

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.

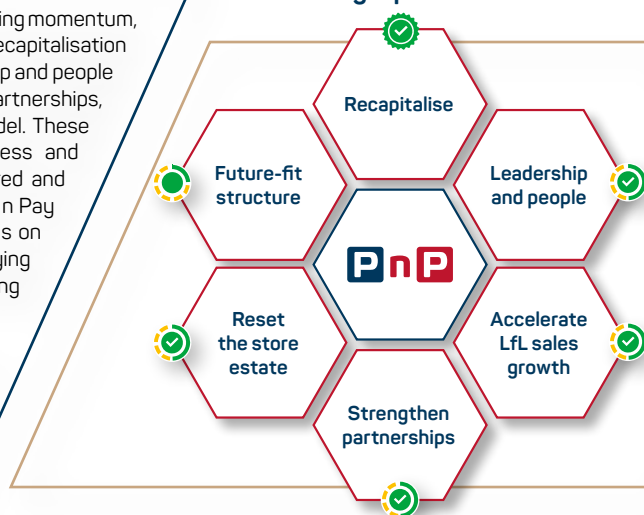
With the recapitalisation successfully concluded, the Group is focused on the important work ahead: delivering the Pick n Pay turnaround through improved execution, cost discipline and renewed customer relevance, and continuing to advance Boxer's growth trajectory through scale, efficiency and deeper 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 targets¹

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



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 interest² Break-even (vs. R2.6bn FY24 loss)

¹ 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.

² 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 platforms¹
- 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

¹ 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

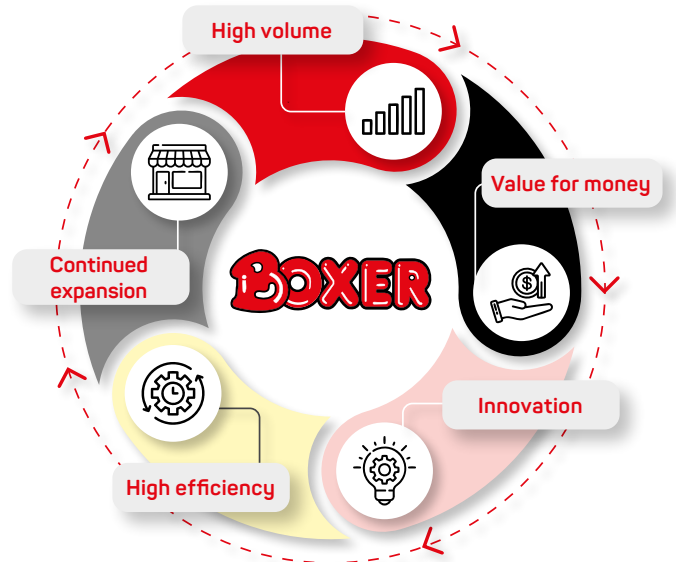
BOXER – driving volume, unlocking value

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, for further detail on its strategic performance over FY25.