THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 2 of this Circular apply throughout this Circular, including this front cover.

Action required by Shareholders:

i. This Circular is important and should be read in its entirety, with particular attention to be given to the section entitled "*Action required by Shareholders*" commencing on page v of this Circular, which sets out the detailed actions required of Shareholders in respect of the matters dealt with in this Circular.

ii. If you are in any doubt as to what action you should take in relation to this Circular, please consult your CSDP, Broker, agent, banker, accountant, attorney, or other professional advisor immediately.

iii. If you have disposed of all your Shares, this Circular should be handed to the purchaser of such Shares or to the CSDP, Broker or other agent through whom such disposal was effected.

The Company does not accept responsibility, and will not be held liable, under any applicable law, regulation or otherwise, for any action of, or omission by, any CSDP, Broker, or other service provider to, or other agent of, any beneficial owner of Shares including, without limitation, any failure on the part of the CSDP, Broker, or other service provider to, or agent of, any beneficial owner of Shares to notify such beneficial owner of the General Meeting or of the matters set out in this Circular.

This Circular 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. Any decision to approve the Resolutions contained herein should be made only on the basis of the information in this Circular.

Pick n Pay Stores Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1968/008034/06)
JSE and A2X share code: PIK
ISIN: ZAE000005443
(the "**Company**")

CIRCULAR TO SHAREHOLDERS

regarding:

(1) the proposed issue by a wholly-owned Subsidiary of the Company, Boxer Listco, of the IPO Shares to Qualifying Investors in conjunction with the anticipated Listing of Boxer Listco on the JSE, which may constitute a Category 1 transaction for the Company in terms of the JSE Listings Requirements and requires the approval of the requisite majority of votes of the Company's Shareholders; and

(2) the proposed reduction of the number of authorised Ordinary Shares and B Shares of the Company, which constitutes an amendment to the Company's MOI requiring the approval of the requisite majority of votes of the Company's Shareholders,

and incorporating:

(3) a Notice of General Meeting; and

(4) a Form of Proxy *(grey)* in respect of the General Meeting (to be completed by Certificated Shareholders and Own-Name Dematerialised Shareholders only).

Legal Advisor to the Company as to South African law	Legal Advisor to the Company as to U.S. and English law	Transaction Sponsor
BOWMANS	Milbank	RMB

Transfer Secretaries	Independent Auditor
Computershare	EY

Date of issue: Thursday, 29 August 2024

This Circular is available in English only. This Circular will be made available electronically on the Company's website (http://www.picknpayinvestor.co.za) and by email request to Vaughan Pierce at CompanySecretary@pnp.co.za. A copy of this Circular may be inspected during normal business hours from the date of issue of this Circular up to and including the date of the General Meeting (both days inclusive) at the registered office of the Company and at the address of the Transaction Sponsor (as set out in the "Corporate information and advisors" section of this Circular).

IMPORTANT INFORMATION, DISCLAIMERS AND FORWARD-LOOKING STATEMENTS

The definitions and interpretations commencing on page 2 of this Circular apply to this section.

GENERAL

This Circular 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 herein should be made only on the basis of the information in this Circular.

Subject to the passing of the Resolutions by the requisite majority of votes of Shareholders, the IPO referred to in this Circular will be implemented pursuant to a Pre-Listing Statement which will be distributed at a future point in time to Qualifying Investors in accordance with the JSE Listings Requirements and other applicable South African law and regulations. This 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 Circular is 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 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, this Circular is 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 Circular have not been reviewed by any regulatory authority, other than the JSE. This Circular does not take into account the investment objectives, financial situation or needs of any particular person. Further, the contents of this Circular do not constitute legal advice or purport to comprehensively deal with the legal, regulatory and tax implications of the Resolutions contained herein 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 this Circular.

The information contained in this 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 Circular should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

FORWARD-LOOKING STATEMENTS

This Circular contains certain "*forward-looking statements*" which reflect the current views or expectations of the Company with respect to future events and future financial and operational performance. All statements other than statements of historical fact are, or should be deemed to be, forward-looking statements, including, without limitation, those concerning: the economic outlook for the industries in which the Group operates; use of the proceeds of the Share Issue; the Group's ability to implement its strategy; the competitive environments in which the Group operates; trends in the industries and markets in which the Group operates; future operating results, growth prospects and outlook for the operations of the Group, individually or in the aggregate; the Group's liquidity and available capital resources and expenditure.

These forward-looking statements generally reflect the Company's current plans, estimates, projections and expectations concerning future results and events and generally are identified by the use of forward-looking words or phrases such as "*believe*", "*expect*", "*forecast*", "*foresee*", "*planned*", "*intend*", "*seek*", "*aim*", "*anticipate*", "*estimate*", "*predict*", "*potential*", "*assume*", "*continue*", "*may*", "*will*", "*should*", "*could*", "*shall*", "*risk*", "*likely*" or the negative of these terms or similar expressions which are predictions of or indicate future events and future trends. Similarly, statements that describe the Company's objectives, plans or goals are or may be forward-looking statements. Any forward-looking statement has not been reviewed nor reported on by the Company's Independent Auditor.

Although the Company believes that the expectations reflected in these and other forward-looking statements are reasonable, no assurances can be given that such expectations will materialise or prove to be correct. These forward-looking statements are based on various estimates and/or assumptions subject to known and unknown risks, uncertainties and other factors that may cause future events or the Group's actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. Investors are cautioned not to place undue reliance on the forward-looking statements.

The forward-looking statements included in this Circular are made only as of the Last Practicable Date. The Company undertakes no obligation to update publicly, or release any revisions to, these forward-looking statements to reflect events or circumstances after the Last Practicable Date or to reflect the occurrence of future events. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are qualified by the cautionary statements above.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information in this Circular is provided as at the Last Practicable Date. All references to times in this Circular are to South African Standard Time.

TRANSACTION SPONSOR

Shareholders are advised that RMB acts as Transaction Sponsor in relation to this Circular and the IPO. RMB is also one of a number of Lenders to the Group.

In its capacity as Transaction Sponsor, RMB has confirmed to the JSE and to the Company that there is no matter that would impact its ability to exercise reasonable care and judgement in order to achieve and maintain independence and objectivity in its professional dealings in relation to the Group or that would impact on its ability to act within the Code of Conduct as set out in the JSE Listings Requirements.

RMB has appropriate internal procedures in place to ensure that its ability to act independently as Transaction Sponsor in relation to this Circular, and the matters contained herein, is not compromised. Pursuant to these internal procedures, RMB identifies and manages the risks of perceived conflict and maintains strict information barriers to ensure that, as Transaction Sponsor, it is able to act independently from other divisions within RMB. RMB also maintains and enforces restrictions around access to information, in order to ensure that such access is limited to deal teams for whom the specific information is relevant.

CORPORATE INFORMATION AND ADVISORS

Registered Office
Pick n Pay Stores Limited
(Registration number: 1968/008034/06)
101 Rosmead Avenue
Kenilworth
Cape Town, 7708
South Africa
(PO Box 23087, Claremont, Cape Town, 7735, South Africa)

Place of incorporation: South Africa

Date of incorporation: 18 July 1968

Website: https://www.picknpayinvestor.co.za

Legal Advisor to the Company as to South African law
Bowman Gilfillan Inc.
(Registration number: 1998/021409/21)
11 Alice Lane
Sandton, 2196
South Africa
(PO Box 785812, Sandton, 2146, South Africa)

Legal Advisor to the Company as to U.S. and English law
Milbank LLP
100 Liverpool Street
London EC2M 2AT
United Kingdom

Company Secretary
Vaughan Pierce
BA (LLB) (LLM)
101 Rosmead Avenue
Kenilworth
Cape Town, 7708
South Africa
(PO Box 23087, Claremont, Cape Town, 7735, South Africa)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
First Floor Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg, 2196
South Africa
(Private Bag X9000, Saxonwold, 2132, South Africa)

Transaction Sponsor
Rand Merchant Bank, a division of FirstRand Bank Limited
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
(PO Box 786273, Sandton, 2146, South Africa)

Independent Auditor
Ernst and Young Inc.
3 Dock Rd,
Victoria & Alfred Waterfront,
Cape Town,
8001

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 2 of this Circular apply to this section.

This Circular is important and requires your immediate attention.

If you are in any doubt as to what action to take, please consult your CSDP, Broker, agent, banker, accountant, attorney or other professional advisor immediately.

If you have disposed of all your Shares, this Circular should, subject to compliance with applicable securities laws, be handed to the purchaser of such Shares or to the CSDP, Broker or other agent through whom such disposal was effected.

Shareholders are requested to take note of the following information regarding the actions required by them in connection with this Circular.

1. GENERAL MEETING

Shareholders are invited to speak and vote at, and participate in, a General Meeting, convened in terms of the Notice of General Meeting (which is attached to, and forms part of, this Circular) for purposes of considering and, if deemed fit, adopting, with or without modification, the Resolutions set out in the Notice of General Meeting.

The General Meeting will be held at **08:30** on Tuesday, **1 October 2024**, and will be conducted entirely by electronic communication, as contemplated in the MOI and in section 63(2)(a) of the Companies Act. Shareholders will accordingly only be able to speak and vote at, and participate in, the General Meeting electronically via an electronic facility. Further details on the steps which need to be taken in order to access the electronic facility are provided below and in the Notice of General Meeting.

2. VOTING AND ATTENDANCE AT THE GENERAL MEETING

2.1 Dematerialised Shareholders other than Own-Name Dematerialised Shareholders

If you have Dematerialised your Shares without "*own name*" registration, then the following is relevant to you in connection with the General Meeting:

a. *Voting at the General Meeting*

I. Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or to ascertain whether you wish to abstain from casting your vote) at the General Meeting, and thereafter cast your vote (or abstain from casting your vote) in accordance with your instructions.

II. If you have not been contacted by your CSDP or Broker, it is advisable that you contact your CSDP or Broker and furnish it with your voting instructions.

III. If your CSDP or Broker does not obtain voting instructions from you, it should vote in accordance with the instructions contained in the mandate agreement between you and your CSDP or Broker.

IV. You must **NOT** complete the attached Form of Proxy (*grey*).

b. *Attendance and representation at the General Meeting*

I. In accordance with the mandate agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to speak and vote at, and participate in, the General Meeting yourself or through a proxy. If you do so, your CSDP or Broker should issue the necessary letter of representation to you or your proxy to speak and vote at, and participate in, the General Meeting.

II. In order to speak and vote at, and participate in, the General Meeting, you or your proxy will additionally need to take the steps required in order to access the electronic facility, as provided below and in the Notice of General Meeting.

III. Unless you advise your CSDP or Broker, in accordance with the mandate agreement between you and your CSDP or Broker, that you wish to attend the General Meeting and have been provided with a letter of representation from it or instructed it to send a proxy to represent you at the General Meeting, your CSDP or Broker may assume that you do not wish to attend the General Meeting and may act in accordance with the mandate between you and your CSDP or Broker.

The Company does not accept responsibility, and will not be held liable, under any applicable law, regulation or otherwise, for any action of, or omission by, any CSDP, Broker, or other service provider to, or agent of, any beneficial owner of Shares, including, without limitation, any failure on the part of the CSDP, Broker, or other service provider to, or agent of, any beneficial owner of Shares to notify such beneficial owner of the General Meeting or of the matters set out in this Circular.

2.2 Own-Name Dematerialised Shareholders and Certificated Shareholders

If you are a Certificated Shareholder or an Own-Name Dematerialised Shareholder, then the following actions are relevant to you in connection with the General Meeting:

a. *Voting, attendance and representation at the General Meeting*

I. You may speak and vote at, and participate in, the General Meeting yourself by registering to do so in the manner provided below and in the "*Electronic participation*" section in the Notice of General Meeting.

II. Alternatively, you may appoint one or more proxies to represent you at the General Meeting by completing the attached Form of Proxy (*grey*) in accordance with the instructions contained therein. In order for your proxy to speak and vote at, and participate in, the General Meeting, your proxy will additionally need to take the steps required in order to access the electronic facility, as provided below and in the "*Electronic participation*" section in the Notice of General Meeting. A proxy need not be a Shareholder. For the purpose of effective administration, it is requested that the Form of Proxy (*grey*) be lodged with, emailed to or posted to the Transfer Secretaries, to the addresses provided below, so as to reach the Transfer Secretaries at or before **08:30** on **Friday, 27 September 2024**, although such forms may be emailed to the Transfer Secretaries at proxy@computershare.co.za at any time prior to the commencement of the General Meeting:

Hand deliveries to:
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa

Postal deliveries to:
Computershare Investor Services Proprietary Limited
Private Bag X9000
Saxonwold, 2132
South Africa

Email deliveries to:
proxy@computershare.co.za

3. IDENTIFICATION OF SHAREHOLDERS AND PROXIES

In terms of section 63(1) of the Companies Act, before any person may speak or vote at, or participate in, the General Meeting, that person must present reasonably satisfactory identification, and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to speak and vote at, and participate in, the General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a valid South African driver's licence or a valid passport.

Before a Shareholder or its proxy will be entitled to speak and vote at, and participate in, the General Meeting, such Shareholder or its proxy must provide the necessary proof of its identification (to the satisfaction of the Transfer Secretaries), as follows:

a. Shareholders or their proxies who register to participate in the General Meeting using the online registration method (described in more detail in paragraph 5 below and in the Notice of General Meeting), by uploading the relevant documentation via the online registration portal; or

b. Shareholders or their proxies who register to participate in the General Meeting by submitting the written application via email (described in more detail in paragraph 5 below and in the Notice of General Meeting), by submitting the relevant documentation by email to proxy@computershare.co.za; or

c. Shareholders or their proxies who have applied to Computershare to participate in the General Meeting by delivering the completed participation form to Computershare (described in more detail in paragraph 5 below and in the Notice of General Meeting), by submitting the relevant documentation in accordance with the acceptable methods of delivery set out at paragraph 5(c)(iii) below.

If the Shareholder is not an individual, the necessary proof of identification of the representative (such as her/his valid green bar-coded, or smart card identification document issued by the South African Department of Home Affairs, valid South African driver's licence or valid passport) must be accompanied by a copy of a resolution by the relevant entity which sets out that the representative is authorised to represent the relevant entity at the General Meeting.

4. VOTING BY WAY OF POLL

As the General Meeting will cater for electronic participation only, it will not be desirable nor practical for voting to take place by way of show of hands. Accordingly, to allow the voting preferences of all Shareholders to be taken into account, all voting will be conducted by way of poll through the electronic facility provided. Shareholders will have one vote in respect of each Pick n Pay Share held.

5. ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Shareholders or their proxies who wish to speak and vote at, and participate in, the General Meeting via electronic communication must follow the instructions for registration, attendance and participation set out below and in the Notice of General Meeting.

The Company is pleased to offer Shareholders or their proxies an online facility for attendance, participation and voting via Lumi Global at https://smartagm.co.za.

Shareholders or their proxies who wish to participate in the General Meeting via electronic communication are required to register by no later than **08:30** on **Friday, 27 September 2024**:

a. **online** by using the online registration portal at https://smartagm.co.za to, among others, allow the Transfer Secretaries to arrange the participation of the Shareholder or the proxy at the General Meeting; or

b. **by email** by making a written application to participate via electronic communication to proxy@computershare.co.za to, among others, allow the Transfer Secretaries to arrange the participation of the Shareholder or the proxy at the General Meeting; or

c. **by applying** to Computershare by delivering the duly completed participation form (which can be requested from the Transfer Secretaries at proxy@computershare.co.za):

   i. by hand to First Floor Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa; or

   ii. by post to Private Bag X9000, Saxonwold, 2132, South Africa (at the risk of the Shareholder or proxy); or

   iii. by email to: proxy@computershare.co.za.

Lumi Global will, by email, inform Shareholders or their proxies (who duly notified Computershare of their intention to attend and participate in the General Meeting) of the relevant details through which Shareholders or their proxies can attend and participate in the General Meeting electronically, by no later than **17:00** on **Monday, 30 September 2024**.

Shareholders or their proxies wishing to speak and vote at, and participate in, the General Meeting electronically may still register online after the above date and time, provided, however, that for those Shareholders or their proxies to speak and vote at, and participate in, the General Meeting, they must first be registered and verified (as required in terms of section 63(1) of the Companies Act) before the commencement of the General Meeting. Computershare will first validate such requests and confirm the identity of the Shareholder or proxy in terms of section 63(1) of the Companies Act. If the request is validated, further details will be provided to the Shareholder or proxy on using the electronic facility to participate electronically in the General Meeting.

While the Company will bear all costs for hosting the General Meeting by way of the electronic facility, the cost of electronic participation in the General Meeting is for the expense of the participant and will be billed separately by the participant's own service provider. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the General Meeting.

The Company cannot guarantee that there will not be a break in electronic communication that is beyond its control and therefore the Company, the JSE, the Transfer Secretaries or any third-party service provider appointed in order to facilitate the General Meeting by electronic means cannot be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, mobile data, internet connectivity, internet bandwidth and/or power outages which prevents any Shareholder from participating in and/or voting at the General Meeting.

Although voting will be permitted by way of electronic communication at the General Meeting, Certificated Shareholders and Own-Name Dematerialised Shareholders are encouraged to, for administrative ease, make use of proxies for purposes of voting at the General Meeting in accordance with the instructions contained in the Form of Proxy (*grey*). Dematerialised Shareholders other than Own-Name Dematerialised Shareholders are encouraged to furnish their CSDPs or Brokers with their voting instructions.

TABLE OF CONTENTS

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 2 of this Circular apply to this section.

	2024
Notice Record Date in order to be eligible to receive this Circular (including the Notice of General Meeting)	Friday, 23 August
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
Last Day to Trade in order to be eligible to speak and vote at, and participate in, the General Meeting	Tuesday, 17 September
Voting Record Date in order to be eligible to speak and vote at, and participate in, the General Meeting	Friday, 20 September
Last date and time to register to participate electronically in the General Meeting by **08:30** on (*see note 7*)	Friday, 27 September
For the purpose of effective administration, requested last date and time on and at which Forms of Proxy (*grey*) are to reach the Transfer Secretaries, by **08:30** on (*see note 5*)	Friday, 27 September
General Meeting of Shareholders at 08:30 on	**Tuesday, 1 October**
Results of the General Meeting released on SENS and ANS	Tuesday, 1 October

Notes:

(1) All dates and times above and elsewhere in this Circular 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 (*grey*) 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 *(grey)* 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.

DEFINITIONS AND INTERPRETATIONS

In this Circular (including the Notice of General Meeting but excluding the Annexures hereto), unless otherwise stated or the context indicates otherwise: (i) the words or expressions in the first column below shall have the meaning assigned to them in the second column; (ii) a reference to the singular shall include the plural and *vice versa*; (iii) a word or an expression which denotes one gender includes all other genders; (iv) a natural person includes a juristic person and *vice versa*; and (v) cognate words and expressions shall bear corresponding meanings:

"A2X"	the A2X Market, the market infrastructure licensed as an exchange in terms of section 9 of the Financial Markets Act;
"Absa"	Absa Bank Limited (acting through its Corporate and Investment Banking division), registration number: 1986/004794/06, a public company incorporated in accordance with the laws of South Africa;
"AGM"	the annual general meeting of the Company to be held at 08:30 on Tuesday, 27 August 2024, in accordance with the notice of annual general meeting distributed by the Company to its Shareholders on 26 June 2024;
"AIH"	Ackerman Investment Holdings (RF) Proprietary Limited, registration number: 2015/279840/07, a private company incorporated in accordance with the laws of South Africa, which as at the Last Practicable Date directly holds 25.39% of the Ordinary Shares and 95.56% of the B Shares (with an aggregate voting interest of 46.71%);
"Amended MOI"	the MOI, if the amendments proposed by special resolutions numbers 1, 2, 3.1 and 3.2 set forth in the Notice of General Meeting, being the Share Capital Reduction Resolutions, are adopted and filed with the CIPC;
"Annexures"	the annexures attached to this Circular;
"ANS"	the A2X News Service;
"B Share"	an unlisted, non-convertible, non-participating, no par value B ordinary share which the Company is authorised to issue, having the rights, privileges and conditions set out in *Annexure D* (*Rights, Privileges and Conditions attaching to the B Shares*) to the MOI;
"B Shareholder"	a registered holder of an issued B Share from time to time;
"Board" or "Director"	the board of directors of the Company and Director means any member of the Board, as the context requires. The names of the Directors of the Company as at the Last Practicable Date are listed on page 6 of this Circular;
"Bookrunning Process"	has the meaning given to it in paragraph 5.1.2 of this Circular;
"Boxer"	Boxer Superstores Proprietary Limited, registration number: 1988/002548/07, a private company incorporated on May 3, 1988 in accordance with the laws of South Africa, having its registered address at 41 The Boulevard, Westend Office Park, Westville, Kwa-Zulu Natal, 3610, South Africa, and its Subsidiary, Boxer Eswatini;
"Boxer Eswatini"	Boxer Superstores Eswatini Limited (formerly named Score Supermarkets (Swaziland) Proprietary Limited), registration number: 103/76, a private company incorporated in accordance with the laws of Eswatini;
"Boxer Holdings"	Boxer Holdings Proprietary Limited, registration number: 1990/005520/07, a private company incorporated in accordance with the laws of South Africa, being, as at the Last Practicable Date, the sole shareholder of Boxer;
"Boxer Listco"	Boxer Retail Proprietary Limited, registration number: 2024/392006/07, a private company incorporated in accordance with the laws of South Africa, to be converted into a public company and renamed to "Boxer Retail Group Limited" prior to the IPO;
"Broker"	any person or entity registered as a "*broking member (equities)*" in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
"Cashflow Waterfalls"	has the meaning given to it in paragraph 14.2.2.2 of this Circular
"Certificated Share"	a Pick n Pay Share which has not been Dematerialised, title to which is evidenced by a share certificate, or other physical document of title acceptable to the Company;
"Certificated Shareholder"	a Shareholder who holds a Certificated Share;
"CIPC"	the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
"Circular"	this bound document dated Thursday, 29 August 2024, including, without limitation, the Annexures hereto and incorporating the Notice of General Meeting and the Form of Proxy *(grey)*;

"Companies Act"	the South African Companies Act, No. 71 of 2008, as amended;
"Company"	Pick n Pay Stores Limited, registration number: 1968/008034/06, a public company incorporated in accordance with the laws of South Africa, the Shares of which are listed on the main board of the JSE and the A2X;
"Company Secretary"	the company secretary of the Company from time to time, the name and details of whom as at the Last Practicable Date is stated in the "*Corporate information and advisors*" section of this Circular;
"CSDP"	a central securities depository participant, being a "*participant*" as defined in section 1 of the Financial Markets Act;
"Dematerialised" or "Dematerialisation"	the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares in accordance with the rules of Strate, as contemplated in the Financial Markets Act;
"Dematerialised Share"	a Pick n Pay Share which has been Dematerialised;
"Dematerialised Shareholder"	a Shareholder who holds a Dematerialised Share;
"EBITDA"	earnings before interest, tax, depreciation, and amortisation, where "earnings" refers to profit before tax before capital items, before share of associate's earnings plus other finance income (finance income excluding funding interest income, largely related to interest on overdue franchise debtors) less lease liability payments plus net investments in lease receipts and lease incentives received (net investment in lease receipts and lease incentives all relate to income received on leases);
"EPS"	earnings per Ordinary Share, in each case to be determined in accordance with IFRS® Accounting Standards;
"Eswatini"	the Kingdom of Eswatini;
"Financial Markets Act"	the South African Financial Markets Act, No. 19 of 2012, as amended;
"Form of Proxy (*grey*)"	the form of proxy *(grey)* attached to the Notice of General Meeting and incorporated into this Circular for use by Certificated Shareholders and Own-Name Dematerialised Shareholders only, for purposes of appointing a proxy to represent such Shareholders at the General Meeting;
"General Meeting"	the general meeting of Shareholders to be held by electronic communication only at **08:30** on **Tuesday, 1 October 2024** for the purposes of considering, and if deemed fit, passing, the Resolutions set forth in the Notice of General Meeting;
"Group"	the Company and its Subsidiaries from time to time;
"HEPS"	headline earnings per share, determined in accordance with SAICA Circular 1/2023 Headline Earnings;
"Historical Financial Information"	the audited consolidated historical financial information of Boxer for the 52 weeks ended 25 February 2024, 26 February 2023 and 27 February 2022, which consists of the following information in relation to Boxer: (i) the consolidated statement of financial position as at 25 February 2024, 26 February 2023 and 27 February 2022, (ii) the consolidated statement of comprehensive income, (iii) the consolidated statement of changes in equity and (iv) the consolidated statement of cash flows for the 52 weeks ended 25 February 2024, 26 February 2023 and 27 February 2022, and the notes thereto;
"**IFRS® Accounting Standards**"	IFRS® Accounting Standards as issued by the International Accounting Standards Board;
"Independent Auditor"	Ernst & Young Incorporated, with practice number: 918288, the Independent Auditor of the Company and Boxer;
"Integrated Annual Report"	the integrated annual report for the Group in respect of FY24, published on 26 June 2024 and available at www.picknpayinvestor.co.za;
"IPO"	the Listing and the Share Issue;
"IPO Shares"	the ordinary shares to be issued by Boxer Listco at the Issue Price for the purpose of the IPO in order to raise the Target Amount, which shall be determined shortly prior to the IPO in terms of the Bookrunning Process and shall represent, following their issue, no more than 50% less one share of the issued ordinary shares of Boxer Listco;
"Investec"	Investec Bank Limited (acting through its Investment Banking Division Corporate Solutions);
"Issue Price"	the price per share at which the IPO Shares are to be issued in terms of the Share Issue, which shall be determined shortly prior to the IPO in terms of the Bookrunning Process;
"JIBAR"	the Johannesburg Interbank Average Rate;

"Joint Global Coordinators"	collectively means Absa, RMB, Morgan Stanley and SBSA, or each of them as the context requires;
"JSE"	as the context requires, either the: (i) JSE Limited, registration number: 2005/022939/06, a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act; or (ii) the Johannesburg Stock Exchange, a securities exchange licensed in terms of the Financial Markets Act and operated by the JSE Limited;
"JSE Listings Requirements"	the listings requirements of the JSE, as amended;
"Last Day to Trade"	the last JSE trading day to trade Shares in order to be reflected in the Register so as to be eligible to vote at the General Meeting, being **Tuesday, 17 September 2024**;
"Last Practicable Date"	**Friday, 16 August 2024**, being the last practicable date prior to the finalisation of this Circular;
"Lenders"	collectively, the lenders to the Group in terms of the funding arrangements described in paragraph 14 of this Circular;
"Listing"	subject to the approval of the JSE, the listing of all the issued ordinary shares of Boxer Listco on the main board of the JSE;
"Listing Date"	the date on which the Listing is to take place, which is currently contemplated to be towards the end of 2024 but remains subject to final Board approval, taking into account various factors, including market conditions;
"MOI"	the memorandum of incorporation of the Company;
"Morgan Stanley"	Morgan Stanley & Co International plc, a company incorporated under the laws of England and Wales with registration number: 165935;
"NAV"	net asset value;
"Net Debt/(Net Cash)"	short and long-term borrowings (excluding lease liabilities) net of cash and cash equivalents;
"Notice of General Meeting"	the notice convening the General Meeting to conduct the business described therein and to consider and, if deemed fit, adopt, with or without modification, the Resolutions, and which notice is attached to, and forms part of, this Circular;
"Notice Record Date"	the date determined by the Board in terms of section 59 of the Companies Act for Shareholders to be eligible to receive this Circular (including the Notice of General Meeting), expected to be **Friday, 23 August 2024**;
"Ordinary Share"	an ordinary share in the capital of the Company, which shares are admitted to listing and trading on the JSE and A2X;
"Ordinary Shareholder"	a registered holder of an issued Ordinary Share from time to time;
"Own-Name Dematerialised Shareholder"	a Dematerialised Shareholder who has instructed their CSDP to hold their Dematerialised Share in their own name on the sub-registers maintained by the CSDP;
"Pick n Pay Retailers"	Pick n Pay Retailers Proprietary Limited, registration number: 1973/004739/07, a private company incorporated in accordance with the laws of South Africa;
"Pick n Pay Segment"	the Group's "Pick n Pay" operating segment, which includes all retail operations under the Pick n Pay, Pick n Pay Clothing, Pick n Pay Liquor, Pick n Pay Express and Pick n Pay QualiSave brands operating under an owned or franchise model, selling products such as groceries, general merchandise, clothing and liquor;
"Pick n Pay Share"	a B Share and/or an Ordinary Share, as the context requires;
"Pick n Pay Supermarkets Business"	The Group's Pick n Pay Supermarkets business as described on page 19 of the Integrated Annual Report, which forms part of the Pick n Pay Segment;
"Pre-IPO Dividend"	has the meaning given to it in paragraph 1.5.1 of this Circular;
"Pre-IPO Restructure"	has the meaning given to it in paragraph 1.5 of this Circular;
"Pre-Listing Statement"	the pre-listing statement to be published by Boxer Listco in connection with the Listing, in accordance with the JSE Listings Requirements;
"*Pro Forma* Financial Information"	the *pro forma* Group Statement of Comprehensive Income for the 52 weeks ended 25 February 2024 and the *pro forma* Group Statement of Financial Position as at 25 February 2024, and related notes, which show the *pro forma* financial effects of subsequent events within the scope of paragraph 8.26(d) of the JSE Listings Requirements, the Pre-IPO Restructure and the Share Issue on the Group;
"Qualifying Investors"	those specifically identified investors, who will be invited to subscribe for the IPO Shares in the IPO as contemplated in paragraph 5.1.2, in accordance with the criteria to be set out in the Pre-Listing Statement;

"Recapitalisation Plan"	the Group's proposed two-step recapitalisation plan, comprising the Rights Offer as the first step and followed by the IPO as the second step, which recapitalisation plan was announced on SENS and ANS by the Company on Thursday, 22 February 2024;
"Register"	the register of Certificated Shareholders maintained by the Transfer Secretaries on behalf of the Company and each of the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs in terms of the Financial Markets Act;
"Resolutions"	collectively, the special resolutions and ordinary resolutions set out in the Notice of General Meeting, which for the avoidance of doubt includes the Share Capital Reduction Resolutions;
"Restructuring Support Agreement"	the restructuring support agreement entered into between the Company and certain of its lenders, effective on or about 7 May 2024, to restructure its existing debt, as described in greater detail in paragraph 14.2.2;
"Rights Offer"	the rights offer undertaken by the Company, pursuant to which Ordinary Shareholders were offered the opportunity to subscribe for new Ordinary Shares, the detailed terms of which were set out in the Rights Offer Circular and the results of which were published by the Company on SENS and ANS on Monday, 5 August 2024;
"Rights Offer Circular"	the circular to Shareholders setting out the detailed terms and conditions of the Rights Offer, issued by the Company on Monday, 15 July 2024;
"RMB"	Rand Merchant Bank, a division of FirstRand Bank Limited, registration number: 1929/001225/06, a public company incorporated in accordance with the laws of South Africa;
"SAICA"	South African Institute of Chartered Accountants;
"SBSA"	The Standard Bank of South Africa Limited, registration number: 1962/000738/06, a public company incorporated in accordance with the laws of South Africa;
"SENS"	the Stock Exchange News Service of the JSE;
"Share Capital Reduction Resolutions"	has the meaning given to it in paragraph 1.10 of this Circular;
"Share Issue"	the issue by Boxer Listco of the IPO Shares at the Issue Price on or about the Listing Date;
"Shareholder"	a B Shareholder and/or an Ordinary Shareholder, as the context requires;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Proprietary Limited, registration number: 1998/022242/07, a private company incorporated in accordance with the laws of South Africa, which is a registered central securities depository in terms of the Financial Markets Act, and which is responsible for the electronic settlement system for transactions that take place on the JSE and off market trades;
"Subsidiary"	a "*subsidiary*" as defined in the Companies Act, but also includes a person incorporated outside South Africa which would, if incorporated in South Africa, be a "*subsidiary*" as defined in the Companies Act;
"Target Amount"	the amount which the Company will seek to raise through the IPO, to be determined by the Company, prior to commencing the Bookrunning Process and taking into account the outcome of the Rights Offer, as the amount necessary to achieve the purposes set out in paragraph 6 of this Circular (it being noted that, although this amount will only be finally determined closer to the Listing Date, it has been assumed for illustrative purposes in the *Pro Forma* Financial Information that the Share Issue will generate R8.0 billion in proceeds);
"TNAV"	tangible net asset value;
"Transaction Sponsor"	RMB, being the transaction sponsor of the Company for purposes of the IPO;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited, registration number: 2004/003647/07, a private company incorporated in accordance with the laws of South Africa, and transfer secretaries to the Company;
"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"VAT"	any value added tax imposed by the South African Value-Added Tax Act, No. 89 of 1991, and legislation and regulations supplemental thereto;
"Voting Record Date"	the date on which Shareholders must be entered in the Register in order to be eligible to speak and vote at, and participate in, the General Meeting, expected to be **Friday, 20 September 2024**; and
"ZAR", "R" or "cents"	South African Rand and cents, the lawful currency of South Africa.

Pick n Pay Stores Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1968/008034/06)
JSE and A2X share code: PIK
ISIN: ZAE000005443
(the "**Company**")

DIRECTORS

Executive Directors:
S R Summers (*Chief Executive Officer*)
L Olivier (*Chief Financial Officer*)

Non-executive Directors:
G M Ackerman (*Chairman*)
J G Ackerman
S D Ackerman
H I Bhorat*
J R Formby* (*Lead Independent Director*)
D Friedland*
A Jakoet*
A M Mothupi*
D Robins**
A Van der Merwe*

* *independent*
** *retired as a Director at the AGM on 27 August 2024*

CIRCULAR TO SHAREHOLDERS

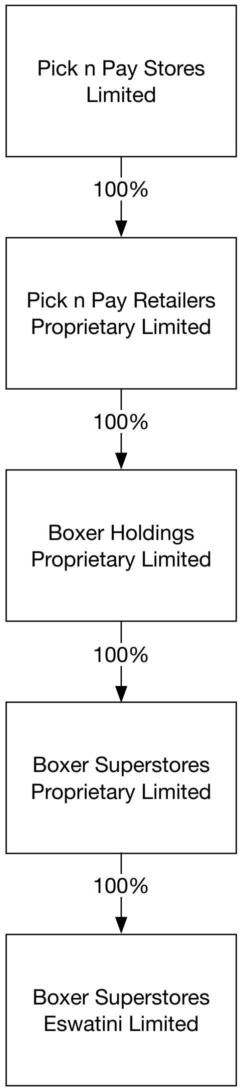
1. **INTRODUCTION AND PURPOSE OF THIS CIRCULAR**

1.1 Shareholders are referred to the SENS and ANS announcements released by the Company on Thursday, 22 February 2024, in terms of which the Company advised that it intended to undertake a two-step Recapitalisation Plan, comprising: (i) the Rights Offer (the detailed terms and conditions of which are set out in the Rights Offer Circular and are not contained in this Circular); and (ii) the IPO, being a proposed issue of shares in and listing of the Group's Boxer business on the main board of the JSE (i.e. the Listing and Share Issue), to which this Circular relates.

1.2 The Rights Offer has already been concluded. As discussed more fully in the Rights Offer Circular and paragraph 6 of this Circular, the combined net proceeds of the Rights Offer and IPO will primarily be used to settle the Group's outstanding debt as well as for considered re-investment to secure the turnaround of the Group's Pick n Pay Supermarkets Business. The amount that the Company will seek to raise through the IPO to achieve these objectives (i.e. the Target Amount), will be determined by the Company prior to commencing the Bookrunning Process and taking into account the outcome of the Rights Offer, through which the Group raised an amount of ZAR4 000 000 000 (four billion Rand).

1.3 The Company now wishes to obtain the necessary Shareholder approvals to allow it to proceed with the IPO, as the second step in the Company's Recapitalisation Plan, 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 5.2.

1.4 Boxer is currently a wholly-owned Subsidiary of Boxer Holdings, which in turn is a wholly-owned subsidiary of Pick n Pay Retailers, which itself is a wholly-owned Subsidiary of the Company. The current (simplified) structure of the Group is as follows:



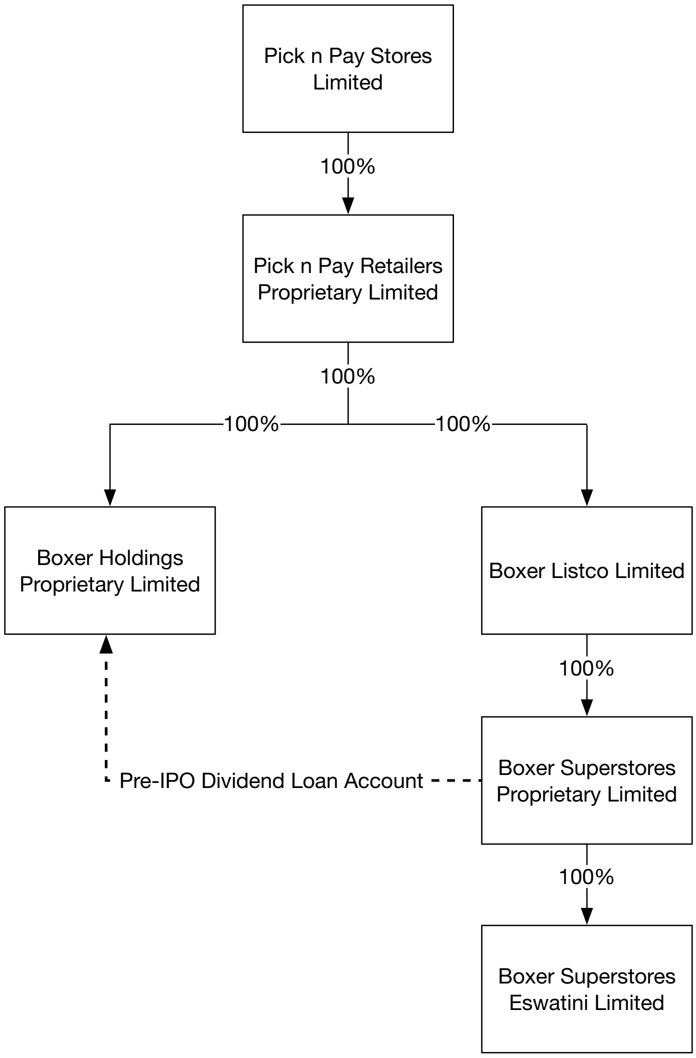
1.5 For the purposes of the IPO, the Company has incorporated a new wholly-owned Subsidiary, Boxer Listco, as a direct Subsidiary of Boxer Holdings. Prior to the IPO, the Company intends undertaking an intra-group restructuring (the "**Pre-IPO Restructure**"), in terms of which, *inter alia*:

1.5.1 Boxer will declare a pre-IPO dividend to Boxer Holdings, which will remain outstanding until after the completion of the IPO (the "**Pre-IPO Dividend**"), primarily to enable the proceeds of the IPO to be distributed to the relevant entities in the Group in order to achieve the purposes described in paragraph 1.2 above and paragraph 6 of this Circular following the IPO, as discussed more fully in paragraph 1.7 below;

1.5.2 Boxer Holdings will dispose of its shares in Boxer to Boxer Listco, in exchange for the issue of additional ordinary shares in Boxer Listco; and

1.5.3 Boxer Holdings will distribute its shares in Boxer Listco to its sole shareholder, Pick n Pay Retailers, as a dividend *in specie,* following which, Boxer will be a wholly-owned Subsidiary of Boxer Listco, which in turn will be a wholly-owned Subsidiary of Pick n Pay Retailers.

1.6 The proposed new structure of the Group immediately prior to IPO shall be as follows:



1.7 Following the completion of the IPO, the following steps will be implemented to achieve the intended purpose of the Recapitalisation Plan:

1.7.1 using the proceeds from the IPO, Boxer Listco will capitalise Boxer by subscribing for additional ordinary shares in Boxer;

1.7.2 using the subscription proceeds from the capitalisation referred to in paragraph 1.7.1 above, Boxer will pay the outstanding Pre-IPO Dividend to Boxer Holdings; and

1.7.3 Boxer Holdings will declare a dividend, using the funds received from the Pre-IPO Dividend, to Pick n Pay Retailers, who will use the funds to, amongst other things, settle the Group's debt in accordance with the Cashflow Waterfalls as agreed with the Lenders, in terms of the Restructuring Support Agreement, as discussed in paragraph 14.2.2 of this Circular.

1.8 In order to implement the IPO, it is proposed that Boxer Listco will, on the Listing Date, issue such number of IPO Shares to Qualifying Investors at the Issue Price as will allow it to raise up to the Target Amount, subject to the Company (through Pick n Pay Retailers) retaining a minimum shareholding in Boxer Listco of at least 50% plus one share. The Listing is subject to the approval of the JSE.

1.9 Although the Target Amount will only be finally determined closer to the Listing Date, as discussed in paragraph 1.2 above, it is anticipated that the Target Amount (and therefore the subscription proceeds that the Company will seek to raise from the Share Issue) will exceed 30% of the market capitalisation (excluding treasury shares) of the Company as at the Last Practicable Date. It is therefore probable that the Share Issue by Boxer Listco will constitute a Category 1 disposal by the Company in terms of section 9 of the JSE Listings Requirements. Accordingly, the Share Issue requires the approval of Shareholders by way of ordinary resolution.

1.10 Separately, Shareholders are also referred to the circular distributed by the Company on 27 May 2024 relating to the extraordinary general meeting held on 26 June 2024 (the "**First EGM Circular**"). As set out in paragraphs 4.1 and 4.2 of the First EGM Circular, in order to ensure that the authorised share capital of the Company is set at an appropriate level post implementation of the Rights Offer, the Company undertook to propose, at the AGM, resolutions authorising:

1.10.1 the reduction of the authorised Ordinary Share capital of the Company to such number of Ordinary Shares such that, following such reduction, the unissued Ordinary Shares of the Company constitute no more than 10% of the total number of authorised Ordinary Shares immediately after the date of completion of the Rights Offer; and

1.10.2 to the extent that the newly created B Shares approved at the Shareholders' meeting, held on 26 June 2024, were not required for purposes of the Rights Offer and the Company complying with its obligations in terms of the MOI in relation thereto, the reduction of the authorised B Share capital of the Company to such number of B Shares that, following such reduction, the unissued B Shares in the share capital of the Company constitute no more than 10% of the total number of authorised B Shares immediately after the date of completion of the Rights Offer, (collectively, the "**Share Capital Reduction Resolutions**").

1.11 As explained in the notice of AGM distributed by the Company on 26 June 2024, it was not practically possible to include the Share Capital Reduction Resolutions in the notice of AGM, because the notice of AGM was distributed prior to the point in time at which the Company was able to determine the number Pick n Pay Shares to be issued pursuant to the Rights Offer.

1.12 Since the Rights Offer has now been implemented, the Company wishes to propose the Share Capital Reduction Resolutions at the General Meeting.

1.13 The purpose of this Circular is to:

1.13.1 provide Shareholders with additional information in relation to: (i) the Share Issue and the manner in which it will be implemented, and (ii) the Share Capital Reduction Resolutions, to enable Shareholders to make an informed decision in respect of the Resolutions set out in the Notice of General Meeting attached to this Circular; and

1.13.2 convene the General Meeting for Shareholders to consider and, if deemed fit, adopt the Resolutions to authorise the Company to proceed with the Listing and Share Issue and to approve the Share Capital Reduction Resolutions.

1.14 Please refer to the Notice of General Meeting for a detailed description of the Resolutions to be voted on by Shareholders at the General Meeting.

1.15 The Pre-Listing Statement will be published by Boxer Listco, and the details of the IPO (including the timing thereof and the potential price range for the Issue Price) will be announced to Shareholders, in due course.

2. BACKGROUND TO, AND RATIONALE FOR, THE IPO

2.1 During July 2023, the Group raised long-term funding facilities amounting to ZAR5.5 billion through new bilateral and syndicated loans, of which ZAR4.5 billion was drawn. These facilities are described in greater detail in paragraph 14 below. The facilities were raised to support capital investment planned under the Group's previous long-term strategy.

2.2 As set out in the Group's announcement released on SENS and ANS on Monday, 27 May 2024, a deterioration in the performance of the Group's core Pick n Pay Supermarkets Business resulted in a substantial trading loss in the Pick n Pay Segment of ZAR1.5 billion and an overall loss for the period at Group level of ZAR3.2 billion, including asset impairments, for the 52 weeks ended 25 February 2024 ("**FY24**").

2.3 The FY24 loss in the Pick n Pay Segment reflected the combined impact of muted sales growth, gross profit margin contraction and higher operating costs. Additionally, the Group's losses were worsened by a significant increase in interest charges. This escalation was driven by both the utilisation of the additional funding the Group had raised and an increase in the South African Reserve Bank's Repo rate, which rose from 4.00% to 8.25% between 27 February 2022 and 25 February 2024.

2.4 The decline in Pick n Pay earnings alongside the escalation in the Group's Net Debt/(Net Cash) position from ZAR3.7 billion at February 2023 to ZAR6.1 billion at February 2024, exacerbated by the trading loss in the Pick n Pay Segment, placed significant pressure on Group's long-term debt covenants.

2.5 Subsequently, as a direct result of the losses incurred, management reviewed the fair value of the underlying Pick n Pay Supermarkets Business assets and identified the need for a non-cash asset impairment amounting to ZAR2.8 billion in FY24. The increased gearing, together with this impairment, put significant pressure on the Group's liquidity and solvency.

2.6 The Board undertook several key steps to safeguard the Group's liquidity position and to strengthen the underlying performance of the Pick n Pay Supermarkets Business, including the appointment of new Chief Executive Officer ("**CEO**"), Sean Summers, to lead the Pick n Pay turnaround strategy and the restructuring of senior leadership and operational structures. Alongside the immediate action taken at an operational level, the Board prioritised the development of a sustainable capital structure for the Group, which would reduce debt levels, provide sufficient support for investment in the turnaround of Pick n Pay's Supermarkets business and unlock value for shareholders. The listing of the Group's Boxer business will ensure 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. To this end, the Group announced its two-step Recapitalisation Plan on SENS and ANS on 22 February 2024.

2.7 The Recapitalisation Plan comprises the Rights Offer, followed by the IPO. As noted above and as discussed more fully in the Rights Offer Circular and paragraph 6 of this Circular, the combined net proceeds of the Rights Offer and Share Issue will primarily be used to settle the Group's outstanding debt as well as for considered re-investment to secure the turnaround of the Group's Pick n Pay Supermarkets Business.

2.8 The Group engaged closely with its long-term funders and was able to secure a full covenant waiver for the twelve-month period ended February 2024, with revised, less restrictive covenants for the twelve-month period ending in August 2024. In addition, the Group was able to secure the Restructuring Support Agreement with all its short-term and long-term funders in May 2024 to secure the availability of its debt facilities until 1 September 2025. The key terms of the Restructuring Support Agreement are described in paragraph 14.2.2 of this Circular.

2.9 The Company accordingly wishes to obtain the necessary shareholder approvals to allow it to proceed with the IPO, as the second step in its Recapitalisation Plan, 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 5.2.

2.10 The Share Issue has the support of the Board, which recommends that Shareholders vote in favour of the Resolutions to approve the Share Issue.

3. OVERVIEW OF THE GROUP AND BOXER

3.1 The Group

3.1.1 The Group is one of South Africa's leading multi-format and omni-channel retailers, operating on an owned and franchise 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.

3.1.2 Further details regarding the Group are set out in the Integrated Annual Report, which is available at www.picknpayinvestor.co.za.

3.2 Boxer

3.2.1 Boxer is South Africa's leading soft discounter by market share. Boxer has achieved strong grocery market share gains over the last several years, and has delivered high growth rates within a global grocery retail market context. Boxer's store estate, comprising 477 stores, as of 25 February 2024 (including 296 supermarkets), remains relatively small in comparison to larger listed South African food retail competitors, meaning that there is considerable headroom for expansion of the store estate over time. The Boxer Superstores business model is based on a focused range of approximately 3,000 products including ambient groceries and strong fresh meat, fresh produce and bakery offerings. Boxer offers lower- to middle-income consumers compelling value in those products which are most important to them. 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 high returns on investment. Boxer has a stable and experienced management team led by CEO Marek Masojada, who has been at Boxer for over 30 years.

3.2.2 Boxer operates through the following divisions:

3.2.2.1 **Boxer Superstores** – Boxer's 296 Superstores (as at 25 February 2024) are full-service soft discount supermarkets with a typical store size of approximately 1,800 to 2,000m^2. The product range includes high-quality fresh meat, fresh produce and bakery products, alongside essential commodities and health and beauty products.

3.2.2.2 **Boxer Liquors** – Boxer's 150 liquor stores (as at 25 February 2024) are typically approximately 220m^2 in size and are situated adjacent to Boxer Superstores, but with separate entrances. These liquor stores provide a selection of wine, spirits and beers, all within easy reach for convenient one-stop shopping.

3.2.2.3 **Boxer Build** – Boxer's 31 Boxer Build stores (as at 25 February 2024) stock a range of building and hardware supplies. The typical Boxer Build store is approximately 410m^2 in size, excluding a 1,000m^2 storage yard.

3.2.3 Further details regarding Boxer are set out on pages 13, 21 and 63 in the Integrated Annual Report, which is available at www.picknpayinvestor.co.za.

4. PROSPECTS OF THE COMPANY AND BOXER AFTER THE IPO

The Group's prospects are tied to South Africa's economic prospects and competitive intensity within the highly competitive South African retail market. Performance after the IPO will be tied to a number of factors, including, amongst others, consumer disposable income growth, food price inflation, price competition amongst food retailers, competitor store estate expansion, and levels of load shedding. The Group's prospects post the IPO are separately considered in terms of the de-gearing impact of the IPO on the Group, the prospects of the Pick n Pay Segment, Boxer's prospects, and other consequences for the Group resulting from the introduction of non-controlling investors into the Boxer business:

4.1 **Group de-gearing impact**: The successful implementation of the IPO will conclude the Group's two-step Recapitalisation Plan. As such, the Group expects to be, at minimum, net cash neutral (i.e. cash and cash equivalents equal in value to short- and long-term debt) once the proceeds from the Share Issue are received. This represents a significant de-gearing relative to the ZAR6.1 billion of net debt, as at 25 February 2024, and will result in a very substantial reduction in the Group's interest burden (as compared to the ZAR701.8 million FY24 net interest charge). This will support Group earnings and cashflow, reduce risk, and improve the Group's operational flexibility.

4.2 **Prospects of the Pick n Pay Segment**: After posting a substantial FY24 loss, driven by the Pick n Pay Segment, the Group is working to achieve a turnaround of this segment via the strategy announced together with the Group's FY24 results. The medium-term targets for the Pick n Pay Segment were included in the FY24 results presentation, available at www.picknpayinvestor.co.za. These include a target of cash flow break-even (after capital investment and costs of implementing the strategy) for the 2026 financial year, and a target of trading profit after lease costs break-even for the 2027 financial year (compared to a ZAR2.6 billion loss in FY24). The Group is working intensively to execute on the strategic plan, and while early results in key areas, such as company-owned supermarket like-for-like sales growth, are encouraging, much work remains to be done to achieve these goals.

4.3 **Boxer prospects**: Following the IPO, the Group is confident that the management and board of directors of Boxer Listco will continue to operate Boxer to its full potential. This will include the ongoing store rollout and driving continued like-for-like sales growth by offering compelling value to customers.

4.4 **Other consequences of the IPO**: The IPO will result in the introduction of non-controlling shareholders in Boxer Listco and a Boxer Listco board of directors that includes directors independent of Boxer. Notwithstanding that the Company will retain a shareholding in Boxer Listco of at least 50% plus one share, a consequence of the IPO will accordingly be a loss of full control by the Company over Boxer, including a reduction of influence over Boxer's and Boxer Listco's dividend policy.

5. SALIENT TERMS OF THE SHARE ISSUE

5.1 Share Issue and Consideration

5.1.1 As noted above, pursuant to the Recapitalisation Plan and subject to the Board electing to proceed with the IPO, it is proposed that Boxer Listco will, on the Listing Date, issue such number of IPO Shares to Qualifying Investors at the Issue Price, as will allow it to raise up to the Target Amount.

5.1.2 It is not possible at this stage to specify what the Target Amount or Issue Price will be. A range for the Issue Price will be specified in the Pre-Listing Statement. The Issue Price will be ultimately dependent on market conditions and investor interest, and will be determined in accordance with an arms-length bookrunning process conducted by the Joint Global Coordinators on behalf of the Company and Boxer Listco (the "**Bookrunning Process**"), which will broadly entail the Joint Global Coordinators:

5.1.2.1 inviting Qualifying Investors to submit bids on the number of IPO Shares that they would be interested in subscribing for and the prices that they would be willing to pay within a stated price range, in accordance with market best practice;

5.1.2.2 listing and evaluating the aggregated demand for the Share Issue from the submitted bids and determining the cut-off price for the IPO Shares (i.e. the Issue Price), so as to ensure that the Target Amount will be raised, the necessary shareholder spread following the IPO will be achieved and that aftermarket liquidity will not be negatively impacted; and

5.1.2.3 allocating IPO Shares at the Issue Price, in the Company's discretion with input from the Joint Global Coordinators in accordance with market best practice, to selected bidders whose submitted bids meet or exceed the Issue Price at the required levels of demand.

5.1.3 The Target Amount 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 ZAR4 000 000 000 (four billion Rand).

5.1.4 Once the Target Amount and Issue Price is determined, Boxer Listco will issue such number of IPO Shares as will allow for the Target Amount to be raised, provided that this will remain subject to the Company (through Pick n Pay Retailers) retaining a minimum shareholding in Boxer Listco of at least 50% plus one share.

5.1.5 The effective date of the Share Issue will be the Listing Date. 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.

5.1.6 In addition, the IPO Shares will constitute sufficient shares issued to public shareholders (as such term is contemplated in the JSE Listings Requirements), to satisfy the JSE that Boxer Listco complies with the JSE's free float requirements for main board listed companies.

5.2 Suspensive Conditions

If the Company elects to proceed with the IPO, the IPO will be subject to the fulfilment (or, where applicable, waiver) of the following suspensive conditions (the "**Suspensive Conditions**"):

5.2.1 that ordinary resolution number 1, as set out in the Notice of General Meeting (*Authority to implement the Share Issue*), is approved by the requisite majority of Shareholders in accordance with the requirements of the JSE Listings Requirements;

5.2.2 that all board and shareholder approvals required in respect of the IPO, be obtained from the directors and shareholder of Boxer Listco;

5.2.3 that the Pre-IPO Restructure is fully implemented;

5.2.4 that any and all regulatory approvals that may be required to implement the IPO have been obtained; and

5.2.5 that the JSE approves the Listing of Boxer Listco on the main board of the JSE.

5.3 **Categorisation of the Share Issue**

5.3.1 The subscription proceeds received from the Share Issue, measured against the market capitalisation (excluding treasury shares) of the Company as at the close of business on the Last Practicable Date, are expected to result in a percentage ratio of more than 30%. Accordingly, the Share Issue is classified as a Category 1 transaction in terms of section 9.5(b) of the JSE Listings Requirements and, as such, requires Shareholder approval by way of ordinary resolution, which will require the support of more than 50% of the votes exercised thereon at the General Meeting of Shareholders in terms of section 9.20 of the JSE Listings Requirements.

5.3.2 For the avoidance of doubt, the Share Issue does 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 and will not require the approval of Shareholders by way of a special resolution as contemplated in section 115 of the Companies Act.

6. **USE OF PROCEEDS**

6.1 The net proceeds of the Share Issue will be primarily 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.

6.2 The Group's ongoing two-step Recapitalisation Plan will substantially reduce the Group debt service costs, reduce risk and provide management with the operational flexibility and resources to drive the Pick n Pay Segment's return to profitability.

6.3 Having considered the Group's near-term capital requirements, its level of debt and taking into account prevailing market conditions, the Group believes that the proceeds from the Share Issue, in conjunction with working capital improvements and the Rights Offer, will assist the Group with sufficient liquidity to:

6.3.1 reduce Group long-term debt levels which will save on interest costs currently being charged by the Group's lending banks;

6.3.2 allow progress on the turnaround strategy of the Pick n Pay Supermarkets Business;

6.3.3 unlock shareholder value inherent in the Group; and

6.3.4 facilitate the incremental operational funding needed for the remainder of the 2025 financial year.

7. ***PRO FORMA* FINANCIAL INFORMATION OF THE GROUP**

7.1 The *Pro Forma* Financial Information is set out in **Annexure 3** to this Circular.

7.2 The *Pro Forma* Financial Information has been provided for illustrative purposes only, to provide information on how the Pre-IPO Restructure and Share Issue may have affected the results and financial position of the Group, assuming it was implemented on 27 February 2023 for purposes of the *Pro Forma* Group Statement of Comprehensive Income, and 25 February 2024 for purposes of the *Pro Forma* Group Statement of Financial Position. Because of its nature, the *Pro Forma* Financial Information may not fairly present the Group's financial position, changes in equity, results of operations or cash flow, nor the effect and impact of the Pre-IPO Restructure and Share Issue going forward.

7.3 The *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors. Consistent with the foregoing, the *Pro Forma* Financial Information set forth in **Annexure 3** is based on available information and certain assumptions and estimates, which the Board believe are reasonable.

7.4 The *Pro Forma* Financial Information has been prepared in accordance with the JSE Listings Requirements, the Guide on *Pro Forma* Financial Information issued by SAICA and the Group's accounting policies, which are compliant with IFRS® Accounting Standards. The *Pro Forma* Financial Information should be read in conjunction with the Independent Auditor's assurance report, as contained in **Annexure 4** to this Circular.

7.5 The *Pro Forma* Financial Information has been prepared in order to assist Shareholders in assessing the impact of the Pre-IPO Restructure and Share Issue on the Group's EPS, diluted EPS, HEPS, diluted HEPS, NAV per Ordinary Share and TNAV per Ordinary Share.

7.6 The table below shows the *pro forma* financial effects of the Pre-IPO Restructure and Share Issue, based on the published Pick n Pay Stores Limited Group Audited Annual Financial Statements for FY24 and on the assumptions that:

- for the purpose of calculating the basic EPS, diluted EPS, basic HEPS and diluted HEPS, the Pre-IPO Restructure, Share Issue, and subsequent events within the scope of paragraph 8.26(d) of the JSE Listings Requirements, were effective on 27 February 2023; and
- for the purpose of calculating the NAV per Ordinary Share and TNAV per Ordinary Share, the Pre-IPO Restructure, Share Issue, and subsequent events within the scope of paragraph 8.26(d) of the JSE Listings Requirements, were effective on 25 February 2024; and
- for the purposes of calculating basic EPS, diluted EPS, basic HEPS, diluted HEPS, NAV per Ordinary Share and TNAV per Ordinary Share, that the IPO Shares represent (i) 49.9% of the issued ordinary shares of Boxer Listco, and (ii) 30% of the issued ordinary shares of Boxer Listco. These two scenarios are presented for illustrative purposes only, with 30% being, as at the Last Practicable Date, the Group's best estimate of the minimum percentage of Boxer Listco ordinary shares to be offered pursuant to the Share Issue in order to optimise free float.

	Unadjusted and audited results as at 25 February 2024[(1)]	Rights Offer, Rights Offer transaction costs, and application of Rights Offer proceeds[(2)]	Before Pre-IPO Restructure and Share Issue[(3)]	*Pro forma* after Pre-IPO Restructure and Share Issue, assuming IPO Shares totalling 49.9% of Boxer Listco shares	*Pro forma* after Pre-IPO Restructure and Share Issue, assuming IPO Shares totalling 30% of Boxer Listco shares
Basic EPS	(661.67)	250.40	(411.27)	(430.51)	(399.04)
Diluted EPS	(659.98)	249.40	(410.58)	(429.79)	(398.37)
Basic HEPS	(203.06)	92.89	(110.17)	(130.98)	(98.88)
Diluted HEPS	(202.54)	92.56	(109.98)	(130.76)	(98.71)
Net Asset Value per share	11.0	525.0	536.0	1 588.6	1 588.6
Tangible Net Asset Value per share	(654.0)	753.3	99.3	1 151.9	1 151.9

(1) The "Unadjusted and audited results as at 25 February 2024" column has been extracted, without adjustment from the Pick n Pay Stores Limited Group Audited Annual Financial Statements for the period ended 25 February 2024, on which an unmodified auditor's opinion was issued on 26 May 2024.

(2) The information in the "Rights Offer, Rights Offer transaction costs, and application of Rights Offer proceeds" column reflects the impacts relating to subsequent events in terms of the JSE Listings Requirements paragraph 8.26(d). Refer to **Annexure 3** for further details.

(3) The information in the "Before Pre-IPO Restructure and Share Issue" column is the sum of the information in columns 1 and 2.

Detailed notes and assumptions regarding the *Pro Forma* Financial Information are set out in **Annexure 3** to this Circular.

8. **WORKING CAPITAL STATEMENT**

The Directors have considered the effects of the Share Issue and are of the opinion that the working capital available to the Group (following implementation of the Share Issue) will be adequate for the Group's ordinary business purposes for a period of at least 12 (twelve) months from the date of this Circular.

9. **BOXER'S HISTORICAL FINANCIAL INFORMATION**

9.1 The Historical Financial Information of Boxer is disclosed in **Annexure 1** to this Circular. The preparation and fair presentation of the Historical Financial Information, as well as the preparation and contents of the Historical Financial Information in terms of the JSE Listings Requirements, is the responsibility of the Directors.

9.2 The Historical Financial Information for Boxer should be read in conjunction with the Independent Auditor's assurance report thereon, contained in **Annexure 2** to this Circular.

10. **INFORMATION ON DIRECTORS**

10.1 **Directors' remuneration and service contracts**

10.1.1 The Directors' remuneration and benefits for FY24 are set out on pages 52 to 59 of the Company's Remuneration Report; contained in the Corporate Governance Report available on the Company's website: www.picknpayinvestor.co.za. There will be no change to the Directors' remuneration and benefits as a result of the IPO.

10.1.2 Permanent employment agreements are in place for the executive Directors and include standard termination and other provisions for contracts of this nature. No restraint of trade payments have been paid or are payable to any Directors.

10.2 **Directors' interests in Pick n Pay Shares**

10.2.1 The interests (both direct and indirect) in Pick n Pay Shares held by all the Directors (including their associates and any director who has resigned during the last 18 months) as at the Last Practicable Date (based on the most recent information available to the Directors and following completion of the Rights Offer) are set out below, as well as their interests in Pick n Pay Shares held as at 25 February 2024.

			As at Last Practicable Date(3)		As at 25 February 2024	
	How held(1)	Beneficial/ non-beneficial interest(2)	Ordinary Shares	B Shares	Ordinary Shares	B Shares
Aboubakar Jakoet	Direct	Beneficial	10 000	–	8 764	–
	Indirect*	Beneficial	750 000	–	750 000	–
	Indirect	Non-beneficial	13 995	–	13 059	–
Ackerman Family Investment Holdings Proprietary Limited(4)	Indirect	Non-beneficial	2	–	1	–
Ackerman Pick n Pay Foundation(5)	Indirect	Non-beneficial	153 981	–	101 900	–
AIH(6)	Indirect	Non-beneficial	189 334 996	310 989 391	124 677 237	246 936 847
David Friedland	Indirect	Beneficial	51 661	–	34 188	–
David Robins	Direct	Beneficial	–	–	975	1 931
	Indirect	Non-beneficial	–	–	90 436	179 118
	Indirect	Beneficial	168 181	244 484	–	–
Gareth Ackerman	Direct	Beneficial	–	–	309	522
	Indirect	Beneficial	2 746 492	4 216 004	1 748 776	3 227 861
	Indirect	Non-beneficial	–	–	19 762	39 140
James Formby	Direct	Beneficial	6 130	–	4 000	–
	Indirect	Beneficial	40 806	–	26 725	–
Jonathan Ackerman(7)	Direct	Beneficial	–	–	122 888	243 307
	Indirect	Beneficial	1 537 256	1 782 990	865 055	1 135 009
	Indirect	Non-beneficial	–	–	2 161	4 280
Lerena Olivier	Direct	Beneficial	163 078	–	96 150	–
	Direct – RSP	Beneficial	34 800	–	34 800	–
Mistral Trust(8)	Indirect	Non-beneficial	4 533 300	6 703 896	3 000 000	5 349 559
Sean Summers(9)	Direct	Beneficial	345 391	–	–	–
	Direct – RSP	Beneficial	4 000 000	–	–	–
Suzanne Ackerman	Direct	Beneficial	–	–	120 528	233 767
	Indirect	Beneficial	1 072 919	1 489 399	553 883	926 084

(1) 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 the Directors.

(2) 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.

(3) All dealings in Pick n Pay Shares by Directors (including their associates) since 25 February 2024 have been announced on SENS and ANS in accordance with the JSE Listings Requirements.

(4) 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.

(5) 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.

(6) The indirect non-beneficial interest in AIH represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.

(7) Jonathan Ackerman retired as an executive director on 31 March 2023, and was appointed as a non-executive Director on that date.

(8) 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.

(9) Sean Summers replaced Pieter Boone as CEO, effective 30 September 2023. Shareholders are referred to the SENS and ANS announcement made by the Company on Thursday, 11 July 2024, in which the Company disclosed details of the performance share awards made to Sean Summers under the Group's restricted forfeitable share plan.

* 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.

10.2.2 Save as set out in the table above, no other Director (and/or their associates), including any former directors who have resigned or retired during the past 18 (eighteen) months, held any interest either directly or indirectly in the Company's issued share capital as at the Last Practicable Date.

10.2.3 Shareholders are referred to the SENS and ANS announcements released by the Company on Monday, 5 August 2024, and Wednesday, 7 August 2024, in terms of which the Company disclosed full details of the participation by Directors (and/or their associates) in the Rights Offer, being the extent to which Directors (and/or their associates) followed their *pro rata* entitlements to subscribe for Pick n Pay Shares under the Rights Offer.

10.3 **Directors' interests in transactions**

Other than the participation by certain Directors in the Rights Offer as discussed in paragraph 10.2 above, none of the Directors, including any Director who has resigned during the last 18 (eighteen) months, had or has any interest, direct or indirect, in any transactions that were effected by the Company during the current or immediately preceding financial year or during any earlier financial year and which remain in any respect outstanding or unperformed.

11. MAJOR SHAREHOLDERS

11.1 As far as the Board is aware, based on the most recent information available to the Directors as at the Last Practicable Date, the following persons held, whether directly or indirectly, a beneficial interest in 3% or more of the issued Pick n Pay Shares:

Major beneficial shareholders	Number of Ordinary Shares	% of issued capital
Ackerman Investment Holdings (RF) Proprietary Limited*	189 334 996	25.39
Government Employees Pension Fund	133 069 173	17.85
Allan Gray Balanced Fund	50 887 677	6.82
Fidelity Series Emerging Markets Opportunities Fund	26 934 058	3.61

* Ackerman Investment Holdings (RF) Proprietary Limited also holds 310,989,391 B Shares, resulting in total voting rights equal to 46.71%

11.2 There has been no change in the controlling shareholder (as such term is defined in the JSE Listings Requirements) or trading object of the Company and its major Subsidiaries in the 5 (five) years preceding the Last Practicable Date.

12. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Boxer since the end of its last financial period being 25 February 2024.

13. MATERIAL CONTRACTS AND VENDORS OF MATERIAL ASSETS

13.2.1 None of Boxer Listco, Boxer or any of their subsidiaries is party to any material contracts, being restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business, entered into (whether verbally or in writing): (i) within the 2 (two) years preceding the Last Practicable Date; or (ii) at any time, and containing an obligation or settlement that is material to Boxer at the Last Practicable Date.

13.2.2 None of Boxer Listco, Boxer or any of their subsidiaries has acquired any material assets from vendors during the 3 (three) years preceding the Last Practicable Date as contemplated in paragraph 7.H of the JSE Listings Requirements.

14. MATERIAL LOANS

14.1 **Boxer**

No material loans have been made to Boxer Listco or to any of its subsidiaries. Details of all amounts owing by Boxer to other members of the Group, and amounts owing by other members of the Group to Boxer, are set out in Note 16 of the Historical Financial Information of Boxer set out in **Annexure 1** to this Circular.

14.2 **The Group**

14.2.1 The material loans made to the Group comprise a variety of funding arrangements provided by the Lenders, as follows:

14.2.1.1 a bilateral loan of ZAR1.0 billion, in terms of a bilateral facility agreement originally entered into between the Company and RMB on or about 14 July 2023 and amended on or about 7 May 2024 (the "**Bilateral Facility**");

14.2.1.2 syndicated loans totalling ZAR4.5 billion, subsequently increased to ZAR5 billion, in terms of a Sustainability-Linked Facilities Agreement originally entered into between the Company and Investec, SBSA, Absa and RMB on or about 13 July 2023 and amended on or about 7 May 2024; and

14.2.1.3 certain general facilities with various lenders totalling ZAR6.5 billion (the "**General Facilities**" and together with the Bilateral Facility as the "**Existing Facilities**"), which are described in further detail below.

14.2.2 ***Restructuring Support Agreement***

14.2.2.1 On 7 May 2024, the Group entered into the Restructuring Support Agreement with the Lenders. The Restructuring Support Agreement effectively provides for certain waivers and restructures the original terms of the debt arrangements referred to above, by setting out arrangements in terms of which specified outstandings under the Existing Facilities, other than outstandings of lenders that elect to provide ongoing finance to the Group ("**Continuing Lenders**"), will be discharged pursuant to the Recapitalisation Plan, namely the Rights Offer and the IPO.

14.2.2.2 In terms of the Restructuring Support Agreement, it has been agreed that:

- the Group will continue to pay interest to the Lenders;
- specified Existing Facilities, net of Continuing Lenders, will be repaid from the proceeds of the Recapitalisation Plan to Lenders in an agreed order of priority (the orders of priority between the Lenders being "**Cashflow Waterfalls**"); and
- save in respect of certain general facilities and/or as contemplated by the Cashflow Waterfalls, no capital repayments will be made in respect of the Existing Facilities.

14.2.2.3 The Group has secured its liquidity and funding up to 1 September 2025 as the Lenders have effectively extended the maturity date for the Existing Facilities to 1 September 2025 subject to the terms and conditions of the Restructuring Support Agreement.

14.2.2.4 Pursuant to the Restructuring Support Agreement, Boxer has, on 7 May 2024, provided a guarantee to all Lenders, in terms of which it guarantees the performance by the Company and Pick n Pay Retailers of their obligations under the funding arrangements discussed in this paragraph 14 (the "**Boxer Guarantee**"). In addition, the Existing Facilities benefit from a security cession and pledge over (i) claims of Group entities against Boxer and (ii) the shares held by Boxer Holdings in Boxer (the "**Boxer Share Security**"), and the Company's shares in Boxer Holdings. Importantly, subject to the terms of the relevant finance documents, the Boxer Guarantee and the Boxer Share Security will be released on the date of formal approval of the Pre-Listing Statement to ensure Boxer and the Boxer shares are unencumbered at the time of commencement of the IPO process. The pledge over the shares in Boxer will be released upon repayment of specified Existing Facilities with the proceeds from the IPO.

14.2.2.5 The Restructuring Support Agreement may be terminated before 1 September 2025, *inter alia*, if: (i) the Rights Offer occurs but a minimum of ZAR3.0 billion is not applied to repay the Existing Facilities in accordance with the relevant Cashflow Waterfall (since the Rights Offer has been successfully implemented and the required amount has been applied to repaying the Existing Facilities, this is no longer applicable), or (ii) if the IPO occurs but the proceeds thereof are not applied to discharge specified Existing Facilities, net of Continuing Lenders, in accordance with the relevant Cashflow Waterfall. It may also be terminated as a result of certain customary termination events (as set out in the Restructuring Support Agreement). If the Restructuring Support Agreement is terminated, all Lenders will revert to their original debt arrangements but with the benefit of the Boxer Guarantee and Boxer Share Security.

14.2.2.6 Moreover, if the Group misses the target date for the IPO due to (i) the Group electing to delay the IPO despite its equity and capital markets advisors' recommendation, or (ii) the Group failing to take the steps required to prepare for the IPO, the Lenders may take certain remedial measures, including an increase in interest rates across all Existing Facilities by 1.00%. The IPO target date may be extended in certain circumstances, such as with the consent of certain Lenders or if the Company's financial advisors unanimously recommend that the IPO should be postponed.

14.2.3 ***Sustainability-Linked Facilities Agreement***

On or about 13 July 2023, Pick n Pay Retailers entered into a sustainability-linked facilities agreement with the below listed lenders, which was amended on or about 7 May 2024, the key terms of which are as follows:

Lenders	Absa Investec RMB SBSA
Commitment	Facility A: ZAR1,300,000,000 (Absa, RMB, SBSA) Facility B: ZAR2,200,000,000 (Investec, RMB, SBSA) Facility C: ZAR1,000,000,000 (Absa, SBSA) Facility D: ZAR500,000,000 (Absa, Investec, RMB, SBSA)
Interest Rate	The base margin + applicable margin as follows:

Net Debt to EBITDA ratio	Margin: Facility A	Margin: Facility B	Margin: Facility C	Margin: Facility D
Less than or equal to 2.75:1	1.25%	1.45%	1.25%	1.31%
Greater than 2.75:1 but less than or equal to 3.00:1	1.82%	2.18%	1.88%	1.65%
Greater than 3.00:1 but less than or equal to 4.00:1	2.15%	2.40%	2.25%	1.97%
Greater than 4.00:1	2.57%	2.66%	2.68%	2.37%

Default Rate	2% increase in the interest rate.
Interest Payments	Interest is serviced on a quarterly basis.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount for each facility is to be repaid in full on the Final Maturity Date for that Facility.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.4 ***Bilateral Facility Agreement***

On or about 14 July 2023, Pick n Pay Retailers (as borrower), the Company and Boxer entered into a bilateral facility agreement with RMB (as lender and facility agent), which was amended on or about 7 May 2024, the key terms of which are as follows:

Commitment	ZAR1,000,000,000
Interest Rate	The base margin + applicable margin as follows: Base margin is: • 1.50%; or • 1.40% following the Green Loan Classification Date; and
Default Rate	2.00% increase in the interest rate.
Interest Payments	Interest is serviced on a quarterly basis.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

Net Debt to EBITDA Ratio	Adjustment to Base Margin
Less than or equal to 2.75:1	No adjustment
Greater than 2.75:1 but less than or equal to 3.00:1	+0.40%
Greater than 3.00:1 but less than or equal to 4.00:1	+0.60%
Greater than 4.00:1	+1.00%

14.2.5 ***General Facilities***

14.2.5.1 On or about 20 April 2018, Pick n Pay Retailers, Pick n Pay Namibia Proprietary Limited, Score Supermarkets (Trading) Proprietary Limited, Pick n Pay Garages Proprietary Limited, Pick n Pay Supply Chain Proprietary Limited and Pick n Pay (Gabriel Road) Proprietary Limited entered into a facility letter with Absa (as lender), which was amended on or about 7 May 2024, the key terms of which are as follows:

Commitment	Overdraft: ZAR254,100,000 Money Market: ZAR1,700,000,000
Interest Rate	Overdraft: Prime less 1.40% Money market: 10.25%
Default Rate	2.00% increase in the interest rate.
Interest Payments	Interest is serviced monthly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.5.2 On or about 26 July 2023, Pick n Pay Retailers and the Company entered into a memorandum reflecting indebtedness with Allan Gray Proprietary Limited (as holder), which was amended on or about 7 May 2024, the key terms of which are as follows:

Commitment	ZAR250,000,000
Interest Rate	Prime plus 1.13%
Default Rate	Prime plus 2.00%
Interest Payments	Interest is serviced monthly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.5.3 On or about 29 February 2024, Pick n Pay Retailers entered into a debt confirmation with Aluwani Capital Partners Proprietary Limited (as funder), which was amended on or about 7 May 2024, the key terms of which are as follows:

Commitment	ZAR150,000,000
Interest Rate	3-month JIBAR plus 4.00%
Default Rate	Higher of the contractual interest rate plus 2.00% and the prime rate plus 2.00%
Interest Payments	Interest is payable quarterly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.5.4 On or about 14 July 2023, Pick n Pay Retailers entered into a facility agreement with Bank of China Limited Johannesburg Branch (as lender), which was amended on or about 7 May 2024, the key terms of which are as follows:

Commitment	ZAR1,000,000,000
Interest Rate	Overnight JIBAR plus 2.20%
Default Rate	5.00% increase in the interest rate.
Interest Payments	Interest is serviced monthly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.5.5 On or about 14 July 2023, Pick n Pay Retailers and Score Supermarkets (Trading) Proprietary Limited entered into a facility letter with RMB (as lender), which was amended on or about 7 May 2024, the key terms of which are as follows:

Commitment	ZAR1,000,000,000
Interest Rate	9.90%
Interest Payments	Interest is serviced monthly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	Repayable on demand.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.5.6 On or about 29 March 2019, Pick n Pay Retailers and the Company entered into a memorandum reflecting indebtedness with Futuregrowth Asset Management Proprietary Limited (as holder), which was amended on or about 7 May 2024, the key terms of which are as follows:

Commitment	ZAR500,000,000
Interest Rate	3-month JIBAR plus 6.70%
Default Rate	Prime rate
Interest Payments	Interest is serviced monthly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.5.7 In June 2024, Pick n Pay Retailers entered into a facility letter with HSBC Bank plc – Johannesburg Branch (as lender), the key terms of which are as follows:

Commitment	ZAR300,000,000
Interest Rate	3-month JIBAR plus 4.75%
Default Rate	1.00% increase in the interest rate.
Interest Payments	Interest is serviced monthly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.5.8 On or about 9 February 2024, Pick n Pay Retailers entered into a facility letter with Investec Bank Limited (acting through its Corporate and Institutional Banking division) (as lender), which was amended on or about 7 May 2024, the key terms of which, read with Standard Terms and Conditions, with reference STC000039, dated 4 July 2008, and supplemented by the most recent facility notice and annex between the parties, are as follows:

Commitment	ZAR1,000,000,000
Interest Rate	11.00%
Interest Payments	Interest is serviced monthly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.5.9 On or about 18 September 2018, Pick n Pay Retailers entered into a facility letter with Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) (as lender), which was amended on or about 7 May 2024, the key terms of which are as follows:

Commitment	ZAR500,000,000
Interest Rate	Prime rate
Default Rate	Contractual rate plus 3.00%
Interest Payments	Interest is serviced monthly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.5.10 On or about 29 February 2024, Pick n Pay Retailers entered into a debt confirmation with Sanlam Investment Management Proprietary Limited (acting on behalf of its third-party clients) (as funder), which was amended on or about 7 May 2024, the key terms of which are as follows:

Commitment	ZAR200,000,000
Interest Rate	3-month JIBAR plus 5.25%
Default Rate	Higher of the contractual interest rate plus 2.00% or the prime rate plus 2.00%
Interest Payments	Interest is serviced quarterly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

14.2.5.11 On or about 14 August 2020, Pick n Pay Retailers entered into a facility letter with SBSA (acting through its Corporate and Investment Banking division) (as lender), which was amended on or about 7 May 2024, the key terms of which are as follows:

Commitment	ZAR1,300,000,000
Interest Rate	Prime less 1.70%
Default Rate	Prime rate
Interest Payments	Interest is serviced monthly.
Security	Secured by shares and claims in Boxer and if applicable, Boxer Listco. Guaranteed by the Company and Boxer. Security and guarantee in respect of Boxer subject to a release mechanism (as applicable) with effect from the date of the formal approval by the JSE of the Pre-Listing Statement.
Final Maturity Date	1 September 2025
Repayment Terms	The principal amount is to be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	Proceeds of: • the Rights Offer; and • any disposal transaction in respect of Boxer and/or any transaction in terms of which all or a portion of the shares in either Boxer or Boxer Listco are subject to an offering and listing on the JSE, are to be applied in repayment of the Facilities (along with other Material Loans) in accordance with a cashflow waterfall set out in the Restructuring Support Agreement.

15. LITIGATION STATEMENT

As at the Last Practicable Date, there are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which the Company is aware, that may have or have had, in the 12 (twelve) month period preceding the date of this Circular, a material effect on the financial position of Boxer.

16. MATERIAL RISKS

Shareholders are referred to pages 36 to 43 of the Integrated Annual Report (which is available at www.picknpayinvestor.co.za) and to pages 17 to 36 of the Rights Offer Circular, for full details of the risks that may have a material impact on the Group's strategic objectives and ability to create sustainable value for stakeholders over the long term.

17. RESOLUTIONS TO BE PROPOSED TO SHAREHOLDERS

The Board proposes the Resolutions for consideration, and if deemed fit, adoption, by Shareholders. Further details in relation to the Share Issue, to which Ordinary Resolution number 1 relates, are provided in paragraph 5 above, and further details in relation to the Share Capital Reduction, to which Special Resolutions number 1, 2, 3.1 and 3.2 relate, are provided in paragraph 1.10 to 1.12 above. The Resolutions are set out in the Notice of General Meeting.

18. **OPINION AND RECOMMENDATION**

18.1 The Board is of the view that the Listing and Share Issue is consistent with the Company's strategic objectives and is in the best interests of the Company. It follows that the Board unanimously recommends that Shareholders vote in favour of the Resolutions.

18.2 Each Director who beneficially owns Pick n Pay Shares will vote those Pick n Pay Shares in favour of all the Resolutions.

19. **CONSENTS**

Each of the Company's advisors, whose names appear on the inside front cover of this Circular, have consented in writing to act in the capacities stated and to their names appearing in this Circular, and in the case of the Independent Auditor, to the reports set out in **Annexure 2** and **Annexure 4** to this Circular being included in this Circular, and has not withdrawn its consent prior to the Last Practicable Date.

20. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, whose names are stated on page 6 of this Circular, collectively and individually accept full responsibility for the accuracy of the information contained in this Circular in relation to the Group, and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement in this Circular in relation to the Group false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the JSE Listings Requirements.

21. **NOTICE OF GENERAL MEETING**

21.1 The General Meeting will be held entirely by electronic communication at **08:30** on **Tuesday, 1 October 2024**, for Shareholders to consider and, if deemed fit, adopt, with or without modification, the Resolutions.

21.2 The General Meeting will be conducted entirely by electronic communication as contemplated in the MOI and section 63(2)(a) of the Companies Act, and Shareholders will accordingly only be able to access the General Meeting electronically via an electronic facility. More information in this regard is provided in the section entitled "*Action required by Shareholders*" commencing on page v of this Circular and in the Notice of General Meeting.

21.3 The Notice of General Meeting is attached to and forms part of this Circular. A Form of Proxy *(grey)* is also included with this Circular for use by those Certificated Shareholders and Own-Name Dematerialised Shareholders who, while being unable to participate in the General Meeting may nevertheless wish to be represented thereat. Such persons are requested to complete and to return the Form of Proxy *(grey)* in accordance with its instructions.

21.4 Shareholders are advised to carefully read both the "*Action required by Shareholders*" section commencing on page v of this Circular and the Notice of General Meeting for information on the procedure to be followed by Shareholders in order to participate and to exercise their voting rights in respect of the Resolutions at the General Meeting.

21.5 The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three Shareholders present in person and entitled to vote on the Resolutions. In addition:

21.5.1 the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of the Resolutions; and

21.5.2 the Resolutions may not begin to be considered unless those who fulfilled the quorum requirements continue to be present.

21.6 As the General Meeting will cater for electronic participation only, it will not be desirable nor practical for voting to take place by way of show of hands. Accordingly, to allow the voting preferences of all Shareholders to be taken into account, all voting will be conducted by way of poll through the electronic facility provided. Shareholders will have one vote in respect of each Pick n Pay Share held. More information in this regard is provided in the section entitled "*Action required by Shareholders*" commencing on page v of this Circular and the Notice of General Meeting.

22. **EXPENSES**

It is estimated that the Company's expenses relating to this Circular and the approval of the IPO as a category 1 transaction will amount to approximately ZAR 5,305,000 (including VAT). These expenses will be paid from the proceeds of the Share Issue. These expenses (including VAT) are detailed in the table below. The Company's estimated expenses relating to the IPO as a whole will be set out in the Pre-Listing Statement.

Nature of expense	Paid/payable to	Amount (ZAR'000)
Independent Auditor	Ernst & Young Inc.	2,000
Legal advisers to the Company as to South African law	Bowman Gilfillan Incorporated	1,250
Legal advisers to the Joint Global Coordinators as to US and English law	Linklaters LLP	480
Legal advisers to the Company as to US and English law	Milbank LLP	470
Printing and posting costs	GreyMatter & Finch (Pty) Ltd	300
Legal advisers to the Joint Global Coordinators as to South African law	Webber Wentzel	200
JSE documentation fees	JSE	75
Transfer Secretaries	Computershare Investor Services Proprietary Limited	30
Other expenses	N/A	500
TOTAL		**5,305**

23. **DOCUMENTS AVAILABLE FOR INSPECTION**

23.1 The documents listed below, or copies thereof, will be available for inspection by Shareholders from Thursday, 29 August 2024, being the issue date of this Circular, up to and including the date of the General Meeting at the registered office of the Company, and at the address of the Transaction Sponsor, during office hours at the address set out in the "*Corporate information and advisors*" section of this Circular during normal business hours. Requests for electronic copies of the documents listed below may be made by emailing Vaughan Pierce at CompanySecretary@pnp.co.za:

23.1.1 the Historical Financial Information of Boxer, as set out in **Annexure 1** to this Circular;

23.1.2 the signed Independent Auditor's assurance report on the Historical Financial Information of Boxer, as set out in **Annexure 2** to this Circular;

23.1.3 the *Pro Forma* Financial Information of the Group, as set out in **Annexure 3** to this Circular;

23.1.4 the signed Independent Auditor's assurance report on the compilation of the *Pro Forma* Financial Information of the Group, as set out in **Annexure 4** to this Circular;

23.1.5 copies of service agreements of Directors (or a summary of such agreements) entered into during the last three years;

23.1.6 a signed copy of this Circular (*available in English only*);

23.1.7 a signed copy of each of the consent letters referred to in paragraph 19 above;

23.1.8 the memorandum of incorporation of Boxer Listco;

23.1.9 the Amended MOI; and

23.1.10 the audited consolidated financial statements of the Group as at and for the 52 weeks ended 25 February 2024, 26 February 2023 and 27 February 2022, including the notes thereto and any independent auditor's reports referred to therein.

By order of the Board

____

Pick n Pay Stores Limited

Vaughan Pierce
Company Secretary

(Being duly authorised hereto to sign this Circular for and on behalf of each and every Director in accordance with a round robin resolution of the Board signed by each and every Director)

Registered Office:
101 Rosmead Avenue
Kenilworth
Cape Town, 7708
South Africa

ANNEXURE 1 – HISTORICAL FINANCIAL INFORMATION OF BOXER FOR THE 52 WEEKS ENDED 25 FEBRUARY 2024, 26 FEBRUARY 2023 AND 27 FEBRUARY 2022

INTRODUCTION

The definitions commencing on page 2 of the Circular apply, *mutatis mutandis*, to this Annexure 1.

BASIS OF PREPARATION

The Historical Financial Information set out below has been extracted from the audited group annual financial statements of Boxer Superstores Proprietary Limited for the 52 weeks ended 25 February 2024, 26 February 2023 and 27 February 2024 ("**Audited Financial Statements**"). The Audited Financial Statements were prepared in accordance with the IFRS® Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by Financial Reporting Standards Council.

The Audited Financial Statements have been audited by Ernst & Young Inc. who expressed an unmodified audit opinion thereon. Ernst and Young Inc. is the Independent Auditor of Boxer and has issued the Independent Auditor's assurance report on the Historical Financial Information, which is included as Annexure 2 to this Circular.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards and the JSE Listings Requirements, and prepared in accordance with, and by applying, the accounting policies of the Group, for the purpose of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements.

The additional disclosure required in terms of paragraph 8.12 of the JSE Listings Requirements has been included in the Historical Financial Information.

The Directors are responsible for the preparation, contents and presentation of the Historical Financial Information as included in this Circular and are responsible for ensuring that the Group complies with the JSE Listings Requirements.

DIRECTORS' COMMENTARY

52 weeks ended 25 February 2024 ('FY24')

Sales for the period grew 17.3% to R37.4 billion, driven by like-for-like sales growth and the store opening programme. Boxer opened 50 new stores in FY24, including 18 supermarkets and 32 liquor stores, which brought the estate to a total of 477 stores.

Gross profit for the period grew 17.6%, with the gross profit margin expanding by 0.1%. Other income declined by 35.5%, driven by the non-repeat of R170.0m of insurance recoveries recorded in FY23. Trading expenses grew 13.5%, driven by the net impact of new store rollout and the R135.0 million gain from derecognition of the financial guarantee contract.

Reported trading profit increased 17.8% to R2.1 billion, with the reported trading margin maintained at 5.6%. Profit before tax before capital items grew 19.9% to R1.85 billion, on a 4.9% PBT margin.

At 25 February 2024, Boxer had cash and equivalents of R349.0 million, with no bank debt.

52 weeks ended 26 February 2023 ('FY23')

FY23 sales grew 20.0% to R31.9 billion, supported by both a recovery from the impact of the July 2021 civil unrest, and the acceleration of the store opening programme. Boxer opened 60 new stores in FY23, well ahead of the 36 new stores opened in FY22, bringing the estate to a total of 428 stores.

Gross profit for the period grew 30.4%, with the gross profit margin expanding by 1.7%. Other income declined by 31.1%, as insurance recoveries reduced from R401.0 million to R170.0 million. Trading expenses grew 22.4%, driven by sharply higher occupancy and operations costs, both of which were a consequence of the accelerated store rollout.

Reported trading profit increased 29.0% to R1.8 billion, with the reported trading margin increasing from 5.2% to 5.6%. Profit before tax before capital items grew 33.7% to R1.5 billion, on a 4.8% PBT margin.

At 26 February 2023, Boxer had cash and cash equivalents of R345.0 million, with no bank debt.

52 weeks ended 27 February 2022 ('FY22')

Boxer reported FY22 sales of R26.6 billion. Despite the negative sales impact of both the July 2021 civil unrest and Covid-19 trading restrictions on liquor sales (mainly in the first half of the year) Boxer managed to grow sales for the year. Boxer opened 36 new stores in FY22, including two conversions from Pick n Pay, to bring the estate to 368 stores.

Gross profit for the period was R5.2 billion with a gross profit margin of 19.2%. Gross margin was negatively impacted by inventory losses related to the civil unrest. Other income was supported by insurance recoveries of R401.0 million, mainly relating to the civil unrest.

Reported trading profit was R1.4 billion, with a reported trading margin of 5.2%. Profit before tax before capital items was R1.2 billion, on a 4.3% PBT margin.

At 27 February 2022, Boxer had cash and equivalents of R561.0 million, with no bank debt.

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Revenue	2	37 779	32 368	27 234
Turnover	2	37 419	31 897	26 583
Cost of merchandise sold		(29 498)	(25 164)	(21 421)
Gross profit		**7 921**	**6 733**	**5 162**
Other trading income		269	417	605
Commission and other income	2	269	247	204
Insurance recoveries	2	–	170	401
Trading expenses		(6 089)	(5 366)	(4 384)
Employee costs	3.1	(2 586)	(2 224)	(1 871)
Occupancy		(1 074)	(914)	(721)
Operations		(1 968)	(1 703)	(1 312)
Merchandising and administration		(461)	(525)	(480)
Trading profit		**2 101**	**1 784**	**1 383**
Finance income	2	91	54	46
Finance costs	3.2	(342)	(295)	(275)
Profit before tax before capital items		**1 850**	**1 543**	**1 154**
Loss on capital items		(27)	(12)	2
(Loss)/gain on sale of assets and insurance recoveries on scrapping of assets		(16)	(6)	131
Loss from impairments and scrapping of property, plant and equipment and intangible assets	6,7	(11)	(6)	(129)
Profit before tax	3	**1 823**	**1 531**	**1 156**
Tax	21	(438)	(427)	(302)
Profit for the period		**1 385**	**1 104**	**854**
Other comprehensive income, net of tax				
Items that will not be reclassified to profit or loss		(48)	(3)	(9)
Fair value loss on investment in Pick n Pay Stores Limited	12	(48)	(3)	(9)
Items that may be reclassified to profit or loss		(1)	4	(3)
Movement in cash flow hedge		(1)	4	(3)
Total comprehensive income for the period		**1 336**	**1 105**	**842**
Earnings per share		**Cents**	**Cents**	**Cents**
Basic earnings per share	29	4 058.61	3 235.16	2 502.56
Diluted earnings per share	29	4 058.61	3 235.16	2 502.56

GROUP STATEMENT OF FINANCIAL POSITION

	Note	As at 25 February 2024 Rm	As at 26 February 2023 Rm	As at 27 February 2022 Rm
ASSETS				
Non-current assets				
Property, plant and equipment	6	3 468	2 969	2 242
Intangible assets	7	334	332	212
Right of use assets	8	3 312	3 033	2 822
Loans	10	120	54	31
Deferred tax asset	11	144	147	162
Investment in Pick n Pay Stores Limited	12	40	95	78
		7 418	6 630	5 547
Current assets				
Inventory	13	3 231	2 815	2 226
Trade and other receivables	14	382	394	327
Cash and cash equivalents	15	349	345	561
Right-of-return asset	20	2	2	1
Amounts owing by related parties	16.1	1 335	599	697
Derivative financial instruments	23	–	2	–
		5 299	4 157	3 812
Total assets		**12 717**	**10 787**	**9 359**
EQUITY AND LIABILITIES				
Equity				
Share capital	17	–	–	–
Share premium		9	9	9
Retained earnings		1 891	947	2 006
Fair value deficit		(59)	(20)	(18)
Other reserves/(deficits)		–	1	(3)
Total equity		1 841	937	1 994
Non-current liabilities				
Share based payment liability	5	8	16	21
Lease liabilities	9	3 700	3 393	3 158
		3 708	3 409	3 179
Current liabilities				
Trade and other payables	18	4 612	3 828	3 249
Share based payment liability	5	11	18	9
Lease liabilities	9	608	545	479
Provisions	19	49	43	40
Deferred revenue	20	94	82	82
Current tax liability	21	290	262	162
Amounts owing to related parties	16.2	1 497	1 663	163
Provision for financial guarantee contracts	27	7	–	–
Derivative financial instruments	23	–	–	2
		7 168	6 441	4 186
Total equity and liabilities		**12 717**	**10 787**	**9 359**

GROUP STATEMENT OF CHANGES IN EQUITY

	Note	Share capital Rm	Share premium Rm	Retained earnings Rm	Fair value reserve/ (deficits) Rm	Other reserves/ (deficits) Rm	Total equity Rm
At 28 February 2021		**–**	**9**	**1 723**	**(12)**	**–**	**1 720**
Total comprehensive income for the period		–	–	851	(6)	(3)	842
Profit for the period		–	–	854	–	–	854
Movement in cash flow hedge		–	–	–	–	(3)	(3)
Fair value loss on investment in Pick n Pay Stores Limited	12	–	–	–	(9)	–	(9)
Reclassification to retained earnings	12	–	–	(3)	3	–	–
Other reserve movements		–	–	–	–	–	–
Transactions with owners		–	–	(568)	–	–	(568)
Dividends		–	–	(568)	–	–	(568)
At 27 February 2022		**–**	**9**	**2 006**	**(18)**	**(3)**	**1 994**
Total comprehensive income for the period		–	–	1 103	(2)	4	1 105
Profit for the period		–	–	1 104	–	–	1 104
Movement in cash flow hedge		–	–	–	–	4	4
Fair value loss on investment in Pick n Pay Stores Limited	12	–	–	–	(3)	–	(3)
Reclassification to retained earnings	12	–	–	(1)	1	–	–
Other reserve movements		–	–	–	–	–	–
Transactions with owners		–	–	(2 162)	–	–	(2 162)
Dividends		–	–	(2 162)	–	–	(2 162)
At 26 February 2023		**–**	**9**	**947**	**(20)**	**1**	**937**
Total comprehensive income for the period		–	–	1 376	(39)	(1)	1 336
Profit for the period		–	–	1 385	–	–	1 385
Movement in cash flow hedge		–	–	–	–	(1)	(1)
Fair value loss on investment in Pick n Pay Stores Limited	12	–	–	–	(48)	–	(48)
Reclassification to retained earnings	12	–	–	(9)	9	–	–
Other reserve movements		–	–	–	–	–	–
Transactions with owners		–	–	(432)	–	–	(432)
Dividends		–	–	(290)	–	–	(290)
Financial guarantee	27	–	–	(142)	–	–	(142)
At 25 February 2024		**–**	**9**	**1 891**	**(59)**	**–**	**1 841**

GROUP STATEMENT OF CASH FLOWS

	Note	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Cash flows from operating activities				
Trading profit		2 101	1 784	1 383
Adjusted for non-cash items		1 004	1 016	852
Depreciation on property, plant and equipment	6	518	442	340
Amortisation on intangible assets	7	16	14	15
Depreciation on right-of-use assets	8	620	555	488
Share-based payment (reversal)/expense	3	(7)	17	13
Profit on termination of leases		(8)	(12)	(3)
Rent concessions	9	–	–	(1)
Amortisation of financial guarantee contract	27	(18)	–	–
Derecognition of financial guarantee contract	27	(117)	–	–
Cash generated before movements in working capital		**3 105**	**2 800**	**2 235**
Movements in working capital		396	(74)	(149)
Movement in trade and other payables, provisions and deferred revenue		801	583	359
Movement in inventory and right-of-return asset		(417)	(590)	(477)
Movement in trade and other receivables		12	(67)	(31)
Cash generated from trading activities		**3 501**	**2 726**	**2 086**
Interest received	2	84	54	47
Other interest paid	3.2	(5)	(4)	–
Interest paid on lease liabilities	9	(336)	(314)	(291)
Cash generated from operations		**3 244**	**2 462**	**1 842**
Dividend paid		–	(662)	(568)
Tax paid	21	(407)	(312)	(145)
Cash generated from operating activities		**2 837**	**1 488**	**1 129**
Cash flows from investing activities				
Investment in intangible assets	7	(42)	(42)	(11)
Investment in property, plant and equipment	6	(1 044)	(1 152)	(812)
Investment in Pick n Pay Stores Limited shares	12	–	(30)	(28)
Proceeds on disposal of property, plant and equipment and intangible assets		32	4	6
Insurance proceeds on capital items		–	–	126
Purchase of operations	26	(7)	(125)	(21)
Loans advanced by the Group		(120)	(42)	(32)
Loans repaid to the Group		62	19	1
Lease incentives received		28	29	21
Cash utilised in investing activities		**(1 091)**	**(1 339)**	**(750)**
Cash flows from financing activities				
Settlement of share based payment liability		(1)	(3)	(1)
Movements in related party loans advanced to the Group		(455)	–	–
Principal lease liability payments	9	(550)	(460)	(382)
Cash utilised in financing activities		**(1 006)**	**(463)**	**(383)**
Net increase/(decrease) in cash and cash equivalents		740	(314)	(4)
Cash and cash equivalents at beginning of period		944	1 258	1 262
Cash and cash equivalents at end of period	15	**1 684**	**944**	**1 258**
Comprising of:				
Cash and cash equivalents	15	349	345	561
Related party loan receivable	16.1	1 335	599	697

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of compliance

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

1.2 Basis of preparation

The Historical Financial Information is prepared on the historical cost basis except where stated otherwise in the accounting policies below.

All financial information has been rounded to the nearest million, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information, except where the Boxer Group has adopted IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments that became effective during the period. Several new standards, amendments to standards and interpretations became applicable to the Boxer Group during the current period and have been applied in the preparation of the Historical Financial Information. New standards, amendments to standards and interpretations did not have a significant impact on the Boxer Group.

The Boxer Group has not early adopted any other IFRS and IFRIC interpretations and amendments that are not yet effective for the Boxer Group. Refer to note 30.

1.3 Basis of consolidation

Investment in subsidiaries

The Boxer Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of a subsidiary begins when the Boxer Group obtains control over the subsidiary and ceases when the Boxer Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Historical Financial Information from the date the Boxer Group gains control until the date the Boxer Group ceases to control the subsidiary.

All inter-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Boxer Group are eliminated in full on consolidation.

The following entities have been consolidated:

- Boxer Superstores Proprietary Limited, incorporated in South Africa, and
- Score Supermarkets (Swaziland) Limited (which changed its name to Boxer Superstores Eswatini Limited subsequent to financial period end and will be referred to as such in the remainder of this Historical Financial Information), incorporated in Eswatini.

1.4 Foreign currency transactions and translations

Functional currency and presentation currency

The Historical Financial Information is presented in South African rand. Boxer Superstores Eswatini Limited (foreign operation) has a functional currency that differs to that of the presentation currency of the Boxer Group and is translated on consolidation.

Transactions and balances

Transactions denominated in foreign currencies are translated to the respective functional currencies of Boxer Group entities at the rates of exchange ruling on the dates of the transaction. Differences arising on settlement or translation of monetary items are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to South African rand at the exchange rate at the date that the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement comprehensive income. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations are translated at the relevant foreign exchange rates ruling at the reporting date to the presentation currency of the Boxer Group. The income and expenses of foreign operations are translated to the presentation currency of the Boxer Group at the weighted-average rate of exchange for the period. Profits or losses arising on the translation of assets and liabilities of foreign operations are recognised in other comprehensive income ("**OCI**") and presented within equity in a foreign currency translation reserve.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains or losses arising from such monetary item are considered to form part of a net investment in foreign operation and recognised in OCI and presented in a foreign currency translation reserve.

The Boxer Group has no risk on foreign currency translations in relation to its foreign operation in Eswatini as the exchange rate of the Eswatini lilangeni to South African rand is 1:1.

1.5 Use of estimates, judgements and assumptions

The preparation of the Historical Financial Information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Estimates, judgements and assumptions used in the Boxer Group's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period include, but are not limited to, the following:

Purchase rebates and other income earned from suppliers

The Boxer Group enters into various agreements with suppliers and these agreements provide for various purchase rebates and other income.

Purchase rebates are accrued for as part of cost of inventory sold when they are closely related to the purchase of inventory. Management uses judgement when assessing the nature of the rebates earned for recognition as a reduction in the purchase price of inventories and when recognising the relevant portion as a reduction in the cost of inventory.

Taking into account cumulative purchases of inventory to date, as well as historical and forecasted performance, management uses judgement to estimate the probability of meeting contractual obligations and in determining the amount of volume-related rebates recognised. Rebates actually received may therefore differ from that which has been accrued.

Estimating variable consideration for returns

The Boxer Group estimates variable consideration to be included in the transaction price for the sale of goods where customers are entitled to a right of return within a specified time frame. The Boxer Group uses statistical projection methods for forecasting sales returns which are based on historical return data. Any significant changes in experience as compared to historical return patterns will impact the expected return percentages estimated by the Boxer Group. Estimated return percentages are updated regularly and the refund liability is adjusted accordingly. Refer to note 20.

Measurements of share-based payments

The Boxer Group issues cash-settled share awards to qualifying employees. Judgement, informed by terms and conditions of the grant, is used to determine the number of options expected to vest. Until the award is settled, the Boxer Group presents the cash-settled award as a liability. Refer to note 5.

Provision for expected credit losses on loans and trade and other receivables

The Boxer Group considers both quantitative and qualitative information and analysis, based on historical experience and informed credit assessment including forward-looking information specific to trade and other receivables, loans and economic environment in determining the expected credit losses. At each reporting period, the methodologies and assumptions used for estimating expected credit losses are reviewed and adjusted as necessary to reflect changes in circumstances. The assessment of these factors involves judgements and estimates. The Boxer Group's historical credit loss experience and forecast economic conditions may therefore not be representative of the actual default in future. Refer to notes 10 and 14.

Inventory net realisable value allowances

The Boxer Group evaluates its inventory to ensure that it is carried at the lower of cost and net realisable value. Allowances are made against slow moving, obsolete and damaged items. Damaged inventories are identified and written down through inventory verification processes. Allowances for slow moving and obsolete inventories are assessed continuously. Obsolescence is assessed based on comparison of the level of inventory holding and the projected likely future sales, taking into account factors existing at the reporting date. Refer to note 13.

Measurement of deferred revenue in respect of prepaid gift cards

Prepaid gift cards provide rights to customers which is accounted for as separate performance obligations. The consideration allocated to unredeemed gift cards are measured by reference to its stand-alone selling prices adjusted for an expected forfeiture rate. The Boxer Group applies statistical projection methods in its estimation of forfeiture rates by using customers' historical redemption patterns as the main input, and is therefore subject to uncertainty. The expected forfeiture rate is updated regularly and the liabilities for unredeemed gift cards are adjusted accordingly. Refer to note 20.

Estimates of useful lives and residual values of intangible assets

Intangible assets are amortised over their useful lives, taking into account applicable residual values. Useful lives and residual values are reviewed at each reporting date, taking into account factors such as the manner of recovery, innovation in technology and relevant market information.

Estimates of useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives, taking into account applicable residual values. Useful lives and residual values are reviewed at each reporting date, considering factors such as the manner of recovery and relevant market information.

Estimates of useful lives of right-of-use assets

Right-of-use assets are depreciated over their useful lives, and are directly linked to the lease term of the underlying lease agreement that has been accounted for in the measurement of the corresponding lease liabilities. Useful lives are reviewed at each reporting date, considering factors such as lease term extension and termination options.

Measurements of the recoverable amounts of cash-generating units

The recoverable amount of cash-generating units (CGU) is determined by calculating its value-in-use. The Boxer Group treats a store as a separate CGU for impairment testing of intangible assets, property, plant and equipment and right-of-use assets. The recoverable amount is sensitive to the discount rate used for the discontinued cash flow model, future cash flows and the growth rate used for extrapolation purposes. The Boxer Group considers each trading store to be a CGU.

Estimates of lease terms of lease agreements

Lease terms applicable to lease agreements, relating to the Boxer Group's lease liabilities, are negotiated on an individual basis and contain a wide range of various terms and conditions. The Boxer Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Management exercises judgement in determining the reasonable certainty of exercising termination or extension options in determining the lease term, including considerations of the age of the lease, the nature of the leased asset and the expected return on the underlying cash generating unit to which the leased asset belongs.

Subsequent to the commencement date of lease agreements, lease terms are reassessed when there is a significant event or change in circumstances that is within the Boxer Group's control and affects its ability to exercise or not to exercise the option to renew or to terminate. Significant events could include a change in the Boxer Group's assessment of whether it is reasonably certain to exercise a renewal or termination option, the incurrences of unanticipated significant leasehold improvements or the negotiation of unanticipated lease incentives.

Estimates of incremental borrowing rates applied in the measurement of lease liabilities

Incremental borrowing rates applied in the measurement of lease liabilities are specific to the term, currency and start date of the applicable lease agreement. Incremental borrowing rates are based on a series of inputs including the prime lending rate, the repo rate and a credit risk adjustment.

Income and deferred taxes

The Boxer Group is subject to income tax. Significant judgement is required in determining the provision for tax as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Boxer Group recognises liabilities for anticipated tax issues based on estimates of the taxes that are likely to become due.

The Boxer Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Boxer Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Boxer Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. Refer to note 11 and 21.

Allowance for impairment loss on amounts owing by related parties

At each reporting period, the historical observed default rates are updated and changes in forward looking estimates are analysed for amounts owing by related parties. The assessment of historical observed default rates and forward looking factors require significant judgement and estimates. The Boxer Group's historical credit loss experience and forecast economic conditions may therefore not be representative of the actual default in the future. Refer to notes 16 and 23.

Fair value of financial guarantee contracts for related parties

At initial and subsequent recognition, the Boxer Group applied signification judgement in determining the fair value of its financial guarantee contract. The Boxer Group considers both quantitative and qualitative information and analysis, based on historical experience and informed credit assessment including forward-looking information specific to the counterparty in determining the expected credit losses. At each reporting period, the methodologies and assumptions used are reviewed and adjusted as necessary to reflect changes in circumstances. The assessment of these factors involves judgements and estimates. The counterparty's historical financial performance and forecast economic conditions may therefore not be representative of the actual default, and as a result the Boxer Group's exposure to the financial guarantee, in the future. Refer to note 27.

1.6 Intangible assets

Intangible assets are held by the Boxer Group for use in the supply of goods or administrative purposes and are expected to be used for more than one financial period. Intangible assets acquired are initially recognised at cost if it is probable that associated future economic benefits will flow to the Boxer Group and the cost can be measured reliably.

If the intangible assets are acquired via a business combination, initial recognition is at fair value.

Intangible asset development consists of two phases; research phase and development phase. Expenditure incurred during the research phase is expensed as incurred.

Intangible assets that are developed are initially recognised at cost if the cost can be measured reliably, the intangible assets are technically and commercially feasible, future economic benefits are probable and the Boxer Group intends to, and has sufficient resources to, complete the development. If not, the development expenses are recognised in the statement of comprehensive income when they are incurred.

Intangible assets are subsequently measured at cost less accumulated amortisation and impairment losses, with the exception of goodwill. Goodwill is measured at cost less impairment losses as it has an indefinite useful life and is not amortised.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised but expensed in the statement of comprehensive income when they are incurred.

Cost

The cost of intangible assets includes expenditure that is directly attributable to the acquisition of the intangible asset. The cost of developed intangible assets includes the cost of materials, direct labour and any overhead costs directly attributable to preparing the intangible asset for its intended use.

The Boxer Group recognises in the carrying amount of intangible assets, subsequent expenditure when that cost is incurred, if it is probable that the related future economic benefits embodied with the cost will flow to the Boxer Group and the cost can be measured reliably. All other costs, such as costs associated with the implementation or maintenance of intangible assets, are recognised in the statement of comprehensive income as an expense as incurred.

Goodwill is acquired through business combinations and initially measured at the fair value of the consideration transferred, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Boxer Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Amortisation

Amortisation is calculated on the cost of an intangible asset, less its residual value over its useful life. The residual value is the estimated amount that the Boxer Group would receive from the disposal of the intangible asset, after deducting the estimated costs of disposal, if the intangible asset was already of the age and the condition expected at the end of its useful life.

Management determines the amortisation methods, useful lives and residual values at acquisition. These are reviewed at each reporting date and adjusted if appropriate. Any adjustments are accounted for prospectively as a change in estimate.

Amortisation is recognised as an expense in the statement of comprehensive income, within operational expenses, on a straight-line basis over the estimated useful life of each intangible asset from the date that it is available for its intended use.

Useful lives

The estimated useful lives, per category of intangible assets, are as follows:

Goodwill	Indefinite
Systems development	4 to 8 years
Licences	9 to 10 years

Impairment

Intangible assets are assessed for impairment as non-financial assets in accordance with note 1.11.

Derecognition

Intangible assets are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from either their use or disposal. Gains or losses on derecognition of an intangible asset are determined by comparing the proceeds from disposal, if applicable, with the carrying amount of the intangible asset and are recognised directly in the statement of comprehensive income.

1.7 Property, plant and equipment

Property, plant and equipment are tangible assets held by the Boxer Group for use in the supply of goods or administrative purposes and are expected to be used for more than one financial period. Property, plant and equipment are initially recognised at cost if it is probable that associated future economic benefits will flow to the Boxer Group and the cost can be measured reliably.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses, with the exception of land. Land is measured at cost less impairment losses as it has an indefinite life and is not depreciated.

Cost

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

The Boxer Group recognises in the carrying amount of property, plant and equipment subsequent expenditure, including the cost of replacing part of such an item, when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Boxer Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as day-to-day servicing costs, are recognised in the statement of comprehensive income as expenses when incurred.

Depreciation

Depreciation is based on the cost of an asset, less its residual value, over its useful life. The residual value is the estimated amount that the Boxer Group would receive from the disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and the condition expected at the end of its useful life.

Management determines the depreciation methods, useful lives and residual values at acquisition. These are reviewed at each reporting date and adjusted, if appropriate. Any adjustments are accounted for prospectively as changes in estimate.

Depreciation is recognised as an expense in the statement of comprehensive income, within operational expenses, on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date that they are available for its intended use. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Boxer Group will obtain ownership by the end of the lease term.

Where significant components of an item of property, plant and equipment have different useful lives, they are depreciated separately.

Useful lives

The estimated useful lives, per category of property, plant and equipment, are as follows:

Property	
• Land	Indefinite
• Buildings and other major components	40 years
Furniture, fittings, equipment and vehicles	
• Computer equipment	2 to 4 years
• Furniture and fittings	5 to 14 years
• Equipment	2 to 14 years
• Vehicles	3 to 5 years
Leasehold improvements	Over the lease period

Impairment

Property, plant and equipment are assessed for impairment as non-financial assets as per note 1.11.

Derecognition

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Boxer Group from either their use or disposal. Gains or losses on derecognition of an item of property, plant and equipment are determined by comparing the proceeds from disposal, if applicable, with the carrying amount of the item and are recognised directly in the statement of comprehensive income.

1.8 Right-of-use assets

The Boxer Group enters into various lease agreements as the lessee of property, equipment and vehicles. Where leases convey the right to control the use of the underlying leased assets, the Boxer Group classifies these leases as right-of-use assets in a consistent manner to its property, plant and equipment.

Right-of-use assets are initially recognised at cost at the date at which the Boxer Group gains control of the right to use the leased asset, referred to as the commencement date of lease agreements, and are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Cost

The cost of right-of-use assets include the initial measurement of the corresponding lease liabilities, any initial direct costs less any lease incentives received and less any dismantling or restoration costs expected to be incurred in order to restore the asset or the site on which it is located.

Depreciation

Depreciation is based on the cost of the right-of-use asset over its useful life. At the commencement date of lease agreements, management determines useful lives as the lease term of corresponding lease liabilities. These lease terms are reviewed at each reporting date and adjusted, if appropriate. Any adjustments are accounted for prospectively as a change in estimate.

Depreciation is recognised as an expense in the statement of comprehensive income, within occupancy costs, on a straight-lined basis over the estimated useful lives of the right-of-use assets.

Useful lives

The estimated useful lives, per category of right-of-use assets, are as follows:

Property	2 to 22 years
Equipment and vehicles	2 to 7 years

Impairment

Right-of-use assets are assessed for impairment as non-financial assets in accordance with note 1.11.

Derecognition

Right-of-use assets are derecognised upon the loss of control by the Boxer Group of the right to use the leased assets. Gains or losses on derecognition are determined by comparing the value of corresponding lease liabilities, with the carrying amount of right-of-use assets and are recognised directly in the statement of comprehensive income.

1.9 Inventory

Inventory comprises merchandise for resale and consumables. Inventory is measured at the lower of cost and net realisable value, and is classified as a current asset as it is expected to be sold within the Boxer Group's normal operating cycle.

Cost is calculated on the weighted-average basis and includes expenditure incurred in acquiring the inventory and bringing it to its existing location and condition, including distribution costs, and is stated net of relevant purchase rebates.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Obsolete, redundant and slow-moving items are identified on a regular basis and are written down to their estimated net realisable values.

The carrying amount of inventories sold is recognised as an expense in the statement of comprehensive income.

1.10 Right-of-return assets and refund liabilities

For the sale of goods where customers are entitled to a right of return within a specified period of time, the Boxer Group recognises a right-of-return asset (and corresponding adjustment to cost of sales) which is representative of the Boxer Group's right to recover the goods expected to be returned by customers.

The asset is measured at the carrying amount of inventory estimated to be returned using the expected value method, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Boxer Group updates the measurement of the asset recorded for any revisions to its estimated level of returns, as well as any additional decreases in the value of the returned products.

For goods that are expected to be returned, the Boxer Group recognises a refund liability for the customer's right to a refund (and corresponding adjustment to turnover) which is measured at the amount the Group expects it will have to return to the customer. Refer to note 20.

1.11 Impairment of assets

The determination of whether an asset is impaired requires management judgement. Among others, the following factors will be considered: estimated profit and cash forecasts, discount rates, duration and extent of the impairment, regional economic factors and geographical and sector performance.

Financial assets

The Boxer Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Boxer Group expects to receive, discounted at an approximation of the original effective interest. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Boxer Group applies a simplified approach for measuring impairment on trade receivables, net investment in lease receivables and operating lease assets at an amount equal to lifetime ECLs. To measure lifetime ECLs, trade receivables, net investment in lease receivables and operating lease assets are assessed on an individual basis. The ECL rates are based on historical credit loss experienced during the period, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their receivables.

The Boxer Group applies a general approach for measuring impairment on other receivables and loans, at an amount equal to expected credit losses, taking into account past experience and future macro-economic factors. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at reporting date, the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. The Boxer Group considers credit risk to have increased significantly since initial recognition, if there has been a significant change in the counterparties ability to meet its obligations. In addition, changes in the general economic or market conditions, changes in internal and external credit ratings and changes in the amount of financial support available to the counterparty are considered.

The Boxer Group considers a financial asset in default when contractual payments are one to two weeks past due. However, in certain cases, the Boxer Group may also consider a financial asset to be in default when internal or external information indicates that the Boxer Group is unlikely to receive outstanding contractual amounts in full before taking into account any credit enhancements held by the Boxer Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The carrying amounts of non-financial assets (other than inventory and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For non-financial assets, such as goodwill, which have indefinite useful lives and are not subject to depreciation or amortisation, or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating units (CGUs) to which the asset belongs. A CGU is the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or groups of assets.

Goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination and, for the purposes of impairment testing, are evaluated at the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. The carrying amount is impaired and the non-financial asset is written down to its recoverable amount with the related impairment loss recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (or groups of units) and then to reduce the carrying value of the other assets in the unit (or groups of units) on a pro rata basis.

An impairment loss for a non-financial asset is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

Impairment losses for non-financial assets recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

1.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

1.13 Lease liabilities

The Boxer Group enters into various lease agreements as the lessee of property, equipment and vehicles. Where lease agreements convey the right to control the use of underlying leased assets, the Boxer Group recognises the present value of future lease payments under the lease as lease liabilities.

Initial recognition

At the date when the Boxer Group gains the right to control the use of underlying leased assets, referred to as the commencement date, the Boxer Group measures the lease liability at the present value of the lease payments to be made over the lease term, discounted at an applicable discount rate.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Boxer Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. Judgement is applied in determining the likelihood of exercising extension or termination options in determining the lease period.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised or termination options reasonably certain not to be exercised. Variable lease payments are initially measured using the index or rate at the commencement date.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Boxer Group's incremental borrowing rate is used. The incremental borrowing rate is the rate that the Boxer Group would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The discount rate used for the Boxer Group's commercial vehicle fleet is the interest rate implicit in the lease agreement. All other lease payments are discounted using the Boxer Group's incremental borrowing rate specific to the lease term, currency and commencement date of the lease. Incremental borrowing rates are based on a series of inputs including the prime rate, the repo rate and credit risk adjustments.

The Boxer Group accounts for non-lease components together with the lease component to which it relates as a single lease component.

Subsequent measurement

Lease liabilities are subsequently measured at amortised cost using the effective interest method, reduced by future lease payments net of interest charged. Interest costs are recorded in the statement of comprehensive income.

The Boxer Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments of lease payments based on an index or rate take effect, the lease liability is remeasured with a corresponding adjustment to the right-of-use asset. Further remeasurements occur when there is a change in future lease payments resulting from a rent review.

Lease terms are reassessed when there is a significant event or change in circumstance that is within the Boxer Group's control and affects the Boxer Group's ability to exercise or not to exercise the option to renew or to terminate. Significant events could include a change in the Boxer Group's assessment of whether it is reasonably certain to exercise a renewal or termination options, the incurrences of unanticipated significant leasehold improvements or the negotiation of unanticipated lease incentives. Upon the occurrence of the significant event, lease liabilities are remeasured with a corresponding adjustment to corresponding right-of-use assets.

Derecognition

Lease liabilities are derecognised upon the Boxer Group's loss of control of the right to use leased assets. Gains or losses on derecognition are determined by comparing the carrying value of corresponding right-of-use assets with the carrying value of lease liabilities and are recognised directly in the statement of comprehensive income.

Variable lease payments

Certain property leases contain variable payment terms linked to sales generated from retail owned and franchise stores, referred to as turnover rent expense. Turnover rent expense is recognised in the statement of comprehensive income within occupancy costs, in the period in which the event or condition that triggers the payment occurs.

Leasing of low-value assets and short-term leases

The Boxer Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying assets is of low value (low-value assets).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

The classification of the Boxer Group's financial instruments at initial recognition depends on the financial instrument's contractual cash flow characteristics and the Boxer Group's model for managing them. The Boxer Group manages its financial assets in order to generate cash flows, by determining whether cash flows will result from collecting cash flows, selling the financial asset, or both, and whether the contractual cash flows are solely payments of principal amounts and interest.

The Boxer Group classifies its financial instruments into the following categories: financial assets at amortised cost, financial instruments at fair value through other comprehensive income or loss, financial liabilities at amortised cost and derivatives designated as hedging instruments.

Financial instruments are recognised on trade date when the Boxer Group becomes a party to the contractual provisions of the instrument and are initially recognised at fair value, plus transaction costs for financial instruments not measured at fair value through profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Where there is no active market, the Boxer Group uses valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Boxer Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Derecognition

Financial assets (or where applicable, a part of a financial asset or part of a group of similar financial assets) are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Boxer Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Boxer Group's obligations specified in the contract expire, are discharged or are cancelled. The resulting differences between the carrying values on derecognition of the financial instrument and the amount received or paid is recognised in the statement of comprehensive income.

Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position, when the Boxer Group has a legally enforceable right to offset the recognised amounts, and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Subsequent measurement

Financial assets at amortised cost

The Boxer Group measures financial assets at amortised cost if both the following conditions are met:

- The financial asset is held with the objective to hold the financial asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Boxer Group's financial assets at amortised cost include trade and other receivables, cash and cash equivalents, amounts owing by related parties and loans. Trade and other receivables mainly comprise trade debtors. Certain trade and other receivables are considered to be long term in nature and are recorded as non-current in the statement of financial position. Loans mainly comprise employee loans with maturity dates of more than 12 months after the reporting date.

Trade and other receivables and loans

Trade and other receivables and loans are measured at amortised cost, using the effective interest method, less impairment losses. The effective interest method amortisation is included in finance income in the statement of comprehensive income. Loans mainly comprise employee loans with maturity dates of more than 12 months after the reporting date.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost, using the effective interest method, less accumulated impairments. The effective interest amortisation is included in finance income or costs in the statement of comprehensive income. Cash and cash equivalents comprise cash on hand and amounts held on short-term deposit at financial institutions. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of outstanding overnight borrowings.

Amounts owing by related parties

Amounts owing by related parties are measured at amortised cost, using the effective interest method, less impairment losses. For the purpose of the statement of cash flows, amounts owing by related parties are considered cash and cash equivalents as the loan balances are held to meet the short term cash commitments of the Boxer Group and are highly liquid investments that are readily convertible to known amounts of cash with an insignificant risk of changes in value.

Financial assets at fair value through other comprehensive income

Financial instruments that are classified at fair value through other comprehensive income (OCI) are investments in equity instruments. The Boxer Group made an irrevocable election to present subsequent changes in the fair value of investments in equity instruments as they are neither held for trading nor contingent consideration recognised by the Group in a business combination to which IFRS 3 applies.

Investments in equity instruments are subsequently measured at fair value with unrealised gains or losses recognised in the statement of comprehensive income and recorded in the fair value reserve in the statement of changes in equity. When the investment is derecognised, the cumulative gain or loss is reclassified within equity, between the fair value reserve and retained earnings.

Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise of lease liabilities, trade and other payables, amounts owing to related parties and provisions for financial guarantee contracts.

Lease liabilities

Refer to note 1.13 for further information.

Trade and other payables

Trade and other payables are measured at amortised cost using the effective interest method. The effective interest amortisation is included in finance costs in the statement of comprehensive income. Trade and other payables mainly comprise trade payables for merchandise for resale and are all short term in nature.

Amounts owing to related parties

Amounts owing to related parties are measured at amortised cost using the effective interest method. The effective interest method amortisation is included in finance income or costs in the statement of comprehensive income.

Provision for financial guarantee contracts

Refer to note 1.24 for further information.

Derivatives designated as hedging instruments

The Boxer Group holds derivative financial instruments, being forward exchange contracts (FECs) that are designated as hedging instruments, in order to mitigate the risks associated with the firm commitment of purchasing imported inventory, defined as the hedged item.

The relationship between the FECs and the underlying inventory is classified as a cash flow hedge, as the FECs are used to hedge the variability in cash flows attributable to the foreign currency risks of importing inventory.

The hedge is deemed to be highly effective as the terms of the FEC match the terms of the purchase of imported inventory. The effective portion of the change in fair value of the FECs are recognised in other comprehensive income and accumulated in the cash flow hedging reserve within equity. The accumulated amount in the reserve is released to the statement of comprehensive income when the underlying inventory is sold. Where a forecast transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised immediately in the statement of comprehensive income.

FECs are measured at fair value and are carried as derivative financial assets when the fair value is positive and as derivative financial liabilities when the fair value is negative.

1.15 Provisions

Provisions are recognized when the Boxer Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

The Boxer Group recognises a provision for the estimated direct cost of settling all outstanding claims and legal disputes at period-end. The provision is determined by using established claims patterns. Full provision is made for the cost of claims reported but not yet settled at period-end by using the best information available.

1.16 Revenue

Revenue is recognised when the Boxer Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Boxer Group expects to be entitled to in exchange for these goods or services, allocated to each specific performance obligation.

Turnover

Revenue from the sale of goods, or turnover, comprises sales to customers through its owned stores and the Boxer Group's supply arrangements. All turnover is stated exclusive of value added tax.

Turnover is recognised at a point in time when the Boxer Group transfers control of goods to its customer at the point of sale and is measured at the consideration received or receivable, net of returns, trade discounts, loyalty discounts, and volume rebates. Discounts, rebates or loyalty payments to customers are deducted from turnover, unless it is directly funded by suppliers. Payment of the transaction price in respect of sale of goods is due immediately when the customer purchases goods and takes delivery.

Turnover recognised through deferred revenue transactions (prepaid gift cards) is not recognised at the time of the initial transaction, but is deferred and recognised as a contract liability (deferred revenue) when the consideration is received, and recognised as turnover over time when the Boxer Group's obligations are fulfilled.

Prepaid gift cards

Gift cards represent a prepaid value card which effectively can be redeemed as cash consideration against future purchases. The consideration allocated to prepaid gift cards is measured at the fair value of the consideration received in advance, adjusted for an expected forfeiture rate. Such consideration is not recognised as turnover at the time of the initial transaction, but is recognised as a deferred revenue liability until the prepaid gift card has been redeemed or when the Boxer Group's obligations have been fulfilled. The Boxer Group updates its estimates of forfeiture on a regular basis and any adjustments to the deferred revenue liability are recognised in turnover. Refer to note 20.

Commissions and other income

The Boxer Group acts as a payment office for the services provided by a variety of third parties to the Boxer Group's customers. The related agent's commission received is recognised as income at a point in time, when the transaction that gives rise to the income takes place.

Commissions relating to the sale of third-party services are recognised over time, based on the stage of completion by reference to services performed to date as a percentage of total services to be performed. Commissions related to the sale of third-party products are recognised at a point in time, when the underlying third-party product is sold to the customer.

Other income, including insurance recoveries is recognised as and when the Boxer Group satisfies its obligations in terms of the contract.

Finance income

Finance income is recognised as it accrues in the statement of comprehensive income, using the effective interest method, by reference to the principal amounts outstanding and at the interest rate applicable.

1.17 Finance costs

Finance costs incurred are recognised as an expense in the statement of comprehensive income and are accrued on an effective interest basis by reference to the principal amounts outstanding and at the interest rate applicable.

1.18 Taxes

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax

Current tax comprises tax payable calculated on the basis of the expected taxable income for the period using tax rates enacted or substantively enacted at the reporting date and any adjustment of tax payable for previous periods.

Deferred tax

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of the assets and liabilities at the reporting date.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and investments in subsidiaries to the extent that the holding company has the ability to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in the statement of comprehensive income, except to the extent that it relates to a transaction that is recognised directly in equity or other comprehensive income, or a business combination. The effect on deferred tax of any changes in tax rates is recognised in the statement of comprehensive income, except to the extent that it relates to items previously recognised in other comprehensive income or directly to equity, in which case it is recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.19 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service.

Accruals for employee entitlements to wages, salaries, bonuses and annual leave represent the amount which the Boxer Group has a present obligation to pay as a result of employees' services provided up to the reporting date. These accruals have been calculated at undiscounted amounts based on current wage and salary rates.

Share-based payment transactions

The share ownership programme enables Boxer Group employees to acquire shares in Pick n Pay Stores Limited (PIK), its ultimate holding company.

The Boxer Group recognises a liability for cash-settled share based payments calculated at current fair value determined at each statement of financial position date. The related expense is recognised in employee costs through the statement of comprehensive income over relevant vesting periods of the share award.

No cumulative expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested, irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Retirement benefits

The Boxer Group operates several retirement schemes comprising defined-contribution funds, the assets of which are held in trustee-administered funds.

Defined-contribution plans

A defined-contribution plan is a post-employment benefit plan under which the Boxer Group pays fixed contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined-contribution retirement plans are recognised as an expense in the statement of comprehensive income when they are due.

Where the Boxer Group is responsible for providing retirement benefits to employees with a retirement scheme outside the Boxer Group, contributions are made on behalf of the employee and the cost is accounted for in the period when the services have been rendered.

Contributions to a defined-contribution plan that are made more than 12 months after the end of the period in which the employees render the services are discounted to their present value.

1.20 Expenses

Expenses, other than those dealt with under a specific accounting policy note, are recognised in the statement of comprehensive income when it is probable that an outflow of economic benefits associated with the transaction will occur and that it can be measured reliably.

Expenditure relating to advertising and promotional activities are recognised as an expense when the Boxer Group has received such services.

1.21 Dividends distributed to shareholder

Dividends are accounted for in the period that they have been declared by the Group and are directly charged to equity.

1.22 Interest in joint operation

The Boxer Group recognises its interest in a joint operation, where it has joint control, in accordance with the rights and obligations arising from its involvement in the joint operation. This is in line with the requirements of IFRS 11: Joint Arrangements.

The Group recognise in relation to its interest its:

- Assets, including its share of any assets held jointly.
- Liabilities, including its share of any liabilities incurred jointly.
- Revenue from the sale of its share of the output arising from the joint operation.
- Share of the revenue from the sale of the output by the joint operation.
- Expenses, including its share of any expenses incurred jointly.

The Boxer Group's interest in the joint operation is not considered material to the Boxer Group's Historical Financial Information. Therefore, the Boxer Group has not disclosed separate financial information for this joint operation in its Historical Financial Information.

The Boxer Group has assessed the risks associated with its interest in the joint operation and has determined that there are no significant risks that could materially affect the Boxer Group's financial position, financial performance, or cash flows.

1.23 Investment in subsidiaries

The Boxer Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of a subsidiary begins when the Boxer Group obtains control over the subsidiary and ceases when the Boxer Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Historical Financial Information from the date the Boxer Group gains control until the date the Boxer Group ceases to control the subsidiary.

1.24 Provision for financial guarantee contracts

Financial guarantee contracts for related parties are recognised as a financial liability at the time the entity becomes a party to an irrevocable commitment, with a corresponding decrease directly in equity. Financial guarantee contracts are initially measured at fair value and amortised over the life of the guarantee. The fair value is determined based on the probability of default of the Borrower, thereby estimating the value that the company may be liable for. Subsequent to initial recognition the financial guarantee is remeasured at period end and subsequently stated at the higher of the amount determined by the lifetime expected credit loss (ECL) model under the principles of IFRS 9: Financial Instruments, and the amortised carrying amount of the guarantee. Any difference between the redemption value guarantee obligation and the amount paid is recognised in the statement of comprehensive income, within merchandising and administration expenses.

1.25 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Boxer Group for the period by the weighted average number of shares in issue (excluding treasury shares).

Dilutive earnings per share is calculated by adjusting the profit attributable to ordinary equity holders of the Boxer Group, and the weighted average number of shares in issue, for the effects of all dilutive potential ordinary shares.

2. REVENUE

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Revenue from contracts with customers	37 688	32 144	26 787
Turnover	37 419	31 897	26 583
Commissions and other income	269	247	204
Insurance Recoveries	–	170	401
Finance income	91	54	46
Bank balances and investments	22	14	3
Related party interest received	69	40	43
	37 779	**32 368**	**27 234**

Revenue recognised during the period, recorded within turnover, from amounts included in deferred revenue at the beginning of the period amounted to R83 million (2023: R82 million, 2022: R67 million). Refer to note 20.

3. PROFIT BEFORE TAX

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Profit before tax is stated after taking into account the following expenses:			
3.1 Employee costs	**2 586**	**2 224**	**1 871**
Salaries, wages and staff benefits	2 492	2 119	1 781
Contributions to defined contribution plans (note 24)	101	88	77
Share-based payment (reversal)/expense	(7)	17	13
3.2 Finance costs	**342**	**295**	**275**
Lease liabilities (note 9)	337	291	275
Other interest paid	5	4	–

4. DIRECTORS REMUNERATION

Directors' remuneration, as paid by other companies within the Pick n Pay Stores Limited Group, is detailed below:

	Fees for board meetings Rm	Fees for committee and other work Rm	Base salary Rm	Retirement and medical contributions Rm	Fringe and other benefits Rm	Total fixed remuneration Rm	Termination settlement[4] Rm	Total remuneration Rm	Long-term share awards charges – current period[1] Rm
52 weeks to 25 February 2024									
Gareth Ackerman	4.9	–	–	–	–	4.9	–	4.9	–
Sean Summers[3]	–	–	10.0	–	–	10.0	–	10.0	–
Lerena Olivier	–	–	5.7	0.3	–	6.0	–	6.0	(1.4)
Aboubakar Jakoet	0.5	0.5	–	–	–	1.0	–	1.0	–
Audrey Mothupi	0.5	0.5	–	–	–	1.0	–	1.0	–
Jeff van Rooyen[2]	0.6	–	–	–	–	0.6	–	0.6	–
Pieter Boone[3]	–	–	7.9	0.5	1.1	9.5	15.8	25.3	(11.6)
	6.5	**1.0**	**23.6**	**0.8**	**1.1**	**33.0**	**15.8**	**48.8**	**(13.0)**

1 The long-term share awards expense or recoupment is determined in accordance with IFRS 2 Share-Based Payments, and is measured on an equity-settled basis at the Pick n Pay Stores Limited Group's level at grant date. Key performance indicators for employees of the Boxer Group are aligned to the Pick n Pay Stores Limited Group.

2 Jeff van Rooyen retired as a director effective from 19 July 2023.

3 Sean Summers replaced Pieter Boone as CEO, effective 30 September 2023.

4 Termination settlement in terms of contract of employment.

	Fees for board meetings Rm	Fees for committee and other work Rm	Base salary Rm	Retirement and medical contributions Rm	Fringe and other benefits Rm	Total fixed remuneration Rm	Short-term performance bonus Rm	Total remuneration Rm	Long-term share awards charges – current period[1] Rm
52 weeks to 26 February 2023									
Gareth Ackerman	4.9	–	–	–	–	4.9	–	4.9	–
Pieter Boone	–	–	10.7	1.0	3.2	14.9	9.8	24.7	5.8
Lerena Olivier	–	–	5.2	0.5	0.3	6.0	3.9	9.9	3.8
Jeff van Rooyen	0.5	0.7	–	–	–	1.2	–	1.2	–
Audrey Mothupi	0.5	0.5	–	–	–	1.0	–	1.0	–
Aboubakar Jakoet	0.5	0.4	–	–	–	0.9	–	0.9	–
	6.4	**1.6**	**15.9**	**1.5**	**3.5**	**28.9**	**13.7**	**42.6**	**9.6**

1 The long-term share awards expense or recoupment is determined in accordance with IFRS 2 Share-Based Payments, and is measured on an equity-settled basis at the Pick n Pay Stores Limited Group's level at grant date. Key performance indicators for employees of Boxer Group are aligned to the Pick n Pay Stores Limited Group.

	Fees for board meetings Rm	Fees for committee and other work Rm	Base salary Rm	Retirement and medical contributions Rm	Fringe and other benefits Rm	Total fixed remuneration Rm	Short-term performance bonus Rm	Total remuneration Rm	Long-term share awards charges – current period[1] Rm
52 weeks to 27 February 2022									
Gareth Ackerman	4.9	–	–	–	–	4.9	–	4.9	–
Pieter Boone[2]	–	–	8.9	0.8	2.8	12.5	10.5	23.0	5.8
Lerena Olivier	–	–	5.1	0.5	0.3	5.9	3.6	9.5	5.6
Richard Brasher[2]	–	–	1.8	0.2	1.5	3.5	–	3.5	–
Jeff van Rooyen	0.5	0.8	–	–	–	1.3	–	1.3	–
Audrey Mothupi	0.5	0.5	–	–	–	1.0	–	1.0	–
Aboubakar Jakoet	0.5	0.2	–	–	–	0.7	–	0.7	–
	6.4	**1.5**	**15.8**	**1.5**	**4.6**	**29.8**	**14.1**	**43.9**	**11.4**
Prescribed Officer									
Pieter Boone	–	–	1.8	0.2	0.5	2.4	–	2.4	–

1 The long term share awards expense or recoupment is determined in accordance with IFRS 2 Share-Based Payments, and is measured on an equity basis at the Pick n Pay Stores Limited Group's level at grant date. Key performance indicators for employees of Boxer Group are aligned to the Pick n Pay Stores Limited Group.

2 Richard Brasher retired at the end of April 2021 and was succeeded by Pieter Boone. Pieter Boone was a prescribed officer up until his date of appointment as CEO of the Pick n Pay Stores Limited Group.

5. SHARE-BASED PAYMENTS

Share options

The Pick n Pay Stores Limited's legacy share option scheme (the 1997 Employee Share Option Scheme) of which Boxer Superstores Proprietary Limited employees participate, was replaced by a cash retention scheme during the 2021 financial period. The share option scheme remains in operation and all outstanding share options previously awarded under the scheme will be delivered to participants within the next four years, under the original terms and conditions of the awards. Share option awards ceased in August 2020 and no further share options will be awarded under this scheme.

The Scheme is administered by the Pick n Pay Employee Share Purchase Trust (the share trust) and its Board of Trustees. All options were granted in accordance with the rules of the Scheme, which were approved by shareholders of Pick n Pay Stores Limited and the Johannesburg Stock Exchange (JSE).

Share options were granted at the volume-weighted average market price (VWAP) of the Pick n Pay Stores Limited share for the 20 trading days preceding the option grant date. No discount was applied. There are no performance conditions attached to outstanding share options. Vesting is only dependent on the employee meeting the service requirement of remaining in the employ of the Boxer Group over the specified vesting period. If the employee leaves before the vesting period is complete, all the unvested share options will lapse.

Restricted Share Plan (RSP)

The RSP recognises executive and senior management employees of Boxer Superstores Proprietary Limited who have a significant role to play in delivering Pick n Pay Stores Limited Group's ("Pick n Pay Group") strategy and ensuring the growth and sustainability of the Pick n Pay Group. Through the attachment of performance conditions, the RSP incentivises participating employees to deliver long-term earnings growth in line with the objectives set out in the Pick n Pay Group's long-term strategic plan. An award of shares may also be used to attract talented prospective employees.

Pick n Pay Stores Limited shares awarded under the RSP have performance conditions attached. Performance conditions include a three-year compound annual growth rate of the Pick n Pay Group's comparable headline earnings per share (HEPS), and a gatekeeper clause which specifies that the Pick n Pay Group's return on capital employed (ROCE) must be greater than its weighted average cost of capital (WACC) over the vesting period. Vesting is dependent on service and performance conditions being met, subject to the discretion of the Pick n Pay Group's remuneration committee within the RSP scheme rules.

The RSP is a modernisation of the Pick n Pay Group's (previously named) Forfeitable Share Plan, following Pick n Pay Stores Limited shareholder approval received at the Pick n Pay Stores Limited Annual General Meeting in August 2020 for the remuneration committee of the Pick n Pay Group to utilise greater discretion in respect of dividend rights granted to participants. In issuing the 2020 RSP and subsequent RSP awards, the Pick n Pay Group remuneration committee exercised its discretion and dividends will only be paid to participants on the successful vesting of the scheme, in direct proportion to the number of shares which vest. Going forward, the Pick n Pay Group remuneration committee will annually consider if dividends will be withheld on shares which ultimately do not vest.

5.1 Outstanding share options

	52 weeks to 25 February 2024 Number of options 000's	52 weeks to 26 February 2023 Number of options 000's	52 weeks to 27 February 2022 Number of options 000's
Reconciliation of the total number of share options outstanding:			
At beginning of period	2 464	2 748	3 020
Options taken up	–	(193)	(125)
Options forfeited	(124)	(91)	(147)
At end of period	**2 340**	**2 464**	**2 748**
The weighted average grant price of share options are as follows:			
At beginning of period	R62.03	R60.16	R59.47
Options taken up	n/a	R37.97	R45.72
Options forfeited	R64.49	R56.79	R57.83
At end of period	R61.90	R62.03	R60.16

Outstanding options may be taken up during the following financial periods:

Year	Average grant price	000's	000's	000's
2024	R61.83	–	1 623	1 639
2025	R61.79	1 911	375	250
2026	R64.24	193	213	380
2027	R64.34	189	201	219
2028	R46.87	47	52	260
		2 340	**2 464**	**2 748**

5.2 Outstanding restricted shares

	52 weeks to 25 February 2024 Number of options 000's	52 weeks to 26 February 2023 Number of options 000's	52 weeks to 27 February 2022 Number of options 000's
Reconciliation of the total number of share options outstanding:			
At beginning of period	1 699	1 517	1 262
Share awards granted	–	769	556
Shares delivered to participants	(386)	(173)	(128)
Share awards forfeited	(24)	(414)	(173)
At end of period	**1 289**	**1 699**	**1 517**

Rights to RSP shares are issued with a grant price of zero.

The fair value of rights to RSP shares is the market price of the share at grant date adjusted for the expected dividend yield, which is the best estimate of the forward-looking dividend yield over the life of the RSP. Estimates are based on the historical average dividend yield during the two year period preceding the grant.

Vesting criteria in respect of the RSP 2020 awards, which vested in June 2023 subsequent to period end, have not been fully met. As a result and as approved by the remuneration committee, 50% of the RSP 2020 share awards have been forfeited in the prior period under review.

Outstanding restricted shares vest during the following financial periods:

	52 weeks to 25 February 2024 Number of options 000's	52 weeks to 26 February 2023 Number of options 000's	52 weeks to 27 February 2022 Number of options 000's
2023	–	–	173
2024	–	387	788
2025	539	544	556
2026	750	768	–
	1 289	**1 699**	**1 517**

Share based payment liability as reflected in the statement of financial position:

	Rm	Rm	Rm
Non-current liability	8	16	21
Current liability	11	18	9
	19	**34**	**30**

6. PROPERTY, PLANT AND EQUIPMENT

	Property Rm	Furniture, fittings, equipment and vehicles Rm	Leasehold improvements Rm	Total Rm
52 weeks to 25 February 2024				
Carrying value	**277**	**2 660**	**531**	**3 468**
Cost	284	3 906	839	5 029
Accumulated depreciation and impairment losses	(7)	(1 246)	(308)	(1 561)
Reconciliation of carrying value				
Carrying value at beginning of period:	85	2 368	516	2 969
Additions:	193	731	120	1 044
Expansion of operations	193	378	117	688
Maintaining operations	–	353	3	356
Depreciation	(1)	(419)	(98)	(518)
Impairment	–	(1)	–	(1)
Disposals	–	(19)	(7)	(26)
Purchase of operations (note 26)	–	–	–	–
Carrying value at end of period	**277**	**2 660**	**531**	**3 468**
52 weeks to 26 February 2023				
Carrying value	**85**	**2 368**	**516**	**2 969**
Cost	90	3 463	776	4 329
Accumulated depreciation and impairment losses	(5)	(1 095)	(260)	(1 360)
Reconciliation of carrying value				
Carrying value at beginning of period:	29	1 818	395	2 242
Additions:	57	894	201	1 152
Expansion of operations	57	520	104	681
Maintaining operations	–	374	97	471
Depreciation	(1)	(362)	(79)	(442)
Impairment	–	(6)	–	(6)
Disposals	–	(9)	(1)	(10)
Purchase of operations (note 26)	–	33	–	33
Carrying value at end of period	**85**	**2 368**	**516**	**2 969**

	Property Rm	Furniture, fittings, equipment and vehicles Rm	Leasehold improvements Rm	Total Rm
52 weeks to 27 February 2022				
Carrying value	**29**	**1 818**	**395**	**2 242**
Cost	34	3 227	582	3 843
Accumulated depreciation and impairment losses	(5)	(1 409)	(187)	(1 601)
Reconciliation of carrying value				
Carrying value at beginning of period:	29	1 583	295	1 907
Additions:	–	642	170	812
Expansion of operations	–	282	66	348
Maintaining operations	–	360	104	464
Depreciation	–	(281)	(59)	(340)
Scrapping of assets – civil unrest	–	(120)	(9)	(129)
Disposals	–	(13)	(2)	(15)
Purchase of operations (note 26)	–	7	–	7
Carrying value at end of period	**29**	**1 818**	**395**	**2 242**

Property includes land with an indefinite useful life, with a carrying value of R88 million (2023: R34 million, 2022: R9 million).

The Boxer Group treats each trading store as a separate cash-generating unit (CGU) for impairment testing of property, plant and equipment. The recoverable amount of each CGU is the higher of its value-in-use and its fair value less costs of disposal. Each CGU is tested for impairment at the reporting date to determine if any indicators of impairment have been identified. Impairment loss indicators include loss-making stores.

The recoverable amount for each CGU was determined based on value-in-use calculations. The value-in-use calculations discount cash flow forecasts at an appropriate pre-tax rate that reflects the specific risks of the relevant CGU. Cash flow forecasts are based on financial budgets (informed by past experience and the expected performance on the retail market in the relevant areas) approved by management.

The value-in-use was determined based on cash flow projections approved by management covering the relevant CGUs refurbishment cycles, which averages five years. The pre-tax discount rate applied to these cash flow projections was 14.5% (2023: 19.2%, 2022: 9.9%). Cash flows for CGUs beyond these planning periods were extrapolated using an estimated growth rate of 6.8% (2023: 7.2%, 2022: 4.8%). Management believes that any reasonable possible change in key assumptions on which these CGU's recoverable amounts are based would not result in any additional significant impairment losses.

An impairment charge of R1 million (2023: R6 million) was recorded in relation to one CGU (2023: one CGU). These CGUs are individually owned stores, which are not material to the Boxer Group's overall portfolio of stores. These impairments were as a result of a significant reduction in the future expected revenue of the CGU due to a weakening in the general economic conditions in which the CGU operates.

7. INTANGIBLE ASSETS

	Goodwill Rm	Systems development Rm	Licences Rm	Total Rm
52 weeks to 25 February 2024				
Carrying value	**252**	**81**	**1**	**334**
Cost	262	114	5	381
Accumulated amortisation and impairment losses	(10)	(33)	(4)	(47)
Reconciliation of carrying value				
Carrying value at beginning of period:	270	58	4	332
Additions:	–	42	–	42
Maintaining operations	–	42	–	42
Amortisation	–	(15)	(1)	(16)
Impairment	(10)	–	–	(10)
Disposals	(15)	(6)	–	(21)
Purchase of operations (note 26)	7	–	–	7
Reclassifications	–	2	(2)	–
Carrying value at end of period	**252**	**81**	**1**	**334**
52 weeks to 26 February 2023				
Carrying value	**270**	**58**	**4**	**332**
Cost	270	78	7	355
Accumulated amortisation and impairment losses	–	(20)	(3)	(23)
Reconciliation of carrying value				
Carrying value at beginning of period:	178	32	2	212
Additions:	–	39	3	42
Expansion of operations	–	1	–	1
Maintaining operations	–	38	3	41
Amortisation	–	(13)	(1)	(14)
Purchase of operations (note 26)	92	–	–	92
Carrying value at end of period	**270**	**58**	**4**	**332**
52 weeks to 27 February 2022				
Carrying value	**178**	**33**	**1**	**212**
Cost	178	72	4	254
Accumulated amortisation and impairment losses	–	(39)	(3)	(42)
Reconciliation of carrying value				
Carrying value at beginning of period:	164	36	2	202
Additions:	–	11	–	11
Expansion of operations	–	1	–	1
Maintaining operations	–	10	–	10
Amortisation	–	(15)	–	(15)
Disposals	–	–	–	–
Scrapping of assets – civil unrest	–	–	–	–
Purchase of operations (note 26)	14	–	–	14
Carrying value at end of period	**178**	**32**	**2**	**212**

CGUs to which goodwill has been allocated have been identified as an individual trading store or cluster of trading stores. The recoverable amount for each CGU was determined based on value-in-use calculations. The value-in-use calculations discount cash flow forecasts at an appropriate pre-tax rate that reflects the specific risk of the relevant CGU. Cash flow forecasts are based on financial budgets (informed by past experience and the expected performance on the retail market in the relevant areas) approved by management.

The value-in-use for each CGU was determined based on cash flow projections approved by management covering the relevant CGUs refurbishment cycles, which averages five years. The pre-tax discount rate applied to these cash flow projections was 14.5% (2023: 19.2%, 2022: 9.9%). Cash flows for CGUs beyond these planning periods were extrapolated using an estimated growth rate of 6.8% (2023: 7.2%, 2022: 4.8%). Management believes that any reasonable possible change in key assumptions on which these CGUs recoverable amounts are based would not result in any additional significant impairment losses.

An impairment charge of R10 million was recorded in the current financial period which arose in one CGU. This CGU is an individual trading store, which is not material to the Boxer Group's overall portfolio of stores. This impairment was as a result of a significant reduction in the future expected revenue of the CGU due to a weakening in the general economic conditions in which the CGU operates.

8. RIGHT-OF-USE ASSETS

The Boxer Group enters into various lease agreements as the lessee of property and equipment. Where leases convey the right to control the use of the underlying leased assets, the Boxer Group classifies these leases as right-of-use assets in a consistent manner to its property, plant and equipment.

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Reconciliation of carrying value of right-of-use assets			
Carrying value at beginning of period	3 033	2 822	2 544
Additions	992	801	754
Depreciation	(620)	(555)	(488)
Property	(548)	(486)	(431)
Equipment and vehicles	(72)	(69)	(57)
Other movements*	(92)	(35)	12
Impairments	(1)	–	–
Carrying value at end of period	**3 312**	**3 033**	**2 822**
Comprising of:			
Property	3 188	2 933	2 674
Equipment and vehicles	124	100	148

* Other movements include lease incentives received, remeasurements and terminations of leases.

The Boxer Group treats each store as a separate CGU for impairment testing of right-of-use assets. The recoverable amount of each CGU is the higher of its value-in-use and its fair value less costs of disposal. Each CGU is tested for impairment at the reporting date to determine if any indicators of impairment have been identified. Impairment loss indicators include loss-making stores.

The recoverable amount for each CGU was determined based on value-in-use calculations. The value-in-use calculations discount cash flow forecasts at an appropriate pre-tax rate that reflects the specific risks of the relevant CGU. Cash flow forecasts are based on financial budgets (informed by past experience and the expected performance on the retail market in the relevant areas) approved by management.

The value-in-use was determined based on cash flow projections approved by management covering the relevant CGUs refurbishment cycles, which averages five years. The pre-tax discount rate applied to these cash flow projections was 14.5% (2023: 19.2%, 2022: 9.9%). Cash flows for each CGUs beyond these planning periods were extrapolated using an estimated growth rate of 6.8% (2023: 7.2%, 2022: 4.8%). Management believes that any reasonable possible change in key assumptions on which these CGUs recoverable amounts are based would not result in any additional significant impairment losses.

An impairment charge of R1 million was recorded in the current financial period, which arose in one CGU. This CGU is an individual trading store, which is not material to the Boxer Group's overall portfolio of stores. This impairment was as a result of a significant reduction in the future expected revenue of the CGU due to a weakening in the general economic conditions in which the CGU operates.

9. LEASE LIABILITIES

The Boxer Group enters into various lease agreements as the lessee of property, equipment and vehicles. Where leases convey the right to control the use of underlying leased assets, the entity recognises the present value of future lease payments under the lease as lease liabilities. Future lease payments are discounted at an average borrowing rate of 8.6% (2023: 7.7%, 2022: 7.7%).

		52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
9.1	**Reconciliation of lease liabilities**			
	At beginning of period	3 937	3 637	3 252
	Additions	992	801	754
	Lease payments	(886)	(774)	(673)
	Principal lease liability payments	(550)	(460)	(382)
	Interest paid	(336)	(314)	(291)
	Rent concessions	–	–	(1)
	Finance costs (note 3.2)	337	291	275
	Other movements*	(72)	(17)	30
	At end of period	**4 308**	**3 938**	**3 637**
	Lease liabilities are presented in the statement of financial position as follows:			
	Current	608	545	479
	Non-current	3 700	3 393	3 158

* Other movements include remeasurements and terminations of leases.

9.2	**Lease payments**			
	Lease payments included in the measurement of lease liabilities (note 9.1)	886	774	673
	Variable lease payments not included in the measurement of lease liabilities	11	4	8
	Short-term and low value lease payments	53	26	13
		950	804	694

Certain property head leases contain variable payment terms linked to sales generated from retail owned stores, referred to as turnover rent. Turnover rent expense averages 1.7% (2023: 1.7%, 2022: 1.7%) of turnover.

		52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
9.3	**Maturity analysis**			
	The undiscounted contractual maturities of lease liabilities are as follows:			
	Less than one year	948	834	760
	One year to five years	2 994	2 668	2 843
	Five to ten years	1 794	1 583	1 738
	More than ten years	152	109	144
	Total undiscounted lease liabilities	**5 888**	**5 194**	**5 485**
	Finance costs to be incurred in future	(1 580)	(1 256)	(1 848)
	Lease liabilities	**4 308**	**3 938**	**3 637**

Lease terms include any non-cancellable periods and reasonably certain extension or termination options. Approximately 95% – 100% (2023 and 2022: 95% – 100%) of the Boxer Group's portfolio of property leases contain extension options and approximately 9% (2023 and 2022: 5%) contain termination options. The majority of extension and termination options held are exercisable by the Boxer Group and not by the respective lessor.

The average lease term of the Boxer Group's portfolio of qualifying leases for property are 9 years (2023: 11 years, 2022: 10 years), and for equipment are 6 years (2023: 5 years, 2022: 6 years).

10. LOANS

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Employee loans	3	2	1
Other loans	117	52	30
Total loans	**120**	**54**	**31**

Loans to employees bear interest at varying rates averaging 6.9% (2023: 4.0%, 2022: 4.0%) per annum and have varying repayment terms.

Other loans relate to bridging finance for landlords with repayment terms between two and ten years and average interest rates linked to the South African prime rate, averaging at a rate of 12.0% (2023: 10.6%, 2022: 7.3%).

11. DEFERRED TAX

The movement in deferred tax assets are as follows:

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
At beginning of period	147	162	197
Recognised in the statement of comprehensive income (note 21.1)	(3)	(15)	(35)
Property, plant and equipment and intangible assets	(55)	(52)	(29)
Income and expense accruals	27	29	(37)
Prepayments	–	(9)	–
Leases	25	17	31
At end of period	**144**	**147**	**162**
Comprising:			
Property, plant and equipment and intangible assets	(279)	(224)	(172)
Income and expense accruals	166	139	110
Prepayments	(12)	(12)	(3)
Leases	269	244	227
	144	**147**	**162**

12. INVESTMENT IN PICK N PAY STORES LIMITED

	Number of shares	Cost Rm	Fair value adjustment Rm	Carrying value Rm
52 weeks to 25 February 2024				
Balance at beginning of period	2 086 000	115	(20)	95
Movements for the period	(386 500)	(16)	9	(7)
Shares delivered to RSP participants (note 5)	(386 500)	(16)	9	(7)
Fair value remeasurement	–	–	(48)	(48)
Balance at end of period	**1 699 500**	**99**	**(59)**	**40**
52 weeks to 26 February 2023				
Balance at beginning of period	1 689 500	96	(18)	78
Movements for the period	396 500	19	1	20
Additions	58 891	3	–	3
Shares delivered to RSP participants (note 5)	(172 750)	(11)	1	(10)
Purchase from related party	510 359	27	–	27
Fair value remeasurement	–		(3)	(3)
Balance at end of period	**2 086 000**	**115**	**(20)**	**95**
52 weeks to 27 February 2022				
Balance at beginning of period	1 265 900	77	(12)	65
Movements for the period	423 600	19	3	22
Additions	551 600	28	–	28
Shares delivered to RSP participants (note 5)	(128 000)	(9)	3	(6)
Fair value remeasurement	–	–	(9)	(9)
Balance at end of period	**1 689 500**	**96**	**(18)**	**78**

The investment in Pick n Pay Stores Limited shares is carried at fair value through other comprehensive income, which is measured at the market value of Pick n Pay Stores Limited shares, listed on the Johannesburg Stock Exchange. The share price at period end was R23.25 (2023: R45.63, 2022: R46.44).

No shares were purchased by the Boxer Group during the period. In the prior periods, the Boxer Group purchased 569 250 (2022: 551 600) shares in Pick n Pay Stores Limited, at an average share price of R52.42 (2022: R51.46).

The shares remaining are held in order to meet share obligations under the Boxer Group's Share Schemes.

13. INVENTORY

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Merchandise for resale	3 297	2 859	2 265
Provision for shrinkage, obsolescence and mark down of inventory	(84)	(58)	(53)
Consumables	18	14	14
	3 231	**2 815**	**2 226**

14. TRADE AND OTHER RECEIVABLES

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Gross trade and other receivables	392	406	333
Trade receivables from contracts with customers	231	266	194
Prepayments	72	73	17
Other receivables	89	67	122
Allowance for impairment losses	(10)	(12)	(6)
Trade receivables from contracts with customers	(7)	(12)	(3)
Other receivables	(3)	–	(3)
Net trade and other receivables	**382**	**394**	**327**

Trade and other receivables are interest-free, and have payment terms ranging between 7 and 35 days (2023 and 2022: 7 and 35 days). The carrying value of trade and other receivables approximate their fair value due to the short term nature of the receivables.

Other receivables mainly comprise of sundry debtors and property debtors.

14.1 Allowance for impairment losses

Impairment losses are recorded in the allowance account until the Boxer Group is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off against the financial asset directly. Impairment losses have been included in the statement of comprehensive income.

Set out below is the movement in the allowance for impairment on trade and other receivables:

	Trade and other receivables Rm	Trade receivables from contracts with customers Rm	Other receivables Rm
52 weeks to 25 February 2024			
Balance at the beginning of the period	12	12	–
Additional impairment losses recognised	6	2	4
Prior allowances for impairment reversed	(8)	(7)	(1)
At the end of the period	**10**	**7**	**3**
52 weeks to 26 February 2023			
Balance at the beginning of the period	6	3	3
Additional impairment losses recognised	10	10	–
Prior allowances for impairment reversed	(4)	(1)	(3)
At the end of the period	**12**	**12**	**–**
52 weeks to 27 February 2022			
Balance at the beginning of the period	10	5	5
Irrecoverable debts written off	(2)	(2)	–
Additional impairment losses recognised	4	3	1
Prior allowances for impairment reversed	(6)	(3)	(3)
At the end of the period	**6**	**3**	**3**

14.2 Credit risk exposure

Set out below is the credit risk exposure on the Boxer Group's trade and other receivables. The expected credit loss (ECL) relating to trade and other receivables within payment terms is insignificant as a result of the credit quality of these debtors, the stringent credit granting policies and the various forms of security and collateral held by the Boxer Group. Refer to note 23 for the Boxer Group's credit risk management disclosure.

	Gross receivables Rm	Within payment terms Rm	Exceeding payment terms by more than 14 days Rm
52 weeks to 25 February 2024			
	320	302	19
Trade receivables from contracts with customers	231	222	9
Other receivables	89	80	10
52 weeks to 26 February 2023			
	333	298	35
Trade receivables from contracts with customers	266	248	18
Other receivables	67	50	17
52 weeks to 27 February 2022			
	316	273	43
Trade receivables from contracts with customers	194	184	10
Other receivables	122	89	33

15. CASH AND CASH EQUIVALENTS

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Cash and cash equivalents in the statement of financial position	349	345	561
Related party loan receivable (note 16.1)	1 335	599	697
Cash and cash equivalents in the statement of cash flows	**1 684**	**944**	**1 258**

Cash and cash equivalents includes cash floats at stores as well as the Boxer Group's current account balance. The Boxer Group's primary bankers, which at period-end had long-term credit ratings of zaAA, facilitates the collection of cash at stores, provides general banking facilities and facilitates the payment of suppliers via an electronic banking platform. The interest rate on the current and call account balances in South Africa is 7.2% (2023: 6.1%, 2022: 3.0%) and in Eswatini is 4.0% (2023: 3.4%, 2022: 1.9%). Refer to note 23.4.

16. AMOUNTS OWING BY/(TO) RELATED PARTIES

The amounts owing by/to related parties are unsecured and are repayable on demand. Due to the repayment terms, fair value is considered to approximate the carrying value. Refer to note 23.4 for further details, including applicable interest rates charged/earned on related party balances. For the purpose of the statement of cash flows, amounts owing by related parties are considered cash and cash equivalents as the loan balances are held to meet the short term cash commitments of the Boxer Group and are highly liquid investments that are readily convertible to known amounts of cash with an insignificant risk of changes in value.

16.1 Amounts owing by related parties

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Pick n Pay Retailers Proprietary Limited	1 335	599	697
	1 335	599	697

16.2 Amounts owing to related parties

Boxer Holdings Proprietary Limited	(163)	(163)	(163)
Pick n Pay Retailers Proprietary Limited	(1 334)	(1 500)	–
	(1 497)	(1 663)	(163)

16.3 Net amount owing by/(to) related parties

Net amount owing by/(to) related parties	**(162)**	**(1 064)**	**534**

17. SHARE CAPITAL

	52 weeks to 25 February 2024 R'000	52 weeks to 26 February 2023 R'000	52 weeks to 27 February 2022 R'000
Authorised			
40 000 000 (2023 and 2022: 40 000 000) ordinary shares of R0.005 each	200	200	200
Issued			
34 125 000 (2023 and 2022: 34 125 000) ordinary shares of R0.005 each	171	171	171

The unissued shares remain under the control of the directors until the next annual general meeting.

18. TRADE AND OTHER PAYABLES

	Rm	Rm	Rm
Trade and other payables	4 612	3 828	3 249

Trade and other payables are settled within 37 days (2023: 37 days, 2022: 37 days). Included in trade and other payables are leave pay obligations and value-added tax (VAT) which are not considered to be financial instruments. Refer to note 23 for more information.

19. PROVISIONS

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
At the beginning of the period	43	40	33
Additional provisions raised during the period	8	3	7
Utilised amounts (incurred or changes against the provision)	(2)	–	–
At the end of the period	**49**	**43**	**40**

Provisions are short term in nature and relates to outstanding claims and legal disputes arising in the ordinary course of business. In management's opinion, any adverse outcome of pending claims will not have a material adverse effect on the financial condition or future operations of the Boxer Group.

20. DEFERRED REVENUE

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Prepaid gift card liability	91	80	80
Refund liability	3	2	2
	94	**82**	**82**

Prepaid gift card liability

Gift cards can be redeemed as cash against future purchases, are redeemable on demand and expire 3 years after last date used. The balance outstanding at period end represents the fair value of the revenue received in advance.

Refund liability

Customers are entitled to return goods purchased within a specified period of time, for a full or partial refund of the amount paid. The refund liability represents the amount of consideration that the Boxer Group does not expect to be entitled to because it will be refunded to customers within the next financial period. In addition, the Boxer Group recognised a right of return asset of R2 million (2023: R2 million, 2022: R1 million) for its right to recover goods returned by the customer.

21. INCOME TAX

21.1 Tax recognised in profit or loss

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Normal tax	435	412	267
Current period	440	404	299
Prior period (over)/under provision	(5)	8	(32)
Deferred tax (note 11)	3	15	35
	438	**427**	**302**

21.2 Tax paid comprises:

Payable – beginning of period	262	162	40
Recognised in profit or loss	435	412	267
Payable – end of period	(290)	(262)	(162)
Total tax paid	**407**	**312**	**145**

21.3 Reconciliation of effective tax rate

	52 weeks to 25 February 2024 %	52 weeks to 26 February 2023 %	52 weeks to 27 February 2022 %
South African statutory tax rate	27.0	28.0	28.0
Impact of financial guarantee	(2.0)	–	–
ETI allowances exempt income	(1.2)	(1.4)	(1.8)
Learnership and other allowances	(0.6)	(0.7)	(1.3)
Impact of foreign tax rates	–	(0.1)	(0.1)
Non-deductible impairment loss on intangible assets	0.2	–	(0.1)
Impact of share based payments	(0.6)	0.1	0.1
Non-deductible leasehold improvement depreciation	(1.4)	1.6	1.4
Net prior period under/(over) provisions	(0.2)	0.1	(0.1)
Effect of reduction in tax rate	–	0.3	–
Effective tax rate	**24.0**	**27.9**	**26.1**

During the prior period under review, the South African Revenue Services announced an amendment to the Income Tax rate applicable to companies from 28% to 27%. This amendment was effective for the Boxer Group during the 2024 financial period.

22. COMMITMENTS

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Authorised capital expenditure			
Contracted for	715	654	817
Not contracted for	622	785	838
Total commitments	**1 337**	**1 439**	**1 655**

All capital expenditure is anticipated to be funded from internally generated cash.

23. FINANCIAL INSTRUMENTS

The Boxer Group's principal financial assets include loans, investments in equity instruments, trade and other receivables, cash and cash equivalents, amounts owing by related parties and derivatives designated as hedging instruments. The Boxer Group's principal financial liabilities comprise lease liabilities, refund liabilities, trade and other payables, amounts owing to related parties and provision for financial guarantee contracts. The Boxer Group holds fair value through other comprehensive income financial instruments and enters in to derivative transactions which comprises of forward foreign exchange rate contracts (FEC) to hedge future foreign currency exposures. Where all relevant criteria are met, hedge accounting is applied, to remove the accounting mismatch between the hedging instrument and the hedged item.

The Boxer Group is exposed to credit, market and liquidity risk due to the effects of changes in debt, exchange rates and interest rates experienced in the normal course of business. The Boxer Group's objective is to effectively manage each of the risks associated with its financial instruments in order to minimise the potential adverse effect on the financial performance and position of the Boxer Group.

The Boxer directors are ultimately responsible for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor financial risks.

23.1 Financial assets and financial liabilities by category

The table below sets out the Boxer Group's financial assets and financial liabilities by category:

	Financial assets at fair value through OCI Rm	Financial Assets at amortised cost Rm	Derivatives designated as hedging instruments Rm	Financial liabilities at amortised cost Rm	Total Rm
52 weeks to 25 February 2024					
Financial assets					
Loans (note 10)	–	120	–	–	120
Investment in Pick n Pay Stores Limited shares (note 12)	40	–	–	–	40
Trade and other receivables (note 14)	–	310	–	–	310
Cash and cash equivalents (note 15)	–	349	–	–	349
Amounts owing by related parties (note 16)	–	1 335	–	–	1 335
	40	**2 114**	**–**	**–**	**2 154**
Financial liabilities					
Amounts owing to related parties (note 16)	–	–	–	1 497	1 497
Trade and other payables (note 18)	–	–	–	4 297	4 297
Lease liabilities (note 9)	–	–	–	4 308	4 308
Refund liability (note 20)	–	–	–	3	3
Provision for financial guarantee contracts (note 27)	–	–	–	7	7
	–	**–**	**–**	**10 112**	**10 112**
52 weeks to 26 February 2023					
Financial assets					
Loans (note 10)	–	54	–	–	54
Investment in Pick n Pay Stores Limited shares (note 12)	95	–	–	–	95
Trade and other receivables (note 14)	–	321	–	–	321
Cash and cash equivalents (note 15)	–	345	–	–	345
Amounts owing by related parties (note 16)	–	599	–	–	599
Derivative financial instruments – Forward exchange contracts (FEC) (note 23.7)	–	–	2	–	2
	95	**1 319**	**2**	**–**	**1 416**
Financial liabilities					
Amounts owing to related parties (note 16)	–	–	–	1 663	1 663
Trade and other payables (note 18)	–	–	–	3 555	3 555
Lease liabilities (note 9)	–	–	–	3 938	3 938
Refund liability (note 20)	–	–	–	2	2
	–	**–**	**–**	**9 158**	**9 158**

	Financial assets at fair value through OCI Rm	Financial Assets at amortised cost Rm	Derivatives designated as hedging instruments Rm	Financial liabilities at amortised cost Rm	Total Rm
52 weeks to 27 February 2022					
Financial assets					
Loans (note 10)	–	31	–	–	31
Investment in Pick n Pay Stores Limited shares (note 12)	78	–	–	–	78
Trade and other receivables (note 14)	–	310	–	–	310
Cash and cash equivalents (note 15)	–	561	–	–	561
Amounts owing by related parties (note 16)	–	697	–	–	697
	78	**1 599**	**–**	**–**	**1 677**
Financial liabilities					
Amounts owing to related parties (note 16)	–	–	–	163	163
Trade and other payables (note 18)	–	–	–	2 985	2 985
Lease liabilities (note 9)	–	–	–	3 637	3 637
Refund liability (note 20)	–	–	–	2	2
Derivative financial instruments – Forward exchange contracts (FEC) (note 23.7)	–	–	2	–	2
	–	**–**	**2**	**6 787**	**6 789**

23.2 Credit risk

Credit risk is the risk of financial loss to the Boxer Group if a counterparty to a financial instrument fails to meet its contractual obligations. Financial assets, which potentially subject the Boxer Group to credit risk, consist principally of cash and cash equivalents, trade and other receivables, loans and amounts owing by related parties.

Cash and cash equivalents

The Boxer Group's cash is placed with major South Africa, Eswatini and international financial institutions of high credit, which at period-end had a high credit standing and had a long-term credit rating of zaAA (refer to note 15).

Trade and other receivables

Trade and other receivables mainly relates to trade debtors and are presented net of allowance for credit losses (refer to note 14). Majority of trade and other receivables are within payment terms and are therefore considered to have low credit risk.

Loans

Loans mainly comprise employee loans and landlord loans in line with the Boxer Group's credit policy. Loans are granted after reviewing the credit worthiness of each employee and landlord. Refer to note 10. The majority of loans are secured and are considered to have low credit risk.

Amounts owing by related parties

The amounts owing by related parties are unsecured and are repayable on demand. Due to the repayment terms, fair value is considered to approximate the carrying value.

Amounts owing by related parties mainly comprises of loans granted by the Boxer Group to related parties and is presented net of impairment losses (Refer to note 16).

23.3 Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk (such as equity price risk). Financial instruments affected by market risk include loans, lease liabilities, amounts owing by/to related parties, cash and cash equivalents, fair value through OCI financial instruments and derivative financial instruments. The objective of market risk management is to manage and control exposure to market risk, while optimising the return on the risk.

23.3.1 Currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Boxer Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Boxer Group's operating activities and the Boxer Group's net investment in foreign subsidiaries. However, the exposure to this currency risk is very low due to the 1:1 exchange rate of its Eswatini subsidiary.

Transactional currency risk – FEC's

The Boxer Group has transactional currency exposures arising from the acquisition of goods and services in currencies other than its functional currency. The Boxer Group operates internationally and is exposed to currency risk through the importation of merchandise, however it does not have material foreign creditors as inventory imports are mostly prepaid.

The Boxer Group imports inventory from foreign countries and is exposed to fluctuations in foreign exchange rates. The Boxer Group uses FEC's to mitigate its foreign exchange risks from the import of inventory. It is the Boxer Group's policy to cover all foreign inventory purchases by utilising a derivative contract (FEC). The Boxer Group does not use derivatives for speculative purposes.

The Boxer Group's FEC's have been designated as cash flow hedges of firm commitments. All firm commitments are expected to be realised within 12 months.

An economic relationship exists between the hedged items and the hedging instruments. The Boxer Group has established a hedge ratio of 1:1, as the terms of the FEC's match the terms of the firm commitments. To test hedge effectiveness, the Boxer Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve. During the period under review, R71 237 (2023: R36 855, 2022: R57 263) was reclassified to cost of sales in the statement of comprehensive income.

Forward exchange contract assets/(liabilities)	Contract foreign currency m	Rand equivalent Rm	Average forward rate R	Fair value Rm
2024				
Euro	1	18	20.4	–
		18		–
2023				
US dollars	2	30	18.2	–
Euro	2	31	18.7	2
		61		2
2022				
US dollars	9	141	15.5	(2)
Euro	1	10	17.3	–
		151		(2)

Transactional currency risk – foreign cash balances, trade and other receivables, trade and other payables.

The Boxer Group has exposure to foreign currency translation risk through its foreign cash balances, trade and other receivables and trade and other payables denominated in currencies other than the South African rand. These balances are immaterial in relation to the total of the line items they are included in. These risks are not hedged.

Sensitivity of the Boxer Group's exposure to material foreign currencies is estimated by assessing the impact of a reasonable expected movement of the currencies on the statement of comprehensive income, statement of financial position and statement of changes in equity of the Boxer Group. A sensitivity analysis is not presented as the estimated impact of the expected movement in currencies is nil, as the exchange rate is 1:1 for its Eswatini subsidiary.

23.4 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Boxer Group's interest rate risk arises from loans, cash and cash equivalents, lease liabilities and amounts owing by/to related parties. The exposure to interest rate risk is managed through the Boxer Group's cash management system taking into account expected movements in interest rates when funding or investing decisions are made.

	52 weeks to 25 February 2024 %	52 weeks to 26 February 2023 %	52 weeks to 27 February 2022 %
The interest rates on financial instruments at the end of the period are:			
Financial assets			
Employee loans (note 10)	4.0 – 6.9	4.0	4.0
Other loans (note 10)	12.0	10.6	7.3
Cash and cash equivalents (note 15)	4.0 – 7.2	3.4 – 6.1	1.9 – 3.0
Amounts owing by related parties	0.0 – 9.1	5.0 – 8.3	4.5 – 5.0
Financial liabilities			
Lease liabilities (note 9)	8.6	7.7	7.7
Amounts owing to related parties	0.0 – 9.1	5.0 – 8.3	4.5 – 5.0

Sensitivity of the Boxer Group's exposure to interest rate risk is estimated by assessing the impact of a reasonable expected movement in the relevant interest rates on the statement of comprehensive income and statement of changes in equity of the Boxer Group based on the period end closing balances. Interest rates could reasonably be expected to change by 1% up or down (2023 and 2022: changed by 1% up or down). This range has been used in our sensitivity analysis, as set out below.

	2024		2023		2022	
	1% decrease Rm	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm	1% increase Rm
Total effect on finance income	(14)	14	(7)	7	(11)	11

23.5 Market value risk

The Boxer Group has an investment in Pick n Pay Stores Limited shares classified as financial asset at fair value through other comprehensive income. The fair value of these financial instruments are derived from quoted market prices in an active securities market.

At the reporting date, the Boxer Group's exposure to these listed equity securities at fair value was R40 million (2023: R95 million, 2022: R78 million). An increase/decrease of 10% (2023 and 2022: 10%) on the JSE market index could have an impact of approximately R4 million (2023: R10 million, 2022: R8 million) on total comprehensive income.

23.6 Liquidity risk

Liquidity risk is the risk that the Boxer Group will not be able to meet its financial obligations as they fall due. The Boxer Group manages this risk by maintaining adequate reserves and unutilised borrowing facilities (listed below) and by continuously monitoring forecasted and actual cash flows, ensuring that the maturity profiles of financial assets and liabilities do not expose the Boxer Group to liquidity risk.

On average, trade and other receivables and inventory are realised within 39 days (2023: 40 days, 2022: 35 days); and trade and other payables are settled within 37 days (2023: 37 days, 2022: 37 days). To the extent that the Boxer Group requires short-term funds, it utilises the banking facilities available and lease liabilities are used to fund right-of-use-assets.

The table below presents the Boxer Group's utilisation of its FEC facilities.

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Unutilised borrowing facilities			
Total available facilities	71	71	–
Utilisation of FEC	(18)	(61)	–
	53	**10**	**–**

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount Rm	Contractual cash flows Rm	Within 1 year Rm	Over 1 year and within 5 years Rm	Over 5 years and within 10 years Rm	More than 10 years Rm
52 weeks to 25 February 2024						
Lease liabilities (note 9)	4 308	5 888	948	2 994	1 794	152
Trade and other payables (note 18)	4 297	4 297	4 297	–	–	–
Amounts owing to related parties (note 16)	1 497	1 497	1 497	–	–	–
Refund liability (note 20)	3	3	3	–	–	–
Total financial obligations	**10 105**	**11 685**	**6 745**	**2 994**	**1 794**	**152**
52 weeks to 26 February 2023						
Lease liabilities (note 9)	3 938	5 194	834	2 668	1 583	109
Trade and other payables (note 18)	3 555	3 555	3 555	–	–	–
Amounts owing to related parties (note 16)	1 663	1 663	1 663	–	–	–
Refund liability (note 20)	2	2	2	–	–	–
Total financial obligations	**9 158**	**10 414**	**6 054**	**2 668**	**1 583**	**109**
52 weeks to 27 February 2022						
Lease liabilities (note 9)	3 637	5 485	760	2 843	1 738	144
Trade and other payables (note 18)	2 985	2 985	2 985	–	–	–
Amounts owing to related parties (note 16)	163	163	163	–	–	–
Refund liability (note 20)	2	2	2	–	–	–
Total financial obligations	**6 787**	**8 635**	**3 910**	**2 843**	**1 738**	**144**

The Boxer Group issued financial guarantees in favour of Pick n Pay Retailers Proprietary Limited's lenders for the repayment of the R4.5 billion long-term debt (a shared guarantee with the Boxer Group's ultimate holding company, Pick n Pay Stores Limited). The guaranteed long-term debt has a maturity value of more than 1 year and within 5 years and is also secured through a pledge of the Pick n Pay Stores Group's shareholding in the Boxer Group. The financial obligation measured at stage 1 of ECL model relating to this guarantee by the Group is R7.0 million (2023: nil). Refer to note 27 for further information.

23.7 Fair value of financial instruments

All financial instruments held by the Boxer Group are measured at amortised cost, with the exception of the investment in Pick n Pay Stores Limited which is measured at fair value through OCI and derivatives designated as hedging instruments.

Financial instruments measured at fair value are classified using a 3 level hierarchy to rank inputs used in measuring fair value. The levels are explained below:

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data, where it is available, and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
The fair values of financial instruments are as follows:			
Financial assets at fair value through OCI			
Investment in Pick n Pay Stores Limited – Level 1	40	95	78
Derivative financial instruments (designated as hedging instruments)			
Forward exchange contract assets/(liabilities) – Level 2	–	2	(2)

The fair value of the investment in the Pick n Pay Stores Limited shares are derived from quoted market prices in an active securities market.

The Boxer Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using a forward pricing model utilising present valuation techniques, allowing for counterparty credit risk.

There have been no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the period.

23.8 Capital management

The Boxer Group's capital management strategy is to maintain investor, creditor and market confidence and to sustain future growth by capital re-investment in the business. Capital is represented by total shareholders' equity as per the statement of financial position. The Group's capital management objectives are to safeguard the Boxer Group's ability to continue as a going concern in order to provide shareholder-returns, as well as benefits to all stakeholders. The Boxer Group aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder value. The Boxer Board of directors is ultimately responsible for capital management.

In order to maintain or adjust the capital structure, the Boxer Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Boxer Group's approach to capital management during the period.

24. RETIREMENT BENEFIT INFORMATION

The Boxer Group provides retirement benefits for all its permanent employees through three defined contribution provident fund schemes which covers 9 323 (2023: 9 031, 2022: 8 204) full-time and variable hour employees. The defined contribution provident fund schemes are subject to the Pension Funds Act, 1956 as amended. The Boxer Group provides for contribution of 7% – 14% (2023 and 2022: 7% – 14%) of employees salary where they qualify and these contributions are charged to income in the period to which they relate. The total value of contributions to the scheme were R101 million (2023: R88 million, 2022: R77 million).

In addition Eswatini employees are members of the Swazi National Provident Fund which covers 504 (2023: 463, 2022: 232) employees.

25. RELATED PARTY DISCLOSURE

25.1 Identity of related parties

Boxer Superstores Proprietary Limited is a wholly-owned subsidiary of Boxer Holdings Proprietary Limited. The ultimate holding company is Pick n Pay Stores Limited. Both holding companies are registered in South Africa.

The following acted as directors during the period:

Gareth Ackerman

Sean Summers (Appointed: 30 September 2023)

Lerena Olivier

Aboubakar Jakoet

Audrey Mothupi

Pieter Boone (Resigned: 30 September 2023)

Jeff van Rooyen (Resigned: 19 July 2023)

25.2 Key management personnel

Key management personnel are those directors and key employees who have authority and responsibility for planning, directing and controlling the activities of the Boxer Group. No key management personnel had a material interest in any contract of any significance for the Boxer Group during the period under review. Remuneration, as paid by other companies within the Pick n Pay Stores Limited Group, is detailed below:

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Key management personnel remuneration comprises:			
Fees for board meetings, committee and other work	7.5	7.9	7.8
Base salary	28.2	20.4	22.1
Retirement and medical aid contributions	1.7	2.3	2.4
Fringe and other benefits	1.4	3.9	5.4
Total fixed remuneration	**38.8**	**34.5**	**37.7**
Bonus and gratuity	7.0	18.2	18.8
Total remuneration	**45.8**	**52.7**	**56.5**
(Gain)/expense relating to share options granted	**(9.6)**	**12.4**	**13.0**

25.3 Material related party transactions

The Boxer Group entered into a variety of transactions with related parties. The transactions are entered into in the normal course of business on an arms-length basis. The following material transactions occurred during the period:

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Dividends declared			
Boxer Holdings Proprietary Limited	290	2 162	568
Dividends paid			
Boxer Holdings Proprietary Limited	–	662	568
Interest received			
Pick n Pay Retailers Proprietary Limited	69	40	43

25.4 Related party balances

Refer to note 16 for details of amounts owing by/(to) related parties and to note 27 for detail on the related party financial guarantee contracts.

26. PURCHASE OF OPERATIONS

During the period under review, the Boxer Group acquired one (2023: six, 2022: one) retail operation in South Africa from Pick n Pay Retailers Proprietary Limited. These acquisitions had no significant impact on the Boxer Group's results. The goodwill arising from these acquisitions represent the acquired customer base and the value creation the Boxer Group expects to realise as a result of integration with the Boxer Group.

The net assets arising from these acquisitions were as follows:

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Identifiable net assets			
Property, plant and equipment (note 6)	–	33	7
Total identifiable net assets at fair value	**–**	**33**	**7**
Goodwill			
Cash paid in respect of acquisitions	7	125	21
Less: Total identifiable net assets at fair value	–	(33)	(7)
Goodwill acquired (note 7)	**7**	**92**	**14**

27. PROVISION FOR FINANCIAL GUARANTEE CONTRACTS IN FAVOUR OF PICK N PAY RETAILERS (PROPRIETARY) LIMITED

During the period under review, the Boxer Group provided security for the long-term borrowings of Pick n Pay Retailers Property Limited ("**Retailers**") in the form of a shared financial guarantee, with a contract value of R4.5 billion, by both the Boxer Group and its ultimate holding company, Pick n Pay Stores Limited. These long-term borrowings were subject to loan covenants required to be met by Retailers. At initial recognition, significant judgement was applied in determining the fair value of this provision for financial guarantee at R135 million.

Due to the weak financial performance of Retailers during the period under review, a risk of Retailers breaching covenants became evident. Prior to period end, Retailers amended its long term borrowing terms to waive the February 2024 financial covenants and to provide additional security in the form of a pledge of 100% shareholding of the Boxer Group. As a result of this significant modification, the provision for financial guarantee was derecognised at its carrying value and a new provision for financial guarantee was raised. Significant judgement was applied in determining a lifetime expected loss allowance ("**ECL**") relating to the new financial guarantee of long-term borrowings of R7 million. Estimates were based on the probability of default of Retailers and likelihood of these guarantees being called upon, and were informed by the financial performance, financial position, and the strategic turnaround plan of Retailers.

Due to the shared nature of guarantees in place over Retailers long-term debt, the Boxer Group assessed that lenders would call upon the pledge of the 100% shareholding of the Boxer Group first, and thereafter, any remaining debt not settled by this pledge of shareholding will be settled by the Boxer Group, after which any remaining debt will then be settled by Pick n Pay Stores Limited.

Subsequent to period end, on 7 May 2024, Retailers entered into a Restructuring Support Agreement with all its lenders, both short-term and long-term lenders as well as those that offer bank overdraft and overnight facilities. Through this Restructuring Support Agreement, all Retailers borrowings amounting to R11 billion, are now secured by a pledge of security of 100% shareholding of the Boxer Group, and a shared financial guarantee by both the Boxer Group and its ultimate holding company, Pick n Pay Stores Limited. The increase in the financial guarantee contract value subsequent to period end did not have a significant impact on the fair value.

The table below presents the values that the Boxer Group has guaranteed in favour of borrowing facilities of Retailers. At period end, the carrying value of the guarantees was R7 million. The maximum potential exposure to credit risk under financial guarantee contracts at period end is R4.5 billion. All guarantees are classified as stage 1 of the ECL model.

52 weeks to 25 February 2024	Contract value Rm	Fair value Rm
Balance at beginning of period	–	–
Initial recognition at fair value	4 500	135
Amortisation	–	(18)
Derecognition of financial guarantee due to significant modification at carrying value	(4 500)	(117)
Initial recognition of modified financial guarantee at fair value	4 500	7
Balance at end of period	**4 500**	**7**

28. OPERATING SEGMENTS

Operating segments are identified based on financial information regularly reviewed by the Chief Operating Decision Maker ("**CODM**") of the Boxer Group, for performance assessments and resource allocations. The Boxer Group annually performs a detailed review of the executive, or group of executives, that could be considered the appropriate and relevant CODM of the Boxer Group. During the current and prior periods under review, the CODM of the Boxer Group consisted of the Boxer Group executive directors, which comprised of the Chief Executive Officer and Chief Finance Officer. The Boxer Group manages financial performance and resource allocations by reviewing one reportable segment, namely the Boxer Group. An analysis of the geographical regions in which the Boxer Group operates has been presented below.

Geographical information	South Africa Rm	Eswatini Rm	Boxer Group Rm
52 weeks to 25 February 2024			
Revenue	37 180	599	37 779
Turnover	36 820	599	37 419
Commissions and other income	258	–	258
Operating lease income	11	–	11
Finance income	91	–	91
Total non-current assets	7 328	90	7 418
52 weeks to 26 February 2023			
Revenue	31 805	564	32 368
Turnover	31 349	548	31 897
Commissions and other income	178	16	194
Insurance recoveries	170	–	170
Operating lease income	53	–	53
Finance income	55	–	54
Total non-current assets	6 544	86	6 630
52 weeks to 27 February 2022			
Revenue	26 734	500	27 234
Turnover	26 085	498	26 583
Commissions and other income	157	2	159
Insurance recoveries	401	–	401
Operating lease income	45	–	45
Finance income	46	–	46
Total non-current assets	5 467	80	5 547

29. BASIC, HEADLINE AND DILUTED EARNINGS PER SHARE

	52 weeks to 25 February 2024 Cents per share	52 weeks to 26 February 2023 Cents per share	52 weeks to 27 February 2022 Cents per share
Basic earnings per share	4 058.61	3 235.16	2 502.56
Diluted earnings per share	4 058.61	3 235.16	2 502.56
Headline earnings per share	4 126.01	3 258.61	2 505.49
Diluted headline earnings per share	4 126.01	3 258.61	2 505.49
Dividend per share	849.52	6 334.95	1 665.35

29.1 Reconciliation between basic and headline earnings

	52 weeks to 25 February 2024 Rm	52 weeks to 26 February 2023 Rm	52 weeks to 27 February 2022 Rm
Profit for the period – basic earnings for the period	1 385	1 104	854
Adjustments:	23	8	1
Loss/(profit) on disposal of and insurance recoveries on scrapping of assets	16	6	(131)
Tax effect of (loss)/profit on disposal of and insurance recoveries of scrapping of assets	(4)	(2)	37
Loss from impairments and scrapping of assets	11	6	129
Tax effect of loss from impairments and scrapping of assets	–	(2)	(34)
Headline earnings for the period	**1 408**	**1 112**	**855**

29.2 Number of ordinary shares

	000's	000's	000's
Number of ordinary shares in issue (note 17)	34 125	34 125	34 125
Weighted average number of ordinary shares in issue	34 125	34 125	34 125
Diluted weighted average number of ordinary shares in issue	34 125	34 125	34 125

30. STANDARDS AND INTERPRETATIONS

Standards and interpretations that are effective for the current period

The following new or amended standards are not expected to have a significant impact on the Historical Financial Information:

Amendments to IAS 12	*Income Taxes– International Tax Reform–Pillar Two Model Rules*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 7 and IFRS 7	*Disclosures: Supplier Finance Arrangements*

31. SUBSEQUENT EVENTS

Initial Public Offering (IPO) of the Boxer Group

On 22 February 2024, the Group's ultimate holding company, Pick n Pay Stores Limited, announced on the Johannesburg Stock Exchange ("**JSE**") News Service that the Pick n Pay Stores Limited board of directors had approved a plan to offer and list the Boxer business, including the Boxer Group, (the "**Boxer IPO**") on the Main Board of the JSE, which is expected to occur towards the end of 2024. Refer to the 2024 Pick n Pay Group annual financial statements for further information. At the date of authorisation of this Historical Financial Information, the plan has progressed substantially, with the final quantum and terms of the Boxer IPO expected to be finalised during the latter part of 2024.

Restructuring Support Agreement

On 7 May 2024, subsequent to period end, Pick n Pay Retailers Proprietary Limited entered into a Restructuring Support Agreement with all its lenders. The Restructuring Support Agreement provides for:

- security provided to all lenders that comprise of a cession and pledge of the 100% shareholding in Boxer Superstores, and
- a guarantee from Pick n Pay Stores Limited and Boxer Superstores Proprietary Limited in favour of all lenders, with a contract value of R11 billion.

Refer to note 27 for additional information.

Whetstone Distribution Centre

Subsequent to period end, the Boxer Group entered into an agreement for the joint ownership and joint development of a new Distribution Centre in KwaZulu-Natal, expected to be completed within the second half of the 2025 financial period. The cost of construction expected to be incurred by the Boxer Group is estimated to be R135 million. Following completion, the Boxer Group intends to lease 50% of the property from the co-owner, the terms of which are in the process of being finalised.

ANNEXURE 2 – INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE HISTORICAL FINANCIAL INFORMATION FOR THE 52 WEEKS ENDED 25 FEBRUARY 2024, 26 FEBRUARY 2023 AND 27 FEBRUARY 2022

To the Directors of Pick n Pay Stores Limited

At your request, we present our Independent Auditor's Assurance Report on the consolidated historical financial information of Boxer Superstores (Pty) Ltd ("**Boxer Company**"), and its subsidiaries (collectively, the "**Boxer Group**"), for the 52 weeks ended 25 February 2024, 26 February 2023 and 27 February 2022 (the "**Historical Financial Information**") for inclusion in **Annexure 1** on pages 27 to 66 of the circular to be dated on or about 29 August 2024 ("**Circular"**) by the directors.

This report is required for the purposes of complying with Section 8.48 of the Listings Requirements of the JSE Limited (the "**JSE**") (the "**JSE Listings Requirements**") and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Auditor of Pick n Pay Stores Limited (the "**Company**") and Boxer Company.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Circular.

Independent Auditor's Assurance Report on the Historical Financial Information

Opinion

We have audited the Historical Financial Information of the Boxer Group, which comprises of the consolidated statements of financial position as at 25 February 2024, 26 February 2023 and 27 February 2022, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the 52 weeks then ended, and notes thereto, including a summary of material accounting policies, as presented in **Annexure 1** on pages 27 to 66 of the Circular.

In our opinion, the Historical Financial Information, as presented in **Annexure 1** on pages 27 to 66 of the Circular, presents fairly, in all material respects, for the purpose of the Circular the consolidated financial position of the Boxer Group as at 25 February 2024, 26 February 2023 and 27 February 2022 and its consolidated financial performance and consolidated cash flows for the 52 weeks then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council and the JSE Listings Requirements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Independent Auditor's Responsibilities for the Historical Financial Information* section of our report. We are independent of the Boxer Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Boxer Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Boxer Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information contained in this Circular. The other information comprises the information included in the 94 page document titled 'Pick n Pay Stores Limited Circular to Shareholders', which includes the Directors' commentary as required by the Companies Act of South Africa and / or JSE Listings Requirements. The other information does not include the Historical Financial Information and our Independent Auditor's Assurance Report thereon.

Our opinion on the Historical Financial Information does not cover the other information contained in this Circular and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Historical Financial Information, our responsibility is to read the other information contained in this Circular, in doing so, consider whether the other information is materially inconsistent with the Historical Financial Information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Historical Financial Information

The directors are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The directors are also responsible for the preparation and fair presentation of the Historical Financial Information in accordance with the IFRS® Accounting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information, the directors are responsible for assessing the Boxer Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Boxer Group or to cease operations, or have no realistic alternative but to do so.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Management 1 (ISQM 1) *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including documented policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditor's Responsibilities for the Historical Financial Information

Our objectives are to obtain reasonable assurance about whether the Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue an Independent Auditor's Assurance Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Historical Financial Information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Historical Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Boxer Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Boxer Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Independent Auditor's Assurance Report to the related disclosures in the Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditor's Assurance Report. However, future events or conditions may cause the Boxer Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Historical Financial Information, including the disclosures, and whether the Historical Financial Information represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Historical Financial Information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette number 39475 date 4 December 2015, we report that we have been the Independent Auditor of Boxer Superstores (Pty) Ltd for 9 years.

Ernst & Young Inc.
Director: Matthew Raymond Brown
Chartered Accountant (SA)
Registered Auditor

Durban
20 August 2024

ANNEXURE 3 – *PRO FORMA* FINANCIAL INFORMATION OF THE GROUP

The definitions and interpretations commencing on page 2 of this Circular apply, *mutatis mutandis*, to this **Annexure 3**.

Basis of preparation

The *Pro Forma* Financial Information for the Group is set out below. The *Pro Forma* Financial Information has been prepared for illustrative purposes only, to show the financial effects of the Pre-IPO Restructure and the Share Issue. Due to their nature, the *Pro Forma* Financial Information may not fairly present the Group's financial position, changes in equity, results of operations or cash flows after the Pre-IPO Restructure and Share Issue.

The *Pro Forma* Financial Information is based on the audited financial statements of the Group as at and for the 52 weeks ended 25 February 2024.

The *Pro Forma* Financial Information has been prepared using the accounting policies of the Group as at 25 February 2024, which are in compliance with IFRS® Accounting Standards, in accordance with the applicable criteria of the JSE Listings Requirements and in terms of the Guide on *Pro Forma* Financial Information issued by SAICA.

The *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors.

It has been assumed for the purposes of the *Pro Forma* Financial Information that the Pre-IPO Restructure, Share Issue, and subsequent events within the scope of paragraph 8.26(d) of the JSE Listings Requirements, took place with effect from 27 February 2023 for purposes of the *Pro Forma* Group Statement of Comprehensive Income and on 25 February 2024 for purposes of the *Pro Forma* Group Statement of Financial Position. It has further been assumed for the purposes of the *Pro Forma* Financial Information that the IPO Shares represent (i) 49.9% of the issued ordinary shares of Boxer Listco, and (ii) 30% of the issued ordinary shares of Boxer Listco. These two scenarios are presented for illustrative purposes, with 30% being, as at the Last Practicable Date, the Group's best estimate of the minimum percentage of Boxer Listco ordinary shares to be offered pursuant to the Share Issue in order to optimise free float.

The *Pro Forma* Financial Information should be read in conjunction with the Independent Auditor's assurance report thereon, which is presented in **Annexure 4** to this Circular.

PRO FORMA GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 25 FEBRUARY 2024

		Subsequent event	*Pro forma* adjustments: Pre-IPO Restructure and Share Issue			
	Unadjusted and audited results for the 52 weeks ended 25 February 2024[1]	Rights Offer, Rights Offer transaction costs and application of Rights Offer proceeds[2]	Share Issue[3]	Share Issue Transaction costs[4]	Application of Share Issue proceeds[5]	*Pro forma* results for the 52 weeks ending 25 February 2024[6]
	Rm	Rm	Rm		Rm	Rm
Revenue	**115 370.8**	**–**	**–**	**–**	**–**	**115 370.8**
Turnover	**112 294.8**	**–**	**–**	**–**	**–**	**112 294.8**
Cost of merchandise sold	(92 014.9)	–	–	–	–	(92 014.9)
Gross profit	**20 279.9**	**–**	**–**	**–**	**–**	**20 279.9**
Other income	**2 653.5**	**–**	**–**	**–**	**–**	**2 653.5**
Franchise fee income	1 021.8	–	–	–	–	1 021.8
Operating lease income	112.5	–	–	–	–	112.5
Commissions and other income	1 519.2	–	–	–	–	1 519.2
Insurance recoveries	–	–	–	–	–	–
Trading expenses	**(22 548.4)**	**–**	**–**	**–**	**–**	**(22 548.4)**
Employee costs	(9 000.0)	–	–	–	–	(9 000.0)
Occupancy	(3 439.1)	–	–	–	–	(3 439.1)
Operations	(6 117.5)	–	–	–	–	(6 117.5)
Merchandising and administration	(3 358.1)	–	–	–	–	(3 358.1)
Expected credit loss allowance	(633.7)	–	–	–	–	(633.7)
Trading profit	**385.0**	**–**	**–**	**–**	**–**	**385.0**
Finance income	422.5	–	–	–	–	422.5
Funding finance income	227.4	–	–	–	–	227.4
Leases finance income	195.1	–	–	–	–	195.1
Finance costs	(2 442.6)	232.9	–	–	600.4	(1 609.1)
Funding finance expense	(836.2)	232.9	–	–	600.4	(2.7)
Leases finance expense	(1 606.4)	–	–	–	–	(1 606.4)
Share of associate's earnings	211.5	–	–	–	–	211.5
(Loss)/profit before tax before capital items	**(1 423.6)**	**232.9**	**–**	**–**	**600.4**	**(590.1)**
Loss on capital items	(2 723.1)	–	–	–	–	(2 723.1)
Net profit/(loss) on disposal of assets	368.7	–	–	–	–	368.7
Loss from impairments of assets	(2 838.2)	–	–	–	–	(2 838.2)
Impairment loss on investment in associate	(253.6)	–	–	–	–	(253.6)
(Loss)/profit before tax	**(4 146.7)**	**232.9**	**–**	**–**	**600.4**	**(3 313.2)**
Tax	956.6	(62.9)	–	–	(162.1)	731.5
(Loss)/profit for the period	**(3 190.1)**	**170.0**	**–**	**–**	**438.3**	**(2 581.7)**
Other comprehensive income, net of tax						
Items that will not be reclassified to profit or loss	**37.0**	**–**	**–**	**–**	**–**	**37.0**
Remeasurement in retirement scheme assets	50.7	–	–	–	–	50.7
Tax on items that will not be reclassified to profit or loss	(13.7)	–	–	–	–	(13.7)
Items that may be reclassified to profit or loss	**(43.9)**	**–**	**–**	**–**	**–**	**(43.9)**
Foreign currency translations	(23.5)	–	–	–	–	(23.5)
Movement in cash flow hedge	(20.3)	–	–	–	–	(20.3)
Tax on items that may be reclassified to profit or loss	(0.1)	–	–	–	–	(0.1)
Total comprehensive (loss)/income for the period	**(3 197.0)**	**170.0**	**–**	**–**	**438.3**	**(2 588.6)**

		Subsequent event	*Pro forma* adjustments: Pre-IPO Restructure and Share Issue			
	Unadjusted and audited results for the 52 weeks ended 25 February 2024[1]	Rights Offer, Rights Offer transaction costs and application of Rights Offer proceeds[2]	Share Issue[3]	Share Issue Transaction costs[4]	Application of Share Issue proceeds[5]	*Pro forma* results for the 52 weeks ending 25 February 2024[6]
	Rm	Rm	Rm		Rm	Rm
(Loss)/profit for the period attributable to						
Ordinary shareholders	(3 190.1)	170.0	(579.6)	–	438.3	(3 161.3)
Non-controlling interest	–	–	579.6	–	–	579.6
Other comprehensive income, net of tax						
Ordinary shareholders	(6.9)	–	0.3	–	–	(6.6)
Non-controlling interest	–	–	(0.3)	–	–	(0.3)
Total comprehensive (loss)/income for the period						
Ordinary shareholders	(3 197.0)	170.0	(579.2)	–	438.3	(3 167.8)
Non-controlling interest	–	–	579.2	–	–	579.2
Reconciliation between basic and headline earnings						
Basic earnings for the period	**(3 190.1)**	**170.0**	**(579.6)**	**–**	**438.3**	**(3 161.3)**
Adjustments:	**2 211.1**	**–**	**(11.5)**	**–**	**–**	**2 199.6**
(Profit)/Loss on disposal of assets	(368.7)	–	–	–	–	(368.7)
Tax effect of profit/(loss) on disposal of assets	53.3	–	–	–	–	53.3
Loss from impairments of assets	2 838.2	–	–	–	–	2 838.2
Tax effect of loss from impairments of assets	(565.3)	–	–	–	–	(565.3)
Impairment loss on investment in associate	253.6	–	–	–	–	253.6
Non-controlling interest	–	–	(11.5)	–	–	(11.5)
Headline (loss)/earnings for the period	**(979.0)**	**170.0**	**(591.1)**	**–**	**438.3**	**(961.7)**
Number of ordinary shares	**000's**	**000's**	**000's**	**000's**	**000's**	**000's**
Number of ordinary shares in issue	493 450.3	252 206.8	–	–	–	745 657.1
Weighted average number of ordinary shares in issue (excluding treasury shares)	482 131.8	252 206.8	–	–	–	734 338.6
Diluted weighted average number of ordinary shares in issue	483 361.6	252 206.8	–	–	–	735 568.4
Reconciliation of weighted average number of ordinary shares to diluted weighted average number of ordinary shares:	**000's**	**000's**	**000's**	**000's**	**000's**	**000's**
Weighted average number of ordinary shares in issue (excluding treasury shares)	482 131.8	252 206.8	–	–	–	734 338.6
Dilutive effect of share awards	1 229.8	–	–	–	–	1 229.8
Diluted weighted average number of ordinary shares in issue	483 361.6	252 206.8	–	–	–	735 568.4
BASIC, HEADLINE AND DILUTED EARNINGS PER SHARE	**Cents per share**	**Cents per share**	**Cents per share**	**Cents per share**	**Cents per share**	**Cents per share**
Basic (loss)/earnings per share	(661.67)	250.40	(78.93)	–	59.69	(430.51)
Diluted (loss)/earnings per share	(659.98)	249.40	(78.80)	–	59.59	(429.79)
Headline (loss)/earnings per share	(203.06)	92.89	(80.49)	–	59.68	(130.98)
Diluted headline (loss)/earnings per share	(202.54)	92.56	(80.36)	–	59.58	(130.76)

ASSUMPTIONS

a. Where applicable, the tax rate has been assumed at 27.0% for income tax purposes and 21.6% for capital gains tax purposes.

b. All adjustments, other than transaction costs, are expected to have a continuing effect on the Group Statement of Comprehensive Income.

c. The issue of rights offer shares has no impact on dilutive effect of share awards of the Pick n Pay Stores Limited Group.

d. Transaction costs attributable to the Rights Offer amount to R113.8 million, are recognised directly in equity and are not expected to have a continuing effect on the Group Statement of Comprehensive Income.

e. The Pre-IPO Restructure is fully implemented.

f. The Group's reduction in shareholding in Boxer as a result of the Share Issue is 49.9% and control of Boxer is retained. The impacts on the *Pro Forma* Financial Information if the Group's reduction in shareholding in Boxer is 30% rather than 49.9% is included in Note 7 to the *Pro Forma* Group Statement of Comprehensive Income. Both assumptions of the Group's reduction in shareholding in Boxer, being 49.9% and 30%, are for illustrative purposes. As detailed in paragraphs 1.8 and 1.9, the Target Amount, and therefore the size of shareholding reduction, will only be finally determined closer to the Listing Date.

g. The Share Issue generates R8.0 billion in proceeds. The assumption of the value of proceeds, being the Target Amount, is included for illustrative purposes. As detailed in paragraphs 1.8 and 1.9, the Target Amount will only be finally determined closer to the Listing Date.

h. Transaction costs attributable to the Share Issue amount to R265.0 million. The value of transaction costs is largely dependent on the Target Amount. As detailed in paragraphs 1.8 and 1.9, the Target Amount, and therefore the value of transaction costs, will only be finally determined closer to the Listing Date. Transaction costs are recognised directly in equity and are not expected to have a continuing effect on the Group Statement of Comprehensive Income.

i. The full proceeds of the Share Issue, net of transaction costs, is applied to the repayment of debt subject to the Restructuring Support Agreement detailed in section 14.2.4 of the Circular.

j. For the purposes of this Circular, it is assumed that there are no shared service cost charges by the Pick n Pay Group to Boxer subsequent to the Share Issue.

k. In terms of the Group accounting policy non-controlling interest will be recognised using the proportionate share method in compliance with IFRS® Accounting Standards.

NOTES TO THE *PRO FORMA* GROUP STATEMENT OF COMPREHENSIVE INCOME

1) The 'Unadjusted and audited results for the 52 weeks ended 25 February 2024' column has been extracted, without adjustment from the Pick n Pay Stores Limited Group Audited Annual Financial Statements for the 52 weeks ended 25 February 2024, on which an unmodified auditor's opinion was issued on 26 May 2024.

2) The Rights Offer is included as a subsequent event in terms of the JSE Listings Requirements paragraph 8.26(d). The Rights Offer was a post statement of financial position corporate action that had a significant effect on the Group's financial performance, financial position, and number of shares in issue, and therefore the Directors believe that it would be misleading to Shareholders to not include the impacts of the Rights Offer in the *Pro Forma* Financial Information. The Rights Offer is detailed in the circular published on 15 July 2024. The Rights Offer resulted in proceeds of R4.0 billion an increase in issued shares of the Group of 252.2 million shares. Transaction costs of R113.8 million are attributable to the Rights Offer and are recognised directly in equity. The transaction costs are not deductible for income tax purposes as they are capital in nature. Of the proceeds, R3.0 billion was applied to the repayment of debt subject to the Restructuring Support Agreement detailed in paragraph 14.2.2. The interest impact for the 52 weeks ended 25 February 2024 resulting from the application of R3.0 billion of the Rights Offer proceeds (refer to assumptions above) is detailed below. For further details on the Rights Offer, refer to the Rights Offer Circular published on 15 July 2024 and the SENS and ANS announcements released by the Company on Monday, 5 August 2024.

	Rm
Funding finance expense saving	232.9
Tax thereon	62.9

3) The Share Issue does not result in an income tax or capital gains tax liability for the Group. As a result of this share issue, 49.9% of the components of comprehensive income of Boxer are attributable to non-controlling interest of the Group, calculated as follows:

	Boxer HFI[(a)]	Consolidation[(b)]	Total[(c)]	Disposal[(d)]	Non-controlling interest[(e)]
	Rm	Rm	Rm	%	Rm
(Loss)/profit for the period	1 385.0	(223.5)	1 161.5	49.9	579.6
Other comprehensive income, net of tax	(49.0)	48.3	(0.7)	49.9	(0.3)
Items that will not be reclassified to profit or loss	(48.0)	48.3	0.3	49.9	0.1
Items that may be reclassified to profit or loss	(1.0)	–	(1.0)	49.9	(0.5)
Total comprehensive (loss)/income for the period	1 336.0	(175.2)	1 160.8	49.9	579.2
Headline (loss)/earnings adjustments					
Net profit/(loss) on disposal of assets	(16.0)	–	(16.0)		
Tax effect of profit/(loss) on disposal of assets	4.0	–	4.0		
Loss from impairments of assets	(11.0)	–	(11.0)		
Tax effect of loss from impairments of assets	–	–	–		
Total Headline earnings adjustments	(23.0)	–	(23.0)	49.9	(11.5)

a. 'Boxer HFI' is extracted, without adjustment, from the Historical Financial Information of the Boxer Group for the 52 weeks ended 25 February 2024, as set out in Annexure 1 to the Circular, on which the Independent Auditor has issued an assurance report as included in **Annexure 2** to the Circular.

b. 'Consolidation' is the adjustment for entries that consolidated the results of the Boxer Group into the Pick n Pay Stores Limited Group for the 52 weeks ended 25 February 2024, which have been extracted, without adjustment, from the group consolidation journals used to prepare the Pick n Pay Stores Limited Audited Annual Financial Statements for the 52 weeks ending 25 February 2024.

c. 'Total' is the sum of 'Boxer HFI' and 'Consolidation'.

d. 'Disposal' is the percentage holding of Boxer Group subject to the Listing (refer to assumptions above).

e. 'Non-controlling interest' is 'Total' multiplied by 'Disposal', resulting in the portion of Pick n Pay Group components of comprehensive income attributable to non-controlling interest of the Group.

4) The transaction costs attributable to the Share Issue, totalling R265.0 million, are recognised directly in equity and are not deductible for income tax purposes as they are capital in nature.

5) The interest impact for the 52 weeks ended 25 February 2024 resulting from the application of the Share Issue proceeds (see assumptions above) is detailed below.

	Rm
Funding finance expense saving	600.4
Tax thereon	162.1

6) The '*Pro forma* results for the 52 weeks ended 25 February 2024' column represents the *pro forma* Group Statement of Comprehensive Income for the 52 weeks ended 25 February 2024 subsequent to the Rights Offer, Pre-IPO restructure and IPO.

7) A change in the size of the Group's reduction in shareholding does not impact the *Pro Forma* Statement of Comprehensive Income up to and including the line item 'Total comprehensive (loss)/income for the period' as, in compliance with IFRS® Accounting Standards, these line items are not impacted by non-controlling interest. For illustrative purposes, detailed below are the relevant sections of the *Pro Forma* Statement of Comprehensive Income calculated using the assumption that the Group's reduction in shareholding in Boxer is 30% rather than 49.9%, with 30% being, as at the Last Practicable Date, the Group's best estimate of the minimum percentage of Boxer Listco ordinary shares to be offered pursuant to the Share Issue in order to optimise free float. Only line items in the *Pro Forma* Statement of Comprehensive Income where the change in assumption impacts the previously presented values are shown:

		Subsequent event	***Pro forma* adjustments: Pre-IPO Restructure and Share Issue**			
	Unadjusted and audited results for the 52 weeks ended 25 February 2024	**Rights Offer, Rights Offer transaction costs and application of Rights Offer proceeds**	**Share Issue**	**Share Issue Transaction costs**	**Application of Share Issue proceeds**	***Pro forma* results for the 52 weeks ending 25 February 2024**
	Rm	**Rm**	**Rm**		**Rm**	**Rm**
(Loss)/profit for the period attributable to						
Ordinary shareholders	(3 190.1)	170.0	(348.5)	–	438.3	(2 930.3)
Non-controlling interest	–	–	348.5	–	–	348.5
Other comprehensive income, net of tax						
Ordinary shareholders	(6.9)	–	0.2	–	–	(6.7)
Non-controlling interest	–	–	(0.2)	–	–	(0.2)
Total comprehensive (loss)/ income for the period						
Ordinary shareholders	(3 197.0)	170.0	(348.2)	–	438.3	(2 936.9)
Non-controlling interest	–	–	348.2	–	–	348.2
Reconciliation between basic and headline earnings						
Basic earnings for the period	**(3 190.1)**	**170.0**	**(348.5)**	**–**	**438.3**	**(2 930.3)**
Adjustments:	**2 211.1**	**–**	**(6.9)**	**–**	**–**	**2 204.2**
(Profit)/Loss on disposal of assets	(368.7)	–	–	–	–	(368.7)
Tax effect of profit/(loss) on disposal of assets	53.3	–	–	–	–	53.3
Loss from impairments of assets	2 838.2	–	–	–	–	2 838.2
Tax effect of loss from impairments of assets	(565.3)	–	–	–	–	(565.3)
Impairment loss on investment in associate	253.6	–	–	–	–	253.6
Non-controlling interest	–	–	(6.9)	–	–	(6.9)
Headline (loss)/earnings for the period	**(979.0)**	**170.0**	**(355.4)**	**–**	**438.3**	**(726.1)**
BASIC, HEADLINE AND DILUTED EARNINGS PER SHARE	**Cents per share**	**Cents per share**	**Cents per share**	**Cents per share**	**Cents per share**	**Cents per share**
Basic (loss)/earnings per share	(661.67)	250.40	(47.46)	–	59.69	(399.04)
Diluted (loss)/earnings per share	(659.98)	249.40	(47.38)	–	59.59	(398.37)
Headline (loss)/earnings per share	(203.06)	92.89	(48.39)	–	59.68	(98.88)
Diluted headline (loss)/earnings per share	(202.54)	92.56	(48.32)	–	59.59	(98.71)

PRO FORMA GROUP STATEMENT OF FINANCIAL POSITION AS AT 25 FEBRUARY 2024

		Subsequent event	*Pro forma* adjustments: Pre-IPO Restructure and Share Issue			
	Unadjusted and audited results as at 25 February 2024[1]	Rights Offer, Rights Offer transaction costs and application of Rights Offer proceeds[2]	Share Issue[3]	Share Issue Transaction costs[4]	Application of Share Issue proceeds[5]	*Pro Forma* results as at 25 February 2024[6]
	Rm	Rm	Rm	Rm	Rm	Rm
ASSETS						
Non-current assets						
Intangible assets	1 076.0	–	–	–	–	1 076.0
Property, plant and equipment	9 190.6	–	–	–	–	9 190.6
Right-of-use assets	11 596.1	–	–	–	–	11 596.1
Net investment in lease receivables	1 901.9	–	–	–	–	1 901.9
Deferred tax assets	2 133.5	–	–	–	–	2 133.5
Loans	170.4	–	–	–	–	170.4
Retirement scheme assets	50.8	–	–	–	–	50.8
Investment in insurance cell captive	61.1	–	–	–	–	61.1
Operating lease assets	6.2	–	–	–	–	6.2
Trade and other receivables	1.7	–	–	–	–	1.7
	26 188.3	**–**	**–**	**–**	**–**	**26 188.3**
Current assets						
Inventory	10 186.6	–	–	–	–	10 186.6
Trade and other receivables	4 255.3	–	–	–	–	4 255.3
Cash and cash equivalents	5 383.2	886.2	8 000.0	–	(8 000.0)	6 269.4
Net investment in lease receivables	417.8	–	–	–	–	417.8
Right-of-return assets	24.0	–	–	–	–	24.0
Derivative financial instruments	1.7	–	–	–	–	1.7
	20 268.6	**886.2**	**8 000.0**	**–**	**(8 000.0)**	**21 154.8**
Non-current asset held for sale	56.0	–	–	–	–	56.0
Total assets	**46 512.9**	**886.2**	**8 000.0**	**–**	**(8 000.0)**	**47 399.1**
EQUITY AND LIABILITIES						
Equity						
Share capital	6.0	3 886.2	–	–	–	3 892.2
Treasury shares	(556.8)	–	–	–	–	(556.8)
Retained earnings	756.0	–	6 943.1	(132.8)	–	7 566.3
Other reserves	0.5	–	–	–	–	0.5
Foreign currency translation reserve	(388.3)	–	–	–	–	(388.3)
Equity attributable to equity holders of the parent	**(182.6)**	**3 886.2**	**6 943.1**	**(132.8)**	**–**	**10 513.9**
Non-controlling interests	–	–	1 056.9	(132.2)	–	924.7
Total equity	**(182.6)**	**3 886.2**	**8 000.0**	**(265.0)**	**–**	**11 438.6**

	Unadjusted and audited results as at 25 February 2024[1]	Subsequent event: Rights Offer, Rights Offer transaction costs and application of Rights Offer proceeds[2]	*Pro forma* adjustments: Pre-IPO Restructure and Share Issue: Share Issue[3]	Share Issue Transaction costs[4]	Application of Share Issue proceeds[5]	*Pro Forma* results as at 25 February 2024[6]
	Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
Non-current liabilities						
Lease liabilities	16 464.7	–	–	–	–	16 464.7
Borrowings	4 500.0	–	–	–	(3 790.2)	709.8
	20 964.7	**–**	**–**	**–**	**(3 790.2)**	**17 174.5**
Current liabilities						
Trade and other payables	15 184.1	–	–	265.0	(265.0)	15 184.1
Lease liabilities	2 904.4	–	–	–	–	2 904.4
Deferred revenue	323.7	–	–	–	–	323.7
Bank overdraft and overnight borrowings	5 178.7	(2 237.1)	–	–	(2 941.6)	–
Borrowings	1 766.1	(762.9)	–	–	(1 003.2)	–
Current tax liabilities	272.9	–	–	–	–	272.9
Provisions	100.9	–	–	–	–	100.9
	25 730.8	**(3 000.0)**	**–**	**265.0**	**(4 209.8)**	**18 786.0**
Total equity and liabilities	**46 512.9**	**886.2**	**8 000.0**	**–**	**(8 000.0)**	**47 399.1**
Net asset value (property value based on directors' valuation) (cents per share)	11.0[7]	525.0	1 088.7	(36.1)	–	1 588.6
Tangible net asset value (property value based on directors' valuation) (cents per share)	(654.0)[8]	753.3	1 088.6	(36.0)	–	1 151.9

ASSUMPTIONS

a. Where applicable the tax rate has been assumed at 27.0% for income tax purposes and 21.6% for capital gains tax purposes.

b. Transaction costs attributable to the Rights Offer amount to R113.8 million.

c. The Pre-IPO Dividend detailed in section 1.5 of the Circular amounts to R8.0 billion.

d. The Pre-IPO Restructure is fully implemented.

e. The Group's reduction in shareholding in Boxer as a result of the Share Issue is 49.9% and control of Boxer is retained. The impacts on the *Pro Forma* Statement of Financial Position if the Group's reduction in shareholding in Boxer is 30% rather than 49.9% as included in Note 9 to the *Pro Forma* Group Statement of Financial Position. Both assumptions of the Group's reduction in shareholding in Boxer, being 49.9% and 30%, are for illustrative purposes. As detailed in paragraphs 1.8 and 1.9, the Target Amount, and therefore the size of shareholding reduction, will only be finally determined closer to the Listing Date.

f. The Share Issue generates R8.0 billion in proceeds. The assumption of the value of proceeds, being the Target Amount, is included for illustrative purposes. As detailed in paragraphs 1.8 and 1.9, the Target Amount will only be finally determined closer to the Listing Date.

g. Transaction costs attributable to the Share Issue amount to R265.0 million. The value of transaction costs is largely dependent on the Target Amount. As detailed in paragraphs 1.8 and 1.9, the Target Amount, and therefore the value of transaction costs, will only be finally determined closer to the Listing Date.

h. The full proceeds of the Share Issue, net of transaction costs, is applied to the repayment of debt subject to the Restructuring Support Agreement detailed in section 14.2.4 of the Circular.

i. For the purposes of this Circular, it is assumed that there are no shared service cost charges by the Pick n Pay Group to Boxer subsequent to the Share Issue.

j. In terms of the Group accounting policy non-controlling interest will be recognised using the proportionate share method in compliance with IFRS® Accounting Standards.

NOTES TO THE *PRO FORMA* GROUP STATEMENT OF FINANCIAL POSITION

1) The 'Unadjusted and audited results as at 25 February 2024' column has been extracted, without adjustment from the Pick n Pay Stores Limited Group Audited Annual Financial Statements for the 52 weeks ended 25 February 2024, on which an unmodified auditor's opinion was issued on 26 May 2024.

2) The Rights Offer is included as a subsequent event in terms of the JSE Listings Requirements paragraph 8.26(d). The Rights Offer was a post statement of financial position corporate action that had a significant effect on the Group's financial performance, financial position, and number of shares in issue, and therefore the Directors believe that it would be misleading to Shareholders to not include the impacts of the Rights Offer in the *Pro Forma* Financial Information. The Rights Offer is detailed in the circular published on 15 July 2024. The Rights Offer resulted in proceeds of R4.0 million an increase in issued shares of the Group of 252.2 million shares. Transaction costs of R113.8 million are attributable to the Rights Offer and are recognised directly in equity. The transaction costs are not deductible for income tax purposes as they are capital in nature. Of the Right Issue proceeds, R3.0 billion was applied to the repayment of debt subject to the Restructuring Support Agreement detailed in paragraph 14.2.2.

3) Proceeds of the Share Issue of R8.0 billion are recognised directly in equity. The Share Issue results in the recognition of non-controlling interest for Boxer Group as follows:

	Boxer HFI[(a)]	Con-solidation[(b)]	Pre-IPO Dividend[(c)]	Share Issue proceeds[(d)]	Total [(e) = (a)+(b)+(c)+(d)]	Disposal[(f)]	Non-controlling interest[(g)]
	Rm	Rm	Rm	Rm	Rm	%	Rm
Net asset value	1 841.0	277.1	(8 000.0)	8 000.0	2 118.1	49.9	1 056.9

a. 'Boxer HFI' is extracted, without adjustment, from the Historical Financial Information of the Boxer Group for the 52 weeks ended 25 February 2024, as set out in Annexure 1 to the Circular, on which the Independent Auditor has issued an assurance report as included in Annexure 2 to the Circular.

b. 'Consolidation' is the adjustment for entries that consolidated the financial position of the Boxer Group into the Pick n Pay Stores Limited Group as at 25 February 2024, which have been extracted, without adjustment, from the group consolidation journals used to prepare the Pick n Pay Stores Limited Audited Annual Financial Statements for the 52 weeks ending 25 February 2024.

c. 'Pre-IPO Dividend' (refer to assumptions above) reduces the net asset value of Boxer Group.

d. 'Share Issue proceeds' of R8.0 billion increases the net asset value of the Boxer Group.

e. 'Total' is the *pro forma* net asset value of Boxer Group in the *pro forma* consolidated net asset value of Pick n Pay Stores Limited Group to be apportioned to non-controlling interest.

f. 'Disposal' is the percentage holding of Boxer Group subject to the Share Issue (refer to assumptions above).

g. 'Non-controlling interest' is 'Total' multiplied by 'Disposal', resulting in the non-controlling interest recognised as a result of the Share Issue.

4) Transaction costs attributable to the Share Issue amount to R265.0 million (refer to assumptions above). The transaction costs are recognised directly in equity and are not deductible for income tax purposes as they are capital in nature. Transaction costs are apportioned between equity holders of the parent, and non-controlling interest, using the percentage shareholding in Boxer of 50.1% and 49.9% respectively.

5) The Share Issue net proceeds, after transaction costs, are applied towards settling outstanding debt (refer to assumptions above).

6) The '*Pro forma* results as at 25 February 2024' column represents the *pro forma* Group Statement of Financial Position as at 25 February 2024 subsequent to the Rights Offer, Pre-IPO Restructure and IPO.

7) 'Net asset value (property value based on directors' valuation) (cents per share) as at 25 February 2024' has been extracted, without adjustment, from the Pick n Pay Group 2024 Integrated Annual Report for the 52 weeks ended 25 February 2024.

8) 'Tangible net asset value (property value based on directors' valuation) (cents per share) as at 25 February 2024' is calculated using 'Net asset value (property value based on directors' valuation) (cents per share) as at 25 February 2024', extracted without adjustment from the Pick n Pay Group 2024 Integrated Annual Report for the 52 weeks ended 25 February 2024, and adjusted for intangible assets (as defined in the 'SAICA Guide on *Pro Forma* Financial Information') and deferred tax assets, both extracted without adjustment from the Pick n Pay Stores Limited Group Audited Annual Financial Statements for the 52 weeks ended 25 February 2024.

9) A change in the size of the Group's reduction in shareholding does not impact the assets or liabilities of the *Pro Forma* Statement of Financial Position. For illustrative purposes, the impacts on the *Pro Forma* Statement of Financial Position if the Group's reduction in shareholding in Boxer is 30% rather than 49.9% is shown below. Only line items in the *Pro Forma* Statement of Financial Position where the change in assumption impacts the previously presented values are shown:

		Subsequent event	*Pro forma* adjustments: Pre-IPO Restructure and Share Issue			
	Unadjusted and audited results as at 25 February 2024	Rights Offer, Rights Offer transaction costs and application of Rights Offer proceeds	Share Issue	Share Issue Transaction costs	Application of Share Issue proceeds	*Pro Forma* results as at 25 February 2024
	Rm	Rm	Rm	Rm	Rm	Rm
Retained earnings	756.0	–	7 364.6	(185.5)	–	7 935.1
Equity attributable to equity holders of the parent	**(182.6)**	**3 886.2**	**7 364.6**	**(185.5)**	**–**	**10 882.7**
Non-controlling interests	–	–	635.4	(79.5)	–	555.9

ANNEXURE 4 – INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

The Directors of Pick n Pay Stores Limited

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information included in the Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Pick n Pay Stores Limited and its subsidiaries (collectively, the "**Group**"), by the directors.

The *pro forma* financial information, as set out in **Annexure 3** on pages 69 to 77 of the circular (**"Circular"**), consists of the *pro forma* statement of financial position as at 25 February 2024 and the *pro forma* statement of comprehensive income for the 52 weeks ended 25 February 2024. The applicable criteria on the basis of which the directors have compiled the *pro form*a financial information is specified in the JSE Limited ("**JSE**") Listings Requirements and described in **Annexure 3** on pages 69 to 77 of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 1 on page 6 of the Circular on the Group's financial position as at 25 February 2024, and the Group's financial performance for the 52 weeks then ended, as if the corporate action or event had taken place at 25 February 2024 and for the 52 weeks then ended. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's financial statements for the 52 weeks ended 25 February 2024, on which an auditor's report was issued on 26 May 2024.

Directors' responsibility for the pro forma financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 3** on pages 69 to 77 of the Circular.

Our independence and quality management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Management 1 (ISQM 1) *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including documented policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent auditor's responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and described in **Annexure 3** on pages 69 to 77 of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Circular*, which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the Group as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event at 25 February 2024 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 3** on pages 69 to 77 of the Circular.

Ernst & Young Inc.
Director: Tina Lesley Rookledge
Chartered Accountant (SA)
Registered Auditor

Cape Town
20 August 2024

Pick n Pay

Pick n Pay Stores Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1968/008034/06)
JSE and A2X share code: PIK
ISIN: ZAE000005443
(the "**Company**")

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 2 of the Circular to which this Notice of General Meeting ("**Notice**") is attached, and of which it forms part, ("**Circular**") apply throughout this Notice.

NOTICE IS HEREBY GIVEN to Shareholders that a general meeting of Shareholders ("**General Meeting**") will be held at **08:30** on **Tuesday, 1 October 2024** entirely by electronic communication, as contemplated in the MOI and in section 63(2)(a) of the Companies Act.

Shareholders are reminded that as the General Meeting will be conducted entirely by electronic communication, Shareholders will only be able to access the General Meeting via an electronic facility. More information in this regard is provided in the section entitled "*Action required by Shareholders*" commencing on page v of the Circular and under the heading "*Electronic participation*" near the end of this Notice.

If you are in any doubt as to the actions you should take in respect of the General Meeting and/or the Resolutions, please consult your CSDP, Broker, banker, accountant, attorney or other professional advisor immediately.

PURPOSE

The purpose of the General Meeting is to consider and, if deemed fit, adopt, with or without amendment, the Resolutions set out hereunder.

NOTES

- Only Shareholders who are registered in the Register on **Friday, 20 September 2024** will be entitled to speak and vote at, and participate in, the General Meeting. Therefore, the Last Day to Trade to be eligible to speak and vote at, and participate in, the General Meeting is **Tuesday, 17 September 2024**.
- Shareholders who are entitled to speak and vote at, and participate in, the General Meeting are reminded that they are entitled to appoint a proxy to speak and vote at, and participate in, the General Meeting in place of such Shareholder, provided that in doing so such Shareholder completes the attached Form of Proxy (*grey*), in accordance with the instructions contained therein. In order for the proxy to speak and vote at, and participate in, the General Meeting, the proxy will additionally need to take the steps required in order to access the electronic facility, as provided in the section entitled "*Action required by Shareholders*" commencing on page v of the Circular and under the heading "*Electronic participation*" near the end of this Notice.
- In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification, and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to speak and vote at, and participate in, the General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a valid South African driver's licence or a valid passport.
- Before a Shareholder or its proxy will be entitled to speak and vote at, and participate in, the General Meeting, such Shareholder or its proxy must provide the necessary proof of its identification (to the satisfaction of the Transfer Secretaries), as follows:
  - Shareholders or their proxies who register to participate in the General Meeting using the online registration method (described in more detail in the section entitled "*Action required by Shareholders*" commencing on page v of the Circular and under the heading "*Electronic participation*" near the end of this Notice), by uploading the relevant documentation via the online registration portal; <u>or</u>
  - Shareholders or their proxies who register to participate in the General Meeting by submitting the written application via email (described in more detail in the section entitled "*Action required by Shareholders*" commencing on page v of the Circular and under the heading "*Electronic participation*" near the end of this Notice), by submitting the relevant documentation by email to proxy@computershare.co.za; <u>or</u>
  - Shareholders or their proxies who have applied to Computershare to participate in the General Meeting by delivering the completed participation form to Computershare (described in more detail in the section entitled "*Action required by Shareholders*" commencing on page v of the Circular and under the heading "*Electronic participation*" near the end of this Notice), by submitting the relevant documentation by email to proxy@computershare.co.za.
- If the Shareholder is not an individual, the necessary proof of identification of the representative (such as the representative's valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, valid South African driver's licence or valid passport) must be accompanied by a copy of a resolution by the Shareholder which sets out that the representative is authorised to represent the Shareholder at the General Meeting.
- In terms of clause 4 of *Annexure D (Rights, Privileges and Conditions attaching to the B Shares)* to the MOI each B Shareholder shall be entitled to exercise one vote for every B Share held and entitled to vote on any particular matter on which Ordinary Shareholders and B Shareholders are entitled to vote.

RECORD DATES

In terms of sections 59(1)(a) and (b) of the Companies Act (and, to the extent relevant, the JSE Listings Requirements), the Board has set the following record dates for the purposes of determining which Shareholders are entitled to:

- receive this Notice (being the date on which a Shareholder must be registered in the Register in order to receive this Notice), which date is **Friday, 23 August 2024**, and
- speak and vote at, and participate in, the General Meeting (being the date on which a Shareholder must be registered in the Register in order to speak and vote at, and participate in, the General Meeting), which date is **Friday, 20 September 2024**.

RESOLUTIONS

Special resolution number 1 – Reduction of authorised Ordinary Shares (all Shareholders)

*"**Resolved as a special resolution that**, subject to the adoption of special resolutions numbers 2, 3.1 and 3.2, and in terms of, inter alia, section 36(2)(a) read with section 16(1)(c) of the Companies Act, the number of authorised Ordinary Shares of the Company be and are hereby reduced from 10 000 000 000 Ordinary Shares to 828 500 000 Ordinary Shares, with effect from the date on, and time at, which the notice of amendment to the MOI relating to that reduction is filed with the CIPC as contemplated in section 16(7) of the Companies Act."*

Threshold:

In order for special resolution number 1 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders (including the B Shareholders). In addition, special resolution number 1 constitutes an amendment to the MOI, and article 5 of the MOI provides that any amendment to the MOI requires the approval of a separate class special resolution of the B Shares. Accordingly, the adoption of such resolution will also be subject to the passing of special resolution number 3.2.

Reason and effect:

The reason for special resolution number 1 is to ensure that the authorised share capital of the Company is set at an appropriate level post implementation of the Rights Offer, in that the unissued Ordinary Shares in the share capital of the Company constitute no more than 10% of the total number of authorised Ordinary Shares immediately after the date of completion of the Rights Offer.

The effect of adopting special resolution number 1 is that subject to the adoption of special resolutions numbers 2, 3.1 and 3.2, the Company's authorised Ordinary Shares will be reduced from 10 000 000 000 Ordinary Shares to 828 500 000 Ordinary Shares.

Special resolution number 2 – Reduction of authorised B Shares (all Shareholders)

*"**Resolved as a special resolution that**, subject to the adoption of special resolutions numbers 1, 3.1 and 3.2, and in terms of, inter alia, section 36(2)(a) read with section 16(1)(c) of the Companies Act, the number of authorised B Shares of the Company be and are hereby reduced from 5 300 000 000 B Shares to 361 500 000 B Shares, with effect from the date on, and time at, which the notice of amendment to the MOI relating to that reduction is filed with the CIPC as contemplated in section 16(7) of the Companies Act."*

Threshold:

In order for special resolution number 2 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders (including the B Shareholders). In addition, special resolution number 2 constitutes an amendment to the MOI, and article 5 of the MOI provides that any amendment to the MOI requires the approval of a separate class special resolution of the B Shares. Accordingly, the adoption of such resolution will also be subject to the passing of special resolution number 3.2.

Reason and effect:

The reason for special resolution number 2 is to ensure that the authorised share capital of the Company is set at an appropriate level post implementation of the Rights Offer, in that the unissued B Shares in the share capital of the Company constitute no more than 10% of the total number of authorised B Shares immediately after the date of completion of the Rights Offer.

The effect of adopting special resolution number 2 is that subject to the adoption of special resolutions numbers 1, 3.1 and 3.2, the Company's authorised B Shares will be reduced from 5 300 000 000 B Shares to 361 500 000 B Shares.

Special resolution number 3.1 – Approval of MOI share capital amendments (all Shareholders)

*"**Resolved as a special resolution that**, subject to the adoption of special resolutions numbers 1, 2 and 3.2, and in terms of, inter alia, section 16(1)(c) read with section 16(5)(b) of the Companies Act:*

(i) the MOI be amended, with effect from the date on, and time at, which the notice of that amendment is filed with the CIPC, by the additions to, and deletions from, the MOI set out below:

a. substitution in article 7.1.1 of the MOI of the number and words "10 000 000 000 (ten billion)" for the number and words "828 500 000 (eight hundred and twenty eight million five hundred thousand)";

b. substitution in article 7.1.2 of the MOI of the number and words "5 300 000 000 (five billion three hundred million)" for the number and words "361 500 000 (three hundred and sixty one million five hundred thousand)"; and

(ii) the Company Secretary be and is hereby authorised, should he so elect, to file a consolidated revision of the MOI with the CIPC."

Special resolution number 3.2 – Approval of MOI share capital amendments (B Shareholders)

*"**Resolved as a special resolution of the B Shareholders that**, subject to the adoption of special resolutions numbers 1, 2 and 3.1, and in terms of article 5 of the MOI, the amendments to the MOI arising from and necessary to give effect to special resolutions 1, 2 and 3.1 be and are hereby approved."*

Threshold:

In order for special resolution number 3.1 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the Shareholders (including the B Shareholders).

In order for special resolution number 3.2 to be adopted, it must be supported by at least 75% of the voting rights exercised on it by the B Shareholders. Only the votes exercised by the B Shareholders (whether present in person or represented by proxy, at the General Meeting) will be taken into account for the purposes of determining whether special resolution number 3.2 has been adopted by the requisite majority.

Reason and effect:

The reason for and effect of special resolutions numbers 3.1 and 3.2 is to amend the MOI to:

(i) give effect to and reflect the reduction in the authorised Ordinary Shares of the Company, as contemplated in special resolution number 1; and

(ii) give effect to and reflect the reduction in the authorised B Shares of the Company, as contemplated in special resolution number 2.

An additional reason for special resolution number 3.2 is that article 5 of the MOI provides that any amendment to the MOI requires the approval of a separate class resolution of the B Shares and special resolution numbers 1, 2 and 3.1 constitute and are given effect to by an amendment of the MOI.

Ordinary resolution number 1 – Authority to implement the Share Issue (all Shareholders)

> *"**Resolved as an ordinary resolution that**, in terms of the JSE Listings Requirements, the Company be and is hereby authorised to implement the issue by the Company's wholly-owned subsidiary, Boxer Retail Proprietary Limited (to be renamed Boxer Retail Group Limited) ("Boxer Listco"), of the IPO Shares at the Issue Price to Qualifying Investors and on such other terms as may be determined by the Board, such Share Issue to occur in conjunction with the Listing of Boxer Listco on the JSE."*

Threshold:

In order for ordinary resolution number 1 to be adopted, it must be supported by more than 50% of the voting rights exercised on it by the Shareholders (including the B Shareholders).

Reason and effect:

The reason for ordinary resolution number 1 is that, in terms of the JSE Listings Requirements, it is probable that the Share Issue by Boxer Listco will constitute a Category 1 disposal by the Company and, accordingly, requires the approval of the Shareholders by ordinary resolution.

The effect of adopting ordinary resolution number 1 will be to grant the Company the necessary authority to proceed with the Share Issue if and at such time as the Board determines to be appropriate, in terms of the JSE Listing Requirements.

Ordinary resolution number 2 – Authority of Directors (all Shareholders)

> *"**Resolved as an ordinary resolution that**, any Director of the Company be and is hereby authorised to do all such things and sign all such documentation as are necessary to give effect to Special Resolution Numbers 1, 2, 3.1 and 3.2 and Ordinary Resolution Number 1, hereby ratifying and confirming all such things already done and documentation already signed."*

Threshold:

In order for ordinary resolution number 2 to be adopted, it must be supported by more than 50% of the voting rights exercised on it by the Shareholders (including the B Shareholders).

Reason and effect:

The reason for ordinary resolution number 2 is to ensure that the Directors are duly authorised to take such actions as are required to implement the ordinary and special resolutions set out above.

The effect of adopting ordinary resolution number 2 will be to authorise any Director of the Company to take all such actions in relation to the ordinary and special resolutions set out above and to ratify all such actions already done.

VOTING

As the General Meeting will cater for electronic participation only, it will not be desirable nor practical for voting to take place by way of show of hands. Accordingly, to allow the voting preferences of all Shareholders to be taken into account, all voting will be conducted by way of poll through the electronic facility provided. Shareholders will have one vote in respect of each Pick n Pay Share held. More information in this regard is provided in the section entitled "*Action required by Shareholders*" commencing on page v of the Circular and under the heading "*Electronic participation*" near the end of this Notice.

Although voting will be permitted by way of electronic communication at the General Meeting, Certificated Shareholders and Own-Name Dematerialised Shareholders are encouraged, for administrative ease, to make use of proxies for purposes of voting at the General Meeting in accordance with the instructions contained in the Form of Proxy (*grey*). Dematerialised Shareholders other than Own-Name Dematerialised Shareholders are encouraged to furnish their CSDPs or Brokers with their voting instructions.

QUORUM

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least 3 (three) Shareholders present in person and entitled to vote on the Resolutions. In addition:

I. the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of the Resolutions; and

II. the Resolutions may not begin to be considered unless those who fulfilled the quorum requirements continue to be present.

CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS

A Certificated Shareholder or Own-Name Dematerialised Shareholder may speak and vote at, and participate in, the General Meeting by registering to do so in the manner provided in the section entitled "*Action required by Shareholders*" commencing on page v and the "*Electronic participation*" section below.

Alternatively, a Certificated Shareholder or Own-Name Dematerialised Shareholder may appoint one or more proxies to represent it at the General Meeting by completing the attached Form of Proxy *(grey)* in accordance with the instructions contained therein. The Certificated Shareholder's or Own-Name Dematerialised Shareholder's proxy may then speak and vote at, and participate in, the General Meeting if the proxy registers to do so in the manner provided in the section entitled "*Action required by Shareholders*" commencing on page v and the "*Electronic participation*" section below.

For the purpose of effective administration, it is requested that the Form of Proxy *(grey)* be lodged with, emailed to or posted to the Transfer Secretaries, to the addresses provided below, so as to reach the Transfer Secretaries by no later than **08:30** on **Friday, 27 September 2024**:

Hand deliveries to:
Computershare Investor Services Proprietary Limited
First Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa

Postal deliveries to:
Computershare Investor Services Proprietary Limited
Private Bag X9000
Saxonwold, 2132
South Africa

Email deliveries to:
proxy@computershare.co.za

If a Certificated Shareholder or Own-Name Dematerialised Shareholder does not lodge, email or post the Form of Proxy *(grey)* to reach the Transfer Secretaries by **08:30** on **Friday, 27 September 2024**, the Shareholder will nevertheless be entitled to email the Form of Proxy *(grey)* to the Transfer Secretaries at proxy@computershare.co.za so as to reach them prior to the time of commencement of the General Meeting.

DEMATERIALISED SHAREHOLDERS OTHER THAN OWN-NAME DEMATERIALISED SHAREHOLDERS

A beneficial owner of Shares which has Dematerialised its Shares, other than a Dematerialised Own-Name Shareholder should note the following:

I. its CSDP or Broker should contact it to ascertain how it wishes to cast its vote (or to ascertain whether it wishes to abstain from casting its vote) at the General Meeting, and thereafter cast its vote (or abstain from casting its vote) in accordance with those instructions;

II. if it has not been contacted by its CSDP or Broker, it is advisable that it contact its CSDP or Broker and furnish it with its voting instructions; and

III. if its CSDP or Broker does not obtain voting instructions from it, the CSDP or Broker should vote in accordance with the instructions contained in the mandate agreement between the beneficial owner and the CSDP or Broker.

In accordance with the mandate agreement with its CSDP or Broker, a beneficial owner of Shares which has Dematerialised its Shares, other than a Dematerialised Own-Name Shareholder must advise its CSDP or Broker if it wishes to speak and vote at, and participate in, the General Meeting itself or through a proxy. If it does so, its CSDP or Broker should issue the necessary letter of representation to it or its proxy to speak and vote at, and participate in, the General Meeting. In order to speak and vote at, and participate in, the General Meeting, the beneficial owner or proxy will additionally need to take the steps required in order to access the electronic facility, as provided in the section entitled "*Action required by Shareholders*" commencing on page v and the "*Electronic participation*" section below.

ELECTRONIC PARTICIPATION

Shareholders or their proxies who wish to speak and vote at, and participate in, the General Meeting via electronic communication must follow the instructions for registration, attendance and participation set out below.

The Company is pleased to offer Shareholders or their proxies an online facility for attendance, participation and voting via Lumi Global at https://my.100.lumiconnect.com/r/participant/live-meeting/100-642-909-310.

Shareholders or their proxies who wish to participate in the General Meeting via electronic communication are required to register by no later than **08:30** on **Friday, 27 September 2024**:

III. **online** by using the online registration portal at https://smartagm.co.za to, among others, allow the Transfer Secretaries to arrange the participation of the Shareholder or the proxy at the General Meeting; or

IV. **by email** by making a written application to participate via electronic communication to proxy@computershare.co.za to, among others, allow the Transfer Secretaries to arrange the participation of the Shareholder or the proxy at the General Meeting; or

V. **by applying** to Computershare by delivering the duly completed participation form (which can be requested from the Transfer Secretaries at proxy@computershare.co.za):

   i. by hand to First Floor Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa; or

   ii. by post to Private Bag X9000, Saxonwold, 2132, South Africa (at the risk of the Shareholder or proxy); or

   iii. by email to: proxy@computershare.co.za.

Lumi Global will, by email, inform Shareholders or their proxies (who duly notified Computershare) of the relevant details through which Shareholders or their proxies can attend and participate in the General Meeting electronically, by no later than **17:00** on **Monday, 30 September 2024**.

Shareholders or their proxies wishing to speak and vote at, and participate in, the General Meeting electronically may still register online after the above date and time, provided, however, that for those Shareholders or their proxies to speak and vote at, and participate in, the General Meeting, they must first be registered and verified (as required in terms of section 63(1) of the Companies Act) before the commencement of the General Meeting. Computershare will first validate such requests and confirm the identity of the Shareholder or proxy in terms of section 63(1) of the Companies Act. If the request is validated, further details will be provided to the Shareholder or proxy on using the electronic facility to participate electronically in the General Meeting.

While the Company will bear all costs for hosting the General Meeting by way of the electronic facility, the cost of electronic participation in the General Meeting is for the expense of the participant and will be billed separately by the participant's own service provider. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use of possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the General Meeting.

The electronic facilities will permit all participants at the General Meeting to communicate concurrently, without an intermediary, and to participate reasonably effectively in the General Meeting. Shareholders who wish to participate electronically in and/or vote at the General Meeting are required to follow the instructions and relevant prompts provided in the Notice of General Meeting. The Company cannot guarantee there will not be a break in electronic communication that is beyond its control and therefore the JSE, the Transfer Secretaries or any third-party service provider appointed in order to facilitate the General Meeting by electronic means cannot be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, mobile data, internet connectivity, internet bandwidth and/or power outages which prevents any Shareholder from participating in and/or voting at the General Meeting.

By order of the Board

Pick n Pay Stores Limited

Vaughan Pierce
Company Secretary

(Being duly authorised hereto to sign this Notice for and on behalf of each and every Director in accordance with a round robin resolution of the Board signed by each and every Director)

Registered Office:
101 Rosmead Avenue
Kenilworth
Cape Town, 7708
South Africa

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
First Floor Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa
Private Bag X9000, Saxonwold, 2132, South Africa)

Pick n Pay Stores Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1968/008034/06)
JSE and A2X share code: PIK
ISIN: ZAE000005443
(the "**Company**")

FORM OF PROXY *(GREY)*

The definitions and interpretations commencing on page 2 of the Circular to which this Form of Proxy (*grey*) ("**Form**") is attached, and of which it forms part, ("**Circular**") apply throughout this Form.

FOR USE BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS

For completion by Certificated Shareholders and Own-Name Dematerialised Shareholders at the General Meeting of the Company to be conducted entirely by electronic communication, as contemplated in the MOI and permitted by section 63(2)(a) of the Companies Act on **Tuesday, 1 October 2024**, and any adjournment or postponement thereof ("**General Meeting**").

Each Certificated Shareholder and Own-Name Dematerialised Shareholder is entitled to appoint a proxy (who need not be a Shareholder) to speak and vote at, and participate in, the General Meeting in place of that Shareholder. Please read the notes to this Form of Proxy (*grey*) below.

Note: If your Dematerialised Shares are held through a CSDP or Broker, and you have not provided the nominee with a general mandate to act on your behalf at shareholder meetings, and you want to participate in the electronic General Meeting in person, please contact your CSDP or Broker.

Note that voting will be performed by way of a poll so each validated Shareholder or proxy will be entitled to vote.

I/We (block letters) ______________________________

(the registered Shareholder)

I/We (block letters) ______________________________

(the beneficial Shareholder – insert details of beneficial Shareholder only if different to the registered Shareholder)

of (address) ______________________________

Telephone: Work (   ) ______________ Telephone: Mobile (   ) ______________

being the holder(s) of (insert number of Ordinary Shares or B Shares) in the Company, do hereby appoint (*refer to note 1*)

1. ______________________________ or, failing him/her,

2. ______________________________ or, failing him/her,

the Chairperson of the General Meeting,

as my/our proxy to act for me/us and on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the Resolutions to be proposed thereat and at any adjournment or postponement thereof, and to vote for or against the Resolutions and/or abstain from voting, in respect of the Shares registered in my/our name(s) in accordance with the instructions set out below.

Please indicate the instructions to your proxy with an "**X**" in the spaces provided below. In the absence of such indication, the proxy will be entitled to exercise his/her discretion in voting. If you wish to cast your votes in respect of a lesser number of Shares than you own in the Company, insert the number of Shares held in respect of which you wish to vote (*refer to note 3*).

	For	Against	Abstain
Special resolution number 1: Reduction of authorised Ordinary Shares **(***To be voted on by all the Shareholders***)**			
Special resolution number 2: Reduction of authorised B Shares (*To be voted on by all the Shareholders*)			
Special resolution number 3.1: Approval of MOI Share Capital Amendments (*To be voted on by all the Shareholders*)			
Special resolution number 3.2: Approval of MOI Share Capital Amendments *(To be voted on by the B Shareholders only)*			
Ordinary resolution number 1: Authority to implement the Share Issue (*To be voted on by all the Shareholders*)			
Ordinary resolution number 2: Authority of Directors (*To be voted on by all the Shareholders*)			

I give permission to my CSDP to disclose to the Company how my votes have been cast, should the Company request such information from my CSDP. **Yes** ☐

Please note: if an "**X**" is not inserted into the box, it will be taken that permission has been declined and that the CSDP will not be permitted to disclose to the Company how the votes have been cast.

Signed at ______________________ on ______________________ 2024

Signature ______________________________

Authority of signatory to be attached if applicable (*refer to note 7*)

Assisted by me (where applicable – *refer to note 9*) ______________ Telephone: (   ) ______________

Please also read the notes overleaf.

SUMMARY OF SHAREHOLDER'S RIGHTS IN RESPECT OF PROXY APPOINTMENTS

Please note that in terms of section 58 of the Companies Act:

i. This Form must be dated and signed by the Shareholder appointing the proxy.

ii. You may appoint an individual as a proxy, including an individual who is not a Shareholder, to speak and vote at, and participate in, the General Meeting on your behalf.

iii. Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this Form.

iv. This Form must be delivered to the Transfer Secretaries, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a Shareholder at the General Meeting.

v. The appointment of your proxy will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a Shareholder at the General Meeting.

vi. The appointment of your proxy is revocable unless you expressly state otherwise in this Form.

vii. As the appointment of your proxy is revocable, you may revoke the proxy appointment by: (i) cancelling it in writing or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the Transfer Secretaries. Please note that the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Transfer Secretaries and the proxy as aforesaid.

viii. If this Form has been delivered to the Transfer Secretaries, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the Company to you will be delivered by the Transfer Secretaries to you or your proxy, if you have directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so.

ix. Your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the General Meeting, but only as directed by you on this Form.

x. The appointment of your proxy remains valid only until the end of the General Meeting or any adjournment or postponement thereof or for a period of six months, whichever is shortest, unless it is revoked by you before then on the basis set out above. This Form shall be valid and shall apply to any adjournment or postponement of the General Meeting to which it relates and shall apply to any Resolution proposed at the General Meeting to which it relates and to such Resolution as modified or amended, including any such modified or amended Resolution to be voted on at any adjourned or postponed General Meeting to which the proxy relates, unless the proxy is revoked before the adjourned or postponed General Meeting.

Notes:

i. The person whose name stands first on the Form and who is present at the General Meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.

ii. If no proxy is inserted in the spaces provided, then the Chairperson shall be deemed to be appointed as the proxy to vote or abstain as the Chairperson deems fit.

iii. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, this Form will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all of the Shareholder's votes exercisable at the General Meeting.

iv. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the Shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.

v. Forms must be lodged with, emailed to or posted to the Transfer Secretaries, to the addresses provided below:

    Hand deliveries to: Computershare Investor Services Proprietary Limited: First Floor Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa;

    Postal deliveries to: Computershare Investor Services Proprietary Limited: Private Bag X9000, Saxonwold, 2132, South Africa; and

    Email: proxy@computershare.co.za.

vi. For the purpose of effective administration, it is requested that the Form be lodged with, emailed to or posted to the Transfer Secretaries, so as to reach the Transfer Secretaries at or before **08:30** on **Friday, 27 September 2024**, although the Form may be emailed to the Transfer Secretaries at proxy@computershare.co.za at any time prior to the commencement of the General Meeting.

vii. Documentary evidence establishing the authority of a person signing this Form in a representative capacity must be attached to this Form unless previously recorded by the Company Secretary or waived by the Chairperson of the General Meeting if he/she is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or Brokers registered in the Company's sub-register voting on instructions from beneficial owners of Shares registered in the Company's sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company Secretary or to the Transfer Secretaries, together with this Form.

viii. Any alteration or correction made to this Form must be initialled by the signatory/ies but will only be validly made if such alteration or correction is accepted by the Chairperson of the General Meeting.

ix. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company Secretary.

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