

Pick n Pay Stores Limited
 Incorporated in the Republic of South Africa
 Registration number: 1968/008034/06
 JSE Share Code: PIK
 ISIN code: ZAE00005443
 ("Pick n Pay" or "the Group")

AUDITED CONDENSED CONSOLIDATED RESULTS FOR THE 52 WEEKS ENDED 27 FEBRUARY 2022 AND DECLARATION OF FINAL DIVIDEND
 PROGRESS IN A DISRUPTED YEAR

	52 weeks to 27 February 2022 FY22	52 weeks to 28 February 2021 FY21	% change
Group turnover	R97.9 billion	R93.1 billion	5.2
Gross profit margin	18.8%	19.8%	
Trading expenses	R18 014.7 million	R17 294.8 million	4.2
Net finance costs	R1 150.4 million	R1 233.6 million	(6.7)
Profit before tax and capital items (PBT) ¹	R1 807.7 million	R1 554.2 million	16.3
Pro forma PBT ²	R1 978.0 million	R1 583.4 million	24.9
Pro forma PBT ² - South Africa	R1 859.0 million	R1 435.3 million	29.5
Basic earnings per share (EPS) ¹	253.34 cents	202.52 cents	25.1
Headline earnings per share (HEPS) ¹	262.59 cents	229.31 cents	14.5
Pro forma HEPS ²	289.64 cents	235.42 cents	23.0
Total dividend per share	221.15 cents	179.74 cents	23.0

1 Profit before tax and capital items (PBT), basic earnings per share (EPS) and headline earnings per share (HEPS) include non-cash hyperinflation net monetary adjustments recognised in respect of the Group's investment in its associate in Zimbabwe, under the requirements of IAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29).

2 Pro forma PBT and pro forma HEPS exclude non-cash hyperinflation net monetary adjustments related to the Group's investment in its associate in Zimbabwe (Rest of Africa segment) and, in FY22, include R145.2 million (R104.5 million net of tax) of business interruption insurance proceeds received post year-end in respect of the civil unrest in July 2021 (South Africa segment), which results in a pro forma adjustment for the 52 weeks ended 27 February 2022. Pro forma HEPS is the Group's dividend driver.

3 For further information around pro forma PBT, HEPS and constant currency information, users are referred to Appendix 1 and Appendix 3 of the Summarised Group Annual Financial Statements for the 52 weeks ended 27 February 2022.

RESULT SUMMARY

The Group delivered a resilient performance across the year despite the considerable negative impact of the civil unrest of July 2021, and some continuing restrictions on trading associated with the Covid-19 pandemic. Group turnover increased by 5.2%, despite an estimated R2.7 billion in lost sales arising from the large number of store closures as a result of the civil unrest (R1.8 billion) and the trading restrictions on liquor, largely in the first half of the year (R0.9 billion). The Group's trading momentum recovered well after the disruption, with sales growth of 7.4% in the final quarter of the year. The Group's gross profit and operating margins reflect the significant impact of the lost sales and related earnings, including material stock losses, with the majority of the unrest-related losses

expected to be recovered from insurers. The Group recovered all material damage losses from SASRIA during FY22 and received R145.2 million of interim business interruption insurance payments in March 2022.

Greater efficiency drives lower prices

Gross profit at 18.8% reflects the Group's commitment to better value for customers, with selling price inflation contained at 2.9% for the year, against CPI Food inflation of 6.2%. Project Future, the Group's modernisation programme, has delivered cost savings of R1.0 billion over the past two years, mitigating the impact of cost escalations, particularly in security and insurance as a result of the civil unrest. Trading expenses were up 4.2% year-on-year. Strong control over working capital sustained the Group's strong liquidity position, reducing the cost of funding over the year.

Group earnings growth underpinned by progress against strategic priorities

The Group made progress against a number of its strategic priorities, including: strong customer growth from refurbished Pick n Pay Select supermarkets; market share gains from Pick n Pay Clothing, and significant growth in online on-demand grocery sales in the second half, following the relaunch of Pick n Pay asap! in August 2021. Pro forma profit before tax and capital items (including R145.2 million of insurance recoveries received post year-end) increased 24.9% at a Group level - and by 29.5% in the Group's South Africa segment - under some of the most difficult circumstances in the Group's history. The Board has declared a final dividend of 185.35 cents per share, bringing the total FY22 dividend to 221.15 cents per share, up 23.0% in line with pro forma headline earnings per share.

HIGHLIGHTS FROM THE YEAR

- The Group's extraordinary recovery from the civil unrest in July 2021 - rapidly restoring damaged infrastructure and reopening stores, and mounting a major humanitarian response to provide essential food and groceries to affected communities
- The resilience of the Group's underlying sales performance - driven by the value offered by Pick n Pay Value and Boxer supermarkets
- Stronger customer growth from 40 refurbished Pick n Pay Select supermarkets
- Cost discipline and operational efficiency, enabled the Group to offer lower prices and deeper promotions
- Project Future contained like-for-like trading expense growth below like-for-like sales growth in a highly disrupted environment
- Sustained market share gains from Pick n Pay Clothing, with sales growth of 21.0%
- Pick n Pay's Smart Shopper loyalty programme driving loyalty penetration to 80% of Pick n Pay sales and recognised as the most used loyalty programme in South Africa
- Re-launch of the Group's on-demand grocery offer as Pick n Pay asap!, delivering year-on-year growth of over 300% since August 2021
- Careful management of working capital and capital investment underpinned strong liquidity, with the Group's cost of borrowing down 6.7%
- Growth in the Group's store estate - with 139 new stores across all formats

THANK YOU AND LOOKING FORWARD

The Group is proud of the achievements of our colleagues across the Pick n Pay and Boxer businesses over the past year. Our operations recovered rapidly from the violence in July 2021. This was vital in restoring consumer confidence. We express our sincere gratitude to our teams and our partners who displayed such strength and fortitude under devastating circumstances. The Group also made progress on improving its customer offer, and the efficiency of its operations. We have entered the FY23 year with good trading momentum, delivering sales growth of 9.9% over the first eight weeks of FY23.

Looking to the future, our management team has developed a strong Strategic Plan to bring Pick n Pay closer to the customer and accelerate the progress of our key growth engines, including the expansion of our Boxer, Clothing and Omnichannel businesses. As part of the Strategic Plan, the Group will seek to unlock further operating efficiencies through Project Future Phase 2. This Strategic Plan will be presented to

investors and other stakeholders immediately after the publication and presentation of these financial results (webcast details provided below).

Greater efficiency will be key in a year when the Group expects to see potentially significant inflationary and other cost pressures. These are already evident in the operating environment, and reflect both international factors - in particular the invasion of Ukraine and its consequences - and local factors, including higher insurance and security costs following the civil unrest, and costs required to mitigate the impact of load shedding. The Group will therefore guide that stakeholders should not expect immediate returns from its Strategic Plan, but should expect an acceleration from FY24, as the benefits from the plan materialise.

Gareth Ackerman
Chairman
16 May 2022

Pieter Boone
Chief Executive Officer

ABOUT THIS ANNOUNCEMENT

This short-form announcement is the responsibility of the Board of directors and is an abridged summary of the information contained in the Group's full FY22 results announcement. The information contained in this short-form announcement has neither been audited nor reviewed by the Group's external auditors.

Any investment decision should be based on the full announcement published on the Group's website at www.picknpayinvestor.co.za and on the JSE website using the following link: <https://senspdf.jse.co.za/documents/2022/jse/isse/PIK/FY22.pdf>.

Copies of the full announcement are available for inspection at, or may also be requested from, the Group's registered office or the office of our sponsor, at no charge, during office hours.

The summarised audited Group annual financial statements are an extract from the audited Group annual financial statements, which have been audited by the Group's independent external auditors, Ernst & Young Inc. who expressed an unmodified opinion thereon. The full annual financial statements and the auditor's report, including key audit matters thereon, are available for inspection at the Company's registered office.

To request a copy of the full announcement, or to inspect the full annual financial statements or unmodified audit report at the Company's registered office, please contact our Company Secretary, Debra Muller at demuller@pnp.co.za.

DIVIDEND DECLARATION

Tax reference number: 9275/141/71/2
Number of ordinary shares in issue: 493 450 321
2022 final dividend - number 108

Notice is hereby given that the directors have declared a final gross dividend (number 108) relating to its 2022 financial year (52 weeks ended 27 February 2022) of 185.35 cents per share out of income reserves. The dividend declared is subject to dividend withholding tax at 20%. The tax payable is 37.07 cents per share, resulting in shareholders who are not exempt from dividends tax with a net dividend of 148.28 cents per share.

Dividend dates

Last day to trade CUM-dividend	Tuesday, 31 May 2022
Shares to commence trading EX-dividend	Wednesday, 1 June 2022
Record date	Friday, 3 June 2022
Dividend payment date	Monday, 6 June 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 1 June 2022 and Friday, 3 June 2022, both dates inclusive.

On behalf of the Board of directors
Debra Muller
Company Secretary
16 May 2022

MARKET PRESENTATIONS: FY22 Financial Results and Strategy Update

An online Results Presentation will be held at 9:00am on 17 May 2022, which will be followed by a Strategy Presentation on developments to the Group's long-term strategic plan at 10:30am. Stakeholders are invited to register for the FY22 Results and Strategy presentation webcast via the following link: www.corpcam.com/PNP17052022.

The slides accompanying the Result and Strategy Presentations will be available on the Pick n Pay Investor Relations website at www.picknpayinvestor.co.za shortly before the commencement of each presentation. The presentations have not been reviewed by or reported on by the Group's external auditors. The presentations are the responsibility of the Board of directors of the Group and may not fairly present the Group's financial position, changes in equity, results of operations or cash flows.

A playback of the webcast will be made available on our website approximately 2 hours after the presentations.

ABOUT PICK N PAY STORES LIMITED

The Pick n Pay Stores Limited Group is a leading South African grocery, clothing, liquor and general merchandise retailer, employing 90 000 people through its owned and franchise operations, across its Pick n Pay and Boxer brands. The Group is managed through its South Africa and Rest of Africa divisions and owns a 49% share of a Zimbabwean supermarket business, TM Supermarkets. For further information on Pick n Pay and its underlying businesses, please visit www.picknpayinvestor.co.za.

DIRECTORS OF PICK N PAY STORES LIMITED

Executive directors
Pieter Boone (CEO), Lerena Olivier (CFO), Jonathan Ackerman

Non-executive directors
Gareth Ackerman (Chairman), Suzanne Ackerman-Berman*, Aboubakar Jakoet, David Robins

Independent non-executive directors
Haroon Bhorat, Mariam Cassim, David Friedland, Hugh Herman, Audrey Mothupi, Annamarie van der Merwe, Jeff van Rooyen

* Suzanne Ackerman-Berman retired as an executive director on 31 March 2022 and was appointed as a non-executive director from 1 April 2022.

CORPORATE INFORMATION

Registered office
101 Rosmead Avenue, Kenilworth, Cape Town 7708

Investor relations
Penny Gerber
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Sponsor
Investec Bank Limited

Transfer secretaries
Computershare Investor Services Proprietary Limited