

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", the "company" or the "group")



REVIEWED ANNUAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 AND DIVIDEND DECLARATION

Consistent performance drives market share gains at improved margin while strategic execution in fintech yields tangible results

Continuing operations

Performance highlights

- 7.8% growth in revenue to R85.1 billion (up 9.2% on a normalised and comparable basis*)
- 13.5% growth in gross profit to R32.6 billion (up 190 basis points)
- 8.4% growth in operating profit to R9.8 billion (up 17.4% on a normalised and comparable basis*)
- 0.4% decrease in HEPS to 140.2 cents (up 10.3% on a normalised and comparable basis*)
- R11.9 billion cash generated
- 22.3% return on net assets
- 48.5 cents dividend declared
- 3 million customers added on A+, FoneYam and Abacus – meeting customer needs for affordability, connectivity and insurance
- 4 447 learnerships provided – the most of all SA retailers based on available public information
- 9.4 MWp total solar capacity installed

	Year ended 30 September 2024	Year ended 30 September 2023	% change
Results from continuing operations			
Revenue (Rm)	85 136	78 960	7.8%
Operating profit before capital items (Rm)	9 802	9 044	8.4%
Earnings per share (cents)	63.4	(43.4)	> 100%
Headline earnings per share (cents)	140.2	140.8	(0.4%)
Headline earnings per share on a normalised and comparable basis*	140.2	127.1	10.3%
Dividend per share (cents)	48.5	48.1	0.8%
Net asset value per share (cents)	1 588.5	1 604.9	(1.0%)
Results from total operations – including discontinued operations			
Earnings per share (cents)	56.4	(35.4)	> 100%
Headline earnings per share (cents)	148.5	149.2	(0.5%)

* Normalised and comparable results reflect performance excluding the non-recurring IFRS 16 lease modification gain recognised in FY23 on the new PEP Hammarsdale distribution centre, and exclude the impact of the 53rd trading week included in FY23 for the South Africa-based clothing and general merchandise retailers (as reported at Pepkor's FY23 and interim FY24 results on 29 November 2023 and 28 May 2024 respectively).

Group performance

Pepkor's strategy to meet customer needs delivered a commendable performance in FY24, 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.

Traditional Retail segments

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

Group merchandise sales (sales) increased by 4.8% for the year (6.4% on a 52-week basis). Group like-for-like sales increased by 4.1%.

Gross profit margin in CGM expanded by 218 basis points to 38.1% and contracted to 28.4% in FAE. CGM operating profit increased by 12.0% (on a normalised and comparable basis) to R7.7 billion and FAE operating profit increased by 22.2% to R649 million.

Market share was expanded with the latest independent South African data** showing that Pepkor accounts for:

- nearly two out of every three baby wear sales;
- one out of every two kids' wear sales;
- more than three out of four school wear sales; and
- 7.5 out of 10 prepaid cellular handsets – an improvement from seven out of 10 in the previous year.

** Retailers' Liaison Committee (RLC) 12mma and Growth from Knowledge (GfK) September 2024 data

This underscores Pepkor's role in clothing and connecting the South African nation.

PEP and Ackermans delivered a stronger trading performance in the second half of the year, notwithstanding the late arrival of winter. Additionally, supply chain disruption affected product availability, negatively impacting performance in some clothing brands.

PEP maintained its Best Price Leadership and expanded market share with a positive trajectory in like-for-like sales growth delivered throughout the year. Higher full-price sales improved gross profit margin.

Ackermans showed good progress in recovering like-for-like sales at substantially improved gross profit margins driven by higher full-price sales. Market share gains were achieved in the Babies, Kids and School categories. The transition to the new Hagley distribution centre in Cape Town was seamlessly completed and the Ackermans team was further enhanced with additions in key functions to strengthen execution.

Speciality's clothing brands delivered consistent performance and expanded market share. The launch of Refinery Junior extended the Refinery brand's winning formula into the kids' wear market. The development of a new standalone women's retail format was completed and is set for launch in FY25.

The Avenida business accelerated expansion during the year, opening 42 new stores and a second distribution centre. Performance weakened in the second half, impacted by a late and unusually short winter season.

Pepkor Lifestyle (previously JD Group) completed its rebranding and delivered a strong performance in Home. As announced on 3 September 2024, Pepkor has entered into an agreement to acquire Shoprite's furniture business, which operates more than 400 stores. By combining Shoprite Furniture with Pepkor Lifestyle, key synergies and efficiencies will be realised through improved scale.

Sales growth %	FY24 Total sales growth	FY24 Total sales growth 52 weeks	FY24 Like-for-like sales growth
Traditional retail segments	4.8%	6.4%	4.1%
Clothing and general merchandise segment	4.9%	6.8%	4.2%
- PEP	4.2%	6.0%	4.7%
- Ackermans	4.8%	6.8%	4.5%
- Speciality	5.7%	8.1%	3.6%
- PEP Africa*	19.5%	22.5%	19.7%
- Avenida*	20.1%	20.1%	5.5%
Furniture, appliances and electronics segment - Lifestyle	4.3%	4.3%	3.6%

* Constant currency sales growth is reported for PEP Africa and Avenida.

FinTech segment

The FinTech segment increased revenue by 26.8% to R12.7 billion. Gross profit margin expanded by 129 basis points to 48.0% and operating profit increased by 55.2% to R1.4 billion.

Financial services

Revenue from financial services increased by 40.3% to R4.6 billion, driven by the group's credit interoperability and connectivity strategies.

The A+ credit base was expanded to 2.8 million accounts with a record 1.2 million new accounts opened during the year, benefiting sales through cross-shopping across the group's retail brands.

The group sold 11.5 million cellular handsets this year, expanding market share and growing its active sim card base to 29 million.

FoneYam, the newly developed cellular handset rental product designed to make smartphones affordable, has been highly successful, surpassing one million customers by November 2024, with monthly activations exceeding 120 000 by the end of September 2024.

The group leveraged its in-house insurance capability, rolling out Abacus insurance products across Capfin, PEP, Ackermans, Dunns, PAXI and most recently, FoneYam. As a result, more than one million customers were added through policies sold during the year.

Informal market

Flash increased revenue by 20.2% to R8.0 billion with operating profit increasing by 38.0% to R617 million – reflecting a seven-year CAGR of 22%.

Total throughput (virtual turnover based on face value of products sold) increased by 30.0% to R50 billion for the year. The average throughput across the informal market trader base of 165 000 increased by 21.7%. 1Voucher sales reached R15.7 billion for the year, growing by 36.8%

Omnichannel

The +more customer value platform was launched in March 2024 and now includes more than five million members. +more focuses on the creation of an engaging rewards programme and converting digital attention into a commercial relationship.

Outlook

An optimistic consumer outlook is supported by lower food inflation, the suspension of electricity load shedding and the two-pot retirement system reform. These factors should contribute to improved consumer confidence, lower indebtedness and enhanced spending power. Measures have also been put in place to improve stock inflows and supply chain resilience.

The seven weeks up to 16 November 2024 showed a strong improvement in sales. Sales in the CGM segment increased by 16%. In the FAE segment, sales increased by 6% with the Home division increasing sales by 12%.

Pepkor remains focused on delivering value to customers by expanding affordable product ranges and leveraging data-driven insights to enhance customer engagement. Plans are in place to open between 250 and 300 new stores in FY25.

As demonstrated by this year's results, fintech, financial services, connectivity solutions, and the informal market present valuable opportunities for expansion, while mergers and acquisitions continue to be considered to diversify and strengthen the group's portfolio.

Pepkor is well-positioned to capture additional market share with a robust foundation for continued growth across the retail and fintech sectors.

Dividend declaration

The board declared a cash dividend of 48.50525 cents per ordinary share payable to shareholders on Monday, 20 January 2025. The dividend has been declared out of income reserves.

The salient dates of the dividend declaration are:

Last date to trade cum dividend	Tuesday, 14 January 2025
Date trading commences ex-dividend	Wednesday, 15 January 2025
Record date	Friday, 17 January 2025
Payment date	Monday, 20 January 2025

Share certificates may not be dematerialised or rematerialised between Wednesday, 15 January 2025 and Friday, 17 January 2025, both days inclusive. The maximum local dividend tax rate is 20%. The net local dividend amounts to 38.80420 cents per share for shareholders liable to pay dividend tax at the maximum rate. The issued ordinary share capital of Pepkor Holdings Limited as at the date of this declaration is 3 683 655 024 million ordinary shares. Pepkor Holdings Limited's tax reference number is IT9542320180.

Results webcast

A webcast of the results presentation will be broadcast at 11:00 am (SAST) on Tuesday, 26 November 2024. The webcast registration link is <http://www.corpcam.com/Pepkor26112024> and can 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 detailed announcement can be accessed at <https://senspdf.jse.co.za/documents/2024/jse/isse/pphe/FY24.pdf>.

The reviewed condensed consolidated financial statements for the year ended 30 September 2024 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. The unmodified review opinion forms part of the detailed announcement.

Copies of the detailed announcement are also available for viewing on the company's website at <https://www.pepkor.co.za/wp-content/uploads/2024/11/Pepkor-reviewed-results-for-the-year-ended-30-September-2024.pdf> or may be requested in person at the company's registered office, at no charge, during office hours.

Parow
26 November 2024

Equity and Debt sponsor
Investec Bank Limited