

Pick n Pay Stores Limited  
 Incorporated in the Republic of South Africa  
 Registration number: 1968/008034/06  
 JSE and A2X share code: PIK  
 ISIN code: ZAE000005443  
 (“Pick n Pay”, “the Company”, or “the Group”)

## Trading update and further trading statement for the 26 weeks ended 25 August 2024 (H1 FY25)

### Trading update

Trading performance for the Company and its subsidiaries (“the Group”) for the 26-week period to 25 August 2024 (“the Period”) reflected another strong performance from the Boxer segment, while the Pick n Pay segment’s refreshed management team began to execute on the turnaround plan. The Group is well advanced in the execution of its two-step recapitalisation plan, with the successful completion of its Rights Offer in August 2024 and receiving overwhelming shareholder support at its 1 October 2024 general meeting to proceed with the listing of Boxer on the Main Board of the JSE towards the end of the year.

Group sales for the Period increased 3.7% (2.9% like-for-like).

- Pick n Pay sales declined -0.3% (+0.5% like-for-like), with Pick n Pay SA sales increasing 0.1% (1.1% like-for-like). Pick n Pay sales growth lagged like-for-like sales growth due to the closure of 24 net supermarkets during the Period (10 corporate stores and 14 franchise stores).
- Boxer sales grew 12.0% (7.7% like-for-like). Boxer’s sales performance was driven by strong like-for-like sales, complemented by new store openings. Boxer opened 12 net new stores during the Period, and anticipates a ramp up in new store openings in the second half of the year to support full year sales growth, as it begins to compare against the strong growth recorded in the second half of last year.

Clothing sales growth in standalone stores (reported within the Pick n Pay segment) was 9.8% (0.2% like-for-like), with like-for-like growth being impacted by the late arrival of winter weather as well as port delays. Despite these challenges, Pick n Pay Clothing continued to gain market share during the Period.

Online sales growth for the Period was 60.6%, sustaining the strong 74.4% online sales growth momentum reported for FY24.

Group South African internal selling price inflation for the Period was 4.3%, reflecting a sharp decline from the 7.3% reported for FY24 overall.

	21 weeks ended 21 July 2024		26 weeks ended 25 August 2024	
	% growth		% growth	
	Sales	Like-for-Like sales	Sales	Like-for-Like sales
Pick n Pay sales (SA and RoA <sup>#</sup> )	0.1%	1.1%	-0.3%	0.5%
Pick n Pay SA sales	0.6%	1.7%	0.1%	1.1%
Boxer sales (SA and RoA <sup>#</sup> )	13.5%	9.2%	12.0%	7.7%
<b>Group turnover</b>	<b>4.5%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>2.9%</b>

<sup>#</sup>Rest of Africa (operations outside South Africa)

Sales growth across both the Pick n Pay and Boxer segments slowed in August, resulting in turnover growth for the 26-week period being slightly below that previously reported for the 21-week period.

## Pick n Pay SA Supermarkets momentum

The key turnaround indicator the Group is targeting within the Pick n Pay SA segment is like-for-like sales growth in Pick n Pay SA Supermarkets (excluding standalone clothing stores). The Group is seeing steady improvement in this metric, from -0.4% in H2 FY24 to +1.3% for the Period.

Company-owned Pick n Pay Supermarkets (which account for the majority of reported Pick n Pay segment sales) have underperformed in recent years and are a key focus area of the turnaround plan. As a result of improved retail operations, like-for-like sales growth for this segment increased from -0.5% in H2 FY24 to 3.1% for the Period.

Against this, like-for-like sales growth in Franchise Supermarkets was a disappointing -1.4% for the Period. Company-owned Supermarkets have rarely outperformed Franchise over recent years; while the Group views this trend reversal as further confirmation of early progress in the turnaround of Company-owned Supermarkets, revitalising the performance of the Franchise stores is a key current priority.

## Trading statement

Shareholders are referred to the announcement released on the Stock Exchange News Service of the JSE Limited ("SENS") on 27 August 2024. In that announcement, the Group advised that it expected to report earnings per share (EPS), headline earnings per share (HEPS), and comparable HEPS for H1 FY25 to decrease by more than 20% when compared to EPS, HEPS and comparable HEPS reported for H1 FY24.

The Group is finalising its financial results for H1 FY25 and expects its H1FY25 earnings to fall within the following ranges:

	26 weeks to 25 August 2024 expected range % growth	26 weeks to 25 August 2024 expected range cents per share	26 weeks to 27 August 2023 reported cents per share <sup>#</sup>
Reported earnings metrics			
(Loss) / earnings per share (EPS)	-40.0% to -30.0%	-141.22 to -131.13	-100.86
Diluted EPS	-40.0% to -30.0%	-140.84 to -130.78	-100.59
Headline (loss) / earnings per share (HEPS)	-20.0% to -10.0%	-140.98 to -129.23	-117.48
Diluted HEPS	-20.0% to -10.0%	-140.59 to -128.87	-117.16
Comparable earnings metrics*			
Comparable HEPS	-30.0% to -20.0%	-142.84 to -131.85	-109.88
Diluted comparable HEPS	-30.0% to -20.0%	-142.46 to -131.50	-109.59

\*Comparable HEPS excludes non-cash hyperinflation gains and losses related to the Group's investment in TM Supermarkets in Zimbabwe. The Group's view is that Comparable HEPS provides the clearest view of underlying profit performance on a year-on-year basis.

<sup>#</sup>In accordance with IAS 33 Earnings Per Share, the prior year weighted and diluted weighted average number of shares in issue has been adjusted retrospectively to account for the bonus element arising from the Rights Offer share issue. As a result, the prior year basic and headline earnings per share metrics were adjusted to account for the change in the weighted and diluted weighted average number of shares in issue.

Despite the guided H1 FY25 year-on-year earnings decline, the Group continues to expect full year FY25 profit/loss before tax and capital items and before earnings from associate to show a meaningful improvement on FY24. The full year performance will be supported by:

- Boxer trading profit growth;
- expectations of a much-reduced Pick n Pay segment full year trading loss; and
- a reduction in H2 FY25 interest charges as a result of the recapitalisation.

## **H1 FY25 results announcement and strategy presentation**

The Group expects to release its H1 FY25 results on SENS shortly after 7:00am on Monday, 28 October 2024. An in-person and online presentation will follow at 8:30am. Stakeholders are invited to register for the results presentation webcast via the following link: [www.corpcam.com/pnp28102024](http://www.corpcam.com/pnp28102024). The slides accompanying the result presentation will be made 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.

The financial information on which this trading update and trading statement is based is the responsibility of the Board of directors of the Group and has not been reviewed by or reported on by the Group's external auditors.

By order of the Board  
Cape Town  
17 October 2024

Sponsor: Investec Bank Limited

## **Forward-looking information contained in this announcement**

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 the Board, 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. 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.