



**Pick n Play**

**Integrated '25**  
Annual Report





# Welcome to our 2025 Integrated Annual Report

The Pick n Pay Group is a retail business in the fast-moving consumer goods (FMCG) industry. We operate multiple store formats through an owned and franchise model, including supermarkets, clothing and liquor stores and an online platform.

The Group has 2 269 stores across South Africa, Botswana, Eswatini, Lesotho, Namibia, Nigeria, Zambia and Zimbabwe. We offer quality merchandise at competitive prices, supported by strong and capable teams across Pick n Pay and Boxer. In FY25, we sharpened our focus on getting the basics of retail right - buying better, simplifying our execution, and tightening cost discipline. This renewed focus is enabling continued investment in our customer offer, with a compelling range of high-quality food, grocery, clothing, liquor and general merchandise at great value.

## Our mission

### We serve

With our hearts we create a great place to be

With our minds we create an excellent place to shop

## Our enduring values

We are passionate about our customers and will fight for their rights

We live by honesty and integrity

We foster personal growth and opportunity

We take individual responsibility

We care for and respect each other

We support and participate in our communities

We nurture leadership and vision, and reward innovation

We are all accountable

## Restoring Pick n Pay and accelerating Boxer

Our long-term strategy focuses on restoring profitability in Pick n Pay's core supermarket business, while accelerating the growth in our high-performing Boxer, Pick n Pay Clothing, and Pick n Pay Online operations. Our five underlying Pick n Pay strategic priorities are designed to strengthen Pick n Pay and build a more resilient, customer-led business.



Leadership and people



Accelerate like-for-like sales growth



Strengthen partnerships



Reset the store estate



Future-fit structure

*Read more from page 54.*





## Summarising an eventful year

### February 2024

In response to a difficult FY24 and a weakened liquidity position, Pick n Pay announced the implementation of a two-step Recapitalisation Plan: a Pick n Pay Rights Offer, followed by the JSE and A2X listing of its Boxer business later in the year.

### May 2024

Pick n Pay confirmed the conclusion of a debt Restructure Agreement with lenders, and announced major governance changes, including the controlling shareholder's intention to relinquish voting control post the Rights Offer and significant Board and committee changes to enhance independent oversight.

### June 2024

Shareholder approvals obtained at a General Meeting to advance the Rights Offer, including to amend and increase the share capital, amend the Memorandum of Incorporation (MOI), and amend the B share terms to reduce B share voting control.

### July 2024

Launched the Rights Offer process and published the Rights Offer Circular.

### August 2024

Successful conclusion of Rights Offer – 252.2 million new Pick n Pay ordinary shares issued at a subscription price of R15.86 per Rights Offer share. Ackerman Family Group reduced voting rights from 52% to 49%.

**Raised R4.0 billion**

### October 2024

Shareholder approval obtained at a General Meeting to proceed with the Boxer Initial Public Offering (IPO) as a Category 1 transaction, authorising the issue of shares in Boxer Retail Limited to qualifying investors and its listing on the JSE. Boxer Retail Limited announced its intention to float.

### November 2024

Boxer IPO launched, Pre-Listing Statement published and investor roadshow commenced. Boxer Retail Limited listed on the JSE and A2X on 28 November 2024, with the placement of 157.4 million shares at R54 per share.

**Raised R8.5 billion**

**Pick n Pay retained 65.6% of Boxer**

### December 2024

Conclusion of the stabilisation period following the Boxer IPO, with no stabilisation required, as shares traded above the offer price over the stabilisation period.

## Feedback

We continue to engage with all our stakeholders to ensure that we improve our external integrated reporting year-on-year. For more information about this report or to provide feedback, please email our Company Secretary, Vaughan Pierce, at [companysecretary@pnp.co.za](mailto:companysecretary@pnp.co.za)

## Navigating this report

### A mindful approach to external reporting

Providing meaningful reporting	3
Producing a report with integrity	6
The highlights of FY25	7

### A retail business in the FMCG industry

Insight from our Chair	9
The PIK investment proposition	12
Much-loved brands and an agile store network	14
A business model that seeks to build a virtuous circle	22

### Managing and leveraging market dynamics

Understanding our operating environment	30
An integrated view of risks and opportunities	32
Balancing stakeholder requirements	42

### Building on the Group's rich legacy

CEO's reflections: rebuilding with purpose	52
Progressing our strategy	54
Managing our sustainability impacts	58

### A resilient FY25 performance

CFO's reflections: execution in a critical year	72
Detailed review of financial performance	74
Detailed review of Group financial position	78

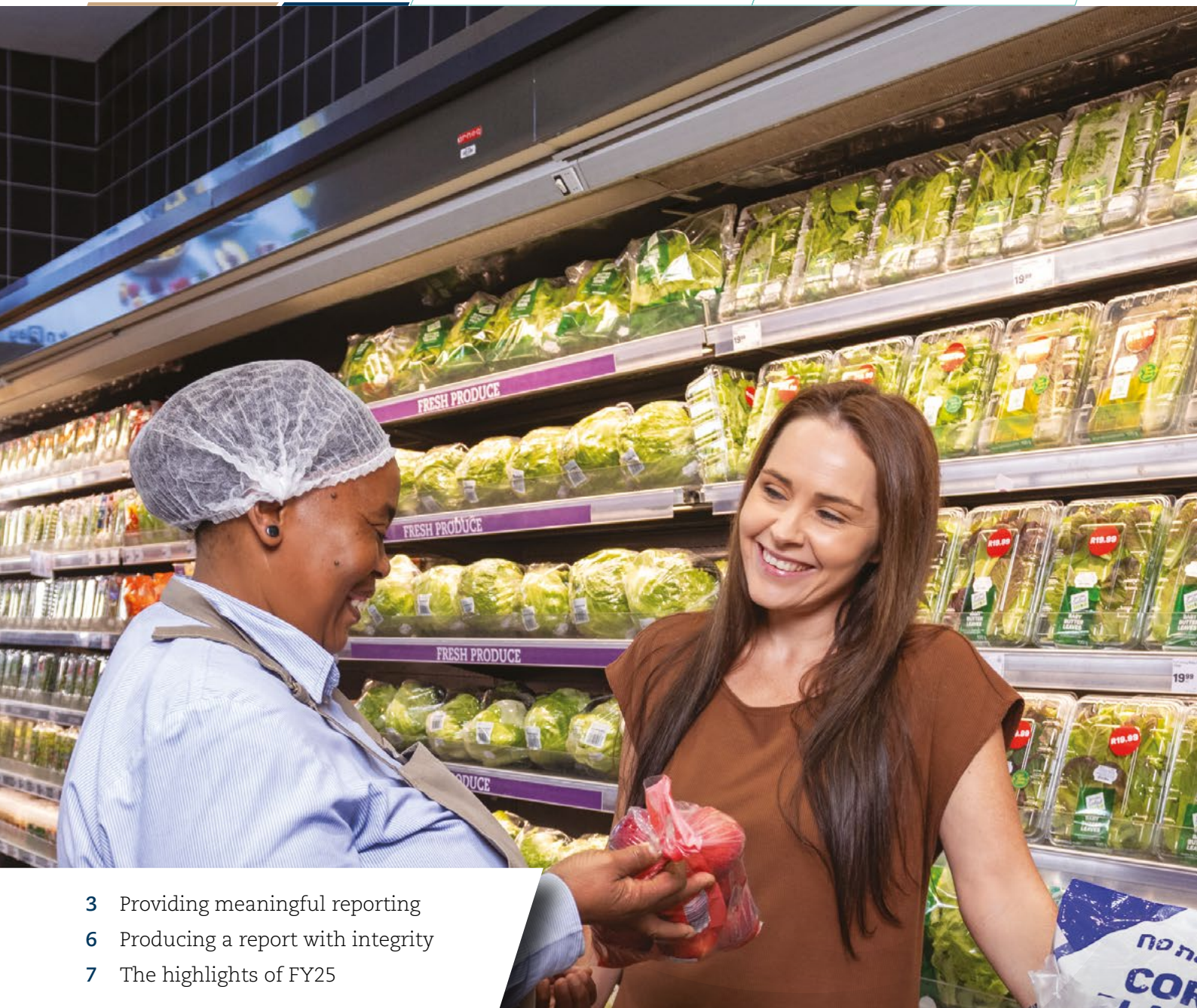
### Commitment to corporate governance

Reflections from our lead independent director	81
The Board committees	88
Our Board of directors	90
Remuneration Report	96

### Additional information

Number of stores	118
Providing more financial detail	119
Analysing our shareholders	133
Application of the International Integrated Reporting Framework	135
Glossary of terms	137
Shareholders' diary	IBC
Corporate information	IBC





- 3 Providing meaningful reporting
- 6 Producing a report with integrity
- 7 The highlights of FY25

# A mindful approach to external reporting



# Providing meaningful reporting

**The Integrated Annual Report is our primary report to stakeholders. It is principally aimed at providers of financial capital, being our shareholders and funding providers. However, it considers the material information needs of all our stakeholders.**

The Group is built on a desire to make life better for our customers and to positively contribute to the communities in which we live and work. Our integrated reporting approach aims to reflect this journey and meaningfully report on how we define, create, and maintain value for our stakeholders in the short, medium, and long term.

## Reporting that reflects an integrated business

### Integrated thinking guides our decision-making and underpins our approach to corporate citizenship and responsible resource allocation.

Integrated thinking requires a comprehensive understanding of the Group's strategy, resources, performance, stakeholders, systems and controls to achieve integrated decision-making that balances short-term goals with a longer-term approach to value creation and preservation.

### The Board is accountable for the Group's performance.

The Board guides and oversees the business in the context of material and emerging risks and opportunities to ensure that our business strategy remains relevant and responsive. Board oversight includes considering ESG matters to support sustainable stakeholder value creation.

The Executive Committee is responsible for executing strategy and overseeing Pick n Pay's daily operations to ensure the preservation and creation of sustainable value for all stakeholders. The Pick n Pay Sustainability Steering Committee monitors key ESG performance indicators, enabling a more structured and comprehensive approach to addressing ESG issues across the value chain.

While the Executive Committee maintains oversight of Boxer's performance through formal Board engagement processes, strategic execution and day-to-day management of the Boxer business rests with its CEO and CFO.

*Read more from page 32.*

### Environmental, social and governance (ESG) considerations are embedded in our decision-making processes.

The key principles of ESG have been embedded in our values since the 1970s. We are working to increase the integration of our material financial and ESG information to ensure better decision-making, underpinned by strong governance and control systems and a responsive strategy.

*Read more from page 58.*

### Our business model is central to our integrated thinking approach.

We use six broad capitals to create sustainable stakeholder value.

Our business model seeks to utilise our capital inputs across our retail operations effectively and efficiently to optimise our capital outputs and outcomes for material stakeholders, while effectively managing the trade-offs between our capitals.

*Read more from page 22.*



Financial



Human



Manufactured



Social and relationship



Intellectual



Natural

## Our ability to create value is impacted by our operating context.

We monitor factors affecting our external environment, including how these factors impact our business, strategy execution and value creation. These factors include economic, political and market forces, emerging consumer trends and environmental and societal matters.

*Read more from page 32.*

We ensure meaningful and balanced interactions between stakeholder groups within our retail market, regulatory, social and environmental contexts. This enables us to understand stakeholder concerns, needs and expectations and ensures that we are positioned to respond.

*Read more from page 42.*

We apply materiality to guide decision-making and to focus on the core issues the Group manages and the opportunities that arise from our operating environment.

An enterprise-wide risk management approach ensures that all business areas are aligned with the Group's risk management philosophy and strategy.

*Read more from page 34.*



## A comprehensive reporting suite

We produce a suite of publications tailored to meet our stakeholders' specific information requirements. We follow and align with local and international reporting frameworks as detailed below. All our reports are available online at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za). Printed copies are available on request from our Company Secretary, Vaughan Pierce, at [companysecretary@pnp.co.za](mailto:companysecretary@pnp.co.za).

The reporting suite detailed below refers to the reports published by Pick n Pay Stores Limited (PIK). The Group's majority-held listed subsidiary, Boxer Retail Limited, produces a similar set of documents, which can be accessed on its website at [www.boxerinvestor.co.za](http://www.boxerinvestor.co.za).

	Information provided	Relevant frameworks and standards
<b>Integrated Annual Report (IAR)</b> <i>A review of the Group's strategy, material matters, risks and opportunities and our operational and financial performance for the financial year.</i>	The report provides an overview of the Group and its performance for the year and includes relevant extracts from the FY25 Annual Financial Statements, disclosure on sustainability matters, our governance structures and remuneration report.	Integrated Reporting Framework <sup>1</sup> Companies Act, No 71 of 2008, as amended (Companies Act) JSE Listings Requirements King IV Report on Corporate Governance™ for South Africa, 2016 (King IV) <sup>2</sup> International Financial Reporting Standards (IFRS Accounting Standards)
<b>Sustainability reporting</b> <i>A review of the Group's ESG performance against indicators aligned with investor and analyst expectations. Our sustainability reporting provides an overview of our impact on the environment, society and economy.</i>	Sustainability chapter in IAR Sustainability Databook Pick n Pay CDP Climate Change 2024 Pick n Pay CDP Water 2024 Pick n Pay CDP Forest 2024 FY25 Broad-based Black Economic Empowerment (BBBEE) certification	King IV Global Reporting Initiative's Standards Sustainability Accounting Standards Board's Standards Johannesburg Stock Exchange's Sustainability and Climate Change Disclosure Guidance
<b>Governance reporting</b> <i>A review of the Group's commitment to good corporate governance in implementing its strategy and governance framework.</i>	Governance Report King IV Application Report	Companies Act JSE Listings Requirements King IV
<b>Financial reporting</b> <i>Audited financial statements and related disclosures for the year ended 2 March 2025.</i>	Annual Financial Statements Results presentation and strategy update and webcast	Companies Act JSE Listings Requirements King IV IFRS Accounting Standards
<b>Shareholder reporting</b> <i>Information shareholders require to make informed decisions relating to the AGM to be held on 5 August 2025.</i>	Notice of Annual General Meeting (AGM) AGM proxy form	Companies Act JSE Listings Requirements King IV IFRS Accounting Standards

<sup>1</sup> Our compliance with this framework is summarised from page 135.

<sup>2</sup> Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

## This report's scope and boundary

This report covers the consolidated and integrated financial and non-financial performance of Pick n Pay Stores Limited, its subsidiaries and its associate (the Group) for the 53 weeks ended 2 March 2025. It contains relevant comparisons to previous periods, and is consistent with information and performance indicators in internal management reporting.

**Our financial reporting boundary aligns with the boundary of our Annual Financial Statements and includes:**

**Pick n Pay**

**973**  
company-owned  
stores

**BOXER**

**697**  
franchise  
stores

**525**  
company-owned  
stores

Read more from page 16.

Read more from page 20.

### Our integrated reporting boundary is influenced by:

- Our broader macro-economic environment (page 30)
- The material risks and opportunities that impact the performance and sustainability of the Group (page 32)
- The legitimate needs and interests of our key stakeholders (page 42)
- Our governance practices (page 84)

The report includes social and environmental opportunities and risks that impact our financial performance. It also includes matters that could materially impact our stakeholders or influence our ability to create and preserve value sustainably over the longer term. Our sustainability reporting (from page 58) and our Remuneration Report (from page 96) focus largely on the Pick n Pay segment, except where Boxer information is specifically highlighted.



## Comparable information

A number of items have impacted the year-on-year comparability of the FY25 financial results. Full details of these items are included in note 34, note 38 and the appendices to the Group FY25 Annual Financial Statements. Below we highlight those items considered important in the context of the Integrated Annual Report.

### Rights Offer

In August 2024, the Group raised R4.0 billion in new equity through a Rights Offer, issuing 252.2 million new ordinary shares and 65.7 million new B shares at a discount. As required by IFRS Accounting Standards, the prior year's weighted and diluted weighted average number of shares in issue were retrospectively adjusted for the bonus element, leading to a restatement of prior year earnings per share metrics.

### Retail Financial Calendar

The Group follows a 52-week trading calendar, ending each financial year on a Sunday. This shortens the financial calendar year by one day annually, requiring a 53-week year approximately every six years. FY25 is a 53-week year. To enable comparison with the 52-week FY24, the Group has provided pro forma turnover figures excluding the extra week. The Group has not provided pro forma earnings metrics, as the impact of the 53rd week is immaterial in the context of the Group as a whole.

### Boxer IPO

The Boxer IPO unlocked significant shareholder value. As a result, the Group reported a non-controlling interest for the first time of R85 million, representing the 34.4% minority stake in Boxer from 28 November 2024.

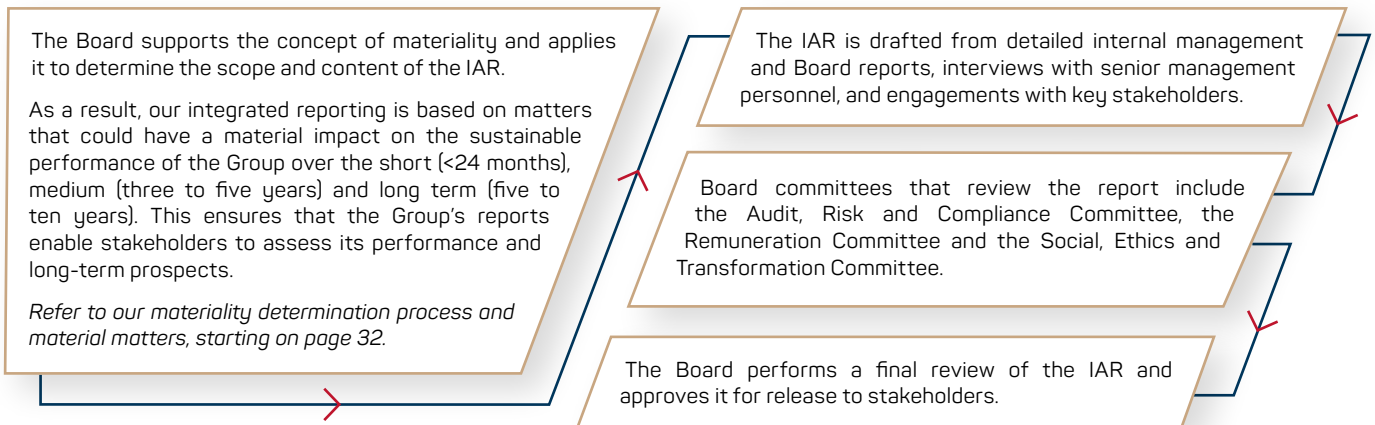




# Producing a report with integrity

Detailed consideration of all the elements of our value creation story ensures a cohesive and efficient approach to reporting that communicates the full range of factors that affect our ability to sustain value over time. This enables us to report effectively to our stakeholders.

## Our process



## Our approach to assurance

### Integrated Annual Report

The directors and management review the report, but it is not externally assured.

### Financial information

Summarised financial information is extracted from the Annual Financial Statements, audited by Ernst & Young Inc. (EY), who expressed an unmodified audit opinion thereon.

### Selected non-financial performance metrics

Accredited service providers and agencies verified our carbon footprint and BBBEE rating. Assured indicators are identified through this icon:



### All other non-financial performance information

Management has verified the processes for measuring all other non-financial information.

## Board approval of the FY25 report

The Board reviewed and approved the FY25 Integrated Annual Report for release to stakeholders on 30 June 2025. The Board believes that this report provides stakeholders with an accurate and balanced view of the Group's performance, strategy and prospects over the short, medium and long term. It further addresses the Group's material risks and opportunities.

The directors consider the report to be presented in accordance with the Integrated Reporting Framework. This report provides a fair representation of the financial position of the Group as at 2 March 2025 and its performance for the financial year.

**Gareth Ackerman**  
Chair

**Sean Summers**  
Chief Executive Officer

**Lerena Olivier**  
Chief Finance Officer

**James Formby**  
Lead independent non-executive director

Non-executive directors:

**Jonathan Ackerman**

**Suzanne Ackerman**

Independent non-executive directors:

**Haroon Borhat**

**David Friedland**

**Aboubakar Jakoet**

**Audrey Mothupi-Palmstierna**

**Annamarie van der Merwe**

**Poooven Viranna**

## Forward-looking information

This report contains certain forward-looking statements which relate to the possible future performance and financial position of the Group. All forward-looking statements are solely based on the views and considerations of the directors. These statements involve risk and uncertainty as they relate to events and depend on circumstances that may or may not occur in the future.

The Group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information, future events or otherwise. These forward-looking statements have not been reviewed or reported on by the Group's external auditors.



# The highlights of FY25

## Successful execution of R12.5 billion Recapitalisation Plan

- **R4.0 billion** raised via Pick n Pay Rights Offer in August 2024
- **R8.5 billion** raised through the Boxer IPO in November 2024
- Full settlement of Pick n Pay debt, financial stability **restored**

## Boxer Retail Limited listed on the JSE and A2X (Boxer IPO)

- Multiple times **over-subscribed** at the top end of the pricing range
- PIK retained a **65.6%** controlling interest in high-growth asset
- Boxer continued to deliver **strong turnover and trading profit** growth in FY25

## Momentum in the Pick n Pay turnaround

- **Optimised store estate**, sharper focus on customer service and operational discipline
- **Recovery in like-for-like sales growth** demonstrates early success in restoring retail fundamentals
- Trading loss reduced by **two-thirds**

## Digital innovation and acceleration

- Pick n Pay online sales **increased 48.7%** year-on-year
- **New asap! app developed** and launched in May 2025, now integrated with Smart Shopper
- Boxer launched its **Boxer Rewards Club loyalty programme**

## Market share gains in Pick n Pay Clothing

- Added net **30 new stores**
- Recorded **9.9% sales growth** (over 52 weeks) with key category share gains
- **40% local sourcing** and nearly 50% of products carry sustainability attributes

## Governance overhaul and Board refresh

- Majority shareholder Ackerman Investment Holdings (AIH) relinquished voting control from **52% to 49%**
- New governance structures introduced to **enhance Board and committee independence**
- Governance framework of charters and **policies refreshed** and director succession plan implemented

## Recognition and partnerships

- Pick n Pay named one of **South Africa's top three strongest brands** by Brand Finance
- **Winner of the 2025 ABSA Payments Summit** - Retail Powerhouse Award
- Strategic partnerships with **FNB, ABSA and SA Rugby Union** deepen customer engagement

## Community impact

- Pick n Pay and Boxer School Clubs supported **2.3 million learners from over 3 300 schools**
- Feed the Nation **donated over 187 000 meals** worth over R8 million in FY25
- Our community food garden initiatives **support over 11 000 families**



These highlights reflect a year of significant transformation and strategic renewal. The successful execution of the Recapitalisation Plan, combined with strong growth from Boxer and Pick n Pay Clothing, turnaround momentum in Pick n Pay supermarkets, digital acceleration, and deepened community impact, has laid a solid foundation for sustainable growth. With its balance sheet restored and key engines of growth gaining momentum, the Group is now better positioned to restore long-term profitability, enhance market relevance, and create enduring value for all stakeholders.



- 9 Insight from our Chair
- 12 The PIK investment proposition
- 14 Much-loved brands and an agile store network
- 22 A business model that seeks to build a virtuous circle

# A retail business in the FMCG industry



# Insight from our Chair



*As I reflect on my 15 years as Chairman of the Pick n Pay Group, I do so with immense gratitude and pride. It has been an extraordinary privilege to lead a business so deeply rooted in values and purpose. A Company built on the belief that doing good is good business, on the foundational "Four Legs of the Table," and on a commitment to serving customers with integrity and innovation. This I believe to be the enduring legacy of Pick n Pay.*

## Looking back: A legacy of purpose and progress

When I succeeded my father, Raymond Ackerman, the business had around 500 stores. Today, through the efforts of many committed management teams, we have grown to over 2 000 stores across multiple formats. This growth has been driven not just by ambition, but by a deep belief in the enduring values of efficiency, consumer sovereignty, and social responsibility.

The past decade has globally tested every assumption in retail. Pick n Pay has navigated seismic shifts in consumer behaviour, fierce competition, rapid digitisation, sustainability pressures, supply chain disruptions, energy crises, management changes, and a global pandemic. Each challenge revealed something essential about who we are. Sometimes, disruption exposed areas where we had fallen behind, but it also created space for reinvention.

There is much we can be proud of. The centralisation of our supply chain and administration transformed our operational backbone. The performance of Boxer, once seen as an unconventional acquisition, has exceeded expectations, culminating in a successful IPO this past year. Our Clothing and Online divisions continue to thrive, proving the strength of our brand and its ability to serve customers across multiple needs and channels.

We have also stayed true to our broader responsibilities. We pioneered ESG long before it became mainstream, becoming Africa's first retailer to commit to sustainable seafood alongside the WWF South Africa, championing plastic reduction through the SA Plastics Pact, and leading food waste initiatives alongside key suppliers. We have always stood by communities, whether through the Feed the Nation Foundation, our long-standing Pick n Pay School Club reaching over 3 000 schools, or our continuous support of FoodForward SA.

These initiatives are not corporate add-ons. They are the essence of who we are – a company that believes good citizenship and good business go hand in hand.

## Where we are now: Resetting with purpose

This past year has been one of the most important in Pick n Pay's history. We recognised that we had drifted from our core focus by trying to be too many things for too many people. Despite strong values, we didn't always live them in full. But recognising this was the first step in reclaiming our purpose.

We have embarked on a decisive strategy to reset our base. Our plan to return the core Pick n Pay supermarket business to profitability is the right one, and it is already delivering results. I am energised by the momentum, morale and sense of shared purpose under Sean Summers' leadership. His focus on store refurbishment, operational discipline, service excellence, management refresh and format clarity is returning us to the fundamentals of great retail.

Our other engines of growth are in excellent shape. Boxer remains a star performer. Our omnichannel and Clothing businesses are growing. Our Recapitalisation Plan, supported wholeheartedly by the Ackerman family, has strengthened our financial position. And our teams are more unified and motivated than I have seen in years.

We have also taken bold steps to ensure long-term governance stability. In response to investor concerns, the Ackerman family reduced its voting rights and representation on the Board. I will step down as Chairman at the upcoming AGM, with James Formby, our lead independent director, and one of the key contributors to our turnaround plans, taking over. I will continue to serve on the Board and relevant committees in a non-executive capacity, and the family remains the shareholder of reference, committed to the long-term success of the business. Thank you to David Friedland, who retires from the Board, for his dedicated contribution.

## Looking ahead: A future built on values and innovation

Pick n Pay is now better positioned than ever to embrace the future. The retail landscape continues to evolve at pace, and we are responding with agility. Our omnichannel platform is growing rapidly, with innovations like our Smart Shopper-integrated app, Mr D delivery partnership, and WhatsApp-powered banking card in collaboration with Mama Money.

We are leading in fintech, from being the first to enable Capitec deposits at tills, to accepting cryptocurrency payments, to pioneering retail media with sponsored ads that offer FMCG brands new ways to engage with customers. These digital innovations are not just about technology – they're about reimagining how we serve customers, build relationships, and create shared value.

Our recent partnership with FNB's eBucks and our Springbok sponsorship position us to unlock powerful new opportunities to serve our customers. And as we look to the future, customer insights and the values entrenched into Pick n Pay will be more important than ever.

The road ahead will not be without challenges. South Africa continues to face low growth and high unemployment. Business has a critical role to play in building a more inclusive, opportunity-rich economy. We believe the best way to support this is through investment, job creation, innovation, and responsible leadership values that have always been central to Pick n Pay and the Ackerman family. We have always played, and will continue to play, a broader role at the societal and policy level, endeavouring to make a difference for all members of society.

This has been a year of real transformation. We restructured management, executed a successful rights issue, listed a high-performing business in Boxer, and laid down the foundations of a sustainable turnaround. None of this would have been possible without the support of our team, directors, customers, franchisees, shareholders, financial partners, suppliers, landlords and advisors. I thank you all.

To Sean and the leadership team, thank you for your energy, dedication and vision. To our loyal staff and directors, thank you for believing in the journey. To our shareholders, thank you for your trust. And to the customers we serve every day, thank you for allowing us to be part of your lives.

Good things lie ahead for Pick n Pay and Boxer.

**Gareth Ackerman**  
Chairman

30 June 2025







# The PK investment proposition

The Group offers investors exposure to two high-growth and profitable businesses, Boxer and Pick n Pay Clothing, as well as Pick n Pay supermarkets, where the turnaround is gaining momentum. Given the size of Pick n Pay supermarkets, a return to reasonable levels of profitability over the coming years would imply meaningful earnings upside and value accretion for investors.

FY24 was one of the most difficult years in our history, marked by significant operating losses in Pick n Pay, a suspension of dividends, a sharp decline in the share price and a loss of investor confidence. In response, the Group acted with urgency and resolve.

Over the course of FY25, we delivered a two-step R12.5 billion recapitalisation, launched a focused Pick n Pay recovery strategy, and began the work of rebuilding Pick n Pay for long-term growth.

The result is one of extraordinary progress in just 12 months: a substantially strengthened balance sheet, an improvement in financial performance, and renewed credibility through the delivery of key market commitments. This would not have been possible without the support of our investment community, as demonstrated by strong participation in both the Pick n Pay Rights Offer and Boxer IPO.

While Boxer is set to continue its growth, there is still hard work ahead within the Pick n Pay business. Our focus remains firmly on restoring Pick n Pay profitability and rebuilding long-term shareholder value – deliberately, transparently and with discipline. The Group will consider the resumption of dividends once the Pick n Pay business returns to sustainable profitability.

## Restored balance sheet and stronger financial performance

FY25 marked a defining reset for the Group. The delivery of the Recapitalisation Plan has fundamentally strengthened the Group's financial position, lifting the business from a constrained and highly leveraged state into one of stability and strategic flexibility. The Recapitalisation Plan resolved the debt and interest burdens that had weighed heavily on the business in the prior year, with a material shift from a Group net debt position of R6.1 billion at the end of FY24 to a net cash position of R4.2 billion by the close of FY25. The strengthened balance sheet has unlocked capacity to invest in the Pick n Pay turnaround and fund the Group's broader growth priorities. It has also removed a significant interest burden, restored lender confidence, and ensured a robust liquidity position.

Alongside this balance sheet reset, the Group delivered a marked improvement in trading performance, with Group trading profit increasing to R1.8 billion from R0.4 billion in the prior year. This was driven primarily by the Pick n Pay segment reducing its trading loss from R1.5 billion to R549 million. The Group result was driven by sustained growth from Boxer and the initial phase of the Pick n Pay operating recovery.

This is more than a financial recovery. It represents a clear repositioning of the Group's financial structure and operating momentum. The Group enters FY26 with a stable balance sheet, an improving core business, and growing confidence in execution.

## Boxer – majority investment in a high-growth asset

Following the successful IPO of Boxer Retail Limited, Pick n Pay retained a 65.6% shareholding in what remains one of the Group's most dynamic growth businesses.

Boxer continued its strong performance in FY25, delivering double-digit turnover growth of 10.4%<sup>1</sup> and increasing trading profit to R2.3 billion – up 14.0% year-on-year on an underlying basis<sup>2</sup>. Notwithstanding its scale and momentum, Boxer remains relatively small compared to its larger listed peers, with a store base of 525 locations (including 320 supermarkets), offering considerable room for continued expansion. Boxer is one of the fastest-growing grocery retailers globally, underpinned by a clear customer value proposition, disciplined execution and a highly efficient, low-cost operating model. With a typical new store payback period of under three years and a market-leading return on invested capital (ROIC) of 25.5%<sup>3</sup>, Boxer represents a capital-light, high-return investment. Its 48-year track record, strong brand recognition in local communities, and ability to combine consistently low prices with a quality fresh food offer, give Boxer a distinctive position in the market. This combination leaves it well placed to lead growth in South Africa's under-penetrated discount grocery sector.

## Recovery in Pick n Pay supermarkets

The repositioning of Pick n Pay's supermarket estate is progressing well, with early indicators of operational and sales recovery evident across the business. Like-for-like (LfL) sales in company-owned supermarkets steadily improved from -0.5% in H2 FY24 to +3.6% in H2 FY25. This performance reflects determined action by a strengthened leadership team. The major store reset programme is underway and delivering results. The Group closed or converted 40 under-performing stores during FY25, improving the overall quality and profitability of the store estate. This was supported by sharper execution in product ranging, pricing, promotions and standards, laying the groundwork for a more customer-focused and commercially resilient estate. Key financial metrics reflect the improved operational discipline. FY25 gross profit margin increased by 20 basis points and bad debt provisioning reduced by R430 million.

Pick n Pay is delivering against its strategic commitments, building stakeholder confidence in the credibility and execution of its supermarket recovery plan, and reasserting its position as one of South Africa's most trusted and relevant retail brands. Strategic partnerships with respected institutions such as FNB, ABSA and the South African Rugby Union reflect renewed confidence in the brand's strength and reach. Further affirming its market stature, Pick n Pay was recognised by Brand Finance as one of South Africa's top three strongest brands in 2025.

## Strong momentum in Pick n Pay Clothing

Pick n Pay Clothing continues to deliver solid results, cementing its position as one of the fastest-growing apparel retailers in South Africa. The business added 85 net new stand-alone stores over the past two years, increasing the store base by 27.3% to 396 stores. While doing so, Pick n Pay Clothing managed to sustain strong LfL sales, with two-year like-for-like sales growth of 4.9%. This achievement underscores the format's resilience and consumer appeal. With its focus on affordable, quality fashion for families, the brand has steadily gained market share across core categories including womenswear, childrenswear and menswear. The business has made significant strides in sustainability, with nearly half of all products now featuring sustainable attributes, and over 40% locally sourced, enhancing both brand equity and supply chain resilience. The Group sees significant long-term growth potential for Pick n Pay Clothing through further store expansion.

<sup>1</sup> On a pro forma 52/52 weeks basis. Refer to page 128.

<sup>2</sup> Excluding the once-off, non-cash impact of the derecognition of a financial guarantee to Pick n Pay Stores Limited.

<sup>3</sup> Including IFRS 16.



## Pick n Pay digital innovation

Digital innovation is a priority for Pick n Pay, with ongoing momentum across its omnichannel platforms in FY25. Online sales grew by 48.7% – building on the 74.4% growth delivered in FY24 – demonstrating sustained customer demand and increasing platform scale. Pick n Pay asap! remains central to this growth, now operating in over 600 locations. Franchise adoption of the platform has doubled over the past two years, and the platform reached profitability on a fully costed basis this year. The launch of the new asap! app in May 2025 has further enhanced customer experience and functionality, integrating with the Smart Shopper loyalty programme and providing customers with a single digital entry point. The Mr D partnership extends our reach and convenience, and the Group is now the second-largest on-demand grocery provider in South Africa. These digital gains are enabled by a scalable, modern IT platform that supports personalised engagement, real-time analytics and seamless integration across stores, apps and partners. The Group continues to invest in digital services, customer loyalty and retail media, all levers for future growth and income diversification. With a balanced “clicks and bricks” model, Pick n Pay is well positioned to compete in the evolving digital retail landscape.

## Strengthened corporate governance

FY25 was a year of meaningful structural governance reform. Ackerman Investment Holdings Proprietary Limited, the Group's largest shareholder, reduced its voting rights to below 50%, relinquishing majority voting control. At the same time, the Group implemented measures to reduce Ackerman family influence on the Board and its committees, including the Nominations and Corporate

Governance Committee. Gareth Ackerman will step down as Chair at the FY25 AGM and will be succeeded by lead independent director James Formby as part of the Group's broader transition to strengthen independent oversight. A formal director rotation plan was launched, intended to address extended director tenure by retiring long-serving directors and introducing new appointments to the Board. These changes represent a deliberate shift towards more independent governance, better aligned with stakeholder expectations.

## Our commitment to doing good

The Group has a rich 58-year legacy of ethical leadership, social investment and community upliftment. The Group's ESG framework is aligned to the UN Sustainable Development Goals and focuses on investing in people, supporting communities, building a sustainable supply chain and reducing our environmental impact. FY25 saw meaningful progress: food waste was significantly reduced through improved operational discipline; inclusive sourcing initiatives empowered local entrepreneurs; and education and hunger relief efforts continued to deliver impact in vulnerable communities. Given the Group's strategic reset, certain environmental initiatives – particularly around carbon emission reductions – have been recalibrated, with revised timelines adopted in the balanced interests of stakeholders. This has been done without compromising the Group's commitment to social impact or its long-standing role as a trusted, purpose-led South African business.

### Supporting our communities



#### Emergency response

Trusted emergency response partner – free meals and relief supplies.

#### Pick n Pay School Club

Free educational materials reaching 2.3 million learners.

#### Beach clean-ups

>1.8 tons of waste collected in nationwide beach and community clean-ups.

#### Feed the Nation Foundation

Distributed >187 000 meals worth > R8 million in FY25.

#### Community food gardens

182 community food garden initiatives that help support >11 000 families.

#### Boxer

Boxer's school recycling initiative has diverted 18 000kg of plastic and cardboard from landfill to date. The revenue generated supports school infrastructure improvements.

# Much-loved brands and an agile store network

The Group's broad store network is built on a flexible and multi-format operating model, combining company-owned stores with skilled and experienced franchise partners. This approach allows the Group to adapt its retail footprint by region, format and customer segment, ensuring relevance and resilience across diverse markets.

The Group continues to respond proactively to shifting customer demographics and shopping behaviours. Its expansion strategy is centred on format diversification to meet these evolving needs, whether through the accelerated growth of Boxer and Clothing, the roll-out of smaller, convenience-focused Pick n Pay stores, an expanding franchise network, or a broader online offering. This allows Pick n Pay and Boxer to extend their reach into new communities without cannibalising existing trade, while remaining focused on delivering tailored, high-quality experiences to customers.

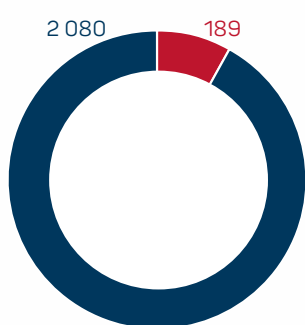
As part of its strategic turnaround, Pick n Pay has launched a decisive store reset programme. This includes closing stores that are structurally unviable, converting sites to the Boxer or Pick n Pay franchise models where those brands are better aligned with local demand, and right-sizing stores to improve trading densities. These actions are aimed at improving profitability, optimising capital allocation, and setting the store estate on a more sustainable and efficient growth trajectory.

At the same time, Boxer is successfully executing a high-growth strategy, accelerating store openings in under-served low- to middle-income communities across South Africa. With a compelling customer value proposition and a disciplined operational model, Boxer continues to win market share and deliver volume-led growth.

The agility of the Group's estate is increasingly evident. Ongoing assessments of store performance allow for decisions to reset, convert, expand or exit formats where necessary. This operating flexibility ensures the Group can respond quickly to market changes, sharpen its customer focus, and deliver long-term value for both customers and shareholders.

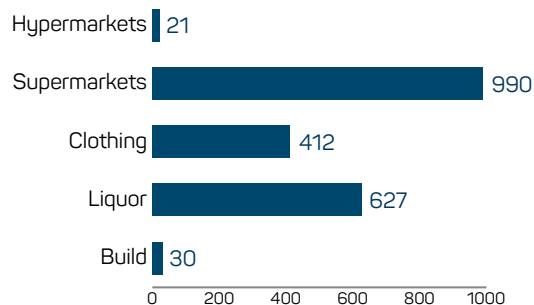
## Key facts

### Geographic split of our 2 269 stores



■ South Africa – 2 080  
■ Rest of Africa – 189

### South African footprint



2 080 stores

### South Africa's brand representation

1 565

**Pick n Pay**

515

**BOXER**



	Pick n Pay Owned	Pick n Pay Franchise	Boxer Owned	Zimbabwe Associate	Total
<b>Formats:</b>					
Hypermarkets	21	–	–	–	21
Supermarkets	289	455 <sup>1</sup>	320	61	1 125
Clothing	396	19	–	–	415
Liquor	267	223	175	13	678
Build	–	–	30	–	30
	973	697	525	74	2 269
<b>Country:</b>					
South Africa	948	617	515	–	2 080
Zimbabwe	–	–	–	74	74
Namibia	–	36	–	–	36
Eswatini	–	21	10	–	31
Zambia	23	–	–	–	23
Botswana	–	19	–	–	19
Lesotho	–	4	–	–	4
Nigeria	2	–	–	–	2
	973	697	525	74	2 269

<sup>1</sup> Including 260 Supermarkets, 188 Express stores and 7 Market stores

### Geographic footprint

- Company-owned stores
- Franchise stores
- Business investment

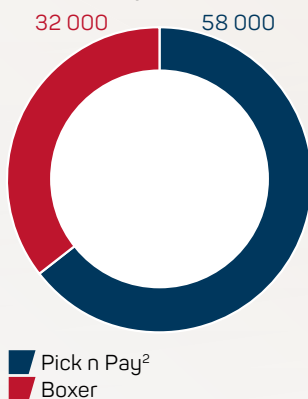
## Turnover split

	South Africa Rbn	Rest of Africa Rbn	Total Rbn
Pick n Pay	72.8	3.5	76.3
Boxer	41.7	0.6	42.3
<b>Total</b>	<b>114.5</b>	<b>4.1</b>	<b>118.6</b>

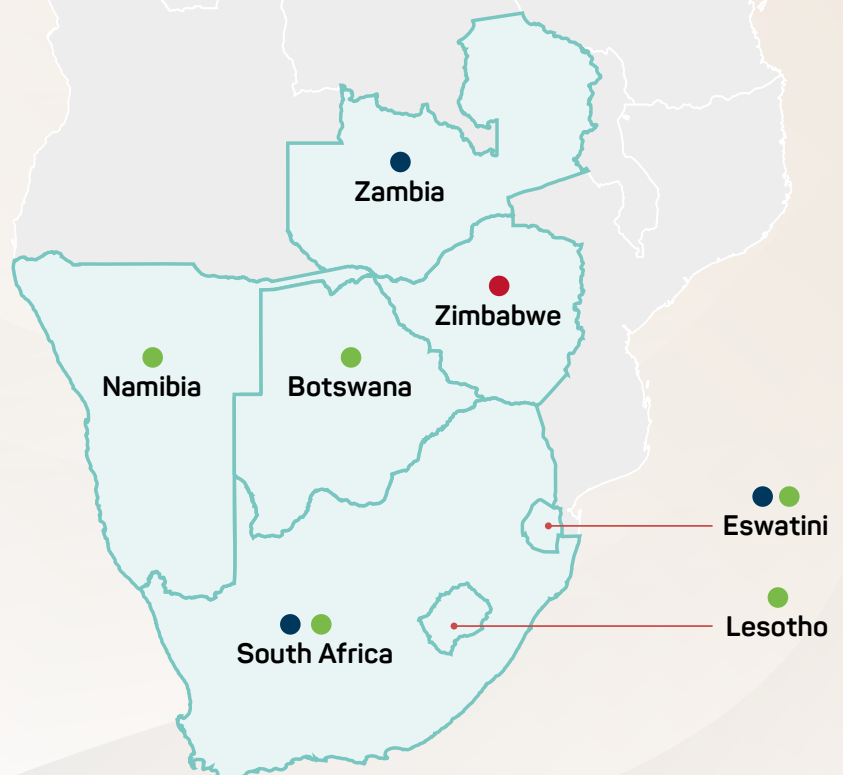
## Rest of Africa operations

The Group is optimising its geographic footprint to reduce risk and improve investment returns, including a managed corporate exit from Nigeria and the restructure of our Botswana operations from a franchise model to a corporate business. Due to ongoing economic challenges in Zimbabwe, the Group impaired its 49% investment in the region to a fair value of nil in FY24. Operations in Zimbabwe are self-funding and Pick n Pay commends the in-country team for consistently ensuring access to essential food and groceries in an exceptionally tough operating environment.

## Split of our 90 000 employees across our operations:



<sup>2</sup> Includes an estimate for employees across our Pick n Pay franchise operations.





Pick n Pay operates an extensive network of owned and franchised stores across southern Africa on a multi-format and multi-channel basis. Pick n Pay remains committed to inclusivity and community enrichment, offering a welcoming and accessible shopping experience for all.

With a diverse portfolio spanning food, groceries, liquor, clothing, and value-added services, Pick n Pay serves a broad spectrum of customers, from the most affluent to the most budget-conscious. The business continues to modernise its offering, particularly in under-served communities, through smaller, more convenient store formats and the ongoing enhancement of its online platforms to meet evolving customer needs.

As part of the wider reset programme, Pick n Pay is working closely with landlords to right-size stores in certain locations, improving trading densities and aligning store formats more effectively with customer demand. While the Pick n Pay investment programme was deliberately curtailed ahead of the Group's recapitalisation, targeted capital was deployed to refurbish key stores where customer experience improvements were a priority.

Pick n Pay works closely with its franchise partners to bring better products, services, and value to our customers. By tapping into their local community knowledge, we are finding new ways to grow while making a real difference where we operate.

**973**
**Pick n Pay owned stores**
*Stores directly owned and operated by Pick n Pay*

Pick n Pay manages all aspects of its owned store network, including capital investment, procurement, inventory management, marketing, pricing and promotions, store operations, and staffing. Company-owned stores enable Pick n Pay to maintain full control over brand standards, store layouts, product range development, and the overall quality of customer service.

**697**
**Pick n Pay franchise stores**
*Stores owned and operated by independent retail entrepreneurs under a franchise agreement with Pick n Pay*

Franchisees pay a royalty fee in exchange for the right to use the Pick n Pay brand and gain access to the Company's business systems. They receive ongoing support, including training, systems assistance, logistics, and marketing. While franchisees are responsible for their own capital investment, operating costs, staffing, and daily management, they source inventory through Pick n Pay's supply chain – benefitting from the Group's purchasing power and a cost-effective, efficient central distribution network.

**Franchisees are strategic partners who extend the brand's reach and act as key ambassadors within their local communities. Pick n Pay benefits from their on-the-ground insight, entrepreneurial energy, and strong community ties. Many franchise stores are among the most successful in the network, driven by disciplined cost management and operational excellence.**

We also have 57 associated supermarkets and liquor stores trading as Pick n Pay in Zimbabwe.

**Pick n Pay hypermarkets**

The Pick n Pay hypermarket is the Group's largest store format, designed as a one-stop-shop offering a strong fresh produce and butchery range, an extensive selection of food and groceries, a wider clothing assortment, and specialist general merchandise categories that are not always available in smaller format supermarkets.

While customer demand continues to shift toward more convenient, smaller-format stores located closer to home, work, and transport hubs, our hypermarkets remain important destination stores. Although there are no plans to open new hypermarkets, the Group is focused on optimising the existing estate through targeted promotions such as multi-pack, bulk-buy, and combination deals, as well as by refining the clothing and general merchandise ranges to suit local preferences.

Each hypermarket serves a distinct customer base and offers a differentiated shopping experience based on its location and the community it supports. As part of the broader Pick n Pay turnaround strategy, we are developing customised plans for each hypermarket to ensure long-term relevance and improved performance. This includes right-sizing certain stores to enhance space utilisation and trading densities, aligning each site more closely with local market needs.

**Key numbers**
**Operates in  
South Africa**
**21  
owned stores**
**12 875m<sup>2</sup>  
average size**



## Pick n Pay supermarkets

Pick n Pay supermarkets serve a broad and diverse customer base, offering a wide selection of food, groceries, clothing, general merchandise, and value-added services. Stores feature fresh produce and butchery sections, complemented by in-store bakeries, delis, and hot food counters, meeting customer needs from quick daily top-ups to larger weekly or monthly shops.

Each supermarket is tailored to its local customer base. In lower- to middle-income communities, the focus is on delivering low prices, strong quality, and deep value across essential items for budget-conscious shoppers. In middle- to higher-income areas, stores offer an expanded range of innovative and convenient products, including experiential fresh departments that emphasise quality, variety, and ease.

This customer-centric model ensures that all shoppers, regardless of income, have access to the right range at the right price, reinforcing Pick n Pay's commitment to accessibility and inclusivity across its network. To address under-performance in parts of the supermarket estate, Pick n Pay is implementing a targeted store reset programme as part of its long-term strategy, alongside initiatives to improve its overall supermarket offer. These strategic priorities include a sharper focus on customer service, stronger and more relevant ranges, consistently competitive pricing, and enhancements to the Smart Shopper loyalty programme and platform of value-added digital services.

### Key numbers

Operates in  
**7 countries**

**289**  
owned supermarkets

**267<sup>1</sup>**  
franchise supermarkets

**2 900m<sup>2</sup>**  
average size

<sup>1</sup> Including 260 supermarkets and 7 smaller market stores

## Pick n Pay Clothing

Pick n Pay Clothing offers good quality, on-trend wardrobe essentials for the whole family at exceptional prices. While womenswear continues to anchor the division's success, the business has made strong progress in growing its childrenswear and menswear categories.

A clear customer value proposition, supported by an efficient and disciplined operating model, has driven consistent market share gains across all segments in recent years. More than 40% of clothing sales are locally sourced, with ongoing collaborations with South African designers and entrepreneurs helping to shorten lead times, improve availability, and support the local economy.

Clothing remains a strategic growth priority for Pick n Pay, including through a strengthened online offer to meet growing customer demand.

### Key numbers

Operates in  
**3 countries**

**396**  
stand-alone owned stores

**19**  
stand-alone franchised stores

Available in **21** hypermarkets and **117** supermarkets

**450m<sup>2</sup>**  
average size

## Value-added services – enhancing everyday convenience

Pick n Pay continues to evolve as a digitally enabled, customer-first retailer by offering a wide and growing suite of value-added services across its store network. These services are designed to drive footfall, enhance customer convenience, and strengthen loyalty by integrating practical solutions into everyday shopping.

Through innovative partnerships and robust in-store systems, Pick n Pay stores offer a comprehensive range of third-party services, including bill payments, travel ticketing, money transfers, insurance, and mobile and data solutions. These services play an important role in advancing affordability and financial inclusion for a wide base of customers.

Pick n Pay has seen strong growth in financial services, particularly in cash-in and cash-out transactions, in-store money transfers, and retail banking integrations. A key focus is on expanding access to digital financial tools, payment options and tap-to-pay solutions, bringing flexibility and choice to the checkout experience.



In recognition of its leadership in this space, Pick n Pay was named the top retailer in the Retail Powerhouse Award category at the 2025 ABSA Payments Summit and Awards. The award highlights Pick n Pay's role in pioneering innovative payment solutions, such as cryptocurrency, store-to-store money transfers and virtual card integrations, for both customers and suppliers. It also affirms the strength of the Group's long-standing partnership with ABSA in delivering secure, seamless, and accessible financial solutions.

By leveraging the strength of its systems and partnerships, Pick n Pay is building a differentiated value-added services platform – creating smarter, more connected retail experiences while supporting customer needs well beyond the traditional customer basket.

### Pick n Pay Liquor

Pick n Pay Liquor stores are conveniently located adjacent to or near our supermarkets and hypermarkets, providing customers with a seamless one-stop shopping experience. These specialised outlets offer a broad selection of alcoholic beverages, including a curated range of wines, an extensive variety of spirits, and mainstream and craft beers. We continue to expand our offering to reflect evolving consumer preferences, with an emphasis on innovative local craft products that support regional producers and appeal to a growing demand for premium and artisanal options. Proximity to our grocery stores enhances convenience for customers, while seasonal promotions and special events provide opportunities to discover new and high-quality products. Pick n Pay Liquor is committed to promoting safe, responsible, and informed alcohol consumption. This is a key component of our broader strategy to meet customer needs in a responsible and sustainable manner, reinforcing trust in the Pick n Pay brand.

#### Key numbers

Operates in  
**6 countries**

**267**  
owned stores

**223**  
franchised stores

**200m<sup>2</sup>**  
average size

### Pick n Pay Express

Pick n Pay's partnership with BP, one of the world's leading energy companies, enables the Group to operate 24-hour Pick n Pay Express stores at BP forecourts. These compact convenience stores offer a focused range of everyday essentials, designed to meet immediate top-up needs or provide quick meal solutions on the go. Located in high-traffic areas such as major transport intersections and densely populated residential zones, Pick n Pay Express stores provide a convenient and accessible shopping experience for time-pressed customers. Smart Shopper loyalty members can also redeem their accumulated points to purchase fuel at participating BP service stations, offering added value and extending the benefits of the programme beyond the store.

#### Key numbers

Operates in  
**South Africa**

**188**  
forecourt franchised stores

**300m<sup>2</sup>**  
average size

### Pick n Pay Online

Pick n Pay's digital retail business is a key strategic growth engine within the Group's long-term strategy. As South African consumers increasingly adopt online and on-demand solutions, Pick n Pay has responded with innovation, platform integration and operational improvements.

The Group's online offering spans a comprehensive suite of fulfilment channels designed to meet different customer needs:

<b>Pick n Pay Online</b>	Supports those customers planning ahead with larger food and grocery deliveries, scheduled for convenience.
<b>Pick n Pay asap!</b>	A rapid on-demand service offering essential food and grocery items delivered within an hour, offering the ultimate convenience.
<b>Pick n Pay on Mr D</b>	A strategic on-demand partnership with Takealot Group's Mr D app, further extending Pick n Pay's reach with flexible on-demand capability.
<b>Click n Collect</b>	Enables Pick n Pay and Takealot customers to order online and collect from selected stores, offering speed and reduced delivery costs.

In FY25, online sales grew by 48.7% year-on-year, with on-demand sales increasing by more than 60%. Critically, scale efficiencies enabled the online business to achieve profitability on a fully costed basis, marking a significant milestone in its long-term commercial sustainability. The expansion of asap! fulfilment to Pick n Pay's main website ([www.pnp.co.za](http://www.pnp.co.za)) from June 2025 further broadens access, offering millions of desktop users faster delivery at lower fees.

**The launch of the combined "Pick n Pay asap! and Smart Shopper" app in May 2025 marks the most significant digital milestone since the inception of asap! in 2020. The new app integrates grocery delivery, Smart Shopper loyalty, and value-added services into a single, powerful digital platform, fully optimised for scale and continuous feature roll-out.**

### Pick n Pay asap! reimagined

Built on enhanced technology and artificial intelligence (AI)-driven features, the new asap! app delivers smarter product suggestions, faster browsing, and a dramatically improved shopping experience. New features include:

- Store selection
- Basket capacity of up to 45 items
- Real-time order tracking and flexible delivery scheduling
- Smart Shopper integration with digital sign-up, personalised rewards, and full point management
- Expanded payment options and streamlined checkouts
- Full refund capability

The app has driven increases in order values, customer acquisition and franchisee participation, with triple-digit growth in asap! franchise sales. It now supports fulfilment from 600 locations across South Africa.





## Welcome to the easiest way to shop with Pick n Pay!

Experience shopping like never before with our best app yet. Shop over 30 000 products across a wide range of categories including groceries, homeware, electronics, and more.

Enjoy exclusive deals, in-store pricing Smart Shopper rewards, and fast delivery right to your doorstep within 60 minutes.

Just tap tap asap!





Boxer is South Africa's fastest-growing discount supermarket chain, serving value-conscious customers across South Africa and Eswatini. With 525 stores spanning Boxer Superstores, Boxer Liquors and Boxer Build, the brand offers a focused range of essential groceries, fresh produce, and household items at consistently low prices.

Boxer is uniquely positioned to serve the large middle- to lower-income market, operating as a full-service retailer rather than a traditional cash and carry. Its reputation as South Africa's leading soft discounter is built on strong customer loyalty, operational discipline, and a proven store expansion model.

Acquired by Pick n Pay in 2002, Boxer was able to grow into a strong national retail brand while maintaining independent operations and leadership. In 2024, Boxer was independently listed on the JSE, with Pick n Pay retaining a 65.6% controlling shareholding. As a newly listed company, Boxer continues to deliver exceptional growth while staying true to its founding values of accessibility, affordability and service excellence.

#### Key numbers

**525**  
owned stores

**515**  
in South Africa

**10**  
in Eswatini

**3**  
formats

### Boxer Superstores

Boxer Superstores offer exceptional value through a focused selection of 3 000 essential food, grocery and general merchandise items tailored to customers' everyday needs. With a lean and efficient operating model, Boxer provides competitively priced products, including trusted brands and a strong private label range. Stores feature full-service butcheries, bakeries, delis and fresh produce departments, alongside highly effective bulk-buy promotions. A broad range of value-added services, including bill payments, travel ticketing, money transfers, and financial products, enhances the convenience, affordability and financial inclusion of the offer.

#### Key numbers

**320**  
owned stores

**313**  
in South Africa

**7**  
in Eswatini

**1 900m<sup>2</sup>**  
average size

### Boxer Liquors

Boxer Liquors stores are conveniently located adjacent to or near Boxer Superstores, offering customers the ease of one-stop shopping for both groceries and alcoholic beverages. With separate entrances, Boxer Liquors stores stock a wide range of products, including beer, wine, spirits, malt, cider, cordials, ice and snacks.

Boxer Liquors is committed to safe and responsible drinking, reinforcing its position as a trusted and convenient retailer.

#### Key numbers

**175**  
owned stores

**172**  
in South Africa

**3**  
in Eswatini

**220m<sup>2</sup> – 400m<sup>2</sup>**  
average size

### Boxer Build

Boxer Build offers a wide range of competitively priced hardware and building materials, serving DIY enthusiasts, home builders, and commercial contractors. Knowledgeable staff provide expert advice and support to help customers complete projects successfully. Boxer Build enhances convenience with delivery services, Boxer Cash Club savings, and short-term credit options, allowing customers to save for or access credit for their building needs. With these flexible solutions, Boxer Build empowers shoppers to "Do It Right the First Time!".

#### Key numbers

**Operates in  
South Africa**

**30**  
owned stores

**410m<sup>2</sup>**  
average size

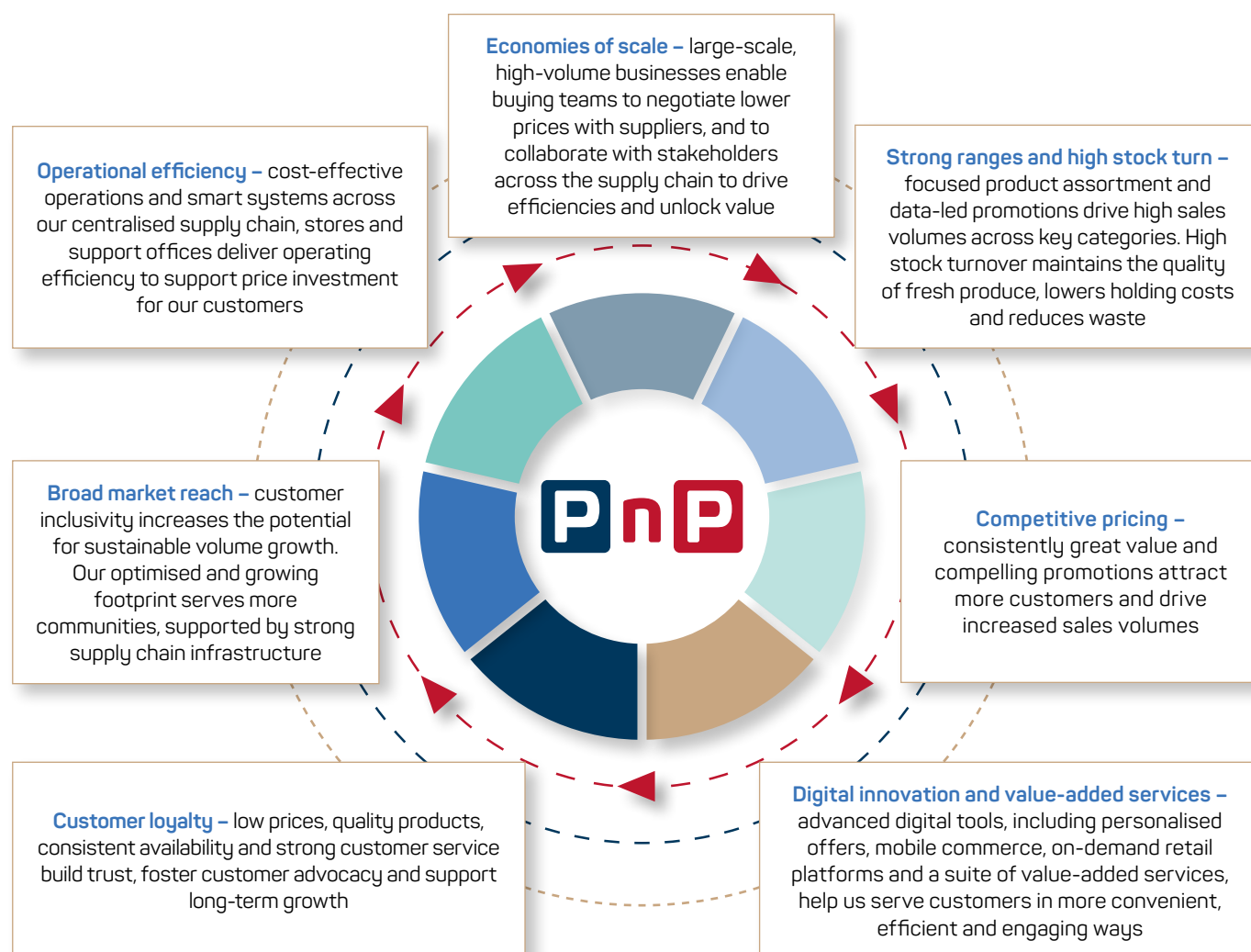




# A business model that seeks to build a virtuous circle

The Group's business model is designed to uphold our position as a leading retailer in the FMCG industry of southern Africa. Pick n Pay and Boxer aim to provide customers with quality products at competitive prices, maintaining a virtuous circle of value, volume and growth.

**Our business model is underpinned by the following key principles:**





## Our business model relies on consistent sales volumes to generate profit, particularly in an environment of escalating operating costs.

The Group's business model is built on the principle of consistent sales volumes to drive profitability in a low-margin, high-cost operating environment. However, FY24 laid bare structural weaknesses within the Pick n Pay segment. As Pick n Pay failed to meet customer needs on price, assortment and service, volumes declined, and in an environment of escalating costs, this led to an erosion of profit margins and significant operating losses.

In response, the Group moved swiftly and decisively. The Group successfully executed a R12.5 billion Recapitalisation Plan in FY25. This restored balance sheet stability and provided critical funding for investment in the Pick n Pay customer offer and the execution of a new long-term strategy. Our strategic direction is focused on the fundamentals of retail – delivering the right products at the right price in the right stores, with a compelling fresh offer, consistent availability and great service. Our strategy is designed to reinstate the virtuous circle at the heart of our business model, where customer growth fuels volume growth, operational efficiency and, ultimately, sustainable profitability.

We are already seeing early signs of positive momentum. The Pick n Pay segment reduced its trading loss by two-thirds in FY25 and delivered LfL sales growth in its South African company-owned supermarkets of 3.3%, underpinned by improvements in product range, pricing, fresh produce quality, and in-store execution. Our customer numbers also grew, a key performance indicator that reflects renewed customer trust and relevance.

Boxer stands as a compelling example of the virtuous circle in action, consistently delivering high sales volumes, operational efficiency and resilient profitability in a tough, value-driven market. In FY25, Boxer once again achieved double-digit sales growth and a strong uplift in trading profit. Its focused, everyday-low-price offer, disciplined cost control and strategic store expansion continue to drive customer growth and loyalty. Sustained investment in the customer offer and digital innovation further strengthen the model, reinforcing Boxer's position as a standout performer and key growth engine within the Group.

**Our enduring values, corporate governance, modern store estate, secure supply chain, robust IT infrastructure and skilled teams are the pillars that will restore and sustain our long-term value creation.**

## Our capital inputs

### Financial Capital

We have recapitalised the Group, closing the year with a net cash balance of R4.2 billion. These resources enable investment in our operations, estate and customer offer, while funding infrastructure, digital systems, and employee development. Prudent financial management and targeted capital investment ensure we deliver on our strategic goals and sustain long-term value creation.

### Manufactured Capital

Our manufactured capital includes our extensive Pick n Pay and Boxer store networks, distribution centres, meat processing facilities, digital platforms and IT systems. These assets form the operational backbone of the Group, enabling efficient product flow from supplier to shelf and tailored customer service across a wide range of locations, income groups and retail formats.

### Intellectual Capital

Our intellectual capital comprises the retail expertise, systems, and data-driven insights that power our business. Advanced analytics and forecasting tools drive efficiency, improve stock management, and sharpen promotions. Our differentiated Pick n Pay and Boxer brands, strong private label ranges, and evolving digital platforms ensure we meet diverse customer needs with increasing precision.

### Human Capital

Our people are central to our success. Skilled and committed teams bring our customer promise to life across both brands. We invest in our people through competitive remuneration, skills development, and inclusive leadership programmes, fostering a culture of performance, service and community representation. As part of its strategic turnaround, Pick n Pay continues to address critical skill gaps in its stores and regional support offices through targeted recruitment and training programmes.

### Social and Relationship Capital

Pick n Pay and Boxer have been built on the foundation of strong and highly valued relationships – with customers, communities, suppliers, franchisees, landlords, loyalty partners and other stakeholders. We are committed to job creation, local procurement, inclusive growth, and visible community support. Our values-led approach earns loyalty and strengthens our role in the societies we serve.

### Natural Capital

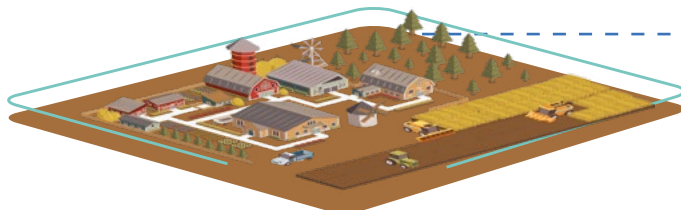
We recognise our responsibility to use environmental resources wisely. From energy and water to packaging and waste, we are working to reduce our environmental footprint and operate more sustainably. Across the Group, including Boxer's expanding operations, we pursue sustainable practices in partnership with suppliers and customers.

The Group applies the six capitals with discipline and intent, carefully managing trade-offs to sustain value creation. Through our differentiated Pick n Pay and Boxer banners – each with a clear, long-term strategy – we are building a resilient, future-fit retail Group, well positioned for sustainable growth in a fast-changing and competitive environment.



### We have a strong team of retail specialists, driven by a high-performance culture

Our people are at the heart of what we do and our customer-focused teams are critical to the successful execution of long-term strategy. In striving to be an employer of choice, we are committed to providing our employees with rewarding jobs, competitive pay, training and development, good working conditions and an opportunity to progress. Our commitment to community employment, transformation and equality ensures that our team is representative of the communities we serve.



### We source and buy products effectively and responsibly

We buy better on behalf of our customers, underpinned by a commitment to ethical sourcing and high food safety standards that contribute towards securing a sustainable future supply of essential food and groceries. We work closely with our suppliers to build a compelling and relevant range, to maintain high levels of availability and to advance product innovation.

### We run cost-effective and efficient operations

The Group has built an increasingly efficient centralised supply chain, more efficient store operations and support offices, and an effective franchise model. Cost and efficiency savings are invested into lower prices for our customers.



### We provide a competitive customer offer

We provide a range of high-quality products and services, tailored specifically to meet the needs of the customers and communities we serve. Our competitively priced offer is available through modern stores conveniently located within customer reach and through a growing online platform.

### Everyone is welcome at Pick n Pay and Boxer

Our Pick n Pay and Boxer brands serve customers across a broad and diverse socio-economic demographic. While everyone is welcome in our stores, Pick n Pay primarily caters for middle- to upper-income consumers, while Boxer serves our middle- to lower-income communities. Our broad reach and strong brand equity in each name is a strong competitive advantage for the Group.

### We contribute to economic and social upliftment within the communities we serve

Our business model supports ongoing investment in the communities we serve. As our communities thrive and grow, so do we.



## Our capital outputs

Our capital outputs include the broad range of products and services we provide to customers – from food, groceries and general merchandise to liquor and value-added services. In delivering these, our operations also produce by-products such as food waste, packaging material and carbon emissions. Given our scale and reach, we actively manage these impacts to safeguard natural resources, support the communities we serve, and uphold our social licence to operate. Read more from page 58.

## Our capital outcomes

Our capital outcomes include a range of internal and external consequences for our stakeholders, which are outlined in more detail on the pages that follow.





## Financial capital



The Group successfully implemented a R12.5 billion Recapitalisation Plan in FY25, eliminating net debt and substantially lowering interest costs. The Pick n Pay Rights Offer and Boxer IPO garnered strong shareholder support, unlocked shareholder value, enabled Boxer's entry into capital markets, and restored financial stability to Pick n Pay. The stronger balance sheet provides the flexibility to fund Pick n Pay's turnaround, accelerate Boxer's growth, and position the Group for long-term value creation.

### Actions and highlights

#### Pick n Pay

- Over-subscribed Rights Offer of R4.0 billion
- Settlement of debt and conclusion of debt Restructure Agreement
- Secured new working capital facilities
- Improved sales and significant reduction in trading loss

#### Boxer

- Over-subscribed IPO of R8.5 billion
- Strong sales and trading profit growth
- Disciplined introduction of external debt

### Constraints and challenges

#### Pick n Pay

- Execution risk in Recapitalisation Plan – fully mitigated
- Recapitalisation weighted to H2 – limited full-year liquidity and interest benefit

#### Boxer

- Increased finance costs from new debt
- Additional listing-related costs

### Group outcomes

- Shareholders' equity – R10.3 billion
- Cash and cash equivalents – R5.3 billion
- Total debt – R1.1 billion

## Manufactured capital



In FY25, Boxer expanded its store footprint and invested in supply chain and systems infrastructure to support growth. Pick n Pay focused on optimising its store estate through targeted resets, expanding its Clothing estate and improving in digital infrastructure, with capital investment tightly managed ahead of the recapitalisation. Both businesses remain committed to building efficient, customer-focused operations.

### Actions and highlights

#### Pick n Pay

- Targeted closures and conversions under store reset plan
- R0.6 billion investment targeted at IT systems, Clothing expansion and customer-facing in-store improvements
- Improved ranges and inventory management, and lower waste

#### Boxer

- R0.9 billion investment, with 25.5% ROIC after IFRS 16
- 48 net new stores, store space increased by 9.1%
- More supply chain capacity and improved forecasting and replenishment systems

### Constraints and challenges

#### Pick n Pay

- Disciplined capital expenditure to preserve liquidity ahead of recapitalisation

#### Boxer

- Store roll-out weighted to H2, limiting full-year trading benefit
- Liquor store roll-out constrained by licence approvals
- Availability of sites to meet growth ambitions

### Group outcomes

- Total stores – 2 269
- Multiple distribution centres across Pick n Pay and Boxer
- Net capex – R1.5 billion

## Intellectual capital



The Group's intellectual capital is anchored in retail expertise, digital platforms, and a growing culture of data-driven decision-making. Boxer strengthened its advantage through expanded automation, loyalty innovation and private label growth. Pick n Pay continued to invest in its IT systems and launched new digital tools to enhance customer engagement and operational oversight. Ongoing investment in systems, talent and analytics supports more responsive, efficient and customer-focused retail operations.

### Actions and highlights

#### Pick n Pay

- Developed an integrated asap! and Smart Shopper app
- Expansion of private and confined label in key categories

#### Boxer

- Launched Boxer Rewards Club
- Increased automation in inventory and supply chain systems
- Grew private label contribution through price-led value

### Constraints and challenges

#### Pick n Pay and Boxer

- Internal capacity to scale data science and analytics
- Retention risk of scarce IT and operational talent
- Evolving cybersecurity risk environment

### Group outcomes

- Pick n Pay Online sales up 48.7%
- Gross margin improved by 30 basis points to 18.4% supported by improved inventory and waste management
- Improved inventory availability

## Human capital



Our people are central to delivering operational excellence and customer service across the Group. We foster a values-driven, high-performance culture underpinned by discipline, care and accountability. As our store network grows, we continue to recruit from local communities and invest in the skills and leadership needed to support scalable, customer-focused operations. Both Pick n Pay and Boxer made progress in strengthening organisational capacity, talent pipelines and alignment with long-term strategic goals.

### Actions and highlights

#### Pick n Pay

- Targeted recruitment to address skills gaps
- Launched the "I love PnP" hearts and minds cultural campaign
- Launched new long-term incentive schemes to drive performance and retention



#### Boxer

- 2 900 new jobs and 3 688 internal promotions
- Developed stand-alone long-term incentive scheme (LTI) aligned with strategy
- Invested R3.3 million in training and development

### Constraints and challenges

#### Pick n Pay

- Leadership transition and organisational restructuring
- Morale impacted by restructuring and store reset
- Capacity constraints in key operational and digital roles

#### Boxer

- Leadership depth and capacity for store expansion
- Additional skills required for listed environment
- Higher wage inflation

### Group outcomes

- Total employees: 63 700 (31 700 Pick n Pay, 32 000 Boxer)<sup>1</sup>
- Employee costs: R9.5 billion (5.7% increase)
- Revitalised operational management structure in Pick n Pay

<sup>1</sup> Excluding employees across our Pick n Pay franchise operations.





## Social and relationship capital



Strong relationships with customers, suppliers, communities and broader stakeholders are essential for our licence to operate and our long-term growth. Pick n Pay and Boxer have built trust across communities and continue to foster long-standing partnerships rooted in shared value. Both businesses invest in education, enterprise development and food security. Through inclusive sourcing, local upliftment, and community-led initiatives, we aim to grow alongside the communities we serve.

### Actions and highlights

#### Pick n Pay

- Education and food security support through Pick n Pay School Club and Feed the Nation
- Strengthened partnerships with small-scale farmers and local suppliers
- Engagement with franchisees on optimum franchise model
- Deep stakeholder engagement ahead of Rights Offer

#### Boxer

- Strong investor engagement ahead of IPO
- Expanded community outreach and school support through the Boxer School Club
- Enhanced supplier development, including support for small-scale farmers
- Job creation through waste recycling

### Constraints and challenges

#### Pick n Pay

- Economic headwinds affecting customer affordability
- Need to scale community and supplier initiatives while maintaining financial discipline
- Increased community expectations amid turnaround

#### Boxer

- Economic headwinds affecting customer affordability
- Scaling social programmes in line with rapid store growth
- Municipal service delivery constraints require adaptability
- Higher visibility post-IPO, requiring more structured reporting and governance

### Group outcomes

- 3 380 schools in Pick n Pay School Club
- Over 180 000 meals distributed through Feed the Nation
- Pick n Pay donated 1 401 tonnes of food to FoodForward SA
- 584 small-scale farmers in Boxer's farmer development programme
- Over 250 jobs created through Boxer's recycling initiatives

## Natural capital



The Group recognises its responsibility to reduce environmental impact while growing a national retail footprint. Both Pick n Pay and Boxer operate extensive store and distribution networks, with a focus on energy, water, refrigeration, and waste efficiency. Our sustainability approach is grounded in practical, scalable initiatives that improve resilience, reduce resource consumption, and manage the operational risks posed by load-shedding, climate change, and constrained municipal services.

### Actions and highlights

#### Pick n Pay

- 47 Clothing stores refurbished to the 5-star Green Star rating standard
- Diverted 64% of our general waste from landfill
- 92% of Pick n Pay packaging is re-usable or recyclable

#### Boxer

- Installed CO<sub>2</sub> refrigeration in new stores
- Implemented rooftop solar and LED lighting across estate
- Introduced rainwater harvesting at key distribution centres to reduce municipal water reliance

### Constraints and challenges

#### Pick n Pay and Boxer

- Reliance on diesel generators during power outages
- Water and power supply disruption increases operational and environmental risks
- Climate change creates uncertainty in food supply chains and cost structures

### Group outcomes

- Pick n Pay has reduced food waste by 34% against its FY19 baseline
- Pick n Pay has improved its energy efficiency against its FY10 baseline
- Boxer recycled 100% of its distribution centre plastic waste and repurposed it into Boxer shopping bags
- Boxer converted 46 of its stores to natural refrigeration

## Balancing capital trade-offs to sustain inclusive growth

As a Group, we continuously manage the trade-offs between different forms of capital to deliver long-term, inclusive value. Pick n Pay and Boxer operate in a challenging socio-economic environment where affordability, efficiency, and sustainability must be balanced carefully. We remain focused on making deliberate decisions that support financial resilience, customer well-being, employee capacity and environmental responsibility, without compromising our long-term strategic ambitions.

### Expansion and operational efficiency



The Pick n Pay store reset programme, Boxer's rapid footprint expansion, and targeted investment in digital platforms and supply chain infrastructure are critical to the Group's long-term sustainability. However, these initiatives can create short-term cost pressures and place demands on capital allocation and workforce capacity. We carefully balance infrastructure growth with cost discipline, consistent execution and the need to support our teams through ongoing operational change.

### Customer affordability and shareholder returns



Maintaining competitive prices and customer trust is core to both Pick n Pay and Boxer, especially in an environment of rising living costs. However, keeping food affordable can limit the Group's ability to recover rising input costs, putting pressure on gross profit margins. Balancing this requires disciplined margin management, strategic sourcing and a relentless focus on operational efficiency to deliver sustainable returns to shareholders.

### Digital innovation and cost discipline



Pick n Pay and Boxer are investing in digital engagement platforms and embedding data-led decision-making. These efforts are critical to improving agility and relevance, but they require investment in systems, analytics and specialist talent. There is a balance between funding systems innovation while maintaining lean cost structures – ensuring every investment supports productivity, efficiency or competitive advantage.

## Looking ahead: sustaining our capitals in a dynamic environment

The Group's ability to create and protect stakeholder value depends on effectively managing the interdependencies between the six capitals. Rising operating costs, supply chain disruption, unreliable power and water supply, climate volatility, and affordability pressures all demand a more agile and resilient business model. Continued investment in our people, systems and infrastructure – always guided by our values and long-term strategy – will position both Pick n Pay and Boxer to grow responsibly, deliver sustainable returns, and remain trusted partners in the communities we serve.





- 30 Understanding our operating environment
- 32 An integrated view of risks and opportunities
- 42 Balancing stakeholder requirements

# Managing and leveraging market dynamics

# Understanding our operating environment

The Group operates in an environment shaped by low economic growth, high unemployment, pressure on household income, and inconsistent public service delivery. Political uncertainty and limited policy cohesion add further complexity. These dynamics are not new. They are part of the South African context in which the Group has always traded, reinforcing the importance of being responsive, resilient and closely attuned to our customers. At the same time, the retail landscape itself is shifting. Customers are looking for more than just value – they want greater convenience and digital engagement, and trusted brands that understand and meet their changing needs. These trends create opportunities for those ready to respond. We are clear on where we need to go. We are renewing the Pick n Pay brand to restore growth and relevance, expanding Pick n Pay Clothing, accelerating Boxer's expansion in the value segment, investing in our digital platforms and supply chain capability, and driving greater efficiency across the business. In doing so, we are building a resilient business well positioned for long-term growth.

## Trend 1 – a challenging economic and trading environment

The South African macro-economic environment remains constrained, with GDP growth of 0.6% in 2024 and a modest improvement expected in 2025. Unemployment is at 32.9% (Q1 2025), and household income remains under pressure as the cost of living continues to outpace wage growth. Although electricity supply has stabilised, broader infrastructure constraints continue to impact confidence and increase the cost of doing business. Globally, supply chain disruptions, rising input costs, and geopolitical tensions are creating uncertainty and affecting the cost and availability of goods. While food inflation has eased to 3.9% (rolling 12-month average to April 2025), general household expenses – particularly electricity, fuel and municipal services – remain elevated.

Impact on our Group	Our response
<ul style="list-style-type: none"> <li>Slow economic growth limits consumer spending power</li> <li>Broad infrastructure constraints (ports, rail, roads) increase logistics costs and supply chain complexity</li> <li>Currency depreciation increases the cost of imports, including certain food and grocery products, fuel and equipment</li> <li>Rising energy and logistics costs place pressure on operating costs and profit margins</li> <li>Investor uncertainty affects foreign direct investment into South Africa, including in the retail sector</li> </ul>	<ul style="list-style-type: none"> <li>The Recapitalisation Plan has stabilised the balance sheet and made the Group more resilient to macro-economic pressures</li> <li>The long-term strategy is focused on building future-fit Pick n Pay and Boxer businesses, enabled to deliver sustainable earnings growth</li> <li>Resetting the Pick n Pay store estate to optimise investment returns</li> <li>Supply chain optimisation – we source locally wherever possible to reduce foreign exchange risk and transport costs</li> <li>Expanding our good quality, low-margin Clothing business</li> </ul>

## Trend 2 – a consumer under socio-economic pressure

Consumers across South Africa face financial strain. High unemployment, low wage growth, and the rising cost of everyday essentials have eroded household income and curtailed discretionary spending. Social grants now support around 19 million people and play a critical role in sustaining basic consumption. These pressures are particularly acute in low- and middle-income communities, where purchasing decisions are driven increasingly by affordability and necessity. As a Group deeply embedded in the communities we serve, we understand these realities. Across Pick n Pay and Boxer, we are focused on helping customers do more with less – through trusted value, relevant products, and a strong presence in the areas where support is needed most. Boxer, in particular, plays an increasingly important role in easing economic pressure by providing low-cost, essential groceries to millions of South Africans every day.

Impact on our Group	Our response
<ul style="list-style-type: none"> <li>The proportion of household income spent on food has increased from 13.5% in 2013 to 16.7% in 2024<sup>1</sup>, highlighting the importance of affordability</li> <li>Reduced disposable income is shifting consumer spending toward essential goods over discretionary categories</li> <li>Consumers are increasingly price-sensitive, seeking promotions, bulk deals, and private label alternatives</li> <li>Value-driven shopping behaviour is increasing, with growing demand for discount formats and everyday low pricing</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced price competitiveness through cost efficiencies and strategic promotions</li> <li>Expanded private label offer to provide customers with affordable, quality alternatives</li> <li>Targeted bulk and combination deals to help customers stretch their budgets</li> <li>Support for hunger relief, social welfare and local economic development through supplier partnerships and community initiatives</li> <li>Our stores act as social grant collection points, providing trusted convenience and driving increased foot traffic and sales conversion</li> <li>Prioritising local hiring when opening new stores to build community trust and inclusion</li> </ul>

<sup>1</sup> Stats SA (for % income spent on food), Quarterly Bulletin of the South African Reserve Bank March 2024 (for gross disposable income). Household expenditure on food and non-alcoholic beverages divided by gross household disposable income.





## Trend 3 – a more competitive market

The South African retail market is undergoing a structural shift, shaped by growing consumer demand for value and discount formats. At the same time, competition is intensifying across the formal and informal sectors. Cash-strapped consumers are increasingly turning to retailers that offer low prices, trusted quality, and convenience. Globally, discount formats make up a far greater share of grocery retail than they do in South Africa, indicating long-term headroom. Informal retailers – including spaza shops and independent traders – continue to compete on price and proximity, especially in township and peri-urban areas. New regulatory developments, such as the removal of lease exclusivity clauses and the R500 million Spaza Shop Support Fund, are creating new avenues for both formal and informal retail expansion. In this evolving landscape, scale, operational efficiency, and a strong customer value proposition are critical to sustaining growth and relevance.

Impact on our Group	Our response
<ul style="list-style-type: none"> <li>Demand for everyday low prices</li> <li>Increased competition from informal retailers in price-sensitive markets</li> <li>Regulatory changes creating more opportunities for informal retail growth</li> <li>Formal retailers under pressure to differentiate on value, trust, and customer experience</li> <li>Supermarket models facing increased scrutiny on price and relevance</li> <li>Expansion of national grocery trading footprint</li> </ul>	<ul style="list-style-type: none"> <li>Optimising store formats, sizes and locations to better serve local market segments</li> <li>Scaling Boxer's footprint to meet demand for low-cost, high-trust grocery retail</li> <li>Expanding private and confined label ranges across banners to drive value and choice</li> <li>Leveraging our supply chain and buying scale to protect our price competitiveness</li> <li>Providing a range of payment options and value-added services for greater accessibility</li> <li>Strengthening digital and data capabilities to support personalisation and operational agility</li> <li>Expanding Pick n Pay Clothing to offer more value for money to consumers</li> </ul>

## Trend 4 – digital convenience and innovation

Retail is becoming increasingly shaped by customers' expectations for simplicity, speed and digital engagement. Consumers are turning to digital tools that help them manage spending, find personalised deals and engage with retail brands on their own terms. Convenience is no longer a luxury – it's a core driver of loyalty. The growth of mobile commerce, alternative payment methods and digital app-based retail platforms is reshaping how customers shop, pay and save. This shift presents clear opportunities for innovation across the Group. From Pick n Pay asap! to Boxer's mobile-first engagement, we are expanding our digital presence and building the tools to better serve our customers – in-store, online, and on the go.

Impact on our Group	Our response
<ul style="list-style-type: none"> <li>Consumers increasingly expect convenience, personalisation and value in their engagement with retailers</li> <li>While store-based shopping remains dominant, the demand for mobile commerce, on-demand delivery and omnichannel experiences is rising</li> <li>Alternative payment methods (such as mobile wallets, QR codes and digital vouchers) are becoming essential for access and ease of use</li> <li>Real-time pricing, personalised promotions and AI-driven loyalty offers are now core to customer engagement</li> <li>Retailers are investing significantly in digital platforms, loyalty ecosystems and app-based experiences to retain customers and remain competitive</li> </ul>	<ul style="list-style-type: none"> <li>Pick n Pay launched a powerful new app that integrates its on-demand delivery service asap!, Smart Shopper loyalty programme, and value-added services into a single, next-generation platform</li> <li>Enhancing our Pick n Pay Smart Shopper and Boxer Rewards Club loyalty programmes with AI-driven promotions, personalised discounts and exclusive savings to strengthen loyalty</li> <li>Expanding digital engagement across platforms to improve convenience, customer insights and targeted marketing</li> <li>Enabling multiple digital payment options, including mobile money, scan-to-pay and digital vouchers, to improve access and ease of use</li> <li>Ongoing investment in value-added digital services such as bill payments, prepaid utilities and financial products to support everyday needs</li> <li>Strengthening data and analytics capability to optimise product ranging, pricing, marketing and demand forecasting</li> <li>Building scalable systems and automated logistics infrastructure to support e-commerce, on-demand fulfilment and future digital growth</li> </ul>

# An integrated view of risks and opportunities

Sustainable value creation depends on the Group's ability to anticipate and respond to a dynamic operating environment. The risks and opportunities outlined in this section are those that could have a material impact on the Group's strategic progress, financial resilience and long-term stakeholder value.

By focusing on these material matters, we aim to protect stakeholder value in the short term while unlocking opportunities for sustainable growth over the medium and longer term. These matters guide the information contained in this Integrated Annual Report.

## A dynamic approach to risk and opportunity management

The Group operates in a highly competitive and structurally constrained retail environment shaped by low economic growth, rising cost pressure, ageing domestic infrastructure, constrained consumers and a demanding regulatory landscape. To navigate these realities, the Group maintains a disciplined and forward-looking approach to managing risks and identifying opportunities.

The Group's enterprise risk management (ERM) methodology is applied consistently across both Pick n Pay and Boxer, under the leadership of their respective risk and compliance functions, assurance providers, and Boards. The ERM framework was updated in consultation with an independent risk management consultant in FY24, with implementation efforts continuing into FY25 to embed formal policies and procedures.

Ahead of Boxer's listing in November 2024, particular focus was placed on building its internal risk management capabilities and governance independence, with ongoing support from Pick n Pay as required. The risks and opportunities that follow provide an integrated view of the material matters affecting both businesses.

Risk and opportunity management is embedded into our strategy, business planning and operational execution. Our ERM framework is underpinned by an integrated and collaborative three-line defence model to identify and assess material risks and opportunities. The model involves senior management, the risk and compliance function, the Boxer Audit, Risk and Compliance Committee, the Group Audit, Risk and Compliance Committee (GARCC) and the Board. This ensures that risk governance is robust, responsive and aligned with our long-term objectives.

1

### First line: Ownership by management

Senior executives and business managers are accountable for identifying, assessing and managing risks in their daily operations. They are responsible for embedding risk awareness into business planning, decision-making and execution, and for maintaining divisional risk registers that inform assurance priorities.

2

### Second line: Risk and compliance oversight

The Group's risk and compliance function supports and challenges the business by applying the ERM framework consistently across all areas – including governance, strategy, operations, finance and sustainability. It facilitates risk workshops, updates risk methodologies and monitors emerging risks to ensure responsive and integrated risk governance.

The function reports regularly to the GARCC, providing updates on risk methodology, control effectiveness, and emerging risk themes.

3

### Third line: Independent assurance

Independent assurance is provided by internal and external assurance providers, including internal audit and external audit, who assess the effectiveness of the Group's controls and risk management processes independently of management. Their findings form part of the Group's combined assurance programme and are reported to the GARCC and the Board to support strong oversight and continuous improvement.

The GARCC oversees the structured risk management process across all divisions, while the Board regularly reviews the risks and opportunities most likely to impact the Group's ability to protect and create stakeholder value. These discussions ensure that material matters remain relevant and that the Group's strategy remains responsive to a changing operating environment.

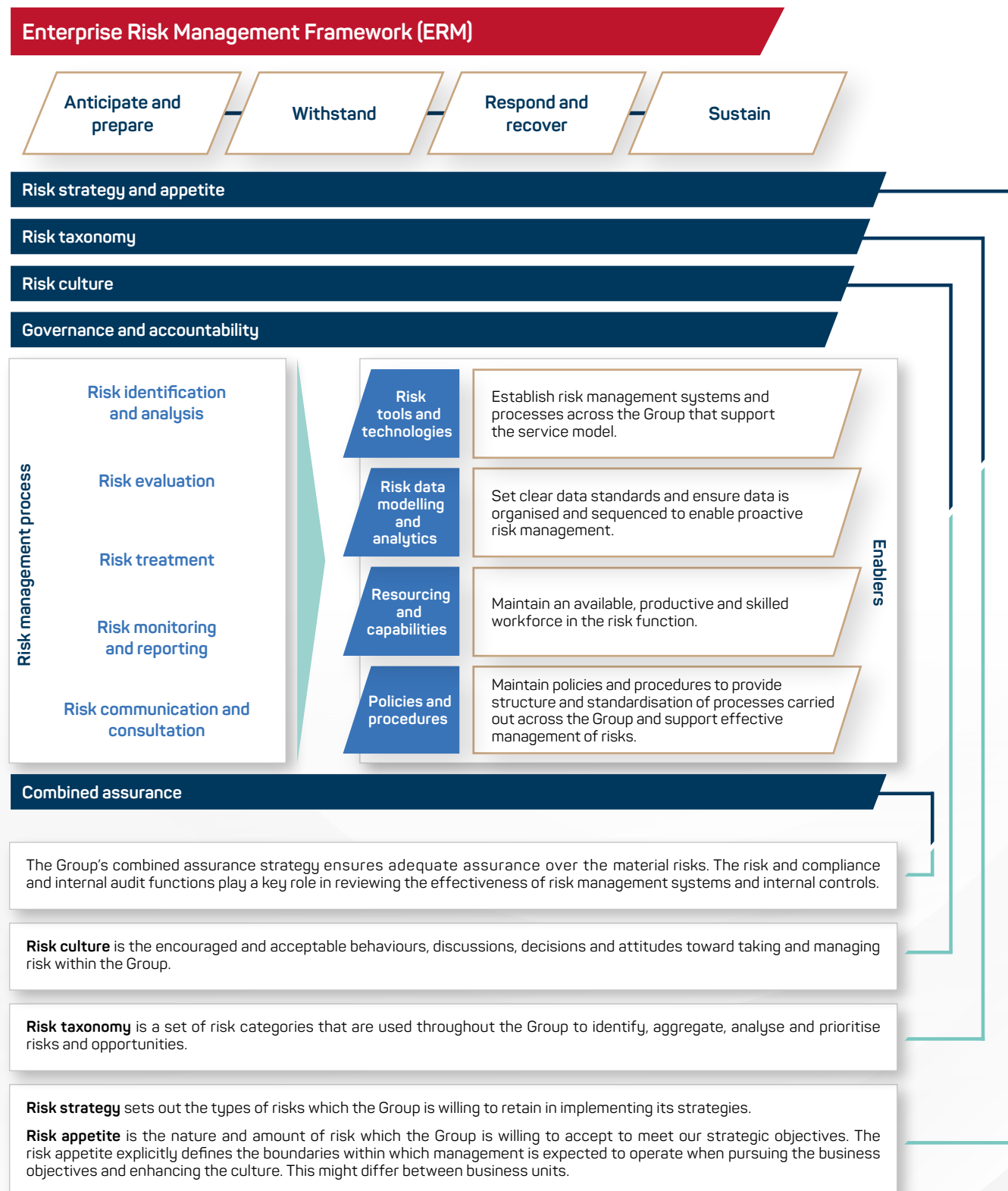


## Stakeholder insight and risk responsiveness

Engagement with key external stakeholders, including shareholders, debt funders, regulators, suppliers and franchisees, further informs our understanding of material risks and opportunities. Stakeholder input is critical in ensuring our approach remains aligned with stakeholder priorities and reflects the broader context in which we operate, including our response to issues such as energy security, food system resilience and social vulnerability.

## Enterprise Risk Management Framework

Our ERM framework sets out the principles for managing risk effectively across the Group. It ensures consistency, clarity, and alignment with our strategy, while communicating the value of risk management to the business.



## How we determine materiality

Material matters are those that could substantively influence the Group's ability to achieve its strategic objectives, meet stakeholder expectations and sustain value over time. We apply materiality to focus discussion and decision-making on matters significant to the Group. This improves the quality and relevance of information and enables an efficient and productive allocation of the Group's capitals.

We consider various inputs to determine our material risks and opportunities, including:

- Macro-economic, industry and consumer trends shaping our operating environment (page 30)
- Stakeholder needs, expectations and concerns (page 42)
- The resilience of the Group's capitals (page 28)
- The outcomes of the Group's risk management process below
- Global and local ESG developments influencing responsible business practices (page 58)

Our assessment of materiality is regularly reviewed to ensure that our focus areas remain relevant, forward-looking and aligned with the Group's long-term growth strategy.

## Key focus areas and actions in FY25

Recognising the growing complexity of our risk landscape, we strengthened the depth and agility of our risk and compliance capabilities during the year. This work built on the risk maturity assessment and ERM framework development undertaken in FY24. With the continued support of an independent risk management consultant, we focused on embedding the revised ERM framework and extending its impact across the business. Key focus areas included:

- Refreshing the Group's risk appetite, including at divisional level, and aligning it more closely with our strategic priorities
- Strengthening our combined assurance model to sharpen oversight over material risks
- Strengthening our operational control self-assessment frameworks on operational levels
- Monitoring emerging global risks, including regulatory developments, demographic changes, cybersecurity threats and climate-related impacts

These initiatives have enhanced our ability to anticipate, manage and respond to material risks and opportunities in a more integrated and agile manner. The outputs of this work have informed the FY26 combined assurance plan and the continued refinement of risk controls at both Group and business unit level.

## Monitoring the effectiveness of risk management

We held structured risk workshops during the year and worked with business units across the Group to update risk registers and assess the effectiveness of our internal controls. These reviews confirmed that our key risks remain relevant and that the actions we have in place to manage them are aligned with our risk appetite. No material gaps were identified.

Beyond strengthening existing controls, we are also looking at new ways to build operational resilience across the business, including how we use data to better understand risk trends and support more informed decision-making.

The outcomes of this work have helped shape our FY26 combined assurance plan and will guide ongoing improvements to risk controls across the Group.

## Year-on-year residual risk profile changes

The continued refinement of our risk methodology and the detailed work undertaken during FY25 have resulted in updates to the Group's top risk profile. These changes reflect improved risk identification and mitigation, as well as key developments during the year.

In FY24, financial resilience was the most critical risk facing the Group, following a sharp deterioration in Pick n Pay's performance and significant financial losses, which led to a severe liquidity crisis and the negotiation of a debt standstill with funders. The Group acted decisively, implementing a two-step Recapitalisation Plan that raised R4.0 billion through a Pick n Pay Rights Offer and R8.5 billion through the Boxer IPO.

*With Pick n Pay now debt free, financial risk has been fully mitigated and removed from the Group's top risk profile*

A risk has been added in FY25: Exposure to socio-economic risks in a challenging retail environment. While elements of this risk were previously embedded across several risk areas, it is now disclosed separately to highlight the potential impact of a constrained economy and intense competitive pressure on retail profitability.

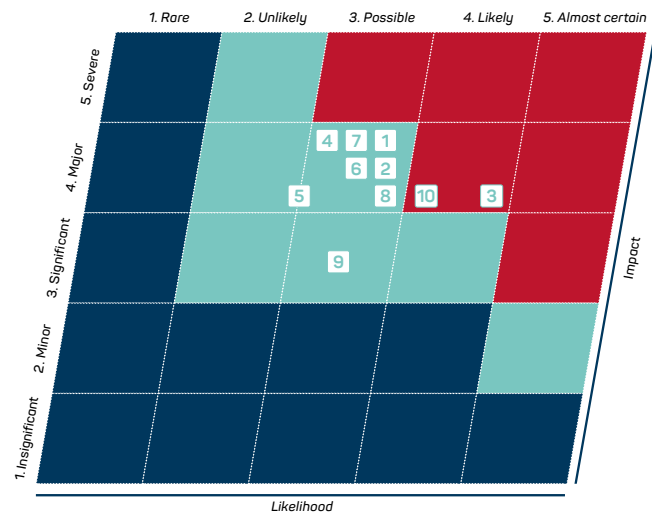
Residual risk represents the exposure that remains after applying the controls currently in place. The heat map on the next page illustrates the assessed likelihood and potential impact of each of the Group's material risks at this residual level. A clear understanding of residual risk supports our ability to prioritise and manage risks effectively and to minimise any potential negative impact on value creation.





## FY25 Risks

- 1 Strategic execution
- 2 Customer experience and satisfaction
- 3 Exposure to socio-economic risks
- 4 Success and sustainability of the Pick n Pay franchise model
- 5 Brand trust and reputation
- 6 Operational disruption and business continuity
- 7 Digital stability and information security
- 8 Talent attraction, retention and transformation
- 9 Compliance with laws and regulations
- 10 Environmental and social risks



## Board governance of risk and opportunity

The Board has overall responsibility for risk governance and undertakes regular assessments of the material risks and opportunities that could impact the Group's ability to create and sustain value. During the year, risk and opportunity discussions at Board and committee level were enhanced to ensure that strategic decisions are made with a clear understanding of both risk exposure and opportunity potential. The GARCC has increased its meetings from two to four meetings a year, with two of those meetings being risk-focused. The Boxer Audit, Risk and Compliance Committee (ARCC) follows the same pattern.

Boxer has an independent risk management function that operates under the guidance of the Boxer ARCC. The Group's risk oversight for Boxer is maintained in the following manner:

- Boxer adopts the Group Risk Policy in full, including the supporting frameworks, i.e. enterprise risk management, combined assurance and risk appetite and tolerance.
- The outcomes of Boxer's top risk profile and combined assurance have been considered in the Group's risk aggregation process. Risks that have a material impact on the Group have been considered for inclusion in the Group's risk profile based on severity of impact and likelihood.
- The Chair of the Boxer ARCC attends the Pick n Pay GARCC in order to provide a formal update on material risk matters as they relate to Boxer.

Our most significant risks and opportunities, and the Group's responses to them, are outlined in the pages that follow.

The table below outlines the Board oversight of the Group's top risks:

FY25 risks	GARCC	Board committee oversight			
		FIC	RemCom	SETC	NomGov
1 Strategic execution	✓	✓	✓	✓	✓
2 Customer experience and satisfaction	✓		✓	✓	
3 Exposure to socio-economic risks	✓	✓		✓	
4 Success and sustainability of the Pick n Pay franchise model	✓	✓			
5 Brand trust and reputation	✓			✓	✓
6 Operational disruption and business continuity	✓	✓		✓	✓
7 Digital stability and information security	✓	✓			
8 Talent attraction, retention and transformation	✓		✓	✓	
9 Compliance with laws and regulations	✓		✓	✓	✓
10 Environmental and social risks	✓		✓	✓	✓

## Our material risks and associated opportunities

### 1. Strategic execution

Pick n Pay's ability to successfully implement its long-term turnaround strategy and Boxer's ability to deliver on its growth strategy.

#### Risk context

In FY24, Pick n Pay launched a long-term strategy focused on restoring performance in its supermarket business. The strategy is built on five clear priorities, targeting a significant reset of the store estate, operating model and customer offer, alongside a strengthened leadership team. While early progress has brought greater stability and encouraging results across key indicators, delivery remains highly dependent on disciplined execution in a challenging environment. Please refer to page 54 for further information. Boxer continues to deliver against its growth strategy to roll out new stores across South Africa.

#### Opportunity

Pick n Pay has opportunity to regain market share and customer loyalty through improvements in pricing, product range, service and overall customer experience. Its strategic plan is considered realistic and actionable, with growing internal alignment. Boxer actively collaborates with landlords, developers and local municipalities to identify suitable sites.

#### Risk to value creation

##### Risks

- Market headwinds
- Insufficient skill and expertise
- Inadequate planning or oversight
- Deviation from plans and timelines
- Lack of discipline or focus
- Lack of suitable sites

##### Potential impact

- Failure to meet strategic milestones
- Loss of market share
- Financial under-performance
- Loss of stakeholder confidence

#### Our mitigation response

- Strengthened Pick n Pay leadership teams
- Comprehensive Pick n Pay implementation roadmap, dedicated project workstreams and key performance indicators (KPIs)
- Quarterly strategic progress reporting to Finance and Investment Committee (FIC) and Board in Pick n Pay
- Clear operating structures in both businesses
- Executive incentives linked to strategic milestones
- Skills development and management training
- Board oversight and regular reviews
- Internal reporting is daily, weekly and monthly

**Inherent risk rating**  
High

**Residual risk rating**  
Medium

**Year-on-year change**  
Unchanged

### 2. Customer experience and satisfaction

The Group's ability to provide customers with a consistent, value-focused shopping experience that meets expectations.

#### Risk context

South Africa's constrained economic environment, marked by high unemployment and rising living costs, has intensified competition for a share of the consumer wallet. To retain and grow its customer base, the Group must deliver a compelling and reliable customer value proposition centred on affordability, quality, convenience and service.

#### Opportunity

The Group's strategy is focused on improving the Pick n Pay customer experience through enhanced product ranges, better store layouts, improved customer service and stronger operational discipline. At the same time, Boxer continues to expand into new markets with a proven, high-trust value proposition that strengthens the Group's overall customer reach.

#### Risk to value creation

##### Risks

- Pressure on consumer spend
- Uncompetitive product offering
- Poor stock availability and quality
- Inconsistent in-store standards and customer engagement
- Inadequate employee training

##### Potential impact

- Declining customer loyalty
- Reputational damage
- Loss of market share
- Financial under-performance

#### Our mitigation response

- Strengthened Pick n Pay structures with clear accountability
- Reintroduction of Pick n Pay customer service managers
- Focus on fresh food cornerstones in Pick n Pay
- Range and space optimisation initiatives in Pick n Pay
- Growth of private and confined label
- Employee training and development programmes
- Daily monitoring of stock availability and quality
- Enhanced customer feedback mechanisms
- Ongoing performance monitoring at store level
- Ongoing market and consumer research

**Inherent risk rating**  
High

**Residual risk rating**  
Medium

**Year-on-year change**  
Decreased





### 3. Exposure to socio-economic risks

#### Risk context

The Group operates in a difficult trading environment, characterised by weak economic growth, high unemployment, cost inflation and ongoing infrastructure instability. Consumers are increasingly price-sensitive, demanding better value and lower prices. At the same time, competitive intensity from both formal and informal retailers continues to escalate. These factors place pressure on retail operating models in South Africa.

#### Opportunity

The Group has opportunity to strengthen customer loyalty and defend market share through consistent value, sharper pricing and more efficient operations. Better integration across buying, supply chain and marketing functions, supported by data-led decision-making, can strengthen responsiveness and competitive advantage.

#### Risk to value creation

##### Risks

- Persistent cost inflation
- High cost of sales
- Slower than expected recovery in Pick n Pay supermarket performance
- Pressure on working capital

##### Potential impact

- Reduced profit margins and financial headroom
- Constraints on capital investment
- Short-term trade-offs undermining long-term value creation

#### Our mitigation response

- Strengthened buying function
- Improved supplier engagement
- Enhanced internal collaboration across buying, supply chain and marketing
- Strategic buy-ins
- Ongoing efforts to optimise range, space allocations and promotions
- Targeted food waste reduction
- Price investment in key value lines
- Growth of private and confined label
- Strategic focus on operating efficiency

**Inherent risk rating**  
High

**Residual risk rating**  
High

**Year-on-year change**  
Unchanged

### 4. Success and sustainability of the Pick n Pay franchise model

Pick n Pay's ability to advance an effective franchise model that delivers sustainable mutual value in a difficult economic environment.

#### Risk context

Pick n Pay has 697 franchise stores across five southern African countries and multiple retail formats. The Group's success is closely linked to that of its franchise partners, who serve as both key growth drivers and brand ambassadors. Maintaining strong and mutually beneficial relationships is essential to sustaining the franchise model's contribution to the Group.

#### Opportunity

An optimised franchise model will attract new Pick n Pay franchisees and provide the opportunity to expand our store footprint and drive volume growth.

#### Risk to value creation

##### Risks

- Market pressure impacting sales volumes and profitability
- Inadequate adaptation to changing market dynamics
- Misalignment of strategic priorities between franchisor and franchisees
- Exposure to franchisee concentration risk

##### Potential impact

- Strained franchise relationships
- Unable to attract new franchisees
- Reputational damage
- Higher franchise debt

#### Our mitigation response

- Ongoing enhancement of the franchise model to support mutual value creation
- Continued focus on competitive pricing and improved franchise margins
- Regular structured engagements with franchisees
- Enhanced franchise debt management processes

**Inherent risk rating**  
High

**Residual risk rating**  
High

**Year-on-year change**  
Unchanged

## 5. Brand trust and reputation

The Group's ability to maintain trusted relationships with its stakeholders, including customers, investors, employees, franchisees, suppliers, landlords and the broader public, in the face of negative sentiment.

### Risk context

Pick n Pay and Boxer are two of South Africa's most recognised retail brands and attract significant attention, which can influence stakeholder sentiment. While Pick n Pay attracted negative commentary in FY24 due to financial under-performance in its core supermarket business, the successful recapitalisation and early improvements at store level have helped stabilise sentiment and rebuild stakeholder confidence.

Boxer faces increased stakeholder scrutiny as a listed entity, which may lead to reduced focus on the execution of strategy. To mitigate this, Boxer has strengthened its governance and stakeholder engagement policies to ensure it meets stakeholder expectations.

### Opportunity for value creation

With new leadership, a refreshed strategy and operational improvements underway, Pick n Pay has a clear opportunity to rebuild trust, strengthen stakeholder relationships and restore its reputation for value, service and responsibility. Boxer has developed strong stakeholder relationships and brand trust over many years, and is supported by Pick n Pay in its media engagement when required.

### Risk to value creation

#### Risks

- Failure to improve the Pick n Pay customer offer
- Continued under-performance in Pick n Pay impacting stakeholder perceptions
- Ongoing decline in Pick n Pay market share affecting franchisee, supplier and landlord confidence

#### Potential impact

- Reputational damage
- Erosion of trust across stakeholder groups
- Negative sentiment from the media, analysts and customers

### Our mitigation response

#### Risk management

- Strengthened Pick n Pay leadership
- Launch of Pick n Pay internal Hearts and Minds engagement campaign
- Refreshed Pick n Pay customer service training and store standards
- Media and social media monitoring with active response protocols
- Strong commitment to community engagement
- Boxer is supported by experienced Pick n Pay governance, compliance and stakeholder engagement teams

**Inherent risk rating**  
High

**Residual risk rating**  
Medium

**Year-on-year change**  
Decreased

## 6. Operational disruption and business continuity

The Group's ability to maintain security and stability across its business operations and value chain.

### Risk context

The Group operates in a complex environment exposed to both global and local disruptions – including international supply chain delays and port congestion, as well as domestic challenges such as load-shedding, infrastructure failures and the risk of civil unrest. These factors can significantly impact store operations, distribution channels, stock availability and customer service.

### Opportunity for value creation

Local sourcing, decentralised distribution and investment in alternative power solutions, such as solar and generator backups, as well as water tankers, help reduce reliance on vulnerable infrastructure and global supply chains. The Group's positive presence in local communities, supported by employment and social investment initiatives, helps to build trust and local resilience, strengthening relationships in the areas where we trade.

### Risk to value creation

#### Risks

- Load-shedding, water outages and infrastructure failure
- Political unrest and labour disruption
- Tariffs, port congestion and global supply chain delays
- Natural disasters

#### Potential impact

- Disrupted store and distribution centre operations
- Delays in stock availability
- Food waste and operational losses
- Health and safety issues linked to lack of clean water
- Disruption to digital infrastructure and communications
- Catastrophic loss of assets and infrastructure

### Our mitigation response

#### Risk management

- Business continuity and crisis response plans
- Sprinkler systems and backup generators across stores and distribution centres
- Water tankers in place at all at-risk stores
- Strategic stock buy-ins for essential product lines
- Alternative supply chain capacity and flexible routing
- Ongoing engagement with logistics providers and port authorities
- Enhanced security measures and community engagement
- Comprehensive insurance covers

**Inherent risk rating**  
High

**Residual risk rating**  
Medium

**Year-on-year change**  
Unchanged

## 7. Digital stability and information security

The Group's ability to maintain and protect its IT infrastructure, online platforms and databases.

### Risk context

The Group's ability to maintain secure, stable and scalable IT infrastructure is critical to its operational performance and customer trust. Rising global cyber threats – including ransomware and social engineering attacks<sup>1</sup> – combined with growing online transactions and expanding digital platforms, increase the risk of system disruption or a breach of confidential customer data.

#### Opportunity for value creation

Ongoing investment in digital technology and innovation enables greater customer convenience, personalised loyalty rewards and improved digital service delivery. Advanced data analytics helps the Group better understand customer behaviour, optimise product ranges, and tailor promotions, driving stronger customer loyalty and operational efficiency.

### Risk to value creation

#### Risks

- System downtime disrupting business operations and digital services
- Cyber attacks compromising customer data or confidential information
- IT systems failing to scale with business needs
- Inaccurate or delayed data affecting business decisions

#### Potential impact

- Loss of customer trust and loyalty
- Reputational harm
- Regulatory fines and legal liability
- Operational disruption and financial loss
- Competitive disadvantage due to offline or outdated systems

### Our mitigation response

#### Risk management

- Specialist IT security team applying global cybersecurity best practices, taking into account cost benefit analysis
- Pick n Pay has migrated core systems to secure cloud platforms
- Daily backups of critical systems for rapid recovery
- Multi-factor authentication access controls for all critical systems within Pick n Pay
- Frequent review and control over active directory for both Pick n Pay and Boxer
- Ongoing threat monitoring, software patching and external security reviews
- Incident response and recovery plans
- Cyber insurance covers
- Regular training and awareness campaigns to reduce human error risk

**Inherent risk rating**  
High

**Residual risk rating**  
High

**Year-on-year change**  
Unchanged

<sup>1</sup> Social engineering refers to deceptive tactics used to manipulate individuals into revealing personal or confidential information, often in order to gain system access.

## 8. Talent attraction, retention and transformation

The Group's ability to build and retain a talented, diverse and motivated workforce.

### Risk context

The Group's ability to attract, retain and grow a skilled, diverse and motivated workforce is critical to its long-term success. South Africa's highly competitive labour market – particularly at senior and specialist levels – continues to present challenges in securing key talent, meeting transformation targets and maintaining stable store-level leadership.

#### Opportunity for value creation

By building a skilled, representative and engaged workforce, the Group can unlock sustainable competitive advantage. Investment in talent, transformation and inclusive leadership strengthens organisational culture, improves customer service and supports long-term value creation across the business.

### Risk to value creation

#### Risks

- Difficulty attracting and retaining critical talent
- Gaps in store and regional management capacity
- Inadequate succession planning and leadership development
- Escalating employee costs
- Labour unrest or declining morale

#### Potential impact

- Capacity constraints and key-man dependencies
- High employee turnover and loss of institutional knowledge
- Weakened customer service and operational performance
- Limited talent pipeline to support strategic delivery and expansion
- Reputational and compliance risk due to missed transformation targets

### Our mitigation response

#### Risk management

- Competitive and market-aligned reward structures
- Long-term retention awards issued across Pick n Pay and Boxer
- Clear transformation targets and executive accountability
- Structured succession planning and performance reviews
- Ongoing investment in skills development
- Employee campaigns to support culture and morale
- Active engagement with labour unions

**Inherent risk rating**  
High

**Residual risk rating**  
Medium

**Year-on-year change**  
Unchanged



## 9. Compliance with laws and regulations

The Group's ability to uphold the highest standards of food safety, occupational health and safety, and legislative compliance.

### Risk context

As trusted retailers, Pick n Pay and Boxer operate in a highly regulated industry with obligations across food safety, consumer protection, competition, employment equity and data privacy. The Group is committed to maintaining high operational and ethical standards through strong governance and proactive compliance with applicable laws.

#### Opportunity for value creation

By embedding compliance into core business processes, the Group builds customer and stakeholder trust, protects its licence to operate, and reduces long-term risk. Strengthening regulatory compliance also supports operational efficiency, brand reputation and sustainable value creation.

### Risk to value creation

#### Risks

- Non-compliance with food, health or safety standards in stores, distribution centres or offices
- Failure by third-party suppliers and service providers to meet required legal standards, including health, safety and other breaches
- Stocking, preparing or selling unsafe food or non-compliant products
- Inadequate processes to ensure alignment with complex regulatory requirements

#### Potential impact

- Risk of harm to customers or employees
- Reputational damage and loss of consumer confidence
- Legal liability, penalties and financial loss

### Our mitigation response

#### Risk management

- End-to-end food safety and hygiene protocols across the supply chain
- Regular audits covering store operations, supplier compliance and food safety standards
- Expert guidance from the Department of Health and the National Institute for Communicable Diseases
- Group Compliance Officer with executive accountability
- Payment card industry compliance testing and cybersecurity safeguards
- Strengthened compliance framework, including annual risk reviews and formal compliance plans
- Due diligence assessments on third parties, including franchisees

**Inherent risk rating**  
High

**Residual risk rating**  
Medium

**Year-on-year change**  
Unchanged



## 10. Environmental and social risks

The Group's ability to reduce its impact on scarce resources and maintain operations in the face of environmental degradation and social discord.

### Risk context

The Group operates in regions facing high levels of poverty, food insecurity and growing climate vulnerability. Climate change, water scarcity and shifting weather patterns can disrupt energy and food supply chains, impacting product availability, pricing and operations. Failure to meet stakeholder ESG expectations may result in reputational or investor pressure.

Group's focus remains firmly on rebuilding the Pick n Pay supermarket business. As a result, the timing of certain longer-term Pick n Pay ESG targets has been rephased to align with the Group's near-term focus on operational turnaround and supermarket recovery.

ESG remains at the heart of the Boxer business, particularly its unwavering commitment to community development and welfare, and the business is in the process of formalising its stand-alone ESG framework and strategy.

### Opportunity for value creation

The Group focuses on ESG initiatives that reduce cost, enhance efficiency, unlock revenue or benefit the communities we serve – including energy and water savings, waste reduction, inclusive procurement, food security and poverty alleviation. These initiatives support long-term resilience and shared value creation.

### Risk to value creation

#### Risks

- Climate change and resource scarcity affecting food and energy security
- Worsening socio-economic conditions increasing hunger and community vulnerability
- Inadequate ESG responses to evolving stakeholder demands
- Misalignment between business priorities and stakeholder ESG expectations

#### Potential impact

- Reputational damage and stakeholder criticism
- Loss of investor confidence
- Operational risk due to disrupted supply chains or regulatory non-compliance

### Our mitigation response

#### Risk management

- Approved Pick n Pay sustainability strategy focused on initiatives that support both a sustainable operating model and the communities it serves. Boxer has its own stand-alone ESG strategy which is being formalised
- ESG targets monitored by executive Steering and SETC committees
- Ongoing community investment and stakeholder engagement
- Various sustainability metrics are incorporated into operational KPIs and monitored regularly

**Inherent risk rating**  
High

**Residual risk rating**  
Medium

**Year-on-year change**  
Unchanged

## Looking forward – emerging risks and opportunities

We expect conditions to remain tough for our customers over the foreseeable future. Weak economic growth and rising electricity, fuel and water costs continue to put pressure on household budgets. Global geopolitical and trade tensions, including shifting U.S. tariff regimes, could increase input costs and contribute to market uncertainty. At the same time, retail competition is intensifying, with heightened promotional activity across the market. Our success will depend on staying close to our customers and delivering real value, every day, through focused execution and disciplined cost management.

We are monitoring the new risks and opportunities shaping our market. As digital channels grow, protecting customer data will become even more important, with growing complexity and more entry points where systems can be accessed and compromised. Ongoing advancement in artificial intelligence (AI) and automation have long influenced retail and will continue to transform how we plan, reduce waste and engage with customers in more meaningful and personalised ways. To remain abreast of these digital transformation advancements, the Group has appointed a Head of Digital and Innovation at both Pick n Pay and Boxer.

Alongside the opportunities come new challenges. Misinformation and fake news can damage trust and create division in the communities we serve. Climate change, water scarcity and ageing infrastructure will continue to demand considered long-term planning.

*We remain confident in our ability to navigate what lies ahead, supported by strong and dedicated teams, a clear strategy and a determined focus on creating sustainable value.*



# Balancing stakeholder requirements

Effective stakeholder engagement enhances our understanding of the Group's role in society, builds trust and strengthens our ability to create long-term value.

We operate in a complex and fast-changing environment, and across diverse communities. Our success depends on open, inclusive and responsive engagement with all those who shape – and are shaped by – our Pick n Pay and Boxer businesses.

Strong and collaborative relationships help us remain accountable, build our resilience and allow us to adapt quickly and appropriately to evolving stakeholder expectations. Constructive dialogue improves our decision-making, aligns our strategy with emerging risks and opportunities and ensures we remain relevant to the people and communities we serve.

At times, we must make carefully considered trade-offs, such as balancing affordability for customers with potential margin impacts, or near-term returns with long-term investment. These decisions are guided by our values, our strategic priorities and our commitment to inclusive growth.

## Strong engagement processes

We engage with a wide range of stakeholders who influence, or are impacted by, our operations and our long-term success. Our engagement priorities are informed by materiality: we focus on stakeholders who are most critical to our strategic objectives, licence to operate and sustainable value creation.

We aim to:

- Understand stakeholder interests, needs and expectations and factor these into our strategic decision-making
- Identify and address material issues that could impact our relationships and/or operations
- Strengthen relationships through transparency and accountability, and build trust and support for our long-term sustainability

We use daily operational contacts, structured outreach programmes and formal governance processes. Engagement is practical, regular, respectful, and tailored to each individual stakeholder group. Methods include in-person meetings, surveys, digital platforms, forums, joint planning sessions, conferences and targeted initiatives. We also conduct focused engagements to address specific issues as they arise.

*Our goal is to ensure stakeholders remain informed, heard and meaningfully included in matters that most affect them.*

## Robust oversight

The Board is ultimately responsible for ensuring that stakeholder interests are appropriately considered in all key decisions. Oversight is delegated to the Social, Ethics and Transformation Committees of Pick n Pay and Boxer, which monitor the material stakeholder relationships, engagement outcomes and related risks and opportunities within each business.

The chairs of the two committees have formal engagements to ensure alignment of values, objectives and stakeholder engagement processes across both businesses. This also ensures that any material issues are highlighted and addressed quickly and appropriately.

The Pick n Pay and Boxer Boards receive regular updates on all material stakeholder matters, helping to ensure that strategy, decisions and operating performance remain aligned with stakeholder needs, our values and the long-term interests of the Group.

## Stakeholder insights

We disclose information about the stakeholder groups that play a vital role in shaping our strategy, performance and long-term sustainability. These include those most affected by our operations and those whose decisions and actions influence our ability to deliver value.

While stakeholder perspectives may differ, the themes captured here reflect the shared expectations that inform our priorities and guide the way we do business.





## 1. OUR CUSTOMERS

Our customers are at the centre of everything we do. They are our primary source of revenue and ultimately determine our success through their purchasing decisions, loyalty and feedback. Understanding and meeting their evolving needs is essential to the long-term relevance and growth of Pick n Pay and Boxer.

### Responsible executives

Managing Executive: Pick n Pay

Managing Executive: Boxer

Managing Executive: Clothing

Managing Executive: Group Enterprises

*We are committed to offering a broad and relevant range of high-quality, competitively priced products and services that meet our customers' needs.*

### How we engage with our customers

Our stores are the front line of customer engagement – vibrant spaces where thousands of daily interactions offer real-time insight into customer needs and preferences. Pick n Pay and Boxer employees are trained to listen, assist and resolve issues quickly, building trust through everyday service.

Outside of our stores, we engage through the Pick n Pay Smart Shopper and Boxer Rewards Club loyalty programmes, online shopping platforms, social media, promotions and our customer care teams. These channels help us to stay close to customers, gather feedback and adapt quickly in a fast-changing retail environment.

#### What is important to our customers

##### Our customers value:

- Competitive prices
- Quality products
- Modern and safe stores and digital retail platforms
- Retailers that make life a little easier
- Careful consideration of people and planet

Affordability is critical, as is food safety, reliable product availability, personalised loyalty offers and a friendly, respectful shopping experience. Convenience also matters. Customers seek easily accessible stores, helpful staff and digital tools that save time.

Customers also expect their personal information to be protected and managed responsibly.

#### Our response

We continue to invest in competitive pricing, improve our product availability, grow our fresh food and private label ranges and invest in omnichannel retail platforms.

We upgraded the Pick n Pay and launched the Boxer loyalty programme, modernised our stores and enhanced our digital capabilities. We deliver service excellence through well-trained, customer-focused teams.

### Key actions in FY25

- Strengthened Pick n Pay's regional structures and in-store standards, focusing on the fresh cornerstones of bakery, butchery and fresh produce
- Our customer count in Pick n Pay stores increased 3.7% in FY25
- Delivered targeted customer service training to over 30 000 team members across Pick n Pay and Boxer
- Invested in lower prices, bulk deals and promotions across the Group, focusing on essential goods
- Improved product availability through advanced forecasting, replenishment and range optimisation
- Expanded private and confined label ranges across the Group
- Grew loyalty engagement through the launch of Boxer Rewards Club and an expanded Pick n Pay Smart Shopper programme, including the Pick n Pay Live Well programme and our strategic reward partnerships
- Increased the number of stores on the asap! platform to over 600

## 2. OUR EMPLOYEES

Our 63 700 employees are the face of Pick n Pay and Boxer and play a central role in delivering a consistent and trusted customer experience. Their energy, skills and commitment bring our values to life every day. Supporting and empowering our people is essential to building a motivated, capable workforce that can deliver on our strategic goals.

### Responsible executives

Pick n Pay Chief People Officer

Boxer Executive: Human Resources

*We are committed to creating quality jobs, advancing transformation and promoting a workplace that is diverse, inclusive, safe and respectful.*

### How we engage with our employees

We prioritise clear and consistent communication across all levels of the business. We engage through team briefings, leadership roadshows, internal communication platforms, newsletters, performance reviews, training sessions, wellness initiatives and open-door access to HR support.

We maintain constructive relationships with organised labour and engage regularly on wage negotiations, transformation, skills development and workplace concerns. These engagements support our ongoing commitments to fair employment practices, regulatory compliance and a stable, engaged workforce.

#### What is important to our employees

##### Employees value:

- Fair and competitive pay
- Job security
- Clear personal growth and career opportunities
- Work-life balance and well-being support
- A workplace that is inclusive, respectful and empowering

Employees also seek recognition for their contribution and active communication about business performance and change.

#### Our response

We work hard to create workplaces where Pick n Pay and Boxer employees feel valued, supported and empowered.

We offer fair, market-aligned pay, invest in training and career development, and promote internal growth where possible. We streamlined our Pick n Pay structures to give teams more ownership and accountability, with strong HR support and open dialogue.

Our confidential whistle-blowing channels help ensure that everyone has a safe space to speak up and be heard.

### Key actions in FY25

- Implemented appropriate leadership and regional support structures in Pick n Pay to improve performance, accountability and store support
- Created 2 900 new jobs in Boxer
- Delivered targeted training to over 30 000 employees across Pick n Pay, covering leadership, customer service and operational skills
- Concluded three-year wage agreements with our primary labour unions in Pick n Pay and Boxer
- Continued annual market benchmarking to ensure fair and equitable pay at all levels of the Group
- Advanced diversity and inclusion through training, policy enhancements and active monitoring
- Strengthened wellness support, internal communication and employee awareness of HR policies and ethical standards

### 3. PICK N PAY FRANCHISEES

Our franchisees are a vital part of the Pick n Pay business model. They bring the brand to life in communities across southern Africa, serving customers with local knowledge and entrepreneurial energy. Their success is closely linked to our own – they shape customer experience, build brand loyalty and drive long-term value for the Group.

#### Responsible executives

Pick n Pay Executive: Franchise

*We are committed to building strong, collaborative and commercially sustainable partnerships with our franchisees, grounded in mutual respect, accountability, transparency and shared success.*

#### How we engage with our franchisees

We engage through a dedicated franchise division and regional support teams, who work with franchise store owners across operations, systems, trading support and compliance. Engagement is structured around regular site visits, business reviews, planning sessions and franchise forums. Strategic updates and commercial support are communicated directly, with open channels for feedback and collaboration.

#### What is important to our franchisees

##### Franchisees value:

- Fair commercial terms
- Sustainable profit margins
- Reliable stock delivery
- Operational support
- Access to competitive pricing, promotions and systems

Franchisees look for transparency, responsiveness and the ability to build long-term, profitable businesses under the Pick n Pay brand. Technology integration, real-time information and consistent Group alignment are key to confidence in the franchise model.

#### Our response

We support franchisees with tailored operational assistance.

We collaborate on promotions, category reviews and pricing structures to protect competitiveness. We continue to invest in franchise system tools, training and development and governance frameworks.

We engage directly on issues of compliance, specifically food and occupational health and safety, and environmental sustainability, supported by a Code of Conduct and dedicated franchise business managers.

Engagement is underpinned by shared values and a joint commitment to serving customers and growing the brand.

#### Key actions in FY25

- Evolved our franchise model to support sustainable franchise businesses
- Improved delivery accuracy and forecasting to support stock availability
- Maintained open and constructive engagement through franchise forums and regional roadshows including the Group CEO
- 7 owned stores converted to franchise stores as part of the store reset programme
- Accelerated implementing Pick n Pay asap! on-demand online service, doubling the number of franchise store fulfilment sites over the past two years



## 4. SUPPLIERS AND SERVICE PROVIDERS

Our suppliers and service providers are essential partners in delivering quality, value and innovation to our customers. From small-scale producers to major national brands, they help us meet customer expectations around price, product availability, ethical sourcing and sustainability. Strong relationships are critical to the resilience of our value chain.

### Responsible executives

Pick n Pay Executives: Fresh; Groceries and General Merchandise

Pick n Pay Executive: Operations and Property

Boxer Executive: Commercial, Marketing and Factories

Boxer Executive: Operations

*We are committed to fair trading terms, clear expectations and consistent support. This is underpinned by structured agreements, constructive performance feedback and a commitment to quality, compliance and responsible business practices.*

### How we engage with our suppliers and service providers

We maintain open and collaborative relationships across our supply and service network – from ordering and replenishment to product development and sustainability. Our buying teams in Pick n Pay and Boxer work closely with suppliers through planning sessions, business reviews and innovation discussions.

Regular engagement and product reviews ensure quality, pricing and service standards are upheld. We also engage directly on issues of compliance, food safety, transformation and environmental sustainability, supported by a Code of Conduct and dedicated category expertise.

#### What is important to our suppliers and service providers

##### Suppliers and service providers value:

- Fair and transparent trading terms and conditions
- Consistent volumes
- Timely payment and efficient systems
- Open communication
- Support for innovation

Suppliers and service providers seek long-term partnerships, opportunities for growth and innovation, and alignment on food safety, transformation and sustainability.

#### Our response

We maintain clear commercial terms, promote ethical and sustainable sourcing, and support transformation-linked supplier development.

We invest in procurement capability, supply chain efficiency and data-driven planning to drive joint value creation and long-term partnership success.

### Key actions in FY25

- Strengthened Pick n Pay's buying teams and commercial structures to improve supplier engagement, accountability and delivery
- Partnered with suppliers to expand private and confined label ranges that offer customers greater value and quality
- Leveraged data analytics, enhanced forecasting and strategic stockpiling to manage inflationary pressure, protect margins, reduce waste and improve product availability
- Increased the support for innovation in product categories and expanded ranges to support choice for customers

## 5. LANDLORDS

The Group operates primarily on a leasehold model and depends on strong landlord relationships to secure, maintain and optimise the space we need to serve our customers. These partnerships are vital for ensuring continuity of operations, managing occupancy costs, and adapting our store footprint to evolving customer and market needs.

### Responsible executives

Pick n Pay Executive: Property

Boxer Executive: Property

**We are committed to transparent, collaborative engagement that aligns long-term objectives and supports mutual success.**

### How we engage with our landlords

We engage through lease negotiations, rental reviews, site assessments and ongoing operational contact at both regional and national levels. Our property, operations and finance teams maintain regular communication with landlords to manage lease agreements, respond to operational challenges and identify opportunities for space optimisation or refurbishment. We also work with landlords on co-investment in store upgrades and sustainability improvements.

#### What is important to our landlords

##### Landlords value:

- Successful tenants
- Transparent lease terms
- Timely payments
- Collaborative engagement on property performance

Landlords look for long-term partnerships with retailers who attract foot traffic, uphold strong brand reputations and contribute to the vibrancy of their centres or precincts.

#### Our response

We maintain transparent dialogue and proactively address operational concerns.

We work closely with landlords to manage costs, improve space efficiency and co-develop solutions that benefit both parties. This includes energy efficiency, maintenance and shared investment in store refurbishments and modernisation.

### Key actions in FY25

- Concluded Pick n Pay store closures, lease renewals and renegotiations to optimise our store footprint and manage occupancy costs
- Advanced Boxer's strong store opening programme in under-served areas
- Collaborated with landlords on energy-saving initiatives, waste management and infrastructure resilience
- Enhanced co-ordination between store operations and property teams to improve issue resolution and day-to-day site performance



## 6. INVESTMENT COMMUNITY

Our shareholders and funders play a critical role in supporting the Group's long-term strategy. Their capital enables operational stability, business growth and innovation. We recognise the importance of building long-term trust with the investment community.

While we cannot control external market forces, we aim to deliver improved operational performance and a robust capital structure, and communicate clearly and credibly on the factors that impact our business and outlook.

### Responsible executives

Chief Executive Officers – Pick n Pay and Boxer

Chief Finance Officers – Pick n Pay and Boxer

Group Head: Treasury and Investor Relations

**We will maintain a disciplined approach to capital allocation, sound financial governance and transparent reporting that supports informed decision-making and sustainable value creation.**

### How we engage with our investment community

We engage with investors and funders through formal channels including results presentations, SENS announcements, trading updates, investor roadshows and one-on-one meetings.

In FY25, a significant focus was the Group's two-step Recapitalisation Plan, including the Rights Offer and the successful listing of Boxer on the JSE. We engaged extensively with shareholders, funders and analysts ahead of both transactions. We provided detailed information on the strategic rationale, financial impact and investment case for each step.

In parallel, we worked closely with lending partners regarding the debt standstill negotiated at the end of FY24, and the full debt restructure and debt repayment in FY25. We provided regular liquidity updates while our recapitalisation plans progressed. These engagements reflected our commitment to transparent, proactive communication and our determination to restore the Group to a more sustainable financial footing.

We also maintain ongoing communication with equity analysts, credit rating agencies and institutional investors through email correspondence, broker-hosted events and conference participation. The Pick n Pay and Boxer Boards and executive teams remain accessible for dialogue on governance, strategy, performance and remuneration.

#### What is important to our investment community

##### Investors and funders value:

- Transparent financial disclosures
- Sustainable returns
- Sound capital discipline
- Access to leadership

Investors value timely, credible communication, insight into performance and strategy, and confidence in the Group's ability to respond to external risks and opportunities. Ethical leadership, good governance and a long-term growth outlook are key priorities.

#### Our response

We prioritise transparency, accountability and ethical leadership in a formal and clear governance framework. We publish financial and non-financial disclosures aligned with international best practice and regulatory requirements.

Our strategy remains focused on disciplined execution, capital efficiency and long-term growth. We actively manage risk while engaging consistently with the investment community to build trust and ensure accurate market understanding.

### Key themes and actions in FY25

- Executed the Pick n Pay Rights Offer and the independent Boxer listing and engaged extensively with investors and analysts throughout the process
- Published comprehensive, JSE-compliant disclosure materials, including the Boxer Pre-Listing Statement and Group regulatory filings
- Regular engagement with debt funders
- Strengthened ongoing investor communication through trading updates, results presentations and market disclosures
- Expanded segmental disclosures across Pick n Pay and Boxer



## 7. COMMUNITIES

Pick n Pay and Boxer are deeply rooted in the communities we serve, recognising the importance of our role in supporting inclusive economic growth, food security and social development. Many South Africans continue to face significant socio-economic challenges, and we are committed to contributing meaningfully to the well-being and resilience of the communities around us.

### Responsible executives

Pick n Pay Head of ESG

Boxer Head of ESG

**We aim to build lasting partnerships that uplift, empower and promote dignity, helping to create a more sustainable and equitable society.**

### How we engage with our local communities

We engage with communities through our stores, regional corporate social investment (CSI) teams and structured partnerships with schools, non-profit organisations, co-operatives and local forums. Engagement is driven both at grassroots level and through regional and national initiatives. It includes:

- Pick n Pay and Boxer School Clubs – two of the largest education support platforms in the country
- Feed the Nation Foundation
- Community feeding schemes
- Enterprise and supplier development programmes

#### What is important to our local communities

##### Communities value:

- Access to affordable and safe food
- Support for education
- Job creation
- Opportunities for youth and small business development

They expect companies like Pick n Pay and Boxer to act with care, respect and integrity and play a role in community upliftment and improving environmental sustainability, especially at a local level.

#### Our response

We respond through practical action and long-term partnerships that support food security, learning, employment and social inclusion.

Our School Clubs reach thousands of schools with curriculum-aligned resources. Our stores and teams participate in food drives, clean-up campaigns and emergency relief efforts.

We support small-scale suppliers and social enterprises, and embed environmental responsibility into our operations. This includes efforts to reduce waste, cut plastic and support community-led environmental projects.

### Key themes and actions in FY25

- Expanded the reach of the Pick n Pay and Boxer School Clubs, providing learning resources and practical support to over 3 300 schools nationwide
- Strengthened food security efforts through in-store donation programmes, food redistribution and community nutrition campaigns
- Supported small-scale producers and township entrepreneurs through targeted mentorship and market access initiatives
- Rolled out store-led initiatives including litter clean-ups, food garden support, and seasonal outreach programmes
- Advanced our environmental responsibility goals through community partnerships focused on waste reduction and sustainability
- Formal waste reduction plan included within Pick n Pay long-term strategy

## 8. GOVERNMENT AND REGULATORS

Government and regulatory bodies play a central role in shaping the environment in which we operate – from food safety and labour standards to economic transformation and competition policy.

We recognise our responsibility to contribute positively to the national agenda through job creation, fair labour practices, black economic empowerment, responsible procurement, tax compliance and sustainable business conduct.

### Responsible executives

Pick n Pay and Boxer Executives: Legal, Risk and Compliance

Group Head: Corporate Affairs

**We are committed to full legal compliance and constructive engagement that supports policy outcomes aligned with inclusive economic growth and social development.**

### How we engage with government and regulators

We engage regularly with national, provincial and local government departments, municipalities and regulators through formal submissions, compliance reporting, licensing processes and public consultations. We also work directly with local councils on service delivery, infrastructure and community safety.

We participate in industry bodies, working groups and advocacy platforms to represent the interests of the Group, our customers and our sector.

#### What is important to government and regulators

##### Government and regulators expect:

- Responsible corporate behaviour
- Strict compliance with applicable laws
- Transparent reporting
- Alignment with national policy priorities including employment equity, transformation, food security, environmental sustainability and ethical business conduct

Effective cooperation at a local level is also essential to maintain operating continuity and community trust.

#### Our response

We comply with all relevant legislation, including food safety, labour laws, occupational health and safety, environmental regulations and tax requirements.

We work to strengthen relationships with public stakeholders, contribute to policy dialogue and support initiatives that align with our business and societal values. We aim to be a trusted partner that delivers positive outcomes for both business and society.

### Key themes and actions in FY25

- Complied with all material legislation, regulations and reporting obligations
- Continued to contribute to transformation through BBBEE initiatives, local procurement and enterprise development
- Engaged with regulators and public bodies on retail industry challenges and national food security
- Strengthened municipal engagement to support operating continuity, infrastructure resilience and community safety
- Participated in cross-sector forums and industry advocacy on matters including economic recovery, energy and trade regulation

- 52 CEO's reflections: rebuilding with purpose
- 54 Progressing our strategy
- 58 Managing our sustainability impacts

# Building on the Group's rich legacy





# CEO's reflections: rebuilding with purpose

FY25 marked a critical inflection point in our recovery journey. It was a year defined by deliberate, disciplined action to address long-standing issues at the heart of our Pick n Pay supermarket business.

*We have created the capacity to move forward with conviction. This progress is only the beginning, it is meaningful and has laid the essential groundwork for the next phase of the Pick n Pay recovery.*

Just a year ago, we introduced a six-point plan to stabilise and rebuild Pick n Pay. We fully understood the scale of the challenge: a prolonged decline in our supermarket operations, a weakened customer proposition, and the erosion of the institutional muscle memory that once defined our strength. But we also recognised the powerful foundations that remained – an iconic brand, a loyal customer base, an eager and committed team, and the enduring legacy of Raymond and Wendy Ackerman.

Our strategy was never about chasing quick wins. From the outset, it has been rooted in the fundamentals of retail, anchored by clear, actionable priorities and disciplined timelines. Recovery will not come through shortcuts, but through steady progress – store by store, team by team, and most importantly, customer by customer. The true measure of our success will ultimately be seen over the next five to ten years, as today's investments in retail capability and excellence begin to deliver lasting results.

While we are still some distance from where we need to be, the early signs of progress are there. We have reset our capital structure, moving from net debt to a net cash position, and have eliminated interest payments. Customers are responding well to our competitive pricing and improved operational execution. LfL sales growth has returned to Pick n Pay supermarkets. Our team is more focused and aligned than it has been in over a decade.

FY25 was the first leg in what will be a multi-year turnaround. We were transparent about what we needed to deliver this year and we have met those commitments. In certain respects we have exceeded our first-year targets. The Pick n Pay trading loss has been reduced by two-thirds, against our target of a 50% reduction. Our supermarket estate is leaner, stronger, more targeted and better positioned for profitability. We have created the capacity, both financial and operational, to move forward with conviction. This progress is only the beginning, it is meaningful and has laid the essential groundwork for the next phase of recovery.

## Delivering on our Pick n Pay strategic priorities

Our recovery plan was anchored in six strategic priorities introduced in May 2024. These provide focused and measurable workstreams, each with defined leadership and accountability. FY25 saw steady delivery across all six priorities, providing a firm foundation for a sustainable recovery.



## 1. Recapitalise the business

Our most urgent priority was to restore financial stability. Through the successful execution of our two-step Recapitalisation Plan we have restored our balance sheet to a net cash position. This was a significant achievement, delivered at pace. I extend sincere thanks to our Group finance team under the steady guidance of Lerena Olivier, who led this complex and critical undertaking with exceptional professionalism. To execute a full debt restructure, a Rights Offer and a major listing in a single financial year is extraordinary by any standard, and was a fundamental enabler of our turnaround.

## 2. Leadership and people

Operational recovery begins with capable, committed and responsible people. Over the past year, we reinstated regional structures to improve local decision-making and accountability and recommitted to excellence in our day-to-day in-store execution. We increased investment in employee training, particularly in customer service excellence, strengthened leadership accountability and relaunched key cultural programmes to restore capability, morale and pride across our teams. These efforts are rebuilding the core operational muscle memory that defines successful retail, and I thank each and every colleague for their individual endeavours. I want to particularly acknowledge Dallas Langman (Managing Executive: Pick n Pay Retail) for his leadership and example in getting to grips with our core Pick n Pay retail operations.

## 3. Accelerate like-for-like sales growth

Our Pick n Pay supermarket business has returned to positive LfL growth. Sales in company-owned stores improved by 3.6% in the second half of FY25 and this momentum has continued to strengthen into FY26. Improvements in product availability, pricing, promotion and execution are driving real progress, reflected in both sales and customer count recovery – a signal that our core offer is regaining relevance. While much of the early progress has been most visible in our company-owned estate, our franchise partners are now also seeing improved results as we strengthen the operational support provided to them. Our supermarket performance has been augmented by our high-performing Clothing business, ably led by Hazel Pillay, which delivered another solid result off an exceptionally strong base, consistently gaining market share across key categories.

## 4. Strengthening partnerships

Our partnerships are playing an increasingly strategic role in our recovery. Our alliances with our banking partners ABSA and FNB have proven powerful engagement drivers, supported by compelling and innovative in-store campaigns. Our new four-year sponsorship of the Springboks has significantly elevated brand visibility and resonance. Across our franchise, supplier and platform partnerships, we are strengthening collaboration to unlock shared value.

## 5. Reset the store estate

We took decisive steps to improve the sustainability and profitability of our store portfolio. This included closing persistently under-performing stores that were structurally unlikely to return to profitability, converting others to Boxer, and franchising selected sites. Closing under-performing stores is a basic process in managing a retail operation. At the same time, we initiated targeted refurbishments of high-potential stores and approved investment in key sites for FY26. Our focus is now firmly on quality over quantity, prioritising the right store in the right location to best serve our customers.

## 6. Future-fit structure

We are building the foundation for a more digitally enabled, future-ready retail operation. A major milestone in our omnichannel strategy was the launch of the new asap! app, which integrates e-commerce and our Smart Shopper loyalty programme into a single, seamless digital entry point for customers. We are also gaining momentum in retail media and value-added services – critical levers for margin expansion and business diversification. At the same time, we have begun the work necessary to improve our business efficiency, which will include streamlining our support office, optimising store operations without compromising service standards, and enhancing our end-to-end supply chain.

## Boxer: a standout year

Boxer's successful JSE listing in November 2024 not only unlocked significant value for our shareholders but also offered retail investors direct access to a leading soft discounter for the first time. Boxer maintained strong operational focus throughout the year. The team achieved double-digit sales and trading profit growth, expanded Boxer's footprint, and protected its core value proposition with exceptional discipline. I want to express our immense gratitude to CEO Marek Masojada, CFO David Wayne, and the Boxer leadership and operational teams. Their ability to maintain momentum during such a major transition is a testament to their capability and clarity of purpose. Boxer remains one of South Africa's highest-quality growth stories, and a benchmark for excellence in South African retail.

## Looking ahead

We are still in the initial stages of our multi-year recovery. Returning Pick n Pay to sustainable, long-term profitability will require continued discipline, consistency, customer focus and dedication by all.

Our priorities for FY26 are clear and unchanged: raising execution standards across our store network, accelerating investment in the estate, enhancing our offer and embedding operational efficiencies that drive both performance and simplicity. Above all, we will remain focused on consistently delighting our customers.

As part of this measured approach, we have revised our expected break-even timeline for the Pick n Pay segment from FY27 to FY28. This adjustment reflects our deliberate commitment to invest ahead of the turnaround in order to drive recovery and sustainably rebuild core retail capability and operational resilience for long-term success, rather than chasing short-term gains. We are committed to executing our strategy with the rigour and discipline it demands.

Leadership continuity will be vital in this next phase, which is why I have extended my tenure through to May 2028. This provides stability through the execution period and ensures a well-managed succession process when the time is right.

I want to thank our operational teams across Pick n Pay and Boxer for their dedication and execution during an exceptional year. You have been the engine of our progress!

A huge thank you to our partners and loved ones for your support and understanding of the extraordinary hours, travel and time dedicated to this cause, which went way beyond the call of duty.

I also extend my gratitude to the Boards of Pick n Pay and Boxer for their support and counsel. Their stewardship has been instrumental throughout this period of change.

Our strategy is clear. Our momentum is real. Now, we must stay focused, maintain pace and keep delivering – store by store, colleague by colleague, customer by customer.

**Sean Summers**  
Chief Executive Officer

30 June 2025

# Progressing our strategy

In May 2024 the Group introduced its new strategy to unlock shareholder value by resetting the performance trajectory of Pick n Pay and accelerating the growth of Boxer.

Our strategy is built around two clearly defined objectives:

- Restore Pick n Pay to sustainable profitability, while continuing to grow Pick n Pay Clothing and Online
- Accelerate the growth of Boxer

Each business has its own distinct strategy and execution priorities, but both are committed to operational discipline, customer focus and long-term sustainable earnings growth.

A critical enabler of the new strategy was the successful execution of the Group's two-step Recapitalisation Plan, completed over the course of FY25. The first step was the Pick n Pay Rights Offer, concluded in August 2024, followed by the listing of Boxer on the Johannesburg Stock Exchange in November 2024. Together, these transactions raised R12.5 billion, eliminating Group net debt and creating a stable financial foundation for both businesses to pursue their strategic agendas.

The Recapitalisation Plan delivered what it set out to achieve:

- Resolved the liquidity pressure at Pick n Pay
- Provided the financial flexibility required to implement the Pick n Pay turnaround
- Established an independent growth platform for Boxer
- Unlocked significant shareholder value

Both transactions were completed within tight timelines and were multiple times over-subscribed, a strong endorsement of the Group's strategy and vote of shareholder confidence in the future of both Pick n Pay and Boxer.

With the recapitalisation successfully concluded, the Group is focused on the important work ahead: delivering the Pick n Pay turnaround through improved execution, cost discipline and renewed customer relevance, and continuing to advance Boxer's growth trajectory through scale, efficiency and deeper market penetration.

## Pick n Pay – advancing the turnaround

Pick n Pay is focused on restoring sustainable profitability by rebuilding trading momentum, improving operational execution and strengthening efficiency. With the recapitalisation now complete, the strategy targets five key priorities: revitalising leadership and people capability, accelerating LfL sales growth, strengthening our strategic partnerships, resetting the store estate, and building a leaner, future-fit operating model. These priorities provide a clear and practical path to stabilising the business and repositioning Pick n Pay for long-term success. In line with its measured and disciplined approach, the Group has revised its break-even target for Pick n Pay from FY27 to FY28. This adjustment reflects a deliberate choice to focus on rebuilding operational resilience and retail capability – in other words, laying the right foundations for sustainable performance rather than pursuing short-term gains.

Each of the Group's strategic priorities reflects not only our ambition to build a strong and resilient business, but also our deep commitment to doing business responsibly. Our key ESG objectives are embedded within our strategy, ensuring that sustainability, community impact and sound governance remain central to how we create lasting value. Please refer to page 58.

### Our Strategic priorities



## Ambitions and associated targets<sup>1</sup>

Our key priorities are the driving force to return the Pick n Pay segment to profitability.

**Pick n Pay**

A target of 2%+  
medium-term trading  
profit margin for the  
Pick n Pay segment

**FY28**

**Pick n Pay operating cash flow break-even**  
(after capital investment and strategy implementation costs)

**Pick n Pay trading result after lease interest<sup>2</sup>**  
Break-even (vs. R2.6bn FY24 loss)

<sup>1</sup> This forward-looking information is the responsibility of the directors and has not been reviewed or reported on by the Group's external auditors. Please refer to page 6 for further information.

<sup>2</sup> Trading profit less net lease finance expenses.





## Strategic priority: Leadership and people

Our people are the foundation of Pick n Pay's success and the engine of our transformation. This priority focuses on building a high-performance culture through accountable, effective leadership and capable and empowered teams at every level of the business. Our core objectives are to strengthen leadership capability, rebuild organisational alignment and drive consistent execution to unlock sustainable performance. Recognising that our people structures had weakened over time, we prioritised a fundamental reset in FY25, re-establishing robust leadership structures across our regions and reigniting a sense of purpose, pride and belonging among our teams. A determined focus on structured training and meaningful engagement has supported early operational delivery and initiated a vital cultural shift.



## Strategic priority: Accelerate like-for-like sales growth

Winning back customers and restoring sales momentum is a central pillar of our strategy. This priority focuses on delivering a more competitive and compelling customer offer through competitive pricing, better availability, improved in-store execution and a stronger connection to the Pick n Pay brand. Our objective is to grow LfL sales by giving customers more reasons to shop with us more often – through consistent value, a better shopping experience and improved relevance.

In FY25, we made solid progress. We focused on price and promotion, revitalising product ranges and enhancing operational delivery, particularly in our cornerstone fresh departments. Comprehensive customer service training and targeted marketing helped lift the in-store experience and re-engage our core customers. These efforts were supported by solid growth in our clothing, online and value-added service offerings – all supporting the recovery in like-for-like sales.



## Strategic priority: Strengthen partnerships

Strategic partnerships are playing an increasingly vital role in Pick n Pay's recovery. This priority is focused on deepening relationships with key stakeholders, including franchisees, suppliers, landlords and banking partners, to unlock shared value, drive commercial outcomes and support long-term sustainability.

In FY25, we strengthened supplier and franchisee collaboration, improved commercial terms, and worked with landlords to reshape our store estate. We also activated key commercial partnerships to enhance customer reach and brand engagement. Our partnership with FNB eBucks and our expanded relationship with ABSA are helping to grow customer loyalty. Looking ahead, our new four-year sponsorship of the Springboks – uniting two iconic South African brands – will play a key role in boosting visibility and driving customer engagement through targeted campaigns, activations and promotions.

### FY25 achievements

- Refreshed management team and leadership structures across priority areas of the business
- Optimised support structure – with smaller, more focused operating regions to improve decision-making, execution and accountability
- Strengthened regional support teams with targeted appointments to close critical skill gaps
- Launched the "I Love Pick n Pay" hearts and minds campaign to rebuild purpose, pride and connection among employees
- Delivered training to over 30 000 employees, including in-store management and key fresh produce and service departments such as butchery, bakery and deli
- Rolled out phase 1 of customer service training across all company-owned stores
- Introduced a new store incentive programme to drive frontline performance and motivation

### FY25 achievements

- Improved price competitiveness and a stronger gross profit margin
- Executed more impactful, customer-focused promotions
- Reset product ranges with greater private label depth and relevance
- Enhanced fresh food execution and focus
- Improved on-shelf product availability across core categories
- Rolled out customer service training to store staff
- Strengthened operational execution through improved leadership, accountability and store standards
- Targeted marketing campaigns to reconnect with customers and drive footfall
- Leveraged strategic partnerships to attract and retain customers
- Strengthened asap! on-demand platform and Smart Shopper loyalty offering
- Restored LfL sales growth in company-owned supermarkets

### FY25 achievements



- Appointed the primary grocery partner for FNB eBucks, gaining access to one of the world's leading financial loyalty platforms<sup>1</sup>
- Deepened our partnership with ABSA across funding, business services and integrated customer offers
- Signed a four-year sponsorship deal with the South African Rugby Union, with future activations planned to drive customer engagement through branded promotions, competitions and fan experiences
- Constructive CEO-level engagements with top suppliers to align on growth plans
- Partnered with supply chain stakeholders to identify logistics cost-saving opportunities
- Evolved our franchise model to support partner profitability and reduce bad debt
- Collaborated with landlords on estate changes, including conversions, resizing and refurbishments
- Deepened our impact in vulnerable communities through partnerships that delivered food parcels, educational support and disaster relief

<sup>1</sup> Major Awards in 2025 include Best Global Loyalty Program (Financial Services), Best Long-Term Loyalty Program, International Loyalty Program of the Year Africa.



## Strategic priority: Reset the store estate

Optimising the store estate is a critical pillar of our strategy. This priority is focused on exiting unsustainable locations, converting under-performing stores to more viable formats and investing in the modernisation of high-potential sites. Our objective is to create a leaner, more profitable estate by ensuring every store operates under a sustainable model aligned to market segment, customer needs, brand positioning, and long-term performance goals.

In FY25, we executed the first phase of our estate reset plan following a comprehensive store-by-store performance review. We began converting selected loss-making company-owned Pick n Pay stores into Boxer or Pick n Pay franchise formats, where appropriate, and initiated targeted closures where a conversion was not viable.

We also made progress in planning, right-sizing and refurbishing select stores, working closely with landlords to optimise space usage. These actions are designed to reduce losses, unlock efficiencies and position Pick n Pay for more focused and profitable growth.



## Strategic priority: Future-fit structure

We are laying the groundwork for a leaner, more agile and digitally enabled retail business. This priority is focused on reshaping our operating model to improve efficiency, reduce structural cost, and enable sustainable, customer-led growth. Our objective is to simplify and strengthen Pick n Pay's operations – across our stores, supply chain, support offices and digital platforms – to ensure every part of the business is aligned behind delivering greater value to our customers.

In FY25, we began implementing foundational changes. This included the strengthening of leadership and regional support structures, along with early steps to unlock supply chain efficiency. We launched the new asap! app, integrating e-commerce and Smart Shopper loyalty into a single customer platform – a significant milestone in our omnichannel strategy.

However, we remain at the foothills of this journey. The path ahead includes streamlining our support office, improving in-store labour productivity, strengthening forecast and replenishment accuracy, and working more closely with supply chain partners to reduce waste and lower the cost of getting products to shelf. These efforts are essential to creating a future-fit business with the focus, speed and agility needed to grow sustainably.

### FY25 achievements

- Completed a detailed performance review of our company-owned Pick n Pay store estate
- Converted 8 under-performing stores to Boxer, supporting Boxer's growth and reducing Pick n Pay losses
- Converted 7 stores to the Pick n Pay franchise model, leveraging owner-operator efficiency and knowledge
- Closed 25 loss-making stores not suitable for conversion, to prevent further financial losses
- Worked with landlords to right-size certain locations and improve trading densities
- Undertook a targeted refurbishment and maintenance programme
- Shifted focus from scale to profitability, committing to a smaller, higher-quality store base in the short term to enable long-term growth

### FY25 achievements

- Implemented new senior leadership structure and appointed experienced heads across six trading regions
- Streamlined regional operations to improve execution and accountability
- Inventory well managed, with lower shrink and waste
- Appointed a Head of Innovation and Digital to leverage data analytics and technology to enhance our customer engagement, optimise our loyalty programme and accelerate digital growth
- Launched the new asap! app, integrating e-commerce and loyalty in a single digital customer entry point
- Consolidated marketing teams to reduce duplication and enhance promotional clarity
- Began rationalising support office functions, including redeploying roles to stores and regions

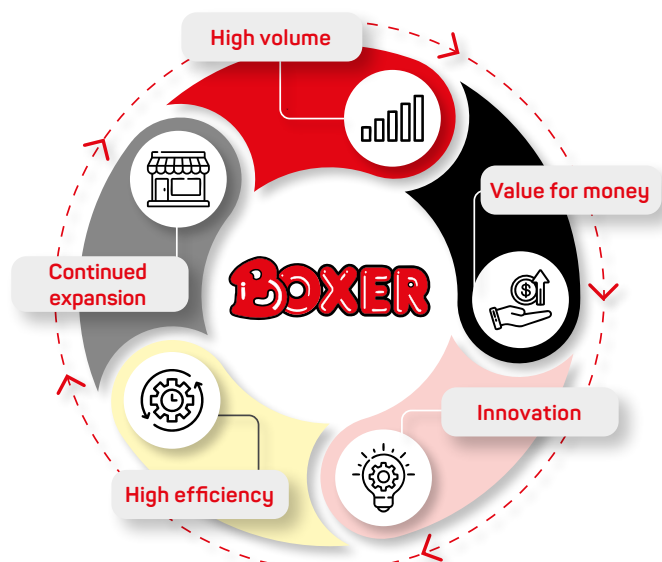
## BOXER – driving volume, unlocking value

Boxer has been an important part of the Pick n Pay Group since its acquisition in 2002. In November 2024, the Group successfully listed Boxer Retail on the JSE, retaining a 65.6% shareholding. This marked a new chapter in Boxer's journey, while maintaining its deep strategic alignment with the Group. Boxer's success is rooted in a powerful and disciplined operating model focused on simplicity, efficiency and low-cost execution. Boxer offers a limited but highly relevant product range, exceptional value for money, and a compelling store experience tailored to the needs of its core customers. This tight range, lean operating structure and low-price positioning support a high-volume, high-efficiency retail formula that continues to deliver exceptional results. With a disciplined approach to expansion, a deep understanding of its core customer, and an unwavering focus on execution, Boxer remains a powerful growth engine for the Group.

**In FY25, Boxer once again outperformed the market, demonstrating the strength and resilience of its model:**

### FY25 Achievements

- Highly successful IPO, multiple times over-subscribed at the top of the price range
- Delivered double-digit total turnover growth and strong LfL performance
- Consistent market share gains across operating regions and key product categories
- Opened a net 48 new stores, growing the estate to 525 stores
- Delivered 5.5% trading margin, ahead of IPO guidance
- Launched the Boxer Rewards Club in October 2024, with 1.9 million new loyalty members
- Improved inventory management, with improved product availability and reduced stockholdings
- Broke ground on a new, state-of-the-art distribution centre in Tongaat, KwaZulu-Natal
- Benoni distribution centre reached scale and East London distribution centre relocated to a more efficient facility
- Sector-leading ROIC of 25.5%, including IFRS 16.



The Boxer business model is designed to advance its position as a high-growth soft discounter – providing customers with quality products at competitive prices, maintaining a virtuous circle of value, volume and growth.

### Looking forward

Through the disciplined execution of strategic priorities – all aimed at putting our customers first, excelling in operations, and investing in our future – Boxer is strongly positioned to capture growth in the market and create enduring value for all stakeholders.

### FY26 outlook:

- Sales growth target in the low teens
- Store targets – 25 Superstores and 35 Liquor
- Moderate trading margin pressure:
  - › Annualisation of costs associated with the listed environment
  - › Cost inflation > selling price inflation
  - › Excess capacity in our supply chain with the opening of our second distribution centre in KwaZulu-Natal to drive sales
- Capex of c. R1.2 billion
- Intention to pay dividend from H1 FY26 (40% of headline earnings per share (HEPS))

Please refer to the Boxer Integrated Annual Report, available at [www.boxerinvestor.co.za](http://www.boxerinvestor.co.za), for further detail on its strategic performance over FY25.



# Managing our sustainability impacts

## Doing Good is Good Business

**Our purpose is to serve. We are passionate about our customers and will fight for their rights. Our founding principle is that doing good is good business. This ethos underpins a value chain built on a solid corporate governance foundation, respectful and valued stakeholder relationships, strong brand equity and careful management of our natural and financial resources.**

Pick n Pay and Boxer are committed to creating long-term value through responsible business practices that benefit customers, employees, communities, and the environment.

The ESG chapter that follows focuses primarily on the Pick n Pay segment, except where information is specifically identified as applying to both Pick n Pay and Boxer. Following its separate listing, Boxer is now responsible for its own ESG strategy and reporting, and has prepared its own report for stakeholders. Boxer's sustainability vision is to become one of the most respected and admired retailers in South Africa, by being a champion for the communities they serve. This is at the heart of the Boxer sustainability strategy of "Growing Together, Greener Tomorrow". The Boxer ESG framework focuses on three pillars: food security, climate action and responsible consumption, striving for inclusive economic development. Read more on Boxer's contribution to sustainability in the Boxer Integrated Annual Report published on their website at [www.boxerinvestor.co.za](http://www.boxerinvestor.co.za).

In May 2024, Pick n Pay introduced a new long-term turnaround strategy to restore its supermarket business to sustainable profitability by rebuilding trading momentum, improving execution, and enhancing operational efficiency. Refer to page 54 for further information. As part of this strategic reset, Pick n Pay's ESG objectives were reviewed through the lens of the strategy's five priorities, reinforcing ESG as a core element of the Pick n Pay DNA. To support value creation, we will continue to evolve our ESG framework, focusing on unlocking and scaling customer-focused, profit-enabled sustainability initiatives that drive revenue, reduce costs, and deliver measurable environmental and social impact.

We are intensifying efforts that strengthen both environmental and commercial outcomes, prioritising initiatives such as waste reduction, in-store recycling, local procurement, and affordable sustainable product choices. These efforts are designed to meet customer expectations, reduce operating costs, and build trust across the communities we serve. Our refocused ESG initiatives align with our strategic priorities of customer focus, operational excellence, and executional efficiency. Key focus areas in FY25 included waste reduction, educational support through the Pick n Pay School Club and hunger relief through our partnerships with Feed the Nation and FoodForward.

In the early stages of the turnaround, Pick n Pay prioritised financial stability through the successful delivery of the Recapitalisation Plan. As a result, capital investment was prudently and carefully managed, with a focus on high-growth areas of the business. As a result, certain sustainability initiatives were deferred due to high execution costs. These included spend on the conversion to natural refrigeration, waste diversion, and responsibly sourced packaging for Pick n Pay's private label products. While this has led to a recalibration of some longer-term ESG targets, these initiatives remain critical to our long-term ESG strategy. As we restore Pick n Pay's financial performance, investment in these areas will resume and scale aligning with our commitment to sustainable and responsible growth.



## The Pick n Pay ESG framework

Our ESG framework guides our decision-making and aligns our actions with the key priorities of the long-term turnaround strategy. The framework takes into account the United Nations (UN) Sustainable Development Goals (SDGs) most relevant to our business, and is designed to focus our efforts on those initiatives which will have the highest positive impact and provide the greatest opportunity to drive positive change. The framework allows us to embed sustainability into commercial decision-making and drives accountability through measurable outcomes.

Our ESG framework is built around four pillars:



### Sustainable supply chains

Food is a basic human need. Transforming how food is produced and delivered requires strong partnerships across the food system. As a major retailer, we are driving access to affordable, healthy, safe, and responsibly sourced food, while building inclusive supply chains and cutting food waste.

#### Aligned with SDGs



#### Aligned with Pick n Pay's strategic priorities



### Reducing environmental impacts

We offer a wide range of products, each with an environmental footprint. Across our operations, we are working to reduce our environmental impact by cutting emissions, improving energy and water efficiency, addressing waste and packaging issues, partnering for innovation, and strengthening data and monitoring.



### Investing in our people

Our operations support thousands of employees. We are committed to building a diverse, inclusive and equitable workplace, offering meaningful careers, fair pay, strong development opportunities, and a culture where everyone can thrive.



### Supporting our communities

Inequality remains a significant challenge in South Africa. Our CSI strategy focuses on long-term partnerships that empower communities through education, food security, small business support, and job creation.



For further information on Pick n Pay's five strategic priorities, please refer to page 54.



## Understanding and addressing our ESG impacts

As a retailer with an extensive value chain, our environmental and social impacts span multiple areas, from sourcing and procurement to logistics, store operations, and waste management. These impacts present both risks and opportunities. While they contribute to emissions, resource consumption and waste, they also provide a platform to promote sustainable practices, build inclusive supply chains, and support healthier communities. Our Pick n Pay ESG framework is carefully structured to address these impacts. Each pillar helps guide our response to material sustainability issues, enabling us to systematically reduce our negative footprint while maximising our positive contribution.

The table below outlines the key areas where our operations affect the environment and society, and how our ESG strategy is designed to respond:

### Sourcing and procurement ●●

We source from suppliers around the world, but remain firmly committed to localisation and increasing the proportion of goods and services procured from South Africa. We partner with suppliers to build a sustainable and relevant product range, maintain strong availability, and drive product innovation.

#### Negative impacts:

- Raw material extraction and production can have direct and indirect social and environmental impacts, such as deforestation, biodiversity loss and unfair labour practices
- Lengthy multi-tier supply chains increase the risk of poor product flow visibility and improper operational health, environmental and safety standards

#### Opportunities to maximise positive impacts:

- Scale positive environmental and social practices, focusing on responsible sourcing and procurement
- Invest in local communities and small businesses to enhance social ecosystems

Addressed by the following of our four ESG framework pillars:



### Logistics, distribution and warehousing ●●

We transport consumables and finished products through our central warehousing and distribution network. We also maintain valued partnerships with third-party transport logistics providers, including shipping and air freight.

#### Negative impacts:

- Transportation of goods through long-distance shipping and air freight contributes to greenhouse gas emissions
- Unknown extent of Scope 3 emissions, as most sources are beyond operational reach or control
- The rapid escalation in online shopping requires increasing transportation and procurement
- Poor cold chain management and cold storage protocols can erode the quality and integrity of fresh produce

#### Opportunities to maximise positive impacts:

- Transition to a low-emission, fuel-efficient fleet and invest in minimising environmental impacts and modernising distribution centres

Addressed by the following of our four ESG framework pillars:



### Production and packaging ●●●

We source, process and package more than 3 000 private label products from over 500 suppliers across South Africa.

#### Negative impacts:

- Packaging waste and overuse of packaging materials, mainly single-use plastic, can have significant environmental impacts when not re-used or recycled
- Manufacturing can generate outputs that erode air and water quality (mainly when processes rely on fossil fuels and energy- or water-inefficient technology)
- Improper manufacturing conditions could give rise to unsafe or unfair labour practices

#### Opportunities to maximise positive impacts:

- Invest in energy efficiency and waste reduction initiatives and maintain fair labour conditions

Addressed by the following of our four ESG framework pillars:



Capacity to influence: ●●● High ●● Medium ● Low



### Store operations and support offices ●●●

We offer customers a wide range of products and brands through an extensive network of owned and franchised stores across southern Africa on a multi-format and multi-channel basis. Store operations are centrally assisted by four support offices.

#### Negative impacts:

- Large format stores have higher energy demands related to heating, cooling, lighting, and refrigeration
- Poor procurement and ineffective in-store management can result in unsold food going to waste

#### Opportunities to maximise positive impacts:

- Invest in sustainable store builds to minimise environmental impacts, pursue innovative food waste partnerships, and strengthen system security and stability
- Build a future-fit operating model to improve efficiency, reduce cost, and drive sustainable growth
- Specialist IT security teams applying global cybersecurity best practices

Addressed by the following of our four ESG framework pillars:



### Serving customers and supporting communities ●●

We pursue operational flexibility and continually review and refine our store offering to ensure it reflects the diverse and changing habits and needs of our customers and communities. Our goals remain inclusivity and community enrichment.

#### Negative impacts:

- Lack of workforce investment undermines employee development and erodes customer service
- Strategies promoting unhealthy or environmentally harmful products can negatively impact customers and communities

#### Opportunities to maximise positive impacts:

- Offer employees a dynamic workplace experience that emphasises recognition, development and reward
- Offer customers healthier, affordable food choices
- Invest in community-focused initiatives, prioritising food security, access to education, and social empowerment

Addressed by the following of our four ESG framework pillars:



### Waste management and recycling ●●

We work with our suppliers and partners to ensure we play a role in taking extended responsibility for the products and packaging we provide to customers. We focus on waste management and recycling to support circular economies.

#### Negative impacts:

- Insufficient in-store and after-sales customer support related to product re-use and recycling of packaging results in more waste to landfill
- Using non-recyclable packaging contributes to long-term environmental pollution

#### Opportunities to maximise positive impacts:

- Prioritise waste reduction, recycling and re-use, with a focus on packaging and single-use plastic
- Identify and invest in opportunities to promote circular economies and job creation
- Invest in scalable customer-facing projects that educate and reward customers for recycling

Addressed by the following of our four ESG framework pillars:



Capacity to influence: ●●● High ●● Medium ● Low

Key sustainability risks that intersect across our value chain include climate risk posing a risk to our store network and vehicle fleets, lack of supplier commitment to ethical and sustainable practices, food and packaging waste, and unsafe food and improper operational health and safety standards.

## Our progress against our ESG framework

We are committed to delivering measurable impact through our ESG framework. The following section outlines our FY25 progress across each of the four pillars, highlighting the initiatives, outcomes and partnerships that are helping us build a more sustainable, inclusive and resilient business.



### 1. Sustainable supply chains

**We promote smart, sustainable and inclusive food, grocery and clothing supply chains, supporting equitable access to nutritious food and resilient local economies.**

#### Reducing food waste

##### Our strategic priorities



##### Our approach

We are focused on reducing waste, improving forecasting and replenishment, and working with supply chain partners to lower the cost of getting products to shelf. These efforts are key to building a future-fit, sustainable business.

We track food waste across our stores weekly using the World Resources Institute's Food Loss and Waste Protocol. To reduce unsold food waste, we refine demand planning, improve buying practices, extend shelf life and train store teams to minimise surplus. We also invest in programmes that tackle food waste and support food security. Over the past six years, Pick n Pay has reduced operational food waste by 34%.

##### Our FY25 progress

Pick n Pay achieved meaningful waste reduction during the year. Better inventory management and lower shrink and waste supported gross profit margin expansion of 20 basis points for the year and 120 basis points in H2. This was driven by improved operational execution and demand planning, with further gains targeted in FY26.

In partnership with WWF South Africa, we mapped food waste hotspots in our value chain, focusing on apples and yoghurt. The insights will help strengthen waste management, and we plan to expand this work in the year ahead.

#### Supporting responsible, ethical and sustainable supply chains

##### Our strategic priorities



##### Our approach

Our procurement policies outline the labour, social and environmental standards we expect suppliers to maintain. We enforce stringent food quality and safety standards across our supply chain. Our business partners are required to comply with our Code of Ethics. We ensure our own brand products comply with local legislation and standards. Our suppliers conduct third-party food safety audits.

##### Our FY25 progress

We continue to require all suppliers to comply with our Code of Ethics and have modernised our third-party compliance processes. The updated approach is being rolled out across the Pick n Pay business.

To support sustainable seafood sourcing, we work with the South African Sustainable Seafood Initiative (SASSI) to increase procurement of green-listed species<sup>1</sup>. This year, we joined the South African Deep-Sea Trawling Industry Association's Offshore Trawl Bycatch Fishery Conservation Project, supporting the development of digital tools to improve bycatch monitoring and management.

#### Building an inclusive supply chain

##### Our strategic priorities



##### Our approach

Our Enterprise and Supplier Development (ESD) programme supports local innovation and entrepreneurship in the retail supply chain.

##### Our FY25 progress

We have 177 small, medium and micro-enterprises (SMMEs) in our ESD programme and support 980 SMMEs through procurement and services. We increased Pick n Pay own brand food and groceries produced locally from 94% to 96%.

As part of the strategic store reset, which involved closing loss-making stores, we repositioned supplier products into profitable stores. Along with benefitting suppliers, this helped strengthen our customer offer and product range.

<sup>1</sup> SASSI's green list indicates sustainable seafood choices from the healthiest and most well-managed fish populations.

## Promoting healthier food choices

### Our strategic priorities



#### Our approach

We continue to reduce sodium and sugar content in our products. We offer a range of products that are free from gluten, wheat, dairy and lactose. We provide clear nutritional labelling on our own brand products and distribute nutritional education posters and curriculum-aligned worksheets to South African schools through Pick n Pay School Club.

#### Our FY25 progress

As part of our Smart Shopper loyalty programme, we launched the Pick n Pay Live Well Club to encourage and reward healthier eating habits among our customers. Members can earn additional loyalty points or discounts when opting for healthier Pick n Pay own brand food and groceries in-store.

## Spotlight: Shaping sustainable fashion at Pick n Pay Clothing

Pick n Pay Clothing is embedding sustainability in its growing store footprint and positioning itself as a responsible fashion retailer.

### Moving towards sustainable builds and designs

Our Clothing stores use energy-efficient technology and environmentally friendly materials.

In FY24, our Sandton store achieved a 5-star Green Star rating from South Africa's Green Building Council, the country's first clothing retailer to attain this rating. We have subsequently retro-fitted 47 stores to the same level.

### Expanding our range of sustainable products

45% of our clothing products have one or more sustainability attributes<sup>1</sup>, and we are increasing the use of recycled raw materials and sustainably sourced cotton in our product range. A highlight this year was sourcing locally knitted recycled fleece.

### We support ethical and sustainable sourcing

We engaged with suppliers on the importance of sustainability in manufacturing and raw material sourcing. We implemented an annual supplier sustainability audit to establish a baseline of their sustainability practices, identify improvement opportunities and support better risk management.

### Driving localisation to increase the number of local products in stores

The percentage of clothing sourced from the Southern African Development Community (SADC), including South Africa, decreased this year. This decrease was primarily driven by a sharp rise in shipping fees for raw materials and higher local labour costs, which significantly increased input expenses for local suppliers. As a result, local production became more expensive and less competitive than imports. We were able to expand our regional procurement from Tanzania, including sustainably sourced cotton. We remain on track to increase the percentage of clothing sourced from the SADC to 50%.

### We collaborate with local designers and entrepreneurs

We produce collections under our Made in South Africa range, launched in FY20.

Our Clothing Intern Programme equips young designers for commercial success. We have hosted 30 interns through this programme since FY21 (10 in FY25).

We collaborate with Futurewear, an incubator programme that nurtures South Africa's emerging fashion talent.

### We invest in partnerships to repurpose unwanted fashion

We donate damaged and returned items to Taking Care of Business, a non-profit social enterprise that empowers unemployed South Africans. In FY25, we donated clothing valued at R15.8 million (FY24: R15.5 million).

<sup>1</sup> These attributes include waterwise (factory makes use of water treatment methods, recycled water, ozone washing and/or waterless dyeing methods), recycled fabric, sustainably sourced cotton, or viscose.





## 2. Reducing environmental impacts

We reduce our negative environmental impacts while building operational resilience and a future-fit structure.

### Reducing our carbon footprint

#### Our strategic priorities



#### Our approach

We have targets to manage our direct climate change impacts. Our energy resilience plan is critical to lowering our energy consumption and delivering cost savings, focused on the following:

##### Accurate reporting

We monitor 1 500 utility meters across our operations, enabling us to track and verify our consumption data in real time.

##### Behaviour management

We target energy wastage outside store operating hours – with behavioural waste<sup>1</sup> down from 10% in FY10 to 1% in FY25.

##### Project tracking

We prioritise energy resilience projects based on anticipated savings and returns. We track this against actuals to ensure optimal results.

##### Risk alleviation

We prioritise projects that address security of supply risks, such as electricity outages and infrastructure constraints.

##### Cost optimisation

We have over 100 energy tariff optimisation projects across Pick n Pay, supporting savings and cost efficiency.

##### Training

We prioritise training for our teams and store managers on key components of our energy resilience plan.

Most properties owned by Pick n Pay have solar installations, and we are pursuing partnerships with landlords and others to scale our renewable energy utilisation. We have extended the timeline to convert all Pick n Pay company-owned stores to climate-friendly refrigerants, due to high execution costs. However, this remains a long-term ambition. We refurbish our water chillers and air handling units to ensure energy efficiency.

#### Our FY25 progress

Our energy resilience plan delivered a 38% reduction in energy intensity compared to the FY10 baseline (FY24: 39%).

We have undertaken a detailed process to develop a comprehensive greenhouse gas (GHG) inventory, encompassing both operational emissions (Scope 1 and 2) and value chain emissions (Scope 3). Based on this foundation, emission reduction targets in line with the Science Based Targets initiative (SBTi)<sup>2</sup> have been developed and submitted to the SBTi for verification.

We lease a low-emission, fuel-efficient fleet, reducing our annual emissions by around 17%. We continued to pilot a gas-powered truck with solar-cooled refrigeration. Early results are promising, indicating energy savings and emission reductions. Load optimisation and yard management remain essential to eliminate waste.

We completed the installation of additional solar panels at our Eastport distribution centre. The facility has 6 600 solar PV panels, occupying 16 900m<sup>2</sup> of the roof. These panels have an annual electricity output of 6 GWh, saving 5 900 tonnes of CO<sub>2</sub> emissions annually.

#### The Group's (both Pick n Pay and Boxer) GHG emissions footprint: 1 549 281 tCO<sub>2</sub>e (total emissions)

##### Scope 1:

FY25: 297 933 tCO<sub>2</sub>e  
FY24: 447 357 tCO<sub>2</sub>e

These direct emissions relate to emissions from refrigerants and air conditioning systems, as well as emissions from onsite combustion of fuels, diesel for backup generators, and fuel used in Group transportation.

The year-on-year decrease in Scope 1 emissions is primarily due to Pick n Pay store closures under the store reset programme, as well as lower diesel usage as a result of lower levels of load-shedding (partially offset by higher Scope 2 emissions related to electricity usage).

##### Scope 2:

FY25: 878 098 tCO<sub>2</sub>e  
FY24: 754 993 tCO<sub>2</sub>e

These indirect emissions relate to purchased electricity used to power our stores, distribution centres, and offices, as well as energy used for heating, ventilation, and air conditioning systems.

The year-on-year increase in Scope 2 emissions is primarily due to higher use of electricity (as a result of lower levels of load-shedding).

##### Scope 3:

FY25: 373 250 tCO<sub>2</sub>e  
FY24: 444 436 tCO<sub>2</sub>e

These indirect emissions relate to our upstream and downstream value chain activities, including transportation and distribution, franchise electricity, business travel and waste.

The year-on-year decrease in Scope 3 emissions is primarily driven by reduced business travel and an amendment to the methodology utilised by a third-party service provider to calculate delivery distances.

<sup>1</sup> Behavioural waste refers to unnecessary energy consumption caused by habits such as leaving lights on, using appliances improperly or unnecessarily or neglecting to turn off devices when not in use. This waste can be minimised through improved awareness.

<sup>2</sup> The SBTi provides standards, tools and guidance that enable companies to set GHG emission reduction targets aligned with the latest climate science.

## Conserving freshwater

### Our strategic priorities



#### Our approach

Most of our water use occurs in stores for sanitation, cleaning, cooking and baking, with municipal supply as the primary source. We monitor usage closely, addressing leaks, encouraging efficient behaviour and installing water-saving devices.

Online water metering with real-time alerts is in place at most Pick n Pay company-owned stores, distribution centres and offices. Our water stewardship policy guides efforts to reduce consumption and collaborate with stakeholders to manage water scarcity risks.

#### Our FY25 progress

We used the WWF South Africa Water Risk Filter to identify water-related risks across our stores and distribution centres. The results will help us assess high-risk areas within our operations and determine where to prioritise future action.

## Reducing and repurposing waste

### Our strategic priorities



#### Our approach

We support a circular economy by following the waste hierarchy of avoid, reduce, re-use and recycle. Our waste management dashboard tracks progress and promotes in-store waste separation by employees.

Pick n Pay is a founding member of the SA Plastics Pact, which guides our packaging targets and efforts to eliminate unnecessary packaging and improve recyclability. We comply with Extended Producer Responsibility regulations through active membership in relevant organisations and we are a signatory to the Ellen MacArthur New Plastics Economy Global Commitment.

#### Our FY25 progress

Following the onboarding of new waste management service providers, we conducted an internal assessment to review their performance. The findings will inform improvements to our waste management approach.

We are also developing a packaging database to improve data accuracy and oversight. This will strengthen operational control and help track progress toward our goal of reducing and repurposing waste.

### Spotlight: Scaling recycling initiatives for Pick n Pay's customers

We are scaling our customer-focused recycling initiatives, as these present a significant opportunity to work with our customers to limit the environmental impact of waste.

#### Rewarding our customers each time they recycle

Our reverse vending machines reward customers for recycling waste, while helping Pick n Pay reduce waste to landfill. This year, we linked the units to our Smart Shopper loyalty programme, enabling customers to earn points per recycled item.

In FY25, we rolled out an additional 12 reverse vending machines, bringing the total to 39.

#### Impact of this initiative from 2019 to 2025:





### 3. Investing in our people

**Our people are the heart of what we do. We are committed to providing our employees with rewarding jobs, effective training and development opportunities, competitive pay, good working conditions and opportunities to progress.**

#### Our people strategy

##### Our strategic priorities



##### Our approach

Our people are the foundation of Pick n Pay's success and the engine of our transformation. We aim to build a high-performance culture through accountable and effective leadership and capable and empowered teams at every level of the business. Our core objectives are to strengthen leadership capability, rebuild organisational alignment and drive consistent execution to unlock sustainable performance.

##### Our FY25 progress

We continued to deliver against our people strategy, recognising that the success of our turnaround depends on a capable and motivated team. We refreshed our management team across key areas of the business, optimised our support model by creating smaller, more focused operating regions, and strengthened regional teams through targeted appointments to close critical skill gaps.

#### Culture and employee relations

##### Our strategic priorities



##### Our approach

Recognising that our people structures had weakened over time, we prioritised a reset in FY25 to rebuild a strong, values-driven culture. We re-established clear leadership across our regions and focused on restoring purpose, pride and belonging among our teams. Structured training and meaningful employee engagement have supported early operational improvements and begun to drive the cultural shift needed for long-term success.

##### Our FY25 progress

We rolled out our Hearts and Minds campaign, launched to help employees adapt to Pick n Pay's new competitive reality and support the shift to a more agile, efficient operating model. The campaign plays a key role in strengthening alignment, building resilience and embedding a performance-driven culture.

We tracked morale, motivation and productivity through quarterly employee engagement surveys (eNPS)<sup>1</sup>, with a growing focus on boosting loyalty and advocacy. Wellness days were held both in person and online, featuring talks and workshops aligned with our five wellness pillars. We also enhanced our communication platforms to support more consistent, targeted engagement across our workforce.

#### Health and safety

##### Our strategic priorities



##### Our approach

Employees receive health and safety training as part of their induction, and we provide specific training where required. We have a team of occupational health and safety (OHS) practitioners who co-ordinate our health and safety activities and provide health advice and referrals when needed. We conduct monthly internal OHS audits to ensure compliance with the OHS Act and identify and address areas for corrective action or improvement. Our operations centre manages security-related risks at our stores, strengthened by collaboration with external stakeholders such as law enforcement agencies.

##### Our FY25 progress

Health and safety compliance training continued, with 1 886 employees trained in FY25.

<sup>1</sup> eNPS measures how likely employees are to recommend Pick n Pay as a good place to work.



## Diversity, equity and inclusion

### Our strategic priorities



#### Our approach

Our Code of Ethics and enduring values set out the behaviours we expect of our employees, supported by anti-discrimination policies. We follow equitable hiring practices and have zero tolerance for bullying, harassment, gender-based violence and victimisation. Employees can raise concerns about potentially unethical, unlawful or unsafe conduct or practices via a toll-free, confidential reporting service operated by an independent whistle-blowing service provider.

#### Our FY25 progress

Our five-year employment equity plan sets employment equity targets and commitments, supported by our diversity and inclusion strategy. We made good progress this year in promoting equitable representation at all levels of our operations. We continue providing opportunities for people with disabilities through our retail operations learnership programme, and employ 583 people living with disabilities.

## Training and development

### Our strategic priorities



#### Our approach

We have a diverse range of internal and external programmes to enhance the skills and knowledge of our workforce and ensure the ongoing progression of our talent pipeline. In line with Pick n Pay's turnaround strategy, we prioritise leadership, management, customer-facing and operational skills training programmes, focusing on store managers, frontline employees, and fresh areas such as deli, produce, bakery and butchery.

#### Our FY25 progress

We delivered training to over 30 000 employees, including in-store management and key fresh produce and service departments such as butchery, bakery and deli. We rolled out phase 1 of our new customer service training across all company-owned stores and introduced a new store incentive programme to drive frontline performance and motivation.

### Spotlight: Empowering unemployed youth through learnerships

We are empowering the next generation of retail professionals through our NQF Level 2 Wholesale and Retail Operations Learnership. This transformative programme equips unemployed youth with disabilities with the technical knowledge and practical skills required to thrive in the retail and wholesale sectors. Group 1 (58 learners) started in February 2024, and we permanently employed more than 50% in January 2025. We onboarded the second group of 101 learners in February 2025.

## Talent management and succession planning

### Our strategic priorities



#### Our approach

We conduct talent mapping to identify and fill talent gaps, offer comprehensive training programmes and provide support and mentoring to ensure strong employee progression and succession. Our cloud-based system continues to improve our human resources capability, empowering employees and line managers to manage their working lives better through self-service and personal development tools. We also use an automated end-to-end recruitment solution that streamlines and manages employee recruitment and onboarding.

#### Our FY25 progress

We bedded down last year's appointments to strengthen our senior leadership team and regional structures. We are implementing a structured succession plan to ensure institutional resilience and continuity across all levels, prioritising scarce and critical skills. We reviewed and updated our retention mechanisms to ensure we provide fair and responsible rewards that attract and retain a winning team and build a high-performance culture underpinned by a robust performance management process. Refer to our Remuneration Report on page 96 for more detail.



## 4. Supporting our communities

Customers support businesses that give back to the communities they serve. As customers reward us with their loyalty, we can grow, serve more customers, generate more jobs and help build community resilience.

### Doing good is good business

#### Our strategic priorities



#### Our approach

Inclusivity and community enrichment are ingrained in our purposes and values, tailored to meet the diverse requirements of the communities we serve. Our CSI initiatives include:

- Supporting sustainable development by investing in education, nutrition and feeding projects to enhance community well-being
- Fostering environmental stewardship through community-based programmes
- Supporting local businesses and entrepreneurs, including investing in skills development
- Where necessary, providing emergency and disaster relief support

#### Our FY25 progress

We aligned our CSI strategy with the new Pick n Pay turnaround strategy, prioritising critical high-impact investments in food security, community upliftment and disaster relief to ensure we provide meaningful community support. We increased our School Club initiative, adding 100 schools during the year. These initiatives ensure that our CSI efforts remain targeted, impactful and aligned with our values and strategic ESG framework.

We maintain strategies to monitor and evaluate the impact of our investments, including beneficiary and partner feedback and robust qualitative and quantitative assessments.

### Targeting hunger

#### Our strategic priorities



#### Our approach

Many people in South Africa are living in poverty and struggling to access enough food to meet their basic needs. We contribute towards alleviating hunger by keeping essential items affordable, and providing food donations and distributing excess food from our stores in support of national hunger relief efforts through our primary partners, the Feed the Nation Foundation and FoodForward SA.

#### Our FY25 progress

The combined impact of our partnerships this year amounted to R84 million worth of meals provided to more than 900 000 vulnerable communities across South Africa, including in strategic partnerships with the Feed the Nation Foundation, the Kolisi Foundation, FoodForward SA and SA Harvest.

### Targeting education

#### Our strategic priorities



#### Spotlight: Building sustainable communities through Pick n Pay School Club

Established in 2003, Pick n Pay School Club is one of South Africa's largest privately funded educational resource programmes. It provides free access to high-quality, curriculum-compliant materials, helping students and educators achieve their potential while promoting sustainable community upliftment.

Leveraging a strong partnership model, the Club collaborates with more than 50 public and private organisations nationwide to develop diverse content, focusing on community health, well-being and environmental resilience.

We are growing our partner network, including driving collaboration with partners where we see opportunities to scale positive impact. This includes strengthening collaboration between the Club and the Feed the Nation Foundation to maximise the support we provide to child-headed households by meeting their educational and nutritional needs.

Through the Club, we look for opportunities to strengthen the connection between our communities and stores.

#### Pick n Pay School Club's impact across South Africa in FY25

**2.3 million** learners  
(FY24: 1.9 million)

**108 500** educators  
(FY24: 87 500)

**3 380** schools  
(FY24: 3 280)

**8.8** tonnes of educational materials  
distributed (up 94%)

**1 042** learners  
and **325** schools  
recognised through our  
Hero Awards programme

**105 444** social media  
followers (FY24: 94 044)

Pick n Pay School Club's reach increased by  
**100** schools  
(with a 59% increase in school activations). We  
achieved this increase by implementing new and  
scaling existing partnerships.



We created a LinkedIn page to broaden engagement with professional audiences (access our LinkedIn page [here](#)).

Find out more about Pick n Pay School Club [here](#).



## We have clearly defined metrics and targets to track performance


To ensure accountability and drive measurable impact, we track our progress against a clear set of targets aligned to with our ESG framework. The table below outlines our performance against key public commitments within the "Sustainable supply chain" and "Reducing environmental impacts" pillars. While these are our externally reported commitments, we monitor a broader set of internal and external metrics across all four ESG pillars, including "Investing in our people" and "Supporting our communities". A full overview of our ESG metrics is available in our standalone ESG performance data matrix, available on our website at: [www.picknpayinvestor.co.za/sustainability-reports-and-policies.php](http://www.picknpayinvestor.co.za/sustainability-reports-and-policies.php)

	Target	Target year	FY25	FY24	FY23	Baseline	Year-on-year performance commentary
 <b>Sustainable supply chains</b>							
Reduce food waste by 50% by 2030	↓ 50%	2030	<b>34%</b>	32%	28%	FY19	● Improved waste management supported gross profit margin improvement in FY25
Work with 20 of our largest suppliers to reduce food waste in our shared value chain by 50% by 2030	20	2030	<b>17</b>	17	19	FY20	● Three of the participating suppliers have fully achieved their targets, the remaining are on track
Source 50% of our cotton as more sustainable cotton by FY25, which includes recycled cotton, organic cotton, Fairtrade and BCI cotton	50%	2025	<b>60%</b>	28%	22%	FY21	● Outperformance supporting a sustainable supply chain
100% of cardboard and paper used for Pick n Pay packaging will be sourced from responsibly managed forests by 2025	100%	2027	<b>71%</b>	98%	88%	FY20	● Target deferred to 2027 from the original target of 2025, due to challenges in data integrity across the value chain, alongside the higher cost of responsibly sourced paper products
 <b>Reducing environmental impacts</b>							
Achieve net zero carbon across the Group by 2050 and -60% by 2040 (Scope 1 and 2)	Net zero ↓ 60%	2050 2040	<b>1.2 mil tCO<sub>2</sub>e</b>	1.2 mil tCO <sub>2</sub> e	1.1 mil tCO <sub>2</sub> e	FY20	● New targets have been submitted to SBTi for validation, current targets will be revised upon approval to align with science-based criteria
Conversion to 100% natural refrigeration in Pick n Pay and Boxer company-owned stores by 2040	100%	2040	<b>15%</b>	13%	10%	FY20	● Target timeline is being reviewed and may be deferred to 2045 due to high execution costs
45% improvement in energy efficiency across Pick n Pay's Energy Programme stores (322 company-owned stores) by 2030	45%	2030	<b>38%</b>	39%	37%	FY10	● This remains a key driver to lower energy consumption and drive cost savings
Reduce water intensity by 20% by 2025 for Pick n Pay company-owned stores	↓ 20%	2025	<b>20%</b>	25%	12%	FY18	● Target achieved. The SETC will consider new targets going forward.
Divert 75% of general waste produced at Pick n Pay company-owned operations from landfill by 2025 through recycling and recoveries	75%	2027	<b>64%</b>	56%	62%	FY19	● Our commitment to reducing waste before it reaches landfill has delivered positive results, however, we will not meet our original 2025 target. The target has been deferred to 2027
100% of Pick n Pay packaging will be re-usable or recyclable by 2025	100%	2025	<b>92%</b>	93%	92%	FY20	● Progress ongoing
30% average recycled content across all Pick n Pay packaging by 2025	30%	2027	<b>14%</b>	36%	28%	FY20	● Target deferred to 2027 from the original target of 2025, due to challenges in data integrity across the value chain, alongside the higher cost of responsibly sourced products
30% reduction in average packaging weight of Pick n Pay branded products by 2025	↓ 30%	2025	<b>38%</b>	33%	28%	FY20	● Target achieved. The SETC will consider new targets going forward.

● Target achieved ● Target on track ● Target deferred, some pressure on timeline

All targets are for Pick n Pay only, unless otherwise stated.



- 
- 72** CFO's reflections: execution in a critical year
  - 74** Detailed review of financial performance
  - 78** Detailed review of Group financial position

# A resilient FY25 performance







## CFO's reflections: execution in a critical year

FY25 was a year of delivery. It demanded financial discipline, operational focus, and co-ordinated execution across the Group. Against a backdrop of tough trading conditions, the Group began restoring underlying performance in Pick n Pay, while delivering one of the most complex capital restructures in South African corporate history, to stabilise Group liquidity and strengthen the balance sheet.

### FY25 financial highlights

#### Successful recapitalisation

**R12.5 billion** raised through the Pick n Pay Rights Offer and Boxer IPO

#### Boxer value unlocked

c. **R30 billion** market capitalisation highlights strength of the Boxer asset and its growth trajectory

#### Pick n Pay turnaround underway

LfL sales recovery and **two-thirds reduction** in trading loss

#### Standout Boxer performance

Turnover **+13.2%**, trading profit **+19.7%** for the 53 weeks

#### Liquidity restored

Net cash position of **R4.2 billion** vs. net debt of R6.1 billion in FY24



*To deliver a full debt restructure, a Rights Offer, and a large IPO in a single year – while maintaining day-to-day financial discipline – is an extraordinary achievement. I am immensely proud of the Pick n Pay and Boxer finance teams for their commitment, professionalism and resilience under exceptional pressure.*

From a finance perspective, the execution of the Recapitalisation Plan was a defining achievement. Delivering both transactions in a single year required extensive co-ordination between our internal teams, external advisors and key stakeholders. The timeline was demanding, the regulatory complexity was significant, and the execution standards high. The over-subscription of both transactions was not only a strong vote of confidence in the Group's direction, but also a reflection of the rigour, credibility and professionalism with which the process was executed. The commitment and resilience of the Pick n Pay and Boxer finance teams under trying conditions was outstanding.

Beyond the recapitalisation, our focus remained on financial control and improving financial performance at every level of the business. We strengthened working capital management, improved internal controls, and deployed financial capital with discipline. The R1.7 billion capital investment in FY25 reflects a programme deliberately curtailed ahead of the recapitalisation. Investment was focused on high-return areas, including Boxer's continued growth, targeted refurbishments in Pick n Pay, and the further development of the Pick n Pay Clothing and Online businesses.

In parallel, we continued to engage constructively with our lender group under the debt Restructure Agreement, meeting all obligations and ensuring transparent, forward-looking reporting. The Group ended the year in a net cash position of R4.2 billion – a positive R10.2 billion swing from FY24 – with strong liquidity across both the Pick n Pay and Boxer segments.

Pick n Pay made encouraging progress in the first phase of its turnaround – stabilising LfL sales, recovering gross profit margin and narrowing trading losses, particularly in the second half of the year. At the same time, Boxer delivered another strong performance, with double-digit turnover growth and a meaningful increase in trading profit, while playing a central role in the successful execution of its IPO.

Environmental initiatives in Pick n Pay were refocused during the year to support the new long-term strategy. We remained focused on areas where we could drive immediate operational impact, including reducing food waste, minimising resource consumption, and improving overall efficiency. These efforts were complemented by targeted community programmes in both Pick n Pay and Boxer, such as hunger relief partnerships, educational support and emergency relief funding. Together, they reflected our enduring commitment to shared value, even in a year of capital constraint. As the business regains momentum, we remain focused on reintroducing broader sustainability programmes aligned with our long-term priorities.

We enter FY26 with restored liquidity, a more agile balance sheet and a stable platform for disciplined growth. FY25 demanded a great deal from our teams, and they delivered. The work done this year has created the stability we need to rebuild profitability and unlock future value for all our stakeholders.

**Lerena Olivier**  
Chief Finance Officer

30 June 2025



# Detailed review of financial performance

## Summary of FY25 performance

Key Group financial indicators	53 weeks to 2 March 2025 FY25	52 weeks to 25 February 2024 FY24*	% change
Turnover	<b>R118.6 billion</b>	R112.3 billion	5.6
Turnover (Pro forma 52w) <sup>1</sup>	<b>R115.9 billion</b>	R112.3 billion	3.2
Gross profit margin	<b>18.4%</b>	18.1%	
Trading expenses	<b>R23.0 billion</b>	R22.5 billion	(1.9)
Trading profit	<b>R1 759 million</b>	R405 million	334.3
Trading profit margin	<b>1.5%</b>	0.4%	
Loss before tax and capital items	<b>(R237 million)</b>	(R1 421 million)	83.3
Attributable loss after tax	<b>(R736 million)</b>	(R3 301 million)	77.7
Headline loss per share (HEPS)	<b>(61.54 cents)</b>	(172.21 cents)	64.3

\* In line with IAS 33, FY24 EPS and HEPS were restated to reflect the bonus element from the rights issue, reflecting adjustments to the weighted average shares in issue (refer to note 34.1). In addition, FY24 earnings have been restated to correct an error in the application of IFRS 16.

The Group delivered a much-improved FY25 result, reporting a loss before tax and capital items of R237 million, compared to a loss of R1.4 billion in FY24. The recovery was driven by a R1.0 billion year-on-year reduction in the Pick n Pay segment trading loss, supported by a 27.3% decrease in the Group's net funding interest as the recapitalisation began to materially reduce debt service costs.

Turnover increased by 5.6% to R118.6 billion (3.2% on a comparable 52-week basis), with Boxer delivering double-digit sales growth through a balance of store expansion and LfL growth, and Pick n Pay demonstrating early signs of operational recovery. Gross profit margin improved by 30 basis points to 18.4%, while cost growth was held to just 1.9%, despite Boxer's growing footprint and the upfront costs of the Pick n Pay store reset. Group trading profit increased to R1.8 billion, reflecting the two-thirds reduction in Pick n Pay's trading loss and continued strong momentum in Boxer.

FY25 was a 53-week reporting period. While the additional trading week had an immaterial impact on Group earnings, pro forma 52-week turnover numbers are provided to support year-on-year sales comparability. Unless otherwise stated, all financials are presented on a 53-week basis.

Detailed commentary on Boxer's financial performance is included in its Integrated Annual Report and Annual Financial Statements, available at [www.boxerinvestor.co.za/results](http://www.boxerinvestor.co.za/results). Accordingly, the financial commentary that follows focuses primarily on the Pick n Pay segment.

The statements of comprehensive income, financial position, changes in equity and cash flows extracted from the Group's FY25 consolidated audited Annual Financial Statements are provided from page 119.

## Turnover

Turnover (Rm)	FY25 as reported (53 weeks)	Adjustment for week 53	FY25 (52 weeks pro forma) <sup>1</sup>	FY24 (52 weeks)	53/52 weeks % change	52/52 weeks Pro forma % change <sup>1</sup>	LfL % change
Boxer	42 344	(1 040)	41 304	37 419	13.2	10.4	5.6
Pick n Pay	76 266	(1 650)	74 616	74 876	1.9	(0.3)	1.7
South Africa	72 789	(1 580)	71 209	71 265	2.1	(0.1)	2.0
Rest of Africa	3 477	(70)	3 407	3 611	(3.7)	(5.7)	(6.2)
Group	118 610	(2 690)	115 920	112 295	5.6	3.2	3.2

Group turnover increased by 5.6% for the 53-week period, driven by a strong performance from Boxer (+13.2%) and underlying improvements in Pick n Pay (+1.9%). On a comparable 52-week basis, Group turnover rose 3.2%, with Boxer up 10.4% and Pick n Pay down -0.3%. The Pick n Pay decline reflects the deliberate closure of loss-making stores. Boxer's growth was underpinned by store expansion and 5.6% LfL sales growth, with mix-adjusted internal selling price inflation of just 0.3% for the year – underscoring its continued focus on price leadership and customer affordability.

<sup>1</sup> Refer to page 128 for Pro forma financial information.



## Pick n Pay segment turnover

Pick n Pay South Africa delivered turnover of R71.0 billion on a comparable 52-week basis, in line with the prior year, despite a reduced supermarket footprint. The performance reflects the segment's sustained focus on improving operational execution, strengthening the customer offer, and prioritising profitable sales growth. The business is in a stronger position to deliver sustainable LfL sales growth from its restructured store base. Internal selling price inflation averaged just 2.1% for the year, sharply down from 8.2% in FY24 and well below Statistics South Africa's CPI Food of 3.9%. This reflects progress in Pick n Pay's price competitiveness.

Rest of Africa turnover declined by 5.7% to R3.4 billion on a comparable 52-week basis, impacted by the devaluation of the Zambian Kwacha and the planned wind-down of the Namibian franchise agreement.

Like-for-like sales % growth	26 weeks H2 FY24	26 weeks H1 FY25	26 weeks H2 FY25	52 weeks FY25
Pick n Pay South Africa	0.0%	1.1%	3.1%	2.0%
Pick n Pay SA supermarkets	(0.2%)	1.3%	2.7%	2.0%
Pick n Pay SA company-owned supermarkets	(0.5%)	3.1%	3.6%	3.3%
Pick n Pay SA franchise supermarkets	(0.3%)	(1.4%)	1.1%	(0.1%)
Pick n Pay Clothing stand-alone stores	10.7%	0.2%	3.8%	2.0%

Notes: 1) FY25 LfL growth is presented on a 52/52 week basis. Refer to page 132 for further information. 2) Pick n Pay SA supermarkets includes hypermarkets. 3) Franchise sales refers to wholesale sales from Pick n Pay to franchisees.

### Pick n Pay supermarkets

Restoring LfL sales growth in company-owned and franchise supermarkets is a strategic priority, alongside the exit of stores with limited prospects for recovery. FY25 reflected solid progress on both fronts, with clear momentum building into FY26.

Company-owned supermarkets in South Africa recorded LfL sales growth of 3.3% for the year, with solid consecutive improvement from -0.5% in H2 FY24 to 3.6% in H2 FY25. Franchise supermarket sales have been slower to recover, and remain a significant area of management focus. FY25 franchise LfL growth improved markedly from the -1.4% recorded in H1 FY25 to +1.1% in the second half of the year. LfL sales growth in both company-owned and franchise supermarkets has continued to improve post-year-end.

During FY25, 40 loss-making supermarkets were closed or converted. This included 25 company-owned closures, 7 conversions to franchise, and 8 conversions to Boxer. These actions were essential to reduce store operating losses and ensure the supermarket estate is optimised for sustainable growth. The total Pick n Pay supermarket estate now stands at 570 stores (including 21 hypermarkets).

### Pick n Pay Online

Online turnover, primarily through Pick n Pay asap! and the Pick n Pay offer on the Mr D platform, grew by 45% in FY25 on a comparable 52-week basis, building on the 74% achieved in the prior year. The Online business saw strong franchise adoption of the asap! platform, delivering triple-digit turnover growth in this channel. The performance was supported by ongoing improvements in picking and delivery execution, a full upgrade of the Pick n Pay asap! platform, and the launch of an enhanced customer app in May 2025. The Online division is now profitable on a fully costed basis and remains a key strategic priority in the Pick n Pay turnaround.

### Pick n Pay Clothing

Pick n Pay Clothing delivered a strong result, particularly considering its high FY24 base. Stand-alone store turnover grew 9.9% for the comparable 52 weeks, with LfL growth of 2.0%. After a soft start to the year (0.2% H1 LfL sales growth) due to port delays and a late start to winter, H2 LfL sales strengthened to 3.8%. Clothing opened a net 30 stores during the year, growing the estate to 415 stores. This performance reinforces the strength and growth potential of Clothing as a core component of the segment's long-term strategy.



## Gross profit

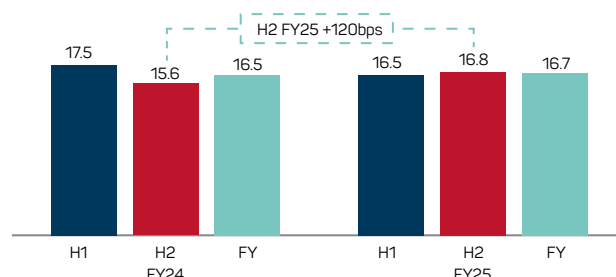
The Group delivered a strong gross profit performance in FY25, with gross profit increasing by 7.3% to R21.8 billion and gross profit margin expanding by 30 basis points to 18.4%. This reflects disciplined execution across both segments and a continued focus on balanced margin management.

**Pick n Pay** – increased gross profit by 2.8% to R12.7 billion, with a 20 basis point improvement in gross profit margin to 16.7%. The improvement was driven by an optimised sales mix, lower levels of waste and shrink, and enhanced pricing competitiveness. The H2 performance was particularly strong, with a 120 basis point uplift in margin. Load-shedding savings of around R200 million were invested into more competitive pricing, while improving gross profit margin.

**Boxer** – increased gross profit by 14.3% to R9.1 billion, with a 20 basis point improvement in gross profit margin to 21.4%, supported by ongoing scale benefits, better buying and improved distribution efficiencies. A slight reduction in point-of-sale margin reflected Boxer's continued investment in price, consistent with its focus on delivering the best possible value to customers.

Gross profit (Rbn)	FY25 53 weeks	Change %	Margin %	Margin % change
Pick n Pay	12.7	2.8	16.7	20bps
Boxer	9.1	14.3	21.4	20bps
Group	21.8	7.3	18.4	30bps

### Pick n Pay gross profit margin %



## Trading expenses

Group trading expenses increased by 1.9% to R23.0 billion in FY25, below turnover growth, reflecting disciplined cost control across both segments. This was achieved despite cost pressure from Boxer's store expansion and the costs associated with the initial implementation of the Pick n Pay turnaround.

### 1 Pick n Pay segment trading expenses

**Pick n Pay trading expenses** decreased by 2.2% to R15.9 billion, reflecting disciplined cost management and the non-recurrence of employee restructuring costs in FY24. On a LfL basis, trading expenses increased by 3.0%. Cost control was supported by lower diesel, depreciation and debt provisioning costs.

Trading expenses (Rbn)	FY25 53 weeks	Change %
1 Pick n Pay	15.9	(2.2)
i Employee costs	6.4	1.1
ii Occupancy costs	2.3	(2.4)
iii Operations costs <sup>1</sup>	4.1	(0.7)
iv Merchandise % administration costs	2.9	3.3
v Expected credit loss allowance	0.2	(67.8)
2 Boxer	7.1	12.7
Group	23.0	1.9

<sup>1</sup> Operations consist mainly of utilities and energy costs.

**i Employee costs** increased by 1.1% to R6.4 billion, supported by the non-recurrence of R307 million restructuring costs in FY24. Underlying LfL cost growth of 5.7% reflects selective hiring in stores and regional offices to enhance execution, and settlement costs related to store closures.

**ii Occupancy costs** decreased by 2.4% to R2.3 billion, benefitting from R136 million of IFRS 16 profit on lease terminations related to store closures and conversions (R63 million in FY24). Annual lease escalations were offset by the reduction in the store estate.

**iii Operations costs** decreased 0.7% to R4.1 billion, benefitting from a R264 million decrease in diesel spend as a result of lower levels of load-shedding. After accounting for increased electricity usage, the net energy saving for the year was R218 million. Depreciation and amortisation charges were also lower, as a result of store closures and asset impairments over the past two years.

**iv Merchandising and administration costs** increased by 3.3% to R2.9 billion, primarily driven by increased advertising spend in support of Pick n Pay's customer-focused engagement initiatives.

**v Expected credit loss allowance** declined substantially in FY25, reflecting the improved quality of the Pick n Pay franchise debtor book.

### 2 Boxer segment trading expenses

Boxer's trading expenses increased by 12.7%, impacted by its store roll-out programme and the additional costs associated with transitioning to a listed entity. Boxer maintained disciplined control over core cost lines, enabling the business to protect margins and sustain profitability. This performance is particularly commendable given the underlying cost pressures associated with high-growth store roll-out.



## Trading profit

Group trading profit segmentation	FY25 (53 weeks)			FY24 (52 weeks)		
	Group	Pick n Pay	Boxer	Group	Pick n Pay	Boxer
Turnover	118.6	76.3	42.3	112.3	74.9	37.4
Trading profit/(loss)	1.8	(0.5)	2.3	0.4	(1.5)	1.9
Trading profit/(loss) margin	1.5%	(0.7%)	5.5%	0.4%	(2.0%)	5.2%
Trading profit/(loss) after lease interest*	0.2	(1.7)	1.9	(1.0)	(2.6)	1.6
Trading margin after lease interest*	0.2%	(2.2%)	4.5%	(0.9%)	(3.5%)	4.3%

\* Net lease interest cost

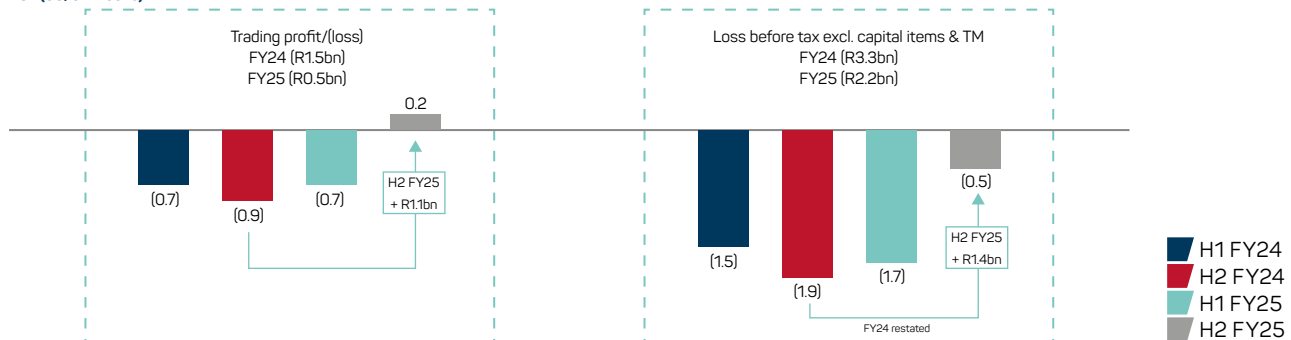
The Group delivered a marked improvement in trading profit, which increased from R405 million in FY24 to R1.8 billion in FY25. This performance reflects early traction in the Pick n Pay turnaround, alongside another year of strong profit growth from Boxer.

**Boxer** – delivered a trading profit of R2.3 billion at a margin of 5.5%, up 9.9% year-on-year as consolidated by the Pick n Pay Group. This result reflects the strength of Boxer's highly efficient low-price, high-volume operating model.

**Pick n Pay** – reduced its trading loss by two-thirds to R549 million and improved its trading margin by 130 basis points to -0.7% (FY24: -2.0%). The recovery was driven by a combination of improved LfL sales, gross profit margin expansion and effective cost control. The improvement was particularly evident in the second half of the year, where the segment moved from a R864 million trading loss in H2 FY24 to a R170 million trading profit in H2 FY25.

### Pick n Pay trading profit momentum

Rbn (53/52 weeks)



## Net finance costs

Group net finance costs declined 2.1% year-on-year to R2.0 billion, including implied interest charges under IFRS 16.

**Net funding interest** – decreased 27.3% to R443 million, driven by a 29.8% reduction in Pick n Pay's net interest expense to R488 million. This was a direct result of the Recapitalisation Plan and the subsequent repayment of Pick n Pay debt.

**IFRS 16 lease interest** – increased 8.7% to R1.6 billion, primarily due to Boxer's continued store roll-out and expansion of its distribution network. Lease interest within the Pick n Pay segment remained broadly in line with the prior year.

Rm	FY25 (53 weeks)	FY24 (52 weeks)	% change
<b>Group net finance costs</b>	<b>(1 996)</b>	(2 038)	(2.1)
Net funding interest <sup>1</sup>	<b>(443)</b>	(609)	(27.3)
Net lease interest <sup>2</sup>	<b>(1 553)</b>	(1 429)	8.7
<b>Pick n Pay</b>	<b>(1 629)</b>	(1 787)	(8.8)
Net funding interest	<b>(488)</b>	(695)	(29.8)
Net lease interest	<b>(1 141)</b>	(1 092)	4.5
<b>Boxer</b>	<b>(367)</b>	(251)	46.2
Net funding interest	<b>45</b>	86	(47.7)
Net lease interest	<b>(412)</b>	(337)	22.3

Note:

<sup>1</sup> Net funding interest includes trade receivables and other income received of R93 million and R78 million in FY24 and FY25 respectively, which is primarily interest income on overdue franchise receivables.

<sup>2</sup> Lease liability finance costs less net investment in lease receivables finance income, which is income received from franchise sub-leases where the Group holds head leases.

## Capital items

The Group recorded a capital loss of R388 million in FY25, a significant reduction from the R2.9 billion reported in FY24. As with the prior year, the majority of the FY25 charge was incurred in the Pick n Pay segment, which accounted for R355 million of the total. This included a R274 million non-cash asset impairment, reflecting the continued strategic review of the store estate.

## Tax

The Group's effective FY25 tax rate of -4.2% (FY24: 23.0%) reflects the losses incurred in the Pick n Pay segment. Given the outlook for further losses in this segment over the next two years and the current deferred tax asset, the Group does not expect to pay tax within Pick n Pay for the foreseeable future.

## Earnings per share

**Headline earnings per share (HEPS)** – the headline loss per share improved 64.3% to a loss of 61.54 cents per share. All impairment losses and other capital items are excluded from the calculation of headline earnings.

**Earnings per share (EPS)** – improved 80.9% to a loss of 111.01 cents per share, and includes all items of a capital nature.

Through the Boxer IPO, significant shareholder value was unlocked. As a result, the Group recorded an R85 million 34.4% non-controlling interest in Boxer Retail Limited for the last quarter of FY25, which will annualise during FY26. This reduction in earnings is largely expected to be offset by the annualisation of year-on-year savings in net funding costs.

Rm	FY25 53 weeks	FY24 52 weeks	Change %
Loss after tax <sup>*</sup>	(651)	(3 301)	80.3
Non-controlling interest	(85)	–	–
Attributable loss	(736)	(3 301)	77.7
Headline adjustments (after tax)	328	2 324	–
Headline loss	(408)	(977)	58.2
HEPS (cents)	(61.54)	(172.21)	64.3
EPS (cents)	(111.01)	(581.85)	80.9
WANOS (millions)*	663.0	567.3	16.9

<sup>\*</sup> WANOS – weighted average number of ordinary shares. FY24 restated, refer to note 34.1 of the Annual Financial Statements.

<sup>\*</sup> FY24 restated – refer to the Annual Financial Statements note 38.

# Detailed review of Group financial position

## Gearing

The Group closed FY25 with a net cash position of R4.2 billion, comprising R4.4 billion of net cash within Pick n Pay and R180 million of net debt within Boxer. This represents a R10.2 billion improvement from FY24's closing net debt position of R6.1 billion – the direct outcome of the Recapitalisation Plan.

As part of the pre-IPO balance sheet restructure, Boxer introduced a moderate level of long-term debt. At year-end, Boxer's net debt position equated to a pre-IFRS 16 net debt to EBITDA ratio of just 0.1 times, comfortably within the 0.2 times threshold communicated at listing. This reflects Boxer's disciplined and conservative approach to capital management. The business does not intend to raise further external debt and will focus on reducing existing borrowings over time.

Gearing (Rm)	FY25	FY24
Group gross debt	(1 150)	(11 445)
Group cash and cash equivalents	5 328	5 383
<b>Group net cash/(net debt)</b>	<b>4 178</b>	(6 062)
Pick n Pay net cash	4 358	
Boxer net debt	(180)	

## Working capital

The Group absorbed R583 million of liquidity from working capital in FY25, comprising a R505 million utilisation in Pick n Pay and R78 million in Boxer. This reflects a R1.4 billion absorption in the second half of the year, following a R823 million release in the first half, consistent with normal seasonality.

### The working capital utilisation reflects:

- Tight inventory management, increasing just 4.0% year-on-year despite Pick n Pay's strategic investment into product range and improved availability (+3.8%) and Boxer's rapid expansion (+4.5%).
- The quality of Pick n Pay franchise debt improved significantly, with the expected credit loss allowance reducing to 4.6% of gross receivables from 13.9% in FY24. This metric continues to trend towards the historical average of 3.6%, recorded between FY21 and FY23.
- Trade payables decreased relative to inventory due to the 53-week financial year cut-off, which overlapped with a month-end creditor payment cycle. As a result, creditor payments that would ordinarily have occurred post year-end were recorded within FY25.

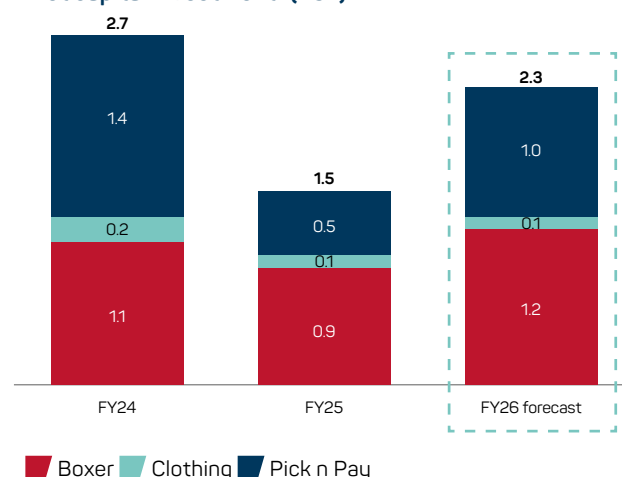


## Capital investment

The Group invested a net R1.5 billion in capital projects in FY25 (after R200 million in asset disposal proceeds), down from R2.7 billion in FY24 and in line with forecast. The reduction reflects disciplined capital management, with investment focused on strategic growth priorities while preserving liquidity through the recapitalisation process. Boxer, Pick n Pay Clothing and Online continued to invest in line with their growth ambitions. In contrast, capital expenditure in Pick n Pay supermarkets was deliberately curtailed ahead of the successful execution of both steps of the Recapitalisation Programme. FY25 investment in Pick n Pay supermarkets totalled R0.5 billion, directed toward repairs, maintenance and high-return targeted refurbishments.

For FY26, Group capital investment is forecast at approximately R2.3 billion, including R1.1 billion for Pick n Pay, an increase of around R0.5 billion on FY25. This investment will be directed primarily towards the refurbishment of high-priority stores, where we see the greatest opportunity to enhance the customer experience and deliver strong returns. The success of Pick n Pay's turnaround will not be driven by capital investment at all costs. Our focus remains on optimising the store estate we already have, investing with care, and first delivering operational excellence. Our first investment is always in our people and our partnerships - the foundation for delivering sustained LfL sales growth.

Net capital investment\* (Rbn)



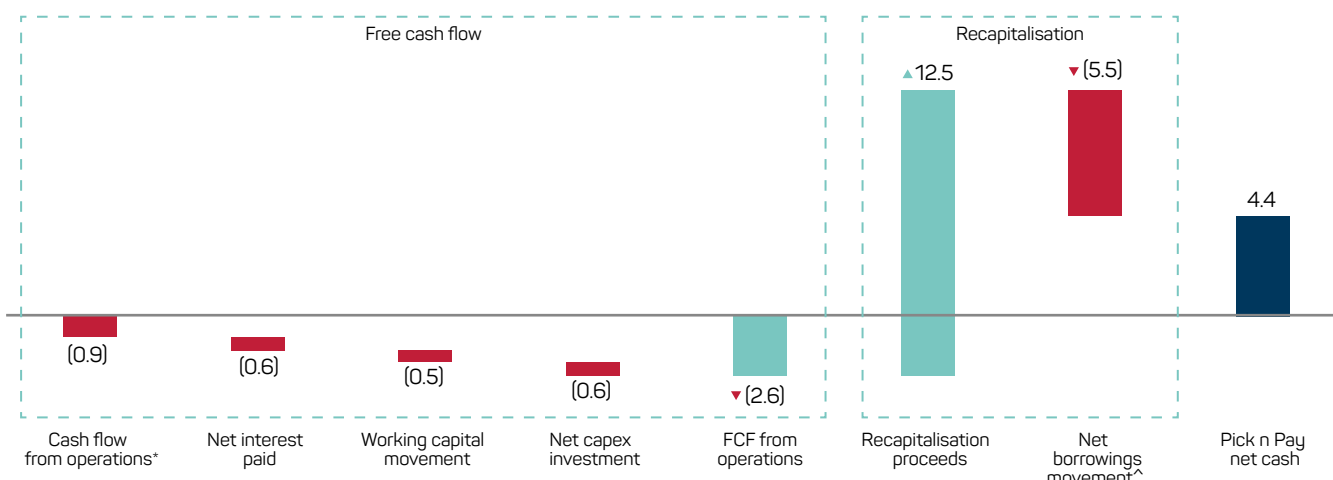
\* Capex as per cash flow statement, net of asset disposal proceeds.

## Cash flows and shareholder distribution

Owing to the loss incurred for the year, the Board has not declared a dividend for FY25. While the Group is now well capitalised following the successful completion of the two-step Recapitalisation Plan, no dividends will be declared until the Group has returned to sustainable profitability.

The Group utilised R2.6 billion in free cash flow during the year, largely driven by the Pick n Pay segment. Cash utilisation in Pick n Pay is expected to reduce over the next two years, supported by steady operational improvements, the full elimination of funding interest in FY26 and disciplined working capital management.

Pick n Pay cash generation and utilisation (Rbn)



FCF – Free cash flow.

\* Before non-cash flow impact of IFRS 16.

^ Net of Boxer IPO and Pick n Pay Rights Offer costs.

## Looking forward

Meaningful progress was achieved this year, but the Pick n Pay segment is not yet profitable and there is still significant work ahead. Pick n Pay LfL sales growth is positive, trading losses are narrowing, and the supermarket estate has reset to support a more focused, customer-led recovery. But returning Pick n Pay to sustainable profitability will take time and will require a relentless focus on consistent execution.

The Group has adjusted its guidance: we now expect the Pick n Pay segment to reach break-even on a trading profit-after-lease-interest basis in FY28, not FY27 as previously indicated. This revised guidance reflects a disciplined financial decision to prioritise long-term sustainability over short-term gain. The Group has made a deliberate choice to invest in execution and operational resilience in order to strengthen the foundation for a more durable and profitable business over time.

**We enter FY26 with a stable balance sheet, no further debt to service in Pick n Pay, and a more focused capital investment programme. With trading losses narrowing and liquidity restored, the conditions are in place to continue rebuilding the financial performance of Pick n Pay, while supporting Boxer's consistent and capital-efficient growth trajectory. Our immediate priority is clear: maintain financial control, support operational delivery, and steadily restore sustainable earnings across the Group.**



- 81 Reflections from our lead independent director
- 88 The Board committees
- 90 Our Board of directors
- 96 Remuneration Report

# Commitment to corporate governance





## Reflections from our lead independent director

The Group entered the financial year in a difficult position. FY24 had been an exceptionally tough year for Pick n Pay. We were facing structural weaknesses in our core supermarket business, new leadership getting to grips with the scale of the challenge, and declining morale across the business. As a result, the Group's liquidity position was precarious, our share price was under pressure, and many of our key stakeholders were asking hard questions about the future of the business.

It was a time that demanded honesty, courage and urgent action. And while the challenges were immense, there was a clear sense of alignment and shared conviction at Board level about what needed to be done. By the close of FY24, we had reached agreement on a debt standstill with our lenders and committed to a comprehensive two-step Recapitalisation Plan. The time had come to execute. It was not about short-term fixes or quick wins. It was about preserving and rebuilding one of South Africa's most iconic retailers for long-term success.

From the outset, the Board committed to a rigorous and credible process to restore the Group's financial stability and strategic focus. We knew this would involve complex trade-offs, candid discussions and bold decisions. The two-step Recapitalisation Plan was complex and ambitious, and the timeline to deliver it was extraordinarily tight. Some stakeholders outside the business doubted whether it could be achieved. Yet, through resolve and exceptional teamwork, we delivered it.

The Rights Offer in August 2024 and the successful listing of Boxer in November 2024 were both multiple times over-subscribed and together raised R12.5 billion. This was an extraordinary outcome by any measure, achieved through consistent engagement with shareholders, advisors and regulators, and underpinned by the credibility of the process itself. It allowed us to repay all interest-bearing debt by the end of 2024 and to secure new, prudent working capital facilities. We now have the liquidity required to invest meaningfully in the Pick n Pay turnaround.

We are equally proud of what was achieved for Boxer. The IPO was not only a strategic milestone for the Group but a moment of immense pride for everyone connected to the Boxer business. It provided Boxer with the governance, financial independence and support it needed to pursue its growth plans as a listed entity. We formed a strong, independent Board with the experience and entrepreneurial mindset to guide Boxer in this next phase of its journey. The market's confidence in Boxer, evidenced by the support from shareholders and the participation of the International Finance Corporation, has reaffirmed the strength and relevance of its value proposition in South Africa.



*We are not chasing short-term gains. Our strategy is deliberate, methodical, and disciplined, focused on securing the long term sustainability of a business that is so important to millions of South Africans.*

Throughout this process, the Board did not operate in isolation. We worked hand in hand with our corporate advisors, legal counsel and most importantly, with the incredible talent inside our business. I thank my fellow directors, who committed a great deal of time and energy to our many meetings. I also want to acknowledge the extraordinary effort and resilience of our management teams who, even under immense pressure, never lost focus on the day-to-day running of the business. Pick n Pay continued to implement its strategic reset, improving sales, reducing operating losses, and regaining customer confidence. Boxer continued to deliver on its growth plan with characteristic discipline and energy.

We are under no illusions. Hard work lies ahead. But the foundations have been laid. Pick n Pay now has the funding, the leadership and the strategy it needs to rebuild. The turnaround is being led by CEO Sean Summers, whose leadership has brought renewed clarity, energy and retail focus to the business. We are deeply grateful that he has agreed to stay on until May 2028 to see Pick n Pay restored to profitability. His leadership has been instrumental in galvanising the business behind a common goal.

The Board remains fully committed to the turnaround of Pick n Pay. This is not a sprint. We are not chasing short-term gains. This is a deliberate, methodical and disciplined process designed to secure the long-term sustainability of a Group that plays a critical role in the South African economy and in the lives of millions of South Africans. To this end, the Board supports the revision to the earnings guidance provided.

We also advanced our work to strengthen Board governance. We implemented changes to enhance the independence of our Board committees, began the process of retiring our longer-serving directors, and engaged a specialist firm to help us recruit new directors with the right experience, skills and values. Transformation remains a high priority, and we are committed to building a diverse, forward-looking Board. In June 2025, we welcomed Pooven Viranna to the Board and the Group Audit, Risk and Compliance Committee. She brings valuable commercial and governance experience. We will bid farewell to David Friedland at the 2025 AGM after 12 years of outstanding service. His technical expertise was invaluable during the recapitalisation process, and we are deeply grateful for his contribution.

As we committed ahead of the Rights Offer, the Board has made tangible progress in strengthening its governance framework. This included a review and update of the Board Charter, a refresh of all committee mandates, and the formalisation of a clear engagement policy between Pick n Pay and Boxer. This policy safeguards the independence of the Boxer Board while protecting Pick n Pay's rights and responsibilities as the controlling shareholder.

Finally, I wish to acknowledge Gareth Ackerman, who will step down as Chair of the Board at the 2025 AGM after 15 years of service as Chair. Gareth will remain a valued member of the Board. He has given a lifetime of commitment to the Pick n Pay Group and to the principles established by his father, Raymond Ackerman. His integrity, depth of insight and unwavering commitment to the Group's purpose have shaped the Pick n Pay Group into the values-based organisation it is today. It is an honour to succeed him as Chair, and I do so with humility and full recognition of the responsibility that comes with the role.

We enter FY26 stronger, more focused and more determined than ever. Our governance will remain rigorous. Our oversight will remain active. And our purpose remains unchanged: to guide Pick n Pay with responsibility and care as we work to restore its performance and build the trust and confidence of all our stakeholders.

**James Formby**

Lead independent director

30 June 2025



## Board focus areas in FY25

The Board remains committed to overseeing the Group in a transparent, equitable and responsible manner, acting in the balanced interests of all stakeholders. The Board recognises that long-term value creation depends on a clear strategy, effective risk management, sound financial stewardship, and a strong commitment to environmental and social sustainability. These elements are actively integrated into all Board decision-making.

Through rigorous, informed discussions, Directors provide strategic direction, uphold high standards of governance, and ensure strong leadership across the Group. Each Board member is mindful of their responsibility to act with integrity and to represent the interests of all stakeholders impartially and effectively.

The Board continues to endorse a materiality-based approach, underpinning its commitment to integrated reporting. This ensures that key issues, risks, and opportunities that materially impact the Group's performance across the short, medium and long term are transparently communicated. As a result, stakeholders are equipped with meaningful insights into the Group's operations and outlook.

Remaining accountable for the Group's overall performance, the Board actively monitors both material and emerging risks and opportunities. This enables the business to remain agile, relevant, and resilient in a constantly evolving environment.

**Key Board and committee focus areas over the year included:**

### Recapitalisation Plan

#### Pick n Pay Rights Offer and Boxer IPO

The Board played a central role in overseeing the Rights Offer and Boxer IPO, with a strong focus on legal, governance, financial and disclosure standards. This included approving all key shareholder and regulatory documentation, engaging closely with advisors to ensure full compliance, and reviewing financial disclosures to support informed stakeholder investment decisions. The Board, supported by the Finance and Investment Committee (FIC), oversaw the Boxer Group reorganisation and inter-company arrangements to optimise the capital structure and liquidity of the newly listed entity. The Board also led the establishment of Boxer's governance frameworks, appointed the Boxer Board, and approved the sale of a portion of Boxer through the IPO, ensuring the Group's long-term value creation and capital adequacy.

#### Liquidity and operational funding

The Board, supported by the FIC, oversaw lender engagement, covenant compliance and liquidity management under the debt Restructure Agreement. Once conditions were met and the debt was repaid, it guided the negotiation of new working capital facilities to support intra-month funding requirements.

### Operations

#### CEO succession

The Board approved the extension of CEO Sean Summers' contract until May 2028. The extension ensures continuity and stability in the leadership team during a period of significant strategic transformation, and allows for a considered and deliberate succession and handover process.

#### Strategy

The Board oversaw the execution of Pick n Pay's new turnaround strategy, with a strong focus on restoring the performance of the core supermarket division. It ensured that strategic initiatives and performance targets remained reasonable, defensible and actionable, with revised targets and timelines as necessary. Key areas of focus included the store reset plan and revised operating standards to return to operational excellence. Additional priorities included range and assortment enhancements, marketing and promotions, and the evolution of the franchise model to support inclusive growth.

The Group also prioritised forging new strategic partnerships (for example, with FNB, ABSA and South African Rugby Union) and strengthening existing ones, while continuing to drive systems resilience and digital innovation, including the potential exploration of new income streams.

The Board maintained oversight of strategic execution within the Group's high-growth Online and Pick n Pay Clothing divisions, as well as its majority-held Boxer trading subsidiary.

The Board approved capital allocations in support of the Group's strategic priorities and monitored return on investments to ensure disciplined execution.

The Board continues to explore opportunities to minimise risk and improve operating models in the Rest of Africa operations, particularly in Botswana and Zambia. The company-owned operations in Zambia have significantly improved over the past two years, with stronger sales growth and improved profit margins.

#### Risk and compliance

The Board provided active oversight in building the maturity of the Group's combined assurance framework (including risk and compliance management). It assessed the robustness of the risk management programme, the relevance of identified material risks, and the effectiveness of mitigation strategies, with a specific focus on data and systems security and cybercrime. The Board monitored emerging risks and ensured these were factored into strategic planning and decision-making.

The Board also reviewed the work undertaken to strengthen the Boxer combined assurance framework and to build skills and experience in the Boxer internal audit and risk and compliance teams to enable these functions to move forward independently from Pick n Pay.

### People, culture, diversity

#### Diversity

The Board monitored efforts to achieve workforce diversity at all levels, ensuring fair pay and non-discrimination in recruitment and remuneration. Analysis showed no pay disparities by gender or race. The Board will continue focusing on retaining and upskilling employment equity employees, especially in senior roles, and removing barriers to entry.

#### Leadership and people

The Board focused on attracting and retaining scarce skills, strengthening succession pipelines, and rebuilding regional leadership structures. Initiatives included re-establishing regional teams, appointing senior leaders, launching the "I Love Pick n Pay" campaign, and implementing customer service and other critical training programmes.

### Governance

#### Board appointments and retirements

In May 2024, Gareth Ackerman announced his intention to retire and to step down as Chair of the Board, following the release of the Group's 2025 financial results. The Board is pleased that James Formby, currently serving as lead independent director, will succeed Gareth as Chair of the Board, effective from the conclusion of the AGM on 5 August 2025. James will step down from the Audit, Risk and Compliance Committee at that time, and as Chair of the Finance and Investment Committee at the end of FY26 (he will remain a member of this committee). James Formby intends to step down as the Chair of Boxer at the end of FY26. The Boxer Board has resolved that Sean Summers will be appointed Chair of Boxer at that time. As part of the ongoing Board renewal, Poooven Viranna was appointed to the Board and Group Audit, Risk and Compliance Committee in June 2025, and David Friedland will retire at the 2025 AGM. The Board intends to onboard further independent non-executive directors over the coming months.

## Board committees

Committee structure and membership are assessed annually. To support stronger Board independence, Suzanne Ackerman stepped down as Chair of the Social, Ethics and Transformation Committee, with independent non-executive director Haroon Borhat assuming the role in May 2025.

## Governance frameworks and policies

The Board, led by the NomGov and SETC, reviewed and updated the Group's governance framework and approved an updated Board Charter, updated Committee Terms of Reference, and a formal engagement policy to guide engagement between the two independent boards of Pick n Pay Stores Limited and Boxer Retail Limited. The Board also approved several updates to Group-wide ethics and governance policies.

## ESG and BBBEE – performance and reporting

The Board continued to oversee ESG progress and reporting. ESG disclosures are now included within the Integrated Annual Reports of Pick n Pay and Boxer, replacing the previous stand-alone ESG report, driving greater transparency on material issues. Pick n Pay is evolving its ESG strategy around the founding principle of “doing good is good business” and embedding its values into sustainability efforts that drive value and attract customers. Some targets have been deferred to support the Group's turnaround priorities (refer to page 69 for further information). The Board, with SETC support, reviewed the decline in Pick n Pay's 2024 BBBEE rating, monitored corrective action and remains committed to improving the rating over the medium term.

## Financial reporting

### Response to JSE monitoring of financial statements

The Audit, Risk and Compliance Committee considered the findings in the JSE's report-back on proactive monitoring of financial statements in 2024 and confirmed that, where relevant, the Group had improved its Annual Financial Statements disclosure.

### CEO and CFO sign-off on internal control

The Group's CEO and CFO have signed off on the internal financial control responsibility statement in terms of paragraph 3.84(k) of the JSE Listings Requirements, confirming that, to the best of their knowledge and belief, following due, careful and proper consideration, the Annual Financial Statements have been prepared in accordance with the accounting framework and are suitable for reliable economic decision-making.

### Retail financial calendar – 53-week and pro forma disclosures

The Board reviewed the Group's application of the 53-week financial calendar in FY25 and assessed the clarity and appropriateness of related pro forma disclosures to ensure comparability of information.

### Restatement of comparable financial information

The Board reviewed the retrospective correction of errors relating to IFRS 16 *Leases* and IAS 32 *Financial Instruments: Presentation*, the circumstances that led to the errors, and the corrective action taken.

### Areas of significant judgement

The Board, supported by the Audit, Risk and Compliance Committee, focused on areas of significant judgement in the FY25 results, as detailed in the Group's accounting policies, set out in the Annual Financial Statements.

## Going concern

The Board conducted a formal assessment of the Company and its subsidiaries' ability to continue as going concerns. This included a detailed review of the Group's economic environment, medium-term budgets and cash flow forecasts, insurance adequacy and available borrowing facilities.

## Our governance structure

The Board is confident that the Group's governance framework, supported by its Board committees, administrative structures, and compliance systems and processes, is a contributor to long-term value creation. The framework is built on clear principles that emphasise:

- Accountability to stakeholders
- Ethical leadership and sound and effective decision-making
- Robust risk management and mitigation
- Transparent and integrated reporting
- Remuneration practices that attract and retain talent and align with the Group's strategy and transformation objectives

This governance approach is reviewed regularly to ensure that the Group continues to demonstrate ethical leadership, good corporate citizenship, and long-term business sustainability. In shaping its governance practices, the Board is guided by the principles of King IV, the Companies Act, and the JSE Listings Requirements. These standards help ensure that best governance practices are embedded throughout the Group.

## The role of the Board

The Pick n Pay Stores Limited Board accepts responsibility for the performance of the Group. It provides oversight and guidance by evaluating material and emerging risks and opportunities, helping to keep the business strategy agile and aligned with long-term objectives. The Board recognises that sustained value creation depends on a combination of strategic clarity, strong risk oversight, environmental and social responsibility, and financial discipline.

### During FY25, the Board:

- Advanced on its commitment to the planned retirement of long-serving independent non-executive directors through the normal director rotation process
- Confirmed that all independent non-executive directors continue to meet the independence criteria defined by King IV, the Companies Act, and the JSE Listings Requirements
- Oversaw risk processes that effectively mitigated threats and limited their impact on business operations
- Reaffirmed support for materiality-driven reporting, ensuring that key issues, risks, and opportunities are communicated transparently
- Reviewed its internal evaluation process and found it continues to support improved performance and effectiveness
- Confirmed that the Company Secretary has the appropriate qualifications, skills, and experience to fulfil the role effectively

*The Board remained highly engaged throughout the year, supporting strong governance and timely, informed decision-making.*



## Board meeting attendance

		Standard meetings	Additional meetings
<p>The Board remains committed to managing the Group with transparency, accountability and fairness, always acting in the best interests of stakeholders. The Board meets at least four times a year, with full attendance expected at all standard meetings, with additional ad hoc meetings held as required.</p> <p>In FY25, the Board met ten times, reflecting the demands of the Recapitalisation Plan. The Board achieved 100% attendance for its standard meetings and the 2024 Annual General Meeting, with high attendance across its additional meetings.</p> <p>Beyond scheduled meetings, directors remained actively engaged through regular financial and operational updates. They also took part in various forums with senior management, gaining deeper insight into the Group's performance, risks and priorities.</p>	Gareth Ackerman	4/4	6/6
	Jonathan Ackerman	4/4	6/6
	Suzanne Ackerman	4/4	6/6
	Haroon Borat	4/4	4/6
	Mariam Cassim <sup>1</sup>	1/1	–
	James Formby	4/4	6/6
	David Friedland	4/4	6/6
	Aboubakar Jakoet	4/4	5/6
	Audrey Mothupi-Palmstierna	4/4	6/6
	Lerena Olivier	4/4	6/6
	David Robins <sup>2</sup>	1/1	–
	Sean Summers	4/4	6/6
	Annamarie van der Merwe	4/4	6/6

<sup>1</sup> Resigned 5 July 2024.

<sup>2</sup> Retired 27 August 2024.



## Board composition and diversity – June 2025

Our directors are experienced and principled individuals who bring strong, independent thinking to the Board. The Group has deliberately appointed directors who are actively engaged in the business world and are able to offer insight across a range of areas, including retail operations, finance, accounting, IT and digital, legal and regulatory matters. Their practical knowledge and sound judgement continue to strengthen the Board's oversight and strategic direction. Further information on our directors can be found on page 90.

*The Board is satisfied that its composition offers a well-balanced mix of knowledge, skills, experience, diversity and independence. It remains committed to ongoing renewal and continues to evolve its structures to support effective governance. Recent changes have enhanced the independence of its committees, ensuring they remain well positioned to support the Board in its oversight responsibilities.*



- Pooven Viranna was appointed on 1 June 2025. Refer to page 94 for further information
- David Friedland will retire from the Board at the 2025 AGM

- Gareth Ackerman, Jonathan Ackerman and Suzanne Ackerman are not considered independent owing to their relationship with majority shareholder, Ackerman Investment Holdings
- As our Chair is not considered independent, James Formby holds the position of lead independent director
- Gareth Ackerman will step down as Board Chair at the 2025 AGM and James Formby will succeed Gareth as Chair of the Board

- The Executive Committee performs the Chief Operating Decision Maker (CODM) role within Pick n Pay. The CODM comprises Sean Summers (CEO) and Lerena Olivier (CFO). They are tasked with the day-to-day executive management of Pick n Pay.

The Board Charter and individual committee Terms of Reference ensure a clear balance of power and authority on the Board, preventing any single director from having unfettered decision-making powers. The governance structure is regularly reviewed to ensure the Board exercises effective and ethical leadership, acts as responsible corporate citizen, and makes decisions that ensure the sustainability of operations.



The Group derives strength from having a Board made up of individuals with a wide range of backgrounds, perspectives and experiences. Diversity in gender, race, culture, age, skills and professional expertise is actively considered when shaping the composition of the Board and planning for succession. To support more inclusive leadership, the Board has set targets of at least 35 percent female and 35 percent African, Coloured or Indian (ACI) representation.

### Skills relevant for the Board:

#### Retail operations

Experience in the South African retail industry, including in marketing, buying, supply chain logistics and digital commerce.

#### Digital and data

Proven ability to implement digital technologies and systems and to leverage customer and operational data analytics to drive business performance.

#### Financial expertise

Strong knowledge of financial accounting, reporting standards, internal controls and the critical evaluation of financial performance and disclosures.

#### Capital and treasury management

Experience in managing cash flow, working capital, liquidity, debt and capital allocation, with a focus on optimising return on investment.

#### Risk oversight

Expertise in enterprise risk management, including the development and execution of frameworks to identify, mitigate and respond to material risks.

#### Legal and regulatory compliance

Understanding of commercial law, governance regulations and compliance requirements within complex trading environments.

#### Human capital and remuneration

Skilled in designing and implementing remuneration policies that support performance, equity and talent retention.

#### Corporate governance

Extensive knowledge of governance practices and codes, with practical experience in applying them in listed companies or large, complex organisations.

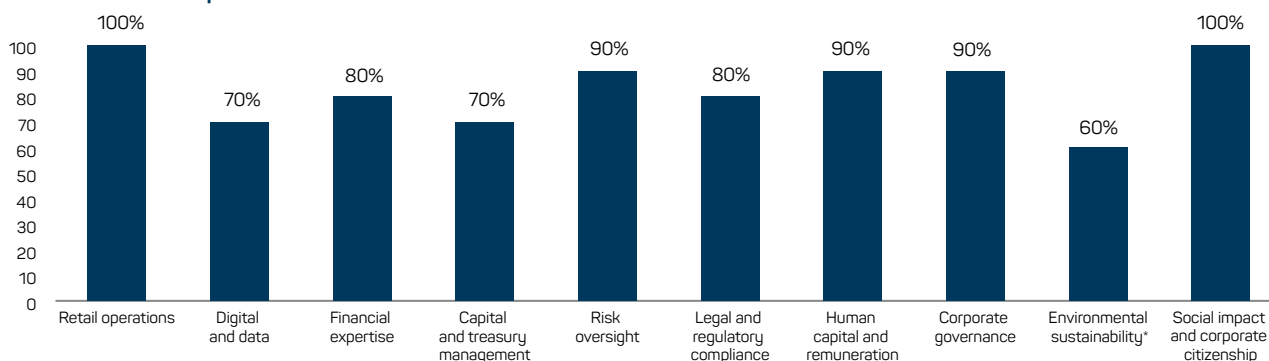
#### Environmental sustainability

A developing or working knowledge of climate change, biodiversity loss and related environmental risks, along with insight into responsible sourcing and strategies to reduce organisational impact through emissions reduction, energy and water efficiency, and waste management.

#### Social impact and corporate citizenship

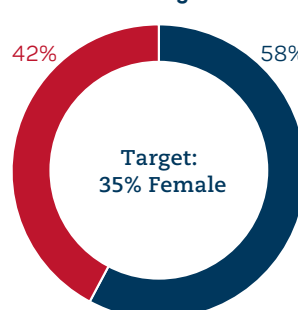
Involved in developing and overseeing social investment programmes focused on upliftment, ethical governance, and measurable impact.

### Board skills and experience



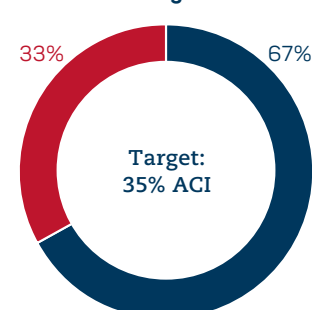
\* All Board members took part in an environmental and climate change training session in FY25, facilitated by the Institute of Directors of South Africa.

### Gender diversity



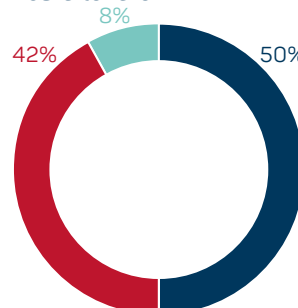
Male – 7  
Female – 5

### Racial diversity



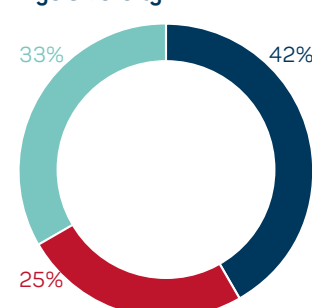
White – 8  
ACI – 4

### Board tenure



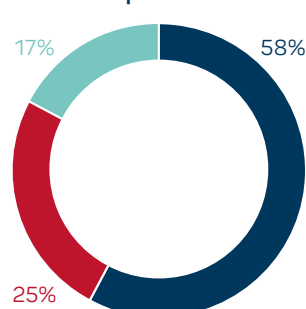
≤ 5 years – 6  
10-15 years – 5  
> 15 years – 1

### Age diversity



45-55 years – 5  
56-65 years – 3  
66-75 years – 4

### Board independence



Independent non-executive – 7  
Non-executive – 3  
Executive – 2



# The Board committees

## Group Audit, Risk and Compliance Committee (GARCC)

FY25 membership	Meeting attendance
A Jakoet (Chair)	3/3
H Bhorat	3/3
J Formby	3/3
D Friedland	3/3
A Mothupi-Palmstierna	3/3

The Committee provides independent oversight of the Group's risk management, legal and regulatory compliance, financial reporting, internal controls, and both internal and external audit processes. It also acts as a key link between the Board and the Group's auditors, ensuring clear communication and strong assurance processes. From FY26, the Committee will meet at least four times annually. David Friedland will retire at the 2025 AGM, and shareholders will be asked to approve the appointment of independent non-executive director Pooven Viranna as a member of the Committee.

## Finance and Investment Committee (FIC)

FY25 membership	Standard meetings	Additional meetings
J Formby (Chair)	4/4	12/12
H Bhorat	4/4	9/12
D Friedland	4/4	11/12
A Jakoet	4/4	11/12

Effective 27 May 2024, the Treasury Sub-committee was reconstituted as the Finance and Investment Committee, a formal standing committee of the Board. The FIC provides oversight of the Group's balance sheet, including liquidity, capital investment and treasury activities. It works closely with the GARCC on matters relating to the Group's funding structure and going concern assessments. The FIC also monitors financial risk, lender relationships, working capital, and investment decisions to support financial resilience and long-term value creation. The additional meetings held during the year reflect the significant demands of the Group's Recapitalisation Plan.

## Remuneration Committee (RemCom)

FY25 membership	Standard meetings	Additional meetings
A Mothupi-Palmstierna	3/3	2/2
(Chair)		
G Ackerman	3/3	-
H Bhorat	3/3	1/2
J Formby	3/3	1/2
A Jakoet	3/3	1/2

The Committee ensures that the Group's remuneration philosophy and practices are fair, transparent and aligned with its strategic priorities and values. The Committee oversees performance-based reward structures that drive sustainable value creation, support talent development and retention and reinforce a high-performance culture across the Group. It is committed to equitable pay, responsible executive remuneration, structured succession, and incentives that are both competitive and aligned with shareholder interests. The additional meetings held during the year reflect the focus on retention and reward during a year of transformation.

## Nominations and Corporate Governance Committee (NomGov)

FY25 membership	Standard meetings	Additional meetings
A van der Merwe (Chair)	3/3	4/4
J Formby	3/3	4/4
A Jakoet	3/3	3/4
A Mothupi-Palmstierna	3/3	2/4

The Committee is responsible for identifying and assessing candidates for appointment to the Board and its committees, and for ensuring that Board structures, governance practices and procedures remain effective and aligned with evolving local and international best practices. In addition to its scheduled meetings, the Committee holds ad hoc engagements with non-executive directors to discuss succession planning, Board composition and committee membership. The additional meetings held during the year reflect the significant demands of the Board succession plan.

## Social, Ethics and Transformation Committee (SETC)

FY25 membership	Standard meetings	Additional meetings
S Ackerman	3/3	1/1
(Outgoing Chair)		
J Ackerman	2/3	1/1
H Bhorat (Incoming Chair)	3/3	1/1
D Robins <sup>1</sup>	1/1	-
A van der Merwe	3/3	1/1

<sup>1</sup> Retired 27 August 2024.

The Committee ensures the Group's values are embedded across the business and that its ESG, social and transformation priorities support long-term, sustainable growth. It promotes ethical conduct, monitors social and environmental impact, and champions diversity and inclusion. The Committee aligns the Group's ESG strategy with relevant UN SDGs and helps build stakeholder trust through responsible corporate citizenship and sound governance. To support the Group's commitment to stronger committee independence, Suzanne Ackerman stepped down as Chair of the SETC, with Haroon Bhorat appointed as Chair from 26 May 2025. Suzanne remains a valued member of the Committee.

## Independent Board Committee

FY25 membership
J Formby (Chair)
H Bhorat
D Friedland
A Jakoet
A Mothupi-Palmstierna
A van der Merwe

The Independent Board Committee comprises only independent non-executive directors, chaired by the lead independent director. This Committee is not a key standing committee and is convened only for major regulated transactions or investment decisions. No formal meetings were held in FY25. Pooven Viranna was appointed as an independent non-executive director on 1 June 2025.

## Executive Committee

FY25 membership
S Summers (CEO)
L Olivier (CFO)

The Committee is tasked with implementing the strategy of the Board and serves as the Group's CODM. The Committee manages the Group's day-to-day retail operations, including management of the Group's information technology and information security, to ensure sustainable value creation for all stakeholders.

**GARCC FY25 focus areas included:**

- Oversaw the execution of the Recapitalisation Plan
- Monitored liquidity, debt covenant compliance and the going concern assessment
- Reviewed financial performance, impairments, deferred tax asset recognition and financial restatements
- Approved trading updates, results announcements and internal and external reporting
- Ensured compliance with IFRS, the Companies Act, JSE Listings Requirements and King IV
- Assessed internal financial controls and tax compliance
- Evaluated internal audit effectiveness, approved the FY26 internal audit plan and monitored key findings
- Oversaw internal controls, cybersecurity, and IT risk and systems resilience
- Reviewed risk and compliance maturity, litigation exposures, and insurance adequacy
- Assessed the Group's external auditor's independence and performance, and recommended reappointment for FY26
- Confirmed the capability of the CFO and strength of the finance function

**FIC FY25 focus areas included:**

- Oversight of the Group's capital structure, working capital and liquidity position during a period of significant financial restructuring
- Guided on the execution of the Group's Recapitalisation Plan
- Supported lender engagement and provided oversight of compliance with the terms and conditions of the debt Restructure Agreement
- Reviewed capital investment priorities and allocation to support sustainable long-term value creation
- Monitored treasury operations, cash flow and compliance with Group policies
- Assessed financial risk exposures and worked closely with the GARCC on going concern and balance sheet sustainability matters
- Oversaw the management of the Group's property portfolio and other strategic financial assets

**RemCom FY25 focus areas included:**

- Assessed performance in a highly disrupted trading environment and awarded short- and long-term incentives to recognise individual contributions and support retention, including the CRI and ERPI
- Oversaw the implementation of employee restructuring programmes to ensure alignment with Group values
- Monitored executive and senior management capacity to deliver on strategy, with a continued focus on staff morale across the Group
- Oversaw the extension of the CEO contract
- Engaged with independent remuneration experts to test the design, fairness and competitiveness of short- and long-term incentive schemes
- Oversaw the development of the Boxer remuneration framework
- Conducted ongoing market benchmarking and internal pay analysis to ensure equitable, responsible and competitive remuneration at all levels

**NomGov FY25 focus areas included:**

- Oversaw CEO succession planning, recommending the extension of the CEO's contract to May 2028
- Continued the Board refresh programme, identifying potential candidates and recommending Pooven Viranna for Board appointment
- Reviewed Board and committee succession plans, director rotations and reappointments, and confirmed the independence of all non-executive directors classified as independent
- Evaluated Board and committee composition and effectiveness, with a focus on independence, diversity and governance continuity
- Supported the Chair transition of the SETC from Suzanne Ackerman to Haroon Borat
- Recommended the appointment of James Formby as Chair of the Board following Gareth Ackerman's retirement as Chair
- Oversight of the development of Boxer's governance framework to align with the JSE Listings Requirements and King IV
- Identifying, evaluating and recommending a strong, diverse board for Boxer Retail Limited
- Reviewed and approved the new Board Charter, committee Terms of Reference and key Group governance and ethics policies

**SETC FY25 focus areas included:**

- Oversaw the roll-out of Pick n Pay's integrated ESG strategy
- Supported a shift toward scalable, business-aligned ESG impact in support of the Pick n Pay turnaround strategy
- Monitored ethical sourcing, food waste reduction, local procurement and supplier development
- Guided environmental efforts in energy, emissions, waste, water stewardship, and sustainable packaging, within tighter capital constraints
- Supported inclusive talent development, employment equity, leadership succession and staff wellness
- Directed strategic community investment focused on food security, education and disaster relief
- Monitored the whistle-blowing hotline

For more detailed information on the Board committees' focus areas and deliberations, please refer to the individual committee Chair reports contained within the full Corporate Governance Report at [www.picknpayinvestor.co.za/governance.php](http://www.picknpayinvestor.co.za/governance.php)

# Our Board of directors

The Board has broad local and international retail experience. All Board members are conscious of their obligation to act with integrity and as representatives of all our stakeholders.

## Non-executive Chair

### Gareth Ackerman (67)

An executive at Pick n Pay for 15 years until 1999, Gareth headed up various divisions and served as Joint Group Managing Director and the Managing Director of Pick n Pay Group Enterprises. He was appointed to the Board in 1990 as an executive director, until becoming a non-executive director in 1999. From 2002 to 2010 Gareth was Chair of Pick n Pay Holdings Limited, which at that time was the ultimate holding company of the Group. In 2010 he was appointed non-executive Chair of Pick n Pay Stores Limited. Among his other involvements, Gareth is co-chair of the Consumer Goods Council of South Africa (CGCSA) and GS1 SA and is previous co-chair of the International Consumer Goods Forum. As Co-Chair of the CGCSA, Gareth has led industry-wide sustainability and climate change initiatives. He launched the CGCSA's Sustainability and Climate Change Dialogue Series, aimed at fostering collaborative industry responses to environmental challenges. Under his leadership, Pick n Pay became one of the founding signatories of the South African Plastics Pact, committing to ambitious 2025 targets for reducing plastic waste and transforming the national plastic packaging system. Gareth sits on the Board of Business Unity South Africa and was a trustee of the Masisizane Fund and was a member of the global board of the Young Presidents' Organization (YPO). He is a member of the board of advisors of UJ Business School and a Trustee of WWF SA. He is an associate Fellow at Green Templeton College, University of Oxford. Gareth chairs the Ackerman Family interests.

**Committee membership:** Remuneration



#### BSocSci, CMS and AMP (Oxon)

- Appointed 1990
- Years of service to the Group: 41
- Years of service on the Board: 35

## Executive directors

### Sean Summers (71)

Sean Summers worked for the Group between 1974 and 2007, rising through the ranks to become Managing Director in 1996, and CEO in 1999. He left the Group in 2007 and advanced his career in international retailing. He has a unique understanding of the Pick n Pay and Boxer businesses and South African grocery retailing and was reappointed as CEO of the Pick n Pay Group in September 2023.



#### Chief Executive Officer

- Appointed 2023
- Years of service to the Group: 35
- Years of service on the Board: 2

### Lerena Olivier (49)

Lerena joined the Group 14 years ago, taking responsibility for Group financial reporting and the finance team. During her more than 20 years of experience in JSE-listed companies in the retail sector, Lerena has gained expertise across a number of key business areas, including corporate finance, risk management, strategy, debt restructuring, corporate actions, information systems, governance and compliance, value-added and retail-related financial services, accounting and tax.



#### Chief Finance Officer (CFO) CA(SA)

- Appointed 2019
- Years of service to the Group: 14
- Years of service to the Board: 5



## Non-executive directors

### Suzanne Ackerman (62)

Following broad executive experience in the Group, Suzanne was appointed Director of Transformation in 2007. In addition to her executive contribution to the Group, she was appointed to the Board as a representative of the controlling shareholder in March 2010. Suzanne retired as an executive director on 31 March 2022, on which date she was appointed to the Board as a non-executive director. Suzanne holds the position of International Professor of Practice at the Rutgers School of Business–Camden (United States), where she lectures to undergraduate and graduate students and members of the business community in New Jersey and Philadelphia. Suzanne also remains active in many areas of philanthropy across different sectors of society. In particular, she is a passionate proponent of enterprise development and acts as advisor and mentor to the Pick n Pay Enterprise Development division. Suzanne is the Founder and a Trustee of the Feed the Nation Foundation, Chair of the Ackerman Pick n Pay Foundation, a Trustee of the David Sussman Community Forum and a Trustee of the Smile Foundation. Suzanne has been a driving force behind Pick n Pay's longstanding partnership with WWF and SASSI, championing responsible seafood procurement and marine conservation initiatives. She has also led biodiversity and environmental awareness campaigns through the Pick n Pay School Club, promoting youth engagement in climate action and environmental stewardship. Her leadership in these initiatives, combined with her broader advocacy for social and environmental upliftment, earned her selection as a Fellow of the prestigious First Movers Fellowship Programme at the Aspen Institute for Business and Society.

**Committee membership:** Social, Ethics and Transformation (Outgoing Chair)



**BA, Fellow: Aspen Business Institute; First Movers; International Professor of Practice, Rutgers School of Business–Camden**

- Appointed 2010
- Years of service to the Group: 30
- Years of service on the Board: 15
- As executive director: 12
- As non-executive director: 3

### Jonathan Ackerman (58)

Returning to South Africa after studying and working in the USA, Jonathan joined the Group in 1992. Over a distinguished career with the Group, Jonathan held key leadership roles, most notably in marketing and store operations. Jonathan was appointed to the Board as a representative of the controlling shareholder in March 2010, and as the Group's Director of Values he ensured that the well-being of customers was the primary motivating factor for any strategic decision taken in the Group. During his tenure as Marketing Executive at Pick n Pay, Jonathan Ackerman spearheaded several sustainability-focused initiatives, including energy efficiency programmes, waste reduction projects, and the promotion of sustainable consumer behaviour. Post his executive role, he has continued to champion environmental causes through various philanthropic initiatives, with a particular focus on climate change mitigation and environmental sustainability. Jonathan retired as an executive director on 31 March 2023 and has served as a non-executive director from that date.

**Committee membership:** Social, Ethics and Transformation



**BA Marketing**

- Appointed 2010
- Years of service to the Group: 32
- Years of service on the Board: 15
- As executive director: 13
- As non-executive director: 2

## Independent non-executive directors

### Haroon Borat (56)

Haroon is Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town. He is currently a member of the Presidential Economic Advisory Council (PEAC), established in 2019 by President Ramaphosa. Haroon is the Independent Non-Executive Chair of Sygnia Asset Management and serves as the Co-Chair of its Investment Committee. Haroon is also Chair of the Nimble Group. Haroon is a Non-Resident Senior Fellow at the Brookings Institution – the world's leading global think tank. He was recently invited to join the UCT College of Fellows. He is a member of the executive committee of the International Economic Association. His career appointments include serving as an economic advisor to former Minister of Finance Pravin Gordhan and to former presidents Thabo Mbeki and Kgalema Motlanthe, formally serving on the Presidential Economic Advisory Panel. Haroon has played an active role in advancing research on sustainable development and the Just Transition. As part of his work at the University of Cape Town, is currently leading multiple projects on measuring the scale and cost of the Just Transition as well as projects on the economic impact of the renewables industry, supported by Oxford University, the Africa Climate Foundation and Ninety One. These projects serve as a key contribution to the national policy dialogue around climate change and inclusive economic growth.

**Committee membership:** Social, Ethics and Transformation (Incoming Chair); Group Audit, Risk and Compliance; Finance and Investment; Remuneration; Independent Board



#### PhD in Economics

- Appointed 2020
- Years of service on the Board: 5
- Other listed company directorships: Sygnia Asset Management Limited

### James Formby (55)

James was appointed to the Board in October 2022, following his retirement as CEO of the RMB group. James had a successful 25-year career with RMB, holding a number of senior leadership roles over his tenure including in corporate finance and investment banking. James' transactional skills and his ability to structure large corporate deals made him a core member in many BBBEE transactions, IPOs, de-listings, mergers, debt restructures and disposals over his tenure with RMB. As CEO, James played a significant role in developing RMB's strategy.

**Committee membership:** Finance and Investment (Chair); Independent Board (Chair); Group Audit, Risk and Compliance; Remuneration; Nominations and Corporate Governance



#### Lead independent non-executive director

#### CA(SA); Masters in Philosophy in Management Studies

- Appointed 2022
- Years of service on the Board: 3
- Other listed company directorships: Vukile Property Fund Limited

### Aboubakar (Bakar) Jakoet (69)

Following his 34-year career in the finance team of the Group, Bakar retired as CFO and executive director in September 2019. Given his extensive experience in retail, strategy, tax and finance, the Group is privileged to retain his expertise and experience in his capacity as a non-executive director.

**Committee membership:** Group Audit, Risk, and Compliance (Chair); Finance and Investment; Remuneration; Nominations and Corporate Governance; Independent Board



#### CA(SA)

- Appointed 2019 as a non-executive director
- Years of service to the Group: 39
- Years of service on the Board: 14
- As executive director: 9
- As non-executive director: 5
- Other listed company directorships: Oceana Group Limited and Sygnia Asset Management Limited

## David Friedland (71)

David was the audit engagement partner and lead/relationship partner at Arthur Andersen and KPMG for several listed companies, as well as large owner-managed companies, principally in the retail sector. David served on the Boards of Investec Limited and Investec plc until August 2022. David will retire from the Board at the 2025 AGM.

**Committee membership:** Group Audit, Risk and Compliance; Finance and Investment; Independent Board



### CA(SA)

- Appointed 2013
- Years of service on the Board: 12
- Other listed company directorships: The Foschini Group Limited

## Audrey Mothupi-Palmstierna (55)

Audrey is a seasoned executive entrepreneur with 25 years' business experience in successfully leading and innovating numerous local and global financial services businesses. Audrey is currently the Chief Executive Officer of South African based SystemicLogic Group, a global financial innovation, data, and technology company in which she took a majority shareholding in 2014. The company has a proven track record for delivering practical solutions to clients across a wide range of industries and geographies, helping them improve productivity and profitability, and has acquired businesses such as Knowledge Factory in 2019, to enable them to provide end-to-end data analytics solutions. Audrey was awarded Female CEO of the Year for Best Financial Innovation & Technology Disruptor CEO (South Africa) in 2022.

In addition to her listed company directorships, Audrey serves as an independent non-executive director on the boards of Kagiso Tiso Holdings (Pty) Ltd, and Kagiso Media (Pty) Ltd Group. She previously served on the board of Altona Plc.

Audrey holds numerous leadership positions including G100 Global Chair – AI/Data and Cybersecurity. Audrey is a Fellow of the Africa Leadership Initiative (ALI), a board member of the International Women's Forum of South Africa (IWFSa), a member of the International Women's Forum (IWF), and a SIGAWomen Global Mentor and Council Member.

**Committee membership:** Remuneration (Chair); Group Audit, Risk, and Compliance; Nominations and Corporate Governance; Independent Board



### BA (Hons)

- Appointed 2013
- Years of service on the Board: 12
- Other listed company directorships: Life Healthcare Group

## Annamarie van der Merwe (61)

Annamarie is the Executive Chair of the FluidRock Governance Group, a business that she co-founded 17 years ago. Annamarie has been a corporate lawyer and company secretary of companies in the listed environment for more than 30 years. She was until late 2020 a member of the King Committee on Corporate Governance for South Africa and was actively involved in the writing of King II, III and IV with a particular focus on the sections dealing with the functioning of boards and responsibilities of directors. Annamarie serves as a member of the JSE Advisory Committee. She is a well-known presenter of workshops on issues such as board effectiveness, good corporate governance and statutory duties and liabilities faced by boards and individual directors. Annamarie acted as a facilitator for the IoDSA for more than 16 years and currently chairs the board of the Bureau of Food and Agricultural Policy NPC (BFAP) as well as the Vastfontein Community Transformation NPC. Annamarie is ISO 37000-certified in Governance of Organizations and is widely recognised for her expertise in ESG, sustainability and governance. She regularly presents workshops and training sessions on these topics to boards and governance professionals, helping organisations strengthen their sustainability and Board oversight.

**Committee membership:** Nominations and Corporate Governance (Chair); Social, Ethics and Transformation; Independent Board



### B.Juris, LLB, LLM, EMP

- Appointed 2020
- Years of service on the Board: 5



## Pooven Viranna (50)

Pooven is a seasoned finance executive with over 25 years of experience spanning telecommunications, FMCG, healthcare, technology, and financial services, with a strong track record across the African continent. She has held senior roles at large listed and multinational organisations, where she provided strategic leadership in financial management, corporate governance, risk oversight, and business strategy, while also taking overall responsibility for the co-ordination and effectiveness of both internal control frameworks and external audit processes. She currently serves as the Lead Independent Director of Evolution Credit, where she chairs the Audit Committee, and as a Non-Executive Director of the Oceana Group, where she is a member of the Remuneration and Audit Committees. She previously served as a member of the Accounting Practices Committee of the South African Institute of Chartered Accountants.

**Committee membership:** Group Audit, Risk and Compliance; Independent Board



### CA(SA)

- Appointed 2025
- Other listed company directorships: Oceana Group Limited

## Vaughan Pierce (42)

Vaughan served as Senior Legal Advisor for the Group for 13 years. During his tenure, he performed a number of other key roles, including as Vice Chairperson of the Pick n Pay Medical Aid Scheme and as Trustee on the Ackerman Pick n Pay Foundation and Feed the Nation Foundation. Vaughan assumed the role of Executive for ESG for the Group two years ago, and he continues to oversee the integration of environmental, social and governance considerations across the Group's operations.



### BA, LLB, LLM

- Appointed 2024
- Years of service to the Group: 14

## Wendy Ackerman

Raymond and Wendy Ackerman founded Pick n Pay in 1967. Their remarkable partnership, based on shared values of consumer sovereignty and ethical business practices, built one of South Africa's most successful and beloved retail brands. Raymond's visionary leadership has left a lasting legacy. Wendy continues to inspire with her indomitable spirit and unwavering support and dedication to the people of Pick n Pay and Boxer.



### Honorary Life President

**The Board confirms that it has discharged its governance responsibilities in accordance with the Company's Memorandum of Incorporation, Corporate Governance Charter, King IV principles, the JSE Listings Requirements, the Companies Act and all relevant statutory and regulatory obligations for FY25.**

For a more detailed view of the Group's governance approach, including the Board's oversight structures, frameworks, and policies, please refer to the full FY25 Corporate Governance Report, available at [www.picknpayinvestor.co.za/governance.php](http://www.picknpayinvestor.co.za/governance.php).

The report provides comprehensive insights into the Group's governance practices, including Board and committee composition, independence, succession planning, risk and compliance oversight, ethical leadership, stakeholder engagement, and how governance supports long-term sustainable value creation. It also includes the individual Chair reports outlining each committee's focus areas, deliberations, and key outcomes during the year.







# Remuneration Report

*The success of the turnaround strategy depends fundamentally on the collective effort, morale and engagement of our more than 30 000 Pick n Pay employees. Our people are not only the foundation of the Group's success, but also the driving force behind our transformation.*

**Audrey Mothupi-Palmstierna**  
Chair: Remuneration Committee

## Structure of the report

This report comprises three parts

- 97 **PART 1:** A letter from the Remuneration Committee Chair that summarises the manner in which the Remuneration Committee approaches remuneration governance, an overview of the remuneration outcomes for FY25, and key policy changes for FY26.
- 101 **PART 2:** Our remuneration philosophy, which sets out the main factors shaping our remuneration policies and our approach to executive remuneration and wider workforce pay
- 108 **PART 3:** The application of the remuneration policy during FY25

## Members of the Committee

- A Mothupi-Palmstierna (Chair)
- G Ackerman
- H Bhorat
- J Formby
- A Jakoet





# Part 1: Background statement

On behalf of the Remuneration Committee, I am pleased to present the Group's FY25 remuneration report, in compliance with best practice reporting as recommended by the King IV™ Report on Corporate Governance for South Africa 2016.

FY25 was a year of considerable transformation, marked by the successful execution of the Group's R12.5 billion two-step Recapitalisation Plan, a major strategic reset for Pick n Pay, and a renewed emphasis on operational delivery.

The Pick n Pay Rights Offer and the Boxer IPO have restored balance sheet strength, unlocked substantial value for shareholders, and provided the funds required to support the turnaround of the Pick n Pay supermarkets business. The success of both transactions reflects the exceptional efforts of the Pick n Pay and Boxer management teams, the professionalism of the process, and the confidence our Pick n Pay and Boxer shareholders have in our strategy and in our future prospects.

The Group's long-term strategy is anchored in two clear objectives: restoring Pick n Pay to sustainable profitability and accelerating the growth of Boxer. We are confident that the extensive work undertaken in preparation for the IPO has positioned Boxer to chart its course as an independent listed company. With a proven track record, a capable leadership team and solid foundations in place, Boxer is well equipped to continue delivering against its growth strategy.

In order to support the Boxer segment's growth ambitions the Remuneration Committee, together with the Boxer Remuneration Committee, worked on the formulation of the stand-alone Boxer remuneration framework, aligned to that of the Group. This framework includes the share-based IPO Admission Awards, designed to retain key talent post-listing and reward the Boxer team for performance aligned to the Boxer segments' strategic objectives. For more detail on the Boxer remuneration framework, refer to the Boxer remuneration report on their website at [www.boxerinvestor.co.za](http://www.boxerinvestor.co.za).

Our focus is now firmly on the successful execution of the Pick n Pay strategy. This strategy is clearly articulated across five strategic priorities, all designed to rebuild trading momentum, enhance operational execution, and improve overall efficiency. These priorities provide a practical and structured roadmap to stabilise the business and reposition Pick n Pay for long-term success. Each strategic priority is supported by targets and timelines that are realistic, can stand up to scrutiny, and are fully supported by the resources required for successful implementation.

The Remuneration Committee will remain agile and responsive to any remuneration challenges that may arise during this period of strategic transformation. We will also remain particularly alert to retention risks to ensure we continue to attract and retain the right talent throughout this critical phase.

Encouragingly, and despite the demands of the recapitalisation, we have begun to see early positive momentum within Pick n Pay. Our Pick n Pay supermarkets have returned to like-for-like sales growth, supported by improvements in product range, pricing, operational execution, and customer service. These are clear indicators of a credible and cohesive plan, a focused business and a united management team. That said, there is still more to do, and we must deliver with greater consistency. Importantly, our high-performing Pick n Pay Clothing and Online businesses once again delivered solid results this year, both building on a strong FY24 performance. Both remain strong contributors to our performance and continue to represent compelling elements of the broader Pick n Pay investment story.

The Committee recognises that the success of the turnaround strategy depends fundamentally on the collective effort, morale and engagement of our more than 30 000 Pick n Pay employees. Our people are not only the foundation of Pick n Pay's success, but also the driving force behind our transformation. In FY25, the business took meaningful steps to reset its leadership structures, reinvigorate a sense of purpose and belonging, and embed a high-performance culture grounded in accountability, capability and consistent execution. Looking ahead, the Remuneration Committee will focus on ensuring that our reward framework is aligned to these objectives, with particular emphasis on effective incentivisation at store level, ongoing talent development, and targeted retention strategies. We are committed to fostering an inclusive and empowering culture that attracts, motivates and retains the right talent, and that enables our teams to deliver with pride and purpose at every level of the business.

One of the Pick n Pay segment's strategic objectives is to reset our store estate, which includes conversions of stores between Pick n Pay, Boxer and franchise, and the closure of underperforming stores. This is an ongoing initiative to modernise our Pick n Pay store estate and enhance overall profitability of stores across the network. As a Remuneration Committee, we are acutely aware of the impact of such action on our employee morale, and are focused on implementing structures which can boost morale and create incentive opportunities for store-level staff to ensure that workplace culture is prioritised and, ultimately, our customer experience is maximised.

## FY25 remuneration outcomes

The Group delivered a much-improved FY25 result, with a loss before tax and capital items (PBTAE) of R237 million compared to a loss of R1.4 billion in FY24. The recovery was driven by a R1.0 billion year-on-year reduction in the Pick n Pay segment trading loss, supported by a net funding interest expense reduction as the recapitalisation made its initial impact on debt service costs.

The Boxer segment grew trading profit by 19.7% year-on-year and achieved its super stretch STI target. The Boxer management team received IPO Admission Awards and implemented a new LTI structure as part of the IPO process.

Although the Pick n Pay profit target for the payment of the short-term incentive (STI) was exceeded, the sales target was not met. As a result, a modest STI pool was allocated to the Pick n Pay segment's management team. The in-flight LTI awards were also under pressure for the Pick n Pay team. The RSP3 three-year CAGR HEPS target was not met, resulting in more than 60% of this award being forfeited.

These outcomes in the Pick n Pay segment mean that the Remuneration Committee continues to face the challenge of supporting talent attraction and retention (particularly of scarce skills) while ensuring shareholder alignment with pay outcomes, particularly at executive level. To counter these risks, we have designed mechanisms which give the Pick n Pay segment the best chance of success in retaining talent, which we believe is vital for the continued success of the turnaround strategy. To this end, we have utilised the existing Cash Retention Incentive (CRI), focused on the retention of developing talent and the Executive Retention and Performance Incentive ("ERPI") introduced during FY25 for top management. The ERPI combines a retention element with a performance portion linked to clear KPIs. The Remuneration Committee believes that this practice was necessary as an interim measure while we journey towards profitability. This is an effective way of focusing executive behaviour on the required outcomes through the achievement of KPIs. Our intention is to move back towards a more market-aligned approach which represents a more traditional interpretation of "pay for performance"; our issue of RSP4 during FY25 as part of our traditional LTI programme is reflective of this.



## 2025: Implementation of the turnaround strategy

We are constantly working on improving our remuneration policy. During this period of stabilising the business, the Remuneration Committee was required to be agile, making tactical calls to secure key talent in support of the Group's strategic priorities. We have used our discretion circumspectly but have not shied away from actions that we have felt are in the best interests of the long-term sustainability of the Group. Our focus throughout the year has been to continue to stabilise the Pick n Pay business, with the right people, in the right positions. Attraction and retention of these skills will continue to be a key focus for us, with successors for key executives a top priority.

As part of this journey, the decision was made to work on reviewing the Pick n Pay STI and long-term incentive (LTI) schemes to ensure we are well positioned to attract and retain the right talent to take our business forward, and continue the growth trajectory beyond the turnaround phase. We intend to review these schemes during FY26, with a view to implementing in the year thereafter. We look forward to our shareholders' support as we navigate the journey of appropriate incentives during the turnaround phase, with the intention of aligning to more traditional structures once Pick n Pay has comfortably returned to profitability.

## Remuneration governance

In line with best practice, the Remuneration Committee, which is appointed by the Board, has delegated authority in accordance with its terms of reference or charter, available on our website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za).

The Remuneration Committee is mandated by the Board to ensure that the Group's remuneration policies and decisions are:

- Aligned to good corporate governance as set out in King IV
- Aligned to reward best practices, in order to attract, retain and motivate employees
- Fair, responsible and transparent, in rewarding individual, divisional and Group performance
- Aligned to the Group's business strategy and objectives
- Aligned with the interests of shareholders and value creation

## The role and responsibility of the Remuneration Committee

The Remuneration Committee is responsible for ensuring that the Group remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The Committee also assists the Board by ensuring that the Group's remuneration policies and practices are aligned to its objectives for value creation and are benchmarked to ensure fairness and competitiveness in attracting and retaining key talent and critical skills to deliver on business results. This is achieved by ensuring that an appropriate remuneration policy is in place, effectively implemented and aligned with the principles of good corporate governance and compliant with legislative and regulatory requirements and the needs of the Group. The remuneration policy must cover remuneration at all levels, including that of executive directors and non-executive directors.

## Members and attendance at meetings

The Remuneration Committee meets at least three times a year, is chaired by an independent non-executive director and comprises only non-executive directors. In addition to the Committee members, the CEO, CFO and Chief People Officer of Pick n Pay and Boxer are invitees to Committee meetings. All are recused from the meeting when their individual remuneration is being discussed. Independent external advisors are invited to attend the meetings as and when required.

Attendance at meetings for FY25 was as follows:

Director	Standard	Additional
<b>Audrey Mothupi-Palmstierna (Chair)</b>	3/3	2/2
<b>Gareth Ackerman</b>	3/3	–
<b>Haroon Bhorat</b>	3/3	1/2
<b>Aboubakar Jakoet</b>	3/3	1/2
<b>James Formby</b>	3/3	1/2

## Focus areas in FY25

During the year under review, the Remuneration Committee's main focus was on managing the risk associated with talent retention, which was identified as being a key enabler of the turnaround strategy. This included:

- Identification, retention and succession for key roles across the organisation, including securing a contract extension for the CEO.
- Leadership capability in the context of uncertainty and complexity.
- Flexible people-sourcing model to support a future-fit business.
- Employee engagement and compelling employee value proposition to attract and retain talent.
- Ability to mobilise and empower the workforce to respond rapidly to changing customer needs and the competitive landscape.
- Reshaping our operating model across stores, supply chain and support offices to be future fit. The primary focus of the restructure of the business and leadership teams was to have a clear "command and control" structure, with transparent accountability and responsibilities. The second priority was to fill the structure with experienced, competent and passionate leaders who can implement an effective and sustainable turnaround strategy.
- Cultivation of talent: renewed focus on sourcing and developing talent for stores and offices. A stand-alone talent acquisition team was formed from internal resources and is focused on supporting regions and sourcing better talent, more cost effectively.
- Supported the Boxer Remuneration Committee with the formulation of the stand-alone Boxer remuneration framework, including share-based IPO Admission Awards to Boxer's management teams. Refer to the Boxer Remuneration Report for full details.



In addition to these, the usual mandate was executed, including but not limited to:

- Benchmarking of total reward of the non-executive and executive directors and top management against a relevant identified comparator group of JSE-listed companies.
- Continued focus on gender and race pay equity to support fair and responsible pay.
- Review of the reward strategy and remuneration policy, including STI, LTI and ad hoc mechanisms, to ensure that it is relevant to the Group's current operating environment and to drive retention and a high-performance culture.
- Labour wage agreements: In May and June 2024, respectively, Pick n Pay and Boxer successfully concluded and signed three-year wage agreements for non-management bargaining unit employees. Pick n Pay's supply chain wage negotiations were also successfully concluded in June 2024 with an agreement over a two-year period, which will be renegotiated in 2026. The agreements not only align with inflation rates, ensuring that our employees' wages keep pace with the cost of living, but more importantly, they provide our employees with fair and competitive remuneration. These agreements grant the Group a level of stability that is essential as we navigate the critical years ahead. By securing predictable labour costs and fostering employee satisfaction, we are better positioned to focus on our strategic initiatives and achieve our long-term business objectives.
- In food retail, training plays a crucial role in enhancing overall customer experience, which is a central goal of the Group. Pick n Pay focused on frontline training, store management leadership and specialised training in fresh and service areas, in addition to strengthening its store management skills and succession planning. As Pick n Pay, we aim to equip all our employees with the skills and knowledge necessary to deliver better service and maintain high standards of product quality. Across all divisions, we have strengthened our partnership with the Wholesale and Retail SETA to support our investment in training to improve operational efficiency and foster a more knowledgeable and engaged workforce.

## Achievement of policy objectives

The Remuneration Committee is satisfied that it has met its responsibilities in terms of its mandate and that the remuneration policy achieved its stated objectives.

## Remuneration focus areas for FY26

Key focus areas for FY26 will include the following:

- Ongoing support of the future-fit business initiatives
- Review of the STI, ERPI and LTI to support the future strategy, prioritising improved customer service levels and productivity, while incorporating key strategic goals and financial targets
- A strong focus on remuneration and incentives at store level
- Integration of ESG in the remuneration framework
- Preparing for the new disclosures required in terms of the Companies' Act amendments, to the extent these become applicable
- Continued focus on succession across the Group's leadership structures, including the CEO
- Improving disclosures on income equality and gender and race pay equity

## Shareholder engagement

### Considering our shareholders' views on remuneration

The Remuneration Committee maintains strong relationships with shareholders and strives to be transparent in our remuneration approach. I encourage all our shareholders to continue to engage with the Board and me on remuneration and other strategic matters, so that shareholder concerns continue to be reflected in the decisions made. The Remuneration Committee values open and constructive engagement with shareholders to ensure that they are informed when voting on the Group's remuneration policy and the application thereof. Please direct all comments and queries to our Company Secretary via email to [companysecretary@pnp.co.za](mailto:companysecretary@pnp.co.za).

We will take the following steps if 25% or more of the total votes exercised by shareholders at the AGM are against the remuneration policy or implementation report:

- A SENS announcement will be issued requesting shareholders to engage on their specific concerns
- Dissenting shareholders will be invited to one-on-one meetings to engage on their concerns

The shareholder concerns and report on the outcomes of the engagement and measures taken will be reported on in the next remuneration report.

### Shareholder non-binding voting outcomes

Percentage vote in favour (%)	2024	2023	2022	2021
Remuneration policy	71.6%	79.6%	75.6%	74.3%
Implementation report	73.9%	75.8%	78.1%	63.2%
Directors' fees	84.3%	83.9%	82.0%	80.7%

There has been a decline in the support received from shareholders over the past two years, and in FY24 the remuneration policy and implementation report received less than 75% of shareholder votes. As a result, we engaged with shareholders on a one-on-one basis. The outcome of the engagement and measures taken is detailed on the next page.



## Key issues raised by shareholders and addressed by the Board

Concerns/issues raised	Response
<b>The potential dilution due to the share incentive scheme</b>	The share scheme limit was amended in 2014 to limit the issue of new shares to fund share scheme obligations to 5% of the issued share capital.
<b>The CEO received an award of restricted shares, for which the performance targets were not clear, and shareholders were unable to ascertain whether they had adequate stretch</b>	Refer to page 110 for detail on CEO awards and related performance targets.
<b>Prospective disclosure requested in respect of the performance targets for the STI</b>	Prospective disclosure of the STI performance targets is not provided as this information is deemed market-sensitive. We will disclose the achievement of targets on a retrospective basis. Refer to page 109.
<b>Long-term tenure of NEDs and independence of the Remuneration Committee</b>	The Board acknowledges shareholder concerns around the long tenure of certain independent non-executive directors and its potential impact on the perception of Board and committee independence. In response, the Board has implemented a formal succession plan, under which long-serving Board members will retire over the next 12 to 24 months and new directors will be appointed. As part of this process, Ms Pooven Viranna was appointed as an independent non-executive director in June 2025, and Mr David Friedland will retire at the 2025 AGM. Further changes affecting the composition of the Remuneration Committee will be communicated in due course.
<b>Minimum shareholding requirement for the executive management team</b>	The Group extended its MSR policy applicable to the CEO to include the CFO during the year. The Remuneration Committee will consider and assess the feasibility of extending the MSR to the other members of the senior executive team in the future. Refer to page 105 for more detail.
<b>The Chair fee is considered too high relative to market benchmarks</b>	The previous Chair fee reflected Gareth Ackerman's extensive retail experience, his leadership in the Group's social and environmental governance, and his active engagement across the retail industry. In response to shareholder feedback, the fee has been reduced to align with market benchmarks and will apply from August 2025 with the appointment of the new Chair.

## The role of independent external advisors

The Remuneration Committee ensures that the Group remains up to date with evolving legislation and remuneration practices across the retail industry through ongoing training, research and monitoring. Independent and objective expert advice is obtained as required, including in respect of industry benchmarking and the fair and transparent structure of variable short-term and long-term benefits in order to drive performance and achieve retention.

The Group utilises the services of REMchannel, PricewaterhouseCoopers, Bowmans and 21st Century for various remuneration-related consulting services.

The Remuneration Committee is satisfied that these remuneration specialists all provided objective and independent advice and services to the Group.

## In conclusion

The Remuneration Committee's role has been pivotal in striking the right balance between attracting, motivating and retaining employees in a challenging market and aligning remuneration outcomes with operational performance and shareholder interests. It is not an easy balance to achieve, and I hope that shareholders are able to see how we have applied careful judgement in the application of our remuneration policies in order to achieve fair and reasonable outcomes. I trust that our commitment to listen carefully to our shareholders, and amend our policies and actions where necessary, was evident in the constructive engagements we held with shareholders. The Remuneration Committee will continue to review and evolve the Group's remuneration policies in a measured and responsible manner that considers the needs of all stakeholders.

I would like to thank the Board, the Remuneration Committee members, its advisors and management for their support and efforts during the year, and we look forward to your support at the upcoming AGM.

**Audrey Mothupi-Palmstierna**  
Chair: Remuneration Committee

30 June 2025

# Part 2: Our Remuneration Policy

The Group is committed to building a diverse, high-performing team that is fairly rewarded and motivated to achieve its strategic objectives across the short, medium, and long term. Our remuneration framework is designed to ensure fair, responsible and balanced compensation. It recognises the achievement of short-term goals while also encouraging long-term, sustainable value creation.

As part of the listing of Boxer Retail Limited, we developed a stand-alone transparent, performance-driven remuneration framework that supports long-term value creation and fair pay for Boxer. This is detailed in Boxer's stand-alone remuneration report which can be found at [www.boxerinvestor.co.za](http://www.boxerinvestor.co.za). The rest of the remuneration policy in this section is focused on the Pick n Pay segment.

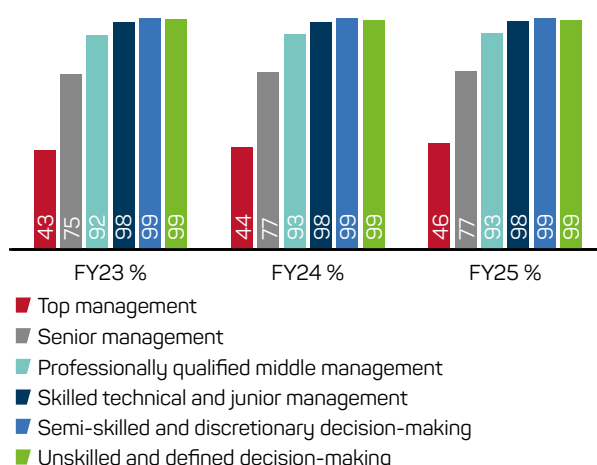
## Remuneration principles

The interests of our team are aligned with those of our stakeholders through governance practices based on four key principles:

### 1. Promoting diversity and building talent

- Pick n Pay provides equal opportunities to people from all walks of life to ensure our team adequately reflects the communities we serve
- Remuneration packages are benchmarked at all employment grades and are designed to attract, develop, motivate and retain employees
- Pick n Pay's employment equity representation at the various occupational levels is consistent with FY24

Employment equity representation



### 3. Fair and responsible remuneration

- Pick n Pay is committed to fair and responsible remuneration for all employees, in line with market benchmarks
- We provide adequate opportunities for development and career progression by providing training programmes and bursaries and study grants for further education
- There is equal opportunity for growth and development, and employees are recognised and advanced based on performance

### 2. Efficient and productive workforce

- Pick n Pay is committed to building a culture that rewards high performance
- The Pick n Pay strategy recognises that effective leadership, capable teams, and a future-fit operating model are critical enablers of success – with people central to building a high-performance culture and delivering sustainable, customer-led growth
- Regular reviews of operational effectiveness ensure efficiency and cost discipline are achieved through ongoing improvements in operational structures
- Greater focus is being placed on having a robust performance management process that is aligned to reward outcomes
- Performance targets increasingly focus on key measures of employee efficiency and productivity

### 4. Responsible executive remuneration

- Executive directors and senior managers are fairly remunerated for creating and delivering sustainable shareholder value over the short, medium and longer term, in line with Pick n Pay's strategic objectives
- The executive team is not unduly rewarded where performance does not meet expectations
- The Remuneration Committee strives to find a reasonable balance to retain key executives and attract quality executives from outside the business, to ensure delivery against Pick n Pay's strategic objectives
- The long-term share incentive scheme aligns executive and shareholder interests and promotes a culture of executive share ownership
- The Group focuses on ESG initiatives that reduce cost, enhance efficiency, unlock revenue or benefit the communities we serve. These include energy and water savings, waste reduction, inclusive procurement, food security and poverty alleviation. These initiatives are incorporated into the performance conditions for the achievement of variable remuneration to incentivise shared value creation across all the Group's stakeholders.

## Fair and responsible remuneration

Pick n Pay is committed to a total reward offering built on a foundation of fair and responsible pay that is linked to our remuneration policy of pay for performance.

Pick n Pay assesses remuneration as fair and responsible in the context of the following criteria:

- Fair and responsible in terms of compliance with relevant legislation
- Fair and responsible for the role performed (internal equity)
- Fair and responsible in terms of market benchmarks (external equity)
- Fair and responsible in terms of agreements with labour unions
- Fair and responsible in terms of long-term sustainability

### Equal pay for work of equal value

Pick n Pay is committed to equal pay for work of equal value and does not discriminate based on race, ethnicity, or gender. Salaries are benchmarked annually using the REMchannel survey to ensure external competitiveness at both national and retail levels. Internal equity is maintained by regularly assessing pay gaps across similar roles and aligning salaries with our job grading system. Unjustifiable pay disparities are addressed during the annual salary review, with adjustments guided by an income disparity pay mandate and capped at a set percentage. Particular attention is given to African, Coloured, Indian, and female employees, as well as roles requiring scarce or critical skills.

### Benchmarking remuneration to the market

Guaranteed and variable remuneration at each employment grade are benchmarked annually against industry norms to ensure employees are remunerated competitively in relation to the broader employment market and the retail industry specifically. Remuneration is generally positioned at the market median. Key or scarce skills and high performers are remunerated at the upper quartile of the market. Independent experts assist with remuneration benchmarking for executives and top management, to ensure that decisions are objective and fair.

#### Executive director

Annual benchmarking of guaranteed and variable remuneration paid to senior leadership to a comparator group of large JSE-listed companies to ensure our executives are remunerated fairly and in line with the market. Comparator companies for benchmarking:

Clicks Group Limited; TFG Limited; Truworths International Limited; Mr Price Group Limited; Shoprite Holdings Limited; Pepkor Holdings Limited; Spar Group Limited; Woolworths Holdings Limited.

#### Employees below executive director

REMchannel's national surveys are used to benchmark remuneration annually against the national and retail markets.

## Non-management bargaining unit (NMBU) employees

Pick n Pay undertakes collective bargaining for wages and benefits, with national labour union negotiation committees. Pick n Pay has 71.4% employees belonging to a labour union. Employees remunerated under contractual agreements with labour unions are paid in accordance with agreed hourly pay scales and additional benefits, without any differentiation based on race, gender or disability. Negotiations with our labour unions consider:

- Statutory minimum wage requirements in South Africa and the retail sector. The current minimum wage in South Africa is R28.79 per hour as of 1 March 2025.
- Individual job categories as defined in the SD9<sup>1</sup> regulation, as well as the Basic Conditions of Employment Act.
- The economic environment, including the inflation outlook.
- Additional benefits provided for the well-being of our employees.
- Affordability, with a particular focus on the projected percentage increase in like-for-like sales growth relative to the percentage wage increase and the increase in other costs, to determine whether the wage increase is affordable for Pick n Pay, or whether it is likely to reduce our overall competitiveness and our capacity to offer greater value to customers through lower prices.

## Remuneration framework

Pick n Pay's remuneration framework is structured around a balanced mix of fixed remuneration and variable performance-linked incentives. Guaranteed remuneration ensures market competitiveness and fairness, while short- and long-term variable components are designed to drive performance, reward achievement, and align behaviour with strategic priorities. This integrated approach supports the retention and motivation of a high-performing team and reinforces long-term value creation for stakeholders.

<sup>1</sup> Sectoral determination 9 – refers to Sectoral Determination 9, which falls under the Basic Conditions of Employment Act (BCEA). This sectoral determination sets the legally binding minimum employment conditions for workers in the wholesale and retail sector.





## Fixed remuneration

<b>Purpose</b>	Fixed salaries and benefits across Pick n Pay are set at levels that are competitive with the rest of the market. This enables Pick n Pay to attract, motivate and retain the right calibre of diverse people to achieve our strategic business objectives.	
<b>Fixed salaries</b>	<ul style="list-style-type: none"> <li>Tailored to reflect the skills, competencies and experience required for the role</li> <li>Remuneration is directly linked to formal annual performance assessments</li> <li>Annual increases are based on the performance of the individual and their pay positioning in line with the approved salary increase mandate</li> </ul>	
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Healthcare benefits</li> <li>Leave</li> <li>Bursaries and study grants</li> <li>Retirement funding</li> </ul>	<ul style="list-style-type: none"> <li>Insured benefits</li> <li>Long-service awards</li> <li>Other benefits at store level</li> </ul>

## Variable remuneration

Variable incentives are designed to retain, reward and incentivise performance over one- (STI) to two- to three-year (LTI) periods. Variable benefits are closely linked to achieving Pick n Pay segment, divisional operating units and individual performance objectives. The basis for calculating STIs and LTIs is formulaic in nature. Participation in variable incentive schemes is subject to the discretion of the Remuneration Committee and documented in the relevant scheme rules. The Remuneration Committee may exercise discretion to award ex gratia payments where it is considered strategically prudent to do so, or elect to moderate or withhold incentives where individual performance does not warrant an award.

### Aligning variable pay with delivering the Pick n Pay strategy

Pick n Pay's variable incentive structures are currently under review to ensure that the incentives effectively align with Pick n Pay's turnaround strategy. The policy outlined in this section relates to FY26. The execution of Pick n Pay's strategy is measured against KPIs within its key strategic focus areas.

### Short-term incentive

#### Annual STI

<b>Purpose</b>	The annual short-term bonus scheme aims to drive short-term performance in a measured and sustainable way. The scheme incentivises the achievement of Pick n Pay's financial and non-financial targets as set out in Pick n Pay's plan for the coming year, while retaining key skills and talent over the longer term.	
<b>Participation</b>	CFO, top, senior and middle management employees are eligible to participate. Employees must be in Pick n Pay's employ for at least four months of the financial year, with the bonus applied pro rata.  Fixed-term employees are not eligible to participate in the STI, with the exception of the CEO, who will be eligible from FY27.	
<b>Operation</b>	The value of the short-term bonus paid to each participant is determined through a balanced scorecard of Group and Pick n Pay segment performance (as relevant) and individual KPIs. Performance targets are determined and communicated to participants annually in advance.	
<b>STI allocation multiple</b>	The STI allocation percentages are reflected as a multiple of monthly TGP or fixed salary, as applicable, and are set in line with the seniority of each role. The STI allocation multiple for the CEO and CFO is 6x at target and 8x at stretch.	
<b>Financial performance score</b>	60% of the STI is subject to the attainment of turnover growth and EBITDA* performance conditions. Previous performance conditions were linked to profit before tax and exceptional items (PBTAE). EBITDA* is now considered more appropriate as it eliminates the year-on-year interest savings as a result of the Recapitalisation Plan, and focuses management on operational improvements that will drive the delivery of the FY28 trading profit after lease interest break even target of the Pick n Pay segment. STI financial performance targets for the CEO, CFO and certain Group employees are a balanced blend of Pick n Pay and Boxer performance targets. Boxer performance targets are detailed in their remuneration report. No vesting occurs for performance below threshold.	
	<b>Pick n Pay measure</b>	<b>Weighting</b>
	Turnover growth	40%
	EBITDA* before exceptional items	60%
	Total	100% – this has a 60% weighting overall in the calculation of the STI
<b>Individual financial and non-financial performance score</b>	40% of the STI is subject to the attainment of financial, non-financial and ESG performance conditions, as relevant to each participant's individual role within Pick n Pay and critical to the achievement of the turnaround strategy.	
<b>Settlement and vesting period</b>	The STI is settled in cash after the end of the financial year, once the attainment of performance conditions is known.	

\* EBITDA pre-IFRS 16 as per page 130.

## Short-term incentive (continued)

### STI for store-level management

<b>Participation</b>	Qualifying employees at store level. Employees must be in Pick n Pay's employ for at least four months of the financial year, with the bonus applied pro rata.
<b>Operation</b>	These incentives are directly linked to short-term store sales and profit targets. These bonuses have been simplified and refocused to ensure that the store management teams are focused on the key in-store metrics that drive overall profitability.

## Long-term incentive

### Executive Retention and Performance Incentive scheme (ERPI)

<b>Purpose</b>	The primary objectives of the ERPI scheme are to drive performance and retain key talent at executive and top management levels over the critical early turnaround phase.
<b>Participation</b>	Executives and employees in the key leadership team who are deemed critical to the delivery of the Pick n Pay turnaround strategy.
<b>Operation</b>	<p>The ERPI award is split into two equal parts, a retention portion and a performance portion.</p> <p>The retention portion equated to 50% of the individual's TGP at the date of award. This was an upfront payment with a 24-month lock-in period. Should an employee resign at any point during the 24-month lock-in period, they will be obligated to pay back the full retention payment.</p> <p>The performance portion is the remaining 50% of an individual's TGP at the date of award. This portion of the awards is subject to two to three specific performance measures aligned with the turnaround strategy of Pick n Pay. The performance portion is paid in varying instalments linked to the attainment of the specified performance conditions at key milestones.</p>
<b>ERPI allocation multiple</b>	The value of the award is equal to an employee's annual TGP.
<b>Financial and non-financial performance score</b>	Performance conditions vary by ERPI participant linked to the strategic priorities under the Pick n Pay turnaround strategy. These include the successful execution of the Pick n Pay Rights Offer and Boxer IPO, alongside operational targets driving LfL sales growth, gross profit margin improvement, waste reduction, and efficiency gains.

### LTI: Restricted Share Plan (RSP)

<b>Purpose</b>	The RSP recognises executive and top management employees who have a significant role to play in delivering Pick n Pay's strategy and its long-term sustainable growth.								
<b>Participation</b>	Executives and top management participate in the scheme.								
<b>Operation</b>	The Remuneration Committee awards zero-strike RSP shares (forfeitable PIK shares) to participants.								
<b>LTI allocation multiple</b>	<p>The value of shares awarded to participants is aligned to market benchmarks, each participant's individual contribution to long-term value creation, and other relevant retention and attraction considerations. The LTI allocation multiples are reflected as a percentage of annual TGP and are set in line with the seniority of each role:</p> <table> <tr> <th>Grade</th><th>Maximum annual LTI allocation</th></tr> <tr> <td>CEO</td><td>150%</td></tr> <tr> <td>CFO</td><td>100%</td></tr> <tr> <td>Top management</td><td>50% – 100%</td></tr> </table>	Grade	Maximum annual LTI allocation	CEO	150%	CFO	100%	Top management	50% – 100%
Grade	Maximum annual LTI allocation								
CEO	150%								
CFO	100%								
Top management	50% – 100%								
<b>Financial performance score</b>	<p>Financial performance conditions are linked to EBITDA*. Previous performance conditions were linked to PIK Group HEPS. EBITDA* is considered more appropriate for awards vesting in FY27 (RSP4). The amendment aligns with the drive towards increasing cash flow and supports Pick n Pay's strategy to break even on EBITDA* in FY27 trading profit after lease interest by FY28 in the Pick n Pay segment. The intention is to return to a HEPS performance measure from FY29 onwards. Refer to page 110 for details of the performance conditions attached to the FY25 award (RSP4).</p> <p>Earnings targets for the CEO, CFO and certain Group employees are a balanced blend of Pick n Pay and Boxer performance targets. Boxer performance targets are detailed in their remuneration report.</p>								
<b>Gatekeeper clause</b>	A limit on capital investment net of movements in working capital acts as a gatekeeper to ensure that EBITDA* targets are not reached through excessive capital investment.								
<b>Limits and affordability</b>	Share issues to fund long-term share incentives are limited to 5% of PIK's issued share capital.								
<b>Ownership rights</b>	<p>Participants have full voting rights over the period.</p> <p>Dividend rights are subject to the discretion of the Remuneration Committee, are deferred until vesting date, and are paid in direct proportion to the number of shares that vest.</p>								

### Cash Retention Incentive (CRI)

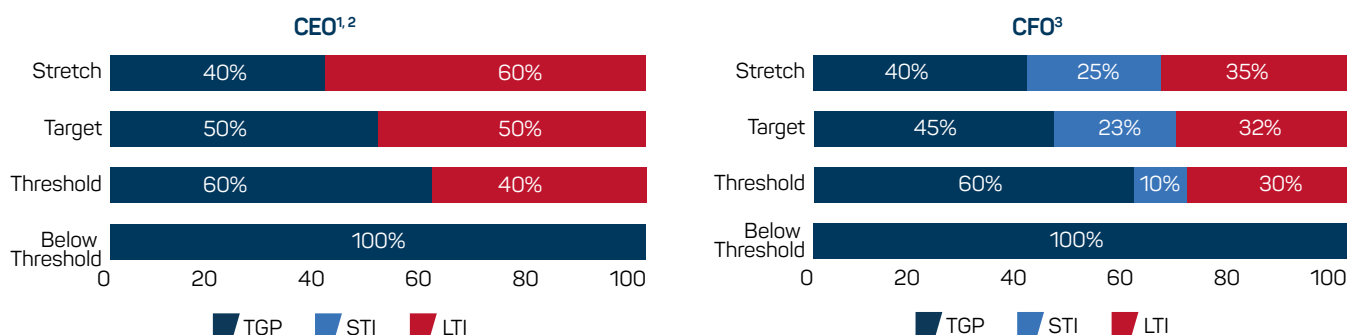
<b>Participation</b>	Key talent in middle management levels who are identified based on Pick n Pay's employment equity and gender equity targets, through a formal performance management process. Awards are made on an annual basis, allowing participants to receive rolling annual awards as they progress through the business.
<b>Operation</b>	The cash award is based on a fixed multiple of each participant's monthly cash salary and vests after a period of three years. Retention in a highly contested retail environment is the primary objective of the scheme and, as such, no performance conditions are attached. Vesting is only dependent on the employee remaining in the employ of Pick n Pay over the specified vesting period. If a participant leaves before the end of the vesting period all unvested cash awards will lapse, subject to good leaver provisions (such as retrenchment, ill health or disability).

\* EBITDA pre-IFRS 16 as per page 130.



## Remuneration mix

Remuneration is balanced between fixed remuneration and variable incentives to align employee and shareholder interests over the long term. To achieve a high-performance culture, a higher proportion of variable remuneration is applied to senior management employees, with a greater emphasis on total guaranteed pay (TGP) for middle and junior management. Variable remuneration consists of short-term incentives (STI) and long-term incentives (LTI) and is considered "at risk pay" as it is dependent on meeting performance targets that are closely aligned to Pick n Pay's long-term strategic plan. Performance targets are set within Pick n Pay's overall risk appetite, with the objective of being challenging but realistic, in order to achieve retention and drive performance in the broader context of Pick n Pay's economic and trading environments.



<sup>1</sup> Under his contract of employment, the CEO is not eligible to receive an STI until FY27.

<sup>2</sup> The CEO was awarded 4 000 000 shares in FY25 under the Group's long-term share incentive scheme. Please refer to page 110 for further detail. The remuneration mix presented above includes the value of those awards on award date.

<sup>3</sup> The ERPI is excluded from the remuneration mix presented above, as it was an ad hoc award to secure retention and drive performance during the period of strategic turnaround, and is not intended to be a permanent feature of the remuneration policy.

## Governance measures

A number of measures are in place, allowing the Remuneration Committee to lapse, reduce unvested or recoup any past incentive payments. In addition, minimum shareholding requirements are in place to reinforce the importance of sustainable long-term performance and alignment.

### Malus and clawback

#### Reduction or recoupment of incentives

The Board is entitled to adjust (malus) or recover (clawback) any performance-related short-term and long-term incentives previously paid to executives implicated in fraud, dishonesty or negligence. Trigger events for the application of either malus or clawback are set out in the policy and include:

- Fraud, dishonesty or negligence resulting in the misrepresentation of financial performance
- Errors or misstatements in financial results which result in greater remuneration outcomes
- Reputational damage

No incidents were identified in FY25.

### Minimum shareholding requirements

The CEO and CFO are required to build up a minimum shareholding in their own name at a specified multiple of their TGP over a five-year period. The Committee will consider and assess the feasibility of extending the MSR to the other members of the senior executive team in the future.

The table below outlines the required level of shareholding as a percentage of TGP:

CEO	200%
CFO	100%



## Service contracts and termination benefits

Executive directors and senior management are employed in terms of Pick n Pay's standard contract of employment. They are only employed on fixed-term contracts under specific circumstances. Senior management is required to give a reasonable notice period of their intention to terminate their services, which varies from three to 12 calendar months. The CEO has a fixed-term contract until May 2028. The notice period for the CEO and CFO is six months.

Employment contracts do not provide for any exceptional benefits or compensation on the termination of employment. Certain managers who are considered key in carrying out Pick n Pay's strategy are subject to contractual restraint of trade provisions. Termination, restraint of trade payments, or retirement gratuities may be made at the discretion of the Remuneration Committee.

## Forfeiture and lapse of incentives

In addition to subjecting all incentives to performance conditions, incentives remain at risk if employment is terminated before the payment or vesting date, as shown below:

### Remuneration policy on termination of employment

	Salary	Benefits	STI	LTI/CRI/ERPI
<b>Voluntary resignation</b>	Paid over notice period	Paid over notice period	Lapses	Unvested awards forfeited
<b>Dismissal/termination</b>	Paid until termination	Paid until termination	Lapses	Unvested awards forfeited
<b>Early retirement from 55 years of age</b>	Paid over notice period	Paid over notice period	Paid on normal payment date Pro rata for time served	Accelerated early vesting Pro rata for time served and performance conditions achieved
<b>Normal retirement</b>	Paid until retirement	Paid until retirement	Paid on normal payment date Pro rata for time served	Accelerated early vesting Pro rata for time served and performance conditions achieved
<b>Retrenchment (voluntary or involuntary)</b>	Paid until exit	Paid until exit Severance payments apply	Paid on normal payment date Pro rata for time served	Accelerated early vesting Pro rata for time served and performance conditions achieved

## Application of the Remuneration Committee's discretion

The Remuneration Committee has several mechanisms to ensure that pay outcomes fairly reflect individual and business performance, as well as the broader economic and societal context. These include the use of malus and clawback provisions, good and bad leaver clauses, and the responsible application of discretion to override formulaic outcomes under both short- and long-term incentive schemes. Discretion is exercised within a robust framework that considers Pick n Pay's overall financial and strategic performance.

Element	Feature	Ambit of the Remuneration Committee's discretion
<b>STI and LTI</b>	Eligibility	The Remuneration Committee has the discretion to determine the eligibility of participants in the STI and LTI scheme.
	Allocation percentages	The Remuneration Committee has the discretion to determine the allocation percentages of participants of the STI and LTI scheme.
	Performance conditions	The Remuneration Committee has the discretion to approve the performance conditions for both the STI and LTI scheme.
	Performance period	The Remuneration Committee has the discretion to determine the performance periods for both the STI and LTI awards.
	Change of control	On a change of control, the Remuneration Committee will assess to what extent the performance conditions have been met, and what pro rata awards will vest based on the performance and service delivered to date.
	Termination provisions	The Remuneration Committee has the discretion to accelerate the vesting terms under the following circumstances: <ul style="list-style-type: none"> <li>Change of control in terms of the STI and LTI</li> <li>Good leaver in terms of the STI and LTI</li> </ul> Any discretion applied remains subject to Board approval.
	Malus and clawback	The Remuneration Committee has the discretion to make recommendations to the Board. The Board has the ultimate authority to apply the policy.
<b>Discretionary payments</b>	Ex gratia or lump sum payments	The Remuneration Committee has discretion to make such awards in certain circumstances, which include: <ul style="list-style-type: none"> <li>The adjustment of employee packages when a salary increase is inadequate;</li> <li>To address retention risks; and/or</li> <li>To reward exceptional employees.</li> </ul>
	Sign-on bonus	The Remuneration Committee has discretion to make such awards in certain circumstances, which include: <ul style="list-style-type: none"> <li>Circumstances where an incumbent would have lost the incentives they were due from their previous employee; and/or</li> <li>To attract critical employees.</li> </ul>

## Non-executive directors' fees and remuneration

Non-executive directors do not have service contracts but serve under a formal letter of appointment from the Board and are re-elected by shareholders on a rotational basis. Fees are not linked to the performance of the Group or its share price and are paid six-monthly in arrears. Fees are not paid on a per-meeting basis, as full attendance is expected at standard Board and committee meetings. Non-executive directors do not receive performance-related bonuses and are not granted any share awards. Their services may be terminated without liability for compensation. Benchmarking is conducted on an annual basis to benchmark fees against a select peer group of South African JSE-listed companies, based on market capitalisation, turnover and total assets. Fees are proposed based on the benchmarked outcomes as well as other survey information available in the market. The Chief People Officer proposes the fees to the Remuneration Committee, who thereafter recommends the fees to the Board for final approval from shareholders. The table below sets out the remuneration principles applied for non-executive directors' fees. These principles form the underlying basis for the directors' fees tabled for shareholder approval – refer to page 111 for the detailed fees.

<b>Chair</b>	The Chair's fee reflects the active role Gareth Ackerman plays in the Group's corporate governance and in formulating overarching strategies. He does not play a day-to-day role in the executive management and administration of the business but makes himself available to the executive team in an advisory capacity. Looking forward, the Chair fee will be reduced in line with market benchmarks when James Formby succeeds Gareth Ackerman as Chair in August 2025.
<b>Lead independent director and other directors</b>	Directors' fees are market-related, based on relevant benchmarks, and commensurate with the time required for directors to fulfil their duties. Annual fees are not subject to attendance at meetings, as meetings are well attended.
<b>Committee membership</b>	The fees reflect the responsibilities taken on through the membership of Board committees.
<b>Consultancy fees</b>	The fees related to additional consultancy services to the Board and its committees are determined and approved by the Remuneration Committee on an ad hoc basis, considering the nature and scope of the services rendered.
<b>Expenses</b>	The Group settles all travel and accommodation expenses related to the work of the Board



# Part 3: Implementation Report

## Overview of the implementation of the remuneration policy

The implementation report outlines the key decisions made by the Remuneration Committee during FY25, including the measures taken to ensure fair and balanced remuneration in what has been a highly challenging and transformative year.

The Committee has applied the Group's remuneration policy consistently with prior years, unless otherwise stated, and remains fully aligned with the approved framework. The Committee implemented the ERPI during the year with awards made to a targeted small pool of talented and critical leadership, including the CFO. Please refer to page 104 for further information. No other ad hoc awards were made to the executives, senior management and middle management in the year under review.

A summary of remuneration paid to executive and non-executive directors is provided in the tables at the end of this section.

The Boxer segment's FY25 remuneration decisions were made under two governance frameworks: pre-listing under the Group's framework and post-listing under the stand-alone Boxer framework (aligned to the principles of the Group). The implementation of these policies during FY25 is detailed in the Boxer segment's stand-alone remuneration report. The rest of the remuneration policy in this implementation report is focused on the Pick n Pay segment.

## Guaranteed pay

The Committee evaluated the overall value and composition of TGP in respect of the executive directors and all other senior managers. Executive and senior management remuneration is considered fair and competitive against market benchmarks, and appropriately reflects the role, experience and performance of each individual member of the senior management team.

	CEO Sean Summers		CFO Lerena Olivier	
	FY25 <sup>1</sup> R'000	FY24 <sup>1</sup> R'000	FY25 R'000	FY24 R'000
Fixed salary	24 900	10 000	5 947	5 683
Retirement and medical aid	–	–	256	267
Other benefits	–	–	–	36
<b>Total guaranteed pay</b>	<b>24 900</b>	<b>10 000</b>	<b>6 203</b>	<b>5 986</b>

<sup>1</sup> FY25 – 12 months' service; FY24 – 5 months' service.

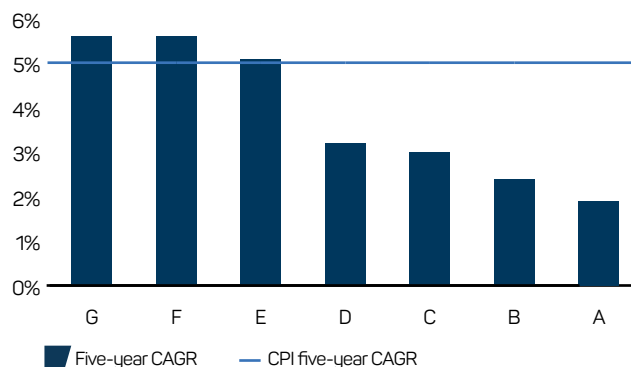
## Annual salary increases

The following factors are considered in determining a fair, equitable and competitive salary increase:

- Pick n Pay performance and affordability
- Macro-economic environment
- Market benchmarking

Pick n Pay distributes salary increases on a matrix based on individual performance and pay positioning to ensure that we maintain and drive our pay for performance philosophy. Additional allocations are made to specifically address income disparities and narrow the pay gap. Income disparity increases take place annually in line with our commitment to close the pay gap, where necessary.

Indexed five-year CAGR increase per grade



Category	Grade	FY25 annual salary % increase	FY24 annual salary % increase
CEO	A	5.0%	–
CFO	A	5.0%	–
Top management	A&B	5.0%	3.5%
Senior and middle management	C&D	5.0%	3.5%
Junior management	E	6.0%	4.5%
Entry level and non-management	G&F	7.0%	4.5%

The increase for NMBU employees in FY25, as governed by labour union agreements, was an average of 6.5% to 8.0% (FY24: 6.7% to 8.0%).

## Fair and responsible remuneration outcomes

### The income gap

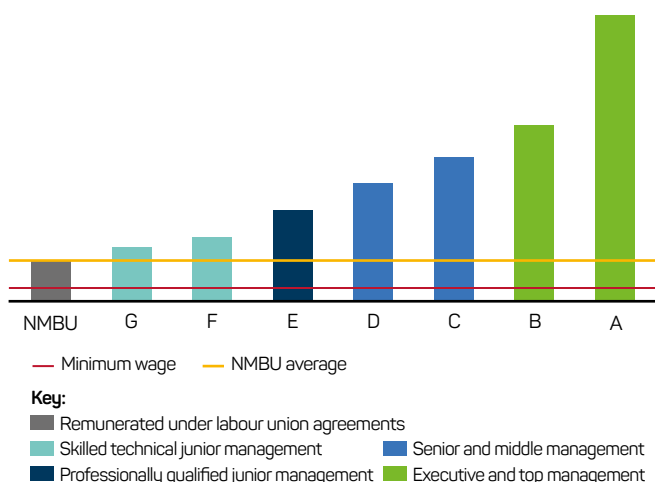
Pick n Pay's statistical analysis of its income distribution across its full-time employees demonstrates large income disparity, driven by the high number of unskilled and semi-skilled workers employed across its retail store estate. This is reflective of norms in the retail industry, with higher levels of guaranteed and variable remuneration paid to skilled and senior management. The analysis does not yet consider variable-time employees. The significant variation in hours worked across the variable-time labour force does not allow for reasonable comparability.

The graph overleaf shows our average pay at the various employment grades within Pick n Pay and in line with our commitment to paying our employees terms and benefits over and above the legislated requirement, thus reflecting our commitment to provide employees with a market benchmarked pay and benefits to attain an acceptable standard of living. Our NMBU employees' average TGP is 57.3% higher than in the wholesale and retail sector.



## The income gap (continued)

### Representation of average remuneration by employment grade



In recent years, there has been an increased focus on pay gap reporting to bring into focus and promote a fairer and more equal society. In line with the Companies Act amendment bill and reporting requirements, Pick n Pay's pay gap methodology compares the average of the top 5% highest earners in Pick n Pay with the average of the lowest 5% permanent and fixed-term employees, giving us an income differential ratio of 18.29. The differential is lowered to 17.02 when the analysis is conducted against permanent employees only.

In addition, we also follow a systematic approach in our daily decision-making by ensuring that we have adequate remuneration processes in place to enable the business to make responsible pay decisions when promoting or appointing new employees. We ensure that our pay ranges are aligned to market benchmarks by matching jobs to similar jobs in the market and guidance is provided to the business in terms of the minimum salary to be offered.

### Race and gender pay equity

We are committed to fair, equitable, and non-discriminatory remuneration practices across our operations. In a country with a complex socio-economic history, we recognise our responsibility not only to comply with the law, but also to lead in advancing equality and inclusion in the workplace.

Remuneration is determined based on the inherent requirements of the role, taking into account the level of responsibility, skills, experience, and individual performance. Pay decisions are not influenced by race, gender, or any other unjustified or discriminatory factor. We actively work to ensure that our pay structures are equitable, transparent, and consistently applied across all occupational levels.

The Remuneration Committee conducts annual statistical pay equity analyses to identify and address any unjustified disparities between employees performing work of equal value. These analyses are conducted across all levels and employment categories, with a focus on both race and gender dimensions. Where anomalies are identified, appropriate corrective action is taken.

We are mindful of the systemic inequities that persist in South Africa, and therefore, our commitment to pay equity is not limited to compliance, but extends to transformation. This includes aligning with the spirit and intent of the Employment Equity Act and supporting the advancement of women and historically disadvantaged individuals into more senior and better-remunerated roles.

As part of our broader transformation and human capital agenda, we continue to integrate pay equity considerations into our talent development, succession planning, and performance management processes. We also work closely with internal stakeholders, including the Employment Equity Forum, to ensure our practices are inclusive and progressive.

Looking ahead, the Remuneration Committee intends to strengthen disclosure in this area, in support of improved transparency and accountability. We remain resolute in our belief that pay equity is not only a moral and legal imperative, but also a business necessity for building an engaged and high-performing workforce.

### Preparing for greater transparency

We support the intent of the Companies Amendment Act and are preparing to meet its new disclosure requirements. Once final regulations are in place, we will publish the information required in a format that is accurate, meaningful and consistent with practice across the listed market.

### STI performance outcomes for FY25

A loss was forecast for FY25; therefore the STI KPIs for FY25 were linked to achieving diminishing losses, and growing sales, in line with the Pick n Pay turnaround strategy.

	Target	Actual achieved
<b>Group sales growth</b>	5.3%	3.2%
<b>Group PBTAE</b>	Loss of R600 million	Loss of R237 million (FY24: loss of R 1 421 million)

As the Group missed its sales target, but achieved its PBTAE target, the Remuneration Committee allocated a modest bonus pool for the reward and retention of key talent. The CEO, CFO and key management personnel did not participate in the reduced STI allocation.

## Executive Retention and Performance Incentive for FY25

The CEO does not participate in this incentive. For the CFO, the performance portion of the ERPI award made in FY24 (50% of total award) has vested in full due to the achievement of the conditions set out below. The retention portion (50% of award) requires continued employment over the two-year service period.

Measure	Weighting	Value Rm*	Achieved	Comments
<b>Retention Performance</b>	<b>50%</b>	1 993	In progress	Two-year service period
Rights Offer	<b>25%</b>	996	✓	Stretch targets achieved, in respect of timelines, subscription and value
Boxer IPO	<b>25%</b>	996	✓	
<b>Total</b>		<b>3 985</b>		

\* Expensed on a pro rata basis, with R2 989 000 recognised in FY25.

Performance conditions for all other ERPI participants are linked to strategic priorities under the Pick n Pay turnaround strategy. These include the successful execution of the Pick n Pay Rights Offer and Boxer IPO, alongside operational targets driving LfL sales growth, gross profit margin improvement, waste reduction, and efficiency gains. Achievement to date, at key milestones, has resulted in all awards with KPIs linked to the Rights Offer and IPO, and 60% of awards linked to Pick n Pay sales and profitability, vesting.

## RSP3: awarded FY22, vested June 2025

60% of in-flight RSP3 awards were forfeited in FY24 as the HEPS targets could not be met over the three-year vesting period, ending June 2025. The remaining 40% of the awards were subject to the attainment of individual key performance indicators relevant to each participant. Following the assessment of management performance, 62% of the remaining awards vested, being 25% of the total. CFO, Lerena Olivier, received 40% of her RSP3 awards in June 2025.

## CRI4: awarded FY25, vesting June 2027

	2025 award CRI4	2023 award CRI3
Number of employees	157	149
Vesting date	June 2027	June 2025
Female representation	48%	49%
ACI representation	54%	51%

## RSP4: awarded FY25, vesting June 2027

**Financial performance score** 3.4 million shares were issued to 74 participants. The following performance conditions and weightings will be applied for the June 2027 vesting of RSP4. No vesting occurs for performance below threshold:

Pick n Pay measure	Weighting	Threshold (50% vesting)	Target (70% vesting)	Stretch (100% vesting)
Personal KPIs	50%	Achievement 3 performance rating	Achievement of a 3+ performance rating	Achievement 4 performance rating
EBITDA before exceptional items*	50%	50% reduction in FY25 EBITDA* losses by FY27	Linear achievement	EBITDA* at break even by FY27

A limit on capital investment net of movements in working capital acts as a gatekeeper clause to ensure that EBITDA\* targets are not reached through excessive capital investment.

Earnings targets for the CEO, CFO and certain Group employees are a balanced blend of Pick n Pay and Boxer performance targets. Boxer performance targets are detailed in their remuneration report. The RSP4 award to Lerena Olivier was issued on 30 June 2025. Lerena received 234 666 shares, with a vesting period of two years and performance conditions aligned with the RSP4 award as detailed above.

\* EBITDA pre-IFRS 16 as per page 130.

## Restricted share plan awards: CEO

The Remuneration Committee awarded Sean Summers 4 000 000 performance-based RSP shares in July 2024. The performance conditions combine qualitative and quantitative performance indicators critical to the turnaround of the Pick n Pay supermarket business. The salient details of that share award is as follows:

Award date	Vesting date	Number of shares	Financial and non-financial Performance criteria
July 2024	October 2025	2 000 000	Pick n Pay leadership and operational structure implementation
July 2024	February 2027	1 000 000	Development of CEO succession plan
July 2024	February 2027	1 000 000	Stretch – FY27 EBITDA* break even. Threshold and target aligned with RSP4 metrics above

\* EBITDA pre-IFRS 16 as per page 130.

The Board has extended the CEO's fixed-term service contract until May 2028. The extension ensures continuity and stability in the leadership team during a period of significant strategic transformation. It also allows for a considered and deliberate succession process, including a comprehensive handover period in due course. As part of this contract extension, the CEO will be eligible for further RSP shares in line with the Group's remuneration policy framework, subject to both financial and non-financial performance conditions. Further details will be provided on the award of these shares, which are expected to be aligned with the Group's annual RSP issue.



## Non-executive directors' fees

The Committee reviewed and recommended non-executive director remuneration to the Board, for shareholder approval at the AGM on 5 August 2025.

	<b>FY26 proposed R</b>	<b>FY25 previously R</b>	<b>% change</b>
Chair (including participation in all committees)	<b>2 500 000<sup>1</sup></b>	4 893 300	1
Lead independent director (LID) (including participation in all committees)	<b>1 687 500</b>	1 687 500	–
Non-executive director	<b>510 300</b>	510 300	–
Chair of the Audit, Risk and Compliance Committee	<b>441 000</b>	441 000	–
Chair of the Remuneration Committee	<b>234 150</b>	234 150	–
Chair of the Social, Ethics and Transformation Committee	<b>234 150</b>	234 150	–
Chair of the Nominations and Corporate Governance Committee	<b>234 150</b>	234 150	–
Member of the Audit, Risk and Compliance Committee	<b>110 600</b>	110 600	–
Member of the Finance and Investment Committee <sup>2</sup>	<b>150 000</b>	150 000	–
Member of the Remuneration Committee	<b>110 600</b>	110 600	–
Member of the Social, Ethics and Transformation Committee	<b>110 600</b>	110 600	–
Member of the Nominations and Corporate Governance Committee	<b>105 000</b>	105 000	–
Member of the Independent Board Committee <sup>3</sup>	<b>158 550</b>	158 550	–

<sup>1</sup> Gareth Ackerman will retire as Board Chair at the close of the 2025 AGM. Gareth will receive a pro rata Chair fee for the six months served, based on the current annual fee of R4 893 300. James Formby will succeed Gareth as Board Chair, with a proposed annual fee of R2 500 000. The annual fee has been reduced following shareholder engagement, and is aligned with market benchmarks. James will receive a pro rata fee in FY26, based on his time in the role of LID and his time as Board Chair. The LID fee will fall away on his appointment as Chair.

<sup>2</sup> The Committee is chaired by the lead independent director, who does not receive an additional fee for chairing this committee.

<sup>3</sup> The Committee comprises only independent non-executive directors and is chaired by the lead independent director, who does not receive an additional fee for chairing this committee. This committee is not a key standing committee and is convened only for major regulated transactions or investment decisions. In the event that this committee is convened during the financial period, fees paid shall not exceed the annual fees proposed in this special resolution number 1. No fees are paid if the Committee is not convened.



## Total remuneration of executive directors

Details of the basic salary and GP (basic salary plus benefits) paid to executive directors and prescribed officers are set out in the tables that follow, with the face value of the vested incentive schemes included. The relevant table of unvested awards for each individual is also included.

Executive directors	Fees for board meetings R'000	Fees for committee and other work R'000	Base salary R'000	Retirement and medical contri- butions R'000	Total fixed remune- ration R'000	ERPI R'000	Total remune- ration R'000	Long-term awards charges – current year <sup>1</sup> R'000
<b>2025</b>								
Sean Summers <sup>2</sup>	–	–	24 900	–	24 900	–	24 900	40 198
Lerena Olivier	–	–	5 947	256	6 203	2 989	9 192	1 896
<b>Total remuneration</b>	–	–	30 847	256	31 103	2 989	34 092	42 094

<sup>1</sup> The long-term awards expense or recoupment is determined in accordance with IFRS 2 Share-Based Payments and IAS 19 Employee Benefits, and reflects the current year's charge or recoupment recorded in the Group's statement of comprehensive income. The fair value of awards are determined at grant date, and are recognised in the statement of comprehensive income over the period during which the employee becomes unconditionally entitled to the award (the vesting period). Dependent on the nature of the vesting criteria, long-term awards expense may be reversed and recouped by the Group if the vesting criteria are not met.

<sup>2</sup> Serves as a non-executive director of the Boxer Retail Limited Group, any fees earned in relation to this is paid to Pick n Pay Retailers Proprietary Limited.

Executive directors	Fees for board meetings R'000	Fees for committee and other work R'000	Base salary R'000	Retirement and medical contri- butions R'000	Fringe and other benefits R' 000	Total fixed remune- ration R'000	Termination settlement <sup>1</sup> R'000	Total remune- ration R'000	Long-term awards charges – current year <sup>2</sup> R'000
<b>2024</b>									
Sean Summers <sup>3</sup>	–	–	10 000	–	–	10 000	–	10 000	–
Lerena Olivier	–	–	5 683	267	36	5 986	–	5 986	(1 413)
Jonathan Ackerman <sup>4</sup>	–	–	126	16	119	261	–	261	141
Pieter Boone <sup>3</sup>	–	–	7 880	532	1 127	9 539	15 776	25 315	(11 616)
<b>Total remuneration</b>	–	–	23 689	815	1 282	25 786	15 776	41 562	(12 888)

<sup>1</sup> Termination settlement in terms of contract of employment.

<sup>2</sup> The long-term awards expense or recoupment is determined in accordance with IFRS 2 Share-Based Payments and IAS 19 Employee Benefits, and reflects the prior year's charge or recoupment recorded in the Group's statement of comprehensive income. The fair value of awards are determined at grant date, and are recognised in the statement of comprehensive income over the period during which the employee becomes unconditionally entitled to the award (the vesting period). Dependent on the nature of the vesting criteria, long-term awards expense may be reversed and recouped by the Group if the vesting criteria are not met. Vesting criteria in respect of the RSP awards due to have vested in June 2024 and June 2025, were not fully met. As a result, and as directed by the Remuneration Committee, a portion of RSP long-term share awards were forfeited and the related expenses recouped by the Group in the prior reporting period.

<sup>3</sup> Sean Summers replaced Pieter Boone as CEO, effective 30 September 2023.

<sup>4</sup> Jonathan Ackerman retired as an executive director on 31 March 2023, and was appointed as a non-executive director on that date.



## Total Remuneration of non-executive directors

Name	Directors' fees R'000	Additional ad hoc fees <sup>1</sup> R'000	Lead Independent Director R'000	Audit, Risk and Compliance Committee R'000	Finance and Investment Committee R'000	Remuneration Committee R'000	Social, Ethics and Transformation Committee R'000	Nominations and Corporate Governance Committee R'000	Total remuneration R'000
<b>FY25</b>									
Gareth Ackerman	4 893	-	-	-	-	-	-	-	4 893
Jonathan Ackerman	510	-	-	-	-	-	111	-	621
Suzanne Ackerman	510	-	-	-	-	-	234	26	770
Haroon Borat	510	-	-	210	150	111	83	26	1 090
Mariam Cassim <sup>2</sup>	170	-	-	70	-	-	-	-	240
James Formby <sup>1,3</sup>	-	210	1 688	-	-	-	-	-	1 898
David Friedland <sup>1</sup>	510	210	-	210	150	-	-	26	1 106
Aboubakar Jakoet <sup>1</sup>	510	210	-	441	150	111	-	78	1 500
Audrey Mothupi-Palmstierna	510	-	-	210	-	234	-	105	1 059
David Robins <sup>4</sup>	255	-	-	-	-	-	28	-	283
Annamarie van der Merwe	510	-	-	-	-	-	111	201	822
<b>Total</b>	<b>8 888</b>	<b>630</b>	<b>1 688</b>	<b>1 141</b>	<b>450</b>	<b>456</b>	<b>567</b>	<b>462</b>	<b>14 282</b>
<b>FY24</b>									
Gareth Ackerman	4 893	-	-	-	-	-	-	-	4 893
Suzanne Ackerman	486	-	-	-	-	-	223	100	809
Haroon Borat	486	-	-	200	-	105	-	100	891
Jonathan Ackerman <sup>5</sup>	446	-	-	-	-	-	105	-	551
Mariam Cassim	486	-	-	200	-	-	-	-	686
James Formby	203	-	787	83	-	-	-	-	1 073
David Friedland	486	-	-	200	-	-	-	100	786
Aboubakar Jakoet	486	-	-	420	-	105	-	-	1 011
Audrey Mothupi-Palmstierna	486	-	-	200	-	223	-	100	1 009
David Robins	486	-	-	-	-	-	105	-	591
Annamarie van der Merwe	486	-	-	-	-	-	105	100	691
Jeff van Rooyen <sup>6</sup>	-	-	563	-	-	-	-	-	563
<b>Total</b>	<b>9 430</b>	<b>-</b>	<b>1 350</b>	<b>1 303</b>	<b>-</b>	<b>433</b>	<b>538</b>	<b>500</b>	<b>13 554</b>

<sup>1</sup> Once-off fee approved by shareholders at the 2024 AGM to recognise the additional guidance provided by the directors in a number of critical areas, including liquidity management, the Group's debt restructure and the two-step Recapitalisation Plan.

<sup>2</sup> Mariam Cassim resigned as an independent non-executive director on 5 July 2024.

<sup>3</sup> Serves as a non-executive director of the Boxer Retail Limited Group. Refer to the Boxer remuneration report for detail of fees earned.

<sup>4</sup> David Robins retired as a non-executive director on 27 August 2024.

<sup>5</sup> Jonathan Ackerman retired as an executive director on 31 March 2023, and was appointed as a non-executive director on that date.

<sup>6</sup> Jeff van Rooyen retired on 19 July 2023.

## Share awards held by executive directors

FY25	Calendar year Granted	Award Grant Price R	Balance held as at 25 Feb 2024	Awarded	Balance held at 2 Mar 2025	Available for take up
<b>Sean Summers<sup>1</sup></b>						
Restricted shares	2024	Nil	-	2 000 000	2 000 000	October 2025
	2024	Nil	-	2 000 000	2 000 000	February 2027
			-	4 000 000	4 000 000	
<b>Lerena Olivier</b>						
Share options	2019	58.05	80 000	-	80 000	Now
	2019	58.05	60 000	-	60 000	Now
	2019	58.05	60 000	-	60 000	September 2026
Restricted shares <sup>2</sup>	2022	Nil	34 800	-	34 800	Vested 25 June 2025
			234 800	-	234 800	

<sup>1</sup> Sean Summers was awarded 4 million restricted shares under the Group's Restricted Share Plan during July 2024. The shares will vest in increments over three years, subject to the attainment of performance conditions.

<sup>2</sup> The RSP4 award to Lerena Olivier was issued on 30 June 2025. Lerena received 234 666 shares, with a vesting period of two years and performance conditions aligned with the RSP4 award as detailed on page 110.





## Directors' interest in ordinary shares

FY25	How held <sup>1</sup>	Balance held at 25 February 2024	Additions/ grants*	Disposals*	Balance held at 2 March 2025 <sup>2</sup>	Beneficial/ non-beneficial interest <sup>3</sup>
Gareth Ackerman	direct	309	–	(309)	–	Beneficial
	indirect	1 748 776	997 716	–	2 746 492	Beneficial
	indirect	19 762	–	(19 762)	–	Non-beneficial
Ackerman Pick n Pay Foundation <sup>4</sup>	indirect	101 900	52 081	–	153 981	Non-beneficial
Ackerman Family Investment Holdings Proprietary Limited <sup>5</sup>	indirect	1	1	–	2	Non-beneficial
Ackerman Investment Holdings Proprietary Limited <sup>6</sup>	indirect	124 677 237	64 657 759	–	189 334 996	Non-beneficial
Mistral Trust <sup>7</sup>	indirect	3 000 000	1 533 300	–	4 533 300	Non-beneficial
Sean Summers	direct	–	644 456	(299 065)	345 391	Beneficial
	direct– RSP/FSP	–	4 000 000	–	4 000 000	Beneficial
Lerena Olivier	direct	96 150	66 928	–	163 078	Beneficial
	direct– RSP/FSP	34 800	–	–	34 800	Beneficial
Suzanne Ackerman	direct	120 528	–	(120 528)	–	Beneficial
	indirect	553 883	519 036	–	1 072 919	Beneficial
Jonathan Ackerman	direct	122 888	–	(122 888)	–	Beneficial
	indirect	865 055	672 201	–	1 537 256	Beneficial
	indirect	2 161	–	(2 161)	–	Non-beneficial
Aboubakar Jakoet	direct	8 764	1 236	–	10 000	Beneficial
	indirect <sup>8</sup>	750 000	–	–	750 000	Beneficial
	indirect	13 059	936	–	13 995	Non-beneficial
David Friedland	indirect	34 188	17 473	–	51 661	Beneficial
James Formby	direct	4 000	2 130	–	6 130	Beneficial
	indirect	26 725	36 581	–	63 306	Beneficial

<sup>1</sup> Direct interests represent a holding in the director's personal capacity. Indirect interests represent a holding by a trust or a company (of which the director is a trustee or director/shareholder, as relevant), a spouse or minor children of directors.

<sup>2</sup> There have been no changes in the directors' interest in ordinary shares since 2 March 2025 up to the date of approval of the 2025 Group Integrated Annual Report, other than the vesting of RSP3 that added 18 618 shares to Lerena Olivier's direct holdings.

<sup>3</sup> Beneficial interest represents an interest in shares in which a person is entitled to receive income payable in respect to that shareholding and/or obtain any benefit as a result of holding those shares. Non-beneficial interest represents an interest in shares in which a person will not benefit directly as a result of holding those shares.

<sup>4</sup> The indirect non-beneficial interest in the Ackerman Pick n Pay Foundation represents the holdings of Gareth Ackerman and Suzanne Ackerman in their capacities as trustees.

<sup>5</sup> The indirect non-beneficial interest in Ackerman Family Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.

<sup>6</sup> The indirect non-beneficial interest in Ackerman Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.

<sup>7</sup> The indirect non-beneficial interest in Mistral Trust represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman in their capacity as trustees and/or potential beneficiaries.

<sup>8</sup> Defined as an indirect beneficial shareholding in terms of JSE classifications. However, the director only has a 10% shareholding in the company which holds these shares, does not exercise any control over the shares, and receives no direct benefit.

\* Additions and disposals include transactions as a result of the rights offer. Refer to note 34 of the 2025 Group annual financial statements.

## Directors' interest in B shares

<b>FY25</b>	<b>How held<sup>1</sup></b>	<b>Balance held at 25 February 2024</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance held at 2 March 2025<sup>2</sup></b>	<b>Beneficial/non-beneficial interest<sup>3</sup></b>
Gareth Ackerman	direct	522	–	(522)	–	Beneficial
	indirect	3 227 861	988 143	–	4 216 004	Beneficial
	indirect	39 140	–	(39 140)	–	Non-beneficial
Ackerman Investment Holdings Proprietary Limited <sup>4</sup>	indirect	246 936 847	64 052 544	–	310 989 391	Non-beneficial
Mistral trust <sup>5</sup>	indirect	5 349 559	1 354 337	–	6 703 896	Non-beneficial
Suzanne Ackerman	direct	233 767	–	(233 767)	–	Beneficial
	indirect	926 084	563 315	–	1 489 399	Beneficial
Jonathan Ackerman	direct	243 307	–	(243 307)	–	Beneficial
	indirect	1 135 009	647 981	–	1 782 990	Beneficial
	indirect	4 280	–	(4 280)	–	Non-beneficial

<sup>1</sup> Direct interests represent a holding in the director's personal capacity. Indirect interests represent a holding by a trust or company (of which the director is a trustee or director/shareholder, as relevant), a spouse or minor children of directors.

<sup>2</sup> There have been no changes in the directors' interest in shares since 2 March 2025 up to the date of approval of the 2025 audited Group Integrated Annual Report.

<sup>3</sup> Beneficial interest represents an interest in shares in which a person is entitled to receive income payable in respect to that shareholding and/or obtain any benefit as a result of holding those shares. Non-beneficial interest represents an interest in shares in which a person will not benefit directly as a result of holding those shares.

<sup>4</sup> The indirect non-beneficial interest in Ackerman Investment Holdings Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.

<sup>5</sup> The indirect non-beneficial interest in Mistral Trust represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman in their capacity as trustees and/or potential beneficiaries.



- 118** Number of stores
- 119** Providing more financial detail
- 133** Analysing our shareholders
- 135** Application of the International Integrated Reporting Framework
- 137** Glossary of terms
- IBC** Shareholders' diary
- IBC** Corporate information

# Additional information



# Number of stores

	25 February 2024	Opened	Closed	Converted closures	Converted openings	2 March 2025
<b>Company-owned</b>						
<b>Pick n Pay</b>	<b>1 007</b>	<b>43</b>	<b>(55)</b>	<b>(28)</b>	<b>6</b>	<b>973</b>
Hypermarkets	21	–	–	–	–	21
Supermarkets	325	2	(26)	(15)	3	289
Clothing	366	38	(8)	–	–	396
Liquor	295	3	(21)	(13)	3	267
<b>Boxer</b>	<b>477</b>	<b>39</b>	<b>(5)</b>	<b>–</b>	<b>14</b>	<b>525</b>
Supermarkets	296	18	(2)	–	8	320
Build	31	–	(1)	–	–	30
Liquor	150	21	(2)	–	6	175
<b>Total company-owned</b>	<b>1 484</b>	<b>82</b>	<b>(60)</b>	<b>(28)</b>	<b>20</b>	<b>1 498</b>
<b>Franchise</b>						
<b>Pick n Pay</b>						
Supermarkets	269	6	(19)	(3)	7	260
Market	9	–	(2)	–	–	7
Express	195	2	(9)	–	–	188
Clothing	19	–	–	–	–	19
Liquor	230	7	(18)	(3)	7	223
<b>Total franchise</b>	<b>722</b>	<b>15</b>	<b>(48)</b>	<b>(6)</b>	<b>14</b>	<b>697</b>
<b>Associate</b>						
<b>TM Supermarkets (Zimbabwe)</b>	<b>73</b>	<b>3</b>	<b>(2)</b>	<b>–</b>	<b>–</b>	<b>74</b>
<b>Total Group stores</b>	<b>2 279</b>	<b>100</b>	<b>(110)</b>	<b>(34)</b>	<b>34</b>	<b>2 269</b>
<b>African footprint</b>						
<b>– included in total stores above</b>	<b>189</b>	<b>5</b>	<b>(5)</b>	<b>–</b>	<b>–</b>	<b>189</b>
Pick n Pay company-owned	25	1	(1)	–	–	25
Boxer company-owned	9	1	–	–	–	10
Pick n Pay franchise	82	–	(2)	–	–	80
TM Supermarkets – associate	73	3	(2)	–	–	74
<b>African footprint</b>						
<b>– by country</b>	<b>189</b>	<b>5</b>	<b>(5)</b>	<b>–</b>	<b>–</b>	<b>189</b>
Botswana	19	–	–	–	–	19
Lesotho	4	–	–	–	–	4
Namibia	36	–	–	–	–	36
Eswatini	32	1	(2)	–	–	31
Zambia	23	1	(1)	–	–	23
Nigeria	2	–	–	–	–	2
Zimbabwe	73	3	(2)	–	–	74



# Group statement of comprehensive income

for the period ended 2 March 2025

	53 weeks to 2 March 2025 Rm	Restated* 52 weeks to 25 February 2024 Rm
<b>Revenue</b>	<b>122 124</b>	115 367
<b>Turnover</b>	<b>118 610</b>	112 295
Cost of merchandise sold	(96 846)	(92 015)
<b>Gross profit</b>	<b>21 764</b>	20 280
<b>Other income</b>	<b>2 949</b>	2 643
Franchise fee income	1 244	1 022
Operating lease income	111	102
Commissions, dividend and other income	1 594	1 519
<b>Trading expenses</b>	<b>(22 954)</b>	(22 518)
Employee costs	(9 516)	(9 000)
Occupancy costs	(3 460)	(3 408)
Operations costs	(6 217)	(6 118)
Merchandising and administration costs	(3 557)	(3 358)
Expected credit loss allowance	(204)	(634)
<b>Trading profit</b>	<b>1 759</b>	405
Finance income	565	429
Funding finance income	349	227
Leases finance income	216	202
Finance costs	(2 561)	(2 467)
Funding finance expense	(792)	(836)
Leases finance expense	(1 769)	(1 631)
Share of associate's earnings	-	212
<b>Loss before tax before capital items</b>	<b>(237)</b>	(1 421)
Loss on capital items	(388)	(2 868)
Net (loss)/profit on disposal of assets	(94)	369
Loss from impairments of assets	(294)	(2 983)
Impairment loss on investment in associate	-	(254)
<b>Loss before tax</b>	<b>(625)</b>	(4 289)
Tax	(26)	988
<b>Loss for the period</b>	<b>(651)</b>	(3 301)
<b>Attributable to:</b>		
Equity holders of the parent	(736)	(3 301)
Non-controlling interest	85	-
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>	<b>2</b>	37
Remeasurement in retirement scheme assets	3	51
Tax on items that will not be reclassified to profit or loss	(1)	(14)
<b>Items that may be reclassified to profit or loss</b>	<b>(9)</b>	(44)
Foreign currency translations	(8)	(24)
Movement in cash flow hedge	(1)	(20)
Tax on items that may be reclassified to profit or loss	-	-
<b>Total comprehensive loss for the period</b>	<b>(658)</b>	(3 308)
<b>Attributable to:</b>		
Equity holders of the parent	(743)	(3 308)
Non-controlling interest	85	-
<b>Earnings per share#</b>	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(111.01)	(581.85)
Diluted loss per share	(111.01)	(580.37)

\* Refer to note 38 of the Group's FY25 Annual Financial Statements for details on the restatement.

# In accordance with IAS 33 Earnings Per Share, the prior year weighted and diluted weighted average number of shares in issue have been adjusted retrospectively to account for the bonus element arising from the Rights Offer share issue. As a result, the prior year earnings per share metrics were adjusted to account for the change in weighted and diluted weighted average number of shares in issue. Refer to note 7 of the Group's FY25 Annual Financial Statements.

# Group statement of financial position

	As at 2 March 2025 Rm	Restated* As at 25 February 2024 Rm	Restated* As at 26 February 2023 Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	1 067	1 076	1 424
Property, plant and equipment	8 675	9 191	8 893
Right-of-use assets	11 043	11 702	11 340
Net investment in lease receivables	2 017	1 961	1 967
Deferred tax assets	2 749	2 165	734
Investment in associate	–	–	72
Loans	143	170	118
Retirement scheme assets	60	51	69
Investment in insurance cell captive	72	61	71
Operating lease assets	5	6	9
Trade and other receivables	8	2	85
	<b>25 839</b>	<b>26 385</b>	<b>24 782</b>
<b>Current assets</b>			
Inventory	10 598	10 187	10 647
Trade and other receivables	4 366	4 425	4 642
Cash and cash equivalents	5 328	5 383	1 998
Net investment in lease receivables	388	448	333
Right-of-return assets	24	24	23
Loans	13	–	–
Derivative financial instruments	1	2	22
	<b>20 718</b>	<b>20 469</b>	<b>17 665</b>
<b>Non-current assets held for sale</b>	<b>250</b>	<b>56</b>	<b>250</b>
<b>Total assets</b>	<b>46 807</b>	<b>46 910</b>	<b>42 697</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	3 883	6	6
Treasury shares	(496)	(557)	(644)
Retained earnings	7 301	646	4 686
Other reserves	6	1	20
Foreign currency translation reserve	(397)	(389)	(365)
<b>Equity attributable to equity holders of parent</b>	<b>10 297</b>	<b>(293)</b>	<b>3 703</b>
Non-controlling interest	668	–	–
<b>Total equity</b>	<b>10 965</b>	<b>(293)</b>	<b>3 703</b>
<b>Non-current liabilities</b>			
Lease liabilities	16 379	16 868	15 295
Borrowings	850	4 500	–
	<b>17 229</b>	<b>21 368</b>	<b>15 295</b>
<b>Current liabilities</b>			
Trade and other payables	15 036	15 354	14 831
Lease liabilities	2 741	2 838	2 471
Deferred revenue	300	323	378
Bank overdraft and overnight borrowings	300	5 179	2 800
Borrowings	–	1 766	2 869
Current tax liabilities	140	273	270
Provisions	96	102	80
	<b>18 613</b>	<b>25 835</b>	<b>23 699</b>
<b>Total equity and liabilities</b>	<b>46 807</b>	<b>46 910</b>	<b>42 697</b>

\* Refer to note 38 of the Group's FY25 Annual Financial Statements for details on the restatement.





# Group statement of changes in equity

for the period ended 2 March 2025

	Share capital Rm	Treasury shares Rm	Retained earnings Rm	Other reserves Rm	Foreign currency translation reserve Rm	Equity attributable to equity holders of parent Rm	Non- controlling interest** Rm	Total equity Rm
<b>At 26 February 2023</b>	6	(644)	4 685	20	(365)	3 702	–	3 702
Impact of restatement*	–	–	1	–	–	1	–	1
<b>At 26 February 2023 restated*</b>	6	(644)	4 686	20	(365)	3 703	–	3 703
<b>Total comprehensive income for the period</b>	–	–	(3 264)	(20)	(24)	(3 308)	–	(3 308)
Loss for the period	–	–	(3 301)	–	–	(3 301)	–	(3 301)
Foreign currency translations	–	–	–	–	(24)	(24)	–	(24)
Movement in cash flow hedge	–	–	–	(20)	–	(20)	–	(20)
Remeasurement in retirement scheme assets	–	–	37	–	–	37	–	37
<b>Other reserve movements</b>	–	–	–	1	–	1	–	1
<b>Transactions with owners</b>	–	87	(776)	–	–	(689)	–	(689)
Dividends paid	–	–	(687)	–	–	(687)	–	(687)
Net effect of settlement of employee share awards	–	87	(87)	–	–	–	–	–
Share-based payments	–	–	(2)	–	–	(2)	–	(2)
<b>At 25 February 2024</b>	<b>6</b>	<b>(557)</b>	<b>646</b>	<b>1</b>	<b>(389)</b>	<b>(293)</b>	<b>–</b>	<b>(293)</b>
<b>Total comprehensive income for the period</b>	–	–	(734)	(1)	(8)	(743)	85	(658)
Loss for the period	–	–	(736)	–	–	(736)	85	(651)
Foreign currency translations	–	–	–	–	(8)	(8)	–	(8)
Movement in cash flow hedge	–	–	–	(1)	–	(1)	–	(1)
Remeasurement in retirement scheme assets	–	–	2	–	–	2	–	2
<b>Other reserve movements</b>	–	–	–	6	–	6	–	6
<b>Transactions with owners</b>	<b>3 877</b>	<b>61</b>	<b>7 389</b>	<b>–</b>	<b>–</b>	<b>11 327</b>	<b>583</b>	<b>11 910</b>
Share issue – rights offer	<b>3 877</b>	–	–	–	–	<b>3 877</b>	–	<b>3 877</b>
Proceeds on sale of rights attached to treasury shares, pursuant to rights offer	–	17	–	–	–	17	–	17
Net effect of settlement of employee share awards	–	44	(44)	–	–	–	–	–
Net proceeds from change of ownership interest in subsidiary	–	–	7 369	–	–	7 369	576	7 945
Share-based payments	–	–	64	–	–	64	7	71
<b>At 2 March 2025</b>	<b>3 883</b>	<b>(496)</b>	<b>7 301</b>	<b>6</b>	<b>(397)</b>	<b>10 297</b>	<b>668</b>	<b>10 965</b>

\* Refer to note 38 of the Group's FY25 Annual Financial Statements for details on the restatement.

\*\* Refer to note 16 of the Group's FY25 Annual Financial Statements for further details.

# Group statement of cash flows

for the period ended 2 March 2025

	53 weeks to 2 March 2025 Rm	Restated* 52 weeks to 25 February 2024 Rm
<b>Cash flows from operating activities</b>		
Trading profit	1 759	405
<b>Adjusted for dividend income</b>	-	(25)
<b>Adjusted for non-cash items</b>	3 731	4 052
Depreciation of property, plant and equipment	1 436	1 522
Depreciation of right-of-use assets	2 253	2 389
Amortisation of intangible assets	127	112
Share-based payments	71	(2)
Profit on termination of leases**	(178)	(71)
Other lease adjustments**	34	15
Movement in operating lease assets	1	3
Movement in retirement scheme assets	(6)	69
Fair value and foreign exchange adjustments	(7)	15
<b>Cash generated before movements in working capital</b>	5 490	4 432
<b>Movements in working capital</b>	(583)	1 088
Movements in trade and other payables, provisions and deferred revenue	(229)	290
Movements in inventory and right-of-return assets	(386)	495
Movements in trade and other receivables	32	303
<b>Cash generated from trading activities</b>	4 907	5 520
Funding interest received	350	225
Funding interest paid	(900)	(729)
Interest received on net investment in lease receivables	210	203
Interest paid on lease liabilities	(1 681)	(1 629)
<b>Cash generated from operations</b>	2 886	3 590
Dividends received	-	32
Dividends paid	-	(687)
Tax paid	(744)	(454)
<b>Cash generated from operating activities</b>	2 142	2 481
<b>Cash flows from investing activities</b>		
Investment in intangible assets	(164)	(269)
Investment in property, plant and equipment	(1 513)	(3 175)
Purchase of operations	(48)	(308)
Proceeds on disposal of intangible assets	13	22
Proceeds on disposal of property, plant and equipment	142	1 030
Principal net investment in lease receipts	377	353
Lease incentives received	116	50
Loans repaid	73	102
Loans advanced	(59)	(154)
<b>Cash utilised in investing activities</b>	(1 063)	(2 349)
<b>Cash flows from financing activities</b>		
Principal lease liability payments	(2 679)	(2 520)
Borrowings raised	3 235	15 607
Repayment of borrowings	(8 651)	(12 210)
Net proceeds on rights offer	3 877	-
Proceeds on sale of rights attached to treasury shares, pursuant to rights offer	17	-
Proceeds for change in ownership interest as a result of the IPO	7 945	-
<b>Cash generated from financing activities</b>	3 744	877
<b>Net increase in cash and cash equivalents</b>	4 823	1 009
Net cash and cash equivalents at beginning of period	204	(802)
Foreign currency translations	1	(3)
<b>Net cash and cash equivalents at end of period</b>	5 028	204
<b>Consisting of:</b>		
Cash and cash equivalents	5 328	5 383
Overnight borrowings	(300)	(5 179)

\* Refer to note 38 of the Group's FY25 Annual Financial Statements for details on the restatement.

\*\* Disclosure has been expanded for the current period as a result of the significance of lease terminations. Prior period disclosure has been expanded for comparability.

# Summary of our FY25 annual financial results

## Definitions of key financial metrics

The table below provides the definitions of key metrics referenced in this report.

<b>Growth</b>	The percentage movement of an earnings metric when compared to the immediately preceding financial period.
<b>Margin</b>	The value of an earnings metric (for example, gross profit or trading expenses) expressed as a percentage of turnover.
<b>Trading profit</b>	Earnings generated from the Group's core operations, before interest, tax and before capital items.
<b>Trading profit after lease interest</b>	Trading profit less net lease finance expenses.
<b>Headline earnings</b>	Net profit for the period attributable to equity holders of the parent adjusted for the after tax and after non-controlling interest effect of capital items.
<b>EBITDA (pre-IFRS 16)</b>	Trading profit before depreciation and amortisation, plus finance income on trade and other receivables, calculated on an IAS 17: Leases basis. Refer to pro forma financial information appendix to the Group's FY25 Annual Financial Statements.
<b>Net funding/cash position</b>	Cash and cash equivalents, net of overnight borrowings and short-term borrowings.
<b>Return on invested capital (ROIC)</b>	After-tax trading profit divided by the average invested capital.
<b>Invested capital</b>	Total equity, excluding cash, borrowings, lease liabilities and net investment in lease receivables.
<b>Net asset value per share</b>	Equity attributable to equity holders of parent at period-end, adjusted for directors' valuations of property, divided by the number of shares in issue at period-end held outside the Group.
<b>Net finance cost cover</b>	EBITDA (pre-IFRS 16) divided by net funding interest (being funding finance expense less funding finance income).
<b>Weighted average cost of capital (WACC)</b>	WACC is the average post-tax cost of the Group's debt funding, which includes non-current borrowings and current liabilities, and the Group's equity funding, with each source of funding included on a proportional basis.
<b>Weighted average number of shares in issue (WANOS)</b>	The weighted average number of shares in issue considers all changes in outstanding shares over the period – including new issuances, share buy-backs and changes in treasury shares held – weighted for the time period that the shares were outstanding during the year.
<b>Market capitalisation</b>	The price per share at period-end multiplied by the number of shares in issue at period-end.
<b>Price earnings ratio</b>	The price per share at period-end divided by headline earnings per share.
<b>Dividend cover</b>	Headline earnings per share divided by the dividends per share which relate to those earnings.
<b>Dividends per share</b>	The interim dividend declared during the current financial year and the final dividend declared after year-end, in respect of the current financial year.
<b>Dividend yield</b>	The value of the total dividend per share expressed as a percentage of the share price.
<b>Volume of shares traded</b>	The number of shares traded on the Johannesburg Stock Exchange in the financial year.
<b>Shareholders' equity</b>	Equity attributable to equity holders of the parent.



# Five-year review of performance

## Financial metrics

		<b>FY25</b> 53 weeks	<b>FY24*</b> 52 weeks	<b>FY23**</b> 52 weeks	<b>FY22</b> 52 weeks	<b>FY21</b> 52 weeks
<b>Consolidated statement of comprehensive income</b>						
Turnover <sup>®</sup>	Rm	<b>118 610</b>	112 295	106 562	97 873	93 079
Other income <sup>†</sup>	Rm	<b>2 949</b>	2 643	2 005	1 757	1 581
Trading expenses	Rm	<b>22 954</b>	22 518	20 154	18 015	17 295
Trading profit	Rm	<b>1 759</b>	405	3 048	2 887	2 708
(Loss)/profit before tax	Rm	<b>(625)</b>	(4 289)	1 708	1 762	1 408
Headline (loss)/earnings	Rm	<b>(408)</b>	(977)	1 246	1 259	1 095
EBITDA (pre-IFRS 16)	Rm	<b>1 818</b>	907	3 374	3 311	3 129
<b>Consolidated statement of financial position</b>						
Total assets	Rm	<b>46 807</b>	46 910	42 697	40 345	37 817
Shareholders' equity	Rm	<b>10 297</b>	(293)	3 703	3 716	3 386
Total liabilities	Rm	<b>35 842</b>	47 203	38 994	36 629	34 430
Net cash/(debt) position	Rm	<b>4 178</b>	(6 062)	(3 671)	(378)	133
<b>Earnings performance measures</b>						
Turnover growth	%	<b>5.6</b>	5.4	8.9	5.2	4.3
Turnover growth – Pick n Pay	%	<b>1.9</b>	0.3	4.7	2.9	^
Turnover growth – Boxer	%	<b>13.2</b>	17.3	20.0	11.6	^
Gross profit margin	%	<b>18.4</b>	18.1	19.6	18.8	19.8
Trading expenses margin	%	<b>19.4</b>	20.1	18.9	18.4	18.6
Trading profit margin	%	<b>1.5</b>	0.4	2.9	2.9	2.9
(Loss)/profit before tax margin	%	<b>(0.5)</b>	(3.8)	1.6	1.8	1.5
HEPS growth	%	<b>64.3</b>	(166.4)	(1.3)	14.5	(21.4)
EBITDA (pre-IFRS 16) growth	%	<b>100.4</b>	(73.1)	1.9	5.8	(19.8)
<b>Financial position performance measures</b>						
Net asset value per share <sup>^^</sup>	cents	<b>1 449.9</b>	(11.9)	803.0	827.1	769.9
Net finance cost cover ratio	times	<b>4.1</b>	1.5	19.7	154.8	56.0
Return on invested capital (ROIC)	%	<b>5.5</b>	1.3	10.8	11.4	11.4
Weighted average cost of capital (WACC)	%	<b>12.7</b>	14.2	13.4	14.0	13.7
<b>Stock exchange (JSE Limited) performance</b>						
Number of shares in issue	millions	<b>745.7</b>	493.5	493.5	493.5	493.5
Weighted average number of shares in issue	millions	<b>663.0</b>	567.3	480.7	479.4	477.5
Volume of shares traded	millions	<b>777.3</b>	744.0	388.0	349.3	261.6
Percentage of shares traded	%	<b>104.2</b>	150.8	78.6	70.8	53.0
Total market capitalisation	Rbn	<b>21.0</b>	9.8	22.5	22.9	25.5
Market capitalisation net of treasury shares	Rbn	<b>20.7</b>	9.5	22.0	22.3	24.7
Market price per share						
– close at year-end	cents	<b>2 815</b>	1 976	4 563	4 644	5 167
– high for the year	cents	<b>3 499</b>	3 839	6 688	6 250	6 778
– low for the year	cents	<b>1 413</b>	1 719	4 302	4 612	4 515
Price:earnings ratio	times	<b>(45.7)</b>	(11.5)	17.6	17.7	22.5
Total dividend per share	cents	–	–	185.2	221.2	179.7
Interim dividend per share	cents	–	–	44.9	35.8	18.7
Final dividend per share	cents	–	–	140.3	185.4	161.0
Dividend cover	times	–	–	1.3	1.3	1.3
Dividend yield	%	–	–	4.1	4.8	3.5

\* FY24 results have been restated for the impact of the Rights Offer and correction of prior period errors. Refer to note 34.1 and note 38 of the audited FY25 Group Annual Financial Statements.

\*\* FY23 Statement of Financial Position has been restated for the correction of prior period errors. Refer to note 38 of the audited FY25 Group Annual Financial Statements.

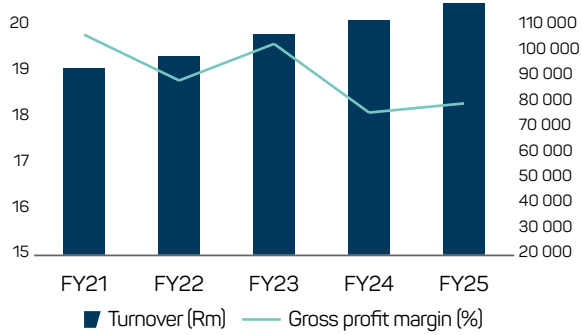
® Turnover for FY25 has been presented on a 53-week basis, pro forma turnover for 52 weeks is R115.9 billion. Refer to page 128.

† Excluding insurance recoveries of R261 million and R748 million for FY23 and FY22 respectively.

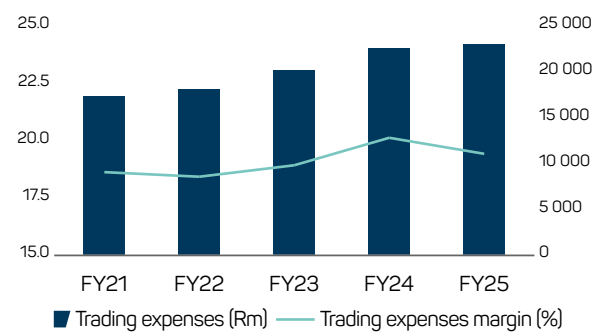
^ Information not previously published.

^^ Property value based on directors' valuation.

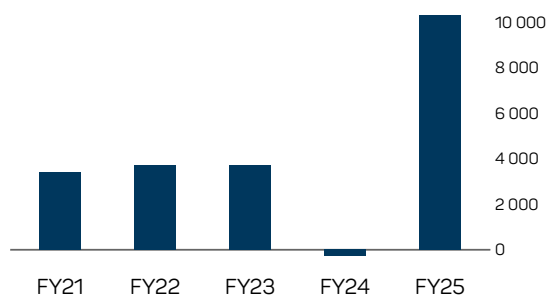
Turnover and gross profit margin



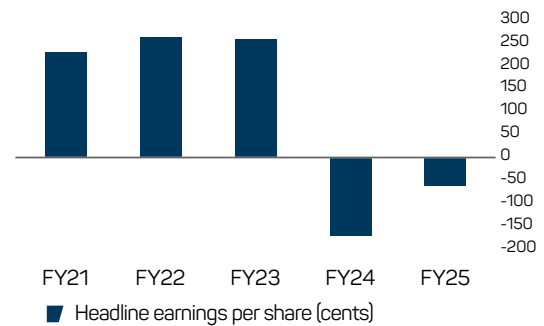
Trading expenses and trading expenses margin



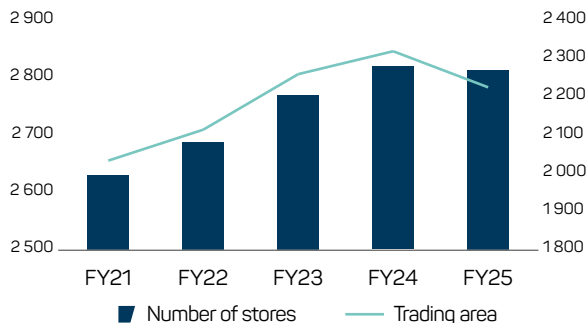
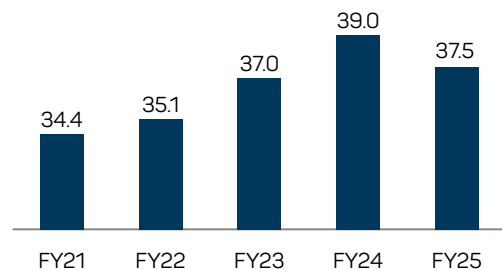
Equity attributable to equity holders of parent (Rm)



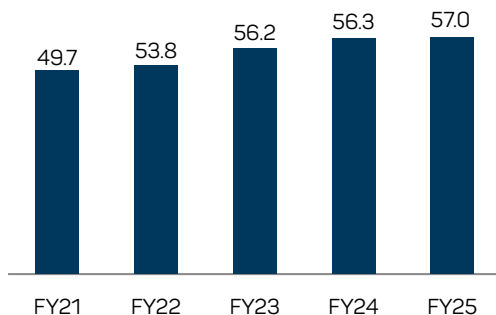
Headline earnings per share



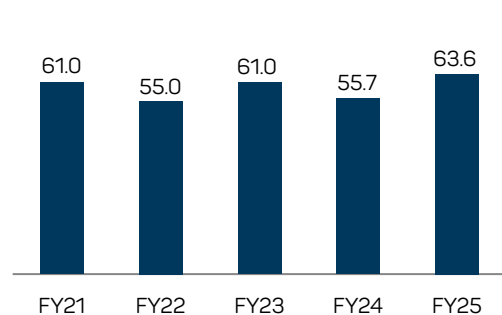
		FY25	FY24	FY23	FY22	FY21
<b>Human measures</b>						
<b>Developed a skilled workforce</b>						
Number of employees	000's	63.7	60.3	59.9	57.0	55.2
Permanent employee turnover	%	24.0	23.0	19.0	16.0	15.0
<b>Employment equity<sup>1</sup></b>						
Top management	%	57.0	56.3	56.2	53.8	49.7
Senior management	%	82.2	82.6	80.8	81.7	79.1
Professionally qualified middle management	%	96.8	96.7	96.1	95.8	95.3
Skilled technical and junior management	%	99.0	98.8	98.5	98.7	98.4
Semi-skilled and discretionary decision-making	%	99.8	99.7	99.7	99.8	99.9
Unskilled and defined decision-making	%	99.6	99.6	99.5	99.7	99.8
<b>Social and environmental measures</b>						
Carbon footprint (Scope 1 and 2) <sup>2</sup>	CO <sub>2</sub> e tonnes	1 176 031	1 202 350	1 143 345	1 000 558	889 595
Energy usage per square metre reduction (FY10 baseline) <sup>3</sup>	%	37.5	39.0	37.0	35.1	34.4
Waste diverted from landfill <sup>3</sup>	%	63.6	55.7	61.0	55.0	61.0
Water used <sup>3</sup>	megalitres	889	1 100	1 055	1 020	1 006
Total CSI spend <sup>3</sup>	Rm	25.6	29.2	39.1	38.0	41.3
Schools in Pick n Pay School Club <sup>3</sup>		3 380	3 280	3 280	3 185	3 155
BBBEE level – Pick n Pay		*	Level 7 <sup>4</sup>	Level 5	Level 5	Level 7
BBBEE level – Boxer		*	Level 7 <sup>5</sup>	Level 5	Level 6	Level 7
<b>Operational statistics</b>						
<b>Total number of stores</b>						
<b>Group – excluding associate</b>						
Pick n Pay – Owned		973	1 007	957	876	830
Pick n Pay – Franchise		697	722	747	773	761
Boxer – Owned		525	477	428	368	342
<b>Associate</b>						
TM Supermarkets in Zimbabwe		74	73	72	64	61
<b>Total square metres</b>						
Owned	m <sup>2</sup> – millions	2.8	2.8	2.8	2.7	2.7
Franchise	m <sup>2</sup> – millions	0.7	0.7	0.7	0.7	0.8

Number of stores and trading area (m<sup>2</sup>)Reduction in energy usage per square metre (%)  
(FY10 baseline)<sup>3</sup>

Employment equity in top Pick n Pay management (% ACI)



Waste diverted from landfill (%)

<sup>1</sup> These measures represent the participation of employment equity candidates, as governed by the Employment Equity Act, No 55 of 1998, in the presented categories.<sup>2</sup> Information relates to all Pick n Pay and Boxer company-owned stores and operations.<sup>3</sup> Information relates to all Pick n Pay company-owned stores and operations.<sup>4</sup> BBBEE certificate expires 15 July 2025.<sup>5</sup> BBBEE certificate expires 5 December 2025.

\* Information not yet available. BBBEE compliance audit currently underway, information to be updated on receipt of updated BBBEE rating.



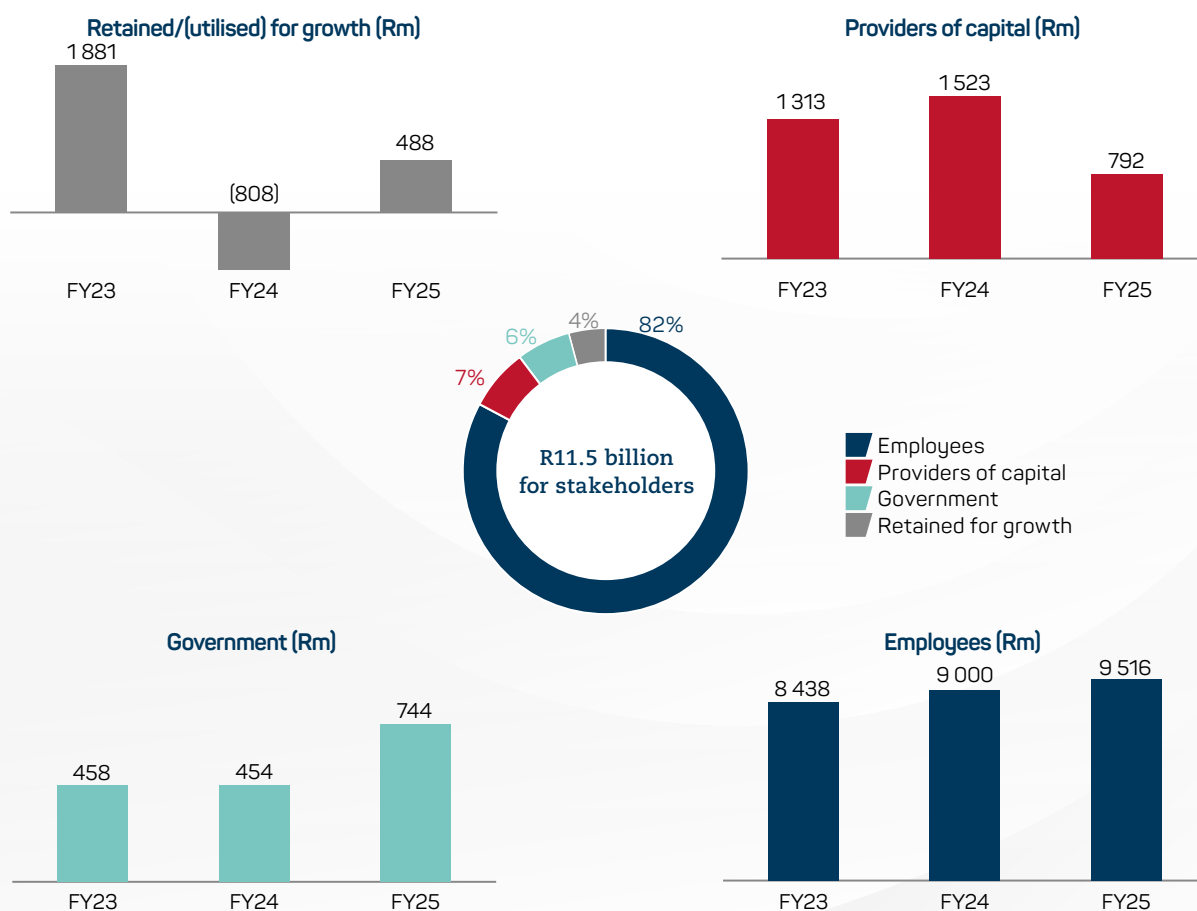


## Financial value-added statement

We created financial value of R11.5 billion (2024: R10.2 billion) during the financial year. The value-added statement illustrates how we have distributed this value to our stakeholders. Refer to the CFO's report on page 72 for further information.

	53 weeks to 2 March 2025 Rm	52 weeks to 25 February 2024* Rm	52 weeks to 26 February 2023 Rm
Turnover	118 610	112 295	106 562
Other income	2 949	2 643	2 265
Amounts paid for goods and services	(110 368)	(104 996)	(96 997)
Finance income (excluding IFRS 16)	349	227	260
<b>Total value created</b>	<b>11 540</b>	<b>10 169</b>	<b>12 090</b>
<b>Distributed as follows:</b>			
Employees			
Salaries, wages, share purchases and other benefits	9 516	9 000	8 438
To providers of capital	792	1 523	1 313
Distributions to shareholders	-	687	882
Finance costs (excluding IFRS 16)	792	836	431
Government			
Taxation paid	744	454	458
Retained/(utilised) for growth	488	(808)	1 881
<b>Total value created</b>	<b>11 540</b>	<b>10 169</b>	<b>12 090</b>

\* These results have been restated to reflect the correction of prior period errors. Refer to note 38 of the audited Group Annual Financial Statements for details on the restatement.



# Pro forma financial information

Certain financial information presented in the audited Group Annual Financial Statements constitutes pro forma financial information in terms of the JSE Listings Requirements. The pro forma financial information has been prepared to illustrate the additional financial measures regularly used by the management of the Group to assess operating performance and financial position, and thereby enhances an investor's understanding of the Group's results of operations and financial performance. The pro forma financial information is prepared for illustrative purposes only and because of its nature, may not fairly present the Group's financial position, changes in equity, results of operations or cash flows. The directors of the Company are responsible for the pro forma financial information, which has been presented in accordance with the JSE Listings Requirements. Ernst & Young Inc.'s unqualified Independent Auditor's Assurance Report on the compilation of the pro forma financial information is included on page 117 to 118 of the Group's FY25 Annual Financial Statements.

## 1 Impact of week 53

The Group manages its retail operations on a 52-week trading calendar basis where the financial reporting period always ends on a Sunday. To ensure calendar realignment, the inclusion of a 53rd week of trading is required approximately every six years. The Group reports on a 53-week basis in the 2025 financial period (FY25), whereas the comparative period presented is on a 52-week basis.

In order to provide a comparison between the current and previous year, certain financial information relating to week 53 of FY25 is presented below. The impact of week 53, as calculated, is deducted from the reported FY25 results to illustrate a pro forma 52-week FY25. The pro forma 52-week FY25 information is based on the accounting policies of the Annual Financial Statements, which have been prepared in accordance with IFRS Standards.

The Group calculated the impact of week 53 for turnover by extracting the adjustment for week 53 from the Group's accounting records.

Turnover	As reported Audited 53 weeks 2 March 2025* Rm	Adjustment for week 53 Rm	Pro forma 52 weeks to 23 February 2025 Rm	As reported Audited 52 weeks to 25 February 2024* Rm	Pro forma % change
Boxer	42 344	(1 040)	41 304	37 419	10.4%
Pick n Pay	76 266	(1 650)	74 616	74 876	(0.3%)
South Africa	72 789	(1 580)	71 209	71 265	(0.1%)
Rest of Africa	3 477	(70)	3 407	3 611	(5.7%)
Group	118 610	(2 690)	115 920	112 295	3.2%

\* Information has been extracted, without adjustment, from the audited Group Annual Financial Statements of Pick n Pay Stores Limited for the 53 weeks ended 2 March 2025 on which the Independent Auditor has issued an unqualified assurance report.



## Pro forma financial information (continued)

### 2 Net cash/debt (excluding lease liabilities) and Net cash/debt (including lease liabilities)

Net cash/debt (excluding lease liabilities) and Net cash/debt (including lease liabilities) for the Group on a historical basis for each of the periods indicated is calculated as presented in the following table.

	As at 2 March 2025 Rm	Restated* As at 25 February 2024 Rm
Cash and cash equivalents**	5 328	5 383
Pick n Pay#	4 531	3 699
Boxer#	797	1 684
Borrowings**	(1 150)	(11 445)
Pick n Pay#	(300)	(11 445)
Boxer#	(850)	–
Intragroup receivable/(payable)	–	–
Pick n Pay#	127	1 497
Boxer#	(127)	(1 497)
<b>Net cash (excluding lease liabilities)/(Net debt (excluding lease liabilities))</b>	<b>4 178</b>	<b>(6 062)</b>
Pick n Pay	4 358	(6 249)
Boxer	(180)	187
Non-current lease liabilities**	(16 379)	(16 868)
Pick n Pay#	(12 229)	(13 168)
Boxer#	(4 150)	(3 700)
Current lease liabilities**	(2 741)	(2 838)
Pick n Pay#	(2 094)	(2 230)
Boxer#	(647)	(608)
<b>Net debt (including lease liabilities)</b>	<b>(14 942)</b>	<b>(25 768)</b>
Pick n Pay	(9 965)	(21 647)
Boxer	(4 977)	(4 121)

\* Refer to note 38 of the Group's FY25 Annual Financial Statements for details on the restatement.

\*\* Information has been extracted, without adjustment, from the audited Group Annual Financial Statements of Pick n Pay Stores Limited for the 53 weeks ended 2 March 2025 on which the Independent Auditor has issued an unqualified assurance report.

# Information has been extracted, without adjustment, from the Group's accounting records.



## Pro forma financial information (continued)

### 3 EBITDA and EBITDA (pre-IFRS 16)\*

The following presents a reconciliation from profit for the period (computed in accordance with IFRS) to EBITDA and EBITDA (pre-IFRS 16) for the Group on a historical basis for each of the periods indicated.

	53 weeks to 2 March 2025 Rm	Restated** 52 weeks to 25 February 2024 Rm
<b>Loss for the period</b>	<b>(651)</b>	<b>(3 301)</b>
Tax	26	(988)
Impairment loss on investment in associate	-	254
Loss from impairment of assets	294	2 983
Net loss/(profit) on sale of assets	94	(369)
Share of associate's earnings	-	(212)
Finance costs	2 561	2 467
Finance income	(565)	(429)
<b>Trading profit</b>	<b>1 759</b>	<b>405</b>
Depreciation on property, plant and equipment	1 436	1 522
Depreciation on right-of-use assets	2 253	2 389
Amortisation on intangible assets	127	112
Finance income – trade and other receivables	78	93
<b>EBITDA</b>	<b>5 653</b>	<b>4 521</b>
Profit on termination of leases	(178)	(71)
Lease incentives received	116	50
Principal lease liability payments	(2 679)	(2 520)
Interest paid on lease liabilities	(1 681)	(1 629)
Principal net investment in lease receipts	377	353
Interest received on net investment in lease receivables	210	203
<b>EBITDA (pre-IFRS 16)</b>	<b>1 818</b>	<b>907</b>

\* Information has been extracted, without adjustment, from the audited Group Annual Financial Statements of Pick n Pay Stores Limited for the 53 weeks ended 2 March 2025 on which the Independent Auditor has issued an unqualified assurance report.

\*\* Refer to note 38 of the Group's FY25 Annual Financial Statements for details on the restatement.



## Pro forma financial information (continued)

### 4 Return on average invested capital (ROIC)

ROIC for the Group on a historical basis for each of the periods indicated is calculated as presented in the following table:

	53 weeks to 2 March 2025 Rm	Restated <sup>#</sup> 52 weeks to 25 February 2024 Rm
Trading profit (A)*	1 759	405
Multiplier (B)**	0.73	0.73
After-tax trading profit (A x B = C)	1 284	296
Average invested capital (D)***	23 284	22 953
ROIC (C/D)	5.5%	1.3%

\* Information has been extracted, without adjustment, from section 3 'EBITDA and EBITDA (pre-IFRS16)'.

\*\* The multiplier is one (1) minus the South African statutory company income tax rate for the relevant period, being 27%.

\*\*\* Information has been extracted, without adjustment, from section 6 'Average invested capital'.

# Refer to note 38 of the Group's FY25 Annual Financial Statements for details on the restatement.

### 5 ROIC (excluding IFRS 16)

ROIC (excluding IFRS 16) for the Group on a historical basis for each of the periods indicated is calculated as presented in the following table:

	53 weeks to 2 March 2025 Rm	Restated <sup>##</sup> 52 weeks to 25 February 2024 Rm
Trading profit*	1 759	405
Interest paid on lease liabilities**	(1 681)	(1 629)
Interest received on net investment in lease receivables**	210	203
<b>Trading profit (excluding IFRS 16) (A)</b>	<b>288</b>	<b>(1 021)</b>
Multiplier (B)***	0.73	0.73
After-tax trading profit (A x B = C)	210	(745)
Average invested capital (excluding IFRS 16) (D)#	6 278	6 572
<b>ROIC (excluding IFRS 16) (C/D)</b>	<b>3.3%</b>	<b>(11.3%)</b>

\* Information has been extracted, without adjustment, from section 3 'EBITDA and EBITDA (pre-IFRS16)'.

\*\* Information has been extracted, without adjustment, from the audited Group Annual Financial Statements of Pick n Pay Stores Limited for the 53 weeks ended 2 March 2025 on which the Independent Auditor has issued an unqualified assurance report.

\*\*\* The multiplier is one (1) minus the South African statutory company income tax rate for the relevant period, being 27%.

# Information has been extracted, without adjustment, from section 7 'Average invested capital' (excluding IFRS 16).

## Refer to note 38 of the Group's FY25 Annual Financial Statements for details on the restatement.

## Pro forma financial information (continued)

### 6 Average invested capital

Average invested capital for the Group on a historical basis for each of the periods indicated is calculated as presented in the following table.

	53 weeks to 2 March 2025 Rm	Restated** 52 weeks to 25 February 2024 Rm	Restated** 52 weeks to 26 February 2023 Rm
Total equity*	10 965	(293)	3 703
Cash and cash equivalents*	(5 328)	(5 383)	(1 998)
Non-current lease liabilities*	16 379	16 868	15 295
Borrowings*	1 150	11 445	5 669
Current lease liabilities*	2 741	2 838	2 471
Non-current net investment in lease receivables*	(2 017)	(1 961)	(1 967)
Current net investment in lease receivables*	(388)	(448)	(333)
Invested capital (A)	23 502	23 066	22 840
Invested capital of previous period (B)	23 066	22 840	
<b>Average invested capital ((A+B)/2)</b>	<b>23 284</b>	<b>22 953</b>	

\* Information for the 53 weeks to 2 March 2025, 52 weeks to 25 February 2024 and 52 weeks to 26 February 2023 has been extracted, without adjustment, from the audited Group Annual Financial Statements of Pick n Pay Stores Limited for the 53 weeks ended 2 March 2025 on which the Independent Auditor has issued an unqualified assurance report.

\*\* Refer to note 38 of the Group's FY25 Annual Financial Statements for details on the restatement.

### 7 Average invested capital (excluding IFRS 16)

Average invested capital (excluding IFRS 16) for the Group on a historical basis for each of the periods indicated is calculated as presented in the following table.

	53 weeks to 2 March 2025 Rm	Restated** 52 weeks to 25 February 2024 Rm	Restated** 52 weeks to 26 February 2023 Rm
Total equity*	10 965	(293)	3 703
Cash and cash equivalents*	(5 328)	(5 383)	(1 998)
Borrowings*	1 150	11 445	5 669
Invested capital (excluding IFRS 16) (A)	6 787	5 769	7 374
Invested capital (excluding IFRS 16) of previous period (B)	5 769	7 374	
<b>Average invested capital (excluding IFRS 16) ((A+B)/2)</b>	<b>6 278</b>	<b>6 572</b>	

\* Information for the 53 weeks to 2 March 2025, 52 weeks to 25 February 2024 and 52 weeks to 26 February 2023 has been extracted, without adjustment, from the audited Group Annual Financial Statements of Pick n Pay Stores Limited for the 53 weeks ended 2 March 2025 on which the Independent Auditor has issued an unqualified assurance report.

\*\* Refer to note 38 of the Group's FY25 Annual Financial Statements for details on the restatement.

## Additional financial information

Additional information may not represent a defined term under IFRS Accounting Standards and, as a result, it may not be comparable with similarly titled measures reported by other companies. Additional information is the responsibility of the Board of directors of the Group, is presented for illustrative purposes only and has not been reviewed nor reported on by the Group's external auditors.

### Like-for-like turnover and expense growth comparisons

Like-for-like ("LfL") turnover growth comparisons relate to stores that have been open for at least 12 months, removing the impact of store openings, closures and conversions during the current and previous reporting period, as well as the impact of week 53 during the current period. LfL turnover on new or closed adjacent liquor stores inherits the LfL indicator of the store that it is attached to, as this is the manner in which the Group manages its store base. This is not the case for new or closed stand-alone liquor and clothing stores.

LfL expense growth comparisons remove the impact of store openings, closures and conversions in current and previous reporting periods, the impact of once-off employee restructuring programmes in the prior year base of R307 million and the movement in the ECL allowance of LfL stores in the current and prior year.





# Analysis of ordinary shareholders

as at 2 March 2025

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	24 741	81.4	2 733 816	0.4
1 001 – 10 000 shares	4 136	13.6	13 822 857	1.8
10 001 – 100 000 shares	1 113	3.7	33 120 306	4.4
100 001 – 1 000 000 shares	324	1.1	90 600 921	12.2
1 000 001 shares and over	72	0.2	605 379 230	81.2
<b>Total</b>	<b>30 386</b>	<b>100.0</b>	<b>745 657 130</b>	<b>100.0</b>

Public/Non-public shareholders	Number of shareholders	%	Number of shares	%
<b>Non-public shareholders</b>	<b>15</b>	<b>0.1</b>	<b>210 728 295</b>	<b>28.3</b>
Ackerman Investment Holdings Proprietary Limited	1	0.0	189 334 996	25.4
Pick n Pay Retailers Proprietary Limited	1	0.0	260 000	0.0
Shares held on behalf of RSP participants	1	0.0	7 970 840	1.1
Pick n Pay Stores Employee Share Purchase Trust	1	0.0	1 714 948	0.2
Directors of Pick n Pay Stores Ltd	8	0.0	6 760 228	1.0
The Mistral Trust	1	0.0	4 533 300	0.6
Ackerman Pick n Pay Foundation	1	0.0	153 981	0.0
Ackerman Family Investment Holdings Proprietary Limited	1	0.0	2	0.0
<b>Public shareholders</b>	<b>30 371</b>	<b>99.9</b>	<b>534 928 835</b>	<b>71.7</b>
<b>Total</b>	<b>30 386</b>	<b>100.0</b>	<b>745 657 130</b>	<b>100.0</b>

Beneficial shareholders holding 1% or more	Number of shares	%
Ackerman Investment Holdings Proprietary Limited	189 334 996	25.4
Government Employees Pension Fund	135 604 821	18.2
Allan Gray	47 190 443	6.3
Fidelity	44 949 133	6.0
M&G Investments	34 428 608	4.6
Alexforbes	22 377 992	3.0
Sanlam	20 206 530	2.7
Vanguard	19 406 891	2.6
Government Pension Fund – Norway	15 001 567	2.0
Old Mutual	12 848 355	1.7
Pick n Pay Retailers Propriety Limited	8 230 840	1.1

# Analysis of B shareholders

as at 2 March 2025

Shareholder spread	Number of shareholders	%	Number of shares	%
100 001 – 1 000 000 shares	1	16.7	244 484	0.1
1 000 001 shares and over	5	83.3	325 181 680	99.9
<b>Total</b>	<b>6</b>	<b>100.0</b>	<b>325 426 164</b>	<b>100.0</b>

Public/Non-public shareholders	Number of shareholders	%	Number of shares	%
<b>Non-public shareholders*</b>	<b>5</b>	<b>83.3</b>	<b>325 181 680</b>	<b>99.9</b>
Ackerman Investment Holdings Proprietary Limited	1	16.7	310 989 391	95.6
Gareth Ackerman	1	16.7	4 216 004	1.3
Johnathan Ackerman	1	16.7	1 782 990	0.5
Mistral Trust	1	16.7	6 703 896	2.1
Suzanne Ackerman	1	16.7	1 489 399	0.4
<b>Public shareholders</b>	<b>1</b>	<b>16.7</b>	<b>244 484</b>	<b>0.1</b>
<b>Total</b>	<b>6</b>	<b>100.0</b>	<b>325 426 164</b>	<b>100.0</b>

Beneficial shareholders holding 1% or more*	Number of shares	%
Ackerman Investment Holdings Proprietary Limited	310 989 391	95.6
Gareth Ackerman	4 216 004	1.3
Mistral Trust	6 703 896	2.1

\* Includes direct and indirect holdings. Refer to note 4.3 of the Group's FY25 Annual Financial Statements for further information.

The holders of B shares are entitled to the same voting rights as holders of ordinary shares, but are not entitled to any rights to distributions by the Company or any other economic benefits. All B shares are stapled to certain ordinary shares.



# Application of the International Integrated Reporting Framework

The FY25 IAR was prepared in accordance with the International Integrated Reporting Framework<sup>1</sup>. The framework comprises guiding principles and content elements, and below we set out a summary of our compliance with these elements. We recognise that reporting our Group's value creation process and its outcomes is an evolving process, and we strive to improve the IAR and our compliance to the above framework each year. Our report has been recognised as an excellent report in the annual EY Excellence in Integrated Reporting awards for several years.

## Guiding principles

The guiding principles underpin the preparation of the IAR, informing the content of the report and how information is presented.

<b>Strategic focus and future orientation</b>	Our long-term strategy comprises a turnaround in Pick n Pay and the expansion of our high-performing Boxer and Clothing businesses. Our strategy is set out from page 54 and we describe our progress against various initiatives throughout the report. We provide insight into anticipated capital trade-offs and the future availability of resources in our business model from page 22. We aim to balance historic performance information with our focus areas and priorities going forward, and provide insight into the essence of the Group and its investment proposition from page 12.
<b>Connectivity of information</b>	Our report has a clear structure and addresses the required content elements of the framework. Where relevant, we visually show connectivity through icons related to our strategy, stakeholders and the six capitals. We aim to provide insightful information where qualitative and quantitative elements are integrated, and provide comparative data where relevant. We provide clear references to related content within the IAR, and to other relevant reports and disclosures.
<b>Stakeholder relationships</b>	Our material stakeholder groups are clearly defined and are central to the way we do business. We disclose how stakeholder relationships are governed, as well as their needs, interests and expectations from page 42.
<b>Materiality</b>	We apply judgement in applying a materiality lens to the information and data included in our IAR. Our approach to reporting is disclosed on page 3, the reporting boundary on page 4, and our material matters are set out from page 32.
<b>Conciseness</b>	We apply our materiality lens to the IAR to ensure we report on what is material in our value creation process. Our report has a clear structure and uses plain language, with a glossary of terms provided on page 137 and financial definitions on page 123. The IAR is supplemented with other reports and documents, as detailed on page 4.
<b>Reliability and completeness</b>	We aim to report accurately on all material matters. Our approach to reporting is disclosed on page 3, with our reporting procedures and Board approval process detailed on page 6.
<b>Consistency and comparability</b>	We aim to provide context to our performance and the underlying data. Where relevant, we provide comparative numbers. Our reporting approach is similar to FY24, although we aim to improve our reporting annually. We also strive for consistency between the various elements of our reporting suite (page 4) and between internal and external reporting.

<sup>1</sup> <https://www.integratedreporting.org/resource/international-ir-framework/>

## Application of the International Integrated Reporting Framework (continued)

### Content elements

An integrated report includes eight content elements that are fundamentally linked and are not mutually exclusive.

<b>Organisational overview and external environment</b>	We provide an overview of the Group and the environment in which it operates throughout the report. However, the chapters relating to a retail business in a fast-moving consumer goods industry (page 8) and managing and leveraging market dynamics (page 29) are most relevant to this content element.
<b>Governance</b>	We detail the role of the Board and its governance structures where relevant, with a focus on our Chair's report (page 9) and extracts of the governance and remuneration reports (as relevant to the IAR) starting on page 80. Note that the stand-alone Corporate Governance Report contains all compliance-related information relating to governance and remuneration. It is available at <a href="http://www.picknpayinvestor.co.za">www.picknpayinvestor.co.za</a> .
<b>Business model</b>	The Group's process of value creation and its outcomes are detailed throughout the IAR, with a synopsis of the six capitals, the business model and trade-offs provided on pages 22 to 28.
<b>Risks and opportunities</b>	An integrated review of the Group's risks and opportunities starts on page 32.
<b>Strategy and resource allocation</b>	The Group's strategy (page 54) and its integrated approach to ESG (page 58) provide comprehensive insight into the Group's long-term strategy and focus areas. The CFO report provides detail into how capital resources were raised and allocated over the year (from page 72).
<b>Performance</b>	Performance narratives are closely aligned with the Group's strategy, with specific disclosures in the CEO and CFO reports (starting on pages 52 and 72 respectively), as well as in the Strategy and ESG chapters (pages 54 and 58 respectively). We have a stand-alone 2024 Sustainability Databook that provides more detail on the Group's ESG strategy and performance. It is available at <a href="http://www.picknpayinvestor.co.za">www.picknpayinvestor.co.za</a> .
<b>Outlook</b>	Information regarding our outlook is included in the narratives provided in our leadership reports (from pages 9, 52, 72 and 81), in our summary of resource availability (page 23), our anticipated trade-offs (page 28) and in the chapter on our market dynamics (page 29).
<b>Basis of preparation and presentation</b>	We explain our approach to reporting in the first chapter, starting on page 3. The material matter determination process and the material matters are explained on page 32.





# Glossary of terms

Terms and abbreviations used in this Integrated Annual Report

<b>A2X</b>	A2X Markets, an alternative venue for secondary listing and trading shares in South Africa
<b>ACI</b>	African, Coloured and Indian
<b>AFS</b>	Annual Financial Statements
<b>AGM</b>	Annual General Meeting
<b>AIH</b>	Ackerman Investment Holdings
<b>BBBEE</b>	Broad-based black economic empowerment
<b>Boxer IPO</b>	An offering and listing of the Group's Boxer business on the Main Board of the Johannesburg Stock Exchange
<b>CAGR</b>	Compound annual growth rate
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Finance Officer
<b>CGR</b>	Corporate Governance Report
<b>CO<sub>2</sub>e</b>	Carbon dioxide equivalent
<b>CODM</b>	Chief Operating Decision Maker
<b>Companies Act</b>	Companies Act of South Africa, No 71 of 2008, as amended
<b>CPI</b>	Consumer Price Index – the headline inflation number in South Africa as reported by Stats SA
<b>CPI Food</b>	The Consumer Price Index for food and non-alcoholic beverages as defined by Stats SA
<b>CRI</b>	Long-term cash retention incentive scheme – aimed at middle management (Grades C – D)
<b>CSI</b>	Corporate social investment
<b>EBITDA</b>	Refer to page 123
<b>ERPI</b>	Executive Retention and Performance Incentive
<b>ESD</b>	Enterprise and supplier development
<b>ESG</b>	Environmental, social and governance
<b>EY</b>	Ernst & Young Inc., the Group's external auditors
<b>FIC</b>	Finance and Investment Committee
<b>FMCG</b>	Fast-moving consumer goods
<b>FSP/RSP</b>	The Group's restricted, forfeitable share plan
<b>FY</b>	Financial year, for example: FY25 – our 2025 financial year, and FY24 – our 2024 financial year
<b>GARCC</b>	Group Audit, Risk and Compliance Committee
<b>GDP</b>	Gross domestic product
<b>Gearing/de-gearing</b>	Gearing measures the Group's leverage by comparing its debt to its equity, illustrating its reliance on debt funding to finance its operations. De-gearing refers to the reduction of net debt funding.
<b>GLA</b>	Gross lettable area
<b>GNFR</b>	Goods not for resale
<b>GNU</b>	Government of National Unity
<b>GRI</b>	Global Reporting Initiative
<b>Group</b>	Pick n Pay Stores Limited and all its subsidiaries and associate
<b>H1 and H2</b>	First and second half of FY25: H1 – first half, end August 2024, and H2 – second half, end 2 March 2025
<b>HDSA</b>	Historically disadvantaged South Africans
<b>HEPS</b>	Headline earnings per share
<b>IAR</b>	Integrated Annual Report

<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	IFRS Accounting Standards as issued by the International Accounting Standards Board
<b>JSE</b>	Johannesburg Stock Exchange
<b>King IV</b>	The King IV Report on Corporate Governance™ for South Africa, 2016
<b>KPI</b>	Key performance indicator
<b>LfL</b>	Like-for-like
<b>LID</b>	Lead independent director
<b>LTI</b>	Long-term incentive – under the Group’s long-term CRI and RSP schemes
<b>MOI</b>	Memorandum of Incorporation
<b>MSR</b>	Minimum shareholding requirement
<b>NED</b>	Non-executive director
<b>NMBU</b>	Non-management bargaining unit
<b>NomGov</b>	Nominations and Corporate Governance Committee
<b>PBT</b>	Profit before tax
<b>PBTAE</b>	Profit before tax and exceptional items
<b>PIK</b>	Pick n Pay Stores Limited
<b>Q1 – Q4</b>	FY25 financial quarters: Q1 – first quarter, end May 2024 Q2 – second quarter, end August 2024 Q3 – third quarter, end November 2024 Q4 – fourth quarter, end 2 March 2025
<b>RemCom</b>	Remuneration Committee
<b>Rights Offer</b>	The invitation to PIK shareholders to purchase additional new shares in the Company. Each shareholder received the right to purchase a pro rata allocation of additional shares at a specific price and within a specific period. Concluded August 2024.
<b>ROIC</b>	Return on invested capital. Refer to page 123
<b>RSP</b>	Long-term restricted share plan – aimed at senior and top management (Grades A – B)
<b>SASB</b>	Sustainability Accounting Standards Board
<b>SBTi</b>	Science Based Targets initiative
<b>SD9</b>	Sectoral Determination 9
<b>SDG</b>	Sustainable Development Goal
<b>SED</b>	Socio-economic development
<b>SENS</b>	Johannesburg Stock Exchange News Service
<b>SETA</b>	Sector Education and Training Authority
<b>SETC</b>	Social, Ethics and Transformation Committee
<b>SMMes</b>	Small, medium and micro-enterprises
<b>STI</b>	Short-term incentive – the Group’s annual cash performance bonus
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TGP</b>	Total guaranteed package
<b>TM</b>	TM Supermarkets (Pvt) Limited – the Group’s associate trading in Zimbabwe
<b>W&amp;RSETA</b>	Wholesale and Retail Sector Education and Training Authority
<b>WACC</b>	Weighted average cost of capital – The average post-tax cost of the Group’s debt funding, which includes non-current borrowings and current liabilities, and the Group’s equity funding, with each source of funding included on a proportional basis

Other relevant financial definitions have been included on page 123.









# Corporate information

## Shareholders' diary

### February

Trading update

Annual financial period-end

### May

Publication of annual financial  
results

Annual financial results roadshow

### June/July

Publication of Integrated Annual  
Report

### August

Trading update

Annual General Meeting

Interim financial period-end

### October

Publication of interim financial  
results

Interim financial results roadshow

Please consult our website

<https://www.picknpayinvestor.co.za/>  
for the latest published dates.

## Pick n Pay Stores Limited

Registration number: 1968/008034/06

JSE and A2X share code: PIK

ISIN: ZAE000005443

## Board of directors

### Executive

Sean Summers (CEO)

Lerena Olivier (CFO)

### Non-executive

Gareth Ackerman (Chair)

Suzanne Ackerman

Jonathan Ackerman

### Independent non-executive

Haroon Borat

James Formby

David Friedland

Aboubakar Jakoet

Audrey Mothupi-Palmstierna

Annamarie van der Merwe

Pooven Viranna

## Registered office

Pick n Pay Office Park

101 Rosmead Avenue

Kenilworth

Cape Town 7708

Tel: +27 21 658 1000

Fax: +27 (0)86 675 1475

## Postal address

PO Box 23087

Claremont

Cape Town 7735

## Registrar

Computershare Investor Services

Proprietary Limited

Rosebank Towers

15 Biermann Avenue

Rosebank 2196

Tel: +27 11 370 5000

## Postal address

Private Bag X9000

Saxonwold 2132

## JSE Limited sponsor

Rand Merchant Bank

(a division of FirstRand Bank Limited)

1 Merchant Place

Cnr Fredman Drive and Rivonia Road

Sandton 2196

## Auditors

Ernst & Young Inc.

## Principal bankers

ABSA Limited

Rand Merchant Bank

(a division of FirstRand Bank Limited)

## Corporate advisors

Rand Merchant Bank

(a division of FirstRand Bank Limited)

## Company Secretary

Vaughan Pierce

Email address:

[companysecretary@pnp.co.za](mailto:companysecretary@pnp.co.za)

## Promotion of Access to Information Act

[informationofficer@pnp.co.za](mailto:informationofficer@pnp.co.za)

## Investor relations

Stephen Carrott

Email address: [stephencarrott@pnp.co.za](mailto:stephencarrott@pnp.co.za)

## Website

Pick n Pay: [www.pnp.co.za](http://www.pnp.co.za)

Pick n Pay Clothing:

[www.picknpayclothing.co.za](http://www.picknpayclothing.co.za)

Pick n Pay investor relations:

[www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za)

## Customer careline

### Pick n Pay

Tel: +27 860 30 30 30

Email address: [customercare@pnp.co.za](mailto:customercare@pnp.co.za)

### Boxer

Customer website: [www.boxer.co.za](http://www.boxer.co.za)

Investor relations website:

[www.boxerinvestor.co.za](http://www.boxerinvestor.co.za)

Tel: +27 860 02 69 37

Email address: [customercare@boxer.co.za](mailto:customercare@boxer.co.za)



Pick n Pay Online

**Pick n Pay**  
Online

**Pick n Pay**  
**asap!**

**Pick n Pay**  
**home**

**Pick n Pay**  
Clothing

[www.pnp.co.za](http://www.pnp.co.za) | [www.pnphome.co.za](http://www.pnphome.co.za) | [www.picknpayclothing.co.za](http://www.picknpayclothing.co.za)

Engage with us on

