

Come home to
Pick n Play



Integrated Annual Report

2026

Welcome to our 2026 Integrated Annual Report

The Pick n Pay Group is a retail business operating in the fast-moving consumer goods (FMCG) industry. The Group operates a range of store formats through both owned and franchise models, including supermarkets, clothing and liquor stores, as well as an online retail platform.

The Group offers quality merchandise at competitive prices, supported by strong, capable and passionate teams across Pick n Pay and Boxer. The Group operates 2 261 stores across South Africa, Botswana, Eswatini, Lesotho, Zambia and Zimbabwe.



Our mission

We serve

With our hearts we create a great place to be

With our minds we create an excellent place to shop

Our enduring values

We are passionate about our customers and will fight for their rights

We live by honesty and integrity

We foster personal growth and opportunity

We take individual responsibility

We care for and respect each other

We support and participate in our communities

We nurture leadership and vision, and reward innovation

We are all accountable

Rebuilding Pick n Pay and growing Boxer

Our long-term strategy focuses on restoring profitability in Pick n Pay's core supermarket operations, while accelerating growth in our high-performing Boxer business and Pick n Pay Online platform.

Our six underlying Pick n Pay strategic priorities are designed to strengthen Pick n Pay and build a more resilient, customer-led business.

Read more from page 42.



Recapitalise



Leadership and people



Reset the store estate



Accelerate like-for-like sales growth



Strengthen partnerships



Future-fit structure





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This year's key features

'26

Pick n Pay South Africa 52/52 week like-for-like sales momentum and gross profit margin accretion

Company-owned supermarket like-for-like sales momentum improved to 3.9% vs 3.3% in FY25, with the underlying gross profit margin of the Pick n Pay segment improving by 30bps.

Critical progress on key Pick n Pay SA supermarkets turnaround initiatives

- Signed a materially improved logistics contract
- Concluded the store estate reset
- Improved the product range, particularly within Fresh categories
- Post-year-end, Pick n Pay initiated a formal Section 189 consultation with our labour partners to optimise our store labour model

Notwithstanding the progress delivered this year, there is much more to do. Our focus remains on driving sales growth and restoring our cost base to a more sustainable level.



Exceptional performance from Boxer

Boxer's market-leading 12.3% turnover growth on a 52/52 week basis (4.5% like-for-like) further solidified its position as South Africa's leading grocery discounter, delivering a best-in-class Return on Invested Capital (ROIC) of 26.0%.

We thank all Pick n Pay and Boxer colleagues and our valued franchise partners for their commitment and contribution as we rebuild and re-energise the Group for a prosperous future.

Feedback

We continue to engage with all our stakeholders to ensure that our external reporting meets their material information needs. For more information about this report or to provide feedback, please email our Company Secretary, Vaughan Pierce, at companysecretary@pnp.co.za.





A mindful approach to external reporting

- 3 Providing meaningful reporting
- 6 Producing a report with integrity
- 7 Responding to key shareholder questions

Providing meaningful reporting

The Integrated Annual Report is our primary report to stakeholders. It is principally aimed at providers of financial capital, being our shareholders and funding providers. It also considers the material information needs of other key stakeholders.

The Group is driven by our commitment to improving the lives of customers and making a positive contribution to the communities where we live and work. Our integrated reporting approach seeks to reflect this journey and provide meaningful insight into how we define, create and sustain value for stakeholders over the short, medium and long term. It aims to be transparent about our opportunities and challenges during this turnaround phase.

We define our time frames as follows:

- Short term: <24 months
- Medium term: three to five years
- Long term: five to 10 years

Reporting that reflects an integrated business

Integrated thinking guides our decision-making and underpins our approach to corporate citizenship and responsible resource allocation.

Integrated thinking requires a comprehensive understanding of the Group's strategy, resources, performance, stakeholders, systems and controls, as well as of our negative impacts on the environment. This understanding is the foundation of integrated decision-making that balances short-term goals with a longer-term approach to value preservation and creation, while minimising our negative impacts.

ESG considerations are embedded in our values.

The key principles of environmental, social and governance (ESG) have been embedded in our values for decades. We continue to strengthen the integration of material financial and ESG information to support informed decision-making, underpinned by strong governance, effective control systems and a responsive strategy.

Read more from page 46.

Our business model is central to our integrated thinking approach.

We use six broad capitals to create sustainable stakeholder value – financial, manufactured, human, social and relationship, intellectual and natural capital.

Our business model seeks to utilise our capital inputs efficiently across our retail operations to optimise the outputs and outcomes generated for our material stakeholders. In doing so, we manage the trade-offs between the capitals to maximise our positive impacts on society, the economy and the environment, while minimising our negative impacts.

Read more from page 16.

The Board is accountable for the Group's performance.

The Board guides and oversees the business in the context of material and emerging risks and opportunities and ESG matters to ensure that our business strategy remains relevant and responsive and supports sustainable stakeholder value creation.

The Pick n Pay Executive Committee (CEO and CFO) is responsible for executing strategy and overseeing Pick n Pay's daily operations to ensure the preservation and creation of sustainable value for stakeholders. The Pick n Pay and Boxer sustainability teams, under the oversight of their respective Social, Ethics and Transformation Committees, monitor key ESG performance indicators, enabling a more structured and comprehensive approach to addressing ESG matters across the value chain.

The Pick n Pay Executive Committee oversees Boxer's performance through formal Board engagement processes. The Boxer CEO and CFO lead the strategic execution and day-to-day management of the Boxer business.

Read more from page 69.

Navigating our external realities

We monitor factors affecting our external environment, including how they impact our business, strategy execution and value creation.

These factors include economic, political and market forces, emerging consumer trends and environmental and societal matters.

Read more from page 22.

We ensure meaningful and balanced interactions between stakeholder groups within our retail market, regulatory, social and environmental contexts.

This enables us to understand stakeholder concerns, needs and expectations and ensures that we are positioned to respond.

Read more from page 34.

We apply materiality to guide decision-making and to focus on the core risks the Group manages and the opportunities that arise from our operating environment.

An enterprise-wide risk management approach ensures that all business areas are aligned with the Group's risk management philosophy and strategy.

Read more from page 26.

Reporting within a clear boundary

This report covers the consolidated and integrated financial and non-financial performance of Pick n Pay Stores Limited, its subsidiaries and its associate (PIK or the Group) for the 52 weeks ended 1 March 2026. It contains relevant comparisons to previous years and is consistent with information and performance indicators in internal management reporting.

Our financial reporting boundary aligns with the boundary of our Annual Financial Statements. Read more about our store footprint from page 9.

Pick n Pay

992
company-
owned
stores

620
franchise
stores

BOXER

576
company-
owned
stores

Our integrated reporting boundary is influenced by:

- Our broader macro-economic environment (*page 23*)
- The material risks and opportunities that impact the performance and sustainability of the Group (*page 25*)
- The legitimate needs and interests of our key stakeholders (*page 34*)
- Our governance practices (*page 69*)

The report includes social and environmental opportunities and risks that impact our financial performance. It also includes matters that could materially impact our stakeholders or influence our ability to create and preserve value sustainably over the longer term. Our sustainability reporting (from page 46) and our remuneration report (from page 90) focus solely on the Pick n Pay segment, except where Boxer information is specifically highlighted.

Producing a comprehensive reporting suite

We produce a suite of publications tailored to meet our stakeholders' material information requirements. We follow and align with local and international reporting frameworks as detailed below. All our reports are available online at www.picknpayinvestor.co.za. Printed copies are available on request from our Company Secretary, Vaughan Pierce, at companysecretary@pnp.co.za.

The table below shows the Group's reports and disclosures. The Group's majority-held listed subsidiary, Boxer Retail Limited, produces a similar set of documents, available at www.boxerinvestor.co.za.

Reports and disclosures	Information provided	Relevant frameworks and standards
Integrated Annual Report (IAR) <i>A review of the Group's strategy, material matters, risks and opportunities and our operational and financial performance for the financial year.</i> 	The report provides an overview of the Group and its performance for the year. It includes detailed information on our ESG strategy and performance, our governance ecosystem and outcomes, and the full remuneration report. It also includes extracts from the FY26 Annual Financial Statements.	Integrated Reporting Framework ¹ Companies Act, No 71 of 2008, as amended (Companies Act) JSE Listings Requirements King IV Report on Corporate Governance™ for South Africa, 2016 (King IV) ² International Financial Reporting Standards (IFRS® Accounting Standards)
Sustainability reporting <i>A review of the Group's ESG performance against indicators aligned with investor and analyst expectations. Our sustainability reporting provides an overview of our impact on the environment, society and economy.</i>	Sustainability chapter in IAR ESG Performance Data Book Pick n Pay CDP Climate Change 2025 Pick n Pay CDP Water 2025 Pick n Pay CDP Forest 2025 FY26 broad-based black economic empowerment (BBBEE) certification	King IV Global Reporting Initiative's Standards Sustainability Accounting Standards Board's Standards Johannesburg Stock Exchange's Sustainability and Climate Change Disclosure Guidance
Governance reporting <i>A review of the Group's commitment to good corporate governance in implementing its strategy and governance framework.</i>	Governance and remuneration chapters in the IAR King IV Application Report	Companies Act JSE Listings Requirements King IV
Financial reporting <i>Audited financial statements and related disclosures for the year ended 1 March 2026.</i>	Annual Financial Statements Results presentation and strategy update and webcast	Companies Act JSE Listings Requirements King IV IFRS Accounting Standards
Shareholder reporting <i>Information shareholders require to make informed decisions relating to the AGM to be held on 6 August 2026.</i>	Notice of Annual General Meeting (AGM) AGM proxy form	Companies Act JSE Listings Requirements King IV

¹ Our compliance with this framework is summarised from page 129.

² Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

Comparable information

Retail financial calendar

The Group manages its retail operations on a 52-week trading calendar basis, where the financial reporting period always ends on a Sunday. This results in the loss of one day per calendar year. These lost days are taken into account by reporting a 53-week financial year approximately every six years. In line with this methodology, the Group reported on a 52-week basis in FY26 and a 53-week basis in FY25. To facilitate year-on-year comparison on a 52-week basis, the Group has provided certain pro forma financial information that excludes the impact of the additional week in the prior year. Please refer to page 125 for further information.

Prior year restatement

Comparative figures have been restated to correct for certain product articles where system mapping erroneously resulted in turnover being presented within the incorrect financial statement lines. The reclassification increased prior period revenue, turnover and cost of merchandise sold by R439 million, with no impact on previously reported gross profit, and decreased revenue, "commissions, dividend and other income" and "merchandise and administration costs" by R105 million, with no impact on previously reported trading profit.

Forward-looking information

This report contains certain forward-looking statements which relate to the possible future performance and financial position of the Group. All forward-looking statements are based solely on the views and considerations of the directors. These statements involve risk and uncertainty, as they relate to events and depend on circumstances that may or may not occur in the future. The Group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information, future events or otherwise. These forward-looking statements have not been reviewed or reported on by the Group's external auditors.



Producing a report with integrity

Detailed consideration of all the elements of our value creation process and outcomes ensures a cohesive and efficient approach to reporting that communicates transparently to our stakeholders.

Following a structured process

The Board supports the concept of materiality and applies it to determine the scope and content of the IAR.

Our integrated reporting is based on matters that could have a material impact on the sustainable performance of the Group over the short, medium and long term. This ensures that the Group's reports enable stakeholders to assess its performance and long-term prospects.

Refer to our material matters, starting on page 25.

The IAR is drafted from detailed internal management and Board reports, interviews with senior management personnel, and engagements with key stakeholders.

The Audit, Risk and Compliance Committee, the Remuneration Committee, the Nominations and Corporate Governance Committee, and the Social, Ethics and Transformation Committee all review the IAR to ensure its accuracy and integrity.

The Board performs a final review of the IAR and approves it for release to stakeholders.

Following an integrated assurance approach

Integrated Annual Report

The directors and management review the report, but it is not externally assured.

Financial information

Summarised financial information is extracted from the Annual Financial Statements, audited by Ernst & Young Inc. (EY), who expressed an unmodified audit opinion thereon.

Selected non-financial performance metrics

Accredited service providers and agencies verified our carbon footprint and BBBEE rating.

All other non-financial performance information

Management has verified the processes for measuring all other non-financial information.

The Board approved the FY26 IAR

The Board reviewed and approved the FY26 IAR for release to stakeholders on 30 June 2026. The Board believes that this report provides stakeholders with an accurate and balanced view of the Group's performance, strategy and prospects over the short, medium and long term. It further addresses the Group's material risks and opportunities.

The directors consider the report to be presented in accordance with the Integrated Reporting Framework. This report provides a fair representation of the Group's financial position as at 1 March 2026 and its performance for the financial year.

Sean Summers
Chief Executive Officer

Lerena Olivier
Chief Finance Officer

James Formby
Independent non-executive Chair

Non-executive directors

Gareth Ackerman

Jonathan Ackerman

Suzanne Ackerman

Independent non-executive directors

Haroon Bhorat

Aboubakar Jakoet

Thabo Leeuw

Audrey Mothupi-Palmstierna

Grant Pattison

Annamarie van der Merwe

Pooven Viranna

Responding to key shareholder questions

Following the publication of our FY26 results, our executive team met with shareholders to discuss the Group's performance, progress and priorities. These discussions provided valuable insight into what is important to our investors. While a wide range of topics were discussed, four questions were top of mind for investors. We summarise those questions and our responses below.

1 How will Pick n Pay return to profitability?

Returning Pick n Pay to profitability requires like-for-like sales growth to consistently exceed like-for-like cost growth. While growing sales remains critical, we are equally focused on building a leaner, more productive and more efficient business. Our approach is straightforward:

- Remove inefficiency, duplication and waste wherever it exists
- Leverage technology, data and strategic partnerships to simplify operations, improve productivity and strengthen execution across the business
- Address the remaining structural challenges that continue to place pressure on our cost base, including the need for a more competitive and flexible store labour model

Cost discipline is deeply embedded in our culture. Boxer has demonstrated what can be achieved through relentless operational efficiency, and we are applying the same mindset across Pick n Pay. We will continue to challenge anything that prevents us from becoming more competitive, profitable and sustainable for all our stakeholders.

2 How will Pick n Pay meaningfully improve its like-for-like sales growth?

Improving like-for-like sales growth starts with winning more customers and encouraging existing customers to shop with us more, and more often. While there is still much work to do, we are encouraged by the steady improvement in our sales momentum, customer growth and volume performance over the past two years. Our focus remains on the fundamentals of retailing. We have rebuilt our price competitiveness, expanded product ranges and improved value through stronger supplier partnerships, sharper promotions and greater use of customer insights. We have also strengthened our operating standards and execution, enhanced the customer experience across our stores and online channels, and continued to invest in our people through improved structures, training and a renewed focus on morale, pride and culture.

At the same time, we are investing in Fresh. Fresh has always been a key point of differentiation for Pick n Pay and remains central to our strategy. We are rebuilding our position as the destination for high-quality, affordable fresh food, supported by improved sourcing, availability and in-store execution. We are rebuilding what was lost over many years. The progress is incremental, but it is real, and we remain determined to build on that momentum as more customers continue to come home to Pick n Pay.

3 Why did Pick n Pay initiate a Section 189 labour consultation process?

Protecting jobs over the long term requires Pick n Pay to remain competitive, financially sustainable and able to serve customers effectively. Over the past two years, we have recapitalised the business, and substantially reset our store estate, addressed our supply chain cost base and right-sized our support office structures. It is now time to address our store labour model, which has become increasingly complex, inflexible and uncompetitive over many years. The Section 189A consultation is focused on scheduling practices, guaranteed hours and selected employment benefits that are above market norms. Pick n Pay has made a comprehensive proposal to avoid any job losses and is not proposing reductions to hourly rates of pay and remains committed to providing competitive remuneration for employees.

The process follows an extended period of engagement with labour representatives on the need to improve flexibility and competitiveness, without achieving the progress required to address these challenges. Our objective is to create a more competitive operating model that improves flexibility, supports customer service and protects sustainable employment over the long term. We remain committed to a consultation that is fair, respectful and conducted in full accordance with labour legislation.

4 Why did Pick n Pay choose to reduce its Boxer shareholding in May 2026?

Our decision to sell a 12.5% stake in Boxer was carefully considered and reflected our commitment to staying on the front foot as we execute the Pick n Pay turnaround. While we made meaningful progress during FY26, the Pick n Pay segment remains loss-making, reporting a trading loss after lease interest of R2.0 billion (FY25: R1.7 billion). We believed it was the right time to strengthen the Group's liquidity and financial flexibility ahead of future funding needs. The transaction raised R4.7 billion, enabling us to continue investing in the priorities required to restore Pick n Pay's profitability and support long-term growth.

Our commitment to Boxer remains unchanged. Since joining the Group in 2002, Boxer has delivered significant growth and value creation, and we remain immensely proud of the business and its people. The transaction enabled us to realise part of our investment at an attractive market valuation, while retaining a controlling 53.1% shareholding and continuing to participate in Boxer's future growth.





A retail business in the FMCG industry

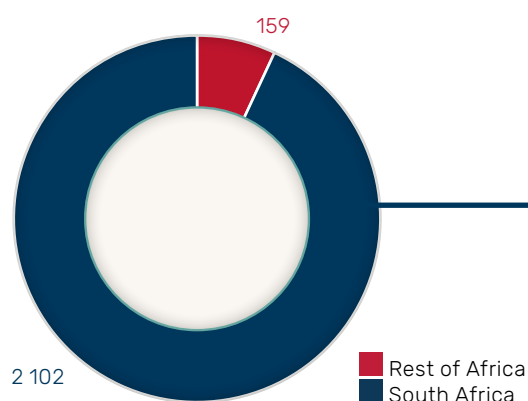
- 9** Much-loved brands and an agile store network
- 14** The PIK investment case
- 16** Our business model

Much-loved brands and an agile store network

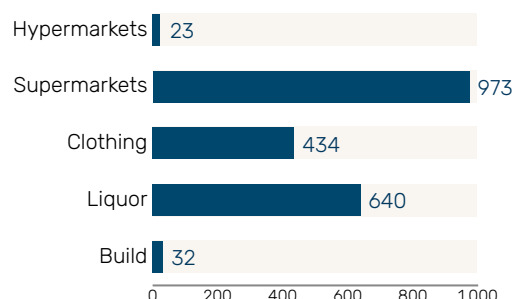
The Group's broad store network is built on a flexible and multi-format operating model, combining company-owned stores with skilled and experienced franchise partners. This approach allows the Group to adapt its retail footprint by region, format and customer segment, ensuring relevance and resilience across diverse markets.

Key facts

Geographic split of our 2 261 stores



South African footprint



2 102 stores

South Africa's brand representation

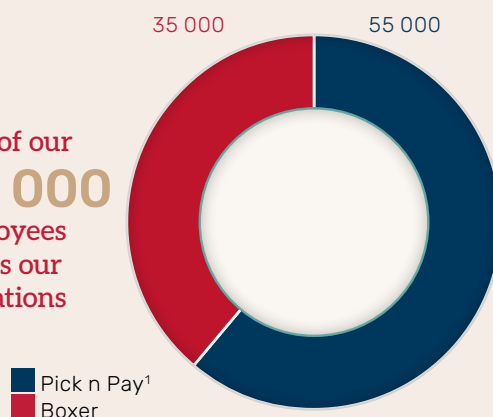
1 538
Pick n Play

564
BOXER

Turnover split

	South Africa Rbn	Rest of Africa Rbn	Total Rbn
Pick n Play	70.4	3.2	73.6
Boxer	46.0	0.7	46.7
Total	116.4	3.9	120.3

Split of our
90 000
employees
across our
operations



¹ Includes 30 604 employees in our company-owned operations and an estimate for employees across our Pick n Play franchise operations.



Geographic footprint

	Pick n Pay		Boxer	TM	Total
	Owned	Franchise	Owned	Associate	
South Africa	950	588	564	–	2 102
Eswatini	–	24	12	–	36
Zambia	24	–	–	–	24
Botswana	18	4	–	–	22
Lesotho	–	4	–	–	4
Zimbabwe	–	–	–	73	73
	992	620	576	73	2 261
Total store space – m² million	1.4	0.6	0.7		2.7
Hypermarkets	23	–	–	–	23
Supermarkets	285	408*	338	59	1 090
Clothing	419	18	–	–	437
Liquor	265	194	206	14	679
Build	–	–	32	–	32
	992	620	576	73	2 261

* Including 211 supermarkets, 190 Express stores and seven market stores.

Rest of Africa operations

The Group has optimised its geographic footprint to reduce risk and improve investment returns. This included the restructuring of our Botswana operations from a franchise model to a company-owned business. In addition, the Group's franchise agreement in Namibia terminated in June 2025, which saw the closure of 36 stores in the region. The 73 stores in Zimbabwe are managed by our associate, TM Supermarkets, in which the Group holds a 49% investment.

Pick n Pay

Pick n Pay operates an extensive network of owned and franchised stores across southern Africa on a multi-format and multi-channel basis. Pick n Pay remains committed to inclusivity and community enrichment, offering a welcoming and accessible shopping experience for all. With a diverse portfolio spanning food, groceries, liquor, clothing, and value-added services, Pick n Pay serves a broad spectrum of customers, from the most affluent to the most budget-conscious. The business continues to modernise its offering through smaller, more convenient store formats and the ongoing enhancement of its online platforms to meet evolving customer needs.



Pick n Pay manages all aspects of its owned store network, including capital investment, procurement, inventory management, marketing, pricing and promotions, store operations, and staffing. Company-owned stores enable Pick n Pay to maintain full control over brand standards, store layouts, product range development, and the overall quality of customer service.

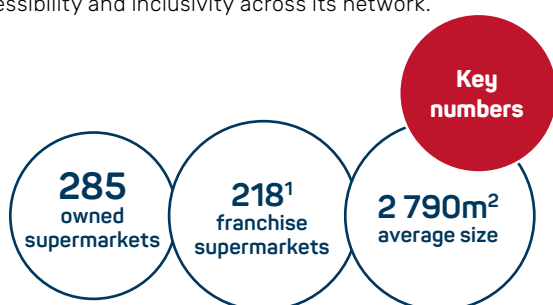
Franchisees pay a royalty fee in exchange for the right to use the Pick n Pay brand and gain access to Pick n Pay's business systems, supply chain and on-demand digital capability. They receive ongoing support, including training, systems assistance, logistics, and marketing. While franchisees are responsible for their own capital investment, operating costs, staffing, and daily management, they source inventory through Pick n Pay's supply chain – benefitting from the Group's purchasing power and a cost-effective, efficient central distribution network. Franchisees are strategic partners who extend the brand's reach and act as key ambassadors within their local communities. Pick n Pay benefits from their on-the-ground insight, entrepreneurial energy, and strong community ties.

Pick n Pay supermarkets

Pick n Pay supermarkets serve a broad and diverse customer base, offering a wide selection of food, groceries, clothing, general merchandise, and value-added services. Stores feature fresh produce and butchery sections, complemented by in-store bakeries, delis, and hot food counters, meeting customer needs from quick daily top-ups to larger weekly or monthly shops.

Each supermarket is tailored to its local customer base. In lower- to middle-income communities, the focus is on delivering low prices, strong quality, and excellent value across essential items for budget-conscious shoppers. In middle- to higher-income areas, stores offer an expanded range of innovative and convenient products, including experiential fresh departments that emphasise quality, variety, and ease.

This customer-centric model ensures that all shoppers, regardless of income, have access to the right range at the right price, reinforcing Pick n Pay's commitment to accessibility and inclusivity across its network.



¹ Including 211 supermarkets and seven smaller market stores.

Pick n Pay hypermarkets

The Pick n Pay hypermarket is the Group's largest store format, designed as a one-stop shop offering a strong fresh produce and butchery range, an extensive selection of food and groceries, a wider clothing assortment, and specialist general merchandise categories that are not always available in smaller-format supermarkets.

While customer demand continues to shift toward more convenient, smaller-format stores located closer to home, work, and transport hubs, our hypermarkets remain important destination stores. The Group is focused on optimising the existing hypermarket estate through targeted promotions such as multi-pack, bulk-buy, and combination deals, as well as by refining the clothing and general merchandise ranges to suit local preferences.



Pick n Pay Clothing

Pick n Pay Clothing offers good quality, on-trend wardrobe essentials for the whole family at exceptional prices. While womenswear continues to anchor the division's success, the business has made strong progress in growing its childrenswear and menswear categories.

A clear customer value proposition, supported by an efficient and disciplined operating model, has driven market share gains across all segments in recent years. More than 40% of clothing sales are locally sourced, with ongoing collaborations with South African designers and entrepreneurs helping to shorten lead times, improve availability, and support the local economy. Exclusive partnerships, from official Springbok supporter merchandise developed with the South African Rugby Union (SARU) to collaborations that showcase emerging South African designers, help drive customer engagement, reinforce local relevance, and differentiate the brand in a competitive market.



Pick n Pay Liquor

Pick n Pay Liquor stores are conveniently located adjacent to or near our supermarkets and hypermarkets, providing customers with a seamless one-stop shopping experience. These specialised outlets offer a broad selection of alcoholic beverages, including a curated range of wines, an extensive variety of spirits, and mainstream and craft beers. Proximity to our grocery stores enhances convenience for customers, while seasonal promotions and special events provide opportunities to discover new and high-quality products.

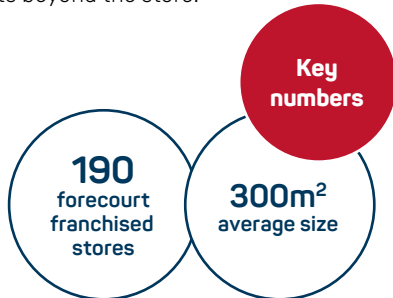
Pick n Pay Liquor is committed to promoting safe, responsible, and informed alcohol consumption. This is a key component of our broader strategy to meet customer needs responsibly and sustainably, reinforcing trust in the Pick n Pay brand.



Pick n Pay Express

Pick n Pay's partnership with BP, one of the world's leading energy companies, enables the Group to operate 24-hour Pick n Pay Express stores at BP forecourts. These compact convenience stores offer a focused range of everyday essentials, designed to meet immediate top-up needs or provide quick meal solutions on the go. Located in high-traffic areas such as major transport intersections and densely populated residential zones, Pick n Pay Express stores provide a convenient and accessible shopping experience for time-pressed customers.

Smart Shopper loyalty members can also redeem their accumulated points to purchase fuel at participating BP service stations, offering added value and extending the programme's benefits beyond the store.



Pick n Pay asap!

Pick n Pay continues to strengthen its omnichannel offering through the evolution of the Pick n Pay asap! app, which serves as Pick n Pay's integrated digital platform. The app brings together grocery shopping, Pick n Pay Clothing, Smart Shopper rewards and value-added services in a single, seamless experience, reflecting growing customer demand for convenience and connected shopping journeys. Continued investment in digital capabilities has enhanced personalisation, search functionality and customer engagement across channels. The Group also continues to extend its online reach through its partnership with Mr D, providing customers with additional on-demand access to Pick n Pay groceries through a trusted third-party platform.

Experience on-demand online shopping like never before with our best app yet! Shop over 30 000 products across a wide range of categories, including groceries, clothing, homeware, electronics and more. Enjoy exclusive deals, in-store pricing, Smart Shopper rewards, and fast delivery right to your doorstep within 60 minutes.

Just *tap tap*
**Pick n Pay
asap!**



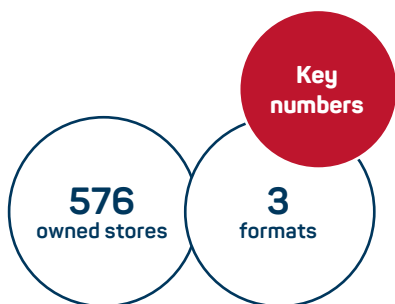
Value-added services – enhancing everyday convenience

Both Pick n Pay and Boxer continue to evolve as digitally enabled, customer-first retailers by offering a wide and growing suite of value-added services across their store networks. These services are designed to drive footfall, enhance customer convenience, and strengthen loyalty by integrating practical solutions into everyday shopping.



Boxer is South Africa's fastest-growing discount supermarket chain, serving value-conscious customers across South Africa and Eswatini. The brand offers a focused range of essential groceries, fresh produce, and household items at consistently low prices.

Boxer is uniquely positioned to serve the large middle- to lower-income market, operating as a full-service retailer rather than a traditional cash and carry. Its reputation as South Africa's leading soft discounter is built on strong customer loyalty, operational discipline, and a proven store expansion model.



Boxer Superstores

Boxer Superstores offer exceptional value through a focused selection of 3 000 essential food, grocery and general merchandise items tailored to customers' everyday needs. With a lean and efficient operating model, Boxer provides competitively priced products, including trusted brands and a strong private label range.

Stores feature full-service butcheries, bakeries, delis and fresh produce departments, alongside highly effective bulk-buy promotions. A broad range of value-added services, including bill payments, travel ticketing, money transfers, and financial products, enhances the convenience, affordability and financial inclusion of the offer.



Boxer Liquors

Boxer Liquors stores are conveniently located adjacent to or near Boxer Superstores, offering customers the ease of one-stop shopping for both groceries and alcoholic beverages. With separate entrances, Boxer Liquors stores stock a wide range of products, including beer, wine, spirits, malt, cider, cordials, ice and snacks.

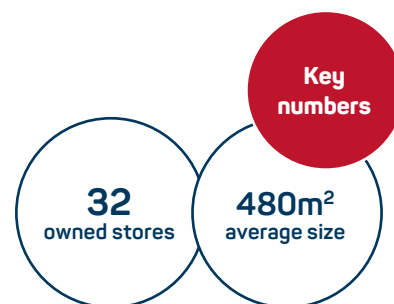
Boxer Liquors is committed to safe and responsible drinking, reinforcing its position as a trusted and convenient retailer.



Boxer Build

Boxer Build offers a wide range of competitively priced hardware and building materials, serving DIY enthusiasts, home builders, and commercial contractors. Knowledgeable staff provide expert advice and support to help customers complete projects successfully.

Boxer Build enhances convenience with delivery services, Boxer Cash Club savings, and short-term credit options, allowing customers to save for or access credit for their building needs. With these flexible solutions, Boxer Build empowers shoppers to "Do It Right the First Time!".



Through innovative partnerships and robust in-store systems, our stores offer a comprehensive range of third-party services, including bill payments, travel ticketing, money transfers, insurance, and mobile and data solutions. These services play an important role in advancing affordability and financial inclusion for a wide base of customers.

By leveraging the strength of their systems and partnerships, Pick n Pay and Boxer are building a differentiated value-added services platform – creating smarter, more connected retail experiences while supporting customer needs well beyond the traditional customer basket.



The PIK investment case

A stronger business. A clear path. Significant potential.

The Pick n Pay business is materially stronger today than it was two years ago. Although the turnaround remains underway, the business has made meaningful progress in strengthening its competitiveness, improving operational execution and laying the foundations for long-term sustainable profitability.

The market recognises the value of the Group's investment in Boxer, which continues to deliver strong growth and cash generation, while attributing negative value to the Pick n Pay business. This reflects investor concern following three consecutive years of trading losses in the Pick n Pay segment, as well as the reality that the business remains in the midst of a complex, multi-year turnaround that requires disciplined execution in a challenging operating environment.

Yet Pick n Pay remains a business of considerable scale, generating annual turnover of R73.6 billion through a diversified store network serving millions of customers across southern Africa. It is one of South Africa's most trusted and best-loved retail brands, supported by a leading loyalty programme, the country's second largest on-demand grocery platform and increasingly sophisticated omnichannel capabilities.

Over the past two years, disciplined strategic execution has materially strengthened the foundations of the business, while our commitment to community support remained unwavering. Many of the benefits of the already-executed turnaround initiatives, including the new logistics contract, will only be reflected in the income statement from FY27 and FY28. While significant work remains, management is focused on returning the Pick n Pay segment to break-even and, thereafter, to sustainable profitability.

Pick n Pay is a business of scale

R73.6bn annual turnover	1 600+ stores across southern Africa	One of South Africa's strongest and most trusted brands
Smart Shopper Best retail loyalty programme in Africa ¹	620+ stores fulfilling online orders	55 000² employees across our company-owned and franchise businesses

¹ 2026 African Loyalty Awards.

² Includes 30 604 employees in our company-owned operations and an estimate for employees across our Pick n Pay franchise operations.

Evidence of strategic execution

+3.9%¹ company-owned supermarket like-for-like sales growth	+32.7%¹ online sales growth	+30bps underlying gross profit margin improvement	R7bn cash resources post-May 2026 capitalisation	Improved Fresh offer Driving strong category growth	Strategic Supply Chain partnership Locked in future efficiencies	Come Home to Pick n Pay Brand campaign reconnecting with customers
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¹ On a 52/52 week comparable basis.



Pick n Pay is stronger today

FY24 position	FY26 progress
 Liquidity constraints	➤ Recapitalisation completed
 Fragmented operational leadership	➤ Leadership capability strengthened and operational structures rebuilt
 Under-performing store estate	➤ Store estate reset substantially complete
 Supply chain inefficiencies	➤ Secured strategic partnership with DP World
 Poor in-store execution	➤ Stronger store and service standards, expanded range and improved Fresh offer
 Market share losses	➤ Stronger like-for-like customer growth

Our investment in

BOXER

PIK owns 53.1% of Boxer, one of Africa's strongest growing retailers.

Since listing on the JSE in November 2024, Boxer has continued to deliver strong growth, market share gains and operational performance.

c. R38bn¹

market capitalisation

12.3%²

turnover growth

576

stores in South Africa and Eswatini

Consistent

market share gains

PIK's investment in Boxer remains a significant strategic asset, providing PIK shareholders with exposure to South Africa's number 1 discount retailer.

¹ At a share price of R83, June 2026.

² On a 52/52 week comparable basis.

Why the market remains cautious

The turnaround is not without risk

Returning Pick n Pay to profitability requires the successful execution of all major strategic initiatives, including the recalibration of the store labour model, continued operational efficiencies and sustained sales growth.

The environment remains challenging

Consumers remain under pressure, and competition across formal, informal and digital retail channels remains intense. To succeed, Pick n Pay must continue improving competitiveness across every aspect of the business, delivering like-for-like sales growth ahead of like-for-like expense growth, alongside sustainable gross profit margin accretion.

Building confidence through delivery



The turnaround plan is clear, actionable and well understood across the organisation. Two years of disciplined strategic execution have strengthened confidence in both the plan and the Group's ability to deliver it. While significant work remains, the foundations of the business are materially stronger and the focus remains firmly on restoring sustainable profitability.



All metrics relate to FY26, unless otherwise stated.



Our business model

Creating sustainable value through value, volume and growth

Pick n Pay and Boxer create value by serving customers through a portfolio of trusted retail brands, store formats and channels. Our business model is built on providing customers with quality products, competitive prices and convenient shopping experiences, while generating sustainable returns for shareholders and creating value for employees, suppliers, franchisees and the communities we serve.

The Group's strategy focuses on restoring Pick n Pay's profitability while sustaining Boxer's growth momentum. Delivering on this strategy depends on how effectively we deploy and strengthen the resources and relationships underpinning our business.

Our six capitals

We use six capitals to create value over the short, medium and long term. These capitals support our operations, shape our strategic decisions and influence our ability to adapt to changing customer needs and market conditions. Together, these capitals enable the Group to create customer value, grow sales and support sustainable long-term growth.



Financial

The funding and financial flexibility that enable us to invest in customer value, strengthen our operations and support sustainable future growth.



Manufactured

Our stores, distribution centres, franchise infrastructure and digital platforms that connect customers with our products and services.



Human

The skills, experience, leadership and culture of our people, who serve customers and drive performance and innovation across our Group.



Social and relationship

The trust and partnerships we build with customers, franchisees, suppliers, partners, regulators and communities that help strengthen our business and extend our reach.



Intellectual

The data, systems, insights, innovation and specialist expertise that help us make better decisions, improve our efficiency and respond to changing customer needs.



Natural

The natural resources and environmental systems that support our products, supply chain and store operations, helping us create value responsibly and sustainably.

Restoring and strengthening our business model

Creating customer value remains at the centre of the Group's strategy. Boxer's growth demonstrates the strength of a simple retail model built on competitive prices, strong customer participation, high sales volumes and disciplined execution. Higher volumes improve buying power, strengthen profitability and generate the resources needed to reinvest in growth, creating a virtuous cycle that continues to support market share gains, cash generation and expansion.

Pick n Pay's business model has not operated effectively in recent years. Lower sales, relative to rising costs, have placed pressure on profitability and limited the Group's ability to reinvest in the business. Restoring customer participation, increasing sales volumes and improving operational efficiency are therefore central to the turnaround strategy.

The Group's six capitals support this effort by enabling investment in customer value, strengthening execution and improving competitiveness. Over time, stronger customer participation, sales growth and profitability will support continued reinvestment in the business and more sustainable long-term growth.

Read from page 42 for further information on the Group's strategic priorities and turnaround initiatives.

From source to shelf – how we create value

1 We source

We work with farmers, producers and suppliers to source quality products at competitive prices on behalf of our customers. Long-standing supplier partnerships help us build relevant ranges, improve product availability and respond to changing customer needs. We vertically integrate in certain product categories to improve the efficiency and availability of supply. Our sourcing approach is underpinned by a commitment to ethical sourcing, food safety and responsible business practices that support a resilient and sustainable supply chain.

2 We move

We move products efficiently through our distribution centres, transport network and stores, ensuring products reach customers when and where they need them. An increasingly centralised supply chain, more efficient store operations and a scalable franchise model help improve productivity and economies of scale. These efficiencies support investment in customer value, while maintaining the quality and availability customers expect.

3 We sell

We provide customers with a competitive offer through our company-owned and franchise stores and growing digital platforms. Our Pick n Pay and Boxer brands, including Pick n Pay Clothing, offer quality products, relevant ranges and compelling value, tailored to the needs of the customers and communities we serve. Convenient store locations, trusted brands and our expanding Pick n Pay asap! platform, make it easier for customers to shop whenever and however they choose.

4 We serve

We serve customers through trusted brands that reach communities across South Africa and beyond. Pick n Pay primarily serves middle- to upper-income customers, while Boxer focuses on middle- to lower-income communities, enabling the Group to meet a broad range of customer needs. By delivering value, convenience and quality service, we build lasting customer relationships and support the growth and well-being of the communities we serve. As these communities thrive, so does our business.



The Group's ability to create value depends on the quality, availability and effective management of its capitals. The following pages explain how each capital supports the execution of our strategy, the constraints we manage, the outcomes achieved during FY26 and the long-term value we seek to create.



Financial capital

The Group's recapitalisation has strengthened the balance sheet and improved financial flexibility, enabling investment in customer value, operational improvement and long-term growth. During FY26, management remained focused on cash generation, liquidity and disciplined capital allocation. The May 2026 Boxer share sale, which raised R4.7 billion after year-end, further enhanced the Group's ability to support the Pick n Pay turnaround and invest in future growth.

How we create value

Financial capital enables the Group to invest in customer value, including competitive pricing and promotions, improve operational performance and support future growth. Maintaining a strong balance sheet and healthy liquidity position enables the Group to invest in expansion and renovation and remain resilient through changing economic conditions.

Constraints

- Difficult economic conditions continue to place pressure on household spending and retail demand
- Rising operating costs require ongoing focus on productivity, efficiency and cost discipline
- Balancing investment in growth and customer value with liquidity and balance sheet strength

FY26 outcomes

- Group turnover increased to R120.3 billion
- Profit before tax and capital items of R360 million, supported by improved net funding costs
- Net cash position of R3.1 billion, increasing to over R7.0 billion post the Boxer share sale after year-end

Long-term outcomes

A strong balance sheet and healthy liquidity position provide the flexibility to invest through economic cycles, adapt to changing market conditions and support future growth. This strengthens the Group's ability to create sustainable long-term value while maintaining financial resilience.



Manufactured capital

The Group's network of stores, distribution centres, fulfilment infrastructure, and digital platforms enables customers to access its products and services across diverse markets and communities. During FY26, the Group improved the profitability and quality of the Pick n Pay store estate through the store reset programme, advanced Boxer's expansion programme and strengthened fulfilment and supply chain infrastructure to support future growth.

How we create value

Stores, digital platforms, distribution centres and fulfilment infrastructure help ensure customers can conveniently access the products and services they need. Continued investment in these assets improves availability, supports customer growth and enables the Group to serve more communities across southern Africa.

Constraints

- Rising infrastructure, logistics and operating costs increase the cost of serving customers
- Securing suitable sites remains critical to supporting Boxer's expansion into growth markets
- Retail formats and supporting infrastructure must evolve as customer needs and behaviours change

FY26 outcomes

- Substantially completed the Pick n Pay store reset programme, reducing the number of under-performing stores across the estate
- Opened 51 net new Boxer stores in high-growth and under-served communities and opened the new Boxer Tongaat distribution centre
- Expanded asap! fulfilment capabilities to more than 620 stores and launched Pick n Pay Clothing on the asap! app

Long-term outcomes

A strong omnichannel retail and supply chain network improves customer access, convenience and service. This helps the Group reach more customers, strengthen its presence in existing markets and support growth across its portfolio of businesses.



Human capital

Our people have played a central role in supporting the recovery of Pick n Pay and the continued growth of Boxer. During FY26, Pick n Pay implemented significant organisational changes, including store closures and restructuring of its support office, while Boxer continued to expand rapidly and create new jobs. Across both businesses, management remained focused on developing talent, strengthening leadership, supporting employee well-being and advancing transformation.

How we create value

The service customers receive and the success of our operations depend on capable and committed employees. Through training, skills development, career progression and succession planning, we build the skills, leadership and culture needed to serve customers, improve performance and support long-term growth.

Constraints

- Organisational change in Pick n Pay has impacted employee morale, engagement and retention
- Growth in Boxer requires leadership depth and capability to be developed at pace
- Building a more representative leadership pipeline while addressing critical skills gaps

FY26 outcomes

- Consistent and transparent communication with our employees and labour partners to ensure they understand the significant turnaround task in Pick n Pay and their role in delivering it
- Invested in frontline training, leadership development and succession planning, and held highly successful store managers' conferences in Pick n Pay and Boxer
- Boxer created 3 400 new jobs through its store expansion programme
- Focused on transformation, inclusion and employee well-being across the Group

Long-term outcomes

A strong culture, capable leaders and engaged employees help the Group adapt to change, strengthen customer service and sustain performance over time. The Section 189 consultation process initiated after year-end forms part of the Group's broader efforts to build a more competitive and sustainable business for the future, with careful consideration given to the impact on employees and their wellbeing throughout the consultation process.



Social and relationship capital

Strong relationships with customers, communities, franchisees, suppliers and strategic partners are fundamental to Pick n Pay's turnaround and an important enabler of Boxer's growth. During FY26, the Group focused on deepening customer loyalty, strengthening franchise and supplier relationships, supporting and investing in local communities, and expanding strategic partnerships that enhance customer value, brand relevance and long-term growth.

How we create value

Strong relationships help the Group better understand customer needs, improve its offer and extend its reach. By working closely with customers, franchisees, suppliers and other strategic stakeholders, we strengthen trust, improve execution and create shared value across the retail value chain.

Constraints

- Maintaining trust requires consistent value, availability and service for customers
- Partnerships must remain commercially sustainable and deliver value for all parties
- Stakeholder expectations continue to evolve as the Group strengthens competitiveness and performance

FY26 outcomes

- Smart Shopper and Boxer Rewards Club loyalty programmes strengthened customer engagement, loyalty and insights
- Optimisation of the franchise model supported improved like-for-like sales growth
- Expanded our strategic partnerships, including with FNB, ABSA and SARU, and concluded a new logistics partnership with DP World to support future supply chain efficiencies

Long-term outcomes

Trusted relationships strengthen customer loyalty, improve franchise and supplier confidence, and enhance the Group's relevance in the markets and communities it serves. Over time, these partnerships support sustainable growth, strengthen the Group's reputation and reinforce its licence to operate.





Intellectual capital

During FY26, Pick n Pay and Boxer continued to invest in systems, digital capabilities and data-driven decision-making to improve customer value, operational efficiency and supply chain performance. As customer expectations and retail channels evolve, the Group increasingly relies on technology, insights and specialist expertise to improve how it operates and competes.

How we create value

Customer, supplier and operational insights help the Group forecast demand, replenish stores, optimise pricing and promotions, and make better decisions across the business. Data, systems and specialist expertise support product availability, reduce waste, improve efficiency and enable innovation across physical and digital channels.

Constraints

- Competition for specialist digital, data analysis and cyber-security skills remains high
- Protecting systems, customer information and commercial data requires investment and vigilance
- Automation and technology adoption requires employees to develop new skills and ways of working

FY26 outcomes

- Smart Shopper and Boxer Rewards Club insights informed customer engagement, pricing, promotions and range decisions
- Launched Boxer B-Inside, extending the Group's supplier insight capabilities and creating a new revenue stream for Boxer
- Expanded digital and omnichannel capabilities, including integration with Pick n Pay Clothing, with online sales increasing by 32.7%

Long-term outcomes

Stronger insights, systems and specialist capabilities help the Group respond more effectively to changing customer needs, improve operational performance and support innovation. Over time, this strengthens competitiveness and enables better decision-making across the business.



Natural capital

The Group relies on natural resources to source, move and sell products across its value chain. During FY26, Pick n Pay and Boxer continued to focus on reducing waste, improving resource efficiency and lowering energy, water and operating costs, while maintaining customer value and operational performance.

How we create value

Responsible management of energy, water, packaging, waste and other natural resources helps the Group reduce costs, improve operational efficiency and minimise environmental impact. Working with suppliers and operational teams, we seek to use resources more efficiently while supporting the long-term sustainability of our business and supply chain.

Constraints

- Climate-related events can affect agricultural production, product availability and supply chain reliability
- Rising energy, water and environmental compliance costs increase the cost of doing business
- Reducing environmental impacts while maintaining affordability for customers requires careful balance

FY26 outcomes

- Waste reduction initiatives across stores and supply chain operations improved gross profit margin
- Boxer continued its roll-out of efficient lighting and refrigeration across its store estate
- The Group's Science Based Targets initiative (SBTi) commitments were approved
- Incremental progress on sustainable packaging initiatives, and customer-facing recycling initiatives are progressing

Long-term outcomes

More efficient use of natural resources helps reduce environmental impacts, strengthen operational resilience and support long-term sustainability. Over time, this improves resource efficiency across the value chain and helps the Group create value while reducing its environmental footprint.

Balancing our capital trade-offs

The Group's recovery and growth strategy requires management to make deliberate choices about where to invest capital, resources and management attention. Decisions that strengthen one capital may place pressure on another in the short term. Balancing these trade-offs is critical to improving competitiveness, restoring profitability and supporting sustainable long-term growth.

Our key trade-offs

Description	How we balance trade-offs	Impacted capitals
Investing in customer value vs. restoring profitability		
Maintaining competitiveness requires ongoing investment in pricing, promotions and customer value. While these investments may place pressure on margins in the short term, they are intended to increase customer footfall, basket size and sales volumes over time. To be successful, however, they must translate into stronger sales growth and improved profitability and returns.	- Data-led pricing and promotions - Strategic supplier partnerships, and better buying and product category management - Disciplined cost management and improved operational efficiency	▲ Customer trust, loyalty and engagement ▼ Short-term gross profit margin investment ▲ Sales volumes and market share ▲ Customers insights
Investing for growth vs. maintaining financial discipline		
Profitable growth remains central to the Group's strategy. New stores, infrastructure and strategic investments support future growth, but only create value when they generate acceptable returns over time. Investment decisions are therefore guided by site quality, customer demand, expected returns and long-term market potential.	- Rigorous site selection - Disciplined capital allocation, including investments in strategic infrastructure - Focus on under-served markets and growth channels - Disciplined store closure programme where returns are sub-optimum	▲ Store network and infrastructure ▼ Capital investment ▲ Future earnings potential ▲ Market, location and customer insights
Improving competitiveness vs. supporting our people		
Pick n Pay's turnaround requires a more productive and competitive operating model. Organisational changes, technology adoption and the Section 189 consultation process are intended to strengthen the long-term sustainability of the business rather than achieve short-term job reductions. These decisions can create uncertainty and impact morale, engagement and trust. Management therefore seeks to balance the need for change with preserving the culture, leadership and capability that underpin long-term performance.	- Invest in leadership development - Support employee well-being and continuous engagement, with all employees, including labour partners - Build future skills and capabilities - Continuous and transparent communication with our staff and labour partners	▲ Efficiency and competitiveness ▲ Digitisation and systems improvements ▼ Morale and well-being during change, including potential loss of skills in the short term ▲ Leadership depth, skills and future opportunity
Improving product availability vs. inventory investment		
Strong product availability supports customer trust, promotional execution and sales performance. However, carrying higher inventory levels increases working capital requirements and can result in waste, markdowns or write-offs if customer demand does not materialise as expected. The Group therefore seeks to balance availability with disciplined inventory management and working capital efficiency.	- Improved forecasting and replenishment - Disciplined inventory management - Stock buy-ins where value opportunities exist	▲ Customer trust and experience ▼ Investment in working capital ▲ Sales growth ▲ Forecasting and replenishment capability
 Financial  Manufactured  Intellectual  Human  Social and relationship ▲ Increase in capital ▼ Decrease in capital		

Looking ahead

The Group enters FY27 from a stronger position than it did a year ago. Pick n Pay has further strengthened its balance sheet, simplified its operating model and made meaningful progress in restoring price competitiveness. At the same time, Boxer continues to grow, expand its footprint and create new opportunities. The Pick n Pay turnaround is gaining traction, but there is more work to do. Management remains focused on improving customer value, increasing sales volumes, restoring profitability and building a more competitive business. Delivering on these priorities will require the same discipline, execution and willingness to make difficult decisions that characterised FY26.

Further information on the Group's strategic priorities, outlook, principal risks and stakeholder relationships is provided in the CEO report (page 40), and the strategy (page 42), risk and opportunities (page 25) and stakeholder engagement (page 34) sections of this report.





Managing and leveraging market dynamics

- 23** The environment we operate in
- 25** Managing our risks and opportunities
- 34** Our approach to stakeholder engagement

The environment we operate in

The Group operates in a uniquely diverse retail environment shaped by significant differences in income levels, spending power, cultures and communities. From urban centres to townships and rural markets, customer needs and purchasing priorities vary considerably. At the same time, South Africa continues to face low economic growth, elevated unemployment, infrastructure constraints and ongoing pressure on household finances.

While these challenges are not new, they continue to influence consumer confidence, spending patterns and the broader retail landscape. Competition is intensifying across formal, informal and digital retail channels, while advances in technology are reshaping how customers shop, engage with brands and access products and services. These dynamics require retailers to remain agile, efficient and closely connected to the communities they serve.

The Group's response is centred on strengthening the competitiveness of its core Pick n Pay supermarket business, accelerating the growth of Boxer, enhancing the Pick n Pay Clothing business, expanding its digital ecosystem and improving operational efficiency across the business.

The trends that follow highlight the key developments shaping the Group's operating environment and how they continue to influence strategic priorities, decision-making and long-term value creation.

Trend 1

Financially constrained households

Many South African households continue to face financial pressure as income growth struggles to keep pace with rising living costs. High unemployment, elevated indebtedness and growing demands on household budgets are limiting consumers' ability to absorb escalating expenses. As a result, spending decisions are becoming increasingly deliberate. Customers are carefully prioritising where and how they spend, balancing grocery purchases against a growing range of essential and discretionary expenses. Transport, utilities, education, digital connectivity and entertainment all compete for a share of household income. Unfortunately, online gambling is becoming an increasingly prevalent issue in South Africa, contributing to further financial strain on households and presenting broader socio-economic challenges.

These pressures are reinforcing the importance of affordability, trust and value in purchasing decisions. Access to affordable food remains a critical consideration for many households, highlighting the important role retailers play in supporting food security and community well-being.

Why this matters for the Group	Our response
Customer loyalty is becoming harder to earn. As consumers become more selective in how they allocate limited household income, retailers must consistently deliver value, quality and relevance to remain a preferred destination for household spending.	▪ Rebuild a compelling offer in Pick n Pay, and maintain the strength of the Boxer offer through competitive pricing, promotions and improved execution ▪ Expand access to affordable products through a balanced mix of national brands and private label products ▪ Use Smart Shopper and Boxer Rewards Club insights to better understand customer needs and purchasing behaviours ▪ Strengthen Pick n Pay Clothing's value-led proposition through relevant ranges, quality and affordability ▪ Support food security and community well-being through targeted social investment ▪ Maintain our customer-first approach across all retail formats

The Group remains focused on providing customers with compelling value across its multiple retail formats while adapting to changing spending behaviours and household priorities.



Trend 2

An increasingly fragmented retail market

The South African retail market continues to evolve as customers shop across a growing range of formats and channels. Customer loyalty is increasingly fragmented, with consumers using different retailers for different shopping needs depending on convenience, accessibility, product range and available budget. Competition extends beyond traditional supermarket operators. Informal traders remain an important part of the retail landscape in many communities, while discount retailers continue to expand in value-focused segments. Digital and international retailers are also increasing customer choice and reshaping expectations.

South Africa's diverse communities, cultures and income segments require retailers to remain locally relevant. Customer preferences vary significantly across regions and communities, increasing the importance of tailored assortments, local sourcing and differentiated retail propositions.

Why this matters for the Group	Our response
Sustained growth depends on maintaining a compelling presence across multiple customer segments, shopping needs and channels while strengthening market presence in both established and emerging retail formats.	- Improve the performance of the Pick n Pay supermarket estate following the substantial completion of the store reset programme - Accelerate Boxer's expansion into under-served and high-growth markets - Strengthen the Pick n Pay franchise model to improve local responsiveness and market relevance - Tailor product ranges to meet the needs of diverse customer segments and communities, with a firm focus on strengthening our Fresh offer - Continue strengthening the Pick n Pay brand through its renewed customer proposition - Expand customer access through physical stores and on-demand fulfilment channels

The Group remains focused on leveraging its complementary portfolio of retail formats and channels to meet diverse customer needs and capture growth opportunities across the evolving retail landscape.

Trend 3

Operating efficiently in a complex and inflationary cost environment

Retailers continue to operate in an environment characterised by elevated operating costs and ongoing infrastructure challenges. Rising fuel prices, cost pressures, logistics challenges and security risks continue to place pressure on retail value chains. Higher interest rates and financing costs also affect customers, suppliers and business partners across the broader ecosystem.

Retailers must absorb many of these costs while continuing to invest in stores, customer value and future growth. This places increasing importance on productivity, disciplined capital allocation and operational resilience. Retailers that can improve efficiency, strengthen supply chain capability and respond quickly to changing conditions are better positioned to support sustainable growth and profitability.

Why this matters for the Group	Our response
Maintaining a disciplined approach to costs, capital allocation and operational execution is critical to improving profitability while continuing to invest in customer value, innovation and future growth.	- Implement future-fit initiatives to improve simplicity and efficiency of support functions - Improve labour productivity across the Pick n Pay supermarket estate - Strengthen supply chain capability and logistics efficiency across the Group - Maintain disciplined capital allocation and investment decisions - Use data and analytics to improve planning, forecasting and operational decision-making - Embed simpler ways of working across stores and support functions

The Group remains focused on building a more efficient, resilient and sustainable operating model that supports long-term competitiveness and profitable growth.

Trend 4

Digital disruption and changing customer expectations

Technology continues to reshape how customers discover products, compare prices, shop and engage with brands. Customers increasingly expect convenient, seamless and personalised experiences across physical and digital channels. The growth of e-commerce, on-demand fulfilment and digital platforms is expanding customer choice and raising expectations around accessibility, service and product availability. International digital retailers and marketplaces are also influencing local customer expectations around convenience, value and assortment.

Advances in data, analytics and emerging technologies are creating new opportunities for retailers to strengthen customer engagement, improve decision-making and personalise customer experiences. As digital ecosystems expand, maintaining customer trust through responsible data management and cybersecurity is becoming increasingly important.

Why this matters for the Group	Our response
Digital capability is becoming an increasingly important driver of customer engagement, loyalty and operational effectiveness. Retailers that successfully combine trusted brands, store networks and digital ecosystems are better positioned to meet evolving customer expectations and unlock new growth opportunities.	- Expand on-demand shopping capabilities and omnichannel customer access, including to Pick n Pay Clothing - Continue investing in digital platforms that strengthen customer engagement and convenience - Use Smart Shopper and Boxer Rewards Club capabilities to deliver more personalised customer experiences - Leverage data, analytics and technology to improve decision-making across the business - Pursue innovation, partnerships and new digital services that enhance customer value - Having experienced a data breach in May 2026, the Group remains focused on strengthening digital security and data governance to protect customer information and trust (refer to page 74 for further information)

The Group remains focused on combining the strength of its brands, store network and digital capabilities to deliver more convenient, personalised and engaging customer experiences.

Managing our risks and opportunities

Sustainable value creation depends on the Group's ability to anticipate and respond to a dynamic operating environment.

For the purposes of this report, the Group's material matters are articulated through the key risks and opportunities that may have a significant impact on strategic execution, financial performance and long-term stakeholder value. These matters guide the content and focus of this Integrated Annual Report.

These matters have been identified through the Group's enterprise-wide risk management processes and reflect the key factors influencing the execution of the Pick n Pay turnaround strategy and the delivery of Boxer's growth objectives. They incorporate both external market dynamics and internal execution priorities.

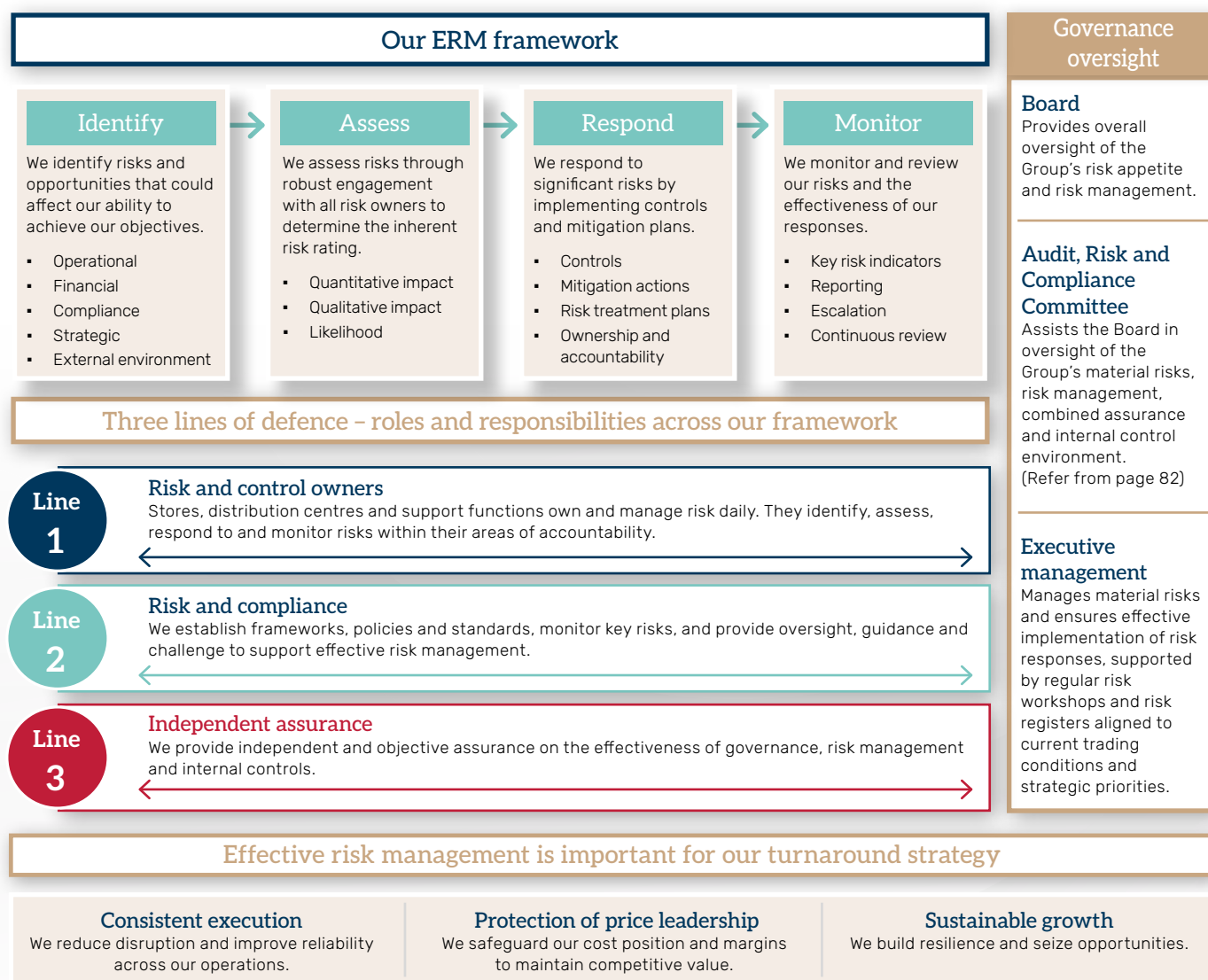
By focusing on these material risks and opportunities, the Group aims to protect value in the short term while strengthening performance and supporting sustainable growth over the medium and longer term.

A disciplined and dynamic approach to risk and opportunity management

The Group operates in an environment shaped by cost pressures, ongoing execution demands and evolving customer behaviour. Managing risk and opportunity in this context requires clear priorities, disciplined decision-making and consistent execution.

Risk and opportunity management is embedded in the Group's strategy, planning processes and day-to-day operations across both Pick n Pay and Boxer. The Group applies a consistent enterprise risk management (ERM) framework, supported by common policies, processes and practices, to identify, assess and manage factors that may impact performance and value creation.

This supports informed decision-making with management focus directed to the most material risks and opportunities.



Risk management is everyone's responsibility. We embed a strong risk culture through awareness, training and open communication.



Applying the ERM framework in practice

This framework is applied on a continuous basis through regular engagement with management and business units, supported by risk reviews, workshops and ongoing monitoring of the operating environment. This ensures that:

- Risks and opportunities remain aligned with current trading conditions and strategic priorities
- Management focus remains on the most material areas
- Mitigation actions are actively monitored and refined
- Emerging risks are identified and escalated where required

Risk management across Pick n Pay and Boxer

Pick n Pay and Boxer each maintain their own in-house risk and compliance functions, with clear accountability for managing their respective risk profiles.

While these functions operate independently of each other, they follow the same underlying principles, methodologies and governance standards.

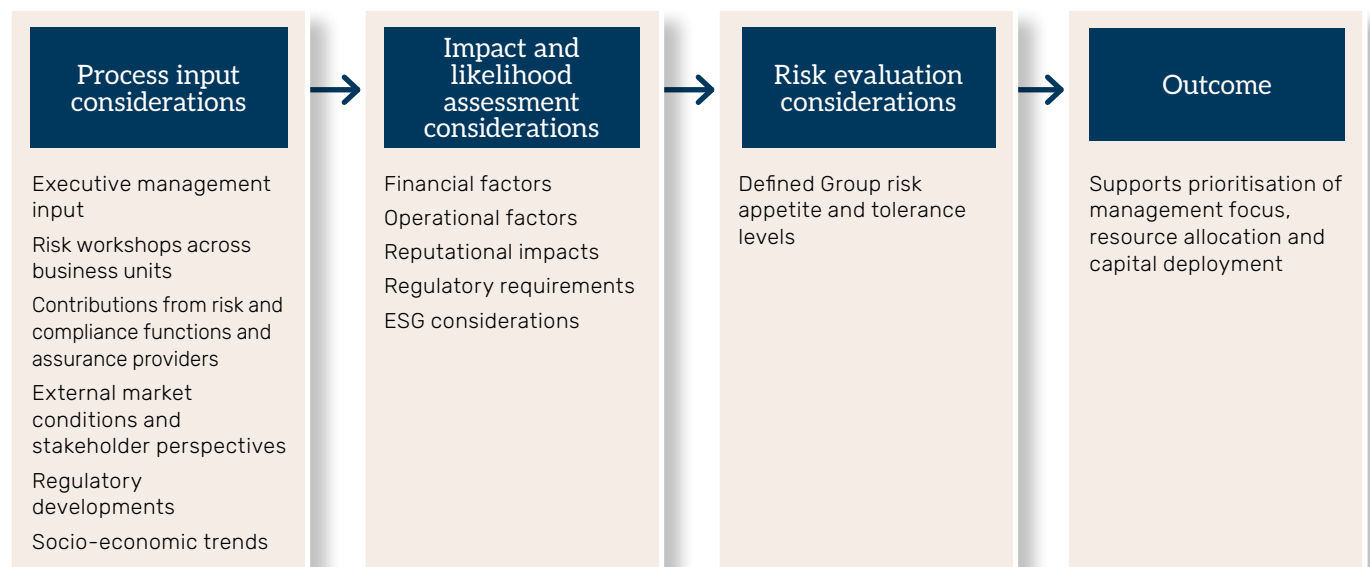
During FY26, Boxer's risk management capability was further strengthened following its listing in FY25. This included the establishment of a dedicated in-house risk function, supported by a structured and well-managed transition from the Pick n Pay risk team. This ensured effective transfer of knowledge and capability, while enabling Boxer to further strengthen its risk management capacity through additional skills and experience.

The material risks and opportunities presented in this report reflect an integrated Group perspective that incorporates Pick n Pay and Boxer.

Determining material risks and opportunities

Material risks and opportunities are identified through a structured, enterprise-wide process that considers the potential impact on the Group's strategy, financial performance, operations and stakeholder relationships.

The Group considers stakeholder perspectives as part of its risk identification and assessment processes. This includes engagement with customers, employees, suppliers, regulators, investors and communities. These insights inform the understanding of emerging risks and opportunities, particularly in areas such as customer behaviour, regulatory change, labour relations and ESG expectations. This approach ensures that risk management remains responsive to the operating environment and aligned with stakeholder priorities.



Actions in FY26

During the year, the Group strengthened its risk management and assurance environment, with a focus on improving integration, accountability and consistency across Pick n Pay and Boxer. Key areas of focus included:

- The transition to fully in-house risk functions across Pick n Pay and Boxer, including the appointment of dedicated Heads of Risk for each business with direct reporting to their respective Audit, Risk and Compliance Committee
- A comprehensive review and update of risk frameworks, policies and procedures to support consistent and practical application across the business
- The enhancement of risk registers and alignment across business units to improve clarity and consistency in the identification and assessment of key risks and controls
- The establishment of formal combined assurance forums and approval of aligned assurance plans across the Group
- Ongoing focus on operational control self-assessments to strengthen accountability and consistency in execution
- Ongoing monitoring of emerging risks, including regulatory, geopolitical, socio-economic and cybersecurity developments

Monitoring the effectiveness of risk management

The effectiveness of risk management is monitored through ongoing risk reviews, control assessments and combined assurance activities, aligned to the Group's three lines of defence model.

Regular risk workshops and reporting processes provide visibility of key risks and mitigation actions, enabling management to assess whether controls are operating as intended and aligned to risk appetite.

Internal audit provides independent assurance on the effectiveness of governance, risk management and internal controls. The outcomes of assurance activities inform continuous improvement of the control environment.

No material breakdowns in control effectiveness were identified during the year.

Insurance remains an important component of the Group's risk management strategy, supporting business continuity and mitigating the financial impact of significant events.

Board governance of risks and opportunities

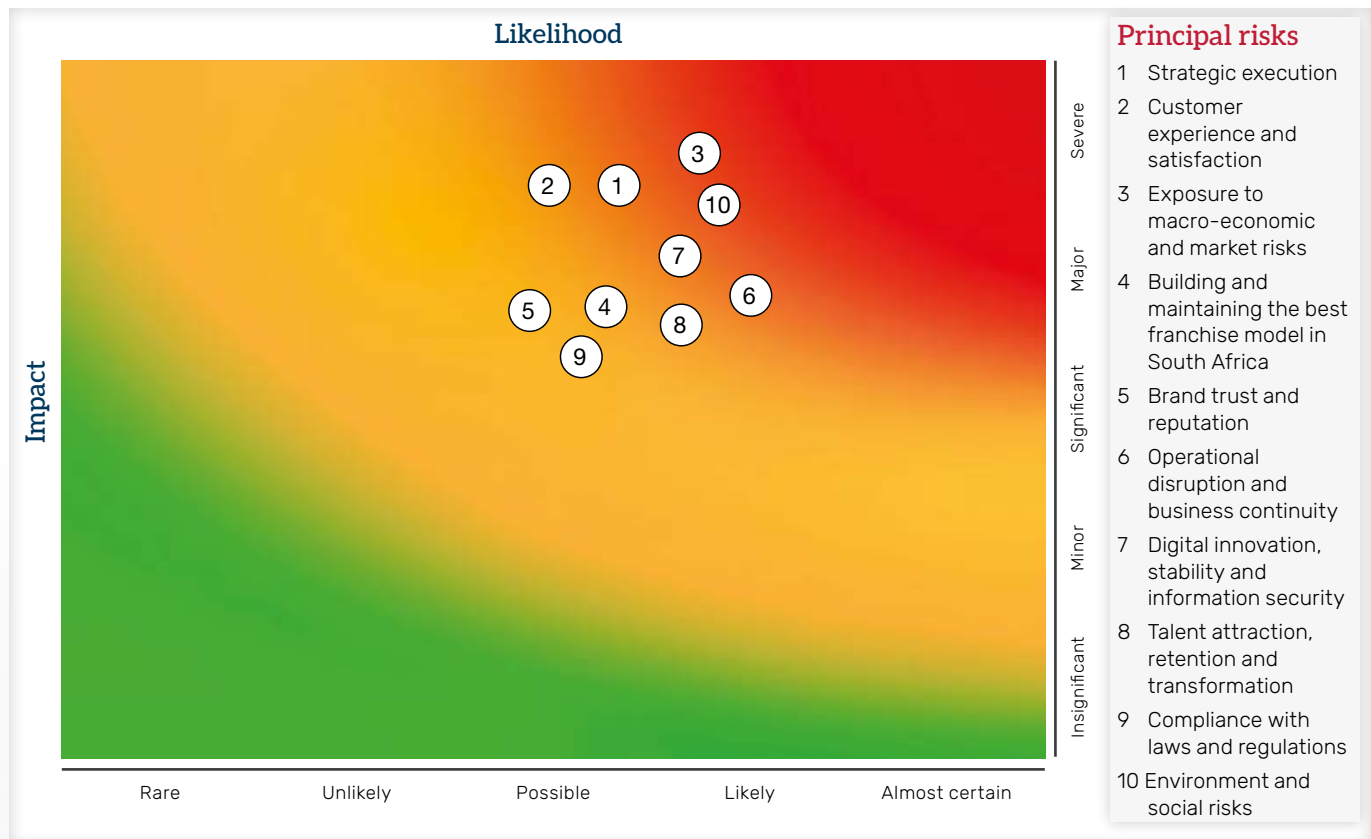
The risk governance structures are depicted on page 25. Coordination and alignment between Pick n Pay and Boxer's risk management functions are maintained through consistent frameworks and processes, while preserving the independence of each function.

Ongoing engagement between the respective committees is key, and the Chair of the Boxer Audit, Risk and Compliance Committee attends the Group committee to provide updates on material risk matters relevant to Boxer.

Risk profile and year-on-year movement

The Group's principal risks and opportunities remain broadly consistent with the prior year. While the overall risk profile remains stable, certain risks have increased during the year, reflecting macro-economic pressure, cost volatility and increased execution complexity associated with strategic initiatives.

Residual risk represents the level of exposure remaining after the application of controls and mitigation actions. Understanding residual risk supports prioritisation and ensures that management focus remains directed to the most material areas.



Detailed commentary on each principal risk, including key drivers, potential impacts, mitigation actions and associated opportunities to strengthen the business and support sustainable growth, is provided in the sections that follow.

Our principal risks and opportunities

The Group's principal risks and opportunities reflect the most material factors that may impact its ability to restore profitability, deliver on its strategy and create sustainable value for stakeholders over the long term.

1. Strategic execution

Risk owner

Group executive team

Board committee oversight



Strategic priority



Key capitals impacted



Risk context

The Group's return to profitability depends on the successful delivery of its multi-year strategy to turn around the Pick n Pay supermarket business. Following stabilisation in FY25, the strategy has entered a more execution-intensive phase, with greater complexity across multiple interdependent initiatives, including the restructure of the store labour model. The turnaround's success is dependent on the execution of all strategic priorities. This increases execution risk in a constrained and competitive trading environment. Boxer continues to deliver against its strategy; however, its growth remains dependent on the timely roll-out of new stores, with delays in site availability, approvals or infrastructure potentially impacting its expansion trajectory.

Risk to value creation

Risk drivers

- Constrained trading environment
- Inadequate planning, sequencing or oversight
- Loss of critical skills or execution discipline
- Delays in Boxer estate expansion

Potential impact

- Failure to deliver strategic milestones
- Delayed return to profitability
- Erosion of stakeholder confidence

Risk mitigations

- Experienced leadership teams with clear accountability
- Defined roadmaps with measurable milestones and aligned incentives
- Regular executive and Board oversight of execution progress
- Frequent performance monitoring, with escalation and remediation where required
- Targeted capability building in priority areas

Opportunities to create value

- Strengthening the Pick n Pay customer proposition and a strong focus on retail fundamentals
- Improving cost efficiency to support pricing and margin recovery
- Disciplined Boxer expansion into high-growth markets
- Building a more agile, performance-driven Group to support sustainable growth

Forward-looking focus

Execution risk has increased as the strategy progressed into more complex phases. Focus remains on disciplined delivery, execution capability and maintaining rigorous oversight to sustain recovery momentum.

Inherent risk



Residual risk



Trend



Legend

Board committees

- ARC** Audit, Risk and Compliance
- RC** Remuneration
- SETC** Social, Ethics and Transformation
- PIC** Finance and Investment
- NCG** Nominations and Corporate Governance

Strategic priorities

- Recapitalise
- Leadership and people
- Reset the store estate
- Accelerate like-for-like sales growth
- Strengthen partnerships
- Future-fit structure

Capitals

- Financial
- Manufactured
- Intellectual
- Human
- Social and relationship
- Natural

Risk rating

- Low
- Low-Medium
- Medium
- High-Medium
- High

Trend

- Increasing
- Stable
- Decreasing

2. Customer experience and satisfaction

Risk owner

Group executive team

Board committee oversight



Strategic priority



Key capitals impacted



Risk context

The Group's ability to restore sustainable growth and profitability depends on the delivery of a consistent, value-led customer experience across Pick n Pay and Boxer. In a constrained consumer environment, customers are increasingly price-sensitive and deliberate in how and where they spend, prioritising price, availability, quality and convenience. Within Pick n Pay, variability in execution across stores, formats and channels creates risk to retaining and growing customer volumes. For Boxer, heightened price sensitivity requires continued focus on low prices, availability and everyday value.

Risk to value creation

Risk drivers

- Pressure on consumer spending
- Limited differentiation in value proposition
- Inconsistent execution and operational standards across stores, formats and channels
- Gaps in product availability, quality or range
- Under-performance in online fulfilment and customer experience, including reliability and service levels

Potential impact

- Loss of customer volumes and market share
- Increased promotional intensity and margin pressure
- Delayed recovery in sales growth and profitability
- Reputational impact where customer expectations are not met

Inherent risk



Residual risk



Trend



Risk mitigations

- Stronger price competitiveness through targeted promotions and private label development
- Improving availability, quality and range across key product categories
- The Pick n Pay store estate reset, with restored in-store capability
- Enhancing customer feedback, analytics and performance monitoring
- Improving reliability and service levels in online fulfilment

Opportunities to create value

- Building a differentiated and more compelling customer value proposition
- Increasing customer loyalty and share of wallet through improved experience
- Enhancing margin quality through more targeted pricing and promotions
- Expanding Boxer's reach in value-focused segments
- Leveraging customer insights to drive more personalised and data-led engagement

Forward-looking focus

Customer experience risk is expected to increase as trading conditions remain constrained and competition intensifies. Focus remains on consistent execution, strengthening the value proposition and maintaining customer trust to support sustainable volume growth.

3. Exposure to macro-economic and market risks

Risk owner

Group executive team

Board committee oversight



Strategic priority



Key capitals impacted



Risk context

South Africa's retail sector remains exposed to sustained macro-economic pressure and societal challenges, including weak economic growth, high unemployment and constrained household income, which continue to limit customer spending. For the Group, these conditions impact volume growth, margin recovery and the delivery of sustainable profitability. Global geopolitical instability and supply chain volatility have contributed to elevated fuel and input costs, placing pressure on operating expenses and food inflation. For Pick n Pay, these dynamics constrain pricing flexibility and margin recovery in a highly competitive market. For Boxer, heightened price sensitivity and reduced basket sizes require continued focus on everyday low pricing, cost discipline and value.

Risk to value creation

Risk drivers

- Weak economic growth and consumer demand
- Retail cost inflation exceeding selling price inflation
- Higher fuel and input costs and supply chain volatility
- Elevated competitive intensity

Potential impact

- Sustained pressure on margins and profitability
- Reduced customer spend and volume growth
- Constraints on cash generation and reinvestment capacity
- Delayed recovery in financial performance

Inherent risk



Residual risk



Trend



Risk mitigations

- Strengthening buying capability and supplier engagement to improve cost outcomes
- Optimising product ranges, pricing and promotional effectiveness
- Driving cost efficiency across stores, supply chain and support functions
- Improving demand planning and replenishment capability
- Disciplined capital allocation to support margin recovery and resilience

Opportunities to create value

- Strengthening price competitiveness to reinforce customer trust and competitiveness
- Improving mix and margin resilience through better category and pricing strategies
- Growing share in value-focused customer segments through Boxer
- Leveraging data to identify demand shifts and capture growth opportunities

Forward-looking focus

These risks are expected to remain elevated as consumer spending remains constrained and cost pressures persist. The significant fuel price hikes post-year-end are expected to further aggravate this risk. Focus remains on strengthening price competitiveness, improving efficiency and maintaining operational discipline to protect margins and sustain relevance with customers.



4. Building and maintaining the best franchise model in South Africa

Risk owner

Group Executive: Pick n Pay

Board committee oversight



Strategic priority



Key capitals impacted



Risk context

Pick n Pay's ability to sustain a stable and attractive franchise model remains a key risk to its performance and growth. Pressure on franchisee sales volumes, margins and liquidity increases the risk of financial stress across the network. As franchise stores are independently owned and operated, this introduces variability in execution and compliance with operating and regulatory standards. Failure to maintain strong alignment with franchise partners and to ensure consistent standards may impact network performance, growth and brand reputation.

Risk to value creation

Risk drivers

- Weak consumer demand and margin pressure at franchise level
- Rising operating costs impacting franchisee profitability
- Misalignment between Pick n Pay and franchise partners on strategy and execution
- Franchisee debt and liquidity risk
- Inconsistent adherence to operating, labour and regulatory standards
- Limited long-term ESG focus due to short to medium-term financial trade-offs

Potential impact

- Reduced store-level performance and franchisee reinvestment
- Inconsistent execution across owned and franchise estate
- Slower network expansion
- Increased financial support requirements within the network
- Damage to brand reputation and stakeholder confidence

Inherent risk



Residual risk



Trend



Risk mitigations

- Ongoing review of the franchise model to ensure sustainable economics
- Structured engagement with franchise partners to maintain alignment and address risks early
- Formal monitoring and management of franchisee debt and financial performance
- Targeted support to improve pricing, margins and operational execution
- Oversight of compliance with operating, labour and regulatory standards to improve consistency of execution
- Engagement to increase awareness of ESG targets and positive impact on long-term sustainability

Opportunities to create value

- Enhancing the attractiveness of the franchise model to support new partner growth
- Increasing sales density through a more consistent and higher-performing store network
- Strengthening long-term partnerships to support innovation and local market relevance
- Targeted refurbishments and expanding the network in priority growth areas through a disciplined pipeline

Forward-looking focus

Franchise model risk remains stable, with improved operational performance offset by ongoing market pressure. Focus remains on enhancing network sustainability, maintaining alignment with franchise partners and ensuring consistent execution and compliance.

5. Brand trust and reputation

Risk owner

Group Executive: Marketing

Board committee oversight



Strategic priority



Key capitals impacted



Risk context

Maintaining trust and credibility with stakeholders remains critical as the Group progresses its turnaround. Following a period of financial under-performance, confidence remains sensitive to operational delivery, customer experience and broader market perception. As more complex strategic initiatives are implemented, including changes to store operations and cost structures, the risk of negative sentiment and reputational impact increases. In a highly visible retail environment, inconsistent execution or failure to meet stakeholder expectations may impact trust, brand perception and long-term sustainability. For Boxer, maintaining trust is closely linked to consistently delivering everyday value and reliable execution at store level.

Risk to value creation

Risk drivers

- Inconsistent execution across customer touchpoints
- Negative stakeholder perception linked to performance and strategic changes
- Increased scrutiny and rapid amplification of sentiment across media and social platforms
- Labour-related risks and potential public scrutiny
- Misalignment with stakeholder expectations or societal context

Potential impact

- Erosion of brand trust and customer loyalty
- Reduced stakeholder confidence across customers, employees and partners
- Negative impact on sales, stakeholder engagement and brand strength
- Increased reputational and regulatory scrutiny

Inherent risk



Residual risk



Trend



Risk mitigations

- Strengthening governance oversight and accountability for brand and communication
- Improving consistency of execution across stores and customer touchpoints, across both owned and franchise stores
- Proactive and transparent stakeholder communication and engagement
- Active monitoring of media and social sentiment, with defined response protocols
- Ongoing focus on labour relations and stakeholder alignment

Opportunities to create value

- Strengthening brand equity through consistent delivery of customer value and highly engaged marketing campaigns
- Deepening customer loyalty and long-term engagement
- Enhancing stakeholder relationships to support collaboration and growth
- Leveraging brand strength to differentiate in a competitive market
- Strengthening consistent execution at store level through improved communication and discipline

Forward-looking focus

Brand trust risk remains sensitive as the Group continues its recovery. Focus remains on consistent execution, transparent engagement and strengthening the customer value proposition to build and sustain long-term brand credibility.

6. Operational disruption and business continuity

Risk owner
Group executive team

Board committee oversight



Strategic priority



Key capitals impacted



Risk context

The Group operates in an environment exposed to disruption risks across its store network, digital platforms, information systems, supply chain and supporting infrastructure, which may impact operational continuity and trading performance. Global developments contribute to volatility in fuel prices and supply chains, increasing the risk of disruption to store servicing. Domestically, infrastructure constraints, including power and water outages, remain a persistent risk. The Group's reliance on a large workforce also introduces potential labour-related disruption across stores and distribution centres.

Risk to value creation

Risk drivers

- Major incidents, including fire, flood or other disruptions
- Infrastructure constraints, including power and water disruptions
- Supply chain and logistics interruptions, including supplier and distribution dependencies
- Labour-related disruption impacting stores and distribution centres
- Systems, digital platforms and infrastructure reliability affecting operational continuity

Potential impact

- Disruption to store operations and distribution networks
- Reduced product availability and service levels
- Increased operating costs, including waste and inefficiencies
- Loss of sales and impact on customer experience

Inherent risk



Residual risk



Trend



Risk mitigations

- Business continuity and disaster recovery plans across stores, digital platforms, supply chain and support functions
- Investment in resilience measures, including backup power, water and infrastructure safeguards
- Supply chain contingency planning, including alternative sourcing, routing and stock management
- Defined incident response and escalation protocols to manage disruption events
- Insurance cover is maintained as part of the Group's risk transfer strategy
- Ongoing focus on labour relations and workforce stability

Opportunities to create value

- Building a more resilient and agile supply chain to support consistent availability
- Improving operational efficiency and reducing waste through better planning and coordination
- Strengthening the reliability of service to enhance customer trust and loyalty
- Leveraging supply chain capability as a competitive advantage, particularly in value-focused segments

Forward-looking focus

Operational disruption risk may increase as Pick n Pay progresses its store labour model consultation process during FY27. Focus remains on reinforcing operational resilience, managing labour-related risks and maintaining trading continuity, service levels and employee engagement. Maintaining efficient and reliable operations remains critical to product availability, service levels and overall customer value.

7. Digital innovation, stability and information security

Risk owner
Group executive team

Board committee oversight



Strategic priority



Key capitals impacted



Risk context

The Group is increasingly reliant on digital platforms, IT systems and data to support store operations, supply chain execution, online channels and customer engagement. As digital adoption accelerates, exposure to cyber threats, including phishing, ransomware and social engineering, continues to increase. This elevates the risk of unauthorised access, data compromise and disruption to critical systems. The expansion of digital capabilities across Pick n Pay and Boxer increases the importance of maintaining system stability, data integrity and cybersecurity resilience to support trading, customer transactions and stakeholder trust.

Risk to value creation

Risk drivers

- Increasing frequency and sophistication of cyber threats
- Growing reliance on digital systems and data
- Dependence on third-party technology providers
- System complexity and platform integration
- Gaps in employee awareness and cyber risk behaviours

Potential impact

- Disruption to systems and customer transactions
- Loss or compromise of sensitive data
- Financial loss and fraud exposure
- Regulatory and reputational impact
- Reduced customer trust and digital engagement

Inherent risk



Residual risk



Trend



Risk mitigations

- Cybersecurity governance frameworks and defined accountability structures
- Strengthened access controls, system monitoring and data protection measures
- Continuous threat detection, vulnerability testing and incident response capability
- Ongoing employee awareness and training programmes
- Management of third-party risks through defined security and oversight processes

Opportunities to create value

- Enhancing customer trust through secure and reliable digital interactions
- Leveraging data and digital platforms to improve operational efficiency and decision-making
- Expanding digital channels to support growth and customer convenience
- Strengthening digital capability as a competitive differentiator

Forward-looking focus

Digital and information security risk is expected to increase as digital adoption expands and cyber threats continue to evolve in scale and sophistication. The cybersecurity incident experienced in May 2026, involving unauthorised access to certain customer information, reinforced the importance of continued investment in cybersecurity, data protection and incident response capabilities. Following this incident, the Group remains focused on strengthening cybersecurity controls, enhancing monitoring and response capabilities, and maintaining system resilience to protect customer and business data. Further information regarding the incident and the Group's response is provided on page 74.



8. Talent attraction, retention and transformation

Risk owner

Group executive team

Board committee oversight



Strategic priority



Key capitals impacted



Risk context

The Group's ability to attract, retain and develop a skilled and motivated workforce remains critical to delivering its strategy. As the turnaround progresses, including store labour optimisation and operational restructuring in Pick n Pay, the risk of employee uncertainty and attrition may increase. At the same time, Boxer's continued growth requires ongoing access to skilled store and operational talent to support expansion at pace and consistent execution. Balancing short-term execution capability with longer-term transformation priorities remains a key challenge.

Risk to value creation

Risk drivers

- Difficulty attracting and retaining critical operational and leadership skills
- Labour-related uncertainty and potential disruption
- Competition for skilled retail and operational talent
- Balancing capability requirements with transformation priorities

Potential impact

- Increased employee turnover and loss of critical skills
- Reduced operational performance and execution consistency
- Delayed delivery of strategic initiatives
- Lower employee engagement and productivity

Inherent risk



Residual risk



Trend



Risk mitigations

- Structured succession planning and leadership development
- Competitive reward and retention frameworks
- Investment in training and capability building
- Active employee engagement and constructive labour relations management
- Ongoing monitoring of workforce stability and critical skill areas

Opportunities to create value

- Building a more capable and performance-driven workforce
- Strengthening leadership pipelines to support growth and transformation
- Improving employee engagement to enhance productivity and service
- Advancing transformation objectives through targeted talent development

Forward-looking focus

Talent risk remains stable as organisational structures continue to embed, although Pick n Pay remains mindful of the potential loss of talent through the Section 189 consultation process. Focus remains on retaining critical skills, strengthening capability and supporting growth while progressing transformation priorities.

9. Compliance with laws and regulations

Risk owner

Group Executives: Legal and Compliance

Board committee oversight



Strategic priority



Key capitals impacted



Risk context

The Group operates in a highly regulated environment, with significant obligations across food safety, occupational health and safety, labour legislation, consumer protection and data privacy. The scale and complexity of operations across Pick n Pay and Boxer, including stores, distribution centres and third-party partners, increase the risk of inconsistent application of compliance standards. During FY26, the Group identified a third-party compliance breach involving a clothing design house that subcontracted work to an unauthorised factory in contravention of contractual requirements. The relationship was terminated, and additional oversight measures were implemented to strengthen supply chain governance further. Further information regarding this matter and the Group's response is provided on page 54. As regulatory requirements evolve and scrutiny increases, failure to maintain effective oversight and consistent execution may result in harm-related incidents, operational disruption and reputational impact.

Risk to value creation

Risk drivers

- Failure to maintain food safety and product quality standards
- Inconsistent application of compliance standards across operations
- Non-compliance by employees, franchise partners, suppliers, manufacturers or third-party service providers
- Inadequate oversight of third-party compliance with contractual, regulatory, labour, ethical and sustainability requirements
- Reputational damage and loss of stakeholder trust arising from third-party compliance or ethical breaches
- Increasing regulatory complexity and evolving requirements
- Limited visibility and control across a large and distributed network

Potential impact

- Regulatory penalties, legal costs and enforcement actions
- Harm to customers or employees arising from food safety or compliance failures
- Disruption to operations and store network performance
- Damage to brand reputation and stakeholder trust

Inherent risk



Residual risk



Trend



Risk mitigations

- Established compliance frameworks, policies and governance oversight
- Regular internal audits, self-assessments and compliance reviews
- Due diligence, contractual obligations and ongoing monitoring of suppliers, franchise partners and third-party service providers against regulatory, ethical and operational standards.
- Monitoring of regulatory developments and timely implementation of requirements
- Training and awareness programmes, including food safety and operational compliance standards
- Defined escalation and remediation processes for compliance breaches

Opportunities to create value

- Strengthening operational consistency through disciplined compliance practices
- Building stakeholder trust through safe and responsible operations
- Reducing disruption and cost through early identification of compliance risks
- Supporting sustainable and compliant network expansion

Forward-looking focus

Compliance risk remains stable, although regulatory requirements continue to evolve and scrutiny increases. Focus remains on enhancing oversight, improving consistency of execution and maintaining high standards across the Group.

10. Environment and social risks

Risk owner

Group executive team

Board committee oversight



Strategic priority



Key capitals impacted



Risk context

The Group operates in an environment of increasing environmental and social pressure, including climate change, resource constraints and rising vulnerability in the communities it serves. These factors may impact food availability, store operations and cost structures, while increasing expectations from customers, regulators and other stakeholders. The Group's ESG priorities are aligned to its long-term strategy, with a focus on improving efficiency, strengthening resilience and supporting sustainable value creation.

Risk to value creation

Risk drivers

- Socio-economic pressures within customer and supplier communities
- Resource constraints, including energy and water availability
- Climate-related pressures affecting agricultural production and input availability
- Rising regulatory and stakeholder expectations on ESG performance

Potential impact

- Disruption to product availability and store operations
- Increased operating costs
- Additional regulatory requirements and compliance obligations
- Damage to brand reputation and stakeholder confidence

Inherent risk



Residual risk



Trend



Risk mitigations

- Strengthening energy resilience and security of supply through diversified sourcing and alternative energy initiatives
- Implementation of targeted initiatives to improve energy, water and waste performance
- Established ESG governance structures and Board oversight
- Monitoring of ESG performance against defined targets and commitments
- Engagement with suppliers and communities to support responsible practices

Opportunities to create value

- Lowering operating costs through improved resource management
- Strengthening supply chain resilience and long-term sourcing capability
- Enhancing competitiveness through more efficient and resilient operations
- Building stakeholder confidence to support long-term growth

Forward-looking focus

Environmental and social risk remains stable, although underlying pressures are expected to increase over time. Focus remains on improving efficiency, strengthening resilience and aligning ESG priorities with the Group's long-term strategy.

Looking forward – emerging risks and opportunities

The operating environment remains challenging, with ongoing pressure on consumer spending, input costs and competitive intensity.

Customers continue to prioritise value and convenience, with more deliberate spending behaviour and increased engagement across retailers. In this context, maintaining a strong customer proposition, supported by competitive pricing and dependable availability, remains key to growing volumes and market share.

Environmental and social pressures, including resource constraints and climate-related risks, remain relevant to the Group's operating model and supply chain. Ongoing focus on efficiency, resilience and responsible practices supports both cost management and long-term sustainability.

Global developments continue to drive volatility in supply chains and fuel prices, with implications for transport costs and food inflation. These factors place pressure on margins and reinforce the importance of disciplined cost management in an environment where the ability to pass on cost increases remains limited.

The Pick n Pay turnaround is set against the backdrop of these external dynamics. Key initiatives to improve the store estate, strengthen execution and reset store operational structures remain important to restoring competitiveness. While these initiatives require careful delivery, they are supported by clear priorities and ongoing engagement across the business.

Competitive intensity is expected to remain elevated, supported by continued disruption from value-led and digitally enabled retailers. Food inflation is expected to increase, with promotional activity required to support consumers. In this environment, disciplined pricing, consistent operational execution and customer service will be important to deliver a stronger trading and margin performance.

Risk management remains integral to navigating this environment, with a continued focus on identifying emerging risks, monitoring key exposures and supporting timely decision-making. The Group's risk framework supports proactive management of uncertainty, enabling early identification of potential issues and appropriate escalation where required.

Online retail continues to play an increasingly important role in customer engagement and growth across food, grocery and apparel. Customers expect a seamless and convenient digital experience, underpinned by strong availability, clear value and consistent fulfilment. As digital channels expand, the importance of system stability, data security and customer trust will continue to increase.

Looking ahead, the Group remains focused on the areas within its control: delivering consistently for customers, maintaining cost discipline, strengthening operational capability and managing liquidity. Supported by a committed management team, clear strategic priorities and disciplined risk oversight, the Group is focused on building resilience and supporting a sustainable recovery.



Our approach to stakeholder engagement

Pick n Pay and Boxer engage regularly with a broad range of stakeholders whose perspectives, expectations and experiences help shape the Group's strategy, priorities and long-term sustainability.

The Group aims to maintain open, constructive and transparent stakeholder engagement to help build trust, strengthen resilience and support responsible decision-making. We seek to understand stakeholder priorities, identify emerging risks and opportunities, and ensure stakeholders remain appropriately informed and heard.

The **Board** retains overall responsibility for stakeholder governance.

Oversight is provided through the **Social, Ethics and Transformation Committee**, with support from the other Board committees, including the Remuneration Committee and the Group Audit, Risk and Compliance Committee (GARCC).

Regular engagement between the governance structures of Pick n Pay and Boxer helps ensure alignment of stakeholder priorities, governance practices and reporting across the Group. At the same time, Boxer's independent Board ensures that Boxer decision-making is in the best interests of all Boxer shareholders, including minority investors.

Accountability for stakeholder engagement is embedded across the **Group's operational and functional areas**. Stakeholder feedback flows from stores, distribution centres and support functions into management and governance processes.

Understand	Listen	Respond	Balance and adapt
We identify and prioritise stakeholders based on the extent to which they influence our business and how our operations affect them. Our engagement priorities are informed by material matters and issues critical to our strategy, social licence to operate and long-term sustainability. Key stakeholder groups: - Customers - Employees - Franchisees - Suppliers and service providers - Investors - Communities - Government and regulators	We engage through a combination of structured processes and ongoing interaction across our operations. This includes in-store interactions, operational forums, investor engagement, employee and customer feedback mechanisms, supplier and franchise forums, governance structures, regulatory processes and community initiatives. Executive accountability for these stakeholders: - CEO and executive teams - Chief People Officer and operational leadership - Head of Franchise and operational leadership - Commercial and supply chain leadership - CEO, CFO and Investor Relations - Head of Sustainability and operational leadership - Executive leadership, Head of Legal and Compliance	Material stakeholder matters are considered through strategic planning, risk management and decision-making forums. This includes: - Customer value, pricing, promotions and convenience - Product sourcing, food security and supply chain resilience - Digital investment - Store resets, estate optimisation and expansion - Store labour planning - Governance, risk management and compliance - Sustainability, transformation and community investment - Ensuring that investor perspectives are heard and given due consideration	Stakeholder interests are not always aligned, and trade-offs are sometimes required. Therefore, our decisions are guided by our values, strategic priorities and commitment to creating sustainable long-term value.



Our customers

Why our customers matter to our business

Our customers are at the heart of everything we do. They are our primary source of revenue and ultimately determine our success through their purchasing decisions, loyalty and feedback. Understanding and responding to their evolving needs remains essential to maintaining customer trust, relevance and long-term sustainability across Pick n Pay and Boxer. The Group remains committed to delivering trusted value, quality and service across its stores and digital platforms.

What matters most to our customers

- Competitive prices and trusted everyday value
- Reliable availability of high-quality food and essential groceries
- Convenient and seamless shopping experiences
- Consistently good service and well-managed stores
- Responsible business practices and meaningful community support

How we engage and respond

We engage with customers through our stores, digital platforms, Smart Shopper and Boxer Rewards Club loyalty programmes, customer care channels and ongoing customer feedback and analytics. These engagements inform decision-making across pricing, promotions, ranging, store standards and digital investments. During FY26, the Group prioritised retail execution, strengthening value perception and enhancing customer experience across Pick n Pay and Boxer.

During FY26, this was reflected in

- Improved like-for-like sales momentum in Pick n Pay and strong volume growth in Boxer
- Pick n Pay internal selling price inflation below CPI Food, with deflation in Boxer
- Pick n Pay store reset programme improving the overall quality of the store estate
- Boxer store expansion improving accessibility in previously under-served areas
- Improved ranges, availability and digital engagement across the Group

Forward-looking priorities

- Maintaining customer value amid ongoing cost pressures
- Strengthening our fresh and convenience product ranges
- Improving product availability and consistency of execution
- Unlocking deeper customer insights through loyalty and digital capability
- Enhancing convenience across stores and online platforms

Our employees

Why our employees matter to our business

Our 90 000 employees are fundamental to the success and long-term sustainability of Pick n Pay and Boxer. Their commitment, capability and customer service shape the quality of our operations and the experience we deliver every day. Building a strong, values-driven and high-performance culture remains essential to strengthening operational execution, supporting growth and maintaining trusted stakeholder relationships across the Group.

What matters most to our employees

- Fair pay and responsible employment practices
- Safe, respectful and inclusive working environments
- Training, development and career opportunities
- Strong leadership and clear communication
- Recognition, well-being and job security

How we engage and respond

We engage with employees through regular operational engagement structures, leadership interaction, employee feedback channels, training programmes and recognised legal and labour union processes. These engagements inform decision-making across store labour planning, remuneration, leadership development and operational effectiveness. During FY26, the Group strengthened frontline capability, invested in leadership depth, supported transformation and reinforced a service-led and performance-driven culture across Pick n Pay and Boxer.

During FY26, this was reflected in

- Investment in frontline, specialist and leadership capability
- Boxer created 3 400 new jobs, hiring from the local communities served
- Succession planning in Pick n Pay and Boxer
- Focus on transformation, inclusion and employee well-being
- Engagement with organised labour and employee representatives

Forward-looking priorities

- Strengthening operational capability and frontline execution
- Building leadership depth and succession across the Group
- Supporting respectful and constructive engagement through the Pick n Pay Section 189 consultation, with the goal of building a sustainable business and long-term job security
- Enhancing productivity, flexibility and workforce effectiveness
- Building a high-performance and customer-focused culture



Our Pick n Pay franchisees

Why our franchisees matter to our business

Our franchisees are important long-term partners in the growth and sustainability of the Pick n Pay brand. Their success is closely linked to the Group's success, with strong franchise performance supporting customer reach, brand strength and long-term profitability across the Pick n Pay network. Maintaining collaborative and commercially sustainable franchise relationships remains essential to delivering a consistent and trusted customer experience across our Pick n Pay stores.

What matters most to our franchisees

- A strong and trusted Pick n Pay brand
- Sustainable franchise economics and profitability
- Reliable supply chain and product availability
- Operational, systems and commercial support
- Clear communication and collaborative partnerships

How we engage and respond

We engage with franchisees through regular operational forums, leadership engagement, regional support structures, business reviews and ongoing communication platforms. These engagements support collaboration across pricing, promotions, ranging, operational standards and business performance. During FY26, the Group remained focused on strengthening franchise economics, improving operational consistency and supporting franchisees through enhanced operational and systems capability.

During FY26, this was reflected in

- Pick n Pay franchise issues returned to positive like-for-like growth
- Targeted gross profit margin investment to support franchise profitability and sustainability
- Corporatisation of Botswana franchise stores to optimise operations in the region
- The intensified roll-out of asap! across the franchise estate, supported by expanded ranges and digital capability
- Focus on food safety, ethical conduct and operational compliance standards

Forward-looking priorities

- Supporting sustainable franchise growth across key markets
- Expanding digital capability and online convenience for franchise customers
- Strengthening operational standards and execution consistency
- Enhancing supply chain efficiency and product availability
- Deepening long-term partnerships and commercial alignment

Our suppliers and service providers

Why our suppliers and service providers matter to our business

Our suppliers and service providers play an important role in supporting the long-term sustainability, innovation and operational effectiveness of Pick n Pay and Boxer. Strong and responsible commercial relationships support product availability, customer value, food security and operational continuity across the Group. Maintaining constructive and mutually beneficial relationships with suppliers, service providers and landlords remains essential to supporting growth, innovation and a consistent customer experience.

What matters most to our suppliers and service providers

- Fair, transparent and sustainable commercial terms
- Clear communication and reliable payment practices
- Long-term growth and innovation opportunities
- Efficient operational and supply chain processes
- Responsible and ethical business conduct

How we engage and respond

We engage with suppliers and service providers through ongoing commercial engagement, supplier forums, operational planning processes, digital supplier platforms and governance structures. These engagements support collaboration across product innovation, pricing, supply chain efficiency, operational standards and responsible sourcing practices. During FY26, the Group remained focused on strengthening operational efficiency, supporting supplier sustainability and collaborating with suppliers and landlords to reduce resource consumption and environmental impact.

During FY26, this was reflected in

- Expansion of Fresh, convenience and private label product ranges
- Support for small local suppliers, transformation and business development
- Collaboration to improve cost and operational efficiency and support customer value, including the new Pick n Pay logistics partnership with DP World
- Store reset and refurbishment initiatives with landlords to improve trading densities across Pick n Pay
- Boxer expansion alongside landlords and developers in under-served areas

Forward-looking priorities

- Strengthening food security and local supplier partnerships
- Driving innovation and value creation across the supply chain
- Expanding digital supplier capability and data-led engagement
- Supporting operational efficiency and responsible sourcing practices
- Advancing sustainability initiatives across the property and supply chain network



Our investment community

Why our investors matter to our business

Our investment community provides the equity capital and debt funding that support the growth and strategic priorities of Pick n Pay and Boxer. Maintaining investor and lender confidence through disciplined execution, strong governance, effective risk management and transparent disclosure remains essential to supporting access to capital and providing opportunities for long-term value creation across the Group.

What matters most to our investors

- Clear strategy, effective capital allocation and disciplined execution
- Strong governance and effective risk management
- Sustainable financial performance and cash generation
- Transparent disclosure and constructive engagement
- Long-term shareholder value and sustainable returns

How we engage and respond

We engage with shareholders, lenders, analysts and other members of the investment community through annual and interim results presentations, investor roadshows, shareholder meetings, conferences and ongoing market communication. These engagements support transparent communication around strategy, operational performance, governance, risk management and capital allocation priorities. During FY26, the Group remained focused on maintaining open and constructive engagement on the Pick n Pay turnaround, Boxer growth strategy and ongoing initiatives to strengthen the balance sheet.

During FY26, this was reflected in

- Group net cash remained strong at R3.1 billion at year-end
- Disciplined capital allocation across turnaround and growth priorities
- Ongoing transparent engagement with shareholders, lenders and analysts
- Boxer commenced dividend distributions in line with commitments made at IPO
- Further sale of Boxer shares post-year-end to strengthen the Group balance sheet

Forward-looking priorities

- Restoring Pick n Pay to sustainable profitability
- Maintaining disciplined capital allocation and cash generation
- Supporting long-term Boxer growth and expansion
- Strengthening returns and long-term shareholder value
- Maintaining transparent and constructive market engagement

Our communities

Why our communities matter to our business

Pick n Pay and Boxer operate in communities where many households continue to face unemployment, inequality and financial pressure. Access to affordable food and essential products remains a daily challenge for many of the customers we serve. Our stores are embedded in these communities, and we play an important role in supporting local economies, creating jobs and contributing to societal well-being. Maintaining this trust remains fundamental to how we operate and grow.

What matters most to our communities

- Affordable access to food and essential products
- Employment and local economic opportunities
- Safe, clean and accessible shopping environments
- Meaningful support during times of need
- Responsible and ethical business practices

How we engage and respond

We engage with communities through our stores, digital platforms, NGO partnerships and targeted support initiatives across Pick n Pay and Boxer. These engagements help us better understand the challenges affecting the communities we serve and ensure that our support remains practical, relevant and appropriately directed. During FY26, the Group remained focused on supporting food security, local economic participation and responsible community-led initiatives.

During FY26, this was reflected in

- Continued support for the Pick n Pay and Boxer School Clubs reaching over 3 300 schools
- Feed the Nation continued to support vulnerable households and schools
- Surplus food donations through FoodForward SA and SA Harvest supported hunger relief and reduced food waste
- Support for small local suppliers, township enterprises and community-based businesses
- Boxer store expansion supporting local hiring and access in under-served communities

Forward-looking priorities

- Supporting affordable access to food and essential products
- Strengthening food security and community support initiatives
- Expanding local economic participation and supplier inclusion
- Supporting environmentally responsible community initiatives
- Maintaining trusted relationships across the communities we serve



Government and regulators

Why government and regulators matter to our business

Government and regulators shape the environment in which Pick n Pay and Boxer operate. This includes frameworks relating to employment, transformation, food safety, consumer protection, environmental sustainability and economic participation. Maintaining strong compliance standards and constructive engagement with local, provincial and national authorities remain essential to supporting responsible growth, protecting our licence to operate and maintaining trust across the communities we serve.

What matters most to government and regulators

- Compliance with applicable laws and regulatory requirements
- Responsible employment and labour practices
- Food safety, consumer protection and product standards
- Transparent reporting and responsible corporate conduct
- Contribution to transformation and economic participation

How we engage and respond

We engage with government and regulatory bodies through formal compliance processes, structured reporting, industry forums and ongoing operational engagement across the Group. These engagements support compliance, accountability and responsible business practices across areas including labour, food safety, environmental management, tax and licensing requirements. During FY26, the Group remained focused on maintaining strong governance standards, supporting transformation objectives and engaging constructively on regulatory and industry developments affecting the retail sector.

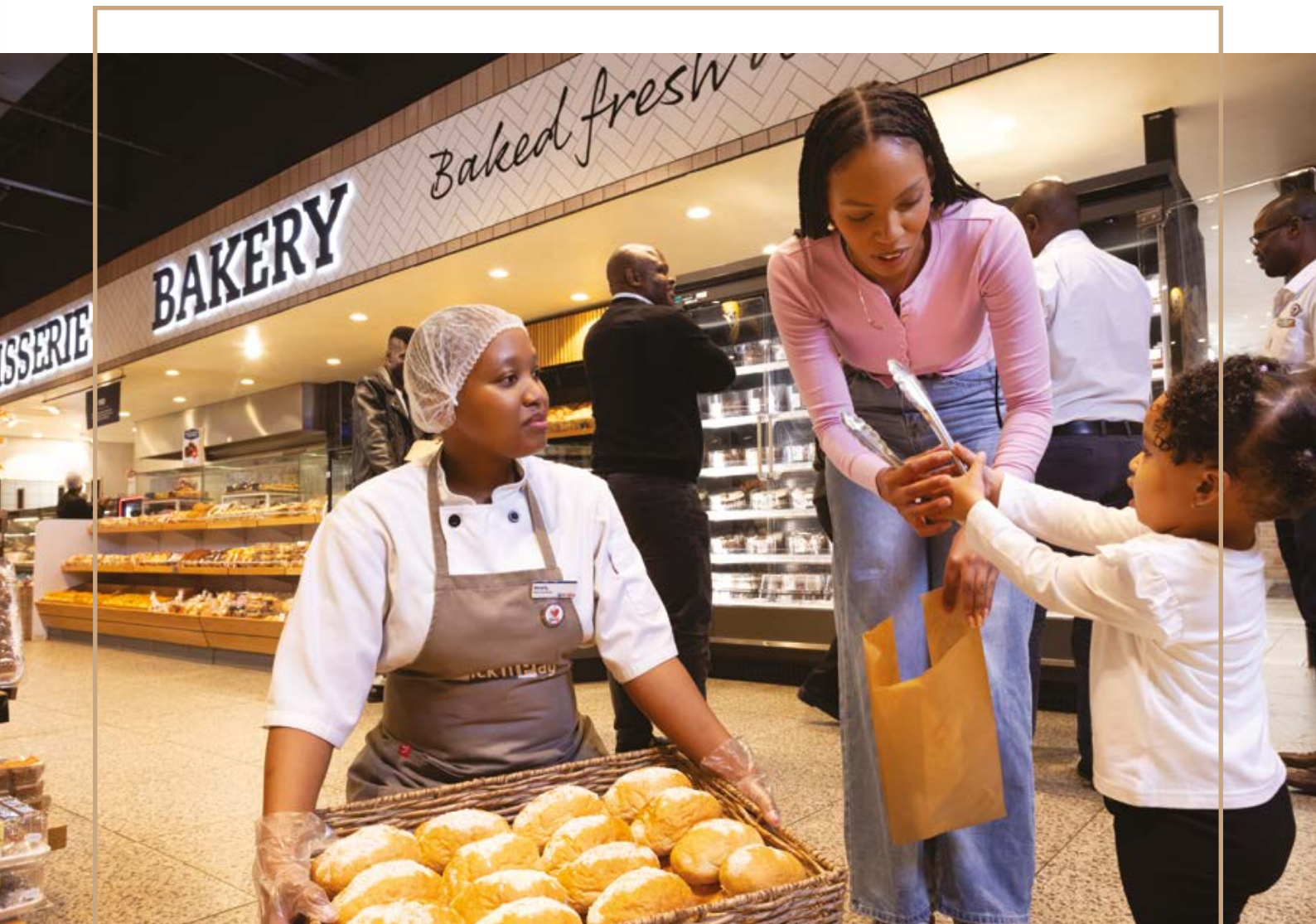
During FY26, this was reflected in

- Participation in consultation processes relating to proposed regulatory developments, including through industry bodies such as the Consumer Goods Council of South Africa (CGCSA) and Business Unity South Africa
- Collaboration with local authorities on compliance and remedial actions where required, including action taken in response to labour law violations at an unauthorised third-party clothing factory in Newcastle, KwaZulu-Natal (refer to page 54)
- Constructive engagement through formal Commission for Conciliation, Mediation and Arbitration labour consultation processes and labour authorities
- Following notification of a data breach after year-end, Pick n Pay engaged authorities, communicated with affected customers and investigated the circumstances to prevent recurrence

Forward-looking priorities

- Advancing transformation and inclusive economic participation
- Strengthening food safety, consumer protection and environmental practices
- Supporting responsible expansion and operational execution across the Group
- Maintaining constructive engagement on evolving retail and labour regulation
- Further strengthening our cybersecurity protocols





Building on the Group's rich legacy

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Chief Executive Officer's review

Two years ago, we set out a clear plan to restore the Group to profitability and long-term sustainability. We knew then that there would be no quick fixes and that it would be a multi-year journey. The work required would take time, discipline, investment and, at times, tough decisions.



The disciplined work of rebuilding Pick n Pay

FY26 was an important year in our recovery, and while there is still a significant amount of work ahead of us, Pick n Pay today is fundamentally stronger than it was at the beginning of this journey.

During the year, we made steady progress against the strategic priorities underpinning our turnaround plan. The extensive reset of our store estate is now largely behind us. We rebuilt leadership capability across the Group, strengthened operational disciplines, improved supply chain efficiency and simplified support structures.

We have sharpened our focus on the very fundamentals of retail execution. We have improved our store standards, expanded our range, strengthened product availability, enhanced our Fresh offer and continued to focus on our price competitiveness in an exceptionally constrained consumer environment. Encouragingly, our customers are responding positively to the improvements being made across the business.

These gains are measured and incremental, but they are important because they are rebuilding a stronger and more competitive Pick n Pay.

Over the past two years, we have had to confront realities that could no longer be avoided. The closure of unsustainable stores and the implementation of future-fit operating structures in our support offices have regrettably resulted in job losses. These actions were not taken lightly but were essential to stabilising the business and creating a solid platform from which Pick n Pay can return to growth, competitiveness and sustainable job creation over the longer term.

The next critical step is to recalibrate our store labour costs. In May 2026, we initiated a formal Section 189 consultation process aimed at aligning our store labour model more appropriately with the operational realities of modern retail. This is one of our most critical initiatives because, without addressing this major cost block, we will not be able to compete effectively in a low-margin industry or restore Pick n Pay to profitability.

This process did not arise suddenly. For more than two years, we have engaged with labour representatives on the structural challenges within our labour model and the changes required to secure the long-term sustainability of the business. Despite these efforts, insufficient progress was made, and our operational requirements have necessitated formal consultations as per Section 189A of the Labour Relations Act.



We recognise the uncertainty and concern this process creates for many of our colleagues, and these decisions were not taken lightly. However, unless we confront these challenges honestly and decisively, we will not complete this recovery. The purpose of the consultation is not simply cost reduction. It is about creating a more sustainable operating model that enables Pick n Pay to compete on a more even footing within the South African retail market, restore profitability over time, and ultimately protect and create jobs into the future.

We continue to call on our labour partners to engage constructively and with urgency so that, together, we can find a responsible path forward in the best interests of Pick n Pay, its people and the millions of customers who rely on us every day.

We remain clear-eyed about the reality that Pick n Pay is still loss-making. That remains the central challenge we are working to overcome, and it is why the work of rebuilding the business cannot lose momentum. We are absolutely resolute in returning Pick n Pay to break-even and then on to sustainable long-term profitability. While the recovery path remains demanding, the operational foundations being rebuilt across the Group are steadily positioning the business for a stronger and more sustainable future.

Boxer delivered another exceptional year, with continued market share gains and strong sales and earnings growth. Marek Masojada and the Boxer team continue to set a high standard in South African retail through their relentless focus on value, disciplined execution and growth.

In May 2026, Boxer's strength and market position enabled us to complete a partial sell-down of our shareholding, raising R4.7 billion while retaining control with a 53.1% shareholding. This was an important step in further strengthening the Group's financial flexibility and ensuring we have the resources required to continue investing ahead of the turnaround in our stores, customer proposition and operational capability.

Boxer is an outstanding business with exciting long-term growth prospects, and we remain proud majority shareholders with deep confidence in its future.

We understand clearly what still needs to be done. The path is clear, but the trajectory is steep. English philosopher Roger Scruton once wrote: "Good things are easily destroyed, but not easily created." That is a truth we understand deeply. Rebuilding Pick n Pay will take patience, discipline and care, but we are committed to doing the work properly.

Throughout this journey, I have been consistently reminded of the extraordinary resilience, loyalty and commitment of Pick n Pay people. One of the greatest sources of encouragement for me has been seeing how our teams across the Group have grown, developed and stepped up during an exceptionally demanding period. We are not where we need to be yet, but we are steadily building what I believe can become the best retail team in South Africa. The growing depth of leadership capability across the business is particularly encouraging and bodes well for the future strength and succession of the Group.

My sincere thanks go to every colleague across our stores, distribution centres, support offices and operations. The commitment, resilience and care shown by our teams under often difficult circumstances have been remarkable, and the progress we are making would not be possible without them.

I would also like to thank our Board for its continued guidance, support and oversight during a demanding and defining period for the Group.

For 59 years, Raymond and Wendy Ackerman built an institution grounded in values, service, courage and care for South Africa and its people. All of us who are part of Pick n Pay today carry a responsibility to protect and rebuild that legacy for the next generation.

And finally, my deepest thanks to our outgoing CFO, Lerena Olivier. We all owe Lerena a debt of gratitude for her leadership, professionalism and unwavering commitment throughout this recovery journey. She has played an exceptional role in helping stabilise and rebuild the Group during one of the most demanding periods in its history. I would also like to warmly welcome Tina Rookledge as our incoming CFO. I have enjoyed getting to know Tina better over the past few months and look forward to working with her as we continue the work of rebuilding Pick n Pay.

Our work is far from complete, but meaningful progress is being made. Our customers are increasingly noticing the difference, the foundations of the business are steadily strengthening, and I remain confident that by continuing to confront reality honestly, execute with discipline, and stay focused on serving our customers better every day, we will restore Pick n Pay to its rightful place in the South African retail market.

Sean Summers
Chief Executive Officer

30 June 2026



Progressing our strategy

Two years ago, Pick n Pay introduced a clear turnaround strategy aimed at restoring the profitability and competitiveness of its core supermarket business while accelerating the growth of Boxer. The strategy remains unchanged and continues to guide the Group's priorities, decision-making and capital allocation.

FY26 marked another year of progress against this plan. Despite the constrained consumer backdrop and ongoing pressure across the retail sector, Pick n Pay continued to enhance its customer proposition, strengthen execution across its operations, and maintain a strong focus on capital discipline.

Progress was made across each of the six strategic priorities underpinning the Pick n Pay turnaround. The recapitalisation, rebuilding of leadership and people capability, and the optimisation of the store estate are now largely complete. At the same time, initiatives aimed at accelerating like-for-like sales growth, strengthening strategic partnerships and rebuilding future-fit operating structures continued to gain traction, supporting a stronger customer proposition and improved like-for-like sales momentum. During the year, company-owned Pick n Pay supermarkets delivered like-for-like sales growth of 3.9%, supported by improved availability, a stronger Fresh offer and continued investment in customer value. Boxer also maintained its strong growth trajectory, reinforcing its position as South Africa's leading discount retailer.

While progress is evident across each of the Group's strategic priorities, Pick n Pay remains loss-making, and achieving break-even while building a platform for sustainable future profitability remains the turnaround's overriding objective. The Section 189 labour consultation process announced shortly after year-end represents an important next step in aligning the business with the operational and cost realities of the modern retail environment.



Our strategic priorities

The Group's strategic priorities provide a clear framework for evaluating the progress made to date and the work that remains to be done.



Our revised break-even target

The turnaround of Pick n Pay remains a multi-year process requiring significant operational and structural change across the business. While meaningful progress has been made across the Group's strategic priorities, management remains focused on restoring the competitiveness of the core Pick n Pay supermarket business and pursuing earnings recovery. The Group has revised its break-even target from FY28 to FY29. This reflects the constrained market, the time required for executed initiatives to translate into earnings, and the need to complete remaining turnaround actions to sustain improvements in sales, operational execution and cost competitiveness, including the store labour model reset announced after year-end.

FY29 Target

Pick n Pay trading result after lease interest
Break-even (vs. R2.6 billion FY24 loss)

The Group remains committed to taking a measured approach that prioritises long-term value creation over short-term outcomes.



Completed strategic priority: Recapitalisation

The successful execution of the Group's recapitalisation programme represented a critical milestone in the Pick n Pay turnaround. Through a two-step recapitalisation programme, the Group raised R12.5 billion, materially strengthening the balance sheet, restoring financial flexibility and providing the capital required to support the turnaround of the core Pick n Pay supermarket business, while unlocking value through the listing of Boxer. The Group further improved its financial position in May 2026 through the sale of an additional Boxer shareholding, generating proceeds of R4.7 billion. Together, these transactions established a significantly stronger financial platform from which to execute the remaining phases of the Pick n Pay turnaround.

Outcome

- The Pick n Pay Rights Offer was strongly supported by shareholders and raised R4.0 billion
- The Boxer listing unlocked shareholder value and raised R8.5 billion
- The sale of an additional 12.5% Boxer shareholding in May 2026 generated proceeds of R4.7 billion, further improving the Group's financial position. The Group continues to hold 53.1% of Boxer as its controlling shareholder
- The Group eliminated its debt and enhanced liquidity, establishing a stable financial platform to support the Pick n Pay turnaround



Completed strategic priority: Leadership and people

Our people are the foundation of Pick n Pay's success and the engine of our transformation. This priority focused on rebuilding leadership capability, improving organisational effectiveness and creating a high-performance culture through accountable leadership and capable, empowered teams at every level of the business. The leadership restructure and rebuilding programme initiated at the start of the turnaround is now largely complete. Over the past two years, the Group has increased leadership depth and experience, rebuilt regional and operational management structures, addressed critical skills gaps and improved support for stores across the country. These changes have improved communication, clarified accountability, enhanced execution across the business and developed a strong succession pipeline.

Outcome

- Executive leadership capability and depth strengthened across the business
- Regional and operational management structures re-established, improving support for stores
- Critical leadership, specialist and operational skills gaps substantially addressed
- Clearer accountability and communication channels embedded across the organisation



Completed strategic priority: Store estate reset

A sustainable and profitable store estate is fundamental to restoring the competitiveness of the Pick n Pay supermarket business. This priority focused on improving the quality of the store portfolio by exiting under-performing locations, reducing losses and directing capital towards stores with stronger return potential. The store estate reset initiated at the start of the turnaround is now largely complete. Over the past two years, the Group systematically addressed loss-making stores through closures and conversions, recognising that shifts in customer demand, competitive intensity and retail development patterns can alter the long-term viability of individual locations. This improved the quality of the estate, reduced a significant drag on profitability and enabled management to focus increasingly on improving the performance of the remaining store base.

Outcome

- A total of net 61 under-performing Pick n Pay supermarkets in South Africa were closed or converted under the store estate reset programme over the past two years
- The majority of stores without viable prospects were addressed, materially improving the quality of the Pick n Pay store estate
- Capital allocation was directed towards stores and initiatives with stronger return potential
- Management focus shifted towards improving the performance and profitability of the remaining Pick n Pay estate





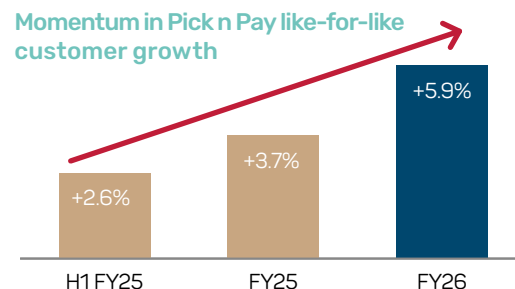
In-progress strategic priority: Accelerate like-for-like growth

Winning back customers and restoring sales momentum remains a central pillar of the Pick n Pay turnaround. This priority focuses on growing like-for-like sales by enhancing customer relevance, shopping frequency and loyalty through competitive pricing, improved availability, stronger in-store execution and a differentiated shopping experience.

During FY26, the business continued to focus on improving customer value, growing its Fresh offer and enhancing the overall shopping experience. The successful roll-out of the next-generation asap! platform, including integrated Smart Shopper rewards, enhanced customer functionality and the addition of Pick n Pay Clothing, further strengthened the Group's digital proposition and customer reach. Together, these initiatives contributed to improved customer participation and supported a return to like-for-like growth across company-owned supermarkets.

FY26 progress

- Investment in customer value and operational execution contributed to Pick n Pay company-owned supermarkets delivering like-for-like sales growth of 3.9%
- The roll-out of the next-generation asap! platform supported online sales growth of 32.7% while achieving profitability targets for the business
- A disciplined pricing strategy kept Pick n Pay internal selling price inflation to 1.9%, significantly below food inflation of 4.4%
- Continued investment in Fresh contributed to category-leading growth and stronger customer participation across key departments



In-progress strategic priority: Strengthen partnerships

Strategic partnerships play an important role in strengthening customer value, enhancing brand relevance and supporting long-term growth. During FY26, the Group continued to strengthen relationships with suppliers, franchisees and other partners, which contributed to improved customer engagement, broader customer reach and a stronger competitive position.

FY26 progress

- Closer collaboration with franchise partners strengthened commercial alignment and supported a return to positive growth in like-for-like franchise issues, improving from -0.1% in FY25 to 0.9% in FY26
- Through its partnerships with FNB and Absa, Pick n Pay extended value-based rewards to more than 8.7 million customers, including up to 30% back in eBucks and up to 30% real cash back through Absa Rewards
- FNB eBucks promotions and combo deals drove customer participation, with more than five million Burger Friday burgers sold and more than five million 99c bread vouchers issued
- Pick n Pay's partnership with SA Rugby strengthened brand visibility and customer engagement through targeted campaigns, activations and promotional initiatives aligned to the "Come Home to PnP" campaign



In-progress strategic priority: Create a future-fit operating structure

Restoring profitability requires a simpler, more efficient and more competitive operating model. This priority focuses on improving productivity, reducing complexity and strengthening the operational foundations required to support sustainable long-term performance. Our objective is to create a business that can compete effectively across all market conditions while delivering improved returns over time. Significant progress has been made over the past two years in reshaping the Group's operating structure. During FY26, the Group continued to improve supply chain efficiency, strengthen operational disciplines and embed productivity initiatives across the business. These efforts contributed to improved operational performance and enhanced competitiveness.

Despite progress across many areas of the turnaround, the cost base of the Pick n Pay supermarket business remains too high relative to its current sales base and profitability levels. Employee costs are our largest trading expense and remain above industry norms, making this a key area of focus. The Section 189 labour consultation process, announced shortly after year-end, represents a critical next step in aligning labour costs and the operating model with the long-term requirements of the business and achieving Pick n Pay's FY29 break-even target.

FY26 progress

- The strategic partnership with DP World established a platform for improved supply chain efficiency, service levels and long-term competitiveness
- Pick n Pay distribution centre productivity improved by more than 12%, while service levels exceeded 95%
- Inventory was reduced while product availability improved, supporting stronger working capital management and cash generation
- Improved category management, waste reduction and supply chain efficiencies contributed to an underlying 30 basis point improvement in Pick n Pay gross profit margin



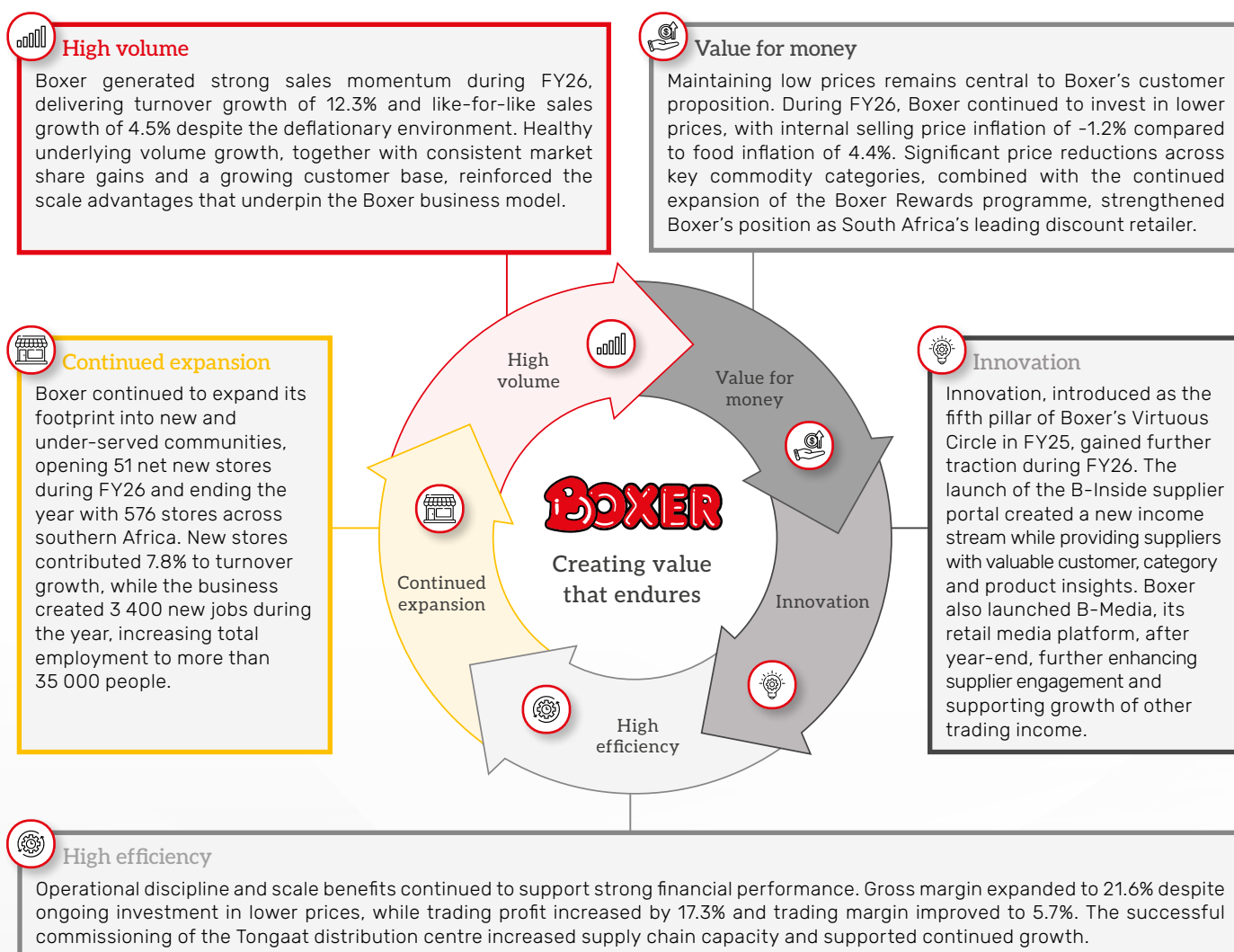
Boxer – driving volume, unlocking value

Boxer remains a key component of the Group's strategy and long-term value creation ambitions. While Pick n Pay continues to focus on restoring the profitability and competitiveness of its core supermarket business, Boxer continues to execute on its growth strategy centred on market-leading value, operational discipline and expansion into under-served communities.

FY26 was another year of exceptional performance for Boxer. The business delivered strong growth in sales, earnings and market share, while maintaining its disciplined approach to expansion and customer value.

The Boxer strategy

The virtuous circle remains central to Boxer's success. Continued investment in value, expansion and operational excellence reinforces customer loyalty and market share growth, supporting the Group's confidence in Boxer's long-term growth trajectory and ability to create sustainable shareholder value.



Please refer to the Boxer Integrated Annual Report, available at www.boxerinvestor.co.za, for further detail on its strategic performance over FY26.



Managing our sustainability impacts

Pick n Pay and Boxer aim to create long-term value through responsible business practices that support customers, employees, communities, and the environment. Our founding principle of “doing good is good business” remains central to how the Group operates, even as Pick n Pay navigates its turnaround strategy.

Following its separate listing in November 2024, Boxer now reports its own ESG data and sustainability approach within its Integrated Annual Report. Boxer’s vision is underpinned by its strategy “Growing Together, Greener Tomorrow”, with a focus on food security, climate action, and responsible consumption. Read more on Boxer’s contribution to sustainability in the Boxer Integrated Annual Report published on their website at www.boxerinvestor.co.za. This sustainability chapter focuses primarily on the Pick n Pay segment.

The implementation of the Pick n Pay turnaround strategy marked a deliberate shift back to the fundamentals of retail execution, with a clear emphasis on strengthening operational disciplines and restoring a consistent and reliable customer experience.

Within this context, it is important to be clear about where Pick n Pay’s ESG focus currently sits. The social and governance dimensions of our sustainability agenda have remained active and integral to how we operate. We have continued to invest in our people, support the communities we serve through food security and education initiatives, and maintain the transparent stakeholder engagement that underpins trust in the business. These are not aspirations deferred. They are embedded in how Pick n Pay functions day-to-day.

The environmental agenda has been deliberately reprioritised, but it has not been forgotten. Our ambition remains exactly where it was, and when the business returns to a position of financial stability, we intend to pick up that agenda with full momentum. What has changed is not our commitment but our mode of delivery. In the current period, our environmental focus has shifted towards maintaining and protecting the progress we have already made, honouring existing targets where operationally practical, and continuing incremental improvements that do not require significant capital outlay. Certain initiatives have been deferred, including elements of our decarbonisation pathway and waste infrastructure expansion, which continue to form part of our long-term environmental roadmap, but capital allocation decisions are currently being made with the turnaround as the primary priority.

The work continues. The investment into some areas has simply been adjusted to reflect where the business is today. This is a deliberate and temporary recalibration, not a retreat from our environmental responsibilities. Sustainability targets are continuously assessed to ensure they are realistic, actionable, and aligned with current business capacity and strategy.

The success of the turnaround is closely linked to the strength of relationships with key stakeholders, including customers, employees, suppliers, and partners. Rebuilding trust and maintaining transparent engagement remain central to Pick n Pay’s approach. Progress during the year reflects those areas where sustainability and operational performance are closely aligned, including reducing food waste, improving energy efficiency, strengthening supply chain resilience, advancing responsible sourcing practices, and investing in employee capability.

While this approach has enabled continued progress in priority areas, our performance across ESG metrics has been mixed, reflecting the operational demands and trade-offs associated with the Pick n Pay recovery. Delivery has been prioritised in areas where sustainability initiatives align with operational efficiency and cost discipline.

A key highlight for the Group in FY26 was the finalisation of the Group’s Science Based Targets initiative (SBTi) commitments in November 2025. This represents an important step in defining a clear, science-based aligned pathway for emissions reduction. However, translating these targets into commercial practicality, making them meaningful and applicable at an operational level, is the critical next step. Until they are understood and owned across the business, meaningful progress will remain measured. We are committed to doing that work and to reporting transparently on where we are, including where constraints have slowed us down.

Looking ahead, as financial performance improves, Pick n Pay hopes to progressively reinvest in sustainability initiatives that have been delayed. We continue to ensure that sustainability is embedded in a way that is commercially viable, operationally practical, and capable of being sustained over the long term.

Sustainability at Pick n Pay is not about short-term ambition but about building a foundation for consistent, credible progress. The priority is to ensure that actions taken today are achievable, scalable, and aligned with the long-term resilience of the business.

Pick n Pay ESG framework

Our ESG framework guides our decision-making and aligns our actions with the key priorities of the long-term turnaround strategy. The framework takes into account the United Nations Sustainable Development Goals (SDGs) most relevant to our business and is designed to focus our efforts on those initiatives which will have the highest positive impact and provide the greatest opportunity to drive positive change. The framework allows us to embed sustainability into commercial decision-making and drives accountability through measurable outcomes.



Investing in our people

Our operations support thousands of employees. We are committed to building a diverse, inclusive and equitable workplace, offering meaningful careers, fair pay, strong development opportunities, and a culture where everyone can thrive. Pick n Pay's turnaround strategy is focused on ensuring the business returns to a sustainable operating model with the singular focus to retain jobs in the organisation.

SDGs



Pick n Pay strategic priority



Supporting our communities

Inequality remains a significant challenge in South Africa. Our corporate social investment (CSI) strategy focuses on long-term partnerships that empower communities through education, food security, small business support, and job creation.

SDGs



Pick n Pay strategic priority



Sustainable supply chains

Food is a basic human need. Transforming how food is produced and delivered requires strong partnerships across the food system. As a major retailer, we are driving access to affordable, healthy, safe, and responsibly sourced food, while building inclusive supply chains and reducing food waste.

SDGs



Pick n Pay strategic priority



Reducing environmental impacts

We offer a wide range of products, each with an environmental footprint. Across our operations, we are working to reduce our environmental impact by cutting emissions, improving energy and water efficiency, addressing waste and packaging issues, partnering for innovation, and strengthening data and monitoring.

SDGs



Pick n Pay strategic priority



Pick n Pay strategic priorities



Recapitalisation



Store estate reset



Strengthen partnerships



Leadership and people



Accelerate like-for-like growth



Create a future-fit operating structure



Risks and opportunities impacting value creation

Our sustainability material themes consider our operational performance and longer-term sustainability ambition. We prioritise business continuity while embedding sustainability into decision-making to ensure we remain resilient, competitive, and aligned to stakeholder expectations over the long term. Our targeted implementation approach is cognisant of our operational constraints and cost pressures.

Principal business strategy risks – linked to sustainability risks and opportunities

Principal risk and opportunity	Why it matters (business context)	Sustainability risks	Sustainability opportunities
1 Strategic execution	Failure to execute strategy undermines growth, transformation and long-term competitiveness.	- Pressure to meet ESG expectations amid operational constraints - Gaps against best practice due to cost limitations - Tension between short-term results and long-term goals - Skills gaps affect execution of sustainability strategy	- Integrate sustainability into core decision-making - Prioritise initiatives with clear business value - Align sustainability with long-term strategy - Build internal sustainability capability
2 Customer experience and satisfaction	Customer trust and satisfaction drive revenue, loyalty and competitive positioning.	- Cost pressures reduce customer affordability - Loss of trust if sustainability commitments are not met - Tension between value pricing and responsible sourcing	- Build trust through transparency and affordability - Offer responsible, cost-conscious products - Strengthen long-term brand loyalty through sustainability performance
3 Exposure to macro-economic and market risks	Economic volatility, inflation and market shifts impact cost structures and consumer spending.	- Energy price volatility increases operating costs - Supplier cost pressure from climate and geopolitical events - Higher cost of sustainable inputs impacts margins - Supply disruption from climate or geopolitical events	- Energy efficiency to reduce costs and emissions - Diversify sourcing to improve resilience - Focus on cost-neutral sustainability initiatives - Drive operational efficiencies across the value chain
4 Building and maintaining the best franchise model in South Africa	A strong franchise model requires consistent standards, capable franchisees and sustainable operations.	- Operating cost pressures on franchisees limit their ability to implement sustainability objectives - Face many of the same sustainability risks as company-owned stores but fall outside the same operational boundary, meaning these risks cannot be directly managed or enforced, requiring influence or educational control-based risk management	- Develop cost-effective sustainability toolkits and support for franchisees - Integrate sustainability standards progressively into franchise agreements as profitability improves
5 Brand trust and reputation	Brand equity is foundational to customer loyalty, franchisee confidence and stakeholder relations.	- Reputational risk from supplier misconduct or ESG under-performance - Loss of trust if sustainability commitments are not met - Reputational risk if sustainability expectations are not met	- Maintain transparency on sustainability trade-offs - Strengthen supplier engagement and transparency - Build trust through community initiatives and responsible products



Principal risk and opportunity	Why it matters (business context)	Sustainability risks	Sustainability opportunities
6 Operational disruption and business continuity	Disruptions to operations affect service delivery, revenue and franchisee performance.	- Reliance on grid electricity - Supply disruption from climate or geopolitical events - Capital constraints slow decarbonisation and resilience investment - Restricted ability to retrofit leased assets	- Partnerships with landlords on renewable energy - Diversify sourcing to improve supply chain resilience - Readiness for carbon regulation reduces future disruption risk
7 Digital innovation, stability and information security	Digital capability underpins operational efficiency, data integrity and customer experience.	- Energy and carbon footprint of digital infrastructure - Poor data quality or gaps in sustainability data undermine the credibility of ESG disclosures and stakeholder trust	- Use technology and digital tools, including data analytics, to improve the accuracy, transparency, and efficiency of sustainability reporting while continuously monitoring and enhancing sustainability performance across operations - Optimise energy use in digital infrastructure to reduce emissions and operating costs - Balance automation with inclusive employment practices to support transformation objectives - Design digital customer solutions that remain accessible and affordable to under-served communities
8 Talent attraction, retention and transformation	A skilled, diverse and motivated workforce is critical to delivering strategy and transformation.	- Current labour consultations with the objective to deliver job security can negatively impact labour relationships - Labour relations challenges reduce productivity - Employee well-being impacts absenteeism and turnover - Skills gaps affect sustainability execution	- Improve employee engagement and retention through purpose-led culture and regular and transparent communication - Build internal sustainability capability aligned to transformation goals
9 Compliance with laws and regulations	Non-compliance exposes the business to legal, financial and reputational consequences.	- Increasing regulatory expectations with limited financial flexibility - Gaps against ESG best practice due to cost limitations - Pressure to meet ESG disclosure and reporting obligations	- Gradual regulatory alignment to stay ahead of requirements - Prioritise compliance initiatives with clear business value - Maintain transparency on trade-offs and progress
10 Environment and social risks	Environmental and social risks are core to sustainability, affecting operations, communities and long-term licence to operate.	- Capital constraints slow decarbonisation - Limited visibility into Tier 2 and lower-tier supplier practices - Communities' reliance on Pick n Pay creates social expectations - Climate events disrupt supply chains and operations - Apparel sales remain highly sensitive to weather conditions. Deviations from seasonal temperature norms can significantly impact customer demand	- Energy efficiency and renewables reduce environmental footprint - Collaborate with suppliers on sustainability improvements - Deliver shared value through community initiatives - Build long-term resilience through responsible sourcing



Performance against the ESG framework

We are committed to delivering measurable positive impact through our ESG framework. As a retailer with an extensive value chain, our environmental and social impacts span across multiple areas, from sourcing and procurement to logistics, store operations and waste management. These impacts present both risks and opportunities. While our activities contribute to emissions, resource consumption and waste, they also provide a platform to promote sustainable practices, build inclusive supply chains and support healthier communities. Our ESG framework is carefully structured to address these impacts, with each focus area guiding our response to material sustainability issues. This approach enables us to systematically reduce our negative footprint while maximising our positive contribution.

The following section outlines our FY26 progress across the four focus areas, highlighting the initiatives, outcomes and partnerships that support a more sustainable outcome. While measurable progress has been achieved in a few key areas, performance across metrics has been varied, reflecting the operational pressures and financial constraints that shape the pace and scale of implementation.



Investing in our people

Our people are the heart of what we do. We are committed to providing our employees with rewarding jobs, effective training and development opportunities, competitive pay, good working conditions and opportunities to progress. In the current operating environment, workforce stability remains a key area of focus.

In May 2026, Pick n Pay initiated a Section 189 consultation process under the Labour Relations Act as part of developing a future-fit operating model in response to structural and operational pressures. Affecting approximately 22 000 employees, the process focuses on recalibrating the store labour model to align with market practices, customer shopping patterns, and operational needs. It has been conducted transparently and in full compliance with labour legislation, with job retention as the primary objective.

Health, safety and well-being

Our FY26 strategic focus

- Safe and healthy workplace
- Proactive risk and incident management
- Employee well-being and mental health
- Job retention and workforce stability

How we manage this

- Strengthen OHS systems, compliance, and risk management in line with legislative requirements, supported by audits and risk assessments
- Embed a strong health and safety culture through training, leadership accountability, and behavioural practices
- Provide dedicated OHS support, including practitioners, role-specific training, and monthly audits to drive continuous improvement
- Enhance employee well-being through wellness programmes, mental health support, and access to assistance services, alongside centralised security risk management
- Support employees navigating the Section 189 process through dedicated communication, counselling access, and fair procedural management

Our progress

- Health and safety remained a core operational priority, supported by strengthened processes, ongoing audits, and targeted training to improve hazard identification, compliance, and incident management
- Despite these efforts, total recordable injury frequency rate* increased to 3.6 (FY25: 3.2), driven by a higher incidence of slips, trips, cuts, and equipment-handling injuries among new and less experienced employees
- A total of 2 677 employees received health and safety training during FY26, strengthening safety awareness and capability, while well-being support services continued with an increased focus on mental health

* Total number of recordable injuries per 200 000 hours worked by employees (excludes contractors).



Diversity, equity and inclusion

Our FY26 strategic focus

- Strengthen internal talent development
- Advance employment equity and transformation
- Ensure recruitment for scarce and critical skills
- Build an inclusive and equitable workplace

How we manage this

- Strengthen internal talent pipelines and succession across frontline, leadership, and critical roles
- Improve representation of women, ACI, and people with disabilities at senior levels
- Enhance inclusive recruitment and sourcing through partnerships, better talent data, and internal mobility
- Support progression through leadership development, bursaries, and fair, consistent HR and leadership practices
- Ensure that the Section 189 process is applied equitably and does not disproportionately impact historically disadvantaged employees, women, or people with disabilities

Our progress

- Workforce remained highly representative: 98% HDSA and 70% women (FY25: 98%; 70%)
- Senior management diversity remained consistent: 75% HDSA and 41% women (FY25: 74%; 41%)
- Achieved 2% disability employment target and initiated progress toward a 3% target through targeted inclusion initiatives
- Leadership development and bursary programmes supported advancement, with continued focus needed to sustain progress at senior levels in a constrained environment
- The Section 189 process has been applied equally and consistently across all affected employees, without discrimination or unfair differentiation

Training and development

Our FY26 strategic focus

- Strengthen leadership capability
- Build resilient stores and frontline skills
- Develop internal operational and store leadership pipelines
- Use learning to support turnaround and growth

How we manage this

- Strengthen leadership and frontline capability through targeted development programmes aligned to business priorities
- Prioritise training for store managers, frontline employees, and Fresh departments
- Deepen internal pipelines for store and operational leadership roles
- Leverage internal and external training partners to build job-relevant skills
- Embed digital learning to improve access, consistency, and skills visibility

Our progress

- 16 employees completed nationally accredited management programmes, supporting leadership development
- Training focused on leadership, Fresh, and frontline skills, with 8 194 frontline employees trained
- The Trainee Management Programme strengthened the internal store manager pipeline
- Enhanced Fresh capability, with 106 employees trained in butchery skills
- Inclusive initiatives supported 100 employees with disabilities and 49 National Skills Fund graduates, alongside enhanced digital platforms; overall investment remains prioritised toward critical skills





Supporting our communities

Customers support businesses that give back to the communities they serve. As customers reward us with their loyalty, we can grow, serve more customers, generate more jobs and help build community resilience.

Targeting hunger

Our FY26 strategic focus

- Deliver meaningful CSI impact while supporting business sustainability
- Prioritise food security, child-focused interventions, and community resilience
- Align CSI investment with ESG priorities and areas of greatest community need

How we manage this

- Prioritise food security through structured, long-term programmes, with Feed the Nation as the primary platform
- Expand reach and impact through partnerships with NGOs, government, communities, and stores
- Increase diversion of edible surplus food to support vulnerable communities while reducing waste
- Maintain strong governance to ensure targeted, transparent, and ESG-aligned CSI investment

Our progress

- Feed the Nation remained the cornerstone food security programme, delivering 246 741 meals to vulnerable households and schools
- Surplus food donations of 1 588 tonnes through FoodForward SA and SA Harvest supported hunger relief while reducing food waste
- CSI contributions supported food security, child-focused programmes and community resilience initiatives to the value of R28.8 million
- Collaboration with partners enabled scale, efficiency and local relevance
- Stores and schools continued to serve as trusted community hubs
- Employee and store-led initiatives strengthened community participation and shared value

Targeting education

Our FY26 strategic focus

- Support the creation of resilient, inclusive learning environments for learners and educators
- Improve access to quality curriculum-aligned educational resources
- Contribute to socio-economic development and the education of future leaders through sustained, community-embedded engagement

How we manage this

- Deliver curriculum-aligned educational content through Pick n Pay School Club, to schools, while continuing to expand access and learner reach
- Increase programme visibility across stores, media, customers, and internally
- Drive impact through partnerships with stores, government, NGOs, and commercial partners to enable scale and relevance
- Strengthen data, monitoring, and systems to support growth and track impact
- Embed the programme in local communities, using incentives and initiatives to promote participation and support schools as community hubs

Our progress

- 3 380 schools registered and 3 175 actively reached, covering 2.38 million learners, 111 125 educators, and 3.6 million guardians
- 12.2 tonnes of educational materials distributed (+39% vs FY25)
- 1 781 school activations delivered, supporting learner engagement and community involvement
- Recognition programmes honoured 1 770 learners and 659 educators
- 1 498 child-headed households supported with 79 910 meals (+21% YoY)
- Key campaigns included E-Waste Day (2 160kg collected)



Sustainable supply chain

We promote smart, sustainable and inclusive food, grocery and clothing supply chains, supporting equitable access to nutritious food and resilient local economies.

Supporting responsible, ethical and sustainable supply chains

Our FY26 strategic focus

- Strengthen ethical, safe, and environmentally responsible supply chain practices
- Enhance supplier governance and compliance assurance
- Advance sustainable and responsible sourcing
- Leverage partnerships and digital tools to improve transparency, traceability, and risk management

How we manage this

- Strengthen supplier oversight and compliance using a risk-based approach
- Improve supply chain visibility through partnerships and data tools
- Expand sustainable and local sourcing to support resilience and value
- Set clear supplier standards through procurement policies and the Supplier Code of Conduct
- Maintain food quality and safety through audits and compliance with regulations

Our progress

- 86% of Pick n Pay Clothing suppliers registered on SEDEX (FY25: 90%) (additional 17 suppliers elected to use other internationally recognised ethical compliance platforms)
- We continued efforts to improve responsible raw material sourcing, with 96% (FY25: 96%) of palm oil used in Pick n Pay own brand products sourced sustainably, and 73% (FY25: 71%) of own brand paper and card packaging sourced from sustainably managed forest resources
- Progress across the supply chain reflects a balanced approach between strengthening compliance and maintaining commercial viability, with some initiatives progressing more gradually in response to cost pressures and supplier capacity constraints

Reducing food waste

Our FY26 strategic focus

- Reducing food waste
- Improving forecasting and replenishment
- Distribution of edible surplus food waste

How we manage this

- Track food waste daily and use data to identify targeted reduction opportunities
- Refine forecasting, replenishment, and buying practices to reduce surplus waste and improve consistency
- Work with stores, suppliers, and teams to improve demand planning, extend shelf life, and minimise waste through training
- Strengthen food recovery and redistribution through partnerships, supporting food security initiatives
- Invest in waste reduction programmes and collaborate with industry partners to drive impact

Our progress

- Although the total wastage per percentage of sales decreased overall, reflected in our gross profit margin improvement, this did not translate into the total food waste intensity performance, which remained broadly stable at 24.8kg/m² (FY25: 23.8kg/m²)
- Waste management and recovery initiatives have contributed towards the redistribution of over R80 million worth of food to communities in need



Pick n Pay Clothing: Responsible sourcing

In FY26, Pick n Pay Clothing continued to advance its responsible sourcing objectives, with 55% of products incorporating one or more sustainability attributes and 79% of suppliers participating in the annual sustainability survey. Local sourcing increased to 42.5% (FY25: 41.0%), while sourcing from the broader Southern African Development Community (SADC) region remained stable at 46.9% (FY25: 46.0%).

During the year, a compliance breach was identified within the local clothing supply chain. One of our design house partners utilised a factory in Newcastle, KwaZulu-Natal, that had not been disclosed to, audited, or approved by Pick n Pay, in direct violation of our sourcing requirements and contractual obligations. The factory was subsequently linked to labour law violations identified by the authorities. Following a full investigation, we confirmed a material breach of contract, terminated our relationship with the design house, and ensured that products produced at the facility were not sold in our stores.

The incident reinforced the importance of robust supplier oversight and our zero-tolerance approach to contractual, ethical and compliance breaches. In response, we further strengthened our compliance controls and enhanced factory verification processes, including regular on-site inspections of approved production facilities. While our long-term localisation target of 60% remains unchanged, progress will continue to be underpinned by strict adherence to our ethical, legal and sourcing standards.

We remain committed to increasing local and SADC sourcing and production, including from Lesotho and Eswatini, in a responsible, transparent and values-led manner.

Looking ahead

Key priorities include:

- Unlocking manufacturing opportunities across Africa to support regional economic growth
- Growing local and SADC sourcing through rigorous compliance standards and shared accountability with our design partners, enabling sustainable, long-term localisation
- Continuing research into sustainable product attributes that can be adopted without added cost to customers





Reducing environmental impacts

We reduce our negative environmental impacts while building operational resilience and a future-fit structure.

Climate change and energy

Our FY26 strategic focus

- Continued energy-efficiency improvements
- Science-based targets approval

How we manage this

- Finalise and implement a phased action plan aligned to science-based targets and the 1.5°C pathway
- Integrate emissions targets into strategy, capital planning, and executive oversight
- Prioritise low- and no-capex energy-efficiency and operational improvements
- Expand energy-efficiency upgrades as capital becomes available, including in-store refurbishments
- Monitor energy use and performance against defined efficiency metrics

Our progress

- Approval of our Group science-based targets.
- Energy-efficiency improvements continue to be embedded across all store revamps. However, overall capital investment remained measured, resulting in a relatively limited number of revamps completed across the store footprint. Despite this, energy efficiency improved to 37.9% in FY26 (FY25: 37.5%), with scaling a key FY27 focus.
- FY26 Pick n Pay Stores Group Footprint:
 - Scope 1: 322 524 tCO₂e (FY25: 297 933)
 - Scope 2: 689 051 tCO₂e (FY25: 878 098)
 - Scope 3: 13 593 694 tCO₂e* (FY26 reflects full Scope 3 footprint; FY25 partial: 373 250 tCO₂e)

* FY26 carbon emissions data is reported as provisional and may be subject to change as additional data becomes available or adjustments are made.

The Group's science-based targets

Our Group-level science-based targets were approved by the SBTi on 11 November 2025 and were subsequently published on 7 May 2026. The Group's science-based targets apply to all the Pick n Pay and Boxer segments, and all subsidiaries within the Group.

Net Zero

The Group commits to achieve net zero greenhouse gas emissions across the value chain by FY50.

Long-term

The Group commits to reduce absolute Scope 1 and 2 GHG emissions 90.0% by FY50 from a FY23 base year.

The Group also commits to reduce absolute Scope 3 GHG emissions by 90.0% within the same timeframe.

Near-term

The Group commits to reduce absolute Scope 1 and 2 GHG emissions 55% by FY34 from FY23 base year.

The Group commits to reduce absolute Scope 3 GHG emissions from fuel- and energy-related activities, upstream transportation, waste generated in operations, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises and investments by 32% within the same time frame.

The Group further commits to working with suppliers to ensure that 46% of its suppliers, by emissions covering purchased goods and services, will have science-based targets by FY30.

The decision to set science-based targets was not taken lightly. The process required significant time, resources and internal commitment, and reflects the Group's genuine belief in the importance of climate accountability.

We are equally honest about the road ahead. Pick n Pay is currently focused on returning the business to profitability, and capital allocation decisions are being made with that priority in mind. This means progress against our targets will be incremental and will reflect the realities of our operating environment.

While these targets are endorsed at committee level, the next critical step is translating them into commercial practicality, making them meaningful and applicable to how the business actually operates. Until these targets are understood and owned at an operational level, including with third party support, meaningful progress will remain limited. We are committed to doing that work and to reporting transparently each year on where we are, including where constraints have slowed us down.



Waste

Our FY26 strategic focus

- Reducing our waste in-store and across our supply chain
- Diversion of waste from landfill
- Customer-facing recycling initiatives

How we manage this

- Embed waste management into operational decision-making, with a focus on efficiency and cost control
- Work with waste service providers to divert organic waste and recyclables from landfill
- Partner with stakeholders to expand customer-facing recycling initiatives
- Assess and implement waste diversion options that are operationally and financially viable
- Improve data quality and measurement to enable targeted, cost-effective waste reduction

Our progress

Increased diversion requirements in certain regions drive higher waste management costs, requiring a balance between affordability and diversion targets. Additionally, there is ongoing focus on customer-led recycling initiatives to help reduce environmental impact.

- Waste diverted from landfill: 63.0% (FY25: 63.6%)
- Total volume of waste recycled: 12 808 tonnes (FY25: 12 896 tonnes)
- Waste intensity: 20.6kg/m² (FY25: 20.6kg/m²)
- Reverse vending machines promote packaging recycling through Smart Shopper point rewards. In FY26, customers earned 174 486 points and recycled 35 452kg.
- 93 e-waste recycling bins installed across selected stores since inception. 122 352kg of electronic waste, including small appliances, batteries, and light bulbs, was collected.

Sustainable packaging

Our FY26 strategic focus

- Completion of the online packaging dashboard
- Progressing packaging sustainability targets

How we manage this

- Maintain a centralised packaging database to improve data accuracy, oversight, and decision-making
- Use improved data to identify targeted, cost-effective packaging sustainability opportunities
- Engage suppliers and stakeholders to reduce unnecessary packaging and enhance recyclability
- Advance Plastics Pact commitments through supplier collaboration and packaging optimisation
- Embed sustainable packaging into decision-making, aligned with operational and financial constraints to ensure scalability

Our progress

- 91% of Pick n Pay own brand packaging is recyclable or re-usable
- 22% recycled content in Pick n Pay own brand plastic packaging
- 73% of Pick n Pay own brand cardboard and paper in packaging was sourced from responsibly managed forests
- 98% of own brand packaging carries the on-packaging recycling logo

Progress remained incremental, constrained by higher material costs, packaging changes, and certification requirements. Performance was measured, reinforcing the need for a pragmatic, cost-effective approach to advancing sustainable packaging.

Progressing against our ESG public commitments

Pick n Pay has established a clear set of internal and external targets to track performance, ensure accountability and drive measurable impact in the long term. These targets are aligned to our ESG framework. The table below outlines our publicly facing ESG commitments under the "Sustainable supply chains" and "Reducing environmental impact" pillars. A comprehensive overview of our ESG metrics is provided in our stand-alone ESG performance data matrix, available on our website at: www.picknpayinvestor.co.za/sustainability-reports-and-policies.php

Targets	Target	Target year	FY26	FY25	Base year	Comment
 Sustainable supply chains						
Reduce absolute Scope 3 GHG emissions*	↓32%	FY34	4%	NA	FY23	Newly set science-based target. Progress will be gradual, requiring supplier engagement, negotiation, and consideration of cost and capacity constraints.
Suppliers by emissions, covering purchased goods and services will have science-based targets*	↓46%	FY30	18%	NA	FY23	
Reduction in food waste intensity by 50%	↓50%	2030	31%	26%	2019	Previously set as an absolute reduction target, this has been revised to an intensity-based target to avoid distortions caused by changes in the store operating footprint.
Source 50% of our cotton from sustainable sources, which includes recycled cotton, organic cotton, Fairtrade and BCI cotton	50%	NA	68%	60%	FY21	The sustainable cotton target was achieved last year and has since been transitioned into an ongoing commitment.
100% of cardboard and paper used for Pick n Pay packaging will be sourced from responsibly managed forests by 2027	100%	2027	73%	71%	2020	Progress toward our packaging targets is being constrained by higher commercial costs associated with sustainable packaging.
Percentage of sustainably sourced palm oil in Pick n Pay own brand products	100%	NA	96%	96%	2014	Continued commitment.

* FY26 carbon emissions data is reported as provisional and may be subject to change as additional data becomes available or adjustments are made.



Targets	Target	Target year	FY26	FY25	Base year	Comment
 Reducing environmental impact						
Net zero carbon (million tCO ₂ e)*	Net Zero	2050	1%*	NA	FY23	Newly established science-based target, with progress expected to occur gradually as actions align with capacity and cost constraints.
Reduce Scope 1 and 2 GHG emissions*	↓55%	FY34	(10%)	4%	FY23	
Conversion to 100% natural refrigeration in Pick n Pay and Boxer company-owned stores by 2045	100%	2045	19%	15%	2020	High capex required to convert to 100% natural refrigeration; therefore, target was deferred in FY25.
45% improvement in energy efficiency across Pick n Pay's Energy Programme stores by 2030	45%	2030	37.9%	37.5%	2010	On track to meet target by 2030.
Reduce water intensity by 30% by FY34 for Pick n Pay company-owned stores	↓30%	FY34	7.3%	12.8%	FY23	Previous year's target was achieved and has since been updated.
Percentage general waste diverted from landfill	75%	2027	63%	63%	2019	On track to meet target.
Percentage Pick n Pay own brand packaging to be recyclable or re-usable	100%	2027	91%	92%	2020	Progress toward our packaging targets is being constrained by higher commercial costs associated with sustainable packaging.
Percentage average recycled content in Pick n Pay own brand packaging	30%	2027	22%	14%	2020	

* FY26 carbon emissions data is reported as provisional and may be subject to change as additional data becomes available or adjustments are made.

New LTI-linked sustainability targets

From FY27, a selection of new sustainability targets is formally linked to the Pick n Pay long-term incentive (LTI) scheme, embedding environmental and social performance directly into executive accountability. These targets span two pillars: "Sustainable supply chains" and "Investing in our people". Refer to page 99 in the remuneration report.

Sustainable supply chains

Food waste reduction is central to our environmental sustainability commitments and our objective to return the business to profitability. Our long-term public commitment is to reduce food waste intensity by 50% by 2030, measured against a 2019 baseline.

To drive near- and medium-term operational accountability toward this goal, a waste target was developed and strategically linked to the LTI scheme. This will assist us in integrating environmental performance into operational and financial decision-making.

- LTI Target: 30bps improvement in fresh and non-fresh waste as a percentage of relevant sales by FY29 from the FY26 base year.

While we acknowledge that a reduction in waste as a percentage of sales does not automatically translate to a reduction in absolute waste volumes, the new targets and the long-term intensity commitment work in conjunction. The intention is that operational practices required to achieve the near-term thresholds, including improved ordering, stock management and fresh food handling, are expected to contribute to reductions in waste intensity (kg/GLA) over time and progress toward our 2030 goal.

Investing in our people

From FY27, we are introducing a redesigned fresh skills training programme. Structured across three progressive phases, the programme prioritises depth of capability over volume, with targets building progressively as the programme scales.

- LTI Target: 20 000 customer service training interventions and 10 000 fresh skills training interventions per annum by FY29.

Customer service training ensures all store staff consistently meet our service standards, with a focus on ongoing reinforcement and onboarding of new recruits. An annual target of 20 000 interventions reflects the cadence required to maintain coverage across our full store complement.



A resilient FY26 performance

60 Chief Finance Officer's review

Chief Finance Officer's review

FY26 was a year of strategic execution and stronger operational performance across the Group, despite the constrained consumer environment and ongoing cost pressures across the retail sector.



Disciplined execution and improved operational performance across the Group

The Group continued to build the operational and financial foundations supporting the recovery of the Pick n Pay segment, while Boxer again delivered an outstanding performance.

The Group reported on a 52-week basis in FY26, compared to the 53 weeks of FY25. To support meaningful comparability, turnover growth is presented on a comparable pro forma 52/52-week basis. All other metrics are reported on a 52/53-week basis, unless otherwise stated.

Financial results for the 52 weeks ended 1 March 2026

	52 weeks 1 March 2026 FY26	53 weeks 2 March 2025 FY25	% change
Turnover	R120.3 billion	R119.0 billion	1.0
Turnover (52w/52w)	R120.3 billion	R116.3 billion	3.4
Gross profit	R22.6 billion	R21.8 billion	3.9
Gross profit margin	18.8%	18.3%	
Trading expenses	R23.8 billion	R22.8 billion	4.1
Trading expenses margin	19.8%	19.2%	
Trading profit	R1 685 million	R1 759 million	(4.2)
Trading profit margin	1.4%	1.5%	
Profit/(loss) before tax and capital items	R360 million	(R237 million)	
Headline loss	(R386 million)	(R408 million)	5.4
Headline loss per share (HEPS)	(52.58 cents)	(61.54 cents)	14.6



Group result summary

Highlights

- Group turnover increased **3.4%** to **R120.3 billion**
- Gross profit margin expanded 50 basis points to **18.8%**
- Boxer increased turnover by **12.3%** and trading profit by **R330 million**, notwithstanding new listing costs
- Pick n Pay company-owned supermarkets increased like-for-like sales by **3.9%**
- Online turnover increased **32.7%**, supported by continued growth in Pick n Pay asap! and Pick n Pay groceries on Mr D
- Group net cash closed at **R3.1 billion**, with **R2.4 billion** in the Pick n Pay segment
- Profit before tax and capital items improved by **R0.6 billion** year-on-year, supported by a positive interest benefit

The Group's FY26 turnover performance was driven by the strong fundamentals of the Boxer discount model and its impact within the value market, and by improving underlying sales momentum in the Pick n Pay segment.

Boxer remained the primary growth contributor to the Group during FY26, delivering turnover growth of 12.3%. Pick n Pay turnover declined 1.6% to R73.6 billion, primarily due to the impact of the store reset programme. The segment closed a net 61 under-performing supermarkets over the past two financial years, including its 36 franchise stores in Namibia.

	FY26 52 weeks Rm	FY25 53 weeks ¹ Rm	FY25 52 weeks ^{1,2} Rm	52/53 weeks % change	52/52 weeks % change
Turnover					
Boxer	46 682	42 597	41 551	9.6%	12.3%
Pick n Pay	73 608	76 452	74 798	(3.7%)	(1.6%)
South Africa	70 405	72 965	71 381	(3.5%)	(1.4%)
Rest of Africa ³	3 203	3 487	3 417	(8.1%)	(6.3%)
Group	120 290	119 049	116 349	1.0%	3.4%

¹ FY25 turnover restated to include certain items previously recognised within costs of goods sold. FY25 trading profit is not impacted; FY25 trading profit margin has been revised as a consequence of this turnover restatement.

² Refer to the pro forma financial information provided on page 125.

³ Rest of Africa turnover remained under pressure during FY26, due to difficult trading conditions and currency weakness across the region.

At Group level, gross profit increased 3.9% to R22.6 billion and gross profit margin expanded 50 basis points to 18.8%. Group trading profit declined 4.2% to R1.7 billion, with the increase in Boxer profitability offset by ongoing investments in operational capability and brand repositioning within the Pick n Pay segment. Despite this, profit before tax and capital items improved materially from a loss of R237 million in FY25 to a profit of R360 million in FY26, driven by the Group's significantly strengthened net cash position and the related interest income earned. The Pick n Pay segment is materially more operationally and financially stable than it was two years ago, although significant work remains to restore the segment to sustainable profitability, while Boxer continues from strength to strength.

Boxer segment operational performance

Boxer delivered another strong performance during FY26, increasing turnover by 12.3% to R46.7 billion through continued market share gains and ongoing store expansion. Internal selling price deflation of 1.2% reinforced Boxer's highly competitive customer value position. Boxer's gross profit margin expanded by 0.3% to 21.6%, driven by greater supply chain efficiency, while trading profit increased by R330 million to R2.6 billion, underpinned by disciplined execution and continued scale benefits across the business.

We remain incredibly proud of the Boxer team. Their resolute focus on customers, value and execution is delivering growth and profitability for the Group, while creating many more jobs in the communities they serve. The full FY26 Boxer results can be found on the Boxer website at <https://boxerinvestor.co.za>.

Pick n Pay segment operational performance

Pick n Pay segment turnover

The Pick n Pay segment recorded turnover of R73.6 billion for FY26, a decrease of 1.6% on the prior year. The performance reflects the impact of the store estate reset programme, which has seen the closure or conversion of under-performing stores over the past two financial years. Despite this, the Pick n Pay business is not materially smaller year-on-year from a total sales perspective, which is a resilient outcome considering the significant store growth of major competitors over the same period. On a like-for-like basis, turnover increased 3.1%, demonstrating improved underlying trading momentum across Pick n Pay, supported by improving operational execution, store standards and ongoing investment in competitive pricing.



Pick n Pay supermarkets

Pick n Pay South African supermarkets delivered like-for-like sales growth of 2.8%, with company-owned supermarkets increasing 3.9% and franchise supermarkets returning to positive like-for-like growth of 0.9%.

Pick n Pay supermarkets LfL sales growth %	FY25 52 weeks	FY26 H1	FY26 H2	FY26 52 weeks
Company-owned	3.3	4.8	3.0	3.9
Franchise	(0.1)	1.8	(0.2)	0.9
Pick n Pay SA supermarkets	2.0	3.7	1.9	2.8

The improved performance from company-owned supermarkets was supported by continued improvements across key retail fundamentals, including improved on-shelf availability, stronger Fresh execution, enhanced range and improved price competitiveness. These interventions have remained a key focus area throughout FY26 and are contributing to improved customer metrics across the estate.

Pick n Pay worked closely with our franchise partners during the year to improve both the economics of the franchise model and the consistency of in-store execution. This included targeted investment into franchise profitability, ongoing engagement around operational standards and initiatives aimed at supporting improved sales performance across the franchise estate.

Our sales performance also reflects the segment's continued prioritisation of customer value in a constrained consumer environment. Internal selling price inflation for the Pick n Pay segment was 1.9% for the year, well below Statistics South Africa's food and non-alcoholic beverage inflation of 4.4%, consistent with our commitment to remaining price competitive.

Trading trends improved post the soft November period, which was experienced across the retail market, with the improved trajectory continuing into the early part of FY27.

Pick n Pay Online

Pick n Pay continued to record double-digit growth in its online operations during FY26. Pick n Pay Online increased turnover by 32.7%, while the on-demand platforms, asap! and Pick n Pay groceries on Mr D, increased turnover by 37.6%. Growth was supported by continued investment in operational capability and the roll-out of the next-generation asap! platform during the year, including integrated Smart Shopper rewards and improved customer functionality.

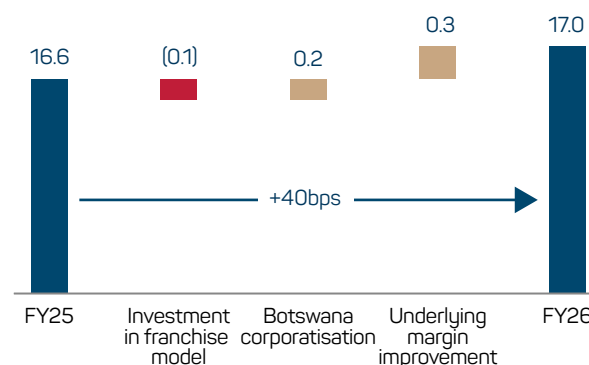
Pick n Pay Clothing

Pick n Pay Clothing stand-alone stores increased turnover by 5.3% during FY26, with like-for-like growth of 0.7%. The clothing business delivered a particularly strong first-half performance, with turnover growth of 12.0%, before softer apparel market conditions, alongside internal operational challenges, including the delay in our online launch, impacted trading momentum during the second half of the financial year. Over a three-year period, Pick n Pay Clothing's like-for-like sales growth of 3.5% compares favourably against major competitors, demonstrating the strength of the customer offer and continued operational discipline within the business. The Group also continued to enhance the integration between Clothing and its omnichannel platforms during the year, including the availability of Pick n Pay Clothing on the asap! platform.

Pick n Pay segment gross profit

Pick n Pay's gross profit margin increased by 40 basis points during FY26 from 16.6% to 17.0%. The margin improvement was supported by better category management, reduced waste, particularly across Fresh categories, better buying and improved efficiency across the supply chain. Importantly, the gross profit margin improvement was achieved while maintaining a strong focus on customer value and price competitiveness in a constrained consumer environment. The acquisition of the Botswana franchise stores during the year was gross profit margin accretive, as Pick n Pay now earns both the retail and wholesale margin from these stores. These gross profit margin improvements were partially offset by deliberate investment into lower sales margins to franchisees, in support of improving franchise profitability and strengthening the long-term sustainability of the franchise estate. Looking forward, Pick n Pay expects to realise further supply chain efficiencies from its new logistics agreement with DP World towards the second half of FY27.

Pick n Pay gross profit margin (%)



Pick n Pay segment trading expenses

Pick n Pay segment trading expenses increased 1.1% during FY26. Overall trading expense growth was contained as a result of the store closures and conversions; however, like-for-like trading expense growth of 6.7% was ahead of like-for-like sales growth of 3.1%. The increase was primarily driven by higher employee and advertising costs as Pick n Pay continued to invest in rebuilding the business's operational capability and brand strength of the business, including once-off costs of R235 million related to its various restructuring initiatives.

We expect higher diesel prices to provide pressure in FY27. Diesel costs are primarily reflected in cost of goods sold, with a smaller portion included in operating expenses related to running generators at stores. Total diesel expenditure for the Group in FY26 was approximately R625 million, representing 0.8% of turnover.



Employee costs increased 2.6% during the year, despite the impact of store closures, due to targeted hiring in stores and regional structures, above-inflation store-level wage increases and continued investment in training and skills development. These investments are contributing to improved store execution and customer service standards across the estate.

Occupancy and operations costs declined 5.0% to R2.2 billion, following a R260 million IFRS 16 profit on lease termination (FY25: R136 million), arising from store closures and conversions under the store reset programme. Excluding the IFRS 16 profit from both periods, occupancy costs increased only 0.4% year-on-year, through improved operational disciplines.

Merchandising and administration costs increased 5.6% to R2.9 billion, largely due to increased advertising costs as Pick n Pay invested in marketing and brand initiatives to support turnover growth and customer engagement.

Expected credit loss allowance the charge increased 12.7% to R230 million, due to the ongoing pressure within parts of the franchise estate during the year.

We remain focused on narrowing the gap between sales growth and expense growth over time. While the investments made during FY26 were necessary to stabilise and rebuild operational capability across the Pick n Pay business, the current level of negative operational leverage remains unsustainable and will require structural alignment over time to support a return to profitability.

Labour costs remain the largest component of the cost base. Pick n Pay has already implemented meaningful structural changes within support office functions over recent years, including leadership restructuring, salary freezes and headcount reductions. In May 2026, Pick n Pay commenced a Section 189 consultation process as part of the next phase of developing a future-fit operating model. The consultation is focused on recalibrating the store labour model to better align with broader market practices, customer shopping patterns and operational requirements.

Pick n Pay segment trading loss

The FY26 trading loss increased to R953 million (FY25: R549 million), with the trading loss margin deteriorating from -0.7% in FY25 to -1.3%. While the business delivered a meaningful improvement in gross profit margin during the year and loss avoidances of an estimated R180 million relating to the store estate reset programme, this was more than offset by the increase in trading expenses as a percentage of turnover, which grew from 20.7% to 21.7%.

Trading loss after lease interest, which reflects the full cost of operating the store estate, increased by R343 million year-on-year to R2.0 billion.

This result demonstrates both the progress achieved to date and the work still required within the Pick n Pay turnaround. While the business is significantly more operationally and financially stable than it was two-and-a-half years ago, returning Pick n Pay to break-even profitability on a trading profit after leases basis will require continued improvement in sales growth and gross profit margin and the structural alignment of the cost base to the sales base.

Rbn	FY26 52 weeks	FY25 53 weeks	% change
Turnover	73.6	76.5	(3.7)
Gross profit	12.5	12.7	(1.3)
Other income	2.5	2.5	(2.4)
Trading expenses	16.0	15.8	1.1
Trading loss	(1.0)	(0.5)	73.6
Net lease finance expense	(1.0)	(1.1)	(5.3)
Trading loss after leases	(2.0)	(1.7)	20.3
Gross profit margin	17.0%	16.6%	+0.4%
Expenses as % of turnover	21.7%	20.7%	+1.0%
Trading loss margin	(1.3%)	(0.7%)	(0.6%)

Group trading profit

Group trading profit declined by R74 million to R1.7 billion in FY26, with the Group trading margin decreasing slightly from 1.5% to 1.4%. The strong trading profit growth delivered by Boxer and the continued improvement in Pick n Pay gross profit margin were offset by the increase in Pick n Pay trading expenses as the business continued to invest in its operational recovery, absorbing like-for-like cost growth well ahead of like-for-like sales growth.

Rm	Pick n Pay	FY26 52 weeks Boxer	Group	Pick n Pay	FY25 53 weeks Boxer	Group
Turnover	73 608	46 682	120 290	76 452	42 597	119 049
Trading (loss)/profit	(953)	2 638	1 685	(549)	2 308	1 759
Trading (loss)/profit margin	(1.3%)	5.7%	1.4%	(0.7%)	5.4%	1.5%
Net lease finance expense	(1 080)	(483)	(1 563)	(1 141)	(412)	(1 553)
Trading (loss)/profit after lease interest	(2 033)	2 155	122	(1 690)	1 896	206
Trading (loss)/profit after lease interest margin	(2.8%)	4.6%	0.1%	(2.2%)	4.5%	0.2%



Group net finance costs

Group net finance costs, including IFRS 16 lease-related interest costs, declined 33.6% year-on-year to R1.3 billion. The Pick n Pay segment net finance cost declined 48.3% year-on-year to R843 million, demonstrating the benefit of the FY25 recapitalisation programme. Boxer net finance costs increased 31.3% year-on-year to R482 million, as a result of the cost of debt raised as part of its IPO balance sheet restructure and the continued expansion of the Boxer store estate.

Net funding interest improved significantly year-on-year, moving from a R443 million expense in FY25 to R238 million net income in FY26. This was one of the most significant drivers of the Group's earnings improvement during the year.

Net lease interest implied IFRS 16 interest costs increased 0.6% to R1.6 billion. The increased costs of Boxer's store expansion were largely offset by lower lease costs within the Pick n Pay segment, as a result of the store closures and conversions completed under the store estate reset programme.

Group capital items

The Group recorded a FY26 capital loss of R442 million, compared to a R388 million loss in FY25. The capital loss comprised a R391 million net asset impairment together with a R51 million net loss on disposal of assets. Of the total capital loss, R398 million was recorded within the Pick n Pay segment, made up of impairments and asset disposals associated with the store estate reset programme and broader turnaround initiatives undertaken during the year. These actions remain focused on improving the quality, sustainability and long-term profitability of the store estate.

Group tax

The FY26 tax charge of R111 million reflects the combination of a 20.3% effective tax rate in the Pick n Pay segment and a 26.3% effective tax rate in Boxer. The Group expects to pay minimal tax within the Pick n Pay segment for the foreseeable future.

Earnings per share

Group earnings attributable to Pick n Pay shareholders were materially impacted by the increased Boxer non-controlling interest following the Boxer IPO in FY25. The 34.4% Boxer non-controlling interest was consolidated for the full FY26 year, compared to only three months in FY25, increasing the non-controlling interest to R535 million for the year (FY25: R85 million).

The Group's total attributable loss for FY26 reduced by 1.1% to R728 million, while the attributable headline loss improved by 5.4% to R386 million, reflecting the exclusion of impairments and other capital items from headline earnings.

Earnings per share metrics were further impacted by the August 2024 PIK Rights Offer, which increased the weighted average number of shares in issue by 10.7% year-on-year.

Headline loss per share (HEPS) improved by 14.6% to a loss of 52.58 cents per share (FY25: 61.54 cents per share). All impairment losses and other capital items are excluded from the calculation of headline earnings.

Loss per share (EPS) improved by 10.7% to a loss of 99.17 cents per share (FY25: 111.01 cents per share) and includes all items of a capital nature.

Review of Group financial position

Net funding

The Group closed FY26 with net cash of R3.1 billion, compared to R4.2 billion at the end of FY25. This reflected R0.9 billion generated by Boxer, offset by R2.0 billion of cash utilisation in the Pick n Pay segment as the business continued to invest in its turnaround. Post-year-end, Boxer repaid its remaining R200 million of debt and is now debt-free.

Pick n Pay raised R4.7 billion through the successful sale of a portion of its shareholding in Boxer, reducing its holding from 65.6% to 53.1% while retaining control. The proceeds further strengthen the Group balance sheet and provide additional capacity to fund the future growth priorities under the Pick n Pay turnaround.

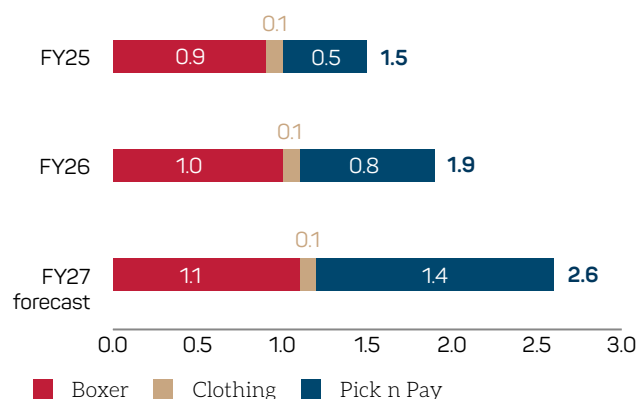
Working capital

The Group maintained strong working capital discipline during FY26 across both Pick n Pay and Boxer. Within the Pick n Pay segment, working capital absorbed close to zero liquidity despite the expanded product range and improved product availability across the supermarket estate, driven by tighter inventory management and improved stock turn across the business. Working capital growth within Boxer also remained well controlled relative to the pace of store expansion during the year. Working capital management and cash generation remain key focus areas across the Group.

Group capital investment

Group capital investment increased to R2.1 billion during FY26 (R1.9 billion net of disposals) with ongoing investment across both Pick n Pay and Boxer. Within the Pick n Pay segment, capital investment remained focused on the ongoing recovery of the core supermarket estate, including store refurbishments, some franchise acquisitions, 22 clothing stores and digital capability. Capital allocation in the Pick n Pay segment remained disciplined throughout the year and prioritised initiatives aimed at supporting operational stability, customer proposition and long-term profitability. Boxer continued to invest strongly in new store growth, distribution capacity and infrastructure to support the ongoing expansion of the business. Group net capital investment for FY27 is forecast at R2.6 billion, including R1.4 billion for Pick n Pay, R0.1 billion for Clothing and R1.1 billion for Boxer.

Net capital investment (Rbn)





Shareholder distribution

As a result of the headline loss incurred, the Board has not declared a dividend and does not expect to declare any dividends until the Group has returned to sustainable profitability.

Outlook

The South African consumer environment remains constrained, and geopolitical developments in the Middle East have added further pressure and volatility through higher oil and fuel prices. This is expected to drive inflation across the retail value chain and place further strain on household budgets during FY27. Against this backdrop, the Group remains focused on disciplined execution, improving cash generation and maintaining balance sheet strength.

The recent Boxer share placement has further strengthened the Group's balance sheet and provided Pick n Pay with further financial flexibility to support the Pick n Pay turnaround and its growth strategies. Pick n Pay continues to make progress across each of its six strategic priorities. The recapitalisation of the business, rebuilding of leadership structures and the store estate reset programme are substantially complete, while continued improvement in like-for-like sales growth, progress in supply chain optimisation, operational execution and the successful conclusion of the Section 189 labour consultation process all remain critical to restoring the Pick n Pay segment to profitability.

While operational performance within the Pick n Pay segment continues to improve, the pace of recovery has been slower than initially anticipated. Ongoing investment required to rebuild competitiveness, continued consumer pressure and the time required for turnaround initiatives to mature are expected to extend the recovery timeline. The Group now expects Pick n Pay to return to break-even trading profit after lease interest in FY29, compared to previous FY28 guidance.

Boxer remains well positioned for long-term sustainable growth, supported by its strategic store expansion programme, strong customer demand and continued investment in distribution and operational capacity.

Thank you

As I prepare to step down as Group CFO at our AGM in August 2026, I do so with immense gratitude after 15 years with this remarkable business. It has been a true privilege to serve as CFO and to lead the exceptionally talented finance and reporting teams across the Group. Our Pick n Pay and Boxer businesses have special and unique cultures, united by a deep sense of purpose, and I step down having learnt enormously from the people I have had the privilege to work alongside.

The past few years have brought both significant challenges and extraordinary achievements. I remain incredibly proud of what our teams have accomplished together, particularly the successful execution of the Group's two-step recapitalisation last year – delivering a Pick n Pay Rights Offer and Boxer IPO within just nine months. This was an immense undertaking and is testament to the exceptional skill, resilience and commitment of our people.

I would also like to thank our funding partners for their continued support over many years, as well as our shareholders and analyst community for their robust engagement, challenge and constructive dialogue throughout this journey.

My sincere thanks go to Sean for his unbelievable support and leadership over the past three years. Ours has been an incredibly rewarding partnership and one for which I will always be deeply grateful.

Finally, I would like to welcome Tina Rookledge as incoming CFO. Tina and I have known each other professionally for a number of years, and it has been a pleasure getting to know her more personally over recent months as we have worked through this handover period together. I have every confidence in Tina's leadership and know that I am leaving the finance team in exceptionally capable hands.

I look forward to continuing to support Sean and the Group in a more strategic role over the coming months.

Lerena Olivier
Chief Finance Officer

30 June 2026



Commitment to corporate governance

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Board Chair's report

Creating lasting value requires patience, discipline and clear priorities. Throughout FY26, we remained focused on strengthening the foundations needed to support the Group's long-term success.



I assumed the role of Chair following the 2025 Annual General Meeting, after serving as lead independent director for the previous two years. It was a privilege to take on this responsibility at such an important point in the Group's history.

The recapitalisation completed during FY25 strengthened the Group's balance sheet and provided the capital and financial flexibility required to address challenges that had built up over a number of years. FY26 was about what came next. Management's attention was firmly focused on improving performance and rebuilding the business, while the Board's responsibility was to provide oversight, challenge and support as the Group moved through the next phase of its recovery.

The Board spent much of the year considering how best to balance the immediate demands of the turnaround with the long-term interests of the Group. Discussions extended well beyond financial performance. The Board considered the impact of decisions on employees, customers, suppliers and communities. It also spent considerable time assessing whether operational improvements were sustainable and whether the business was positioning itself for long-term success. Our role was not to manage the turnaround. It was to ensure that management remained focused on the right priorities, that important decisions were properly tested and that the Group's long-term interests remained at the centre of decision-making.

Making the necessary decisions

A recurring theme throughout the year was the need to make decisions that were necessary to firmly address the operating losses in Pick n Pay, but which carried consequences for employees and other stakeholders. At the same time, the Board provided the necessary support to the Boxer Board to ensure that the business delivered on its growth objectives.

The Board recognised that failing to address the underlying challenges facing Pick n Pay would have placed that business, and the livelihoods it supports, at far greater risk over the longer term. Our focus was therefore not on whether these decisions should be taken, but on ensuring that they were well considered, appropriately governed and implemented responsibly.

This approach informed discussions relating to organisational restructures, store closures and, shortly after year-end, the labour consultation process. While all these Pick n Pay matters are addressed elsewhere in this report, the Board remained focused on ensuring that decisions were supported by appropriate information, taken for the right reasons and implemented with fairness, transparency and due regard for those affected.



An evolving Board and a changing Group

FY26 was a significant year in the evolution of both the Board and the Group.

Following the 2025 Annual General Meeting, Gareth Ackerman stepped down as Chair after many years of dedicated service to Pick n Pay. Gareth's contribution to the Group extends far beyond his tenure as Chair. Over many years, he played a significant role in shaping the business, its values and its culture. I would like to thank him for his leadership, counsel and unwavering commitment to Pick n Pay. At the same time, David Friedland retired from the Board after 12 years of service. David made a valuable contribution to the Board and its committees over many years, and I thank him for his commitment and support during that time.

The Board welcomed Pooven Viranna, Thabo Leeuw and Grant Pattison as independent non-executive directors. Their appointments form part of the Board's renewal programme initiated during FY24 and have broadened the range of skills, experience and perspectives around the Board table. The Board also recognises Audrey Mothupi-Palmstierna for her significant contribution to Pick n Pay over many years and thanks her for her service ahead of her retirement at the 2026 Annual General Meeting.

These changes form part of a broader evolution within Pick n Pay. During the year, the Ackerman family's voting interest reduced from approximately 49.0% to 36.8%. The Ackerman family's contribution to Pick n Pay remains fundamental to the Group's identity, values and history. At the same time, the governance structures of the Group continue to evolve, with an increasingly independent Board, refreshed leadership and a broader mix of skills and perspectives helping to shape the future direction of the business.

Preparing for the next chapter

While much of the Board's attention was necessarily focused on the challenges facing the business today, an equally important responsibility was ensuring that the Group remained focused on the future.

The Board therefore devoted considerable attention to leadership succession, long-term capital allocation and future growth opportunities. These discussions are not about the next reporting period. They are about ensuring that the decisions taken today strengthen the business for the years ahead.

One of the most significant decisions considered during the year related to the Group's capital position and future funding requirements. The decision to reduce Pick n Pay's shareholding in Boxer following year-end was carefully considered and reflected the Board's commitment to remaining on the front foot as the turnaround progresses. The transaction strengthened the Group's financial flexibility while retaining a controlling interest in a business that remains an important contributor to future value creation. The Board's commitment to Boxer remains unchanged, and we continue to believe strongly in its long-term growth prospects.

Leadership continuity also remained an important area of focus. Last year, the Board announced that it had extended Sean Summers' tenure as Chief Executive Officer to May 2028. This provided continuity through the next phase of the turnaround while allowing sufficient time to develop and assess future leadership candidates. The Board also oversaw the planned transition of the Chief Finance Officer role from Lerena Olivier to Tina Rookledge following the 2026 Annual General Meeting.

I would also like to acknowledge Lerena's contribution to Pick n Pay. She has played a central role during one of the most demanding periods in the Group's history, including the recapitalisation and the strengthening of the Group's financial position. On behalf of the Board, I thank her for her leadership, professionalism and commitment, and wish her every success in the future. We look forward to welcoming Tina into the role and supporting her through the transition.

Closing reflections

The challenges facing the Group remain significant, and there is still considerable work to be done. However, the Board believes that Pick n Pay enters FY27 with stronger foundations, greater financial flexibility and a clearer path forward than existed 18 months ago.

On behalf of the Board, I thank my fellow directors, management and employees across the Group for their resilience, professionalism and commitment throughout the year. Rebuilding Pick n Pay will require patience, discipline and perseverance. The Board remains committed to providing the stewardship, challenge and support required to help the Group realise its full potential.

James Formby

Board Chair

30 June 2026

Our approach to corporate governance

Our ethical value system underpins the trusted relationships we maintain with our stakeholders. Guided by our values and a commitment to responsible corporate citizenship, the Board provides ethical and effective leadership in support of the Group's long-term sustainability.

The Board remained committed to the principles and recommended practices of King IV during the reporting period, embracing integrated thinking and promoting responsible corporate citizenship, stakeholder inclusivity, sustainable development and integrated reporting. The Board oversees the Group's strategic direction, performance, risk management, compliance and stakeholder relationships, while balancing the legitimate interests and expectations of stakeholders.

In fulfilling its responsibilities, the Board considers the interdependencies between the economic, social and environmental aspects of the business. We assess the material matters, risks and opportunities that influence sustainable value creation and support informed decision-making through the responsible stewardship of our capitals and balanced consideration of stakeholder interests.

The Group's governance framework, together with the work of the Board and its committees, supports the achievement of the four governance outcomes advocated by King IV:

Ethical culture - we promote integrity, accountability and responsible conduct through our values, Code of Ethics and governance policies, supported by ethics awareness initiatives and confidential whistle-blowing channels that encourage the reporting of concerns without fear of retaliation.

Good performance - the Board oversees strategy execution, performance and the allocation of capital to support sustainable value creation over the short, medium and long term. This includes oversight of key strategic initiatives, investment returns and remuneration structures designed to align management incentives with stakeholder interests.

Effective control - governance structures, Board and committee Charters, delegation of authority frameworks, risk management processes and assurance activities provide effective oversight and support informed decision-making and the achievement of the Group's strategic objectives.

Legitimacy - we seek to maintain trusted stakeholder relationships through meaningful engagement, transparent reporting and balanced consideration of stakeholder interests in our decision-making, recognising that long-term value creation depends on the confidence and support of our stakeholders.

The Board is satisfied that the Group applied the King IV principles throughout FY26 and that its governance practices continue to support the achievement of these governance outcomes. Further information on the Group's application of King IV is available in the King IV Application Register on the Group's website at www.picknpayinvestor.co.za.

The Board is preparing for the adoption of King V in FY27 and is currently undertaking a comprehensive review of the Group's corporate governance frameworks, policies and procedures to ensure alignment with the updated King principles and Pick n Pay's continued adherence to best practice.



Our governance framework

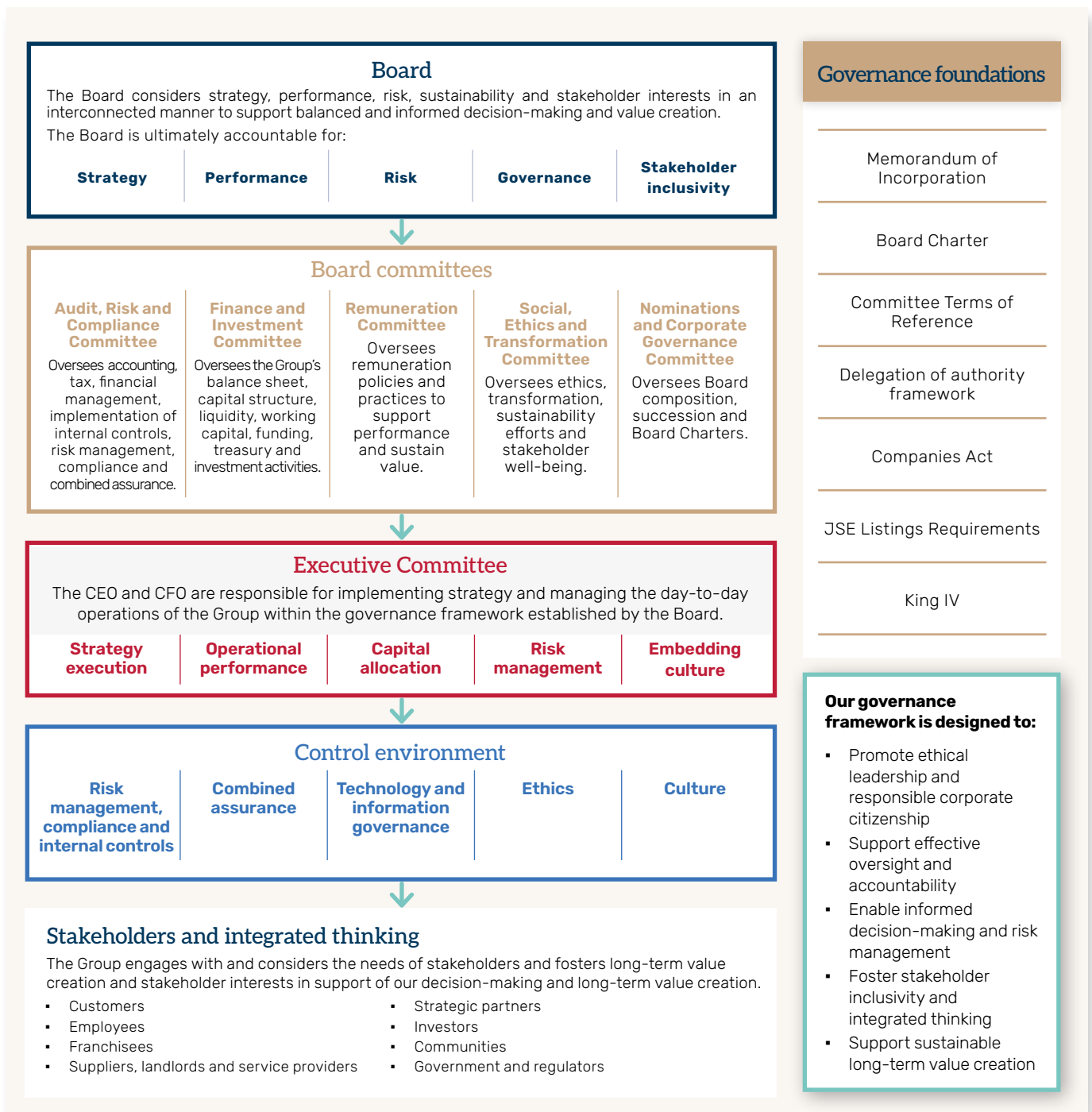
The Group's governance framework supports ethical leadership, effective oversight and disciplined decision-making across the organisation. It establishes clear accountability for strategy, performance, risk management, compliance and stakeholder engagement, supporting the sustainable protection and creation of long-term value.

The Board retains ultimate responsibility for governance and the performance of the Group. In discharging its responsibilities, the Board is supported by its committees, which provide focused oversight of key governance matters and report regularly to the Board. Executive management is responsible for implementing strategy and managing the day-to-day operations of the Group within the governance framework established by the Board.

The Board Charter, committee Terms of Reference and delegation of authority framework provide clear lines of accountability and appropriate checks and balances. Together, these structures support effective decision-making, safeguard independence and objectivity, and prevent the concentration of authority.

The Board Charter and individual committee Terms of Reference ensure an appropriate balance of power and authority across the governance structure and prevent any individual director from exercising unfettered decision-making powers. These governance arrangements are reviewed regularly to support ethical and effective leadership, responsible corporate citizenship and the long-term sustainability of the Group.

The Board regularly reviews the effectiveness of the Group's governance structures, policies and practices to ensure they remain appropriate to the Group's strategy, operating environment and evolving stakeholder expectations.





The role of the Board

The Board is responsible for providing ethical and effective leadership and for overseeing the long-term sustainability and performance of the Group. Acting on behalf of shareholders, the Board sets the strategic direction of the business and exercises oversight of performance, risk management, governance, compliance and stakeholder relationships.

In fulfilling its responsibilities, the Board considers the material matters, risks and opportunities that may affect the Group's ability to create sustainable value over the short, medium and long term. The Board is also responsible for ensuring that appropriate governance structures, controls and resources are in place to support the effective execution of strategy.

The Board operates in accordance with its Charter, which sets out its roles, responsibilities and reserved powers. Certain responsibilities are delegated to Board committees and executive management within a clearly defined governance framework, while the Board retains ultimate accountability for the Group's performance and governance.

Directors may obtain independent professional advice, at the Company's expense, regarding matters arising in the execution of their duties.

During FY26, the Board continued to oversee the execution of the Group's strategic priorities, the implementation of its Board refresh and succession programme, the management of material risks and opportunities, and the maintenance of a strong governance and control environment.

Board meeting attendance

The Board meets at least four times annually with additional meetings convened as required. Directors are expected to attend all scheduled meetings and to remain actively engaged throughout the year. The Board met four times with respect to FY26, including in May 2026 to finalise and approve the FY26 results and all related governance processes.

Directors	Meeting attendance
Gareth Ackerman	4/4
Jonathan Ackerman	4/4
Suzanne Ackerman	4/4
Haroon Bhorat	4/4
James Formby	4/4
Aboubakar Jakoet	4/4
Thabo Leeuw ¹	2/2
Audrey Mothupi-Palmstierna	4/4
Lerena Olivier	4/4
Grant Pattison ¹	2/2
Sean Summers	4/4
Annamarie van der Merwe	4/4
Pooven Viranna ²	3/3

¹ Appointed 1 February 2026.

² Appointed 1 June 2025.

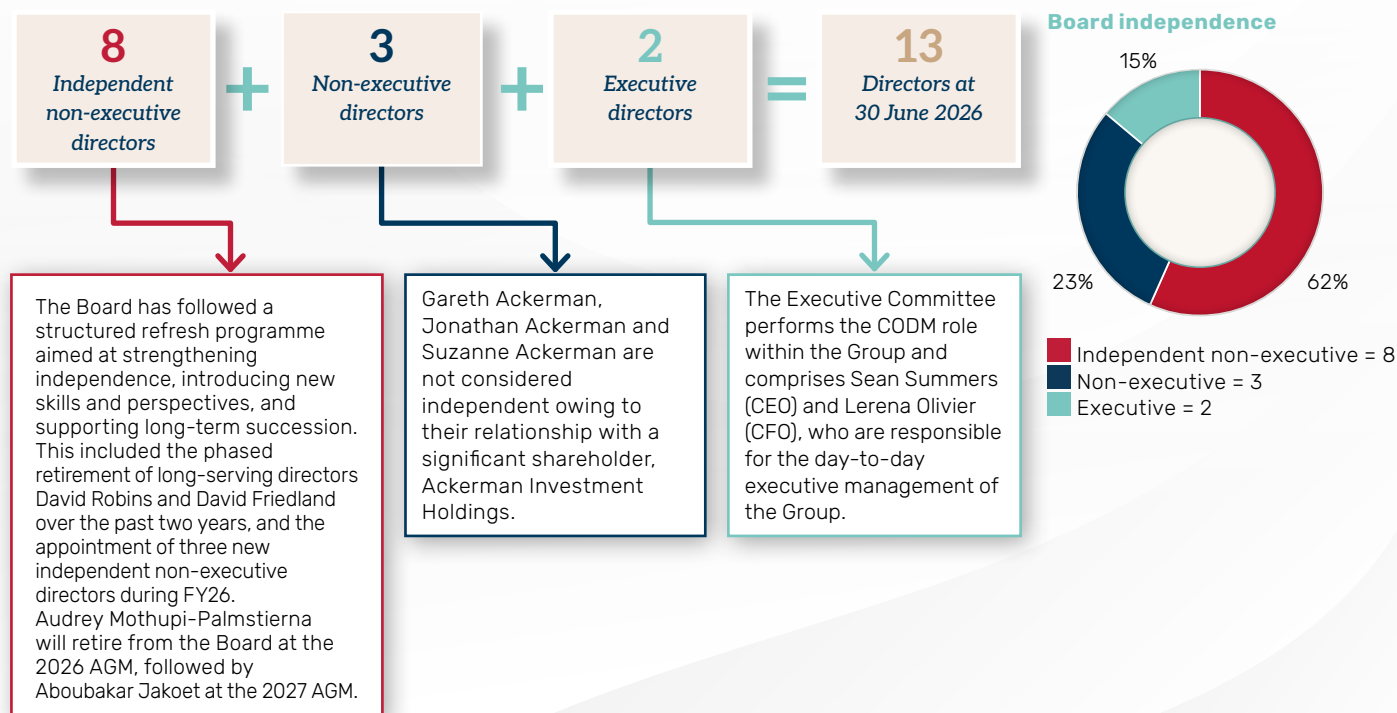
The Board is satisfied that it has discharged its responsibilities in accordance with the Company's Memorandum of Incorporation, the JSE Listings Requirements and the Companies Act. The Board further confirms that it has fulfilled its responsibilities in accordance with its Charter and that its committees have fulfilled their responsibilities in accordance with their respective Terms of Reference.

Board composition, diversity and succession

The Board comprises a balanced mix of executive, non-executive and independent non-executive directors with diverse skills, experience and perspectives. Collectively, directors bring expertise across retail, finance, accounting, technology, governance, sustainability, risk management and leadership, supporting effective oversight and informed decision-making. Board composition is regularly reviewed by the Nominations and Corporate Governance Committee to ensure it remains aligned with the Group's strategic priorities, governance responsibilities and succession requirements.

Board composition

The Board comprises eight independent non-executive directors, three non-executive directors and two executive directors, providing an appropriate balance of independence, experience and executive insight.



Board skills and diversity

The Group derives strength from having a Board made up of individuals with diverse backgrounds, perspectives and experiences. Diversity in gender, race, culture, age, skills and professional expertise is actively considered in Board appointments and succession planning. The Board believes that diversity strengthens decision-making, enhances governance effectiveness and contributes to long-term value creation.

Skill categories relevant for the Board

Retail operations – experience in the South African retail industry, including in marketing, buying, supply chain logistics and digital commerce.

Digital and data – proven ability to implement digital technologies and systems and to leverage customer and operational data analytics to drive business performance.

Financial expertise – strong knowledge of financial accounting, reporting standards, internal controls and the critical evaluation of financial performance and disclosures.

Capital and treasury management – experience in managing cash flow, working capital, liquidity, debt and capital allocation, with a focus on optimising return on investment.

Risk oversight – expertise in enterprise risk management, including the development and execution of frameworks to identify, mitigate and respond to material risks.

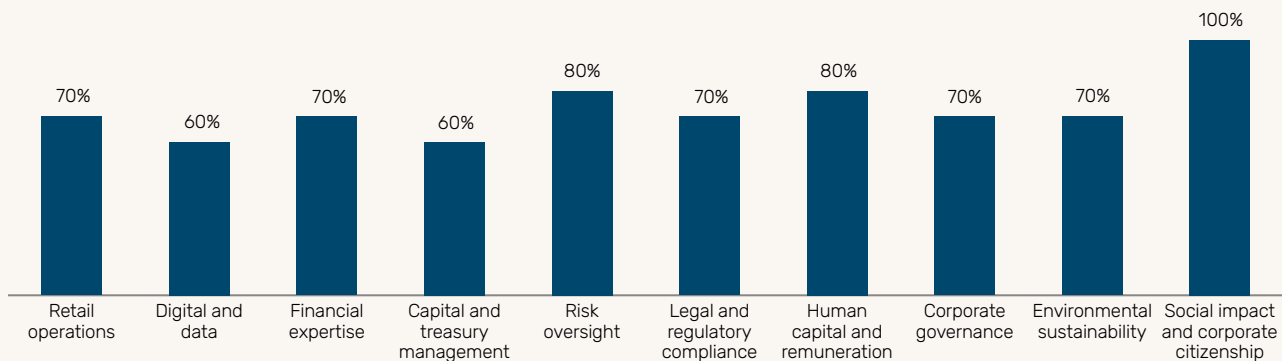
Legal and regulatory compliance – understanding of commercial law, governance regulations and compliance requirements within complex trading environments.

Human capital and remuneration – skilled in designing and implementing remuneration policies that support performance, equity and talent retention.

Corporate governance – extensive knowledge of governance practices and codes, with practical experience applying them in listed companies or large, complex organisations.

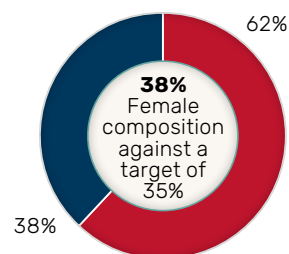
Environmental sustainability – a developing or working knowledge of climate change, biodiversity loss and related environmental risks, along with insight into responsible sourcing and strategies to reduce organisational impact through emissions reduction, energy and water efficiency, and waste management.

Social impact and corporate citizenship – involved in developing and overseeing social investment programmes focused on upliftment, ethical governance, and measurable impact.



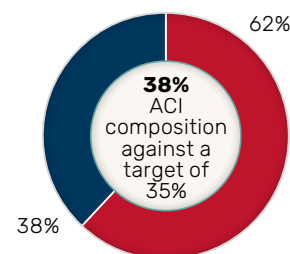
Gender and racial diversity

Gender



Male = 8
Female = 5

Race



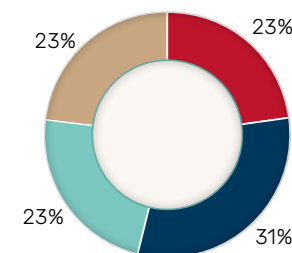
White = 8
ACI = 5

The Board achieved its gender and race diversity targets. The Board continues to pursue a formal Board recruitment process to ensure strong succession for long-serving independent non-executive directors, with a commitment to increasing our gender and race diversity targets over time.

Director tenure and succession

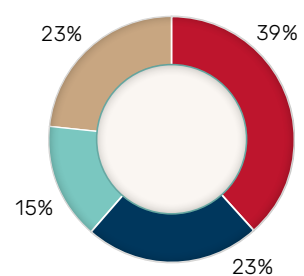
The Board maintains a considered balance between the experience of long-serving directors and the fresh perspectives brought by more recently appointed members. While experienced directors provide valuable institutional knowledge and continuity, the Board recognises the importance of ongoing renewal to ensure that its composition remains aligned with the Group's evolving strategic and governance requirements.

Age diversity



50 – 55 years = 3
56 – 60 years = 4
61 – 65 years = 3
> 65 years = 3

Board tenure



≤ 5 years = 5
6 – 10 years = 3
11 – 15 years = 2
> 15 years = 3



The Board remains satisfied that its composition supports independent judgement, constructive challenge and effective oversight of the Group's strategy and long-term value creation.

The Board continues to implement a structured succession plan that supports leadership continuity, progressive Board renewal and the introduction of skills and experience aligned to the Group's strategic priorities. This includes the phased retirement of long-serving directors through the normal director rotation process and the appointment of directors who enhance the Board's collective capabilities.

At least one-third of non-executive directors retire at each AGM in accordance with the Company's Memorandum of Incorporation. Independent non-executive directors who have served on the Board for more than nine years retire annually and offer themselves for re-election, in line with the Group's governance practices.

Significant shareholder influence

During the year, Ackerman Investment Holdings (Pty) Ltd (AIH), the Group's largest shareholder, further reduced its interest in the Company. Following the disposal of shares in November 2025, the Ackerman family's aggregate voting interest reduced to 36.8%. AIH remains one of the Group's largest shareholders and an important long-term strategic investor, while the Group's shareholder base has become increasingly diverse and representative.

The governance transition initiated in FY25 was substantially completed during the year following the appointment of James Formby as independent Chair of the Board. This strengthened Board independence and governance effectiveness while reducing the need for the additional governance safeguards typically associated with a non-independent Chair.

Gareth Ackerman, Jonathan Ackerman and Suzanne Ackerman are not considered independent owing to their relationship with AIH and their indirect interests in the Group. Their continued service on the Board is important to our staff and customers and provides valuable institutional knowledge, retail experience and shareholder perspective. None serves as Chair of the Board or as Chair of a Board committee.

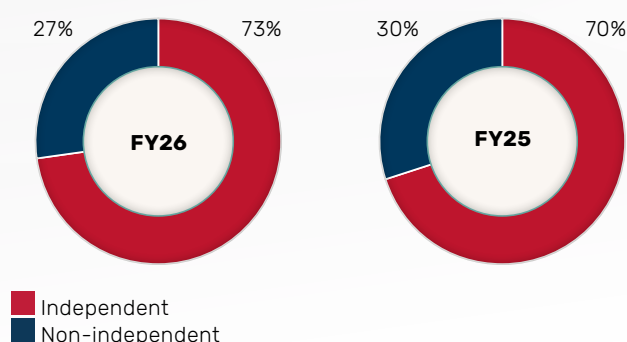
Board effectiveness and independence

The Board is committed to maintaining high standards of governance, effectiveness and independent judgement. Through regular performance evaluations, independence assessments and succession planning, the Board seeks to ensure that it remains appropriately constituted, operates effectively and continues to provide objective oversight in support of the Group's long-term success.

Independence of non-executive directors

Independent judgement is fundamental to effective governance. The Board reviews the independence of each non-executive director annually and whenever relevant circumstances change to ensure that directors continue to provide objective oversight, constructive challenge and balanced decision-making in the interests of the Group and its stakeholders.

Non-executive directors



In assessing independence, the Board considers the principles of King IV, the Companies Act and the JSE Listings Requirements, together with any relationships, interests or other factors that could influence, or reasonably be perceived to influence, a director's ability to exercise independent judgement.

The Board is satisfied that all directors classified as independent continue to meet the applicable independence criteria and exercise objective judgement free from undue influence or conflicts that could impair their independence. However, the Board acknowledges shareholder concern regarding the long tenure of certain independent non-executive directors, particularly with respect to the Remuneration Committee and the Group Audit, Risk and Compliance Committee. Board renewal is being actively progressed through the phased rotation and retirement of long-serving directors under the Board refresh programme.

Evaluation of Board, committee and director performance

The Board conducts an annual evaluation of its effectiveness, as well as the performance of its committees and the contribution of individual directors. The evaluation process supports continuous improvement in governance practices, Board effectiveness and decision-making, while ensuring that the Board remains appropriately positioned to oversee the Group's strategy and long-term value creation.

The FY26 evaluation was conducted internally under the direction of the Nominations and Corporate Governance Committee and considered the effectiveness of the Board, the performance of each Board committee, the quality of Board engagement and decision-making, Board and committee composition, and the contribution of individual directors. Particular attention was given to the effectiveness of recent Board renewal initiatives, succession planning, committee composition and the skills required to support the Group's evolving strategic priorities. The evaluation confirmed that the Board and its committees continue to operate effectively and fulfil their respective mandates.

The evaluation process also identified opportunities to further strengthen Board effectiveness, support ongoing director development, enhance succession planning and optimise committee composition. These insights informed Board and committee succession plans, future director appointments, director development priorities and committee membership changes during and subsequent to FY26.

The Board remains satisfied that it maintains an appropriate balance of skills, experience, diversity and independence, and that directors continue to dedicate sufficient time and attention to fulfil their responsibilities effectively.

Company Secretary

Vaughan Pierce BA (LLB) (LLM) has served as Company Secretary of the Pick n Pay Group since March 2024. The Company Secretary assists the Board in fulfilling its functions and is empowered by the Board to perform his duties. To manage the Board process, the Company Secretary, directly or indirectly:

- Assists with director induction and supports ongoing director development and education
- Alerts directors to relevant laws and amendments
- Provides guidance on the discharge of director duties, responsibilities and powers
- Assists the Chair in coordinating and administering Board operations
- Advises on compliance with the Company's Memorandum of Incorporation and all applicable legislation
- Serves as a central source of guidance and assistance for the Board
- Provides secretarial services for Board committees as needed



Directors have unlimited access to the Company Secretary's advice and services through personal interaction, electronic communication, and Board and committee meetings. If needed, the Company Secretary can seek support from the Head of Legal and Compliance and external professional corporate governance resources.

Based on the Board's formal assessment, the Board confirms that the Company Secretary possesses the necessary qualifications, competence, and expertise for the role. The Board has taken cognisance of Vaughan's role as Company Secretary of the Boxer Group and is satisfied that, supported by appropriate governance and administrative structures, he is able to fulfil both roles effectively. The Board confirms that an arm's-length relationship exists between the Company Secretary and the Board.

Executive management and Board delegation

The Board delegates responsibility for the day-to-day management of the Group to the Executive Committee, which comprises the Chief Executive Officer (CEO) and Chief Finance Officer (CFO). Acting as the Group's Chief Operating Decision Maker (CODM), the Executive Committee is responsible for implementing the Group's strategy, managing operations and allocating resources in support of sustainable value creation.

While certain authorities are delegated to executive management, the Board retains ultimate accountability for the governance, strategy and performance of the Group. The Board Charter and delegation of authority framework clearly define matters reserved for Board approval and those delegated to management, ensuring appropriate oversight, accountability and decision-making throughout the organisation.

Executive Committee

The Executive Committee provides leadership and direction to the broader management team and is responsible for maintaining an effective system of internal controls, risk management and compliance. Through regular reporting and engagement with the Board and its committees, executive management provides assurance that the Group is operating in accordance with its strategic objectives, governance requirements and risk appetite. To support effective execution and oversight, the Group maintains a range of management committees and governance structures responsible for operational performance, risk management, compliance, technology governance and sustainability matters.

Risk governance

Risk governance and risk management are integral to the Group's governance framework, strategy execution and long-term value creation. The Board oversees the Group's approach to identifying, assessing and managing material risks and opportunities, while responsibility for implementing and monitoring risk management processes is delegated to management.

The Group maintains an enterprise-wide risk management framework that supports a consistent and forward-looking approach to risk across all business areas, including emerging risks and those arising from the external environment. Oversight of risk management, compliance and assurance activities is provided by the Audit, Risk and Compliance Committee on behalf of the Board.

The Group's combined assurance model is reviewed by the Audit, Risk and Compliance Committee and reported to the Board twice annually, providing assurance over the effectiveness of controls and the management of material financial, operational and compliance risks. Compliance is supported by an integrated framework and annual compliance monitoring plan, which provides independent assurance over adherence to applicable statutory, regulatory and governance requirements.

The Board is satisfied that the Group's risk management and compliance processes operated effectively during FY26. Further information on the Group's material risks and opportunities is provided on pages 25 to 33.

Technology and information governance

The Board retains overall responsibility for technology and information governance and oversees the strategic use of technology, information and data to support operational resilience, innovation, customer experience and long-term competitiveness. Responsibility for the day-to-day management of technology and information systems is delegated to management, led by the CEO and supported by the Chief Information Officers across both Pick n Pay and Boxer.

The Group maintains appropriate governance structures, policies, controls and assurance processes to support the secure, reliable and responsible use of technology and information assets. A dedicated Information, Risk and Privacy Office oversees information security, data privacy and compliance with the Protection of Personal Information Act, while working closely with business unit risk officers to identify, assess and manage technology-related risks.

The Audit, Risk and Compliance Committee provides oversight of technology and information governance on behalf of the Board, including cybersecurity, information security, technology-related risks and the effectiveness of key technology controls. Material systems and processes are subject to independent assurance through internal and external audit programmes.

The Board is satisfied that the Group's technology and information governance processes operated effectively during FY26.

Post-year-end cybersecurity incident

Following year-end, the Group became aware of a cybersecurity incident involving customer information associated with a legacy version of its former Bottles and Pick n Pay asap! platform, which has since been decommissioned and replaced. The Group immediately initiated a forensic investigation with independent cybersecurity specialists, notified the Information Regulator and affected customers, and implemented appropriate response measures. The Board and the Audit, Risk and Compliance Committee continue to oversee management's response, including the strengthening of cybersecurity controls and the reviewing of historical data management and retention practices.

Board committees

The Board is supported by five standing committees that assist it in discharging its responsibilities and exercising effective oversight across key areas of governance. Each committee operates within a Board-approved Terms of Reference that defines its role, responsibilities and delegated authority. The committees report regularly to the Board on matters within their respective mandates, while the Board retains ultimate accountability for all decisions and governance outcomes.

The Board reviews the composition of its committees annually to ensure an appropriate balance of skills, experience, independence and continuity. Committee memberships are aligned to the expertise of individual directors and support the effective discharge of the Board's responsibilities.

The Board is satisfied that its committees have fulfilled their responsibilities in accordance with their respective Terms of Reference during FY26. Detailed reports from each committee are included in the following sections of this report.

Board committees	Current members	Purpose
Group Audit, Risk and Compliance	Aboubakar Jakoet (Chair) Haroon Bhorat Audrey Mothupi-Palmstierna Thabo Leeuw Grant Pattison Pooven Viranna	The Group Audit, Risk and Compliance Committee assists the Board through independent oversight of financial reporting, risk management, compliance, internal controls and assurance activities, supporting the integrity of the Group's governance and control environment. Please refer to the Committee Chair report on page 82.
Finance and Investment	James Formby (Chair) Gareth Ackerman Haroon Bhorat Aboubakar Jakoet Grant Pattison	The Finance and Investment Committee assists the Board in overseeing the Group's balance sheet, capital structure, liquidity, working capital, funding, treasury and investment activities, supporting financial resilience, disciplined capital allocation and sustainable long-term value creation. Please refer to the Committee Chair report on page 88.
Remuneration	Audrey Mothupi-Palmstierna (Chair) Gareth Ackerman Haroon Bhorat James Formby Aboubakar Jakoet Grant Pattison	The Remuneration Committee assists the Board in overseeing remuneration governance and ensuring that remuneration practices support the Group's strategy, performance objectives and long-term sustainability, while promoting fair, responsible and transparent remuneration outcomes that support the attraction, retention and motivation of talent. Please refer to the Committee Chair report on page 90.
Nominations and Corporate Governance	Annamarie van der Merwe (Chair) Haroon Bhorat James Formby Aboubakar Jakoet Audrey Mothupi-Palmstierna	The Nominations and Corporate Governance Committee assists the Board in overseeing Board composition, succession planning and governance practices, supporting effective leadership, Board renewal and the ongoing enhancement of the Group's governance framework. Please refer to the Committee Chair report on page 112.
Social, Ethics and Transformation	Haroon Bhorat (Chair) Suzanne Ackerman Jonathan Ackerman Thabo Leeuw Annamarie van der Merwe Pooven Viranna	The Social, Ethics and Transformation Committee assists the Board in overseeing ethics, organisational culture, sustainability, transformation and responsible corporate citizenship, supporting the Group's commitment to creating long-term value for stakeholders and maintaining its social licence to operate. Please refer to the Committee Chair report on page 114.



Our Board of directors

The Board has broad local and international retail experience. All Board members are conscious of their obligation to act with integrity and as representatives of all our stakeholders.

Independent non-executive Chair



James Formby (56)

Independent Board Chair

CA(SA); Masters in Philosophy in Management Studies

James was appointed to the Board in October 2022, following his retirement as CEO of the RMB group. James had a successful 25-year career with RMB, holding a number of senior leadership roles over his tenure including in corporate finance and investment banking. James' transactional skills and his ability to structure large corporate deals made him a core member in many BBBEE transactions, IPOs, de-listings, mergers, debt restructures and disposals over his tenure with RMB. As CEO, James played a significant role in developing RMB's strategy.

Committee membership

Finance and Investment (Chair); Remuneration; Nominations and Corporate Governance

- Appointed 2022
- Years of service on the Board: 4
- Other listed company directorships: Vukile Property Fund Limited

Executive directors



Sean Summers (72)

Chief Executive Officer

Sean Summers worked for the Group between 1974 and 2007, rising through the ranks to become Managing Director in 1996, and CEO in 1999. He left the Group in 2007 and advanced his career in international retailing. He has a unique understanding of the Pick n Pay and Boxer businesses and South African grocery retailing, and was reappointed as CEO of the Pick n Pay Group in September 2023.

- Appointed 2023
- Years of service to the Group: 36
- Years of service on the Board: 3



Lerena Olivier (50)

Chief Finance Officer CA(SA)

Lerena joined the Group 15 years ago, taking responsibility for Group financial reporting and the finance team. During her more than 20 years of experience in JSE-listed companies in the retail sector, Lerena has gained expertise across a number of key business areas, including corporate finance, risk management, strategy, debt restructuring, corporate actions, information systems, governance and compliance, value-added and retail-related financial services, accounting and tax.

- Appointed 2019
- Years of service to the Group: 15
- Years of service to the Board: 6

Non-executive directors



Gareth Ackerman (68)

BSocSci, CMS and AMP (Oxon)

An executive at Pick n Pay for 15 years until 1999, Gareth headed up various divisions and served as Joint Group Managing Director and the Managing Director of Pick n Pay Group Enterprises. He was appointed to the Board in 1990 as an executive director, until becoming a non-executive director in 1999. From 2002 to 2010 Gareth was Chair of Pick n Pay Holdings Limited, which at that time was the ultimate holding company of the Group. In 2010 he was appointed non-executive Chair of Pick n Pay Stores Limited. Among his other involvements, Gareth is co-chair of the Consumer Goods Council of South Africa (CGCSA) and GS1 SA and is previous co-chair of the International Consumer Goods Forum.

As Co-Chair of the CGCSA, Gareth has led industry-wide sustainability and climate change initiatives. He launched the CGCSA's Sustainability and Climate Change Dialogue Series, aimed at fostering collaborative industry responses to environmental challenges. Under his leadership, Pick n Pay became one of the founding signatories of the South African Plastics Pact, committing to ambitious 2025 targets for reducing plastic waste and transforming the national plastic packaging system. Gareth sits on the Board of Business Unity South Africa and was a trustee of the Masisizane Fund and was a member of the global board of the Young Presidents' Organization (YPO). He is a member of the board of advisors of UJ Business School and a Trustee of WWF SA. He is an associate Fellow at Green Templeton College, University of Oxford. Gareth chairs the Ackerman Family interests.

Committee membership

Finance and Investment; Remuneration



Suzanne Ackerman (63)

BA, Fellow: Aspen Business Institute; First Movers; International Professor of Practice, Rutgers School of Business-Camden

Following broad executive experience in the Group, Suzanne was appointed Director of Transformation in 2007. In addition to her executive contribution to the Group, she was appointed to the Board as a representative of the controlling shareholder in March 2010. Suzanne retired as an executive director on 31 March 2022, on which date she was appointed to the Board as a non-executive director. Suzanne holds the position of International Professor of Practice at the Rutgers School of Business-Camden (United States), where she lectures to undergraduate and graduate students and members of the business community in New Jersey and Philadelphia.

Suzanne also remains active in many areas of philanthropy across different sectors of society. In particular, she is a passionate proponent of enterprise development and acts as advisor and mentor to the Pick n Pay Enterprise Development division. Suzanne is the Founder and a Trustee of the Feed the Nation Foundation, Chair of the Ackerman Pick n Pay Foundation, a Trustee of the David Sussman Community Forum and a Trustee of the Smile Foundation. Suzanne has been a driving force behind Pick n Pay's longstanding partnership with WWF and SASSI, championing responsible seafood procurement and marine conservation initiatives. She has also led biodiversity and environmental awareness campaigns through the Pick n Pay School Club, promoting youth engagement in climate action and environmental stewardship. Her leadership in these initiatives, combined with her broader advocacy for social and environmental upliftment, earned her selection as a Fellow of the prestigious First Movers Fellowship Programme at the Aspen Institute for Business and Society.

Committee membership

Social, Ethics and Transformation

- Appointed 1990
- Years of service to the Group: 42
- Years of service on the Board: 36

- Appointed 2010
- Years of service to the Group: 31
- Years of service on the Board: 16
- As executive director: 12
- As non-executive director: 4



Jonathan Ackerman (59)

BA Marketing

Returning to South Africa after studying and working in the USA, Jonathan joined the Group in 1992. Over a distinguished career with the Group, Jonathan held key leadership roles, most notably in marketing and store operations. Jonathan was appointed to the Board as a representative of the controlling shareholder in March 2010, and as the Group's Director of Values he ensured that the well-being of customers was the primary motivating factor for any strategic decision taken in the Group. During his tenure as Marketing Executive at Pick n Pay, Jonathan Ackerman spearheaded several sustainability-focused initiatives, including energy efficiency programmes, waste reduction projects, and the promotion of sustainable consumer behaviour.

Post his executive role, he has continued to champion environmental causes through various philanthropic initiatives, with a particular focus on climate change mitigation and environmental sustainability. Jonathan retired as an executive director on 31 March 2023 and has served as a non-executive director from that date.

Committee membership

Social, Ethics and Transformation

- Appointed 2010
- Years of service to the Group: 33
- Years of service on the Board: 16
- As executive director: 13
- As non-executive director: 3

Independent non-executive directors



Haroon Bhorat (57)

PhD in Economics

Haroon is Professor of Economics and Director of the Development Policy Research Unit at the University of Cape Town. He is currently a member of the Presidential Economic Advisory Council (PEAC), established in 2019 by President Ramaphosa. Haroon is the Independent Non-Executive Chair of Sygnia Asset Management and serves as the Co-Chair of its Investment Committee. Haroon is also Chair of the Nimble Group. Haroon is a Non-Resident Senior Fellow at the Brookings Institution – the world's leading global think tank. He was invited to join the UCT College of Fellows. He is a member of the executive committee of the International Economic Association.

His career appointments include serving as an economic advisor to former Minister of Finance Pravin Gordhan and to former presidents Thabo Mbeki and Kgalema Motlanthe, formally serving on the Presidential Economic Advisory Panel. Haroon has played an active role in advancing research on sustainable development and the Just Transition. As part of his work at the University of Cape Town, is currently leading multiple projects on measuring the scale and cost of the Just Transition as well as projects on the economic impact of the renewables industry, supported by Oxford University, the Africa Climate Foundation and Ninety One. These projects serve as a key contribution to the national policy dialogue around climate change and inclusive economic growth.

Committee membership

Social, Ethics and Transformation (Chair); Group Audit, Risk and Compliance; Finance and Investment; Remuneration; Nominations and Corporate Governance

- Appointed 2020
- Years of service on the Board: 6
- Other listed company directorships: Sygnia Asset Management Limited

**Aboubakar (Bakar) Jakoet (70)****CA(SA)**

Following his 34-year career in the finance team of the Group, Bakar retired as CFO and executive director in September 2019. Given his extensive experience in retail, strategy, tax and finance, the Group is privileged to retain his expertise and experience in his capacity as a non-executive director.

Committee membership

Group Audit, Risk, and Compliance (Chair); Finance and Investment; Remuneration; Nominations and Corporate Governance

- Appointed 2019 as a non-executive director
- Years of service to the Group: 40
- Years of service on the Board: 15
- As executive director: 9
- As non-executive director: 6
- Other listed company directorships: Oceana Group Limited and Sygnia Asset Management Limited

**Thabo Leeuw (64)****BCom; B Compt (Hons)**

Thabo is currently CEO of Thesele Group, an investment holding company he co-founded in 2004. He is an accountant by training through articles with Deloitte. He has acted in Financial Management roles in several industries including Beverages, Financial Services and Petrochemical industries. Prior to co-establishing Thesele Group he was in the Investment Banking industry, initially as a sell-side analyst and later as a Merger and Acquisitions dealmaker. Thabo is the immediate past Chairman of Hulamin (retired on 31 August 2025) and was also, until his retirement on 20 March 2025, Lead Independent Director of RFG.

Committee membership

Group Audit, Risk and Compliance; Social, Ethics and Transformation

**Audrey Mothupi-Palmstierna (56)****BA (Hons)**

Audrey is a seasoned executive entrepreneur with 26 years' business experience in successfully leading and innovating numerous local and global financial services businesses. Audrey is currently the Chief Executive Officer of South African based SystemicLogic Group, a global financial innovation, data, and technology company in which she took a majority shareholding in 2014. The company has a proven track record for delivering practical solutions to clients across a wide range of industries and geographies, helping them improve productivity and profitability, and has acquired businesses such as Knowledge Factory in 2019, to enable them to provide end-to-end data analytics solutions. Audrey was awarded Female CEO of the Year for Best Financial Innovation & Technology Disruptor CEO (South Africa) in 2022.

In addition to her listed company directorships, Audrey serves as an independent non-executive director on the boards of Kagiso Tiso Holdings (Pty) Ltd, and Kagiso Media (Pty) Ltd Group. She previously served on the board of Altona Plc.

Audrey holds numerous leadership positions including G100 Global Chair – AI/Data and Cybersecurity. Audrey is a Fellow of the Africa Leadership Initiative (ALI), a board member of the International Women's Forum of South Africa (IWFSa), a member of the International Women's Forum (IWF), and a SIGAWomen Global Mentor and Council Member.

Committee membership

Remuneration (Chair); Group Audit, Risk, and Compliance; Nominations and Corporate Governance

- Appointed 2013
- Years of service on the Board: 13
- Other listed company directorships: Life Healthcare Group



Grant Pattison (55)

BSc Elec Eng (1st Class Hons) UCT

Grant Pattison is an experienced South African retail-executive having worked at several major South African retail groups, including as CEO at Massmart Holdings Limited and Edcon Limited. He has served on both public and private company Boards, in both executive and non-executive roles, and served as member of, or chairperson of, all traditional Board Sub-committees.

Committee membership

Finance and Investment Committee; Group Audit, Risk and Compliance; Remuneration

- Appointed 1 February 2026



Annamarie van der Merwe (62)

B.Juris, LLB, LLM, EMP

Annamarie is the Executive Chair of the FluidRock Governance Group, a business that she co-founded 18 years ago. Annamarie has been a corporate lawyer and company secretary of companies in the listed environment for more than 30 years. She was until late 2020 a member of the King Committee on Corporate Governance for South Africa and was actively involved in the writing of King II, III and IV with a particular focus on the sections dealing with the functioning of boards and responsibilities of directors.

Annamarie serves as a member of the JSE Advisory Committee. She is a well-known presenter of workshops on issues such as board effectiveness, good corporate governance and statutory duties and liabilities faced by boards and individual directors. Annamarie acted as a facilitator for the IoDSA for more than 16 years and currently chairs the board of the Bureau of Food and Agricultural Policy NPC (BFAP) as well as the Vastfontein Community Transformation NPC. Annamarie is ISO 37000-certified in Governance of Organizations and is widely recognised for her expertise in ESG, sustainability and governance. She regularly presents workshops and training sessions on these topics to boards and governance professionals, helping organisations strengthen their sustainability and Board oversight.

Committee membership

Nominations and Corporate Governance (Chair); Social, Ethics and Transformation



Pooven Viranna (51)

CA(SA)

Pooven is a seasoned finance executive with over 25 years of experience spanning telecommunications, FMCG, healthcare, technology, and financial services, with a strong track record across the African continent. She has held senior roles at large listed and multinational organisations, where she provided strategic leadership in financial management, corporate governance, risk oversight, and business strategy, while also taking overall responsibility for the co-ordination and effectiveness of both internal control frameworks and external audit processes.

She serves as the Lead Independent Director of Evolution Credit, where she chairs the Audit Committee, and as a Non-Executive Director of the Oceana Group, where she is a member of the Remuneration and Audit Committees. She previously served as a member of the Accounting Practices Committee of the South African Institute of Chartered Accountants.

Committee membership

Group Audit, Risk and Compliance; Social, Ethics and Transformation

- Appointed 2025
- Other listed company directorships: Oceana Group Limited

Honorary Life President



Wendy Ackerman

Honorary Life President

Raymond and Wendy Ackerman founded Pick n Pay in 1967. Their remarkable partnership, based on shared values of consumer sovereignty and ethical business practices, built one of South Africa's most successful and beloved retail brands. Raymond's visionary leadership has left a lasting legacy. Wendy continues to inspire with her indomitable spirit and unwavering support and dedication to the people of Pick n Pay and Boxer.

Company Secretary



Vaughan Pierce (43)

BA, LLB, LLM

Vaughan served as Senior Legal Advisor for the Group for 14 years. During his tenure, he performed a number of other key roles, including as Vice Chairperson of the Pick n Pay Medical Aid Scheme and as Trustee on the Ackerman Pick n Pay Foundation and Feed the Nation Foundation. Vaughan assumed the role of Executive for ESG for the Group three years ago, and he continues to oversee the integration of environmental, social and governance considerations across the Group's operations.

- Appointed 2024
- Years of service to the Group: 15



Aboubakar (Bakar) Jakoet

Report of the Group Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee (the Committee) is pleased to present its report for the financial year ended 1 March 2026 (FY26). This report has been prepared in accordance with the requirements of the Companies Act, No. 71 of 2008, as amended (the Companies Act), the King IV™ Report on Corporate Governance for South Africa, 2016 (King IV), the JSE Limited Listings Requirements (Listings Requirements), and other applicable regulatory requirements.

Committee Chair overview

The recapitalisation in FY25 was critical to restoring financial liquidity and stability to the Group. During the year, the Committee focused on ensuring that this stability was maintained, including through ongoing oversight of the Group's liquidity and solvency position.

The operating environment remains constrained and uncertain. Ongoing geopolitical developments, including conflict in the Middle East and the resulting volatility in fuel and input costs, will place further pressure on the cost of doing business and on household spending. These external factors were closely monitored by the Committee in assessing financial performance, liquidity and risk exposure.

Against this backdrop, the Committee maintained close focus on financial and operational performance across the Group. Performance was monitored against budgets, forecasts and strategic priorities, with particular focus on the delivery of the Pick n Pay turnaround strategy. The Committee also worked closely with the Finance and Investment Committee (FIC) to oversee cash flows, liquidity, working capital management and balance sheet strength. While acknowledging the strategic progress achieved to date, the FIC recognised the capital required to sustain the turnaround over the longer term. Accordingly, the Board approved the sale of Boxer shares, executed through an accelerated bookbuild on 18 May 2026. The transaction raised R4.7 billion from the placement of 57.3 million shares (12.5% of Boxer). The net proceeds will strengthen financial flexibility and support the ongoing implementation of the Pick n Pay turnaround plan, enabling a return to improved cash flow generation and profitability.

The Committee also oversaw developments in the Group's Rest of Africa operations, including the acquisition of the Botswana business. These actions were aligned with the Group's strategic focus on reducing risk exposure and strengthening the overall quality and sustainability of its store estate.

At the same time, there was continued progress in strengthening the Group's risk, assurance and compliance functions. The risk management function was brought fully in-house under a dedicated Head of Group Risk, transitioning from a model previously supported by an independent third-party risk advisor. This has strengthened accountability and integration with the business. Boxer also transitioned to its own in-house risk, internal audit and compliance functions, building on established Group frameworks and with support from the Pick n Pay internal audit function to complete a smooth transition.

Oversight of the Group's principal risks remained a key focus area, particularly in the context of executing strategic priorities in a constrained operating environment.

Given the increasing frequency and sophistication of cyber and systems-related threats globally, the Committee maintained a strong focus on cybersecurity and system resilience, as well as third-party risk and talent retention. IT governance continued to receive focused attention, recognising the importance of stable, secure and scalable systems in supporting operations and the Group's growing digital capability.

The Committee monitored all investigations of potential incidents of fraud and misconduct, ensuring these were interrogated thoroughly and that appropriate corrective and disciplinary action was taken.

Throughout the year, emphasis remained on the integrity and transparency of the Group's financial and integrated reporting, as well as the effectiveness of its internal control environment, risk management and assurance processes.

The year presented both challenge and opportunity. The Committee is encouraged by the deliberate and measured approach taken by management in executing the Group's strategic priorities, and remains confident in the Group's governance foundations and in the actions underway to support a return to sustainable performance over time.

On behalf of the Committee, I would like to express my appreciation for the professionalism, dedication and insight demonstrated by the finance team throughout the year. My sincere thanks also go to management, our assurance providers and my fellow Committee members for their ongoing commitment, guidance and valued contribution during the year.

Mandate and responsibilities of the Committee

The Board has delegated to the Committee the statutory responsibilities prescribed under the Companies Act, the JSE Listings Requirements and other applicable legal and regulatory frameworks. These include oversight of the Group's financial reporting, internal control environment, risk management processes, compliance framework and assurance activities. In fulfilling its mandate, the Committee supports the Board in maintaining sound governance, accountability and informed decision-making, contributing to the safeguarding of assets, the protection of stakeholder interests and the sustainability of the Group.



Key responsibilities of the Committee

The Committee's key areas of oversight include:

Financial performance and reporting integrity – monitoring the Group's financial performance, including performance against budgets, forecasts and strategic objectives, and reviewing the Annual Financial Statements and other internal and external financial reports to ensure these present a fair, balanced and understandable view in accordance with applicable standards.

Financial position and liquidity – assessing the Group's solvency and liquidity, financial position and funding requirements, and supporting the Board in confirming the appropriateness of the going concern basis of preparation, with support from the Finance and Investment Committee.

Risk governance – overseeing the Group's enterprise-wide risk management framework and processes, including the identification, assessment and management of material and emerging risks, and evaluating the effectiveness of mitigation strategies to support Group strategy and long-term value creation.

Internal control effectiveness – assessing the effectiveness of the Group's internal financial controls and broader control environment in mitigating key risks and supporting the integrity of financial reporting.

Internal audit – overseeing the effectiveness, independence and performance of the internal audit function, including approval of its charter and risk-based internal audit plan.

External audit – overseeing the appointment, independence and performance of the external auditor, and the quality and effectiveness of the external audit process.

Combined assurance – overseeing a coordinated, risk-based approach to assurance across internal audit, external audit, risk management and other assurance providers.

Regulatory compliance – overseeing the Group's compliance with applicable laws, regulations and codes, including the Companies Act and JSE Listings Requirements, and monitoring the effectiveness of the Group's compliance framework.

The Committee operates in accordance with formal Terms of Reference, which are reviewed annually and approved by the Board. The Committee applies an annual workplan to guide its activities and ensure disciplined execution of its responsibilities.

Details of Committee membership and attendance are set out below:

Members	Status	Attendance	Notes
Aboubakar Jakoet (Chair)	Independent non-executive	4/4	
Haroon Borat	Independent non-executive	4/4	
Audrey Mothupi-Palmstierna	Independent non-executive	4/4	
Thabo Leeuw	Independent non-executive	1/1	Appointed 1 February 2026
Grant Pattison	Independent non-executive	1/1	Appointed 1 February 2026
Pooven Viranna	Independent non-executive	3/3	Appointed 1 June 2025

Biographical details of Committee members are available on the Group Investor Relations website at <https://www.picknpayinvestor.co.za/board-and-committees> and are included in the 2026 Notice of AGM.

Committee governance

The Committee is a statutory committee of the Board, operating within a defined governance framework. The Board has delegated oversight of audit, risk and compliance matters to the Committee, while retaining overall accountability for these matters.

The Committee comprises independent non-executive directors who are nominated by the Board and elected by shareholders at the Annual General Meeting (AGM). Members collectively possess the required financial literacy, skills and experience to discharge their responsibilities effectively.

The Committee Chair reports to the Board after each meeting and engages periodically with the Chair of the Boxer Retail Limited Audit, Risk and Compliance Committee on matters of mutual interest.

Committee composition and meeting attendance

The Board continues to prioritise the deliberate renewal of the Committee to maintain independence and strengthen its collective capability. David Friedland retired from the Board in FY26 and the Committee thanks David for his years of dedicated service. James Formby stepped down from the Committee in August 2025 on his appointment as Chair of the Board, in line with King IV and good governance practice. Audrey Mothupi-Palmstierna will retire from the Board at the 2026 AGM to be held in August 2026. Pooven Viranna was appointed as an independent non-executive director and member of the Committee on 1 June 2025, followed by the appointments of Thabo Leeuw and Grant Pattison as independent non-executive directors and members of the Committee on 1 February 2026. The Committee welcomes their appointment and looks forward to the contribution of their experience and insight.

The Committee met four times in respect of FY26, including a meeting held after year-end to consider the Group's FY26 results, Annual Financial Statements and the outcomes of the external audit and combined assurance processes.

Meetings were attended by standing invitees, including the Chair of the Board, Chief Executive Officer, Chief Finance Officer, the Heads of Internal Audit, Risk, Legal and Compliance, the external auditor and senior members of the finance team. The Committee also held closed sessions with the internal and external auditors to support independent engagement and to ensure that they were able to discharge their responsibilities objectively and without undue influence.



How the Committee fulfilled its responsibilities in FY26

Financial performance and reporting integrity

The Committee maintained oversight of the integrity and reliability of the Group's financial reporting, as well as the quality and sustainability of financial performance.

Throughout the year, the Committee monitored financial performance against budgets, forecasts and the Group's strategic plan, with a focus on key performance indicators and variances. It engaged with management on the drivers of performance and the appropriateness of actions taken in response.

The Committee reviewed the interim and year-end financial results, Annual Financial Statements and all other internal and external financial reports and publications, including trading updates, trading statements and SENS announcements. It assessed whether these provide a fair, balanced and understandable view of the Group's financial position, performance and cash flows. The Committee also monitored the Group's tax position and tax governance framework.

Particular attention was given to significant matters and areas of judgement, including accounting policies, impairments, deferred tax, provisions and prior year reclassifications and restatements. The Committee engaged with management and the external auditor on these matters and considered the significant matters reported in the external auditor's report.

Statutory duties and confirmations

The Committee:

- Confirmed that the Group's financial reporting complies with IFRS Accounting Standards and the JSE Listings Requirements, and concluded that the Annual Financial Statements present a fair, balanced and understandable view of the Group's financial position, performance and cash flows
- Concluded that the accounting policies applied and significant judgements and estimates are appropriate
- Confirmed that the Chief Finance Officer, and the finance function have the appropriate expertise, experience and resources
- Reviewed the Annual Financial Statements and other external reports and recommended their approval to the Board

Financial position and liquidity

The Committee maintained oversight of the Group's financial position, with particular focus on liquidity, solvency and disciplined capital management.

Following the recapitalisation in FY25, the Committee continued to monitor the Group's liquidity position, supported by the Finance and Investment Committee. This included oversight of the sufficiency of borrowing and working capital facilities and the careful and effective investment of surplus cash.

Statutory duties and confirmations

The Committee:

- Concluded that the assumptions underlying budgets, forecasts and cash flow projections are reasonable and supportable, and that liquidity, funding and capital allocation are being managed in a disciplined manner
- Confirmed that the Group satisfies the solvency and liquidity requirements of the Companies Act, and has adequate cash resources and funding facilities in place to meet its obligations as they fall due
- Concluded that the going concern basis of preparation of the Annual Financial Statements is appropriate and recommended this to the Board



Risk governance

The Committee closely monitored the Group's enterprise-wide risk management framework, recognising its importance in supporting strategic delivery and long-term value creation.

During the year, the Group transitioned from a co-sourced risk model, where elements of the risk management function were supported by an external independent service provider, to a fully in-house risk management function under a dedicated Head of Group Risk. This transition followed the establishment of appropriate risk frameworks and processes and was undertaken to strengthen internal capability, improve integration with the business and support a more practical, value-adding approach to risk management. The Committee maintained close oversight of this transition and the continued development of the function.

The Committee reviewed the Group's key risks and the evolving risk landscape, including operational, financial and external risks, and considered the effectiveness of mitigation strategies and management's response. Risk management continues to be embedded more deeply into operational and strategic decision-making, supporting a disciplined approach to growth and execution.

The Committee also considered how key risks are monitored and managed across the Group's operating divisions, including the consistency of risk identification and mitigation practices. Particular attention was given to IT governance, including cybersecurity, data protection and system resilience, given the critical role of technology in enabling the Group's operations and safeguarding its information assets.

The Committee continues to support the ongoing maturation of the risk management framework, building on established foundations and strengthening its integration into operational and strategic decision-making.

Statutory duties and confirmations

The Committee:

- Concluded that the Group's risk management framework is effective and continues to mature, and that risk management is appropriately embedded across the business in support of strategic and operational decision-making
- Confirmed that key risks are being identified, assessed and managed appropriately, with effective mitigation strategies in place

Internal control effectiveness

The Committee reviewed the effectiveness of the Group's internal control environment, recognising its importance in supporting reliable financial reporting and disciplined operational execution. The review drew on a range of inputs, including CEO and CFO attestations, management representations, internal audit reports, external audit feedback and broader assurance activities across the Group. The Committee considered the design and implementation of key controls within financial reporting processes, as well as controls addressing significant risk areas and areas involving judgement.

In addition, the Committee assessed how control practices are applied across the Group's operating divisions and monitored the resolution of control-related matters raised through assurance processes. Engagement with management focused on understanding the root causes of identified issues and the actions taken to strengthen the control environment over time.

Statutory duties and confirmations

The Committee:

- Concluded that the Group's internal financial controls were effective and that appropriate financial reporting procedures are in place and functioning effectively across the Group
- Confirmed that the control environment supports the integrity of financial and integrated reporting

Internal audit

The Committee oversaw the internal audit function, recognising its role as an independent third line of defence and a key component of the Group's combined assurance model. The Committee approved the internal audit charter and the annual risk-based audit plan, ensuring alignment with the Group's key risks and priorities. It retained oversight of the execution of the plan, including coverage of financial, operational and IT controls, and engaged with management on the findings arising from internal audit reviews. Focus was placed on the effectiveness of internal controls, the quality of management's response to audit findings and the timely implementation of agreed actions. The Committee also monitored outstanding audit issues to ensure appropriate resolution.

The internal audit function continues to operate as a mature and effective in-house capability. The Head of Internal Audit reports directly to the Committee and engages regularly with the Committee Chair, supporting independence and open communication. During the year, the function also supported Boxer in its transition to an independent in-house internal audit capability.

Statutory duties and confirmations

The Committee:

- Concluded that the internal audit function is effective, independent and appropriately positioned within the Group, with the necessary authority, access and resources to perform its responsibilities
- Confirmed that the internal audit plan is aligned to the Group's key risks and that the function provides appropriate assurance over the effectiveness of internal controls
- Concluded that management responds appropriately to internal audit findings and that agreed actions are implemented in a timely manner



External audit

The Committee oversaw the external audit process, with a focus on audit quality, independence and the robustness of the audit approach. The Committee reviewed and approved the external audit plan, including scope, materiality and key areas of focus, ensuring alignment with the Group's financial reporting risks and areas of judgement. In accordance with Committee policy, all non-audit services provided by the external auditor must be pre-approved by the Committee. These amounted to R95 970 (FY25: R25 000) representing 0.4% of the Group's assurance fees. The Committee engaged with the external auditor on audit progress, key audit matters and internal control findings, and monitored management's response where relevant. The Committee considered the key audit matters reported in the external audit report on pages 8 to 13 of the Annual Financial Statements and is satisfied that these matters have been appropriately addressed in the Annual Financial Statements.

During the year, Tina Rookledge rotated off as the designated audit partner and was succeeded by Lucian Rolleston. The Committee considered his experience, suitability and independence as part of its oversight of the audit process.

Ernst & Young Inc. (EY) has served as the Group's external auditor since 2015. The Committee undertakes an annual assessment of independence, competence and audit quality. In the context of the Group's recent period of significant change, including the FY25 recapitalisation, stability, continuity and institutional knowledge were key considerations in the Committee's decision not to initiate an audit tender at this time. The need for audit firm rotation continues to be assessed annually.

Following the appointment of Tina Rookledge as the incoming Chief Financial Officer, the Committee applied its oversight responsibilities in line with the applicable regulatory and ethical standards. The Committee satisfied itself that appropriate independence safeguards were implemented, including an adequate cooling off period, clear separation from the FY26 financial reporting and assurance processes, and the ongoing protection of the independence and objectivity of the external audit.

Statutory duties and confirmations

The Committee:

- Approved the external auditor's engagement terms, audit plan and fees, and concluded that the audit approach is appropriate and responsive to the Group's financial reporting risks
- The Committee concluded that Ernst & Young Inc. is independent and effective in performing its duties as external auditor. In accordance with paragraph 5.7 (h)(iii) of the JSE Listings Requirements, the Committee considered the auditor's suitability, independence, performance and quality of audit work, including the application of professional scepticism and the resolution of all material audit matters
- Recommended the reappointment of EY to shareholders at the AGM

Combined assurance

The Committee oversaw a coordinated approach to assurance across the Group, ensuring that assurance activities are aligned to key risks and support effective oversight of controls and performance.

During the year, the Committee approved the Combined Assurance Framework and annual Combined Assurance workplan, which set out how assurance is applied across the Group's key risk areas. A management Combined Assurance Forum was established to improve coordination between business units and assurance providers, strengthen accountability and provide clearer visibility of risk management and assurance activities.

The Committee reviewed assurance outcomes across internal audit, external audit, risk and compliance, with a focus on the coverage of key risks, the quality of assurance provided and the effectiveness of management's response to identified issues. Particular attention was given to internal financial controls, including their effectiveness, the consistency of control practices across the Group and the timely resolution of identified control weaknesses.

Statutory duties and confirmations

The Committee:

- Approved the Combined Assurance Framework and annual work plan, and concluded that assurance activities are aligned to the Group's key risks
- Confirmed that coordination across internal audit, external audit, risk management and other assurance providers is effective
- Concluded that the combined assurance model provides sufficient and appropriate assurance over the effectiveness of internal controls, risk management and financial reporting processes



Regulatory compliance

The Committee oversaw the Group's compliance framework and regulatory obligations, supporting a culture of ethical conduct and responsible business practices.

The Committee monitored compliance processes across the Group, including key legal and regulatory developments and their impact on operations. It reviewed reports on compliance matters, including incidents of non-compliance, and engaged with management on the actions taken to address these and strengthen controls where required.

Particular focus was placed on whistleblowing processes, including reports received, investigation outcomes and the effectiveness of remediation actions. The Committee also considered third-party compliance and governance processes, recognising the importance of managing regulatory and reputational risks across the Group's broader ecosystem.

Statutory duties and confirmations

The Committee:

- Confirmed that the Group maintains an effective compliance framework that supports adherence to applicable laws, regulations and governance standards, and concluded that significant compliance matters are appropriately identified, addressed and resolved
- Confirmed that whistleblowing processes are effective, with appropriate investigation and remediation of reported matters, and that compliance practices support ethical conduct and sound governance across the Group

Events subsequent to the reporting date

The Committee is not aware of any material events that have occurred between the reporting date and the date of approval of these financial statements, other than those that are disclosed in the Group audited annual financial statements. Please refer to page 79 of the Annual Financial Statements for further information.

Key focus areas for FY27

- Financial resilience – with continued focus on liquidity, funding and capital discipline
- Strengthening the Group's risk and assurance environment – including embedding the in-house risk function and strengthening combined assurance with a focus on third party compliance
- Maintaining focus on key risk areas – including systems and operational resilience
- Oversight of the Group's preparation for the adoption of King V – including the review and alignment of governance frameworks, policies and practices to evolving best practice

Committee effectiveness and re-election

The Committee conducted a formal self-assessment during the year and is satisfied that it has operated effectively and in accordance with its mandate. Areas for continued focus include supporting ongoing governance maturity, strengthening oversight in key risk areas, and ensuring appropriate succession and renewal of Committee membership. In accordance with the Companies Act, all members of the Committee will be put to shareholders for formal election or re-election at the 2026 AGM to be held in August 2026.

Based on the work performed by management, internal audit, the external auditor and other assurance providers, the Committee is satisfied that the Group's governance, risk management, internal control and assurance processes are effective.

The Committee further confirms that these processes support the integrity of the Group's financial and integrated reporting and provide a sound basis for reliable financial statements.

Aboubakar Jakoet

Chair: Group Audit, Risk and Compliance Committee

22 May 2026*

* Date of publication in the Pick n Pay FY26 Annual Financial Statements.





James Formby

Report of the Finance and Investment Committee

The Finance and Investment Committee (“the Committee”) is pleased to present its report for the 2026 financial year. The Committee is a non-statutory committee of the Board, established to support the Board in ensuring that the Group maintains the financial flexibility, discipline and resources necessary to execute the Pick n Pay turnaround successfully.

Committee Chair statement

Following the recapitalisation completed during FY25, management continued to take the necessary action to address the significant trading losses within the Pick n Pay segment. Against this backdrop, much of the Committee’s attention was focused on understanding whether the strategic initiatives being implemented across the business were delivering the operational improvements, cash flow benefits and financial outcomes required to support the turnaround.

The Committee remained mindful that rebuilding a business of Pick n Pay’s scale takes time. Therefore, we devoted considerable attention to understanding performance against the Pick n Pay Plan, reviewing management’s forecasts and testing the assumptions underpinning the turnaround. Our discussions focused not only on areas where progress was evident, but also on identifying under-performance early and understanding the actions required to address it. Progress against strategic initiatives, sales performance, margin improvement, cost reduction programmes, working capital management and capital expenditure was reviewed regularly, with a clear focus on how these factors translated into cash generation, liquidity and financial flexibility.

Liquidity remained a key area of focus throughout the year. Although the Group benefitted from the stronger balance sheet created through the FY25 recapitalisation, we remained acutely aware of the importance of preserving financial flexibility while the turnaround progressed and losses continued to be incurred. Therefore, the Committee reviewed cash flow forecasts, funding requirements, working capital performance and liquidity scenarios at each meeting. Good working capital management and disciplined capital allocation helped support the Group’s liquidity position during a year in which investments continued to be made across the business.

Another important area of focus was capital allocation. The Committee reviewed major capital expenditure proposals, store investment plans and strategic projects, with particular emphasis on expected returns, cash flow implications and execution risk. During the year, the Group invested approximately R1.9 billion across its operations while maintaining a disciplined approach to investment decision-making.

As part of its oversight of the Group’s capital position, the Committee considered a range of funding and capital management alternatives during the year and after year-end. While meaningful progress has been made, the Pick n Pay segment remained loss-making during FY26, and the Committee believed it was prudent to strengthen the Group’s liquidity and financial flexibility ahead of any future funding requirements.

These discussions culminated in the decision to reduce the Group’s shareholding in Boxer from 65.6% to 53.1%, generating proceeds of R4.7 billion while retaining control of a business that remains central to the Group’s future growth prospects.

The transaction reflected a carefully considered decision to strengthen the Group’s financial flexibility while continuing to participate meaningfully in the future growth of a business of which we remain immensely proud. Boxer also continued to perform strongly during FY26, generating excellent cash flows, delivering attractive returns on invested capital and significantly reducing its debt levels.

During the year, we welcomed Gareth Ackerman and Grant Pattison to the Committee. Their extensive retail, operational and investment experience strengthened the quality of discussion and challenge within the Committee. The Board also reconsidered the previously announced intention that I would step down as Chair of the Committee at the conclusion of FY26. Following the annual Board and Committee evaluations, it was agreed that I would continue in the role and support the next phase of the turnaround.

While progress was made during FY26, significant work lies ahead. The Committee remained focused throughout the year on ensuring that management had both the financial resources and the strategic flexibility required to stay the course. I would like to thank my fellow Committee members, the Board, management and particularly the finance and treasury teams for the professionalism, discipline and resilience they demonstrated throughout the year.

Committee mandate

The Committee is a committee of the Board of Pick n Pay Stores Limited and operates in accordance with Board-approved Terms of Reference. The Committee provides oversight of the Group’s financial position, liquidity, capital allocation and strategic execution during this period of significant transformation. The Committee assists the Board in overseeing matters relating to:

- Strategic execution and financial performance oversight
- Liquidity, cash flow and working capital management
- Capital allocation and investment oversight
- Funding, treasury and financial flexibility



Committee governance and attendance

The Committee operates in accordance with a Board-approved Terms of Reference and annual work plan, both of which are reviewed annually. The Committee combines experience in finance, treasury, capital allocation and strategic execution, providing an appropriate mix of skills to support the Group during the Pick n Pay turnaround. The Committee met four times in respect of FY26, including a meeting held after year-end to consider the Group's FY26 financial results, financial position and related matters prior to approval by the Board. Given the strategic nature of the Committee's responsibilities, all Board members are standing invitees to Committee meetings. Meetings were attended by executive management, members of the finance and treasury teams and subject matter specialists relevant to matters under consideration. The Committee also engaged with the Group Audit, Risk and Compliance Committee where responsibilities intersected, particularly in relation to financial reporting, liquidity, funding and financial risk matters. Key observations, recommendations and matters requiring approval were reported to the Board following each meeting.

	Attendance
Current members	
James Formby (Chair)	4/4
Gareth Ackerman ¹	3/3
Haroon Borhat	4/4
Aboubakar Jakoet	4/4
Grant Pattison ²	1/1
Former members	
David Friedland ³	1/1

¹ Appointed 5 August 2025.

² Appointed 1 February 2026.

³ Retired 5 August 2025.

The Committee's key focus areas during the year

Strategic execution and financial performance oversight

A significant portion of the Committee's agenda was devoted to understanding progress against the Pick n Pay turnaround plan and evaluating whether the operational and strategic initiatives underpinning the turnaround were delivering the anticipated financial outcomes. The Committee reviewed management's delivery against key initiatives, monitored performance against budgets and forecasts and challenged assumptions underpinning the turnaround plan. The Committee recommended that the Board extend the previously communicated break-even target by one year to FY29, reflecting market conditions, the pace of recovery and the need to prioritise long-term sustainability over short-term gains.

During FY26, the Committee:

- Reviewed financial performance against budgets, forecasts and lender commitments
- Monitored delivery against key strategic initiatives, milestones, assumptions and performance indicators underpinning the Pick n Pay plan
- Considered profitability, margin improvement, cost reduction and sales growth initiatives
- Reviewed strategic risks, opportunities and management actions impacting future financial performance
- Assisted the Remuneration Committee in ensuring that LTI targets were aligned to the delivery of the Pick n Pay turnaround plan

Liquidity, cash flow and working capital management

Maintaining adequate liquidity and preserving financial flexibility remained a critical priority throughout the year. The Committee regularly reviewed cash flow forecasts, funding requirements and working capital performance to ensure that the Group remained appropriately positioned to support the turnaround.

During FY26, the Committee:

- Reviewed detailed cash flow forecasts, liquidity requirements and borrowing requirements
- Monitored working capital performance, cash conversion and cash burn trends
- Evaluated funding requirements under a range of trading and forecast scenarios
- Assessed the adequacy of available liquidity resources, facilities and going concern assumptions

Capital allocation and investment oversight

The Committee maintained oversight of the Group's capital allocation framework and major investment decisions. Particular attention was given to ensuring that investment proposals were supported by robust business cases, clear accountability measures and appropriate return thresholds.

During FY26, the Committee:

- Reviewed significant capital expenditure proposals, store revamps and investment requests
- Oversaw the implementation of enhanced capital allocation disciplines, investment hurdles and return requirements
- Monitored the performance and returns generated by approved investment projects
- Considered strategic transactions and investments, including the sale of a 12.5% shareholding in Boxer

Funding, treasury and financial flexibility

The Committee oversaw the Group's treasury activities, funding structures and lender engagement processes. Maintaining constructive relationships with funders and ensuring appropriate financial flexibility remained an important area of focus throughout the year.

During FY26, the Committee:

- Reviewed banking facilities, treasury activities and surplus cash investment strategies
- Oversaw quarterly lender engagements and reviewed lender reporting and funding-related matters
- Considered funding structures, funding costs and future funding requirements
- Reviewed treasury policies, delegated authority frameworks and financial governance processes

Committee effectiveness and future focus areas

During FY26, the Committee completed its annual effectiveness assessment. The review confirmed that the Committee continues to operate effectively and fulfil its mandate. Areas identified for further development included increased focus on longer-term strategic discussions relating to Pick n Pay and Boxer, more explicit consideration of sustainability factors in investment decisions and continued evolution from strong technical oversight towards deeper strategic challenge. These areas have been incorporated into the Committee's FY27 work plan. The Committee is satisfied that it has fulfilled its responsibilities during FY26 in accordance with its Terms of Reference.

Focus areas for FY27 include:

- Monitoring delivery against the Pick n Pay turnaround plan and the financial trajectory of the turnaround
- Maintaining oversight of liquidity, working capital performance and funding requirements
- Strengthening capital allocation disciplines and investment oversight
- Deepening strategic oversight of the long-term growth and capital trajectories of Pick n Pay and Boxer
- Maintaining appropriate funding structures, treasury governance and financial flexibility

James Formby

Chair: Finance and Investment Committee

30 June 2026





Audrey Mothupi-Palmstierna

Report of the Remuneration Committee

Part 1: Background statement

Message from the Remuneration Committee Chair

The decisions considered by the Remuneration Committee during FY26 were among the most complex and consequential in recent years. As Pick n Pay continued the implementation of its turnaround strategy, the Committee was required to consider a range of people and remuneration matters against a backdrop of significant organisational change. Many of these decisions affected employees directly and had implications for the long-term sustainability and future competitiveness of the business.

The Committee's role is not simply to determine remuneration outcomes. It is to exercise judgement. Throughout the year, we carefully considered how our decisions could support the implementation of the turnaround strategy while remaining fair to employees, responsible to shareholders and consistent with the Group's values.

This required balancing competing considerations. Affordability and cost discipline, the retention of critical skills, investment in future capability, transformation and performance recognition all required equal attention. These decisions were not always straightforward, nor could they be viewed through a single lens. Each was considered on its own merits, with a focus on the long-term sustainability of the business.

Supporting the turnaround

The strategy implementation included changes to Pick n Pay leadership structures and the reshaping of support office and regional teams. The Committee carefully considered the implications of these changes. No salary increases were awarded to senior executives, and affordability remained an important consideration in all remuneration decisions.

At the same time, the Committee recognised the importance of investing in the skills and capability required to support the recovery of the business. During the year, the Group strengthened key operational areas, including regional teams and store-level capability in fresh produce, butchery, bakery and deli. These investments contributed to improved execution, a stronger Fresh performance and a more competitive customer offer. We have made progress in these areas, but there is more to do.

The Committee considered each remuneration decision within its own context. A salary freeze, a salary adjustment, a retention award, or a performance bonus each serves a different purpose and requires separate consideration.

The Committee carefully considered variable incentive outcomes during the year. While the Pick n Pay segment remained loss-making, the STI and LTI outcomes reflected progress against critical turnaround objectives, while also recognising where the progress fell short of targets. Financial performance remained the largest component of the STI scorecard and materially reduced the overall outcome, while portions of outstanding long-term incentive awards were forfeited where performance conditions were no longer considered achievable.

Listening and responding

Constructive stakeholder engagement has been an important feature of the Pick n Pay turnaround from the outset. Throughout this period, the Board and management have remained committed to engaging openly with shareholders, listening carefully to concerns and feedback, and providing stakeholders with greater visibility into both the progress of the turnaround and the decisions being taken to support it. The Committee adopted the same approach in relation to remuneration matters during FY26. Shareholders challenged us to improve transparency, strengthen the alignment between remuneration and strategy, simplify certain performance measures and provide greater visibility regarding remuneration outcomes.

We welcomed this feedback and made a number of changes to both our remuneration framework and disclosures in response. These changes included revised performance measures and long-term incentive structures, enhanced remuneration disclosures and a stronger alignment between remuneration outcomes and shareholder interests. Further details are provided in the Responding to shareholder concerns section on page 93.



Structure of the remuneration report

The remuneration report is presented in three parts to provide stakeholders with a clear understanding of Pick n Pay's remuneration governance, policy and outcomes.

Part 1: Background statement

Provides a message from the Committee Chair, an overview of the Committee's mandate, composition and governance, together with information on shareholder engagement, and the Committee's response to shareholder feedback.

Part 2: Remuneration policy

Outlines the Pick n Pay's remuneration framework, including pay structures, performance measures, eligibility criteria and fair pay principles. This section is tabled for shareholder approval by ordinary resolution at the forthcoming Annual General Meeting.

Part 3: Implementation report

Explains how the remuneration policy was applied in FY26, including detailed disclosure of executive remuneration outcomes, incentive awards, and fees paid to non-executive directors, together with supporting context for key decisions. This section is also tabled for shareholder approval by ordinary resolution at the forthcoming Annual General Meeting.

Transformation and pay equity

The Committee remains committed to fair, equitable and non-discriminatory remuneration practices across the Group. During FY26, the Committee continued to oversee remuneration benchmarking and pay equity reviews across the employee base to ensure remuneration remains competitive, equitable and aligned with the principle of equal pay for work of equal value. These reviews included ongoing analysis of remuneration outcomes across race and gender.

Pick n Pay continues to make encouraging progress against its employment equity objectives, and transformation remains an important area of focus for the Committee. Particular attention is being given to the advancement of women and historically disadvantaged employees into senior leadership through targeted talent development, succession planning and leadership development initiatives. The Committee is encouraged by the progress made in improving representation at senior levels, while recognising that there is more work to be done within top management.

Pay equity is not a once-off exercise but an ongoing process of analysis, monitoring and action. We continue to deepen our understanding of the factors that influence remuneration outcomes across the organisation and remain committed to addressing any unjustifiable disparities should they arise.

Looking ahead

The Committee's priorities for FY27 will include overseeing the implementation of the revised remuneration framework, monitoring the effectiveness of the new long-term incentive arrangements, continuing to strengthen succession and talent development initiatives, and maintaining a strong focus on transformation, pay equity and organisational effectiveness.

Subsequent to year-end, the Group commenced formal labour consultation regarding a revised, more sustainable store labour model. The Committee has remained closely engaged with management, given the potential implications for employees and remuneration structures. These changes are not being pursued simply as a cost-saving exercise. They are intended to create a more competitive and sustainable business that is better positioned to grow, invest and create employment opportunities in the future. Long-term job creation depends on the long-term success of the business. Boxer provides a clear example of this principle, having created approximately 3 400 new jobs during FY26 through continued growth supported by a sustainable operating model. As with all people-related decisions, our focus remains on balancing fairness, competitiveness and the long-term sustainability of the business.

Board and Committee renewal remains an important focus area. I will retire from the Board and step down as Chair of the Committee at the 2026 AGM in August. Haroon Bhorat will succeed me as Committee Chair. Haroon brings deep expertise, sound judgement and a strong understanding of the Group, and I am confident that the Committee will benefit from his leadership. Our long-serving member, Aboubakar Jakoet, will retire from the Board at the AGM in 2027 in line with our succession plans. Once this transition is complete, all long-serving independent non-executive directors will have retired from the Committee. As part of our refresh, we were pleased to welcome Grant Pattison to the Committee this year. Grant brings extensive retail, operational and leadership experience and has already added valuable insight to the Committee's discussions.

As this is my final remuneration report as Chair of the Committee, I would like to thank my fellow Committee members, the Board and management for their support, engagement and constructive challenge over the years. It has been a privilege to serve on the Board and to contribute to the governance of the Group during a period of significant change.

Audrey Mothupi-Palmstierna

Chair: Remuneration Committee

30 June 2026



Committee governance

Committee mandate

The Committee assists the Board in ensuring that remuneration practices support the Group's strategy while remaining fair, responsible and aligned with shareholder interests. Its primary responsibilities include:

- Remuneration policy and remuneration outcomes
- Executive remuneration and incentive arrangements
- Succession planning, transformation and pay equity
- Shareholder engagement and remuneration governance

Committee governance

The Board has delegated its statutory and regulatory responsibilities for remuneration governance to the Committee. The Committee operates in accordance with formal Terms of Reference that define its role, authority and reporting responsibilities, and that are reviewed and approved by the Board annually. The Terms of Reference are aligned with the Companies Act, the JSE Listings Requirements and the principles of King IV.

The Committee is a standing committee of the Board and comprises non-executive directors, the majority of whom are independent. Members are nominated by the Nominations and Corporate Governance Committee and appointed by the Board.

The Committee adopts an annual work plan to guide its activities and meets at least three times each year, with additional meetings convened as required. The Committee met four times during FY26, including a post-year-end meeting to consider variable remuneration outcomes and approve this report.

Senior management and external advisors attend meetings by invitation, while other Board members may attend as observers. Given the Group's ownership interest in Boxer and the separate governance structures that apply to each listed entity, the Chair of the Boxer Remuneration Committee reports to the Pick n Pay Remuneration Committee following each Boxer Committee meeting and engages with the Chair of the Pick n Pay Remuneration Committee on matters of mutual interest.

The Committee is satisfied that its members collectively possess the skills, experience and capacity required to fulfil their responsibilities. Details of members' qualifications and experience are set out from page 76.

The Committee also works closely with the Social, Ethics and Transformation Committee, the Nominations and Corporate Governance Committee and management to ensure that remuneration decisions appropriately support the Group's broader objectives relating to transformation, succession planning, talent development and organisational effectiveness.

Committee composition and attendance

Committee members	Status	Attendance	Notes
Audrey Mothupi-Palmstierna (Chair)	Independent non-executive	4/4	
Gareth Ackerman	Non-executive	4/4	
Haroon Borat	Independent non-executive	4/4	
James Formby	Independent non-executive	4/4	
Aboubakar Jakoet	Independent non-executive	4/4	
Grant Pattison	Independent non-executive	2/2	Appointed 1 February 2026

Key focus areas during FY26

Strategic execution – oversight of organisational and operational changes, retention and capability investment required to support the turnaround plan.

Remuneration framework – review of STI and LTI performance measures and alignment with turnaround objectives.

Employee remuneration – oversight of salary reviews, benchmarking, pay equity and income differential analysis.

Transformation and succession – review of employment equity progress, talent development and succession planning.

Shareholder engagement – consideration of shareholder feedback and remuneration framework enhancements.

Governance and compliance – implementation of amended Companies Act requirements and enhanced remuneration disclosures.

Independent advisors

The Committee considers independent market data, internal remuneration analyses and external advice, where appropriate, when evaluating remuneration matters. During FY26, the Group engaged REMchannel for remuneration benchmarking services and Bowmans to support the review of remuneration policies and the design of revised incentive structures and performance measures. The Committee is satisfied that the advice received was objective and independent.



Responding to shareholder concerns

Shareholder engagement formed an important component of the Committee's work during FY26. Feedback received through shareholder meetings, correspondence received and governance engagements informed several enhancements to both the Group's remuneration framework and the disclosures contained in this report. The key themes raised by shareholders, together with the Committee's response, are summarised below:

Shareholder feedback	Committee response
Remuneration disclosures did not provide sufficient context regarding remuneration decisions, performance measures and remuneration outcomes.	Expanded remuneration policy and implementation disclosures, including STI and LTI performance measures, targets, vesting outcomes and remuneration decisions.
The link between STI and LTI performance measures and the turnaround strategy was not sufficiently clear. Concerns were also raised regarding the use of "EBITDA pre-IFRS 16 and exceptional items" (which was not well understood) and the absence of a more balanced performance scorecard over time, including return on investment metrics.	Replaced EBITDA-based measures with trading profit after leases (TPAL), which is directly aligned to the Group's FY29 break-even objective. STI and LTI frameworks were also revised to strengthen alignment with the turnaround plan. The forward-looking RSP award for FY27 includes a ROIC performance measure for the CFO. The Committee will continue to evaluate the reintroduction of return-based measures as the Group returns to sustainable profitability. Please refer to pages 97 and 99.
Long-term incentives should place greater emphasis on performance-based rewards and shareholder alignment. Concerns were also raised regarding executive director participation in retention-based incentive arrangements.	Replaced the executive retention and performance incentive (ERPI) with a revised management long-term incentive framework that provides a stronger balance between retention and performance. Executive directors no longer participate in the management scheme. Please refer to pages 98 and 100.
ESG commitments disclosed elsewhere in the Integrated Annual Report were not clearly linked to remuneration outcomes.	Introduced ESG measures into the long-term incentive framework, with a focus on waste reduction and employee development. This reflects the Committee's view that ESG outcomes are important enablers of long-term value creation, while financial performance and financial sustainability remain the primary determinants of remuneration outcomes during the turnaround period. Please refer to pages 99 and 107.
Shareholders requested greater transparency around forward-looking STI and LTI targets.	The Committee acknowledges this preference. In line with South African market practice, STI targets are disclosed retrospectively due to their commercially sensitive nature. For LTI awards, the Committee will enhance forward-looking disclosure over time, including providing performance targets and vesting scales in advance of awards where practicable, as a consistent grant cycle is established.
Concerns were raised regarding Committee independence, Board renewal and succession planning.	Ongoing Board and Committee renewal, with the planned retirement of long-serving directors and Committee members, and the recent appointment of Grant Pattison to the Remuneration Committee.

The Committee believes these enhancements have improved transparency, strengthened alignment between remuneration and the Group's strategic objectives and provided shareholders with a clearer understanding of remuneration outcomes and the rationale underpinning them.

Companies Act amendments

FY26 marks the first year of reporting under the amended Companies Act requirements. This report has been prepared to comply with the enhanced disclosure requirements introduced by the amendments. The remuneration policy and implementation report are presented separately in this report and will each be tabled for shareholder approval by ordinary resolution at the forthcoming Annual General Meeting.



Part 2: Overview of remuneration policy

The Group is committed to building a diverse and high-performing team that is fairly and responsibly rewarded to deliver its strategic objectives over the short, medium and long term. Our remuneration framework supports the attraction, motivation and retention of talent through fair, competitive and performance-aligned remuneration that promotes sustainable long-term value creation.

Scope of this section

This section sets out Pick n Pay's forward-looking remuneration policy for the financial years FY27 to FY29:

- The principles underpinning Pick n Pay's remuneration approach
- The structure of fixed and variable remuneration
- The design of short- and long-term incentive arrangements
- Minimum shareholding requirements
- Malus and claw-back provisions
- Key provisions relating to service contracts and termination
- Fees paid to non-executive directors

Following the separate listing of Boxer Retail Limited in November 2024, Boxer adopted its own stand-alone remuneration policy, designed to support its business strategy and value creation objectives, and reflect its commitment to fair and responsible pay. Boxer's remuneration policy and implementation report are presented separately to Boxer shareholders for approval at its Annual General Meeting and are available at www.boxerinvestor.co.za.

The remuneration policy and implementation report presented in this report relate only to the Group's Pick n Pay segment.

Remuneration principles

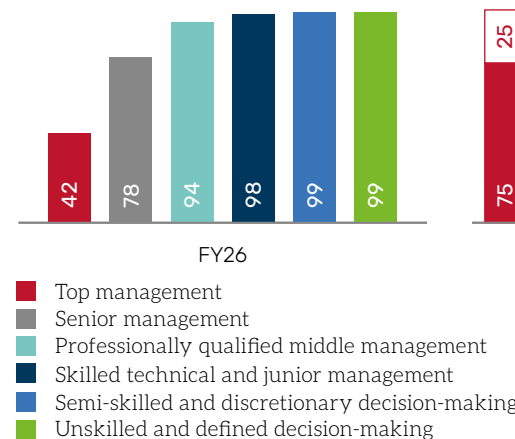
Our remuneration policy is guided by four core principles that support effective remuneration governance and align the interests of employees, shareholders and other stakeholders.

1. Promoting diversity and building talent

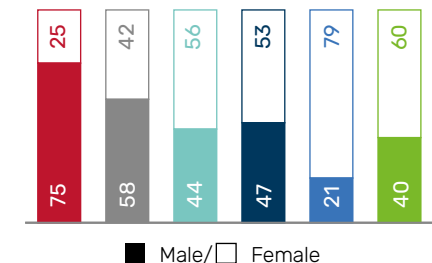
Pick n Pay is committed to providing opportunities for people from all walks of life and building a team that reflects the diverse communities we serve. To support this commitment, we:

- Prioritise community employment and create opportunities for career progression
- Invest in learning and development to build capability
- Develop future leaders through focused talent management and succession planning
- Advance transformation and broader participation across Pick n Pay

Employment equity representation (%)



Employee representation by gender (%)





2. Efficient and productive workforce

Pick n Pay is committed to fostering a high-performance culture that supports operational excellence and sustainable growth. We support this principle by:

- Aligning performance management and reward outcomes with individual and business performance
- Promoting effective leadership and building capable teams to drive productivity and execution
- Regularly reviewing operating structures and ways of working to improve efficiency and cost discipline
- Incorporating measures of efficiency and productivity into performance assessment

3. Fair and responsible remuneration

Pick n Pay is committed to remuneration practices that are fair, equitable and responsible across the organisation. We support this principle by:

- Applying remuneration practices that are fair, transparent and non-discriminatory
- Promoting internal equity and equal pay for work of equal value
- Benchmarking remuneration against relevant market peers to support competitiveness
- Aligning remuneration outcomes with performance, affordability and long-term value creation

4. Responsible executive remuneration

Pick n Pay is committed to remunerating executive directors and senior management in a manner that promotes sustainable long-term value creation. We support this principle by:

- Aligning executive reward outcomes with performance and avoiding excessive reward where performance does not meet expectation
- Balancing the retention of key talent with the attraction of high-quality external talent
- Using long-term incentives to align management and shareholder interests
- Incorporating ESG measures into variable remuneration where they support sustainable value creation

The four principles underpin the Group's remuneration framework and guide the design and implementation of remuneration practices across Pick n Pay. The following section sets out our approach to fair and responsible remuneration.

Fair and responsible remuneration

Pick n Pay is committed to a total reward offering built on a foundation of fair, responsible and performance-aligned remuneration. Our approach seeks to attract, motivate and retain talent, while supporting sustainable business performance and long-term value creation. We assess remuneration as fair and responsible in the context of the following criteria:

Internal equity – employees are rewarded based on role size, skills, experience and performance, with a commitment to equal pay for work of equal value, and consistency across comparable roles.

Market competitiveness – remuneration is benchmarked regularly against relevant national and retail market data to support talent attraction and retention.

Performance alignment – remuneration outcomes are linked to individual and business performance, reinforcing a culture of accountability and delivery.

Affordability and sustainability – reward outcomes are considered in the context of the Group's financial performance, affordability, competitiveness and long-term sustainability.

Governance and compliance – remuneration practices are governed through established oversight structures and comply with applicable legislation and collective agreements.

These principles are applied across employee groups as appropriate to reflect the nature of different roles, market practices and collective bargaining arrangements. During FY26, remuneration and workforce decisions were considered within the context of Pick n Pay's turnaround priorities, balancing fairness, competitiveness and affordability to support the long-term sustainability of the business.

The following section outlines the Group's fair and responsible remuneration approach for non-management bargaining unit employees, management employees and executive directors.

Non-management bargaining unit (NMBU) employees

Pick n Pay undertakes collective bargaining on wages and benefits with recognised labour unions, with 63.7% of our bargaining unit employees belonging to a labour union in FY26. Employees covered by collective agreements are remunerated in accordance with agreed wage scales and benefits, without differentiation based on race, gender or disability.

In negotiating remuneration outcomes for bargaining unit employees, Pick n Pay considers statutory wage requirements, prevailing economic conditions, market benchmarks, employee well-being and the affordability of wage increases within the context of Pick n Pay's financial performance and long-term sustainability.

As part of its turnaround programme, Pick n Pay initiated a formal Section 189A consultation process in May 2026 in respect of store-based employees within the NMBU. Independent benchmarking against large retailers confirmed that aspects of the Pick n Pay store labour model are more complex, less flexible and more costly than prevailing market practice. This includes higher guaranteed hours in certain employee categories, scheduling arrangements that are not fully aligned with customer shopping patterns, and some benefits that are above market norms.

These arrangements limit operational flexibility, increase cost pressure and impact store productivity and profitability. The consultation process is therefore focused on the sustainability of the store labour model, including the review of guaranteed hours, scheduling practices and selected employment benefits. Pick n Pay is proposing alternatives to job reductions and is not proposing reductions to hourly rates of pay and remains committed to providing competitive remuneration for store-based employees.

The consultation remains ongoing through the formal processes established under South African labour legislation, and no outcomes have been concluded. The objective is not to reduce employee numbers, but to achieve a fair, competitive and sustainable labour model that strengthens store profitability, supports future growth and protects jobs wherever possible.



Management employees

Management remuneration is structured to attract, retain and motivate employees with the skills and experience required to deliver the Group's strategic objectives and turnaround priorities.

Remuneration is benchmarked annually against relevant national and retail market data to support external competitiveness, while a consistent job grading methodology promotes internal equity across comparable roles. The proportion of remuneration delivered through variable incentives increases with seniority, reflecting the significant influence executive directors have over strategic, operational and financial outcomes. The Group remains committed to equal pay for work of equal value and regularly reviews remuneration outcomes to identify and address unjustifiable disparities.

The turnaround programme has required difficult decisions that have directly affected management employees. These actions included a salary freeze for senior management and support office employees in FY23 and FY24, and again for senior executives in FY26, as well as organisational restructuring and the implementation of a future-fit operating model. These actions were necessary to improve affordability, strengthen competitiveness and position the business for sustainable recovery.

Executive directors

Executive directors are remunerated in a manner that supports the delivery of the Pick n Pay strategy and the creation of sustainable long-term shareholder value. Remuneration comprises a combination of guaranteed remuneration and performance-linked incentives.

A significant proportion of executive remuneration is delivered through short-term and long-term variable incentives linked directly to the achievement of pre-determined financial, strategic and ESG objectives. This approach aligns remuneration outcomes with business performance and shareholder interests, while supporting the attraction and retention of executives capable of delivering the Pick n Pay turnaround.

Guaranteed and variable remuneration paid to executive directors is benchmarked annually against a comparator group of large JSE-listed companies to ensure remuneration remains fair, competitive and aligned with market practice. Comparator companies are selected with reference to their size, complexity and nature of business. Details of the comparator group used in the most recent benchmarking exercise are provided on page 108 of the implementation report.

Remuneration framework

Pick n Pay's remuneration framework gives practical effect to the Group's remuneration principles and supports fair, competitive and performance-aligned reward outcomes. The framework is designed to attract, motivate and retain a high-performing team while balancing short-term performance with sustainable long-term value creation.

The framework comprises fixed and variable remuneration. Fixed remuneration provides a fair market-related reward for the role performed, while variable remuneration is designed to recognise performance, incentivise the achievement of strategic objectives and align employee and shareholder interests. The relative weighting of these elements varies by role and level of responsibility, with a greater proportion of variable remuneration applying to more senior roles.

Fixed remuneration

Fixed remuneration comprises a guaranteed base salary and benefits and reflects the role performed and the level of responsibility, skills and experience required.

Base salary

- Reflects the role performed and the level of responsibility, skills, experience and competencies required
- Positioned within approved pay structures to support internal equity and market alignment
- Reviewed annually based on individual performance, affordability and market benchmarks

Benefits

- Supports employee well-being and financial security through healthcare, retirement and insured benefits
- Provides access to leave, education support and other development programmes
- Recognises employee loyalty and long service through service-related awards and recognition programmes

Variable remuneration

Variable remuneration comprises short-term and long-term incentives (STI and LTI) designed to reward performance and align remuneration outcomes with the achievement of Pick n Pay segment, divisional and individual objectives over one to three years. The calculation of variable incentives is formulaic in nature and is based on defined business, divisional and individual performance measures. Participation in variable incentive schemes is governed by the relevant scheme rules and remains subject to the approval and oversight of the Remuneration Committee. The Committee retains discretion to adjust incentive outcomes upwards or downwards where formulaic outcomes do not appropriately reflect underlying business performance, affordability, individual contribution or other relevant considerations.



1. Short-term incentives (STI)

1.1 STI performance bonus scheme

The short-term incentive (STI) scheme is designed to drive and reward the achievement of financial, operational and strategic objectives over a one-year performance period. STI outcomes are determined through a formula-driven framework linked to the pre-defined Pick n Pay segment and individual performance objectives.

Overview of the STI bonus scheme

Element	Description																
Purpose	To incentivise the achievement of annual financial and operational objectives aligned to the Pick n Pay segment strategy.																
Performance period	One financial year																
Participation	Executive directors and top, senior and middle management employees. Employees must be employed for a minimum of four months during the financial year, with awards pro-rated where applicable. Fixed-term contractors may participate at the discretion of the Remuneration Committee.																
Operation	STI outcomes are determined through a balanced scorecard comprising Pick n Pay segment performance and individual performance objectives. Performance measures and targets are approved annually by the Remuneration Committee.																
STI opportunity	Expressed as a multiple of monthly total guaranteed pay (TGP). <table><thead><tr><th></th><th>CEO¹</th><th>CFO</th><th>Management</th></tr></thead><tbody><tr><td>Threshold:</td><td>5 months</td><td>3 months</td><td>STI multiples vary by role and level of responsibility</td></tr><tr><td>Target:</td><td>7.5 months</td><td>4.5 months</td><td></td></tr><tr><td>Stretch:</td><td>10 months</td><td>6 months</td><td></td></tr></tbody></table>		CEO ¹	CFO	Management	Threshold:	5 months	3 months	STI multiples vary by role and level of responsibility	Target:	7.5 months	4.5 months		Stretch:	10 months	6 months	
	CEO ¹	CFO	Management														
Threshold:	5 months	3 months	STI multiples vary by role and level of responsibility														
Target:	7.5 months	4.5 months															
Stretch:	10 months	6 months															
Pick n Pay performance	60% of the STI is linked to pre-defined Pick n Pay segment financial performance measures. No vesting occurs below threshold performance levels: <table><thead><tr><th colspan="2">FY27 performance measures</th><th colspan="2">FY26 performance measures</th></tr></thead><tbody><tr><td>Growth in:</td><td>Weighting:</td><td>Growth in:</td><td>Weighting:</td></tr><tr><td>Turnover</td><td>40%</td><td>Turnover</td><td>40%</td></tr><tr><td>Trading profit after leases (TPAL)</td><td>60%</td><td>EBITDA before exceptional items</td><td>60%</td></tr></tbody></table> Following shareholder engagement, the Remuneration Committee revised the forward-looking FY27 STI financial performance measure from EBITDA to TPAL. The rationale for this enhancement is outlined below. Appropriate targets for FY28 and FY29 will be set in accordance with the remuneration policy and disclosed in the implementation reports for those years.	FY27 performance measures		FY26 performance measures		Growth in:	Weighting:	Growth in:	Weighting:	Turnover	40%	Turnover	40%	Trading profit after leases (TPAL)	60%	EBITDA before exceptional items	60%
FY27 performance measures		FY26 performance measures															
Growth in:	Weighting:	Growth in:	Weighting:														
Turnover	40%	Turnover	40%														
Trading profit after leases (TPAL)	60%	EBITDA before exceptional items	60%														
Individual performance	40% of the STI is linked to the achievement of pre-determined individual performance objectives, including non-financial and ESG measures, relevant to each participant’s role and responsibilities. These personal FY27 targets for the CEO and CFO, directly linked to the delivery of the turnaround plan, will be published retrospectively in the remuneration report next year. Appropriate targets for FY28 and FY29 will be set in accordance with the remuneration policy and disclosed in the implementation reports for those years.																
Performance scales	Below threshold: 0% vesting Threshold: 50% of target STI opportunity Target: 75% of target STI opportunity Stretch: 100% of target STI opportunity																
Settlement	STI awards are settled in cash following the completion of the annual performance assessment process and approval by the Remuneration Committee.																

¹ CEO, Sean Summers, did not participate in the FY26 STI scheme. In terms of his employment agreement, he becomes eligible to participate from FY27.

Forward-looking enhancement to the STI bonus scheme

Following shareholder engagement during FY26, the Remuneration Committee reviewed the financial performance measures used in the STI framework to ensure they remain aligned with the Pick n Pay turnaround and are readily understood by shareholders and participants. As a result of this review, the profitability measure of EBITDA pre-IFRS 16 before exceptional items has been replaced with trading profit after leases (TPAL) for FY27 (please refer to page 126 for the calculation of TPAL). The weighting between turnover growth and the profitability measure remains unchanged.

Shareholder engagement highlighted that EBITDA pre-IFRS 16 before exceptional items was a complex measure requiring adjustment and did not provide a clear link to the Group's turnaround objectives. TPAL is a simpler and more transparent measure that aligns directly with the Group's objective of achieving TPAL break-even by FY29. TPAL break-even acts as both a profitability and balance sheet performance indicator, as it is a strong proxy for cash flow break-even.

The measure has also been adopted as the primary financial performance measure in the restricted share plan, creating a consistent link between annual performance, long-term incentive outcomes and the successful delivery of the turnaround plan (refer to page 99 for further information).

1.2 STI for store-level management

A separate short-term incentive scheme applies to qualifying store managers and store management employees. The scheme provides more frequent performance-based rewards linked to key store-level sales, profitability and operational measures. During FY26, the scheme was simplified and refocused around the core metrics that drive store performance, including sales growth, stock management, waste reduction and customer execution standards. The scheme supports improved execution, operational discipline and accountability for customer and profitability outcomes at store level.



2. Long-term incentives (LTI)

Long-term incentives form an important component of Pick n Pay's remuneration framework and are designed to support the delivery of sustainable long-term value creation. The framework promotes the retention of key talent and aligns rewards with the Pick n Pay turnaround targets.

Following a comprehensive review during FY26, the Remuneration Committee approved a revised long-term incentive framework to better align remuneration outcomes with Pick n Pay's strategic priorities, talent requirements and shareholder expectations. The key features of the revised framework are set out below.

Redesign of the long-term incentive framework

In developing the revised framework, the Committee considered the experience and outcomes of the ERPI and RSP schemes, shareholder feedback and prevailing market practice. The review highlighted that, while the RSP had operated as intended for executive directors by aligning remuneration outcomes with shareholder outcomes, it was less effective as a retention and motivation tool for senior and middle management employees during a prolonged turnaround period. These employees play a critical role in delivering the turnaround and may contribute significantly to its success before the benefits are reflected in the Group's financial performance and share price.

The revised framework, therefore, differentiates between these employee groups. Executive directors continue to participate in the Pick n Pay performance-linked restricted share plan (RSP), while a combination of cash and share-based incentives have been introduced for senior and middle management employees, based on performance and contribution applicable to their roles (MPP).

2.1 Cash retention incentive (CRI)

The cash retention incentive (CRI) scheme supports the retention and development of middle management talent and the Group's employment equity, gender diversity and succession planning objectives. Participants are identified through the annual talent review process, with awards made on a rolling basis as employees progress through the business. The scheme is cash-settled and retention-based in nature. Awards are determined as a multiple of monthly salary and vest after a three-year period, subject to continued employment. No performance conditions apply, reflecting the primary objective of retaining and developing talent in the highly competitive retail market. Unvested awards lapse on termination of employment, subject to approved good leaver provisions. For information on FY26 awards, please refer to page 106.

2.2 Executive retention and performance incentive (ERPI) scheme – concluded FY26

The ERPI scheme was introduced in FY24 to retain key leadership talent and support the delivery of critical strategic objectives during the early turnaround period. Structured as a two-year, cash-settled incentive, the scheme applied to the CFO and selected senior management employees who were considered critical to the successful execution of the plan. The final payments under the scheme were made in May 2026, subject to the attainment of the relevant service and performance conditions. The scheme achieved its primary objective of retaining key talent during the early stages of the turnaround and supported the delivery of important individual performance objectives.

In reviewing the future incentive framework, the Committee considered shareholder feedback regarding the participation of executive directors in a cash-based retention scheme. While shareholders generally supported the rationale for the ERPI in the context of the Pick n Pay turnaround, there was a preference for executive directors to participate in remuneration arrangements with stronger alignment to shareholder outcomes through performance-linked share-based incentives.

The ERPI scheme has now concluded and no further cash-based awards will be made to executive directors. Elements of the scheme have informed the design of the revised management incentive framework described on page 100.

2.3 Restricted share plan (RSP)

The RSP aligns participants with long-term shareholder value creation while supporting the attraction and retention of key talent. Awards are granted in shares and are subject to a combination of Pick n Pay performance measures and individual performance conditions over a multi-year period.

Recent vesting outcomes have reflected the challenges experienced in the business. The financial performance conditions attached to the Pick n Pay segment have not been achieved for a number of years, with these portions of the awards forfeited. Only the individual performance component of the awards remained eligible for vesting. As a result, just 25% of the RSP 3 awards vested in FY25. In addition, 50% of the RSP 4 awards due to vest in June 2027 and 50% of the RSP 5 awards due to vest in June 2028 have already been forfeited as the relevant Pick n Pay performance conditions are unlikely to be achieved. In addition, 1 000 000 performance-based shares issued to the CEO in July 2024 have been forfeited as a result of the revision of the Pick n Pay break-even guidance from FY28 to FY29 (refer to page 108).

The Committee remains confident that the RSP has operated as intended. Participants have not been rewarded where Pick n Pay performance fell short of target and participants have shared in the consequences of under-performance alongside shareholders. At the same time, the scheme continued to recognise the achievement of individual performance objectives.

While this outcome is appropriate for executive directors and supports strong alignment with shareholder interests, the Committee concluded that a broader long-term incentive approach is required to address retention risk at senior and middle management levels.

The Committee has therefore retained the RSP for executive directors, while introducing a revised long-term incentive framework for senior and middle management employees that combines share-based and cash-settled incentives.



2.4 Executive restricted share plan (RSP)

The executive RSP is the Group's primary long-term incentive vehicle for executive directors. The scheme aligns executive remuneration with the successful delivery of the Pick n Pay turnaround and long-term shareholder value creation through performance-linked share awards.

Overview of the executive RSP scheme

Element	Description												
Purpose	To drive long-term performance, promote executive share ownership and align executive remuneration with sustainable shareholder value creation.												
Participation	Chief Executive Officer and Chief Finance Officer												
Award opportunity	Annual awards of forfeitable Pick n Pay shares CEO: 100% of TGP over the contract period CFO: 100% of annual TGP												
Structure	100% share-based incentive. Awards are granted as zero-strike restricted shares and are subject to continued employment and the achievement of specified performance conditions.												
Performance period	Three years												
Performance weighting	Percentage of award subject to each performance condition: <table><tr><td></td><td>CEO</td><td>CFO</td></tr><tr><td>Individual key performance indicators:</td><td></td><td>40%</td></tr><tr><td>Financial performance targets (TPAL):</td><td>95%</td><td>55%</td></tr><tr><td>ESG performance measures:</td><td>5%</td><td>5%</td></tr></table>		CEO	CFO	Individual key performance indicators:		40%	Financial performance targets (TPAL):	95%	55%	ESG performance measures:	5%	5%
	CEO	CFO											
Individual key performance indicators:		40%											
Financial performance targets (TPAL):	95%	55%											
ESG performance measures:	5%	5%											
Share vesting scale	Below threshold: 0% vesting Threshold: 50% vesting Target: 75% vesting Stretch: 100% vesting												
Settlement	Governed by the shareholder-approved LTIP rules and applicable legislation, through the use of treasury shares, open market purchases, or the issue of new shares.												
Participant rights	Participants enjoy beneficial ownership and voting rights from the date of award. Shares are held in escrow subject to forfeiture restrictions until vesting. Dividend rights accrue during the performance period and are settled at vesting in proportion to the number of shares that ultimately vest.												
Safeguards	- Individual allocations are capped at 1% of issued share capital. - The Company can issue new shares to settle the Group’s obligations under its employee share scheme, but issues in this regard are limited to 24 672 516 shares. To date, 15 743 000 shares have been issued, resulting in 8 929 516 shares remaining for this purpose. - Awards are subject to malus and claw-back provisions.												

Rationale for the executive RSP performance measures

Following shareholder engagement during FY26, the Committee revised the performance measures used in the RSP to ensure a clear link between remuneration outcomes and Pick n Pay's strategic objectives.

The Committee replaced the previous EBITDA-based performance measure with trading profit after leases (TPAL). TPAL break-even by FY29 is Pick n Pay's primary turnaround objective and the most important financial milestone in the recovery of the Pick n Pay segment. Aligning executive incentives directly to this measure creates a simple, transparent and measurable link between remuneration and the successful delivery of the turnaround.

The Committee deliberately selected TPAL as the principal financial performance measure for the executive RSP. During a complex turnaround, clarity of purpose and alignment of effort are critical. TPAL provides a single, clearly understood objective for management and shareholders.

The Committee acknowledges that shareholders would typically expect a broader combination of income statement, balance sheet, return on investment and shareholder value measures within a long-term incentive framework. However, the Committee believes that a singular focus on TPAL is appropriate during the turnaround period. The objective is to ensure absolute clarity and alignment around the successful delivery of Pick n Pay's most important strategic and financial objective.

The Committee considers TPAL to be a comprehensive and demanding measure. Achieving TPAL break-even requires stronger like-for-like sales growth, disciplined gross profit margin management, productivity improvements, cost-reduction initiatives and the successful implementation of the Group's future-fit operating model. TPAL therefore captures the cumulative impact of the key initiatives underpinning the turnaround.

Importantly, TPAL incorporates the full economic cost of the Group's lease obligations, including right-of-use asset depreciation and lease interest. TPAL also includes PPE depreciation, which is a proxy for through-the-cycle capital investment. The combined effect is that TPAL ultimately reflects the results of capital allocation decisions, and is also a proxy for pre-tax operating cash flow.

The Committee is confident that TPAL is the most appropriate long-term performance measure for Pick n Pay at this stage of its turnaround.

Incorporating ESG performance into the executive RSP

The Committee introduced a forward-looking ESG component into the executive RSP from FY27. While the weighting of 5% is lower than market practice, the Committee believes it is appropriate given Pick n Pay's current stage of recovery. Pick n Pay's most important sustainability objective is restoring profitability and long-term business sustainability. Accordingly, the majority of the incentive opportunity remains linked to the financial and operational outcomes required to deliver the turnaround.

The ESG measures focus on areas that support both the turnaround and Pick n Pay's broader sustainability objectives, namely food waste reduction and the development of employee capability through training and skills development. Refer to page 107 for further information.



2.5 Management performance plan (MPP)

Pick n Pay has introduced a management performance plan (MPP) for selected senior and middle management employees who are critical to the successful delivery of the turnaround strategy. The MPP is designed to support the retention and motivation of key talent through a combination of cash-based retention incentives and share-based awards that recognise sustained performance and align participants' interests with those of shareholders over two and three years.

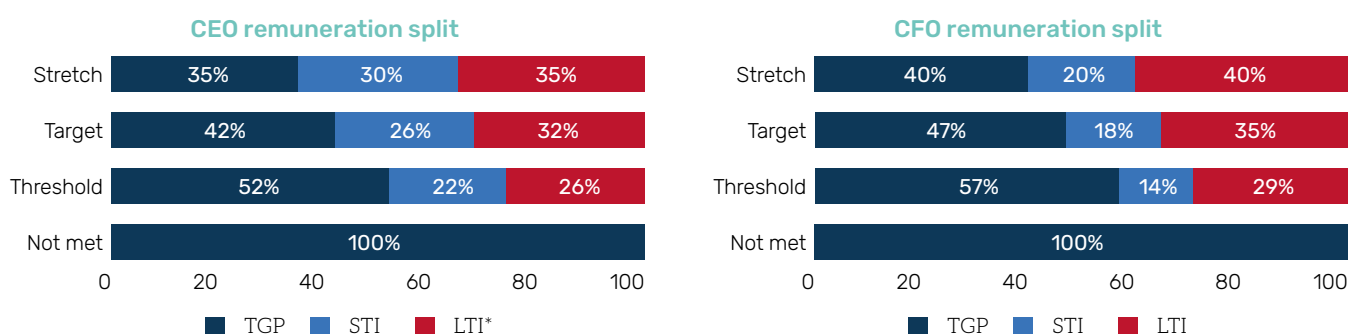
The cash component (50%) is subject to continued employment and the achievement of individual performance measures aligned to the strategic priorities of the Pick n Pay strategy, while the share-based component (50%) is subject to the same long-term business performance measures as those applicable to the executive restricted share plan.

The MPP is not intended to form part of the Group's permanent remuneration framework and will be reviewed annually as the turnaround progresses.

Remuneration mix

Remuneration is balanced between guaranteed remuneration and variable incentives to align employee and shareholder interests over the long term. A higher proportion of variable remuneration is applied to senior management employees, with a greater emphasis on total guaranteed pay (TGP) for middle and junior management. Variable remuneration comprises short-term incentives (STI) and long-term incentives (LTI) and is considered "at-risk" remuneration as it is dependent on the achievement of performance targets. Performance targets are set to be challenging yet achievable within the context of Pick n Pay's operating environment and strategic objectives.

The graph below presents the potential forward-looking remuneration mix for the Group's CEO and CFO:



* Calculated on an annualised basis over the contract period.

Sign-on and retention awards

Sign-on and retention share awards may be used in limited and exceptional circumstances to attract or retain critical talent. These awards are not part of the standard remuneration framework and are applied selectively, subject to defined limits and appropriate governance oversight. Where appropriate, the Committee seeks to align such awards with performance conditions or time-based retention requirements. The Committee remains mindful of shareholder preferences and ensures that the use of such awards is clearly justified and aligned with the long-term interests of the Group.

Governance and safeguards

A number of governance mechanisms are in place, including the ability to lapse, reduce or recover incentive awards where appropriate. In addition, minimum shareholding requirements are in place to reinforce the importance of sustainable long-term performance and alignment.

Malus and claw-back

The Board is entitled to adjust (malus) or recover (claw-back) any performance-related short-term and long-term incentives previously paid to executives implicated in fraud, dishonesty or negligence. Trigger events for the application of malus and claw-back are set out in the policy and include:

- Fraud, dishonesty or negligence resulting in the misrepresentation of financial performance
- Errors or misstatements in results which result in greater remuneration outcomes
- Reputational damage

Any incidents requiring the application of malus or claw-back will be disclosed in the implementation report.

Minimum shareholding requirements

In line with good market practice, the CEO and CFO are required to build up a minimum shareholding in their own name at a specified multiple of their annual TGP over a five-year period. The conditions for MSR are as follows:

- The shareholding must be accumulated over five years from the introduction of the MSR policy on 1 October 2022, or five years from the appointment of an employee into the CEO or CFO role
- The minimum shareholding requirement as a percentage of the annual TGP is as follows:

CEO	200%
CFO	100%

The Committee monitors progress against these requirements on an ongoing basis. These levels are aligned with South African market benchmarks for listed retail companies. The Committee will continue to review MSR levels over time, taking into account market practice and shareholder feedback.



Service contracts and termination benefits

Executive directors and senior management are employed under Pick n Pay's standard employment terms and conditions. The CEO serves under a fixed-term contract until May 2028. The CFO has a 12-month notice period. Employment contracts do not provide for exceptional termination benefits or compensation. Certain senior employees are subject to restraint-of-trade provisions where appropriate. No termination benefits apply to the outgoing CFO, and her employment and restraint period will conclude at the end of March 2027.

Forfeiture and lapse of incentives

In addition to subjecting all variable incentives to performance conditions, incentives remain at risk if employment is terminated before the payment or vesting date, as shown below.

Remuneration policy on termination of employment

Scenario	Salary and benefits	STI	LTI
Resignation	Paid over notice period	Lapses	Unvested awards forfeited and unvested cash retention amounts repaid
Dismissal	Paid until termination	Lapses	Unvested awards forfeited and unvested cash retention amounts repaid
Early retirement from 55 years	Paid over notice period	Paid on normal payment date; pro rata for time served	Accelerated early vesting; pro rata for time served and performance conditions achieved
Normal retirement	Paid until retirement	Paid on normal payment date; pro rata for time served	Accelerated early vesting; pro rata for time served and performance conditions achieved
Retrenchment	Paid until exit. Severance payments apply	Paid on normal payment date; pro rata for time served	Accelerated early vesting; pro rata for time served and performance conditions achieved

Application of Remuneration Committee discretion

The Remuneration Committee may apply responsible and transparent discretion where formulaic outcomes do not appropriately reflect individual performance, business performance, the Group's overall financial and strategic performance, or other exceptional circumstances. Discretion may be applied upward or downward and is intended to ensure fair and appropriate remuneration outcomes within the approved policy framework. Any exercise of discretion will be appropriately justified and disclosed in the relevant remuneration implementation report. The key areas of discretion are summarised below.

Element	Feature	Remuneration Committee discretion
STI and LTI	Eligibility	Determine participant eligibility, including the participation of long-term contractors where appropriate.
	Award levels	Determine STI and LTI award opportunities and allocation percentages based on a ratio of TGP by participant group.
	Performance conditions	Approve performance measures, targets and weightings.
	Performance period	Determine the applicable performance and vesting periods.
	Change of control	Determine the extent to which awards vest, considering performance achieved and service rendered up to the date of the transaction.
	Termination provisions	Determine the treatment of awards in the event of a participant's departure or a change of control, subject to Board approval where required.
	Malus and claw-back	Recommend the application of malus and claw-back provisions to the Board. The Board retains ultimate authority for any adjustment or recovery of awards.
Discretionary payments	Ex gratia payments	Approve awards in exceptional circumstances, including retention, remuneration adjustments or the recognition of exceptional contribution.
	Sign-on awards	Approve sign-on awards to compensate for forfeited incentives from a previous employer or to attract critical talent.

Linking remuneration to strategic execution

Our remuneration framework supports the delivery of Pick n Pay's strategic priorities. Market-aligned total guaranteed pay enables us to attract and retain key talent, while our short-term and long-term incentive schemes reward the achievement of strategic and financial objectives. The table below illustrates how each element of the remuneration framework aligns with the Group's strategic pillars and the performance measures used to support their successful execution, as described on page 42.

Strategic pillar	Remuneration structure					Strategic alignment
	TGP	STI	LTI: CRI	LTI: MPP	LTI: RSP	
 Leadership and people	✓	✓	✓	✓	✓	- Market-aligned remuneration supports the attraction and retention of key talent - CRI supports succession and transformation - With the leadership and people reset substantially complete, STI and LTI personal performance measures focus, where appropriate, on embedding the new structure, talent development, transformation and employee engagement
 Recapitalise		✓		✓	✓	- STI and LTI performance measures supported the delivery of the recapitalisation plan - With the recapitalisation complete, STI and LTI personal performance measures focus, where appropriate, on maintaining strong liquidity, disciplined capital allocation, balance sheet strength and improved returns on investment
 Store estate reset		✓		✓	✓	- STI and LTI measures supported the successful execution of the store estate reset, including the conversion and closure of under-performing stores - With the store estate reset substantially complete, personal STI and LTI performance measures now focus, where appropriate, on sustaining estate quality, including through refurbishments and improved trading densities and returns on investment
 Accelerate like-for-like growth		✓		✓	✓	- Like-for-like sales growth and TPAL are key Company performance measures in the STI and LTI, reinforcing the focus on growing like-for-like sales ahead of like-for-like expense growth - Personal performance measures, as appropriate, support the operational drivers of sustainable sales growth, including in-store execution, customer value, pricing, range, availability and innovation
 Strengthen partnerships		✓		✓	✓	- STI and LTI Group performance measures reinforce sustainable sales growth and TPAL break-even, supported by stronger strategic partnerships across the value chain - Personal performance measures focus, where appropriate, on strengthening supplier and partner relationships, improving joint commercial outcomes, and delivering greater value for customers
 Create a future-fit operating structure		✓		✓	✓	- STI and LTI Group performance measures reinforce the delivery of sustainable sales growth and TPAL break-even through a simpler, more efficient operating model - Personal performance measures focus, where appropriate, on improving operational efficiency, simplifying ways of working, leveraging technology, and embedding continuous operational improvement

Non-executive directors' fees

Non-executive directors' fees reflect the responsibilities associated with Board and Committee membership. Fees are fixed, paid six-monthly in arrears and are not linked to Group performance or the share price. Fees are not paid on a per-meeting basis, as full attendance is expected at standard Board and Committee meetings. Non-executive directors do not participate in incentive schemes or receive share awards. They serve under formal letters of appointment and are subject to re-election by shareholders on a rotational basis.

Benchmarking and increases

Fees are reviewed annually against a selected peer group of JSE-listed companies of comparable size and complexity, taking into account market capitalisation, turnover and total assets. Comparator companies used for the most recent benchmarking are disclosed in the implementation report on page 108. In considering fee adjustments, the Board considers market practice, affordability and alignment with employee salary increases. Proposed fees are reviewed by the Remuneration Committee and recommended to the Board before being submitted to shareholders for approval.

The table below sets out the principles applied in determining non-executive director fees:

Chair	Fees are benchmarked against comparable roles and reflect the responsibilities and time commitment associated with leading the Board.
Directors	Fees are benchmarked against comparable roles and reflect the responsibilities and time commitment associated with Board membership.
Committee membership	Additional fees recognise the responsibilities and workload associated with serving on Board committees.
Expenses	The Group reimburses reasonable travel and accommodation expenses incurred in the performance of Board duties.



Part 3: Implementation report

Overview of the implementation of the remuneration policy

This implementation report outlines the key remuneration decisions and outcomes for FY26 and explains how Pick n Pay's remuneration policy was applied during the year.

FY26 was an important year for Pick n Pay as it moved from stabilising the business following the recapitalisation in FY25 to executing the turnaround. This required a number of difficult decisions and actions, balancing the interests of employees, shareholders and other stakeholders, while maintaining a clear focus on restoring profitability and long-term sustainability.

Against this backdrop, the Remuneration Committee remained focused on ensuring that remuneration outcomes were fair, responsible and aligned with business performance, individual contribution and affordability considerations. The Committee is satisfied that the remuneration policy was implemented as approved during FY26, with no material deviations from the approved framework. There were no circumstances that warranted the application of malus or claw-back provisions during the year.

The sections that follow summarise the remuneration outcomes for executive directors, management employees and non-executive directors during FY26.

Guaranteed pay

The Committee reviewed the overall value and composition of total guaranteed pay (TGP) for executive directors and senior management employees during FY26. The Committee is satisfied that remuneration remains fair and competitive relative to relevant market benchmarks and appropriately reflects the responsibilities, experience and performance of each individual.

The Board completed its planned succession process for the CFO role during FY26. As part of this process, the remuneration of the CFO role was independently benchmarked against comparable executive roles within the South African retail sector. The benchmarking confirmed that the role was positioned below the market range relative to its size, complexity and responsibilities. Accordingly, the Board approved an adjustment to the remuneration of the CFO role to ensure it remains fair and competitive. The increase reflected in the table below is the outcome of this benchmarking process.

	CEO – Sean Summers		CFO – Lerena Olivier	
	FY26	FY25	FY26	FY25
	R'000	R'000	R'000	R'000
Fixed salary	25 200*	24 900	7 725	5 947
Retirement and medical aid	-	-	300	256
Total guaranteed pay	25 200	24 900	8 025	6 203

* The CEO received no increase in FY26; the table reflects the annualisation of the FY25 increase implemented in June 2024.

Scope of this section

This section explains how the remuneration policy was implemented in FY26, including:

- The application of Pick n Pay's fair and responsible remuneration principles, including pay equity, transformation and the additional disclosures required by section 30B of the Companies Act
- Guaranteed pay, including for the CEO and CFO
- Performance outcomes under the short-term incentive (STI) and long-term incentive (LTI) schemes
- Fees paid to non-executive directors

Annual salary increases

In determining salary increases, the Committee considers a range of factors, including:

- Pick n Pay's financial performance and affordability
- The macro-economic environment and inflationary pressures
- Relevant market benchmarking and competitiveness
- Individual performance and internal equity considerations

Following careful consideration of the Group's financial position and turnaround priorities, an average salary increase of 4% was awarded to employees in our stores and regional support offices during FY26. No salary increases were awarded to executive management, including the CEO and CFO.

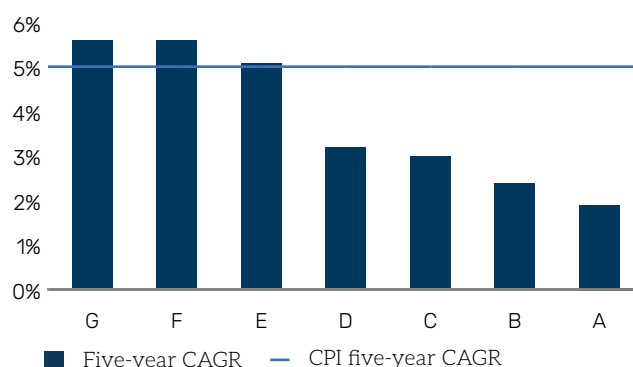
Where increases were granted, the Group applied a matrix-based approach which considered both individual performance and remuneration relative to comparable roles and internal pay scales, consistent with its pay-for-performance philosophy. Additional allocations were made, where appropriate, to address income disparities and progressively narrow identified pay gaps in support of fair and equitable remuneration outcomes.

		Average annual salary increases			
Category	Grade	FY26	FY25	FY24	FY23
CEO	A	0.0%	5.0%	0.0%	0.0%
CFO	A	27.0%*	5.0%	0.0%	0.0%
Top management	A&B	0.5%	5.0%	0.0%	2.5%
Senior and middle management	C&D	1.8%	5.0%	1.0%	4.8%
Junior management	E	3.0%	6.0%	4.5%	4.6%
Entry level and non-management	G&F	3.8%	7.0%	4.5%	5.5%

* Salary adjustment following market benchmarking.

The increase for NMBU employees in FY26, as governed by labour union agreements, was on average 6.5%.

Indexed five-year CAGR increase per grade





Fair and responsible remuneration outcomes

Fair and responsible remuneration extends beyond individual remuneration decisions and requires ongoing oversight of remuneration outcomes across the workforce. This includes monitoring income differentials, assessing pay equity across race and gender dimensions, and understanding the factors that influence remuneration outcomes. The disclosures below provide an overview of these outcomes during FY26.

Income differentials across the workforce

The Committee monitors remuneration outcomes across the workforce to ensure they remain fair, responsible and aligned with the Group's remuneration principles.

The remuneration disclosures below – as required by section 30B of the Companies Act – provide an overview of remuneration outcomes across Pick n Pay, and have been calculated using remuneration data for full-time and variable-time employees (excluding learners) in FY26.

	FY26 R'000
Total remuneration	
Highest paid remuneration	56 717.5*
Top 5% average remuneration	1 124.5
Average remuneration	180.8
Median remuneration	121.8
Bottom 5% average remuneration	72.3
Lowest paid remuneration	67.7
Pay-gap ratio between Top 5% and Bottom 5% average remuneration	15.5:1

* Annual TGP (R25.2 million) plus the annualised accounting accrual recognised in respect of share-based incentive awards for the year (R31.5 million).

Basis of calculation

Total remuneration includes total guaranteed pay, variable incentives, once-off payments and, where applicable, the accounting accrual recognised in respect of long-term share-based incentive awards. In the case of share-based remuneration, the amounts reflected represent the accounting expense recognised during the year and may differ from the value ultimately realised by participants. Total remuneration excludes certain additional off-payroll allowances provided to NMBU staff, including transport and meal benefits.

To facilitate comparability across the workforce, remuneration has been annualised to a full-time equivalent basis of 196 hours per month. Actual hours worked by variable-time employees differ from the full-time equivalent assumption used in these calculations. Variable-time employees are scheduled based on contracted hours and operational requirements, and work fewer hours than a full-time employee. Accordingly, while the annualised methodology provides a consistent basis for comparison across the workforce, it does not reflect the actual annual earnings received by variable-time employees.

The lowest paid remuneration reflected in the table above is in respect of a newly appointed Category 1 unskilled general worker remunerated at the applicable prescribed minimum wage of R28.79 per hour in FY26* who had not yet qualified for an annual bonus payment or other employee benefits.

For additional context, the average hourly rate earned by a cashier during FY26 was R40.16 per hour, 20% above the applicable prescribed SD9 minimum of R33.44 per hour. Including the value of benefits provided, the average hourly rate increases to R45.66 per hour, or 36% above the SD9 minimum.

Learners participating in Pick n Pay training programmes have been excluded from the table as they receive a statutory training stipend, which is not comparable with employee remuneration. Had learners been included in the table provided, the lowest paid remuneration would reflect at R42 000, with average remuneration at R180 000, median remuneration at R121 400 and the reported pay-gap ratio would have increased from 15.5:1 to 16.4:1.

Pick n Pay recognises the income disparities that exist within the retail sector. These disparities are driven by the large number of unskilled and semi-skilled employees employed across the Group's retail stores, distribution centres and support operations, compared to a relatively small number of specialist, management and executive employees. Our workforce profile is characteristic of the retail industry, where higher levels of pay are associated with skilled, specialist and senior management roles. Our disclosure reflects emerging practice. We will continue to monitor evolving practice and enhance our disclosure over time to support transparency and comparability.

Race and gender pay equity

Pick n Pay is committed to non-discriminatory remuneration practices. Remuneration is determined with reference to the requirements of a role, taking into account responsibility, skills, experience and individual performance. Pay decisions are not influenced by race, gender or any other unjustifiable factor, with no discriminatory pay practices identified in FY26.

The Remuneration Committee oversees annual pay equity reviews across all occupational levels and employment categories to identify and address any unjustifiable remuneration disparities. The FY26 review did not identify any material or systemic pay disparities that could not be explained by objective factors such as time in role, experience, qualifications, skills or performance. Where marginal disparities were identified, these were considered justifiable based on individual employee circumstances and did not indicate discriminatory remuneration practices.

The Committee continues to monitor remuneration outcomes by race and gender as part of the Group's broader employment equity and transformation agenda. This work supports compliance with the principle of equal pay for work of equal value.

The Group continues to support the advancement of women and historically disadvantaged employees through its employment equity, talent development and succession planning initiatives. Pay equity considerations form part of the Group's broader human capital and transformation agenda and are monitored through established governance structures, including the Employment Equity Forum and the Social, Ethics and Transformation Committee.

STI performance outcomes for FY26

The FY26 STI framework was designed to align management remuneration with the key objectives of the Pick n Pay turnaround plan. Performance was measured using a combination of individual performance objectives and Company financial performance measures.

Individual performance (40% weighting)

FY26 marked the transition from stabilising the business to executing the next phase of the turnaround. Management's focus shifted to delivering more complex strategic initiatives in a challenging operating environment. Many of these initiatives required upfront investment and disciplined execution, with the full financial benefits expected to emerge over time. Individual performance objectives, therefore, remained an important component of the STI framework. These objectives were directly aligned to the six strategic priorities of the turnaround plan and tailored to each executive's area of accountability. Participants who achieved their individual performance objectives in full were eligible to receive up to 40% of their maximum STI opportunity.

* Effective 1 March 2026 the minimum wage increased to R30.23 per hour.



Company performance (60% weighting)

The Company financial performance measures comprised turnover growth (40% of financial scorecard) and EBITDA pre-IFRS 16 before exceptional items (60% of financial scorecard), reflecting the key priorities of the turnaround: restoring sales momentum, improving operating performance and executing critical strategic initiatives. For STI purposes, EBITDA was measured before exceptional items relating to severance and restructuring costs (R235 million) and included the full economic cost of operating leases (including IFRS 16 interest charges), ensuring management remained accountable for the underlying operating performance of the business.

Financial performance outcome

The FY26 financial performance framework was designed on the basis that continued investment in the turnaround would be supported through a combination of turnover growth, gross profit margin improvement and efficiency initiatives. Turnover growth was therefore the primary driver of the financial outcome.

Pick n Pay performance measure	Threshold	Target	Stretch	FY26 outcome
Turnover growth	3.0%	4.0%	5.0%	(1.6%)

At the target level, turnover growth of 4.0%, together with the planned gross profit margin improvements and efficiency initiatives, would have enabled the business to maintain EBITDA broadly in line with FY25, despite continued investment in the turnaround. This would have represented improvement at the trading profit after lease interest level.

During FY26, underlying South African like-for-like sales growth improved to 2.8%, including 3.9% growth in company-owned supermarkets, a relatively strong performance in the current retail market. However, total turnover declined by 1.6%, reflecting the impact of the store reset programme and the store closures and conversions undertaken over the past two years.

Management delivered the planned gross profit margin improvements and tightly managed like-for-like operating cost growth, despite continued investment in strategic marketing initiatives and targeted recruitment to strengthen in-store execution. However, with turnover growth below the threshold level, the business did not generate sufficient sales to offset these planned investments and achieve its target objective of maintaining EBITDA in line with FY25.

EBITDA (before exceptional items) was a loss of R1.1 billion. Nevertheless, the EBITDA performance measure was achieved at threshold, reflecting the delivery of the planned gross profit margin improvements and efficiency initiatives despite the weaker sales outcome. Accordingly, only 18% of the maximum available STI opportunity in respect of the financial performance measures vested.

FY26 STI outcome for executive directors

CEO Sean Summers did not participate in the FY26 STI scheme. In terms of his employment agreement, he becomes eligible to participate from FY27. CFO Lerena Olivier participated in the FY26 STI scheme and was eligible for an STI award of R3.1 million against a maximum opportunity of R5.4 million (8 times monthly TGP). The award reflected the achievement of her individual performance objectives, including:

- Maintaining liquidity and balance sheet strength throughout the year
- Delivery of the future-fit supply chain initiatives
- Successful implementation of the support office reset

Cash retention incentive award (CRI)

The CRI is a long-term retention mechanism aimed at selected middle management employees identified through Pick n Pay's talent and succession planning processes. The scheme supports the retention of key talent and contributes to the Group's transformation objectives. Awards are determined as a multiple of monthly salary, depending on role, vest after a three-year service period and are subject to continued employment. The table below summarises the CRI awards granted during FY26 and FY25:

CRI award metrics	FY26 award	FY25 award
Number of employees	155	157
Award date	June 2025	June 2024
Vesting date	June 2028	June 2027
Female representation	50%	48%
ACI representation	55%	54%

Executive retention and performance incentive (ERPI)

The ERPI award granted in FY24, with 37 participants, reached the end of its two-year performance and retention period during FY26. Vesting was subject to continued employment and the achievement of performance conditions linked to the six strategic pillars of the turnaround plan. Performance conditions linked to the recapitalisation programme, leadership and people initiatives, and the store reset programme vested at an average of approximately 80% of the available opportunity, reflecting the substantial completion of these priorities. Performance conditions linked to accelerating like-for-like sales growth, strengthening strategic partnerships and implementing future-fit initiatives vested at an average of approximately 60% of the available opportunity, reflecting the work still required to complete the turnaround. As described in Part 2 of this report, the scheme has been replaced by a revised long-term incentive framework for senior management that provides a stronger balance between retention and performance and enhances alignment with shareholder interests.



Restricted share plan awards (RSP)

The RSP is the Group's primary long-term incentive scheme for executive directors and selected senior management employees. The scheme is designed to align participants with long-term shareholder value creation through share ownership and performance-linked vesting conditions. The table below summarises the outstanding RSP awards granted during FY25 and FY26. Vesting remains subject to the achievement of the applicable Pick n Pay performance conditions and continued employment. RSP earnings targets for the CEO, CFO and certain Group employees (those who support both Pick n Pay and Boxer), are a balanced blend of Pick n Pay and Boxer performance targets. Boxer performance targets are detailed in their remuneration report.

RSP award metrics	RSP 5	RSP 4
Award date	June 2025	June 2024
Vesting date	June 2028	June 2027
Participants	74	74
Shares awarded	3.6 million	3.4 million
Personal performance weighting	50%	50%
Threshold: 50% vesting	3 performance rating	3 performance rating
Target: 70% vesting	3+ performance rating	3+ performance rating
Stretch: 100% vesting	4 performance rating	4 performance rating
Pick n Pay performance weighting	50%	50%
Pick n Pay performance measure	TPAL ¹	EBITDA ²
Threshold: 50% vesting	TPAL: (R850 million)	50% reduction in FY25 EBITDA losses by FY27
Target: 70% vesting	TPAL: (R450 million)	Linear vesting between threshold and stretch
Stretch: 100% vesting	TPAL break-even by FY28	EBITDA break-even by FY27
Awards forfeited during the year	1.8 million	1.7 million
Awards in flight	1.8 million	1.7 million

¹ Please refer to Note 4 on page 126.

² Please refer to Note 3 on page 126.

Pick n Pay has extended the delivery timeline of the TPAL break-even target from FY28 to FY29. As a result, 50% of the RSP 4 and RSP 5 awards were forfeited as the relevant Pick n Pay performance conditions are unlikely to be achieved in the original timeframe. For details of the RSP awards held by CFO, Lerena Olivier, refer to page 110, and for rewards issued to CEO, Sean Summers, linked to these targets, refer to page 108.

Future RSP 6 awards

Subject to shareholder approval of the remuneration policy and implementation report at the forthcoming AGM, the Committee intends to make an RSP 6 award during FY27. The proposed award will be aligned to the executive restricted share plan described in the remuneration policy and will remain subject to continued employment and the achievement of the applicable performance conditions.

Proposed RSP 6 award metrics	CFO	Management
Award date	August 2026	August 2026
Vesting date	June 2029	June 2029
Allocation	100% of annual TGP	50% of annual TGP (with 50% of annual TGP in cash in line with the management performance plan (MPP))

Proposed performance measures	CFO weighting	Management weighting	Performance condition
Personal KPIs	40%	Assessed under MPP	CFO FY29: - Pick n Pay ROIC at break-even (0%) - Completion of future-fit strategic pillar
Pick n Pay trading profit after leases (TPAL)	55%	95%	FY29 TPAL - Threshold: 50% vesting (R1.0 billion) - Target: 75% vesting (R600 million) - Stretch: 100% vesting Break-even
Waste reduction	3%	3%	FY26 base year: 30bps improvement in food waste as a percentage of relevant sales by FY29
Training and development	2%	2%	An average of 20 000 customer service training interventions and 7 000 fresh skills training interventions per annum by FY29



RSP awards: CEO

As disclosed in the FY25 remuneration report, the Committee awarded Sean Summers 4.0 million performance-based RSP shares in July 2024. The award was specifically designed to support the turnaround of the Pick n Pay supermarket business and included a combination of strategic, operational and financial performance conditions.

Award date	Performance condition	Shares awarded	Vesting date	Status
July 2024	Implementation of new leadership and operating structure	2.0 million	October 2025	Vested
July 2024	Development and implementation of the CEO succession plan	1.0 million	February 2028*	In flight
July 2024	FY27 Pick n Pay EBITDA break-even	1.0 million	February 2027	Forfeited

* The vesting period has been amended from February 2027 to February 2028 to align more closely with Sean Summers' retirement date of May 2028.

The third tranche was forfeited during FY26, reflecting the revised turnaround timeline and the extension of Pick n Pay's TPAL break-even target to FY29.

As disclosed in the FY25 remuneration report, the CEO's fixed-term contract has been extended to May 2028 to support continuity through the turnaround and an orderly succession process. In line with the Group's remuneration policy, the CEO remains eligible to participate in the RSP scheme.

Future RSP awards: CEO

Subject to shareholder approval of the remuneration policy and implementation report at the forthcoming AGM, the Committee intends to make further RSP awards to the CEO during FY27. The proposed award reflects shareholder feedback received on the previous award structure and increases the emphasis on stretching financial performance measures aligned to the successful delivery of the Pick n Pay turnaround plan and the Boxer growth strategy. The performance conditions of these awards will be directly linked to those of the senior management of the Pick n Pay and Boxer teams. The vesting period of the proposed award extends beyond the CEO's planned retirement date and is intended to reinforce alignment with the successful completion of the turnaround and an orderly leadership transition.

Award date	Performance condition	Weighting	Vesting date	Status
August 2026	Pick n Pay TPAL break-even by FY29*	65%	February 2029	Proposed
August 2026	Aligned with Boxer FY29 targets	30%	February 2029	Proposed
August 2026	Pick n Pay ESG targets**	5%	February 2029	Proposed

* Threshold, target and stretch achievement aligned to those of RSP 6.

** Aligned to those of RSP 6.

Non-executive directors' fees

The Committee reviewed and recommended non-executive director remuneration to the Board for shareholder approval at the AGM on 6 August 2026. The Committee proposes all fees to be increased by 4%, in line with the CPI increase approved by shareholders at the 2025 AGM.

Non-executive director	FY27 proposed R	FY26 previously R	% change
Chair (including participation in all committees) ¹	2 600 000	2 500 000	4%
Lead independent director (LID) (including participation in all committees) ¹	n/a	1 687 500	–
Non-executive director	530 720	510 300	4%
Chair of the Audit, Risk and Compliance Committee	458 650	441 000	4%
Chair of the Remuneration Committee	243 520	234 150	4%
Chair of the Social, Ethics and Transformation Committee	243 520	234 150	4%
Chair of the Nominations and Corporate Governance Committee	243 520	234 150	4%
Member of the Audit, Risk and Compliance Committee	218 400	210 000 ²	4%
Member of the Finance and Investment Committee ³	156 000	150 000	4%
Member of the Remuneration Committee	115 050	110 600	4%
Member of the Social, Ethics and Transformation Committee	115 050	110 600	4%
Member of the Nominations and Corporate Governance Committee	109 200	105 000	4%

¹ Gareth Ackerman retired as Board Chair on 5 August 2025 and was succeeded by James Formby, who received a pro rata fee in FY26, based on his time in the role of LID and his time as Board Chair. The LID fee fell away on his appointment as Chair.

² Correction – the FY26 fee was recorded in error as R110 600 in the prior year remuneration report, rather than the actual fee of R210 000, as set out correctly in the FY25 Corporate Governance Report (being unchanged from FY25).

³ The Committee is chaired by the Board Chair, who does not receive an additional fee for chairing this Committee.

Comparator companies for benchmarking

Clicks Group Limited; The Foschini Group Limited; Truworths International Limited; Mr Price Group Limited; Shoprite Holdings Limited; Pepkor Holdings Limited; SPAR Group Limited; Woolworths Holdings Limited.



Directors' remuneration

	Fees for Board meetings R'000	Fees for Committee and other work R'000	Base salary R'000	Retirement and medical contributions R'000	Total fixed remuneration R'000	Short-term incentive bonus R'000	Total remuneration R'000	Long-term awards charges - current year ¹ R'000
Executive directors								
2026								
Sean Summers ²	-	-	25 200	-	25 200	-	25 200	31 517
Lerena Olivier	-	-	7 725	300	8 025	3 130	11 155	3 792
Total remuneration	-	-	32 925	300	33 225	3 130	36 355	35 309
2025								
Sean Summers ²	-	-	24 900	-	24 900	-	24 900	40 198
Lerena Olivier	-	-	5 947	256	6 203	2 989	9 192	1 896
Total remuneration	-	-	30 847	256	31 103	2 989	34 092	42 094

¹ The long-term awards expense or recoupment is determined in accordance with IFRS 2 Share-Based Payments and IAS 19 Employee Benefits and reflects the current year's charge or recoupment recorded in the Group's statement of comprehensive income. The fair value of awards is determined at grant date and is recognised in the statement of comprehensive income over the period during which the employee becomes unconditionally entitled to the award (the vesting period). Depending on the nature of the vesting criteria, long-term awards expense may be reversed and recouped by the Group if the vesting criteria are not met.

² Serves as a non-executive director of the Boxer Retail Limited Group; any fees earned in relation to this are paid to Pick n Pay Retailers Proprietary Limited.

Total fees of non-executive directors

Directors	Directors' fees R'000	Lead independent director R'000	Audit, Risk and Compliance Committee R'000	Finance and Investment Committee R'000	Remuneration Committee R'000	Social, Ethics and Transformation Committee R'000	Nominations and Corporate Governance Committee R'000	Total fees R'000
FY26								
Gareth Ackerman ¹	2 702	-	-	88	55	-	-	2 845
Jonathan Ackerman	510	-	-	-	-	111	-	621
Suzanne Ackerman ²	510	-	-	-	-	131	-	641
Haroon Bhorat ³	510	-	210	150	111	214	60	1 255
James Formby ⁴	1 250	844	-	-	-	-	-	2 094
David Friedland ⁵	255	-	105	75	-	-	-	435
Aboubakar Jakoet	510	-	441	150	111	-	105	1 317
Thabo Leeuw	43	-	18	-	-	9	-	70
Grant Pattison	43	-	18	12	9	-	-	82
Audrey Mothupi-Palmstierna	510	-	210	-	234	-	105	1 059
Annamarie van der Merwe	510	-	-	-	-	111	234	855
Pooven Viranna	383	-	158	-	-	9	-	550
Total	7 736	844	1 160	475	520	585	504	11 824

¹ Gareth Ackerman was paid a Chair's fee for only 6/12 months.

² Chair (outgoing) of the Social, Ethics and Transformation Committee; Chair's fee for 2/10 months and Committee fee for 10/12 months.

³ Appointed as Social, Ethics and Transformation Committee Chair, 10/12 months.

⁴ James Formby LID 6/12 and Chair, 6/12. Also serves as a non-executive director of the Boxer Retail Group for which he earned R1.8 million in addition to the above disclosed amount.

⁵ David Friedland retired at the AGM, 6/12 months.

Directors	Directors' fees R'000	Additional ad hoc fees ¹ R'000	Lead independent director R'000	Audit, Risk and Compliance Committee R'000	Finance and Investment Committee R'000	Remuneration Committee R'000	Social, Ethics and Transformation Committee R'000	Nominations and Corporate Governance Committee R'000	Total fees R'000
FY25									
Gareth Ackerman	4 893	-	-	-	-	-	-	-	4 893
Jonathan Ackerman	510	-	-	-	-	-	111	-	621
Suzanne Ackerman	510	-	-	-	-	-	234	26	770
Haroon Bhorat	510	-	-	210	150	111	83	26	1 090
Mariam Cassim ²	170	-	-	70	-	-	-	-	240
James Formby ^{1,3}	-	210	1 688	-	-	-	-	-	1 898
David Friedland ¹	510	210	-	210	150	-	-	26	1 106
Aboubakar Jakoet ¹	510	210	-	441	150	111	-	78	1 500
Audrey Mothupi-Palmstierna	510	-	-	210	-	234	-	105	1 059
David Robins ⁴	255	-	-	-	-	-	28	-	283
Annamarie van der Merwe	510	-	-	-	-	-	111	201	822
Total	8 888	630	1 688	1 141	450	456	567	462	14 282

¹ Once-off fee approved by shareholders at the 2024 AGM to recognise the additional guidance provided by the directors in a number of critical areas, including liquidity management, the Group's debt restructure and the two-step recapitalisation plan.

² Mariam Cassim resigned as an independent non-executive director on 5 July 2024.

³ Serves as a non-executive director of the Boxer Retail Group for which he earned R0.8 million in addition to the above disclosed amount.

⁴ David Robins retired as a non-executive director on 27 August 2024.



Share awards held by executive directors

	Calendar year granted	Award grant price R	Balance held at 2 March 2025	Granted/ (exercised)	Forfeits	Share price at exercise R	Balance held at 1 March 2026	Available for take-up
2026								
Sean Summers								
Restricted shares	2024	Nil	2 000 000	(2 000 000)	-	28.30	-	n/a
	2024	Nil	2 000 000	-	(1 000 000)	-	1 000 000	February 2028*
			4 000 000	(2 000 000)	(1 000 000)	-	1 000 000	
Lerena Olivier								
Share options	2019	58.05	80 000	-	-	-	80 000	Now
	2019	58.05	60 000	-	-	-	60 000	Now
	2019	58.05	60 000	-	-	-	60 000	September 2026
Restricted shares	2022	Nil	34 800	(34 800)	-	27.20	-	n/a
	2026	Nil	-	234 666	(117 333)	-	117 333	February 2027
	2026	Nil	-	279 788	(139 894)	-	139 894	February 2028
			234 800	479 654	(257 227)	-	457 227	

* The vesting period has been amended from February 2027 to February 2028 to align more closely with Sean Summers' retirement date of May 2028.

Directors' interest in ordinary shares

	How held ¹	Balance held at 2 March 2025	Additions/ grants	Disposals	Vesting	Forfeits	Balance held at 1 March 2026 ²	Beneficial/ non-beneficial interest ³
2026								
Gareth Ackerman	Indirect	2 746 492	-	-	-	-	2 746 492	Beneficial
Ackerman Pick n Pay Foundation ⁴	Indirect	153 981	-	-	-	-	153 981	Non-beneficial
Ackerman Family Investment Holdings Proprietary Limited ⁵	Indirect	2	-	-	-	-	2	Non-beneficial
Ackerman Investment Holdings (RF) Proprietary Limited ^{6*}	Indirect	189 334 996	-	(64 038 857)	-	-	125 296 139	Non-beneficial
Mistral Trust ⁷	Indirect	4 533 300	-	-	-	-	4 533 300	Non-beneficial
Sean Summers	Direct	345 391	2 000 000	-	-	-	2 345 391	Beneficial
	Direct - RSP	4 000 000	-	-	(2 000 000)	(1 000 000)	1 000 000	Beneficial
Lerena Olivier	Direct	163 078	34 800	(16 182)	-	-	181 696	Beneficial
	Direct - RSP	34 800	514 454	-	(34 800)	(257 227)	257 227	Beneficial
Suzanne Ackerman	Indirect	1 072 919	-	-	-	-	1 072 919	Beneficial
Jonathan Ackerman	Indirect	1 537 256	-	-	-	-	1 537 256	Beneficial
Aoubakar Jakoet	Direct	10 000	-	-	-	-	10 000	Beneficial
	Indirect ⁸	750 000	-	-	-	-	750 000	Beneficial
	Indirect	13 995	-	-	-	-	13 995	Non-beneficial
James Formby	Direct	6 130	-	-	-	-	6 130	Beneficial
	Indirect	63 306	-	-	-	-	63 306	Beneficial

David Friedland retired as an independent non-executive director effective 5 August 2025.

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, director or shareholder, as relevant), or by a spouse or minor children of directors.

² There have been no changes in the directors' interest in shares since 1 March 2026 up to the date of approval of the 2026 Integrated Annual Report.

³ Beneficial interest represents an interest in shares in which a person is entitled to receive income payable in respect of 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.

⁴ 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.

⁵ 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.

⁶ The indirect non-beneficial interest in Ackerman Investment Holdings (RF) Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.

⁷ 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.

⁸ Defined as an indirect beneficial shareholding in terms of JSE classifications. However, the director only has a 10% shareholding in the company that holds these shares, does not exercise any control over the shares, and receives no direct benefit.

* During the period under review, the Ackerman Family, through Ackerman Investment Holdings (RF) Proprietary Limited, sold 64 038 857 ordinary Pick n Pay Stores Limited shares by way of an accelerated bookbuild offering. Refer to page 111 for the impact on voting rights.

Directors' interest in B shares

2026	How held ¹	Balance held at 2 March 2025	Balance held at 1 March 2026 ²	Beneficial/ non-beneficial interest ³
Gareth Ackerman	Indirect	4 216 004	4 216 004	Beneficial
Ackerman Investment Holdings (RF) Proprietary Limited ⁴	Indirect	310 989 391	310 989 391	Non-beneficial
Mistral trust ⁵	Indirect	6 703 896	6 703 896	Non-beneficial
Suzanne Ackerman	Indirect	1 489 399	1 489 399	Beneficial
Jonathan Ackerman	Indirect	1 782 990	1 782 990	Beneficial

As previously announced, Ackerman Investment Holdings (RF) Proprietary Limited and its related and inter-related persons (collectively, the "Ackerman Family") disposed of 64 038 857 ordinary shares on 17 November 2025, and the 105 186 279 B shares held by the Ackerman Family that were previously attached to such ordinary shares have ceased to have voting rights. Subject to the requisite shareholder approval being obtained at the 2026 AGM, these "unstapled" B shares will be repurchased by the Company for a nominal price of R0.00001 per B share and cancelled, as contemplated in the Memorandum of Incorporation (MOI).

¹ Direct interests represent a holding in the director's personal capacity. Indirect interests represent a holding by a trust or company (of which the director is a trustee, director or shareholder, as relevant), or by a spouse or minor children of directors.

² There have been no changes in the directors' interest in shares since 1 March 2026 up to the date of approval of the 2026 audited Group Annual Financial Statements.

³ Beneficial interest represents an interest in shares in which a person is entitled to receive income payable in respect of 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.

⁴ The indirect non-beneficial interest in Ackerman Investment Holdings (RF) Proprietary Limited represents a portion of the holdings of Gareth Ackerman, Suzanne Ackerman and Jonathan Ackerman.

⁵ 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.





Annamarie van der Merwe

Report of the Nominations and Corporate Governance Committee

The Nominations and Corporate Governance Committee (“the Committee”) is pleased to present its report for the 2026 financial year. The report is prepared in accordance with the Companies Act, the JSE Listings Requirements, and the King IV Report on Corporate Governance. It outlines the Committee’s mandate and governance oversight activities, with a particular focus on Board composition, executive succession, and the ongoing strengthening of the Group’s governance frameworks.

Committee Chair statement

As Pick n Pay progressed through the next phase of its turnaround, the Committee devoted much of its attention to leadership continuity, Board renewal and succession planning. These remain critical priorities as the Group continues to strengthen its operational and financial performance while positioning itself for long-term success.

The Board renewal programme initiated in FY24 continued during the year. This programme was introduced following commitments made to shareholders during the recapitalisation process and is intended to ensure a measured rotation of long-serving directors while preserving institutional knowledge and governance continuity. During FY26, the Board welcomed Pooven Viranna, Thabo Leeuw and Grant Pattison as independent non-executive directors, bringing additional financial, operational and strategic expertise to the Board. The Committee also continued planning for future retirements, including that of Audrey Mothupi-Palmstierna, who will retire at the 2026 Annual General Meeting after many years of distinguished service to both the Board and this Committee. I would like to thank Audrey for her significant contribution to the Group over many years.

The Committee supported the orderly transition of the Board Chair role from Gareth Ackerman to James Formby following the 2025 Annual General Meeting. This transition was the result of careful planning over an extended period and reflects the Board’s commitment to leadership continuity and sound governance. During the year, James also stepped down as Chair of Boxer Retail Limited and was succeeded by Sean Summers, providing continuity across the Group’s governance structures.

The Committee reviewed the long-term Chief Executive Officer succession plan following the extension of Sean Summers’ tenure to May 2028. Particular focus was placed on developing internal leadership pipelines, assessing future executive readiness and ensuring sufficient time for a structured and orderly succession process.

The Committee also oversaw the planned transition of the Chief Finance Officer role. Following a comprehensive succession process, Tina Rookledge joined the Group in February 2026 and has been working alongside Lerena Olivier as part of a structured handover programme ahead of assuming the role following the 2026 Annual General Meeting. The Committee is grateful for Lerena’s exceptional contribution to the Group and is confident that the transition process will provide continuity and stability in this critical leadership position.

The Committee continued to prioritise Board diversity and succession planning and engaged with independent search specialists throughout the year to strengthen the Board succession pipeline and broaden the range of candidates considered for future appointments, with a focus on improving diversity on the Board.

I also welcomed Haroon Bhorat to the Committee following his appointment as Chair of the Social, Ethics and Transformation Committee. Consistent with the Group’s governance framework, the Chairs of all the Board’s principal committees participate on the Committee to support effective coordination across the Board’s governance structures.

During the year, the Committee engaged with Charlotte Maponya, Chair of Boxer’s Nominations and Corporate Governance Committee, on matters of shared governance relevance. This engagement supports alignment where appropriate, while recognising the independence and responsibilities of each Board.

The annual Board and committee evaluations confirmed a strong governance culture, constructive engagement and effective execution of responsibilities, while also identifying opportunities to strengthen our longer-term succession planning horizon.

On behalf of the Committee, I thank my fellow directors, management and the Company Secretary for their professionalism, commitment and support during the year.

Committee mandate

The Committee is a formally constituted committee of the Board of Pick n Pay Stores Limited, operating under a mandate aligned with the Companies Act, the JSE Listings Requirements, King IV, and the Company’s Memorandum of Incorporation. Its primary responsibility is to ensure that the Group’s leadership structures and governance frameworks are fit for purpose and support the long-term success of the business. The Committee assists the Board in overseeing matters relating to:

- Board composition, succession planning, diversity and independence
- Executive succession, leadership development and talent continuity
- Corporate governance frameworks, policies and governance developments
- Board, committee and director effectiveness, performance and development



Committee governance and attendance

The Committee operates in accordance with a Board-approved Terms of Reference and annual work plan, both of which are reviewed annually. The Committee met six times during FY26. Given the scale of Board renewal and succession activities undertaken during the year, additional meetings were required to ensure sufficient time for candidate evaluation, succession planning and governance oversight. The Committee worked closely with the Remuneration Committee on matters relating to executive succession and leadership development and engaged with other Board committees where responsibilities intersected. Meetings were attended by Committee members and, where necessary, supported by executive management and independent advisors. Key decisions and recommendations were tabled at subsequent Board meetings for discussion and ratification.

FY26 membership	Attendance
Annamarie van der Merwe (Chair)	6/6
Haroon Borhat ¹	1/2
James Formby	6/6
Aboubakar Jakoet	5/6
Audrey Mothupi-Palmstierna	6/6

¹ Appointed 5 August 2025.

The Committee's key focus areas during the year

Board composition, succession and renewal

The Committee continued to oversee Board succession planning and renewal to maintain an appropriate balance of skills, experience, diversity and independence. The Board renewal programme remains on track and is delivering on the commitments made to shareholders regarding Board refreshment, succession and governance continuity. In response to shareholder feedback on the independence of the Remuneration Committee, Grant Pattison joined the Committee as an independent non-executive director in February 2026. Audrey Mothupi will retire from the Board and as Chair of the Remuneration Committee in August 2026, with Haroon Borhat succeeding her as Chair.

During FY26, the Committee:

- Oversaw the transition of the Board Chair role from Gareth Ackerman to James Formby
- Recommended the appointment of Pooven Viranna, Thabo Leeuw and Grant Pattison as independent non-executive directors
- Advanced the Board renewal programme, including succession planning for long-serving directors
- Maintained a pipeline of prospective Board candidates through engagement with independent search specialists

Board diversity, skills and independence

The Committee continued to oversee implementation of the Board diversity policy and considered diversity across race, gender, skills, experience and perspective when evaluating Board composition and future appointments. The Committee remains satisfied that the Board retains an appropriate balance of skills, experience and independent judgement. While progress has been made in improving diversity, enhancing race and gender representation remains an important focus area of the Board renewal and succession programme.

During FY26, the Committee:

- Reviewed progress against the Board diversity policy and diversity objectives
- Assessed the composition of the Board and its committees against skills, experience, race and gender requirements
- Considered diversity and transformation objectives as part of all Board succession discussions
- Conducted annual independence assessments in accordance with King IV and the JSE Listings Requirements

Executive succession and leadership continuity

The Committee provided oversight of the succession planning for key leadership positions across the Group. The Committee believes that leadership continuity and succession planning remain fundamental to the successful execution of the Group's strategy and turnaround objectives.

During FY26, the Committee:

- Reviewed the long-term Chief Executive Officer succession plan following the extension of Sean Summers' contract to May 2028
- Oversaw the planned Chief Finance Officer transition from Larena Olivier to Tina Rookledge
- Assessed succession plans for key executive and senior operational leadership positions
- Reviewed leadership development initiatives and the Group's longer-term talent pipeline

Governance framework and policies

The Committee continued to oversee the Group's governance framework and monitor developments in governance best practice. The Committee remains satisfied that the Group's governance framework continues to support effective oversight, accountability and decision-making.

During FY26, the Committee:

- Reviewed the Committee's Terms of Reference and annual work plan
- Oversaw the annual review of key governance policies and frameworks
- Monitored relevant governance and regulatory developments
- Considered governance matters arising from the Group's relationship with Boxer

Board and committee effectiveness

The Committee oversaw the annual evaluation process for the Board, its committees and individual directors. The Committee was satisfied that the Board and its committees continue to operate effectively and that identified improvement opportunities have been incorporated into future work plans.

During FY26, the Committee:

- Oversaw the annual Board, committee and director evaluation process
- Assessed Board culture, effectiveness and governance practices
- Reviewed committee performance against approved mandates
- Identified opportunities for continuous improvement and future focus areas

Committee effectiveness and future focus areas

The Committee is satisfied that it has fulfilled its responsibilities during FY26 in accordance with its mandate and Terms of Reference. The Committee believes that the Board remains appropriately constituted and that effective succession planning, governance oversight and Board renewal processes are in place to support the Group's long-term success.

Focus areas for FY27 include:

- Implementing the next phase of the Board renewal and succession programme
- Strengthening executive leadership pipelines and succession readiness across the Group
- Advancing Board diversity objectives through future director appointments
- Simplifying and enhancing governance and reporting processes
- Preparing for emerging governance developments, including the transition from King IV to King V

Annamarie van der Merwe

Chair: Nominations and Corporate Governance Committee

30 June 2026



Haroon Borhat

Report of the Social, Ethics and Transformation Committee

The Social, Ethics and Transformation Committee (“the Committee”) is pleased to present its report for the 2026 financial year. The report is prepared in accordance with the Companies Act, the JSE Listings Requirements and the King IV Report on Corporate Governance. It outlines the Committee’s mandate and oversight activities, with a particular focus on ethical leadership, people and culture, stakeholder trust, transformation and responsible corporate citizenship.

Committee Chair statement

The year under review was one of significant change for Pick n Pay. As the Group took difficult steps to address ongoing trading losses and restore profitability, the Committee found itself grappling with some of the most challenging social and ethical questions arising from the turnaround. These actions had real consequences for employees, suppliers, customers and communities. A significant part of the Committee’s role during the year was to ensure that these consequences were properly understood, debated and managed responsibly.

During the year, management implemented a range of initiatives to address the Group’s trading losses and support the return to profitability. These included support office restructures, operational changes and the closure of under-performing stores. The Committee also considered the business challenges that ultimately resulted in the labour consultation process announced shortly after year-end. The Committee paid close attention to these matters, particularly their impact on employees, organisational culture and stakeholder trust.

Committee discussions repeatedly returned to the impact of these changes and our stakeholders. We reviewed employee survey results, labour relations developments, employment equity progress, leadership development initiatives and the support being provided to employees during a period of considerable uncertainty. The Committee recognised that the labour consultation process announced shortly after year-end arose from the difficult realities facing the business. We also recognised the significance of these discussions for affected employees and their families, many of whom rely on Pick n Pay as their primary source of income. The Committee therefore emphasised the importance of fairness, transparency and meaningful engagement throughout the process.

As outlined in the sustainability chapter, Pick n Pay’s ESG focus in FY26 was intentionally weighted towards the Social and Governance pillars. These areas are fundamental to how the Group operates and to the trust that supports its recovery. The Committee therefore regarded them as integral to the Group’s commercial priorities, rather than separate from them.

An important area of focus was responsible sourcing and supplier oversight. During the year, the Committee considered a labour and workplace compliance breach identified at an unauthorised subcontractor within Pick n Pay’s clothing supply chain. A supplier had illegally outsourced production to a factory that had not been approved through Pick n Pay’s normal due diligence processes.

Subsequent investigations identified unacceptable labour practices at the facility. Management acted swiftly to investigate the matter, terminate the supplier relationship and strengthen supplier monitoring and approval controls. The incident reinforced the importance of maintaining visibility and oversight throughout the value chain. Management reported regularly to the Committee on remediation actions and governance improvements arising from the matter, and the Committee will continue to monitor progress in this area during FY27.

On the environmental front, the Committee recognises that capital-intensive investments were not a priority during FY26 as the Group focused on its turnaround. While environmental ambitions remain unchanged, capital allocation has necessarily been directed towards recovery priorities. The Committee has overseen this reprioritisation to ensure existing commitments and practices are maintained. It was therefore pleased to note the finalisation of the Group’s Science Based Targets initiative commitments in November 2025, providing a credible framework for future progress.

The Committee also oversaw the Group’s employment equity and transformation commitments, ethical culture and sustainability priorities, including its preparedness for the enhanced remuneration and wage differential reporting requirements introduced through the Companies Amendment Act. During a period when management attention was necessarily focused on restoring profitability and improving operational performance, the Committee remained mindful of the need to maintain momentum across these important governance, transformation and sustainability priorities. Particular attention was given to ensuring that short-term operational priorities did not come at the expense of longer-term commitments to transformation, inclusion and responsible corporate citizenship. The Committee was pleased to see the continued impact of Feed the Nation, which provides meaningful support to vulnerable communities across South Africa.

The Committee received an update from the Chair of Boxer’s Social, Ethics and Transformation Committee, on matters of shared governance relevance across the Group. This provided useful insight into developments within Boxer and supported alignment across the Group where appropriate, while recognising the distinct responsibilities of each Board.

Throughout the year, the Committee sought to balance two equally important responsibilities: supporting the actions necessary to restore Pick n Pay’s competitiveness while ensuring that those actions were implemented responsibly and in a manner consistent with the Group’s values.

We welcomed Pooven Viranna and Thabo Leeuw to the Committee following their appointment to the Board during the year. Their skills, perspectives and experience strengthen the Committee’s oversight across a broad range of social, ethics, transformation and sustainability matters. On behalf of the Committee, I thank my fellow directors, management and employees across the Group for their resilience, professionalism and commitment during a year that demanded both difficult choices and thoughtful leadership.



Committee mandate

The Committee is a statutory committee of the Board of Pick n Pay Stores Limited, operating under a mandate aligned with the Companies Act, the JSE Listings Requirements, King IV and the Company's Memorandum of Incorporation. Its primary responsibility is to oversee the Group's ethical conduct, social impact and transformation commitments, ensuring that these remain integrated into the way the Group operates and creates long-term value. The Committee assists the Board in overseeing matters relating to:

- Ethics and organisational culture
- Employees, transformation and inclusion
- Responsible sourcing, sustainability and stakeholder trust
- Health, safety and consumer protection

Committee governance and attendance

The Committee operates in accordance with a Board-approved Terms of Reference and annual work plan, both of which are reviewed annually. The Committee is required to meet at least three times annually and met three times during FY26. The Committee received reports from management on matters within its mandate and engaged with other Board committees where responsibilities intersected, particularly in relation to governance, risk, people and sustainability matters. Meetings were attended by Committee members and, where appropriate, supported by executive and senior management and subject matter specialists. Key observations and recommendations were reported to the Board following each meeting.

FY26 membership	Attendance
Haroon Bhorat (Chair)	3/3
Suzanne Ackerman	3/3
Jonathan Ackerman	3/3
Thabo Leeuw ¹	1/1
Annamarie van der Merwe	3/3
Pooven Viranna ¹	1/1

¹ Appointed 1 February 2026.

The Committee's key focus areas during the year

Ethics and organisational culture

The Committee oversaw the Group's ethical governance framework and the measures in place to promote responsible conduct across the organisation. Particular attention was given to maintaining ethical standards, accountability and organisational culture during a period of significant change.

During FY26, the Committee:

- Monitored whistle-blowing activity, investigations and management responses
- Reviewed ethics-related incidents, trends and remediation actions
- Oversaw the review, communication and embedding of ethics-related policies and governance frameworks
- Monitored anti-bribery, corruption and conflict-of-interest controls

Employees, transformation and inclusion

The Committee devoted significant attention to the impact of organisational change on employees and oversaw employment equity, transformation and inclusion initiatives across the Group.

During FY26, the Committee:

- Reviewed progress against employment equity targets, workforce demographic trends and representation objectives, with representation exceeding key sector targets across several management categories, while continued focus is required to strengthen representation at top management level
- Oversaw employee-related matters arising from restructuring initiatives
- Reviewed employee well-being, engagement and organisational culture indicators
- Oversaw diversity, inclusion, skills development and leadership development initiatives

Responsible sourcing, sustainability and stakeholder trust

The Committee oversaw the Group's responsibilities towards customers, suppliers, communities and other stakeholders, while also monitoring the development of sustainability governance and reporting processes. The Committee recognised that financial constraints require careful prioritisation and therefore focused on ensuring that the Group remained committed to sustainability initiatives that are most relevant to the business, its stakeholders and the creation of long-term value.

During FY26, the Committee:

- Reviewed the findings and remediation actions arising from the third-party clothing supplier compliance breach
- Oversaw supplier governance, responsible sourcing and third-party compliance frameworks
- Considered stakeholder concerns, reputational risks and community investment initiatives
- Monitored the development of the Group's Science Based Targets initiative (SBTi) commitments and the governance processes supporting their implementation
- Reviewed sustainability reporting, disclosure practices and supporting data controls

Health, safety and consumer protection

The Committee oversaw matters relating to employee, customer and food safety, as well as responsible retail practices. Maintaining safe environments for employees and customers remains a fundamental responsibility of the Group.

During FY26, the Committee:

- Monitored occupational health and safety performance and compliance
- Reviewed food safety, product quality and related governance processes
- Oversaw customer safety and responsible retailing practices
- Considered significant regulatory and compliance developments relevant to the Group

Committee effectiveness and future focus areas

During FY26, the Committee completed its annual effectiveness assessment. The review confirmed that the Committee continues to operate effectively and fulfil its mandate, while identifying opportunities to strengthen oversight of employee engagement, sustainability reporting and third-party governance matters. These areas have been incorporated into the Committee's FY27 work plan. The Committee is satisfied that it has fulfilled its responsibilities during FY26 in accordance with its mandate and Terms of Reference. Strong ethical governance, responsible corporate citizenship and meaningful stakeholder engagement remain important contributors to the Group's long-term success.

Focus areas for FY27 include:

- Supporting the responsible implementation of labour-related engagements and organisational change initiatives
- Advancing employment equity, transformation and inclusion objectives across the Group
- Strengthening responsible sourcing, supplier governance and third-party oversight
- Strengthening sustainability reporting, disclosure practices and supporting data controls
- Promoting ethical leadership, accountability and stakeholder trust across the Group

Haroon Bhorat

Chair: Social, Ethics and Transformation Committee

30 June 2026



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Number of stores

	2 March 2025	Opened	Closed	Converted openings	Converted closures	1 March 2026
Pick n Pay						
Company-owned						
Hypermarkets	21	–	–	2	–	23
Supermarkets	287	2	(17)	19	(6)	285
Clothing	396	32	(9)	–	–	419
Liquor	267	3	(13)	12	(4)	265
Total company-owned	971	37	(39)	33	(10)	992
Franchise						
Supermarkets	260	2	(35)	4	(20)	211
Market	7	–	–	–	–	7
Express	188	6	(5)	1	–	190
Clothing	19	–	(1)	–	–	18
Liquor	223	7	(28)	4	(12)	194
Total franchise	697	15	(69)	9	(32)	620
Boxer						
Company-owned						
Supermarkets	320	20	(2)	–	–	338
Liquor	175	32	(1)	–	–	206
Build	30	2	–	–	–	32
Total company-owned	525	54	(3)	–	–	576
TM Supermarkets						
Associate	74	2	(3)	–	–	73
Total Group stores	2 267	108	(114)	42	(42)	2 261
REST OF AFRICA FOOTPRINT						
- included in total stores above	187	11	(39)	20	(20)	159
Pick n Pay company-owned	23	1	–	19	(1)	42
Boxer company-owned	10	2	–	–	–	12
Pick n Pay franchise	80	6	(36)	1	(19)	32
TM Supermarkets – associate	74	2	(3)	–	–	73
REST OF AFRICA FOOTPRINT						
- by country	187	11	(39)	–	–	159
Botswana	19	3	–	–	–	22
Lesotho	4	–	–	–	–	4
Namibia	36	–	(36)	–	–	–
Eswatini	31	5	–	–	–	36
Zambia	23	1	–	–	–	24
Zimbabwe	74	2	(3)	–	–	73



Group statement of comprehensive income

for the period ended

	52 weeks to 1 March 2026 Rm	Restated* 53 weeks to 2 March 2025 Rm
Revenue	123 674	122 458
Turnover	120 290	119 049
Cost of merchandise sold	(97 672)	(97 285)
Gross profit	22 618	21 764
Other income	2 862	2 844
Franchise fee income	1 173	1 244
Operating lease income	93	111
Commissions, dividend and other income	1 596	1 489
Trading expenses	(23 795)	(22 849)
Employee costs	(10 009)	(9 516)
Occupancy costs	(3 456)	(3 460)
Operations costs	(6 423)	(6 217)
Merchandising and administration costs	(3 677)	(3 452)
Expected credit loss allowance	(230)	(204)
Trading profit	1 685	1 759
Finance income	522	565
Funding finance income	307	349
Leases finance income	215	216
Finance costs	(1 847)	(2 561)
Funding finance expense	(69)	(792)
Leases finance expense	(1 778)	(1 769)
Profit/(loss) before tax before capital items	360	(237)
Loss on capital items	(442)	(388)
Net loss on disposal of assets	(51)	(94)
Loss from impairments of assets	(391)	(294)
Loss before tax	(82)	(625)
Tax	(111)	(26)
Loss for the period	(193)	(651)
Attributable to:		
Equity holders of the parent	(728)	(736)
Non-controlling interest	535	85
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss	14	2
Remeasurement of retirement scheme assets	19	3
Tax on items that will not be reclassified to profit or loss	(5)	(1)
Items that may be reclassified to profit or loss	(6)	(9)
Foreign currency translations	(3)	(8)
Movement in cash flow hedge	(3)	(1)
Tax on items that may be reclassified to profit or loss	-	-
Total comprehensive loss for the period	(185)	(658)
Attributable to:		
Equity holders of the parent	(720)	(743)
Non-controlling interest	535	85
Earnings per share	Cents	Cents
Basic loss per share	(99.17)	(111.01)
Diluted loss per share	(99.17)	(111.01)

* Comparative figures have been restated to correct for certain product articles where system mapping erroneously resulted in turnover being presented within the incorrect financial statement lines. The reclassification increased prior period revenue, turnover and cost of merchandise sold by R439 million, with no impact on previously reported gross profit, and decreased revenue, 'commissions, dividend and other income' and 'merchandise and administration costs' by R105 million, with no impact on previously reported trading profit.



Group statement of financial position

	As at 1 March 2026 Rm	As at 2 March 2025 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	8 965	8 675
Right-of-use assets	10 779	11 043
Intangible assets	1 192	1 067
Net investment in lease receivables	1 795	2 017
Deferred tax assets	3 236	2 749
Trade and other receivables	14	8
Loans	128	143
Retirement scheme assets	6	60
Investment in insurance cell captive	79	72
Operating lease assets	3	5
	26 197	25 839
Current assets		
Inventory	11 733	10 598
Right-of-return assets	22	24
Trade and other receivables	3 798	4 366
Net investment in lease receivables	334	388
Loans	14	13
Derivative financial instruments	-	1
Cash and cash equivalents	3 277	5 328
	19 178	20 718
Non-current asset held for sale	122	250
Total assets	45 497	46 807
EQUITY AND LIABILITIES		
Equity		
Share capital	3 883	3 883
Treasury shares	(507)	(496)
Other reserves	(2)	6
Foreign currency translation reserve	(400)	(397)
Retained earnings	6 588	7 301
Equity attributable to equity holders of parent	9 562	10 297
Non-controlling interest	1 144	668
Total equity	10 706	10 965
Non-current liabilities		
Lease liabilities	15 883	16 379
Borrowings	200	850
Deferred tax liabilities	71	-
	16 154	17 229
Current liabilities		
Trade and other payables	15 326	15 036
Deferred revenue	377	300
Provisions	71	96
Lease liabilities	2 652	2 741
Bank overdraft and overnight borrowings	-	300
Current tax liabilities	209	140
Derivative financial instruments	2	-
	18 637	18 613
Total equity and liabilities	45 497	46 807

Group statement of changes in equity

for the period ended

	Share capital Rm	Treasury shares Rm	Retained earnings Rm	Other reserves Rm	Foreign currency translation reserve Rm	Equity attributable to equity holders of parent Rm	Non-controlling interest Rm	Total equity Rm
At 25 February 2024	6	(557)	646	1	(389)	(293)	–	(293)
Total comprehensive (loss)/ income for the period	–	–	(734)	(1)	(8)	(743)	85	(658)
(Loss)/income for the period	–	–	(736)	–	–	(736)	85	(651)
Foreign currency translations	–	–	–	–	(8)	(8)	–	(8)
Movement in cash flow hedge	–	–	–	(1)	–	(1)	–	(1)
Remeasurement of retirement scheme assets	–	–	2	–	–	2	–	2
Other reserve movements	–	–	–	6	–	6	–	6
Transactions with owners	3 877	61	7 389	–	–	11 327	583	11 910
Share issue – rights offer	3 877	–	–	–	–	3 877	–	3 877
Proceeds on sale of rights attached to treasury shares, pursuant to rights offer	–	17	–	–	–	17	–	17
Net effect of settlement of employee share awards	–	44	(44)	–	–	–	–	–
Net proceeds from change of ownership interest in subsidiary	–	–	7 369	–	–	7 369	576	7 945
Share-based payments	–	–	64	–	–	64	7	71
At 2 March 2025	3 883	(496)	7 301	6	(397)	10 297	668	10 965
Total comprehensive (loss)/ income for the period	–	–	(714)	(3)	(3)	(720)	535	(185)
(Loss)/income for the period	–	–	(728)	–	–	(728)	535	(193)
Foreign currency translations	–	–	–	–	(3)	(3)	–	(3)
Movement in cash flow hedge	–	–	–	(3)	–	(3)	–	(3)
Remeasurement of retirement scheme assets	–	–	14	–	–	14	–	14
Other reserve movements	–	–	–	(5)	–	(5)	–	(5)
Transactions with owners	–	(11)	1	–	–	(10)	(59)	(69)
Shares purchased during the period	–	(101)	–	–	–	(101)	–	(101)
Purchase of non-controlling interest [#]	–	–	(39)	–	–	(39)	(21)	(60)
Net effect of settlement of employee share awards	–	90	(90)	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	(71)	(71)
Share-based payments	–	–	130	–	–	130	33	163
At 1 March 2026	3 883	(507)	6 588	(2)	(400)	9 562	1 144	10 706

[#] Purchase of non-controlling interest shares by Boxer Retail Limited Group ("Boxer") for Long Term Incentive Plan ("LTIP").



Group statement of cash flows

for the period ended

	52 weeks to 1 March 2026 Rm	53 weeks to 2 March 2025 Rm
Cash flows from operating activities		
Trading profit	1 685	1 759
Adjusted for dividend income	(25)	-
Adjusted for non-cash items	3 800	3 731
Depreciation of property, plant and equipment	1 469	1 436
Depreciation of right-of-use assets	2 298	2 253
Amortisation of intangible assets	123	127
Share-based payments	163	71
Profit on termination of leases	(295)	(178)
Other lease adjustments	(19)	34
Movement in operating lease assets	2	1
Movement in retirement scheme assets	72	(6)
Fair value and foreign exchange adjustments	(13)	(7)
Cash generated before movements in working capital	5 460	5 490
Movements in working capital	(403)	(583)
Movements in trade and other payables, provisions and deferred revenue	249	(229)
Movements in inventory and right-of-return assets	(1 013)	(386)
Movements in trade and other receivables	361	32
Cash generated from trading activities	5 057	4 907
Funding interest received	312	350
Funding interest paid	(69)	(900)
Interest received on net investment in lease receivables	228	210
Interest paid on lease liabilities	(1 791)	(1 681)
Cash generated from operations	3 737	2 886
Dividends received	25	-
Dividends paid	(71)	-
Tax paid	(534)	(744)
Cash generated from operating activities	3 157	2 142
Cash flows from investing activities		
Investment in intangible assets	(69)	(164)
Investment in property, plant and equipment	(1 925)	(1 513)
Purchase of operations	(89)	(48)
Proceeds on disposal of fixed assets*	163	155
Principal net investment in lease receipts	360	377
Lease incentives received	155	116
Loans repaid	44	73
Loans advanced	(30)	(59)
Cash utilised in investing activities	(1 391)	(1 063)
Cash flows from financing activities		
Principal lease liability payments	(2 684)	(2 679)
Borrowings raised	-	3 235
Repayment of borrowings	(650)	(8 651)
Share purchases	(101)	-
Purchase of non-controlling interest shares by Boxer for LTIP	(60)	-
Net proceeds for rights offer	-	3 877
Proceeds on sale of rights attached to treasury shares, pursuant to rights offer	-	17
Proceeds for change in ownership interest as a result of the IPO	-	7 945
Cash (utilised)/generated from financing activities	(3 495)	3 744
Net (decrease)/increase in cash and cash equivalents	(1 729)	4 823
Net cash and cash equivalents at beginning of period	5 028	204
Foreign currency translations	(22)	1
Net cash and cash equivalents at end of period	3 277	5 028
Consisting of:	3 277	5 028
Cash and cash equivalents	3 277	5 328
Overnight borrowings	-	(300)

* Includes 'property, plant and equipment', 'intangible assets', and 'non-current assets held for sale'. Proceeds on disposals of fixed assets have been aggregated. Comparatives have been amended for comparability purposes.



Five-year review of performance

Financial metrics

		FY26 52 weeks	FY25* 53 weeks	FY24* 52 weeks	FY23* 52 weeks	FY22* 52 weeks
Consolidated statement of comprehensive income						
Turnover®	Rm	1 20 290	119 049	112 681	106 867	98 105
Other income®	Rm	2 862	2 844	2 541	1 923	1 688
Trading expenses	Rm	23 795	22 849	22 416	20 072	17 946
Trading profit	Rm	1 685	1 759	405	3 048	2 887
Trading profit after lease interest (Group)	Rm	122	206	.	.	.
Trading profit after lease interest (Pick n Pay segment)	Rm	(2 033)	(1 690)	.	.	.
(Loss)/profit before tax	Rm	(82)	(625)	(4 289)	1 708	1 762
(Loss)/profit after tax attributable to equity holders of parent	Rm	(728)	(736)	(3 301)	1 170	1 215
Headline (loss)/earnings	Rm	(386)	(408)	(977)	1 246	1 259
EBITDA (pre-IFRS 16)	Rm	1 613	1 818	907	3 374	3 311
Consolidated statement of financial position						
Total assets	Rm	45 497	46 807	46 910	42 697	40 345
Shareholders' equity	Rm	9 562	10 297	(293)	3 703	3 716
Total liabilities	Rm	34 791	35 842	47 203	38 994	36 629
Net cash/(debt)	Rm	3 077	4 178	(6 062)	(3 671)	(378)
Earnings performance measures						
Turnover growth	%	1.0	5.7	5.4	8.9	5.2
Turnover growth – Pick n Pay segment	%	(3.7)	1.9	0.3	4.8	2.9
Turnover growth – Boxer segment	%	9.6	13.2	17.4	20.1	11.6
Gross profit margin	%	18.8	18.3	18.0	19.6	18.8
Trading expenses margin	%	19.8	19.2	19.9	18.8	18.3
Trading profit margin	%	1.4	1.5	0.4	2.9	2.9
(Loss)/profit before tax margin	%	(0.1)	(0.5)	(3.8)	1.6	1.8
HEPS growth	%	14.6	64.3	(166.4)	(1.3)	14.5
EBITDA (pre-IFRS 16) growth	%	(11.3)	100.4	(73.1)	1.9	5.8
Financial position measures						
Net asset value per share [^]	cents	1 323.5	1 449.9	(11.9)	803.0	827.1
Net finance (income)/cost cover ratio	times	(6.8)	4.1	1.5	19.7	154.8
Return on invested capital (ROIC)	%	5.2	5.5	1.3	10.8	11.4
Weighted average cost of capital (WACC)	%	11.6	12.7	14.2	13.4	14.0
Stock exchange (JSE Limited) performance						
Number of shares in issue	millions	745.7	745.7	493.5	493.5	493.5
Weighted average number of shares in issue	millions	734.1	663.0	567.3	480.7	479.4
Volume of shares traded	millions	669.1	777.3	744.0	388.0	349.3
Percentage of shares traded	%	89.7	104.2	150.8	78.6	70.8
Total market capitalisation	Rbn	14.5	21.0	9.8	22.5	22.9
Market capitalisation net of treasury shares	Rbn	14.3	20.7	9.5	22.0	22.3
Market price per share						
– close at year-end	cents	1 945	2 815	1 976	4 563	4 644
– high for the year	cents	3 290	3 499	3 839	6 688	6 250
– low for the year	cents	1 942	1 413	1 719	4 302	4 612
Price:earnings ratio	times	(37.0)	(45.7)	(11.5)	17.6	17.7

* Comparative figures have been restated to correct for certain reclassifications within the statement of comprehensive income. Refer to the audited FY26 Group Annual Financial Statements for further details.

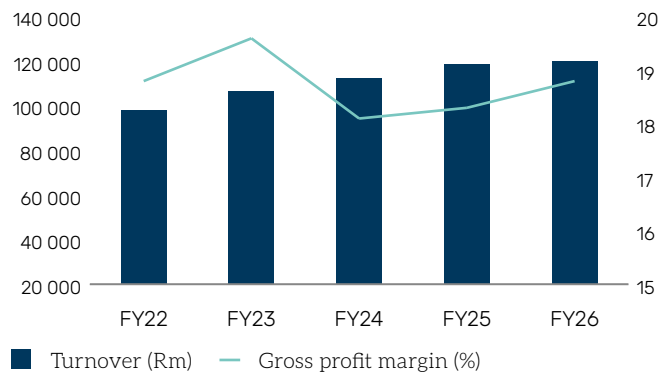
® Turnover for FY25 has been presented on a 53-week basis; pro forma turnover for 52 weeks is R116.3 billion. Other income for FY23 and FY22 excludes insurance recoveries of R261 million and R748 million respectively.

[^] Property value based on directors' valuation.

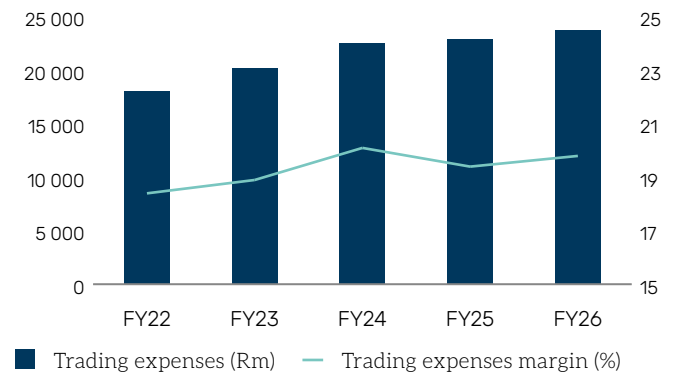
• Not previously published.

Financial performance

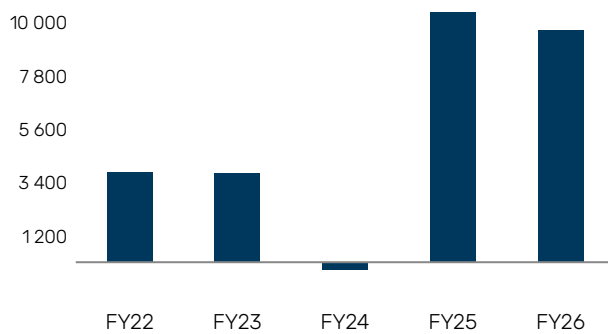
Turnover and gross profit margin



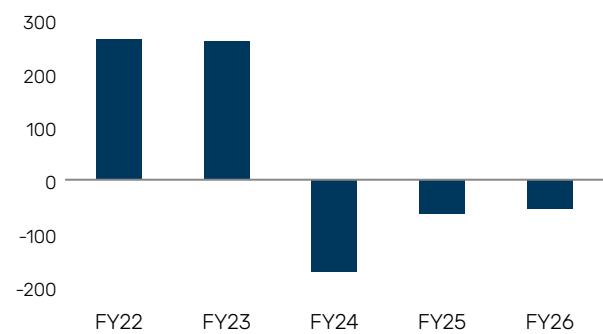
Trading expenses and trading expenses margin



Equity attributable to equity holders of parent (Rm)



Headline earnings per share (cents)

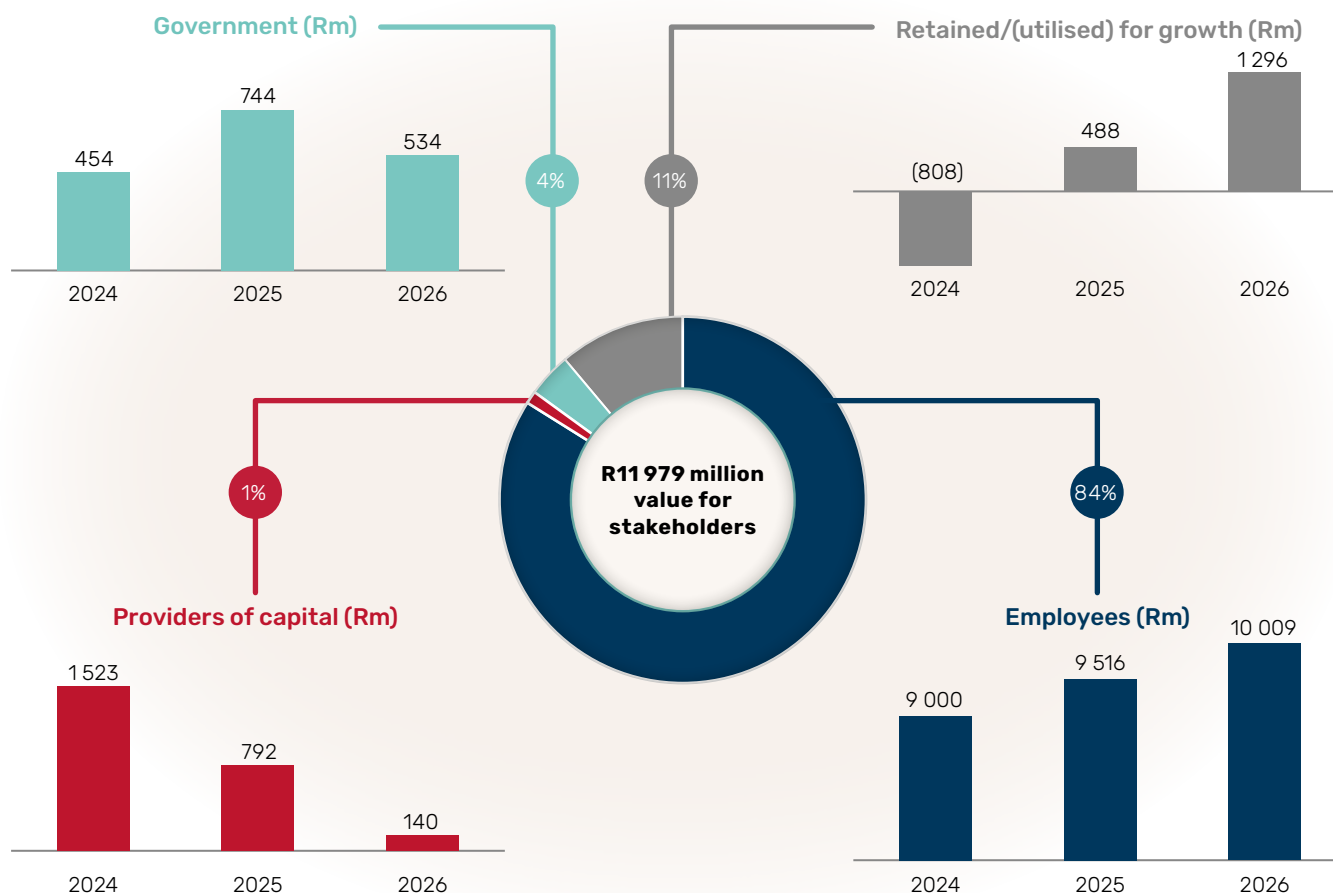


Value-added statement

We created financial value of R12.0 billion (2025: R11.5 billion) during the financial period. The value-added statement illustrates how we have distributed this value to our stakeholders. Refer to the CFO's report on page 60 for further information.

	52 weeks to 1 March 2026 Rm	53 weeks to 2 March 2025 Rm	52 weeks to 25 February 2024 Rm
Turnover	120 290	119 049	112 681
Other income	2 862	2 844	2 541
Amounts paid for goods and services	(111 480)	(110 702)	(105 280)
Finance income (excluding IFRS 16)	307	349	227
Total value created	11 979	11 540	10 169
Distributed as follows:			
Employees			
Salaries, wages, share purchases and other benefits	10 009	9 516	9 000
To providers of capital	140	792	1 523
Distributions to shareholders*	71	-	687
Finance costs (excluding IFRS 16)	69	792	836
Government			
Taxation paid	534	744	454
Retained/(utilised) for growth	1 296	488	(808)
Total value created	11 979	11 540	10 169

* During the period, the Group's partly owned subsidiary, Boxer Retail Limited, declared dividends resulting in a payment of R71 million (2025: Nil) to the Group's non-controlling interest.





Pro forma financial information

Certain financial information presented in the audited Group Annual Financial Statements constitutes pro forma financial information in terms of the JSE Listings Requirements. The pro forma financial information has been prepared to illustrate the additional financial measures regularly used by the management of the Group to assess operating performance and financial position, and thereby enhances an investor's understanding of the Group's results of operations and financial performance. The pro forma financial information is prepared for illustrative purposes only and because of its nature, may not fairly present the Group's financial position, changes in equity, results of operations or cash flows. The directors of the Company are responsible for the pro forma financial information, which has been presented in accordance with the JSE Listings Requirements. Ernst & Young Inc.'s unqualified Independent Auditor's Assurance Report on the compilation of the current period pro forma financial information is included on page 95 to 96 of the Group's FY26 Annual Financial Statements.

1 Impact of week 53

The Group manages its retail operations on a 52-week trading calendar basis where the financial reporting period always ends on a Sunday. To ensure calendar realignment, the inclusion of a 53rd week of trading is required approximately every six years. The Group reported on a 53-week basis in the prior financial period (FY25), whereas the current period presented is on a 52-week basis.

In order to provide a comparison between the current and prior year, certain financial information relating to week 53 of FY25 is presented below. The impact of week 53, as calculated, is deducted from the reported FY25 results to illustrate a pro forma 52-week FY25. The pro forma 52-week FY25 information is based on the accounting policies of the Annual Financial Statements, which have been prepared in accordance with IFRS Accounting Standards.

Turnover	As reported Audited 52 weeks to 1 March 2026* Rm	Restated* Pro forma 52 weeks to 23 February 2025 Rm	Restated* Adjustment for week 53** Rm	Restated* Audited 53 weeks 2 March 2025* Rm	Pro forma % change
Boxer	46 682	41 551	1 046	42 597	12.3%
Pick n Pay	73 608	74 798	1 654	76 452	(1.6%)
South Africa	70 405	71 381	1 584	72 965	(1.4%)
Rest of Africa	3 203	3 417	70	3 487	(6.3%)
Group	120 290	116 349	2 700	119 049	3.4%

* Comparative figures have been restated to correct for certain product articles where system mapping erroneously resulted in turnover being presented within the incorrect financial statement lines. The reclassification increased prior period turnover for 53 weeks for the Group, Pick n Pay South Africa, Pick n Pay Rest of Africa and Boxer by R439 million, R186 million, R176 million, R10 million and R253 million respectively and for 52 weeks for the Group, Pick n Pay South Africa, Pick n Pay Rest of Africa and Boxer by R429 million, R182 million, R172 million, R10 million and R247 million, respectively, with no net impact on previously reported gross profit, trading profit, or loss for the period.

2 Net cash/debt (excluding lease liabilities) and net cash/debt (including lease liabilities)

Net cash/debt (excluding lease liabilities) and net cash/debt (including lease liabilities) for the Group on a historical basis for each of the periods indicated is calculated as presented in the following table.

	52 weeks to 1 March 2026			53 weeks to 2 March 2025		
	Pick n Pay** Rm	Boxer** Rm	Group* Rm	Pick n Pay** Rm	Boxer** Rm	Group* Rm
Cash and cash equivalents	2 739	538	3 277	4 862	466	5 328
Intragroup receivable/(payable)*	(371)	371	-	(204)	204	-
Borrowings	-	(200)	(200)	-	(850)	(850)
Bank overdraft and overnight borrowings	-	-	-	(300)	-	(300)
Net cash/(debt) excluding lease liabilities	2 368	709	3 077	4 358	(180)	4 178
Non-current lease liabilities	(11 250)	(4 633)	(15 883)	(12 229)	(4 150)	(16 379)
Current lease liabilities	(2 014)	(638)	(2 652)	(2 094)	(647)	(2 741)
Net debt (including lease liabilities)	(10 896)	(4 562)	(15 458)	(9 965)	(4 977)	(14 942)

* These amounts represent operational cash flow balances between the entities and were repaid shortly after year-end.

* Information has been extracted, without adjustment, from the audited Group Annual Financial Statements of Pick n Pay Stores Limited for the 52 weeks ended 1 March 2026 on which the Independent Auditor has issued an unqualified assurance report.

** Information has been extracted, without adjustment, from the Group's accounting records.

3 EBITDA and EBITDA (pre-IFRS 16 Leases)

The following presents a reconciliation from profit for the period (computed in accordance with IFRS) to EBITDA and EBITDA (pre-IFRS 16 Leases) for the Group on a historical basis for each of the periods indicated.

	52 weeks to 1 March 2026			53 weeks to 2 March 2025		
	Pick n Pay* Rm	Boxer* Rm	Group** Rm	Pick n Pay* Rm	Boxer* Rm	Group** Rm
(Loss)/profit for the period	(1 749)	1 556	(193)	(2 034)	1 383	(651)
Tax	(445)	556	111	(499)	525	26
Loss from impairment of assets	360	31	391	274	20	294
Net loss on disposal of assets	38	13	51	81	13	94
Finance costs	1 298	549	1 847	2 103	458	2 561
Finance income	(455)	(67)	(522)	(474)	(91)	(565)
Trading (loss)/profit	(953)	2 638	1 685	(549)	2 308	1 759
Depreciation on property, plant and equipment	804	665	1 469	845	591	1 436
Amortisation on intangible assets	104	19	123	113	14	127
Depreciation on right-of-use assets	1 599	699	2 298	1 600	653	2 253
Finance income – trade and other receivables	55	10	65	72	6	78
EBITDA	1 609	4 031	5 640	2 081	3 572	5 653
Profit on termination of leases	(260)	(35)	(295)	(136)	(42)	(178)
Lease incentives received	79	76	155	42	74	116
Principal lease liability payments	(2 064)	(620)	(2 684)	(2 066)	(613)	(2 679)
Interest paid on lease liabilities	(1 319)	(472)	(1 791)	(1 336)	(345)	(1 681)
Principal net investment in lease receipts	360	-	360	377	-	377
Interest received on net investment in lease receivables	228	-	228	210	-	210
EBITDA (pre-IFRS 16 Leases)	(1 367)	2 980	1 613	(828)	2 646	1 818

4 Trading profit after lease interest (TPAL)

The following presents a reconciliation from trading (loss)/profit (computed in accordance with section 3 above) to trading profit after lease interest for the Group on a historical basis for each of the periods indicated.

	52 weeks to 1 March 2026			53 weeks to 2 March 2025		
	Pick n Pay* Rm	Boxer* Rm	Group** Rm	Pick n Pay* Rm	Boxer* Rm	Group** Rm
Trading (loss)/profit	(953)	2 638	1 685	(549)	2 308	1 759
Leases finance expense	(1 295)	(483)	(1 778)	(1 357)	(412)	(1 769)
Leases finance income	215	-	215	216	-	216
Trading (loss)/profit after lease interest	(2 033)	2 155	122	(1 690)	1 896	206

Additional information

Like-for-like turnover and expense growth comparisons

Like-for-like (LfL) turnover growth comparisons relate to stores that have been open for at least 12 months, removing the impact of store openings, closures and conversions in the current and previous reporting periods, and in the current period removes the impact of the amended franchise model. This franchise model offers a higher purchasing rebate to our franchisees (recorded against turnover) in exchange for a higher franchise royalty fee (recorded in other income). LfL turnover on new or closed adjacent liquor stores inherits the LfL indicator of the store that it is attached to, as this is the manner in which the Group manages its store base. This is not the case for new or closed stand-alone liquor and clothing stores.

LfL expense growth comparisons remove the impact of store openings, closures and conversions, and the movement in the ECL allowance, in the current and previous reporting periods.

* Information has been extracted, without adjustment, from the Group's accounting records

** Information has been extracted, without adjustment, from the audited Group Annual Financial Statements of Pick n Pay Stores Limited for the 52 weeks ended 1 March 2026 on which the Independent Auditor has issued an unqualified assurance report.



Analysis of ordinary shareholders

As at 1 March 2026

Shareholder spread	Number of shareholders	%	Number of Shares	%
1 – 1 000 shares	25 440	83.0	2 602 619	0.3
1 001 – 10 000 shares	3 840	12.5	12 921 977	1.7
10 001 – 100 000 shares	990	3.2	28 978 876	3.9
100 001 – 1 000 000 shares	298	1.0	93 607 807	12.6
1 000 001 shares and over	86	0.3	607 545 851	81.5
Total	30 654	100.0	745 657 130	100.0

Public/non-public shareholders	Number of shareholders	%	Number of Shares	%
Non-public shareholders	15	0.1	150 077 972	20.1
Ackerman Investment Holdings (RF) Proprietary Limited	1	0.0	125 296 139	16.8
Pick n Pay Retailers Proprietary Limited	1	0.0	5 002 400	0.7
Shares held on behalf of RSP participants	1	0.0	4 554 727	0.6
Pick n Pay Stores Employee Share Purchase Trust	1	0.0	1 716 680	0.2
Directors of Pick n Pay Stores Limited	7	0.0	8 727 185	1.2
Directors of Boxer Retail Limited	1	0.0	93 558	0.0
The Mistral Trust	1	0.0	4 533 300	0.6
Ackerman Pick n Pay Foundation	1	0.0	153 981	0.0
Ackerman Family Investment Holdings (RF) Proprietary Limited	1	0.0	2	0.0
Public shareholders	30 639	99.9	595 579 158	79.9
Total	30 654	100.0	745 657 130	100.0

Beneficial Shareholders Holding 1% or more	Number of Shares	%
Ackerman Investment Holdings (RF) Proprietary Limited	125 296 139	16.8
Government Employees Pension Fund	116 264 867	15.6
Allan Gray	50 567 757	6.8
Ninety One	50 495 548	6.8
Fidelity	42 108 163	5.6
M&G Investments	38 974 047	5.2
Alexforbes	25 456 075	3.4
Old Mutual	22 260 154	3.0
Vanguard	21 831 397	2.9
PSG Financial Services	11 083 199	1.5
Standard Bank Group Retirement Funds	10 146 233	1.4
Pick n Pay Retailers Proprietary Limited	9 557 127	1.3
Dimensional Fund Advisors	9 425 968	1.3
BlackRock	8 180 996	1.1
Rand Merchant Bank	7 207 265	1.0

Analysis of B shareholders

As at 1 March 2026

Shareholder spread	Number of shareholders	%	Number of Shares	%
100 001 – 1 000 000 shares	1	16.7	244 484	0.1
1 000 001 shares and over	5	83.3	325 181 680	99.9
Total	6	100.0	325 426 164	100.0

Public/non-public shareholders	Number of shareholders	%	Number of Shares	%
Non-public shareholders*	5	83.3	325 181 680	99.9
Ackerman Investment Holdings (RF) Proprietary Limited	1	16.7	310 989 391	95.6
Gareth Ackerman	1	16.7	4 216 004	1.3
Jonathan Ackerman	1	16.7	1 782 990	0.5
Mistral Trust	1	16.7	6 703 896	2.1
Suzanne Ackerman	1	16.7	1 489 399	0.4
Public shareholders	1	16.7	244 484	0.1
Total	6	100.0	325 426 164	100.0

Beneficial Shareholders Holding 1% or more	Number of Shares	%
Ackerman Investment Holdings (RF) Proprietary Limited	310 989 391	95.6
Gareth Ackerman	4 216 004	1.3
Mistral Trust	6 703 896	2.1

* Refer to note 6.3 of the Group Annual Financial Statements for further information.

The holders of B shares are not entitled to any rights to distributions by the Company or any other economic benefits.



Application of the International Integrated Reporting Framework

The FY26 IAR was prepared in accordance with the Integrated Reporting Framework¹. The framework comprises guiding principles and content elements, and below we set out a summary of our compliance with these elements. We recognise that reporting our Group's value creation process and its outcomes is an evolving process, and we strive to improve the IAR and our compliance to the above framework each year. Our report has been recognised as an excellent report in the annual EY Excellence in Integrated Reporting awards for several years.

Guiding principles

The guiding principles underpin the preparation of the IAR, informing the content of the report and how information is presented.

Strategic focus and future orientation	Our long-term strategy comprises a turnaround in Pick n Pay and the expansion of our high-performing Boxer and Clothing businesses. Our strategy is set out from page 42 and we describe our progress against various initiatives throughout the report. We provide insight into anticipated capital trade-offs and the capital constraints in our business model from page 16. We aim to balance historic performance information with our focus areas and priorities going forward and provide insight into the Group's brands and PIK's investment case from page 14.
Connectivity of information	Our report has a clear structure and addresses the required content elements of the framework. Where relevant, we visually show connectivity through icons related to our strategy and the six capitals. We aim to provide insightful information where qualitative and quantitative elements are integrated, and provide comparative data where relevant. We provide clear references to related content within the IAR and to other relevant reports and disclosures.
Stakeholder relationships	Our material stakeholder groups are clearly defined and are central to the way we do business and progress our turnaround strategy. We disclose how stakeholder relationships are governed and provide insight into the year's key engagements, outcomes and future priorities from page 34.
Materiality	We apply judgement in applying a materiality lens to the information and data included in our IAR. Our approach to reporting is disclosed on page 3, the reporting boundary on page 4, and our material matters are set out from page 25.
Conciseness	We apply our materiality lens to the IAR to ensure we report on what is material in our value creation process. Our report has a clear structure and uses plain language. Conciseness is also ensured through how we frame and discuss the key shareholder questions, as summarised on page 7, throughout the IAR. The IAR is supplemented with other reports and documents, as detailed on page 4.
Reliability and completeness	We aim to report accurately on all material matters. Our approach to reporting is disclosed on page 3, with our reporting procedures and Board approval process detailed on page 6.
Consistency and comparability	We aim to provide context to our performance and the underlying data. Where relevant, we provide comparative numbers. Our reporting approach is similar to FY25, although we aim to improve our reporting annually. We also strive for consistency between the various elements of our reporting suite (page 4) and between internal and external reporting.

¹ <https://www.integratedreporting.org/resource/international-ir-framework/>

Content elements

An integrated report includes eight content elements that are fundamentally linked and are not mutually exclusive.

Organisational overview and external environment	We provide an overview of the Group and the environment in which it operates throughout the report. However, the chapters relating to a retail business in the FMCG industry (from page 8) and managing and leveraging market dynamics (from page 22) are most relevant to this content element.
Governance	We detail the role of the Board, its governance structures and its outcomes in the commitment to corporate governance chapter, starting on page 66.
Business model	The Group's process of value creation and its outcomes are detailed throughout the IAR, with a synopsis of the six capitals, the business model and trade-offs provided on pages 16 to 21.
Risks and opportunities	An integrated review of the Group's risks and opportunities starts on page 25. It is also contextualised throughout the report, predominantly in the CEO report (page 40) and CFO report (page 60), as well as in the managing our sustainability impacts chapter (page 46).
Strategy and resource allocation	The Group's strategy (page 42) and managing our sustainability impacts (page 46) provide comprehensive insight into the Group's long-term strategy and focus areas. The CFO report provides detail into how capital resources were raised and allocated over the year (from page 60).
Performance	Performance narratives are closely aligned with the Group's strategy, with specific disclosures in the CEO and CFO reports (starting on pages 40 and 60 respectively), as well as in the progressing our strategy and managing our sustainability impacts chapter (pages 42 and 46 respectively). We have a stand-alone FY26 Sustainability Databook that provides more detail on the Group's ESG performance. It is available at www.picknpayinvestor.co.za .
Outlook	Information regarding our outlook is included throughout this report, including in the managing and leveraging market dynamics (page 22), building on the Group's rich legacy (page 39) and in the CFO's review (page 60).
Basis of preparation and presentation	We explain our approach to reporting in the first chapter, starting on page 2. The material matter determination process and the material matters are explained in the risk and opportunities chapter on page 22.



Glossary of terms

Terms and abbreviations used in this Integrated Annual Report

A2X	A2X Markets, an alternative venue for secondary listing and trading shares in South Africa
ACI	African, Coloured and Indian
AGM	Annual General Meeting
AIH	Ackerman Investment Holdings
BBBEE	Broad-based black economic empowerment
BCI	Better Cotton Initiative
Boxer IPO	An offering and listing of the Group's Boxer business on the Main Board of the Johannesburg Stock Exchange
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CGCSA	Consumer Goods Council of South Africa
CODM	Chief Operating Decision Maker
Companies Act	Companies Act of South Africa, No 71 of 2008, as amended
CPI	Consumer Price Index – the headline inflation number in South Africa as reported by Stats SA
CPI Food	The Consumer Price Index for food and non-alcoholic beverages as defined by Stats SA
CRI	Long-term cash retention incentive scheme – aimed at middle management (Grades C – D)
CSI	Corporate social investment
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. Refer to page 126
ERM	Enterprise risk management
ERPI	Executive retention and performance incentive
ESG	Environmental, social and governance
EY	Ernst & Young Inc., the Group's external auditors
FIC	Finance and Investment Committee
FMCG	Fast-moving consumer goods
FY	Financial year, for example: FY26 – our 2026 financial year, and FY25 – our 2025 financial year
GARCC	Group Audit, Risk and Compliance Committee
GLA	Gross lettable area
Group	Pick n Pay Stores Limited and all its subsidiaries and associates
H1 and H2	First and second half of FY26: H1 – first half, end August 2025, and H2 – second half, end 1 March 2026
HDSA	Historically disadvantaged South Africans
Headline earnings	Net profit for the period attributable to equity holders of the parent adjusted for the after-tax and after non-controlling interest effect of capital items
HEPS	Headline earnings divided by WANOS
IAR	Integrated Annual Report
IAS	International Accounting Standards
IFRS	IFRS® Accounting Standards as issued by the International Accounting Standards Board

Invested capital	Total equity, excluding cash, borrowings, lease liabilities and net investment in lease receivables	
IoDSA	The Institute of Directors South Africa	
IPO	Initial Public Offering	
JSE	Johannesburg Stock Exchange	
King IV	The King IV Report on Corporate Governance™ for South Africa, 2016	
KPI	Key performance indicator	
LfL	Like-for-like	
LID	Lead independent director	
LTI	Long-term incentive – under the Group’s long-term CRI and RSP schemes	
LTIP	Long-term incentive plan	
MOI	Memorandum of Incorporation	
MPP	Management performance plan	
MSR	Minimum shareholding requirement	
Net asset value per share	Shareholders’ equity at period-end, adjusted for directors’ valuations of property, divided by the number of shares in issue at period-end held outside the Group	
NMBU	Non-management bargaining unit	
OHS	Occupational Health and Safety	
PIK	Pick n Pay Stores Limited	
PPE	Property, plant and equipment	
Q1 – Q4	FY26 financial quarters: Q1 – first quarter, end May 2025 Q2 – second quarter, end August 2025 Q3 – third quarter, end November 2025 Q4 – fourth quarter, end 1 March 2026	
Rights Offer	The invitation to PIK shareholders to purchase additional new shares in the Company. Each shareholder received the right to purchase a pro rata allocation of additional shares at a specific price and within a specific period. Concluded August 2024.	
ROIC	Return on invested capital	
RSP	Long-term restricted share plan	
SADC	Southern African Development Community	
SARU	South African Rugby Union	
SBTi	Science Based Targets initiative	
SDG	Sustainable Development Goal	
SENS	Johannesburg Stock Exchange News Service	
SETC	Social, Ethics and Transformation Committee	
Shareholders’ equity	Equity attributable to equity holders of the parent	
STI	Short-term incentive – the Group’s annual cash performance bonus	
tCO₂e	Tonnes of carbon dioxide equivalent	
TGP	Total guaranteed package	
TM	TM Supermarkets (Pvt) Limited – the Group’s associate trading in Zimbabwe	
TPAL	Trading profit after lease	
WACC	Weighted average cost of capital – the average post-tax cost of the Group’s debt funding, which includes non-current borrowings and current liabilities, and the Group’s equity funding, with each source of funding included on a proportional basis	
WANOS	Weighted average number of shares in issue – considers all changes in outstanding shares over the period, including new issuances, share buybacks and changes in treasury shares held, weighted for the time period that the shares were outstanding during the year	



Corporate information

Pick n Pay Stores Limited

Registration number: 1968/008034/06
JSE and A2X share code: PIK
ISIN: ZAE000005443

Board of directors

Executive

Sean Summers (CEO)
Lerena Olivier (CFO)

Independent non-executive

James Formby (Chair)
Haroon Borat
Aboubakar Jakoet
Thabo Leeuw
Annamarie van der Merwe
Audrey Mothupi-Palmstierna
Grant Pattison
Pooven Viranna

Non-executive

Gareth Ackerman
Jonathan Ackerman
Suzanne Ackerman

Registered office

Pick n Pay Office Park
101 Rosmead Avenue
Kenilworth
Cape Town 7708
Tel: +27 21 658 1000
Fax: +27 (0)86 675 1475

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Cape Town 7735

Registrar

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
Tel: +27 11 370 5000

Postal address

Private Bag X9000
Saxonwold 2132

JSE Limited sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton 2196

Auditors

Ernst & Young Inc.

Principal bankers

ABSA Limited
Rand Merchant Bank (a division of FirstRand Bank Limited)

Corporate advisors

Rand Merchant Bank (a division of FirstRand Bank Limited)

Company Secretary

Vaughan Pierce
Email address: companysecretary@pnp.co.za

Promotion of Access to Information Act

informationofficer@pnp.co.za

Investor relations

Stephen Carrott
Email address: stephencarrott@pnp.co.za

Website

Pick n Pay: www.pnp.co.za
Pick n Pay Clothing: www.picknpayclothing.co.za
Pick n Pay investor relations: www.picknpayinvestor.co.za

Customer careline

Pick n Pay

Tel: +27 860 30 30 30
Email address: customercare@pnp.co.za

Boxer

Tel: +27 860 02 69 37
Email address: customercare@boxer.co.za

Pick n Pay
asap!

Pick n Pay
home

Pick n Pay
Clothing

BOXER

www.pnp.co.za | www.pnphome.co.za | www.picknpayclothing.co.za | www.boxer.co.za

Engage with us on      

Shareholders' diary

February

Trading update

Annual financial
period-end

May

Publication of annual
financial results

Annual financial results
roadshow

June/July

Publication of
Integrated Annual
Report

August

Trading update

Annual General
Meeting
Interim financial
period-end

October

Publication of interim
financial results

Interim financial results
roadshow

Please consult our website <https://www.picknpayinvestor.co.za/> for the latest published dates.



Pick n Play



Pick n Play

Pick n Play
HYPERMARKET

P n P Clothing

Pick n Play
asap!



BOXER