

Pick n Pay Stores Limited  
 Incorporated in the Republic of South Africa  
 Registration number: 1968/008034/06  
 ISIN: ZAE00005443  
 JSE share code: PIK  
 ("Pick n Pay" or "the Group")

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE 26 WEEKS ENDED 28 AUGUST 2022 AND DECLARATION OF INTERIM DIVIDEND

This short-form announcement is the responsibility of the directors and is an abridged summary of the information contained in the Group's full H1 FY23 interim result announcement.

Any investment decision should be based on the full announcement published on the Group's website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za) and on the JSE website using the following link <https://senspdf.jse.co.za/documents/2022/jse/isse/PIK/FY23H1.pdf>.

Copies of the full announcement are available for inspection at, or may also be requested from, the Group's registered office or the office of our sponsor, at no charge, during office hours. To request a copy of the full announcement, contact our Company Secretary, Penelope Gerber at [CompanySecretary@pnp.co.za](mailto:CompanySecretary@pnp.co.za).

The information contained in this announcement has neither been audited nor reviewed by the Group's external auditors.

Executing on the Ekuseni strategic plan

Key financial indicators	26 weeks to 28 August 2022 H1 FY23	26 weeks to 29 August 2021 H1 FY22	% change
Group turnover	R51.3 billion	R46.0 billion	11.5%
Gross profit margin	19.4%	18.2%	
Trading expenses	R9.8 billion	R8.9 billion	10.6%
Pro forma profit before tax <sup>1</sup>	R588.0 million	R481.2 million	22.2%
Pro forma profit before tax - South Africa <sup>1</sup>	R456.1 million	R389.6 million	17.1%
Profit after tax	R453.3 million	R296.8 million	52.7%
Basic earnings per share (EPS)	94.34 cents	61.97 cents	52.2%
Headline earnings per share (HEPS)	97.73 cents	61.28 cents	59.5%
Pro forma HEPS <sup>1</sup>	88.76 cents	70.85 cents	25.3%
Interim dividend per share	44.85 cents	35.80 cents	25.3%

<sup>1</sup> H1 FY23 pro forma profit before tax (PBT) and pro forma headline earnings per share (HEPS) exclude R145.2 million (R104.5 million net of tax) business interruption insurance proceeds received and accounted for in H1 FY23, but previously included in FY22 pro forma earnings. In line with normal Group practice, pro forma earnings also exclude all non-cash hyperinflation gains and losses related to the Group's TM business in Zimbabwe. Pro forma HEPS is the Group's dividend driver.

RESULT SUMMARY

The Group delivered a positive performance in its first trading period under the Ekuseni strategic plan. In addition to taking crucial steps to deliver the plan, the Group increased its turnover by 11.5% year-on-year. This strong turnover growth in part reflects the normalisation of the environment after the July 2021 civil unrest and Covid-19 liquor trading restrictions last year which negatively impacted the base. When excluding these disruptions in the base, we estimate normalised H1 FY23 turnover rose by an encouraging 8.2%.

While turnover normalised during this period, the Group continued to feel the after-effects of the civil unrest in terms of increased insurance and related security costs. Additional expense increases arose from broad inflationary pressures and from investment in implementing our Ekuseni strategic plan. Underlying gross profit margin reflects higher fuel costs, alongside price investment to support our customers. Despite this, the Group reported pro forma profit before tax of R588.0 million (+22.2% year-on-year).

The Group's H1 focus was execution of the Ekuseni strategic plan, the key elements of which are:

- Rejuvenating our Pick n Pay supermarket format by refining our customer value proposition (CVP) into two differentiated banners, Pick n Pay, and Pick n Pay QualiSave (QualiSave);
- Doubling-down on the growth of our high performance but under-penetrated formats, Boxer and Pick n Pay Clothing, via an accelerated store rollout programme, and strong like-for-like turnover growth;
- Building a market-leading online business, by launching an on-demand Pick n Pay grocery service on the Mr D app, expanding on our existing asap! and scheduled services;
- Improving efficiency by launching Project Future Phase 2, a three-year modernisation and savings programme

The Group is energised and making progress on all elements of the Ekuseni plan. Key milestones achieved so far this year include launching the QualiSave banner and rolling it out to 93 stores, as well as refurbishing 41 stores to the new Pick n Pay and QualiSave CVPs with strong initial results. Project Future, our cost-saving and modernisation plan, is helping the Group constrain operating costs and deliver greater operating efficiency in an increasingly inflationary environment.

#### HIGHLIGHTS FROM THE PERIOD INCLUDE:

- The 17 May launch of the Ekuseni strategic plan with ambitious medium-term sales and profit growth targets
- Split of Pick n Pay supermarkets into two tailored banners: QualiSave, serving lower-to-middle-income customers, and Pick n Pay, serving middle-to-upper-income customers
- Launch of an accelerated store refurbishment programme to clearly differentiate the two banners and improve the customer experience
- Average weekly sales growth of 15% achieved for the 41 stores upgraded to the new CVPs
- Market leading SA sales growth of 27.2% from soft-discounter Boxer, with its sales performance disclosed separately for the first time
- Pick n Pay Clothing continued to gain market share with 14.8% sales growth
- Online sales growth of 82.0%, with future growth to be supported by the recent launch of Pick n Pay groceries on the Mr D app, South Africa's leading online food delivery service
- Reaching agreement with our largest labour union, SACCAWU, to introduce multi-skilling, which allows Pick n Pay to schedule employees for different jobs within one day, thereby improving productivity and customer service
- R315 million Project Future savings, enabling Pick n Pay South Africa to restrict like-for-like cost growth to a similar level to its 4.5% like-for-like sales (and well below 6.0% Group like-for-like cost growth)

The first half of FY23 was an intensive period for the Group. It launched the Ekuseni strategic plan on 17 May 2022, and immediately put energy into implementing key elements of the plan. The initial results achieved in a short time have been very encouraging. In addition, the Group has continued to support customers through an increasingly difficult economy, marked by rising inflation, intense load shedding, and other challenges.

The Group is confident that its reorganisation into three grocery banners - Pick n Pay, QualiSave, and Boxer - is the right strategic response to market and economic dynamics, with each banner optimised to serve their target customer needs.

While encouraged by the initial progress, the Group recognises that much work remains to be done in its multi-year Ekuseni transformation plan. The Group made it clear when launching the plan that FY23 would be an investment year, with implementation costs and investment in getting the right prices for consumers. As a result, meaningful earnings growth (relative to the FY22 pro forma headline earnings base) should be expected only from FY24. In addition, external headwinds - including inflationary cost pressures, and unprecedented load shedding - are likely to be challenging in the second half. The Group will work to mitigate these pressures, but cautions that there will inevitably

be an additional impact on the full-year result. Group turnover growth for the first four weeks of H2 FY23 was 8.4%.

We thank all Boxer and Pick n Pay colleagues, and our valued franchise partners, for their commitment and contribution, and for their dedication to customers and communities. In particular, we thank our colleagues and partners for the energy they are bringing towards realising the Ekuseni goals.

Gareth Ackerman  
Chairman  
17 October 2022

Pieter Boone  
Chief Executive Officer

#### DIVIDEND DECLARATION

Tax reference number: 9275/141/71/2  
Number of ordinary shares in issue: 493 450 321  
2023 interim dividend - number 109

Notice is hereby given that the directors have declared an interim gross dividend (number 109) relating to its 2023 interim financial period (26 weeks ended 28 August 2022) of 44.85 cents per share out of income reserves. The dividend declared is subject to dividend withholding tax at 20%. The tax payable is 8.97 cents per share, resulting in shareholders who are not exempt from dividends tax with a net dividend of 35.88 cents per share.

Dividend dates	
Last day to trade CUM-dividend	Tuesday, 29 November 2022
Shares to commence trading EX-dividend	Wednesday, 30 November 2022
Record date	Friday, 2 December 2022
Dividend payment date	Monday, 5 December 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 November 2022 and Friday, 2 December 2022, both dates inclusive.

On behalf of the Board of directors  
Penelope Gerber  
Company Secretary  
17 October 2022

#### CHANGES TO THE BOARD AND COMPANY SECRETARY DURING THE PERIOD UNDER REVIEW

Suzanne Ackerman-Berman retired as an executive director on 31 March 2022 and was appointed as a non-executive director from that date. Independent non-executive director Hugh Herman retired at the AGM on 26 July 2022. Debra Muller retired as Company Secretary on 31 July 2022 and was replaced by Penelope Gerber on that date. Post the interim results period under review, James Formby was appointed as an independent non-executive director on 10 October 2022.

#### RESULT WEBCAST

The Group will hold an online results presentation at 9:00am this morning. All interested stakeholders are invited to watch the webcast which can be accessed using the following link: <https://www.corpcam.com/pnp18102022>. The slides accompanying the result presentation will be available on the Pick n Pay Investor Relations website at [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za) shortly before the commencement of the presentation. A playback of the webcast will be made available on our website approximately 2 hours after the presentation.

## ABOUT PICK N PAY STORES LIMITED

The Pick n Pay Stores Limited Group is a leading South African grocery, clothing, liquor and general merchandise retailer, employing 90 000 people through its owned and franchise operations, across its Pick n Pay, Pick n Pay QualiSave, and Boxer banners. The Group is managed through its South Africa and Rest of Africa divisions and owns a 49% share of a Zimbabwean supermarket business, TM Supermarkets. For further information on Pick n Pay and its underlying businesses, please visit [www.picknpayinvestor.co.za](http://www.picknpayinvestor.co.za).

## DIRECTORS OF PICK N PAY STORES LIMITED

### Executive directors

Pieter Boone (CEO), Lerena Olivier (CFO), Jonathan Ackerman

### Non-executive directors

Gareth Ackerman (Chairman), Suzanne Ackerman-Berman, David Robins

### Independent non-executive directors

Haroon Bhorat, Mariam Cassim, James Formby, David Friedland, Aboubakar Jakoet, Audrey Mothupi, Annamarie van der Merwe, Jeff van Rooyen

## CORPORATE INFORMATION

### Registered office

101 Rosmead Avenue, Kenilworth, Cape Town 7708

### Company Secretary

Penelope Gerber

Email address: [CompanySecretary@pnp.co.za](mailto:CompanySecretary@pnp.co.za)

### Investor relations

Stephen Carrott

Email address: [stephencarrott@pnp.co.za](mailto:stephencarrott@pnp.co.za)

### Sponsor

Investec Bank Limited

### Transfer secretaries

Computershare Investor Services Proprietary Limited

18 October 2022