2% growth in revenue to R77.3 billion
- 39.9% growth in operating profit before capital items to R9.3 billion
- 115.2% increase in headline earnings to R5.0 billion
- R11 billion cash generated from operations
- 44.2 cents dividend declared
- 247 new stores opened
- 201 basis points market share gains¹

¹ In clothing, footwear and homeware (CFH) since October 2019. Source: Retailers' Liaison Committee (RLC)

Results	12 months ended 30 September 2021	12 months ended 30 September 2020	% change
Revenue (Rm)	77 329	70 827	9.2%
Operating profit before capital items (Rm)	9 305	6 653	39.9%
Earnings per share (cents)	132.7	(81.2)	>100%
Headline earnings per share (cents)	135.4	65.5	>100%
Dividend per share (cents)	44.2	–	100%
Net asset value per share (cents)	1 573.8	1 458.5	7.9%

Performance during the year

The Pepkor group reported strong results for the year ended 30 September 2021 (FY21). The group entrenched its position as the leading discount and value retailer in South Africa. Pepkor's ambition to restore profitability to 2019 levels following the impact of the Coronavirus pandemic (COVID-19) was not only achieved but surpassed.

The group continued to identify opportunities for store expansion and opened 247 new stores during the year.

By the end of October 2021, the group had reopened 413 (75%) of the 549 stores which were looted and damaged during civil unrest in July 2021. Opening this number of stores in such a short time frame is a remarkable achievement by the retail brands and group strategic services.

Group revenue for FY21 increased by 9.2% to R77.3 billion. Cash sales, which contributed 93% to total group sales, increased by 10.6% while credit sales increased by 11.2%. Gross profit margin improved by 10 basis points to 34.3% as a result of more full-priced sales and lower markdowns. The strong trading performance, good cost management and reduced debtors' costs resulted in operating profit (before capital items) increasing by 39.9% to R9.3 billion.

Net finance costs reduced by 31.7% to R2.1 billion due to a substantial reduction in net debt facilitated by strong cash generation. The group generated R11.0 billion cash from operations during the year.

Headline earnings increased by 115.2% to R5.0 billion for the year. Headline earnings per share increased by 106.7% and the weighted average number of shares in issue increased by 4.4% compared to the prior year. A dividend of 44.2 cents per share was declared.

Outlook

The retail market remains constrained as South Africa is confronted with record levels of unemployment. The full effect of COVID-19 is still playing out and having a major impact on consumers in the lower end of the market. Despite this challenging operating environment, Pepkor is ideally positioned in the discount and value segment of the market to serve our customers with affordable products and services.

Sales growth has been under pressure during the first part of the new financial year as most brands contend with an exceptionally high base in the prior year. Performance compared to 2019, however, remains positive.

Supply chain disruptions have impacted the group, resulting in increased costs and delays in product inflows. The backlog has been improving and stock levels are expected to normalise for the December trading period. The group's merchandise and logistics teams, in conjunction with its stable supply base, have done well to keep prices intact but higher levels of inflation are expected towards the end of 2022. Pepkor is building on its existing local partnerships with

strategic vendors to develop growth plans in support of its local sourcing and manufacturing strategy.

Pepkor's balance sheet has been strengthened substantially and provides flexibility should opportunities in the market arise. A process to refinance funding of R5.0 billion repayable in FY23 has commenced with the intention to extend this over a longer term and further reduce the group's cost of funding. The process is expected to be completed early in 2022 and will further strengthen the group's liquidity and debt repayment profile.

Store expansion will continue across most of the brands as Pepkor intends to open approximately 300 new stores in the new financial year. The majority of these stores will be in PEP and Ackermans which are the most profitable and robust brands in the group. The objective is to keep gaining market share in the adult wear categories through the Pepkor Speciality business and Ackermans Woman.

The group is pleased that all its businesses have performed well over the past year and endeavours to continue this momentum. Management is confident that the group's retail brands will execute on their customer value propositions and continue to grow their profitability during the coming financial year.

Dividend declaration

The board declared a dividend of 44.2 cents per ordinary share payable to shareholders on Monday, 24 January 2022 in respect of the twelve months ended 30 September 2021. The dividend has been declared out of income reserves.

The salient dates of the dividend declaration are:

Declaration date	Friday, 19 November 2021
Last day to trade cum dividend	Tuesday, 18 January 2022
Trading ex-dividend commences	Wednesday, 19 January 2022
Record date	Friday, 21 January 2022
Date of payment	Monday, 24 January 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 19 January 2022 and Friday, 21 January 2022, both days inclusive. The maximum local dividend tax rate is 20%. The net local dividend amounts to 35.36 cents per share for shareholders liable to pay dividend tax at the maximum rate, and 44.2 cents per share for shareholders exempt from paying dividend tax. The issued ordinary share capital of Pepkor Holdings Limited as at the date of this declaration is 3 697 million ordinary shares. Pepkor Holdings Limited's tax reference number is IT9542320180.

Results webcast

A live webcast of the results presentation will be broadcast at 11:00am (SAST) on Friday, 19 November 2021. The webcast registration link is: <https://www.corpcam.com/Pepkor19112021> and be accessed on the Pepkor website: www.pepkor.co.za.

Short-form announcement

This short-form announcement (this announcement) is the responsibility of the directors. It should be noted that this announcement is only a summary of the information contained in the detailed announcement and therefore does not contain full or complete details.

Any investment decisions by investors and/or shareholders should be based on the information in the detailed announcement. The full announcement can be accessed at: <https://senspdf.jse.co.za/documents/2021/jse/isse/pphe/FY21.pdf>

Copies of the detailed announcement are also available for viewing on the company's website at: <https://www.pepkor.co.za/wp-content/uploads/2021/11/Pepkor-reviewed-results-for-the-year-ended-30-September-2021.pdf>, or may be requested in person at the company's registered office or the office of the equity sponsor, at no charge, during office hours.

Parow
19 November 2021

Equity sponsor
PSG Capital



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

