



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

("Pick n Pay")

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**BOXER RETAIL LIMITED ANNOUNCES ITS INTENTION
TO LIST ON THE MAIN BOARD OF THE JSE**

INTRODUCTION

Boxer Retail Limited (the “Company”) a wholly-owned subsidiary of the Pick n Pay group, has today announced its intention to list all of its issued ordinary shares (“Shares”) on the Main Board of the Johannesburg Stock Exchange, a securities exchange operated by the JSE Limited (the “JSE”), with a secondary listing on the A2X (collectively, the “Admission”) and the proposed offer for subscription by Boxer Retail Limited of newly issued Shares to selected prospective investors (the “Offer”). Pick n Pay previously guided the intention to raise between ZAR6.0 billion and ZAR8.0 billion through the Offer and now expects the base size of the Offer to be towards the upper end of the guidance provided. Additionally, the Offer is expected to include an overallotment option, which is customary for transactions of this nature, to facilitate stabilisation activities. The overallotment option is not expected to exceed ZAR0.5 billion and will be settled, if required, through the issuance of additional newly issued Shares. The implementation of the Offer and Admission is subject to certain conditions, including market conditions and the requisite approvals being obtained from the JSE Limited. Application will be made to admit the Shares to listing and trading on the JSE in the *Personal Care, Drug and Grocery Stores – Food Retailers and Wholesalers* sector of the JSE under the abbreviated name “Boxer”, share code “BOX” and ISIN ZAE000339891, as well as on A2X.

As part of an intra-group restructuring, which will be concluded prior to the Offer and Admission, Boxer Superstores Proprietary Limited and its subsidiaries (“Boxer”), will become a wholly-owned subsidiary of Boxer Retail Limited and form the “Boxer Group”. More details regarding this restructuring as well as the final structure and size of the Offer and other information regarding the Boxer Group will be set out in the pre-listing statement to be issued by the Company in connection with the Offer and Admission in due course (“Pre-Listing Statement”).

Boxer is South Africa’s fastest growing grocery chain, with industry leading market share of the discount grocery segment. Boxer provides a focused range of quality, affordable products and services to customers in the lower-to-middle-income urban, peri-urban and rural South African and Eswatini communities. Boxer stores are located in convenient, high footfall areas, often in regional community centres that are close to public transportation hubs.

Boxer has three store formats being Boxer Superstores, Boxer Liquors and Boxer Build. Boxer Superstores have a welcoming, market-style atmosphere, offering essential daily groceries such as maize meal, rice, samp, sugar, oil and beans, perishables and fresh foods through its butchery, bakery, deli, and fruit and vegetables offerings, and also health and beauty products, and general merchandise. As at 25 August 2024, Boxer operates through 489 stores across three formats, including 300 Boxer Superstores, 159 Boxer Liquors and 30 Boxer Build stores.

From the 52 weeks ended 27 February 2022 (“FY2022”) to the 52 weeks ended 25 February 2024 (“FY2024”), Boxer had a two-year store roll-out compound annual growth rate (“CAGR”) of 14% and the store count increased by 12 net new stores for the 26 weeks ended 25 August 2024 (“H1 FY2025”). The pace of new store openings will accelerate in the second half of the year, with 53 more stores planned across all formats - bringing the total net new stores for FY2025 to 65 (vs. 49 net new stores in FY2024). Turnover for H1 FY2025 increased by 12.0% to ZAR19.8 billion, from ZAR17.7 billion for the 26 weeks ended 27 August 2023 (“H1 FY2024”), and trading profit for the period increased by 11.8% to ZAR809 million (H1 FY2024: ZAR723 million).

Although Boxer’s geographical core area of presence is in KwaZulu-Natal and the Eastern Cape, it has expanded its presence to all nine South African provinces as well as Eswatini, seeking out opportunities for growth, particularly in Gauteng, where it can serve the needs of communities through its focused product range, affordable prices and community-rooted staff.

KEY STRENGTHS

- a. The pre-eminent discount grocery retailer in South Africa with a differentiated growth and returns profile

Boxer is the pre-eminent discount grocery retailer in South Africa, with 4.2% market share of the formal grocery market (approximately 68% of the discount grocery retail market) calculated based on total turnover for Boxer South Africa (i.e. excluding turnover relating to Boxer Eswatini stores), Shoprite (Usave format) and Spar (SaveMor format) for 2023, as a percentage of the formal grocery discount market. Based on revenue market share, Boxer South Africa is estimated to be two times larger than the second largest discount retailer, Usave. It has earned its market-leading position by recognising the potential of, and driving, the “soft discounter” proposition in the South African market. The “soft discounter” proposition is characterised by a narrow offering compared to traditional supermarkets, but wider than hard discounters. It aims to deliver low prices and additional value to customers through its fresh offering and service counters, which hard discounters typically do not offer. The Boxer “soft discounter” model entails low stock keeping units (“SKU”) count, diversified product range including fresh, butchery and bakery counters, with in-store services and low prices enhanced with combo deals and promotions. Boxer’s offering overlaps to an extent with traditional supermarkets due to the provision of additional value to customers through its fresh offerings and service counters.

- b. Well-positioned to tap the deep potential in the South African grocery retail market

Boxer believes that it is well positioned to lead increased penetration of the discounter category in South Africa over the coming years. As at the date of this announcement, Futureworld, a global strategy partner, estimates a potential ZAR106 billion of formal retail grocery spend in Boxer’s South African customer target market in locations without a Boxer presence (“whitespace opportunity”). Boxer’s ability to realise this market potential through sales growth is a function of its ability to extend its store estate into new regions, offer customers a compelling value proposition and thus gain market share from incumbent retailers within these regions. Boxer believes that it is in a unique position to drive further development of the South African discounter segment due to (i) its discounter specialisation within a traditionally structured (i.e. primarily served by traditional supermarkets) formal grocery market, (ii) the continued large share (34%) of the informal grocery segment, which offers formalisation opportunity through Boxer store rollout, and (iii) its highly efficient operating model with a low cost to turnover ratio which allows it to operate profitably while staying competitive on prices.

- c. Leading brand and customer proposition, with deep value resonance for the South African consumer

Boxer has high brand awareness and preference within its target market, offering consumers attractive value with a focused assortment of approximately 3,000 SKUs, of which approximately 600, or 20%, are confined label branded products that generated approximately 19% of Boxer’s turnover (excluding Boxer Build, Boxer Liquors and the Fresh Service Departments within Boxer Superstores) for FY2024. At the heart of Boxer’s customer value proposition and its positioning within the grocery retail landscape are its exciting discount combinations or “combos”, as well as various innovative free deals.

d. Resilient and highly efficient purpose-built discounter operating model

Boxer's discount operating model is premised on four key pillars through which it unlocks continuous, self-reinforcing revenue and profit growth (the "virtuous circle"): (1) high volume, (2) value for money, (3) high efficiency, and (4) store expansion. Volume is driven through Boxer's limited assortment of products, combo-focused value proposition, and store layout designed for high throughput on busy days. Value is provided through innovative promotions and a highly competitive confined label brand offer which also drives brand awareness and customer loyalty. Efficiency is derived from Boxer's no-frills approach to its operational back-end, combined with efficient centralised distribution, careful staff planning and low fixed central overheads. Lastly, store expansion entails Boxer accessing its whitespace opportunity, and this drives further volume growth, which further drives the virtuous circle. A proven store rollout process (with a firm focus on the quality of new sites), relatively contained per-store capital investment in new sites, and expansion of the distribution network are key elements of the store expansion strategy.

e. Long track record of strong growth, profitability and cash generation

Boxer has a track record of uninterrupted turnover growth for the last 22 years and grew its turnover at a South African market-leading CAGR of 18.6% for the three-year period ended 25 February 2024 (7.7% average on a like-for-like basis), as a result of its compelling customer value proposition and accelerated store rollout programme. Boxer's strong financial performance is also reflected in its growing profit before tax, which stood at ZAR679 million for H1 FY2025, and ZAR1.8 billion, ZAR1.5 billion and ZAR1.2 billion for the 52 weeks ended 25 February 2024, 26 February 2023 ("FY2023") and 27 February 2022, respectively. This growth track record reflects Boxer's high quality store portfolio, its limited reliance on services provided by Pick n Pay and its historically self-funded capital profile.

f. Proven strategy to continue delivering double-digit turnover growth

Boxer's strategy for producing double-digit growth is based on the delivery of strong like-for-like growth together with the expansion of the store footprint. As a pre-eminent brand with strong value associations, Boxer recognises substantial geographic space for expansion in the underpenetrated South African discount grocery segment. This is evidenced by Boxer's consistent opening of new stores, averaging one new store per week over the last three financial years. Boxer leverages leading pricing and combination deals to increase foot traffic relative to peers. Its confined label offering delivers value to customers at competitive prices. Additionally, Boxer employs cross-selling strategies across Boxer Superstores and adjacent Boxer Liquors stores to enhance customer value. The store rollout strategy is supported by the establishment of new distribution centres.

g. Highly experienced management, supported by an empowered employee base

Boxer boasts a tenured, committed, and resilient management team with a track record of execution excellence that has successfully navigated the challenges of the COVID-19 pandemic, the civil unrest in KwaZulu-Natal in 2021, and broader macroeconomic challenges. With a collective 170 years of experience, the Boxer executive team has an average tenure of 19 years. This management team is supported by a committed and diverse employee base, further enhancing Boxer's ability to achieve its strategic objectives. Boxer's skilled and empowered employee base allows for a deep bench of leadership, enabling succession and retention of key talent across the business. Of Boxer's approximately 30,000 employees, approximately 99% come from previously disadvantaged backgrounds, approximately 57% are female, and 90% of store employees are hired from their local communities.

STRATEGY AND PROSPECTS

The Boxer strategy is built on four key pillars aimed at unlocking its full potential as the pre-eminent discount grocery retailer in South Africa.

Firstly, Boxer is actively pursuing store expansion by rolling out new Boxer Superstores and adjacent Boxer Liquors stores. As the country's leading grocery discounter, with a 40+ year history of growth, Boxer is well positioned to expand into the significant whitespace potential for its model in South Africa, seeing potential to grow in a ZAR106 billion incremental opportunity market across all the country's regions, based on areas where there are no Boxer stores. Boxer has clear rollout criteria to identify untapped areas and drive strategic placement of stores across store formats with a proven standardised model that works across small, medium and large store sizes. Boxer intends to maintain its domestic core focus with an expanded property team, the addition of 1 new distribution centre ("DC") in the short-term to support growth markets, and the existing opportunity for approximately 20% more complementary Boxer Liquors stores to be added to existing Superstores.

Secondly, Boxer is driving like-for-like sales growth through unique customer-centric promotions, range optimisation, re-investment in its value proposition to offer customers increasingly better value, and re-investment to maintain the store estate. Boxer intends to enhance its customer value proposition through further developing its suite of value-added services (e.g. money transfers, social grants, bill payments, insurance etc.). Furthermore, the Boxer offering is bolstered through its Boxer Bulk Online wholesale offering of approximately 400 SKUs available online, and through the launch of its new Boxer Loyalty Programme.

Thirdly, to support new store rollout, Boxer is expanding its supply chain with additional distribution centres where necessary. Boxer's supply chain is further enhanced by its commitment to vertical integration, ensuring efficiency and resilience in operations. Boxer opened an additional DC in Benoni, Gauteng in late 2023, with a further DC planned in the 2026 financial year which is expected to provide capacity for an additional 200 stores within the DC network.

Lastly, Boxer is investing in efficiencies to retain and to further expand its operating cost advantage, which will allow Boxer to further invest in gross product margin. This includes investment in optimised stock management and the digitisation of head office processes. These investments are aimed at further reducing operational costs and improving operational efficiency to enable Boxer to further reinvest in price to give even better value to customers.

The Boxer Group's Admission is expected to be an enabler of its strategy, elevating the Boxer brand, enhancing access to capital in order to sustain growth, instilling public transparency and market discipline, and reinforcing the Boxer Group's profile with key partners.

OUTLOOK

Certain statements in this section including, in particular, the unaudited financial targets described below, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance and the actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors. Investors are strongly urged not to place undue reliance on any of the statements set forth below. Boxer can give no assurance that the targets and outlook described below will materialise or will prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those described below.

The table below sets out the Boxer Group's outlook for the 2025 financial year ("FY2025") and for the medium-term (i.e. the next three-to-five years).

| | FY2025 | | Medium-term |
|---------------------|---|------------------------|---|
| New store rollout | Boxer Superstores: 26 Boxer Liquors: 39 | Annual rollout cadence | Boxer Superstores: 25-35 Boxer Liquors: 35-40 |
| Turnover growth | Approximately 10-12%, of which approximately 5-7% like-for-like | Turnover growth | Mid-teens growth, of which mid-single digit like-for-like, with ambition to double turnover within five years |
| Trading margin | Approximately 5% ⁽¹⁾ | Trading margin | Approximately 5% |
| Capital expenditure | Approximately ZAR1 billion | Capital expenditure | Approximately 2.5% of annual turnover |
| Dividend payout | No dividend will be declared after Listing | Dividend policy | 40% payout ratio of headline earnings with flexibility to reinvest in the business, fund growth and pay down debt |

- Includes an estimated annualised ZAR45 million of incremental costs that the Boxer Group will incur in connection with shared services and new capabilities necessary to operate as an independent entity, as well as an additional amount related to additional employee costs expected in connection with the Boxer Group's Long-Term Incentive Plan.
- Like-for-like ("LfL") sales growth comparisons relate to stores that have been open for at least 12 months, removing for the impact of store openings, closures and conversions during the current and previous reporting periods. LfL sales on each new or closed adjacent liquor store inherits the LfL indicator of the Superstore that it is attached to, as this is the manner in which the Boxer Group manages its store base. This is not the case for new or closed stand-alone liquor stores. LfL is a non-IFRS measure.

The Boxer Group's objective is to maintain a strong capital base to support growth, optimise leverage and drive equity returns. Given the Boxer Group's expected growth in the medium-term, operational cash requirements and the imperative to retain balance sheet flexibility in support of Boxer's growth strategy, the Boxer Group is targeting an indicative leverage ratio of approximately 0.2x (net borrowings (pre-IFRS 16) to Adjusted EBITDA (pre-IFRS 16)) or 1.5x (net borrowings to Adjusted EBITDA) by the end of FY2025, based on expected gross drawn term debt of up to ZAR850 million as at the Admission. Furthermore, a ZAR2.0 billion working capital facility will be put in place to support the Boxer Group's intra-month working capital requirements.

OVERVIEW OF BUSINESS DIVISIONS

Boxer Superstores

Boxer Superstores are full-service stores offering a focused range of food and groceries in a selection of approximately 3,000 SKUs. This includes high-quality fresh meat and produce, baked goods and deli items, alongside essential commodities, health and beauty products and general merchandise. The butchery and bakery departments offer consumers a differentiated customer experience, with bakeries and delis providing a choice of freshly prepared breads, confectionaries and convenience meals. Boxer Superstores also provides value through innovative promotions and a highly competitive confined label brand offering.

At the heart of Boxer's customer value proposition and its positioning within the grocery retail landscape are its compelling discount "combos", as well as various innovative free deals. Key expressions of value for customers include:

- Branded combos, where Boxer offers attractive value on bundles of market-leading national branded products;
- Confined label products, which offer value when purchased in single units, or even greater value when purchased as multipacks or as part of other combos;
- Free add-ons, where consumers receive a free product on purchase of a combo of other products; and
- E-coupons, where customers receive a discount on their next shop as a result of spending a minimum threshold in the current shopping basket.

Boxer Superstores provide an exciting range of value-added services, including third-party bill payments, travel and event ticketing, money transfers, insurance products, mobile technology and data, and a range of point-of-sale banking and finance solutions, all of which has increased Boxer's capability to assist with consumer affordability and financial inclusion.

As at 25 August 2024, 300 Boxer Superstores were operated throughout South Africa and Eswatini, with a typical store size of between 1,800 to 2,000 square metres. Over FY2024, Boxer opened net 17 new Boxer Superstores. Four Boxer Superstores were opened in the first half of the 2025 financial year. Boxer expects to significantly ramp up Superstore openings in the second half of the 2025 financial year, with a total of 26 openings expected for full year 2025.

Boxer Liquors

Boxer Liquors stores are typically situated close to Boxer Superstores, but with separate entrances. These liquor stores provide customers with the added convenience of purchasing liquor and groceries within one shopping trip.

As at 25 August 2024, 159 company-owned Boxer Liquors stores were operated throughout South Africa and Eswatini, with a typical size of between 220 to 400 square metres. During FY2024, Boxer opened 32 new Boxer Liquors stores. Boxer opened nine new Boxer Liquors stores in H1 FY2025 and expects to open 39 Boxer Liquors stores over the full year.

Boxer Build

Boxer Build stores stock a range of building and hardware supplies to accommodate a simple house build, as well as to satisfy DIY and home improvement needs at competitive prices. Boxer Build stores offer savings cards and access to short-term credit facilities. Purchase delivery can be arranged at store level.

As at 25 August 2024, 30 company-owned Boxer Build stores were operated throughout South Africa, with a typical store size of 410 square metres (excluding a typical storage yard size of 1,000 square metres).

Boxer Bulk Online

In 2021, Boxer launched its Boxer Bulk Online offering, with a gradual rollout strategy, which it completed in August 2023. Boxer Bulk Online sells approximately 400 SKUs on a wholesale basis to spaza shops (small informal stores that sell basic necessities to a local community), traders, tuck shops and small business owners. Through its Bulk Online offering, Boxer aims to process a high volume of goods in relatively few orders compared to retail sales, while providing wholesale customers with the benefit of increased savings from economies of scale. As at the date of this announcement, Boxer has approximately 2,700 spaza shop customers registered across South Africa.

BOXER'S FINANCIAL HIGHLIGHTS

The following tables present selected financial information of Boxer for the periods indicated:

| | 26 weeks to 25 August 2024 | 26 weeks to 27 August 2023 |
|---|-------------------------------|-------------------------------|
| (ZAR millions) | (reviewed) | (reviewed) |
| Revenue | 20,002 | 17,848 |
| Turnover | 19,774 | 17,662 |
| Cost of merchandise sold | (15,766) | (14,005) |
| Gross profit | 4,008 | 3,657 |
| Other trading income | 163 | 143 |
| <i>Commission and other income</i> | 163 | 143 |
| Trading expenses | (3,362) | (3,077) |
| <i>Employee costs</i> | (1,495) | (1,306) |
| <i>Occupancy</i> | (563) | (520) |
| <i>Operations</i> | (988) | (975) |
| <i>Merchandising and administration</i> | (316) | (276) |
| Trading profit | 809 | 723 |
| Finance income | 65 | 43 |
| Finance costs | (194) | (160) |
| Profit before tax before capital items | 680 | 606 |
| Loss on capital items | (1) | (4) |
| Loss on sale of assets | (1) | (4) |
| Profit before tax | 679 | 602 |
| Tax | (188) | (161) |
| Profit for the period | 491 | 441 |

Additional financial information for Boxer for FY2024, FY2023 and FY2022 can be found on the Pick n Pay investor relations website at www.picknpayinvestor.co.za and on the Boxer investor relations website at www.boxerinvestor.co.za.

Comparison of select financial information for the 26 weeks ended 25 August 2024 with the 26 weeks ended 27 August 2023

Turnover

Boxer increased its turnover by ZAR2,112 million, or 12.0%, from ZAR17,662 million for H1 FY2024 to ZAR19,774 million for H1 FY2025. Selling price inflation for H1 FY2025 was 5.3% (7.6% for H1 FY2024). The turnover growth was primarily attributable to a 7.7% increase in like-for-like turnover (4.3% for H1 FY2024), supported by the new store rollout programme. Boxer added a net 12 new stores during H1 FY2025, taking the store count to 489 stores, and expects a significant increase in store openings during the second half of the year, with a total of 65 new stores across all formats expected for full year FY2025 (vs. 49 net new stores in FY2024).

Gross profit

Boxer increased its gross profit by ZAR351 million, or 9.6%, from ZAR3,657 million for H1 FY2024 to ZAR4,008 million for H1 FY2025. The gross profit margin declined from 20.7% in H1 FY2024 to 20.3% in H1 FY2025 as Boxer executed on its strategy of investing in its customer value proposition to successfully drive volume and turnover growth.

Trading expenses

Boxer increased its trading expenses by ZAR285 million, or 9.3%, from ZAR3,077 million for H1 FY2024 to ZAR3,362 million for H1 FY2025. This increase was primarily attributable to Boxer's store rollout programme, offset by diesel cost savings from a sharp reduction in loadshedding during the period.

Trading profit

Boxer increased its trading profit by ZAR86 million, or 11.8%, from ZAR723 million for H1 FY2024 to ZAR809 million for H1 FY2025. The trading margin for the period was 4.1%, which was flat on a year-on-year basis. The stable trading margin was largely the consequence of the gross profit margin contraction being offset by the diesel costs savings.

Profit before tax

Boxer increased its profit before tax by ZAR77 million, or 12.8%, from ZAR602 million for H1 FY2024 to ZAR679 million for H1 FY2025. This increase was primarily attributable to the 11.8% increase in Boxer's trading profit.

RATIONALE FOR THE OFFER AND ADMISSION

The main purposes of the Offer and Admission, as applicable, are to:

- provide a platform on which the Shares can freely trade and unlock the inherent value of the business through the listing and trading of the Shares on the JSE and A2X;
- provide the Company with access to capital markets, which it may use to support and develop further growth of the Boxer Group and to finance acquisitions of, or investments in, businesses, technologies, services, products, software, intellectual property rights and other assets in the future;
- raise Boxer's profile and visibility with its key partners, elevate the Boxer brand through the Admission and trading of the Company's Shares on an established exchange, and increase stakeholder awareness regarding the Boxer Group's vision, strategy and operations;
- provide a platform for management incentives, which are directly aligned to key performance measures of the Boxer Group;
- meet Pick n Pay's debt repayment obligations in terms of the restructuring support agreement entered into with its lenders on or about 7 May 2024 (the terms of which were described in the circular issued by Pick n Pay to its shareholders on 29 August 2024) and materially reduce Pick n Pay debt levels which will significantly reduce Pick n Pay's interest costs;
- allow progress on the turnaround of the Pick n Pay supermarkets business; and
- facilitate the incremental operational funding needed for Pick n Pay for the remainder of the 2025 and 2026 financial years.

DIVIDEND POLICY

The Company's board recognises the importance of maintaining a consistent dividend policy and will endeavour to avoid volatile swings in the dividend profile by ensuring high-quality, medium-term strategic and financial planning.

Boxer is a growth business focused on delivering value to shareholders. Consequently, the Company is targeting a dividend pay-out ratio of 40% of Boxer Group headline earnings, subject to the Boxer Group's cash requirements and growth prospects, and seeks to declare and pay dividends semi-annually for the foreseeable future.

The Company does not intend to declare any dividends for the current financial year following the Offer and Admission. As such, shareholders participating in the Offer should anticipate receiving dividends from the Boxer Group for the first time in the 2026 financial year.

THE OFFER AND ADMISSION

The Offer will only be implemented, subject to becoming unconditional in accordance with its terms and conditions, which will be set out in the Pre-Listing Statement to be published by the Company in due course. Investing in the Offer involves risks. The Pre-Listing Statement will be issued in compliance with the JSE Listings Requirements for the purposes of providing information to selected prospective investors with regard to the business and affairs of the Boxer Group. Accordingly, any investment decision in connection with the Offer and Admission, if proceeded with, should be made solely on the basis of the information that will be contained in the Pre-Listing Statement.

It is currently expected that the Offer will only be made:

- in South Africa, to financial institutions and other persons who are referred to in section 96(1)(a) of the Companies Act 71 of 2008, as amended (the "Companies Act"); and (ii) to selected persons in South Africa in respect of whom the total contemplated acquisition cost for Shares is not less than ZAR1,000,000 per single addressee acting as principal as contemplated in section 96(1)(b) of the Companies Act;
- within the United States to persons reasonably believed to be qualified institutional buyers as defined in, and in reliance on, Rule 144A under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or pursuant to another exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act, and applicable state and other securities laws;
- in the European Economic Area ("EEA"): (a) to persons in member states of the EEA (each a "Member State") who are "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129, as amended) ("EU Prospectus Regulation") ("Qualified Investor"); and (b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in the EU Prospectus Regulation, (i) such Shares acquired by it in the Offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any member state of the EEA which has implemented the EU Prospectus Regulation ("Relevant Member State") other than Qualified Investors or in circumstances in which the prior consent of the Managers (as defined below) have been given to the offer or resale; or (ii) where such Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons;

- in the United Kingdom, to (i) persons falling within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and (iii) other persons to whom such investment or investment activity may lawfully be communicated or caused to be communicated who are also (B) Qualified Investors; and
- if you are outside the United States, the United Kingdom, the EEA and South Africa to selected persons in such other jurisdictions in reliance on Regulation S, to whom the Offer will specifically be addressed, and only by whom the Offer will be capable of acceptance in accordance with the laws and regulations of their relevant jurisdiction.

There will not be any offer made to the public (or a section thereof) in any jurisdiction pursuant to the Offer.

Pick n Pay, the Boxer Group and its senior management will agree to customary lock-up arrangements prohibiting the sale, transfer or other disposal of, any Shares held at Admission for the duration of the agreed lock-up periods. Such lock-up arrangements will be subject to certain exceptions and may be waived with the consent of the Managers (as defined below) and will be detailed in the Pre-Listing Statement.

Rand Merchant Bank (a division of FirstRand Bank Limited) (“RMB”), Morgan Stanley & Co International plc (“Morgan Stanley”), Absa Bank Limited (“Absa”) and The Standard Bank of South Africa Limited (“Standard Bank”) (collectively, the “Managers”) are advising the Boxer Group and Pick n Pay in relation to the Offer and Admission.

Bowman Gilfillan Inc. and Milbank LLP have been appointed as legal advisers to the Boxer Group. Webber Wentzel and Linklaters LLP have been appointed as legal advisers to the Managers.

ADDITIONAL INFORMATION

Additional information in respect of the Boxer Group is available on the Pick n Pay investor relations website at www.picknpayinvestor.co.za and on the Boxer investor relations website at www.boxerinvestor.co.za. The additional information will supersede the information previously published on the Pick n Pay investor relations website on Thursday, 3 October 2024 due to further disclosure and updated definitions impacting certain calculations. Further information and disclosures can be found in the Pre-Listing Statement when published.

Cape Town
28 October 2024

Transaction Sponsor

Rand Merchant Bank

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DISCLAIMER

Forward looking statements

This announcement contains certain forward-looking statements which relate to the Boxer Group's possible future actions, including the Offer and Admission. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. All forward-looking statements are solely based on the views and considerations of the Boxer Group, and in particular as at the date hereof. These statements involve risk and uncertainty as they relate to events and depend on circumstance that may or may not occur in the future. Neither Pick n Pay nor the Boxer Group undertakes to update or revise any of these forward-looking statements publicly, whether to reflect new information, future events or otherwise. These forward-looking statements have not been reviewed or reported on by Pick n Pay's or the Boxer Group's external auditors.

Each of the Company, Pick n Pay and the Managers and their respective affiliates as defined under Rule 501(b) of Regulation D of the U.S. Securities Act ("affiliates"), expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise, and the distribution of this announcement shall not be deemed to be any form of commitment on the part of Pick n Pay to proceed with the Offer or any transaction or arrangement referred to therein.

Important information

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

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This announcement does not constitute or form a part of any offer or solicitation or advertisement to purchase and/or subscribe for Shares in South Africa, including an offer to the public for the sale of, or subscription for, or the solicitation of an offer to buy and/or subscribe for, shares as defined in the Companies Act or otherwise and will not be distributed to any person in South Africa in any manner that could be construed as an offer to the public in terms of the Act. Accordingly, this announcement does not constitute a "registered prospectus" or an "advertisement" relating to an "offer to the public", as contemplated by the Act. No prospectus has been, or will be, filed with the South African Companies and Intellectual Property Commission in respect of this information.

The information contained in this announcement 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 Offer, or the present or future business or investments of the Boxer Group or Pick n Pay, is appropriate to the particular investment objectives, financial situations or needs of any prospective investor, and nothing in this announcement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

The Shares mentioned herein have not been, and will not be, registered under the U.S. Securities Act.

The Shares may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. There will be no public offer of securities in the United States, Canada, Australia and Japan.

The issue or sale of Shares in the Offer are subject to specific legal or regulatory restrictions in certain jurisdictions. The Boxer Group assumes no responsibility in the event there is a violation by any person of such restrictions. In the United Kingdom, this communication is being distributed to and is only directed at persons who are “qualified investors” within the meaning of Article 2(e) of Regulation EU 2017/1129 as it forms part of retained EU law by virtue of the European Union (Withdrawal) Act 2018 (the “UK Prospectus Regulation”) who are also; (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; and (iii) other persons to whom it may be lawfully communicated (all such persons in (i), (ii) and (iii) above, together being referred to as “relevant persons”). In the United Kingdom, any invitation, offer or agreement to subscribe for, purchase or otherwise acquire securities will be engaged in only with relevant persons. Any person in the United Kingdom who is not a relevant person should not act or rely on this communication or any of its contents.

In any member state of the European Economic Area, this communication is only addressed to and is only directed at qualified investors in such member state within the meaning of the Prospectus Regulation EU 2017/1129 (the “Prospectus Regulation”), and no person that is not a qualified investor may act or rely on this communication or any of its contents.

Any purchase of any securities in the proposed Offer should be made solely on the basis of information contained in the Pre-Listing Statement which may be issued by the Company in connection with the Offering. The information in this announcement is subject to change. Before purchasing any securities in the Offer, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Pre-Listing Statement, if published. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This announcement shall not form the basis of or constitute any offer or invitation to sell or issue, or any solicitation of any offer to purchase any securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

The date of Admission may be influenced by a variety of factors which include market conditions. The Boxer Group may decide not to go ahead with the Offer and there is therefore no guarantee that Admission will occur. You should not base your financial decision on this announcement. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested.

Persons considering making investments should consult an authorised person specialising in advising on such investments. This announcement does not form part of or constitute a recommendation concerning any offer. The value of securities can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of a possible offer for the person concerned.

None of Pick n Pay, the Managers or any of their respective affiliates or any of their or their affiliates’ directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for/ or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, Boxer, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the announcement or its contents or otherwise arising in connection therewith. Accordingly, each of Pick n Pay, the Managers, and any of their respective affiliates and any of their or their affiliates’ directors, officers, employees, advisers or agents expressly disclaims, to the fullest extent possible, any and all liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of this announcement, whether in tort, contract or otherwise which they might otherwise have in respect of this announcement or its contents or otherwise arising in connection therewith.

Each of the Managers is acting exclusively for the Boxer Group and no-one else in connection with the proposed Offer. They will not regard any other person as their respective clients in relation to the proposed Offer and will not be responsible to anyone other than the Boxer Group for providing the protections afforded to their respective clients, nor for providing advice in relation to the proposed Offer, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offer, the Managers and any of their respective affiliates, may take up a portion of the Shares as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Boxer Group or related investments in connection with the Offer or otherwise. Accordingly, references in the Pre-Listing Statement, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by the Managers and any of their respective affiliates acting in such capacity. In addition, the Managers and any of their respective affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which they may from time to time acquire, hold or dispose of Shares. None of the Managers nor any of their respective affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

In addition, the Managers may enter into financing arrangements and swaps in connection with which they or their affiliates may from time to time acquire, hold, or dispose of Shares. None of Absa, RMB, Morgan Stanley and Standard Bank nor any of their respective affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Unless otherwise indicated, market, industry, market share and competitive position data are estimates (and accordingly, approximate) and should be treated with caution. Such information has not been audited or independently verified, nor has the Company ascertained the underlying economic assumptions relied upon therein.