

Pepkor Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2017/221869/06)
Share code: PPH
Debt code: PPHI
ISIN: ZAE000259479
LEI: 3789006D677C34F69875



("Pepkor" or the "group")

TRADING UPDATE AND TRADING STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2024

1. TRADING UPDATE

GROUP REVENUE

Continuing operations

For the year ending 30 September 2024 ("FY24"), group revenue increased by 7.8% to R85.1 billion. The prior year ("FY23") included an additional 53rd trading week for South African-based clothing and general merchandise brands. On a comparable 52-week basis, group revenue increased by 9.2%.

The Clothing & general merchandise ("CGM") segment increased revenue by 5.2% to R61.4 billion (7.0% on a 52-week basis) and the Furniture, appliances & electronics segment increased revenue by 4.5% to R11.0 billion.

The group's retail operations delivered strong trading results and captured additional market share in clothing, cellular and home (RLC September 2024 12mma and GfK September 2024 data). This was notwithstanding a challenging operating environment.

The Fintech segment increased revenue by 26.8% to R12.7 billion.

The group's powerful customer acquisition capability within its retail operations enabled rapid growth in fintech through strategic execution in financial services and mobile connectivity.

Pepkor's participation and reach into the dynamic informal market through the Flash business further bolstered growth.

Discontinued operations

As announced on 3 September 2024, the disposal of The Building Company ("TBCo") was confirmed and implemented on 30 September 2024. This enabled the group to exit the building

materials market and deliver on its objectives to streamline the portfolio of businesses, enhance return on capital and optimise shareholder returns. TBCo is therefore classified as discontinued operations in the group's results.

2. TRADING STATEMENT

In terms of the JSE Limited ("JSE") Listings Requirements, a listed company is required to publish a trading statement as soon as it becomes aware that a reasonable degree of certainty exists that the financial results for the financial period to be reported on next will differ by at least 20% from the financial results for the previous corresponding period.

Impairment of goodwill and intangible assets

The outcome of the annual impairment assessment process on goodwill, trade and brand names with an opening carrying value of R51.2 billion, as required by IFRS, resulted in a total impairment of R2.7 billion to be recognised in FY24 (the "impairment").

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.

The impairment will impact earnings but will be excluded from headline earnings - as prescribed by Circular 1: 2023 - Headline Earnings issued by the South African Institute of Chartered Accountants ("SAICA").

Shareholders and noteholders are hereby advised that a reasonable degree of certainty exists that the group's headline earnings per share ("HEPS") and earnings per share ("EPS") for the year ended 30 September 2024, when compared to the previous corresponding period, are expected to fall within the ranges reflected in the table below.

Continuing operations	FY24 expected range (cents)	FY24 expected change (%)	FY23 actual (cents)**
EPS	61.0 to 65.4	241% to 251%	(43.4)
HEPS	132.5 to 146.5	(6%) to 4%	140.8
Normalised HEPS on a 52-week basis**	133.2 to 145.9	5% to 15%	127.1

** As reported at Pepkor's FY23 and interim FY24 results on 29 November 2023 and 28 May 2024 respectively, the FY23 performance included a 53rd trading week for the South African-based clothing & general merchandise retailers in addition to a non-recurring IFRS 16 lease modification gain on the new PEP Hammarsdale distribution centre. Normalised HEPS on a 52-week basis excludes the impact of both these items.

Total operations - including discontinued operations	FY24 expected range (cents)	FY24 expected change (%)	FY23 actual (cents)
EPS	54.5 to 58.0	254% to 264%	(35.4)
HEPS	140.3 to 155.2	(6%) to 4%	149.2

Dividend consideration

Based on the group's strong operating performance, cash generation and successful strategic execution, in addition to its healthy financial position, the board has resolved that the FY24 impairment will be disregarded in the consideration and determination of the FY24 dividend. The impairment will therefore not negatively impact any potential dividend declared for FY24.

Results announcement and webcast

Pepkor's results for the year ended 30 September 2024 will be published on SENS on or about Tuesday, 26 November 2024.

A results presentation will be held at 11:00am (SAST) on Tuesday, 26 November 2024. The webcast registration link will be made available prior to publication of the results on the Pepkor website: www.pepkor.co.za.

The information included in this announcement has not been reviewed and reported on by the group's external auditors.

Parow
6 November 2024

Equity and Debt sponsor
Investec Bank Limited

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