

**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”)

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## VOLUNTARY TRADING UPDATE FOR THE THREE MONTHS ENDED 31 DECEMBER 2024

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Pepkor delivered strong results for the three months ended 31 December 2024 (“Q1FY25”, or “the quarter”). Group revenue from continuing operations increased by 12.1% to R26.7 billion.

Performance was driven by robust sales growth and market share gains in traditional retail with significant growth sustained in fintech. Gross profit margin improved, mainly driven by the growth in the Fintech segment.

Revenue growth by segment	Quarter ended 31 Dec 2024 Q1FY25 Rm	Quarter ended 31 Dec 2023 Q1FY24 Rm	Growth %	Contribution %
Clothing and general merchandise segment (CGM)	19 220	17 608	9.2%	72.1%
Furniture, appliances and electronics segment (FAE)	3 613	3 332	8.4%	13.5%
Fintech segment	3 836	2 841	35.0%	14.4%
<b>Group</b>	<b>26 669</b>	<b>23 781</b>	<b>12.1%</b>	<b>100.0%</b>

### TRADITIONAL RETAIL

Group sales increased by 9.5% and like-for-like sales increased by 7.3% for the quarter.

In Southern Africa (excluding PEP Africa and Avenida), like-for-like sales increased by 9.6%. Outside Southern Africa (PEP Africa and Avenida), like-for-like sales increased by 4.4% in constant currency but decreased by 14.6% in rand-terms.

<b>Sales growth</b>	<b>Total sales growth Q1FY25</b>	<b>Like-for-like sales growth Q1FY25</b>	<b>Contribution to total sales</b>
Retail segments	9.5%	7.3%	100%
Clothing & general merchandise segment	9.7%	7.6%	84.1%
- PEP	13.4%	12.1%	38.9%
- Ackermans	10.3%	9.7%	27.1%
- Speciality	9.4%	5.5%	10.2%
- PEP Africa*	20.1%	19.8%	2.7%
- Avenida*	11.3%	-2.7%	5.2%
Furniture, appliances & electronics segment - Lifestyle	8.5%	6.2%	15.9%

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

Enhanced product availability, diligent execution by retail brands and a more favorable consumer environment in South Africa led to strong sales growth. According to Retailers Liaison Committee (RLC) data for December 2024, Pepkor outperformed the market, gaining market share over 3-, 6-, and 12-month periods.

The quarter began with rapid sales growth during the seven-week period ended November 16, 2024, as highlighted in Pepkor's FY24 results.

Robust trading continued in both PEP and Ackermans subsequent to this, delivering double-digit sales growth for the quarter with strong like-for-like sales growth. PEP and Ackermans, in aggregate, account for 66% of group sales.

Trading in Speciality softened during the remainder of the quarter as footwear brands continue to face intense competition. Strong trading was achieved in the recently launched Refinery Junior concept.

In Pepkor Lifestyle, sales growth accelerated further, driven by the Home division which achieved 15.1% sales growth. The Tech division delivered 2.0% sales growth off a strong prior period base and in a highly competitive appliance and consumer electronics market.

Outside Southern Africa, trading momentum remained strong in PEP Africa but currency devaluation impacted results in rand-terms.

In Brazil, Avenida's like-for-like performance was impacted by the maturity profiles of new stores, in addition to challenges in merchandise and supply chain expansion while a weaker Brazilian currency further impacted results.

Clothing, footwear and home (CFH) retail selling price inflation in PEP, Ackermans and Speciality (in aggregate) amounted to 7.6% for the quarter.

Group cash sales increased by 6.2%. Credit sales increased by 30.9%, driven by the implementation of the group's retail credit interoperability strategy across its South African-based CFH retail brands. The overall group credit sales mix rose to 16% from 13% in the same quarter last year.

During the quarter, 95 new stores were opened. On a net basis, the retail store base expanded by 76 new stores to 5 975 stores as at 31 December 2024. The group remains on track with its organic store expansion strategy and plans to open 250 to 300 new stores in FY25.

## **FINTECH**

The Fintech segment continued to deliver strong revenue growth in the group's financial services and informal market businesses, increasing revenue by 35.0% to R3.8 billion.

The financial services businesses, in aggregate, increased revenue by 65.7% to R1.6 billion, fuelled by strategic execution in retail credit interoperability, cellular handset rentals and leverage of the group's insurance capability.

During the quarter, 299 000 new A+ retail credit accounts were activated, bringing the total A+ account base to 3.0 million customer accounts. Credit granting remained conservative, with the approval rate continuing its downward trend, reducing to 29% from 34% in the prior year.

The proportion of A+ customers eligible to make purchases remained relatively stable at 72% (73% prior year), based on the group's more conservative policy of restricting further purchases for customers who miss one single payment. Collections, non-performing loans, and provisions remained within comfortable levels.

The number of active FoneYam cellular device rentals increased to 1.2 million by the end of December 2024, up from 795 000 as at the end of September 2024. Monthly activations continued to accelerate throughout the quarter, reaching 180 000 devices for the month of December 2024.

The Flash business continued its growth trajectory, reporting revenue growth of 19.3% to R2.2 billion for the quarter. Total throughput increased by 24.4% to R14.5 billion, supported by the roll-out of new Flash tap-to-pay devices.

## **OUTLOOK**

In the first three weeks of January 2025, group sales increased by 17.8% as trading momentum strengthened across all retail businesses. This was underpinned by a very successful back-to-school season in PEP and Ackermans, improved performance in Speciality and Lifestyle in addition to a positive change in the trajectory of Avenida's performance.

The strong performance in the first quarter, combined with continued sales momentum into January 2025 and the ongoing successful execution in fintech, positions the group well to deliver solid results in FY25.

### **Pro forma constant currency disclosure**

The Pepkor group discloses constant currency information to indicate PEP Africa and Avenida's performance in terms of sales growth, excluding the effect of foreign currency fluctuations. To present this information, current period (Q1FY25) turnover for these businesses reported in currencies other than the rand is converted from local currency actuals into rand at the actual average exchange rates per country for the prior corresponding period (Q1FY24). The table below sets out the approximate average rand cost for one unit as well as percentage change in sales, based on the actual continuing results for the period, in reported currency and constant currency, for the basket of currencies in which these businesses operate.

<b>% change in sales compared to the prior period</b>	<b>Reported currency</b>	<b>Constant currency</b>
PEP Africa	(0.5%)	20.1%
Avenida	(9.7%)	11.3%

Pro forma constant currency has been prepared for illustrative purposes only and, because of its nature, may not fairly present the Group's financial position, results of operations or cash flows

The trading update and pro forma constant currency disclosure is the responsibility of the directors and has not been reviewed and reported on by the group's external auditors.

Parow  
3 February 2025

Equity and Debt sponsor  
Investec Bank Limited

Corporate broker  
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