

PICK N PAY STORES LIMITED

Registration number: 1968/008034/06

Incorporated in the Republic of South Africa

Share code: PIK

ISIN code: ZAE000005443

("Pick n Pay" or "the Company")

PUBLICATION OF CIRCULAR IN CONNECTION WITH THE PICK N PAY RECAPITALISATION PLAN AND NOTICE OF GENERAL MEETING

1. INTRODUCTION

- 1.1. Shareholders of Pick n Pay ("**Shareholders**") are referred to the announcements released by the Company on the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**") and the A2X News Service ("**ANS**") of the A2X Market on 22 February 2024 ("**February Announcement**") in terms of which the Company advised that it intended to undertake a two-step recapitalisation plan, comprising: (i) a rights offer (as detailed in a rights offer circular published on 15 July 2024, the results of which were published by the Company on 5 August 2024 ("**Rights Offer**")); and (ii) an offering and listing of the Group's Boxer business on the main board of the JSE (the "**Boxer IPO**"), (together the "**Recapitalisation Plan**").
- 1.2. The Rights Offer has been successfully concluded and the Company now intends to seek the necessary shareholder approvals to allow it to proceed with the implementation of the Boxer IPO, the second step in the Company's Recapitalisation Plan, if and at such time as the board of directors of the Company ("**Board**") considers it appropriate, taking into account various factors (including market conditions).
- 1.3. As discussed in the Company's notice of annual general meeting published on 26 June 2024, the Company also intends to propose resolutions to Shareholders to approve a reduction of the Company's ordinary share capital and B share capital to appropriate levels, following the conclusion of the Rights Offer ("**Share Capital Reductions**").
- 1.4. Shareholders are referred to paragraph 10 below regarding the circular to Shareholders that has been published on Pick n Pay's website (www.picknpayinvestor.co.za) and that will be distributed on 2 September 2024 to Shareholders recorded in the register on the notice record date ("**Circular**"), which sets out further details relating to the approvals sought in connection with the Boxer IPO and the Share Capital Reductions, and which includes a notice convening a general meeting of Shareholders ("**General Meeting**").
- 1.5. In preparation for the Boxer IPO, the Company is in the process of undertaking an intra-group restructuring ("**Pre-IPO Restructure**"), details of which are also set out in the Circular. As part of the Pre-IPO Restructure, a new company, Boxer Retail Proprietary Limited (to be renamed to "Boxer Retail Group Limited") ("**Boxer Listco**"), has been incorporated, and will serve as the holding company of the Group's Boxer business, and the entity to be listed on the JSE for the purposes of the Boxer IPO.

2. OVERVIEW OF PICK N PAY AND BOXER

2.1. The Group

- 2.1.1. Pick n Pay and its subsidiaries (the "**Group**") is one of South Africa's leading multi-format and omni-channel retailers, operating on an owned and franchised basis. As of 25 February 2024, the Group operates a flexible and diverse portfolio of stores and online platforms, providing a broad range of food, grocery, liquor, clothing and value-added services across eight countries on the African continent. The Group, which is headquartered in Cape Town, has a portfolio of 1,484 Company-owned and 722 franchise stores, across seven retail formats.
- 2.1.2. Further details regarding the Group are set out in the integrated annual report for the 2024 financial year, which is available at www.picknpayinvestor.co.za.

2.2. Overview of the Boxer Business

- 2.2.1. The Company is the ultimate holding company of Boxer Superstores Proprietary Limited ("**Boxer**"), which is South Africa's leading soft discounter by market share. Boxer has three complementary formats: Boxer Superstores, Boxer Liquors and Boxer Build; and operates in South Africa as well as in Eswatini.
- 2.2.2. The Boxer Superstores business model is based on a low cost, high value customer proposition, with a focused range of approximately 3,000 products, providing a strong all-round customer offer across

ambient and fresh categories, including butchery, bakery, fruit & veg and deli. Boxer delivers compelling value, with broad appeal to lower- to middle-income consumers. Boxer's combination of high sales densities, low-cost operating model and a relatively light asset base allows the business to be highly cash generative and produce superior returns on investment. Boxer has achieved strong grocery market share gains over the past several years and has delivered a highly compelling and consistent financial performance within the discount retail market context. The business has a stable and highly experienced management team led by Chief Executive Officer, Marek Masojada, who has been at Boxer for over 30 years.

3. RATIONALE FOR THE BOXER IPO

- 3.1. As detailed more fully in the Circular, and for the reasons set out in the February Announcement, the Board undertook and will undertake several key steps to safeguard the Group's liquidity position and to strengthen the underlying performance of its Pick n Pay Supermarkets business, including the Share Issue (as defined in paragraph 4 below) to be implemented as part of the Boxer IPO, being the second step in the Recapitalisation Plan. The Boxer IPO will also ensure that Boxer is accorded a market value that appropriately reflects its growth trajectory and return on invested capital, thereby unlocking shareholder value embedded in the Group.
- 3.2. The Company accordingly wishes to obtain the necessary shareholder approvals to allow it to proceed with the Boxer IPO if and at such time as the Board considers appropriate, taking into account various factors (including market conditions), and subject to the conditions set out in paragraph 7.

4. SHARE ISSUE AND CONSIDERATION

- 4.1. Pursuant to the Recapitalisation Plan and subject to the Board electing to proceed with the Boxer IPO, it is proposed that Boxer Listco will, on the listing date (currently contemplated to be towards the end of 2024, subject to final Board approval, "**Listing Date**"), issue such number of ordinary shares ("**Share Issue**") as will allow it to raise an amount necessary for the purposes set out in paragraph 5 below (the "**Target Amount**"). The price at which shares in Boxer Listco will be issued for the purposes of the Boxer IPO ("**Issue Price**") will be determined shortly prior to the Boxer IPO in terms of an arms-length bookrunning process. A range for the Issue Price will be specified in the pre-listing statement to be issued in connection with the Boxer IPO.
- 4.2. It is not possible at this stage to specify what the Target Amount will be. It will be finally determined prior to commencing the bookrunning process, taking into account, amongst other things, the outcome of the Rights Offer, through which the Group raised an amount of approximately ZAR4.0 billion.
- 4.3. Although the Target Amount will only be finally determined closer to the Listing Date, it has been assumed, for illustrative purposes only, in the *pro forma* financial information included in the Circular, that the Share Issue will generate R8.0 billion in proceeds.

5. USE OF PROCEEDS

As detailed more fully in the Circular, the net proceeds of the Boxer IPO will primarily be used to settle the Group's outstanding debt and for considered re-investment to secure the turnaround of the Group's Pick n Pay Supermarkets business.

6. CLASSIFICATION OF THE SHARE ISSUE

- 6.1. Although the Target Amount will only be determined closer to the Listing Date, it is anticipated that the Target Amount will exceed 30% of the market capitalisation (excluding treasury shares) of the Company. It is therefore probable that the Share Issue by Boxer Listco will constitute a Category 1 disposal by the Company in terms of paragraph 9.5(b) of the JSE Listings Requirements. Accordingly, the Share Issue requires the approval of Shareholders by way of an ordinary resolution, which will require the support of more than 50% of the votes exercised thereon at a general meeting of shareholders in terms of paragraph 9.20 of the JSE Listings Requirements.
- 6.2. Once the Target Amount and Issue Price is determined, Boxer Listco will issue such number of ordinary shares as will allow for the Target Amount to be raised, provided that this will remain subject to the Company, through its wholly-owned subsidiary, Pick n Pay Retailers Proprietary Limited, retaining an indirect minimum shareholding in Boxer Listco of at least 50% plus one share. Accordingly, for the avoidance of doubt, the Share Issue will not constitute a disposal of the greater part of the assets or undertaking of the Company, as

contemplated in section 112 of the Companies Act, 71 of 2008 and will not require the approval of Shareholders by way of a special resolution as contemplated in section 115 of that Act.

7. SUSPENSIVE CONDITIONS

If the Company elects to proceed with the Boxer IPO, it will be subject to the fulfilment (or, where applicable, waiver) of the following suspensive conditions, that:

- 7.1. the resolutions authorising the Board to implement the Boxer IPO, as set out in the Circular and notice of General Meeting, are approved by the requisite majority of Shareholders in accordance with the JSE Listings Requirements;
- 7.2. all board and shareholder approvals required in respect of the Boxer IPO are obtained from the directors and shareholders of Boxer Listco;
- 7.3. the Pre-IPO Restructure, as described in the Circular, is fully implemented;
- 7.4. any and all regulatory approvals that may be required to implement the Boxer IPO are obtained; and
- 7.5. the JSE approves the listing of Boxer Listco on the Main Board of the JSE.

8. FINANCIAL INFORMATION

8.1. Net Asset Value

As detailed more fully in the Circular, the net asset value of the Boxer Group as at 25 February 2024 was R1 841 million, as derived from the audited financial statements of the Boxer Group for the 52 weeks ended 25 February 2024, which audited financial statements were prepared in terms of International Financial Reporting Standards.

8.2. Profit After Tax

As detailed more fully in the Circular, the profit after tax of the Boxer Group for the 52 weeks ended 25 February 2024 was R1 385 million, as derived from the audited financial statements of the Boxer Group for the 52 weeks ended 25 February 2024, which audited financial statements were prepared in terms of International Financial Reporting Standards.

9. COMPLETION DATE

The effective date of the Share Issue will be the Listing Date of Boxer Listco. This is currently anticipated to take place towards the end of 2024, but remains subject to final Board approval, taking into account various factors, including market conditions.

10. CIRCULAR TO SHAREHOLDERS AND NOTICE OF GENERAL MEETING

The Circular, which sets out the complete details of the Boxer IPO and the Share Capital Reductions, has been published on Pick n Pay's website (www.picknpayinvestor.co.za) and will be distributed on 2 September 2024 to Shareholders recorded in the register on the notice record date.

The Circular incorporates a notice convening the General Meeting, at which Shareholders will be requested to vote on the relevant resolutions to grant the Company the necessary authorisations required in connection with the Boxer IPO and the Share Capital Reductions. The salient dates and times in this regard, including the date of the General Meeting, are set out below and are also contained in the Circular.

<i>Issuer name</i>	<i>Pick n Pay Stores Limited</i>
<i>Type of instrument</i>	<i>Ordinary shares and B shares</i>
<i>ISIN</i>	<i>ZAE000005443</i>
<i>JSE and A2X share code</i>	<i>PIK</i>
<i>Meeting type</i>	<i>General Meeting</i>
<i>Meeting venue</i>	<i>Entirely by electronic communication</i>
<i>Company's weblink to Circular</i>	www.picknpayinvestor.co.za

Notice record date in order to be eligible to receive the Circular (including the notice of General Meeting)	Friday, 23 August 2024
SENS and ANS announcements confirming availability of the Circular (including the notice of General Meeting) on the Company's website	Thursday, 29 August
Circular (including the notice of General Meeting) made available on the Company's website	Thursday, 29 August
Circular (including the notice of General Meeting) distributed to Shareholders	Monday, 2 September 2024
Last day to trade in order to be eligible to speak and vote at, and participate in, the General Meeting	Tuesday, 17 September 2024
Voting record date in order to be eligible to speak and vote at, and participate in, the General Meeting	Friday, 20 September 2024
Last date and time to register to participate electronically in the General Meeting by 08:30 on <i>(see note 7 below)</i>	Friday, 27 September
For the purpose of effective administration, requested last date and time on and at which forms of proxy are to reach the Transfer Secretaries, by 08:30 on <i>(see note 5 below)</i>	Friday, 27 September 2024
General Meeting of Shareholders at 08:30 on	Tuesday, 1 October 2024
Results of the General Meeting released on SENS and ANS	Tuesday, 1 October 2024

Notes:

- (1) All dates and times above and elsewhere in this announcement are South African Standard Time.
- (2) The above dates and times may be amended, subject to the approval of the JSE, if required. Any material amendments will be released on SENS and ANS.
- (3) Shareholders are reminded that ordinary shares can only be traded on the JSE in dematerialised form. No orders to dematerialise or rematerialise ordinary shares will be processed from the business day following the last day to trade up to and including the voting record date. Such orders will again be processed from the first business day after the voting record date.
- (4) The register will be closed for certificated shareholders between the last day to trade and the voting record date.
- (5) As noted, above, for the purposes of effective administration, it is requested that Shareholders lodge, email or post the form of proxy so as to reach the Transfer Secretaries at or before 08:30 on Friday, 27 September 2024, provided that such form may nevertheless be emailed to the Transfer Secretaries at proxy@computershare.co.za at any time prior to the commencement of the General Meeting.
- (6) If the General Meeting is adjourned or postponed, forms of proxy submitted for the General Meeting will remain valid in respect of the resumption of the adjourned meeting, and the recommencement of the postponed meeting.
- (7) Shareholders may still register online to speak and vote at, and participate in, the General Meeting electronically after this date and time, provided; however, for those Shareholders to speak and vote at, and participate in, the General Meeting electronically, they must be verified and registered before the commencement of the General Meeting.

Cape Town
29 August 2024

Transaction Sponsor

Rand Merchant Bank
(a division of FirstRand Bank Limited)

Legal advisers to Pick n Pay as to South African law

Bowman Gilfillan Inc.

Legal advisers to Pick n Pay as to US and English law

Milbank LLP

DISCLAIMER

Forward Looking Statements

This announcement contains certain forward-looking statements which relate to the Group's possible future actions, long-term strategy, performance, liquidity position and financial position. All forward-looking statements are solely based on the views and considerations of Pick n Pay, and in particular as at the date hereof. These statements involve risk and uncertainty as they relate to events and depend on circumstance that may or may not occur in the future.

Pick n Pay 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 Pick n Pay's external auditors.

Important information

This announcement does not, and is not intended to, constitute or form part of any offer, or invitation for or solicitation of any offer, to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of, or issue, any security in any jurisdiction, nor shall it or any part of it form the basis of, or be relied on in connection with, any agreement or commitment whatsoever in any jurisdiction, (including, without limitation, South Africa, Australia, Canada, Japan, Hong Kong, the United Kingdom, the United States of America, its territories and possessions and any state of the United States or any member state of the European Economic Area). Any decision to approve the resolutions contained in the Circular should be made only on the basis of the information in the Circular.

Subject to the conditions set out in the Circular, the Boxer IPO referred will be implemented pursuant to a pre-listing statement which will be distributed at a future point in time to qualified investors in accordance with the JSE Listings Requirements and other applicable South African law and regulations. The Circular is not the pre-listing statement and does not contain all of the information required for a pre-listing statement prepared in accordance with the relevant disclosure requirements under the JSE Listings Requirements.

This announcement, and the Circular, are not for distribution, directly or indirectly, in or into any jurisdiction outside of South Africa (including, without limitation, Australia, Canada, Japan, Hong Kong, the United Kingdom, the United States or any member state of the European Economic Area) if such distribution is restricted or prohibited by, or would constitute a violation of, the relevant laws or regulations of such jurisdiction. If the distribution of this announcement, or the Circular, and any accompanying documentation in or into any jurisdiction outside of South Africa is restricted or prohibited by, or would constitute a violation of, the laws or regulations of any such jurisdiction, such documents are deemed to have been sent for information purposes only and should not be copied or redistributed. Further, any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements or restrictions. Any failure to comply with the applicable requirements or restrictions may constitute a violation of the securities laws of any such jurisdiction.

The contents of this announcement, and the Circular, have not been reviewed by any regulatory authority, other than the JSE. This announcement, and the Circular, do not take into account the investment objectives, financial situation or needs of any particular person. Further, the contents of this announcement, and the Circular, do not constitute legal advice or purport to comprehensively deal with the legal, regulatory and tax implications of the resolutions contained in the Circular or any other matter for each Shareholder. Shareholders are accordingly advised to consult their professional advisors about their personal legal, regulatory and tax positions regarding the matters contained in the Circular.

The information contained in this announcement, and the Circular, constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, No. 37 of 2002, as amended, and should not be construed as an express or implied recommendation, guide or proposal that the Listing or the Share Issue, or the present or future business or investments of the Company or Boxer Listco is appropriate to the particular investment objectives, financial situations or needs of any Shareholder or prospective investor, and nothing in this announcement, or the Circular, should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.