

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")



VOLUNTARY ANNOUNCEMENT RELATING TO THE ACQUISITION OF CERTAIN BUSINESSES FROM RETAILABILITY

1. INTRODUCTION

Pepkor shareholders and noteholders are hereby advised that the company has entered into a transaction agreement with Retailability Proprietary Limited ("Retailability") to acquire the Legit, Swagga, Style and Boardmans businesses (the "Proposed Transaction").

Retailability is a privately owned retail group that offers affordable apparel and lifestyle products across a number of retail brands in southern Africa. The businesses to be acquired operate 462 stores across South Africa, Botswana, Lesotho, Namibia and Eswatini. The Proposed Transaction is subject to the conditions precedent as detailed in section 3 below.

The Edgars, Edgars Beauty, Red Square, Kelso and Keedo businesses are not included in the Proposed Transaction and will continue to be operated by Retailability.

2. RATIONALE FOR THE TRANSACTION

The group has previously stated its intention to expand its market share in adultwear through organic and acquisitive growth strategies. This is based on the group's underindexed market position in adultwear categories compared to its dominance in babies', kids' and school wear. The launch of the new Ayana womenswear brand in 32 stores at the end of February 2025 and recent acquisition of Choice Clothing are further examples of the group's adultwear growth strategy.

The acquired businesses will be incorporated into the Pepkor Speciality business unit. Pepkor Speciality provides a range of adult apparel, footwear and accessories across seven retail brands, including Tekkie Town, Shoe City, Dunns, Refinery, CODE, SPCC and Ayana. Pepkor Speciality's total store base comprises 941 stores across South Africa, Botswana, Lesotho, Namibia and Eswatini.

The Proposed Transaction will add significant additional scale to Pepkor Speciality and expand its product offering in the adult market, especially in womenswear through the Legit brand.

The acquisition of Swagga and Style has strong synergistic benefits, expanding the group's store portfolio and providing the opportunity to further grow the group's share in the adult wear market. The Boardmans online brand, which operates in the homeware product segment, will become part of the Pepkor Lifestyle business.

Pepkor will unlock value through its extensive scale in sourcing, supply chain and back office functions, in addition to leveraging its capabilities in credit and other financial services.

Tyrone Vieira, CEO of Pepkor Emerging Businesses commented: "We are excited to welcome the Legit and other Retailability businesses into Pepkor Speciality, forming an integral part of our strategy to grow our market position in adult wear. These businesses are a natural fit for Pepkor Speciality and we are looking forward to integrating them and unlocking benefits from the added scale."

Pepkor's COO, Sean Cardinaal, stated that the acquisition of these businesses "represents a major milestone in the execution of Pepkor's strategic growth model by accelerating growth in the group's Traditional Retail core. This, in turn, will enable strategies in our other growth pillars of Financial Services & Connectivity, Omnichannel, and Leverage & Efficiency – contributing to Pepkor's delivery of compelling and sustainable long-term performance and returns."

3. PRINCIPLE TERMS OF THE PROPOSED TRANSACTION

The total purchase consideration payable on the closing of the Proposed Transaction, which will be subject to relevant net working capital adjustments, represents less than c. 2% of Pepkor's market capitalisation. The purchase consideration will be settled in cash.

The conclusion of the Proposed Transaction is subject to the fulfilment of both regulatory and commercial suspensive conditions customary for a transaction of this nature.

4. CLASSIFICATION OF THE PROPOSED TRANSACTION

The Proposed Transaction is not a categorised transaction in terms of the Listings Requirements of the JSE.

An investor presentation is available on the Pepkor website: www.pepkor.co.za and any questions can be directed to: investors@pepkor.co.za

Parow
25 March 2025

Equity and debt sponsor
Investec Bank Limited

Financial advisor and Corporate Broker to Pepkor
Rand Merchant Bank (a division of FirstRand Bank Limited)

Legal advisor to Pepkor
ENS Africa

Legal adviser to Retailability
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