

**UNAUDITED RESULTS FOR  
THE 26 WEEKS ENDED  
1 JANUARY 2023**





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 (ISIN: ZAE000012084)  
 (JSE Share code: SHP)  
 (NSX Share code: SRH)  
 (LuSE Share code: SHOPRITE)  
 ("Shoprite Holdings" or "the Group")

# Unaudited results for the 26 weeks ended 1 January 2023

DOUBLE DIGIT GROWTH SEES HALF YEAR SALES EXCEEDING R100 BILLION

## Key information – continuing operations

- Group sale of merchandise increased by 16.8% to R106.3 billion
- Supermarkets RSA sale of merchandise increased by 17.5% to R85.1 billion
- Diluted headline earnings per share (DHEPS) increased by 10.2% to 577.5 cents (restated\* H1 2022: 524.1 cents)
- Adjusted headline earnings per share\*\* (adjusted HEPS) increased by 10.1% to 599.3 cents (restated\* H1 2022: 544.2 cents)
- Interim dividend per share increased by 6.4% to 248 cents (H1 2022: 233 cents)
- Excluding the impact of social unrest closures, our core Supermarkets RSA operating segment opened a net number of 190 stores during the past 12 months, totalling 1 952 stores
- The Group's supermarket operations created 3 881 new jobs over the six months

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

\*\* The adjusted HEPS constitutes pro forma financial information in terms of the JSE Limited Listings Requirements, is the responsibility of the Board of Directors of Shoprite Holdings, has been prepared for illustrative purposes only and may not fairly present the Group's financial position. For a full appreciation of the pro forma financial information please refer to pages 09 to 11.

## PIETER ENGELBRECHT, CHIEF EXECUTIVE OFFICER:

In an operating environment marred by chronic power outages throughout South Africa, sales growth of this magnitude can only be achieved with expert planning, exceptional teamwork and seamless execution on all fronts. The Group's results remain underpinned by our powerhouse South African supermarket operation, generating 80.1% of Group sales and increasing sales by 17.5%. While Checkers and Checkers Hyper's growth strategy continues to gain customer support, increasing sales by 16.9%, Shoprite and Usave's commitment to price leadership resulted in sales growth of 15.1%.

As a Group we remain humbled by the loyalty demonstrated by our customers, 26 million of which are Xtra Savings Rewards members. We are acutely aware that they have a choice in terms of where they shop, and we thank them for recognising the value we offer in difficult times. In no small measure, the additional amount spent by our customers at Checkers, Checkers Hyper, Shoprite, Usave, LiquorShop and our new South African formats over this six-month period compared to the same period last year amounted to R12.7 billion. This growth equates to 1.4% in South African market share gains and pleasingly was achieved from a healthy combination of volume growth, customer growth and increased basket spend.

We are disappointed that as a result of the diesel expense, to mitigate the impact of load-shedding during the period, we are not reporting the level of profit and dividend growth normally associated with such a notable achievement in terms of sales growth. The ongoing cost to our economy in terms of growth and investment is devastating, as is the impact on the everyday lives of South Africans, most of whom are already dealing with considerable hardship.

With this in mind, my sincere thanks are due to Team Shoprite, our people, who like so many participants in the food value chain have battled through the last few months, tested every day with the impact of changing load-shedding schedules. It is due to their solution-driven approach and dedication to serve that we have continued to grow the business at this level and, importantly, allowed us to balance the needs of all of our stakeholders. We invested R7 billion into price for our customers, increased our dividend to shareholders by 6.4% and invested in our people with an across-the-board minimum wage increase and payments associated with our Shoprite Employee Trust in South Africa and equivalent awards in countries outside South Africa. Furthermore, in line with the Group's pro-job creation stance, our supermarket businesses created 3 881 direct new jobs not including the 4 480 people employed by the Group since January 2023 as part of the purchase of select businesses from Massmart Holdings Ltd. This is only possible because of the capable nature of our business, simultaneously executing day-to-day operations at a level we believe to be best in its class, while advancing our future road map designed to provide the Group and its valued stakeholders with continued growth for many years to come.



# Results commentary for the 26 weeks ended 1 January 2023

## Introduction

The results referred to in this commentary pertain to the Group's continuing operations after the restatement for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations unless stated otherwise.

The Group has delivered strong financial results, increasing sales by 16.8% to R106.3 billion. This was a well-rounded result, underpinned by our core Supermarkets RSA segment, to which all supermarket brands contributed significantly.

The Group's gross margin is 64 basis points lower year-on-year at 23.5% (restated H1 2022: 24.1%) as a result of two factors: our investment in selling prices in support of our customer value proposition and the higher diesel price impacting the cost of transporting goods in our supply chain.

Trading profit increased by 8.6% resulting in a trading margin of 5.7% (restated H1 2022: 6.1%). This was notably impacted by the R560 million spent on diesel to operate generators over the period, representing an increase of R465 million versus the comparative period.

The Group's earnings before interest, income tax, depreciation and amortisation (EBITDA) increased by 17.9% and measured R9.3 billion.

The financial position remains strong with a borrowings to equity ratio of 24.5%, below our target range of 25.0%-30.0%. Capital allocation remains a focus area with our return on invested capital (excluding IFRS 16) measuring 16.2% (restated June 2022: 16.8%).

During the period the Group opened 155 stores expanding its continuing operations footprint to 2 617 corporate stores. Total operations capital expenditure to continuing operations' sales for the period measured 3.2%.

The Group's cash generative capability is reflected in its cash generated from operations in the amount of R11.3 billion for the period.

The Board has declared an interim dividend of 248 cents per share, representing year-on-year dividend per share growth of 6.4%.

During the period under review the Group did not repurchase any shares. As such, since the inception of the Group's share buy-back programme in our 2021 financial year we have repurchased 8.4 million shares to the value of R1.5 billion. This equates to an average purchase price of R179.32 per share.

In terms of the consolidation of our Supermarkets Non-RSA segment, the Group took the decision to exit the DRC during the period and the last store was closed at the end of December 2022. Consequently, the results of Shoprite RDC SARL have been reclassified as discontinued operations in the statement of comprehensive income and it is for this reason that the 2022 statement of comprehensive income statement has been restated.

## Earnings per share (EPS)

The following table provides a summary of the Group's earnings per share metrics.

	Change %	26 weeks 1 Jan '23 cents	Restated* 26 weeks 2 Jan '22 cents
<b>Earnings per share from continuing operations:</b>			
Basic EPS	20.9	599.5	496.0
HEPS	10.2	581.3	527.4
DHEPS	10.2	577.5	524.1
<b>Earnings per share including discontinued operations:</b>			
Basic EPS	15.6	574.3	497.0
HEPS	6.4	562.3	528.4
DHEPS	6.4	558.7	525.1

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

## Earnings per share (EPS) continued

For ease of comparison, an adjusted DHEPS is included below which excludes the after-tax effect of the Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa, exchange rate differences, hyperinflation adjustments, lease modifications and terminations as well as the related income tax effects.

This measure does not adjust for the impact of any other abnormal or external events.

	Change %	26 weeks 1 Jan '23 cents	Restated* 26 weeks 2 Jan '22 cents
DHEPS continuing operations	10.2	577.5	524.1
Adjusted for the impact of:			
Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa		22.2	—
Exchange rate differences	(>100)	(4.5)	22.8
Angola hyperinflation	58.1	4.9	3.1
Lease modifications and terminations	>100	(8.2)	(3.0)
Related income tax effect	>100	3.5	(6.1)
Adjusted DHEPS** from continuing operations	10.1	595.4	540.9

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

\*\* The adjusted DHEPS from continuing operations constitutes pro forma financial information in terms of the JSE Limited Listings Requirements, is the responsibility of the Board of Directors of Shoprite Holdings has been prepared for illustrative purposes only and may not fairly present the Group's financial position. For a full appreciation of the pro forma financial information please refer to pages 09 to 11.

## Sale of merchandise

The Group's sale of merchandise increased by 16.8% to R106.3 billion. Like-for-like sales increased by 11.3%.

The following table gives the relevant sale of merchandise growth percentages per segment:

	Change %	26 weeks 1 Jan '23 Rm	Restated* 26 weeks 2 Jan '22 Rm
Supermarkets RSA	17.5	85 084	72 433
Supermarkets Non-RSA	17.5	9 987	8 497
Furniture	8.6	3 909	3 600
Other operating segments	12.5	7 296	6 485
Total continuing operating segments	16.8	106 276	91 015
Discontinued operations	(78.2)	94	432
Total operating segments including discontinued operations	16.3	106 370	91 447

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

## SUPERMARKETS RSA: R85.1 BILLION (H1 2022: R72.4 BILLION)

The Group's core business, Supermarkets RSA, making up 80.1% of sales is represented by 1 952 stores across our major trading brands Shoprite, Usave, Checkers, Checkers Hyper, LiquorShop and other. As a segment, Supermarkets RSA achieved 17.5% sales growth and like-for-like sales increased by 11.1%.

Customer visits for the period increased by 14.1% and average basket spend increased by 2.9%. Internal selling price inflation measured 9.4% for the period reflecting the Group's exposure to higher inflation commodity lines.

The Checkers, including Checkers Hyper, supermarket chain contributed 39.8% of the Group's core Supermarkets RSA segment's sales. Inclusive of its 38 larger format Checkers Hypers, Checkers increased its sale of merchandise by 16.9%. The success of Checkers' value positioning and store upgrade strategy focusing on fresh and value-add categories continues to drive market share gains in its mid-to-upper segment of the market. In terms of new stores, Checkers opened 23 new supermarkets during the last 12 months, six of which were in our new neighbourhood Checkers Foods format. In addition, 30 Petshop Science stand-alone premium pet stores and five Little Me stand-alone baby stores were opened during the last 12 months. Checkers, inclusive of Checkers Hyper ended the period with 293 stores.

Checkers Sixty60, the Group's on-demand grocery delivery app continues to grow sales, expanding the store base from which it services Checkers customers to 394 stores (H1 2022: 266 stores).

The Shoprite and Usave supermarket businesses together contribute 51.4% of Supermarkets RSA's sales. Collectively they have increased sales by 15.1% for the period. Individually, Shoprite and Usave increased sales for the period by 14.8% and 17.9% respectively.





## Results commentary for the 26 weeks ended 1 January 2023 continued

### Sale of merchandise continued

#### **SUPERMARKETS RSA: R85.1 BILLION (H1 2022: R72.4 BILLION) continued**

Shoprite, our price-fighting supermarket business ended the period with 550 stores after opening 29 new stores over the 12-month period. Usave, our low-cost, no frills, limited assortment discount supermarket ended the period with 429 stores. For the 12 months, Usave opened 40 new stores and closed six stores, three of which have been permanently closed due to the social unrest.

The segment's LiquorShop business increased sales by 35.6% for the period. First quarter growth was positively impacted by base effects arising from Covid-19 related store closures. The LiquorShop business represents 8.6% of Supermarkets RSA's sales and opened 65 new stores over the last 12 months. Growth during the period was also supported by our Liquorshop.co.za online business.

Our private label brands participate in a significant number of categories across all our supermarket chains, offering better value and choice to our customers. The Group's private label strategy remains a key focus area and continues to increase its participation, measuring 20.7% excluding liquor (H1 2022: 19.7%) for the period.

#### **SUPERMARKETS NON-RSA: R10.0 BILLION (RESTATED H1 2022: R8.5 BILLION)**

Supermarkets Non-RSA continuing operations increased sales in rand terms, by 17.5% and contributed 9.4% to Group sales. In constant currency sales increased by 6.9%.

We estimate internal food inflation for the region averaged 11.9% for the period.

The Group exited its operations in the DRC during the period, resulting in the closure of the three stores trading in the region. Consequently, it has been classified as a discontinued operation in the statement of comprehensive income.

The segment now operates in nine countries with 227 stores. Over the 12 months, the segment's store base decreased by a net of five stores including the three stores closed in DRC and the 10 stores sold in Madagascar.

#### **FURNITURE: R3.9 BILLION (H1 2022: R3.6 BILLION)**

Sales in the Group's Furniture segment, representing 3.7% of sales, increased by 8.6%. Like-for-like sales increased by 5.0%. Credit sales participation increased to 13.5% (H1 2022: 12.8%).

Outside of the social unrest closures, the segment's store base on a net basis increased by four stores during the period to end with 432 stores (South Africa: 343 stores, outside South Africa: 89 stores).

#### **OTHER OPERATING SEGMENTS: R7.3 BILLION (H1 2022: R6.5 BILLION)**

The Group's Other operating segments include OK Franchise, Transpharm, Medirite Pharmacies, Checkers Food Services and Computicket. Sales generated by this segment increased by 12.5% for the period and represents 6.8% of sales.

Sales to our OK Franchise business increased by 13.8% and the OK Franchise ended the period with 535 stores.

### Gross profit

As a result of a lower gross margin reported by our core Supermarkets RSA segment, the Group's gross margin declined by 64 basis points to 23.5% (restated H1 2022: 24.1%). In order of magnitude, the lower Supermarkets RSA gross margin is predominantly a function of our investment in selling prices to assist with customer affordability and the higher diesel price impacting supply chain costs.

### Other operating income

Other operating income, made up of various adjacent revenue streams stemming from the Group's core supermarket operations, increased by 43.8%.

	Change %	26 weeks 1 Jan '23 Rm	Restated* 26 weeks 2 Jan '22 Rm
Commissions received	18.6	567	478
Franchise fees received	37.7	84	61
Marketing and media	>100	225	87
Delivery recoveries	63.4	286	175
Other revenue	11.2	308	277
Operating lease income	17.0	241	206
Premiums and other insurance income earned	(58.3)	25	60
Other income**	>100	284	12
Dividends received from unlisted share investments	(24.3)	78	103
Other operating income	43.8	2 098	1 459

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

\*\* Includes R244 million from loss of profit insurance claim due to social unrest.

## Expenses

Total expense growth for the period measured 17.8% and can be attributed to the following:

- Depreciation and amortisation increased by 14.9%.
- Employee benefits increased by 15.1% reflecting the overall growth of the business, our increased headcount and additional factors, specifically:
  - Distributions amounting to R121 million to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa
  - An across-the-board increase in the Shoprite minimum wage implemented during our second half 2022 period
  - No Covid-19 and social unrest incentives were received from Government during the period (H1 2022: R193 million).
- Other operating expenses increased by 20.7% and included the following:
  - A 30.3% increase in electricity and water expense (this includes the Group's R560 million diesel spend to operate generators across our store base as a result of load-shedding), a 16.2% increase in advertising expense, a 19.5% increase in repairs and maintenance and a 4.6% increase in security expense from a high base last year.

## Trading profit

Trading profit from continuing operations increased by 8.6% to R6.0 billion, and as a result, the Group's trading margin measured 5.7% (restated H1 2022: 6.1%).

The following table gives the relevant trading profit, per segment, for continuing operations:

	Change %	26 weeks 1 Jan '23 Rm	Trading margin 26 weeks 1 Jan '23 %	Restated* 26 weeks 2 Jan '22 Rm	Restated* trading margin 26 weeks 2 Jan '22 %
Supermarkets RSA	7.7	5 370	6.3	4 985	6.9
Supermarkets Non-RSA	58.8	316	3.2	199	2.3
Furniture	(34.2)	127	3.2	193	5.4
Other operating segments	26.1	227	3.1	180	2.8
Total continuing operating segments	8.7	6 040	5.7	5 557	6.1
Hyperinflation effect		(26)		(17)	
Consolidated continuing operations	8.6	6 014	5.7	5 540	6.1

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations and the reclassification of share of profit of equity accounted investments to trading profit which previously was included in profit before income tax.

Supermarkets RSA's trading profit increased by 7.7% to measure R5.4 billion (restated H1 2022: R5.0 billion) resulting in the segment reporting a 6.3% trading margin (restated H1 2022: 6.9%).

Supermarkets Non-RSA reported a R316 million trading profit (restated H1 2022: R199 million) which is in line with our medium-term recovery trajectory target.

The Furniture segment's trading profit decreased by 34.2% to R127 million as a result of cost growth increasing in excess of sales growth. Based on an external assessment of expected credit losses, the furniture division's debtors book provision declined to 40.8% (H1 2022: 44.1%).

Other operating segments' trading profit increased by 26.1%. This segment, underpinned by the continued growth of our OK Franchise operation, was also positively impacted by an improved contribution by Computicket.

## Exchange rate gains

The Group recorded exchange rate gains of R24 million for the period. This relates mostly to exchange rate gains on AOA, USD Index Linked, Angola Government Bonds.

## Items of a capital nature

Items of a capital nature in the amount of a net R129 million, driven mostly by properties sold during the period which were classified as held for sale and insurance claims receivable.



## Results commentary for the 26 weeks ended 1 January 2023 continued

## Net finance costs

Net finance costs increased by 12.5% to R1.5 billion (restated H1 2022: R1.3 billion). Interest on the Group's R32.6 billion lease liabilities amounted to R1.4 billion (restated H1 2022: R1.3 billion).

	26 weeks 1 Jan '23 Rm	Restated* 26 weeks 2 Jan '22 Rm
Interest received from bank account balances	222	112
Finance cost: lease liabilities	(1 432)	(1 261)
Finance cost: borrowings and other finance charges	(260)	(158)
Net finance costs	(1 470)	(1 307)

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

## Taxation

The Group's effective income tax rate measured 31.1% (restated H1 2022: 30.6%).

The effective tax rate is higher than the nominal income tax rate of South Africa (27.0%) due to the different tax rates in the countries where the Group operates. In some of the countries outside of South Africa, minimum taxes or rental income taxes are applicable in addition to the statutory tax rates resulting in effective tax rates being higher than 27.0%.

## Capital expenditure

The Group's total capital spend amounted to R3.4 billion for the period (H1 2022: R2.7 billion) and represented 3.2% of sales. The majority of the capital expenditure relates to an investment in expanding the store portfolio.

## Government bonds and bills

Local currency cash and short-term deposits in Angola are subject to onerous local exchange control regulations which limits the repatriation of surplus cash. The Group is utilising said cash for its local trade and has invested surplus cash in AOA, USD Index Linked, Angola Government Bonds as well as AOA, Angola Government Bonds and Angola Treasury Bills.

The investment in Government bonds and treasury bills increased by a net of R359 million mainly as a result of an additional investment in Angola Treasury Bills.

	1 Jan '23 Rm	2 Jan '22 Rm
AOA, USD Index Linked, Angola Government Bonds	721	718
AOA, Angola Government Bonds	494	648
Angola Treasury Bills	592	82
Total government bonds and bills	1 807	1 448

## Inventories

Inventories increased by 17.8% to R25.4 billion, representing an inventory to sales ratio of 12.7% based on the last 12 months' sales.

The increase in inventory is primarily due to our Supermarkets RSA segment's inventory to sales ratio increasing to 12.6% (H1 2022: 11.9%) as a result of a number of factors:

- an increased inventory holding to support elevated levels of sales growth
- inflationary impact on inventory values
- maintaining store in-stocks at our required levels
- maintaining our required levels of safety stock given that inbound service levels remain less than optimal and, from time to time, face external disruption
- increased general merchandise stockholding in response to global supply chain constraints

Inventories as % of sales over a 52-week period	26 weeks 1 Jan '23 %	Restated* 26 weeks 2 Jan '22 %
Supermarkets RSA	12.6	11.9
Supermarkets Non-RSA	12.1	14.9
Furniture	27.7	29.9
Other operating segments	7.0	6.5
Total continuing operations	12.7	12.5

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

## Cash and cash equivalents and bank overdrafts

Net cash and cash equivalents (including restricted cash and after deducting bank overdrafts) amounted to R8.7 billion (H1 2022: R5.4 billion).

The Group has classified the funds received from the sale of its Nigeria subsidiary, Retail Supermarkets Nigeria Ltd as restricted cash deposits. This is due to a shortage of physical currency. These restricted cash balances held by the Group are not available for general use by the holding company or other subsidiaries in the Group to settle short-term commitments.

	1 Jan '23 Rm	2 Jan '22 Rm
Restricted cash	393	—
Cash and cash equivalents	9 519	8 929
Bank overdrafts	(1 261)	(3 492)
Net cash	8 651	5 437

## Borrowings and lease liabilities

Total borrowings increased by R1.1 billion to R6.4 billion (H1 2022: R5.3 billion). This increase was driven by securing additional term facilities to manage liquidity risk. The majority of the Group's borrowings remains rand denominated with foreign currency exposure of US\$35 million (H1 2022: US\$59 million). The borrowings to equity ratio increased from 22.9% to 24.5%.

The Group's lease liabilities increased by R2.2 billion owing to new leases and renewals.

	1 Jan '23 Rm	2 Jan '22 Rm
Borrowings	6 357	5 267
Lease liabilities	32 551	30 334
Total debt	38 908	35 601





## Group outlook

We are very pleased to have concluded the purchase of 94 stores from Massmart Holdings Ltd, all of which have subsequently been rebranded and fully integrated into our Supermarkets RSA segment as 51 Shoprite, 42 Shoprite LiquorShop and one Usave. With an effective date of 9 January 2023, the sales from these stores will contribute towards our second half result.

Looking ahead, there is no doubt that the operating context is likely to remain challenging on a number of fronts for at least the remainder of our 2023 financial year. That being said, the Group is accustomed to operating in adverse conditions which serve to underscore our purpose to deliver to our customers the lowest prices and best value in the market.

In terms of power outages, as a result of the Group's solar PV installations and considerable diesel generator infrastructure in place across our South African supermarket operations we have traded, to date, uninterrupted, even during load-shedding stages five and six. While there will be ongoing maintenance and replacements required, we do not expect this to come at the expense of our planned investment in the business' future growth projects. The cost of diesel to power our generators, however, is expected to remain significant and as a result is expected to materially increase our operating expenses for the remainder of the year.

Sales growth in our core Supermarkets RSA segment for the first six weeks of our second half period has been sustained, we believe, at a level comfortably ahead of the market. Despite our significant exposure to commodity lines which continue to come with considerably higher selling price inflation, our January 2023 Supermarkets RSA segment selling price inflation at 11.8% remains below official South African food inflation of 13.8% for the same period. While higher than the selling price inflation reported for the first half period, it remains notably lower than cost price inflation due to our continued investment in price to support customer affordability.

With the inclusion of the select businesses acquired from Massmart Holdings Ltd, the Group is on track to open 238 stores in the second half of our financial year, of which 195 will be in our Supermarkets RSA segment.

### 2023 interim period results presentation webcast today:

Shoprite Holdings CEO Pieter Engelbrecht invites all who would like to attend the Group's 2023 interim results presentation webcast at 9:30am today to please register via the Group website [www.shopriteholdings.co.za](http://www.shopriteholdings.co.za) or via Register.

### Next reporting date:

The Group plans to report its 2023 financial results on 5 September 2023 ahead of which our 2023 operational update will be communicated via the JSE SENS. Any updates to this timing will be reflected on the Group shareholder diary as part of the investor relations page on the Group website.

7 March 2023

### ENQUIRIES:

Shoprite Holdings Limited Tel: 021 980 4000  
Pieter Engelbrecht, Chief Executive Officer  
Anton de Bruyn, Chief Financial Officer  
Natasha Moolman, Group Investor Relations

## Pro forma financial information

Certain financial information presented in these condensed consolidated interim results for the 26 weeks ended 1 January 2023 constitutes pro forma financial information. The pro forma financial information is the responsibility of the Board of Directors of the Company and is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present the Group's financial position, changes in equity, results of operations or cash flows. The pro forma financial information has neither been reviewed nor been reported on by the Group's external auditors.

The reported amounts and adjustments are extracted without adjustment, from the condensed consolidated interim financial statements or underlying accounting records of the Group for the periods ended 1 January 2023 and 2 January 2022, respectively.

### Like-for-like comparisons

Like-for-like sales is a measure of the growth in the Group's year-on-year sales, removing the impact of new store openings and closures (including stores materially affected by Covid-19 regulations and the social unrest) in the current or previous reporting periods.

References were made to the following subtotals of sale of merchandise	Like-for-like change %	As reported unaudited 26 weeks 1 Jan '23 Rm	Like-for-like 26 weeks 1 Jan '23 Rm	As reported* unaudited 26 weeks 2 Jan '22 Rm	Like-for-like* 26 weeks 2 Jan '22 Rm
Total continuing operations	11.3	106 276	100 308	91 015	90 143
Supermarkets RSA	11.1	85 084	79 764	72 433	71 788
Supermarkets Non-RSA continuing operations	16.6	9 987	9 831	8 497	8 434
Furniture	5.0	3 909	3 744	3 600	3 565
Other operating segments	9.6	7 296	6 969	6 485	6 356

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Refer to note 2 of the condensed consolidated interim financial statements for details of the adjustments recognised for each individual line item.

### Impact of the Group's pro forma constant currency disclosure

The Group discloses constant currency information to indicate the Supermarkets Non-RSA operating segment's performance in terms of sales growth, excluding the effect of foreign currency fluctuations. To present this information, current period sales for entities reporting in currencies other than South Africa rand, are converted from local currency actuals into South Africa rand at the prior period's actual average exchange rates on a country-by-country basis.

The table below sets out the approximate average rand cost for one unit as well as percentage change in sales, based on the actual results for the period, in reported currency and constant currency for the following major currencies. The total impact on Supermarkets Non-RSA is also reflected after consolidating all currencies in this segment.

% Change in sales on comparative period 26 weeks	Average exchange rates		Reported currency	Constant currency
	1 Jan '23	2 Jan '22		
Angola kwanza	0.038	0.024	36.9	(12.1)
Mozambique metical	0.267	0.231	24.5	7.9
Zambia kwacha	1.056	0.831	29.7	2.0
Supermarkets Non-RSA including discontinued operations			17.1	6.5
Supermarkets Non-RSA continuing operations			17.5	6.9

## Pro forma financial information continued

**Adjusted diluted headline earnings per share (adjusted DHEPS)**

During the previous financial year, the Group established the Shoprite Employee Trust, an evergreen B-BBEE employee benefit trust. Included in the reported amounts are the distributions and provisions for eligible employees in South Africa as well as an equivalent award granted to qualifying employees of subsidiaries in countries outside of South Africa. The distributions are additional incentives to reward employees for staying in service of the Group. The Group's reported results include exchange rate differences which fluctuate from year to year. Although the Group manages its exposure to foreign currency fluctuations, economic factors outside of the Group's control have a significant impact on currency devaluations in countries where the Group operates. Furthermore, the reported results include cumulative hyperinflation adjustments in property, plant and equipment and right-of-use assets, resulting from the application of IAS 29: Financial Reporting in Hyperinflationary Economies up to 30 June 2019. It was assessed that the Angolan economy was no longer hyperinflationary for the current and comparative reporting periods. Although the current and comparative reporting periods' results consequently no longer include a similar net monetary gain, these results still include the impact of unwinding aforementioned cumulative hyperinflation adjustments. Lastly, the calculation of reported HEPS includes profit on lease modifications and terminations, while the impact of right-of-use asset impairments is excluded.

Adjusted HEPS and adjusted DHEPS are calculated by adjusting HEPS with the impact of the Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa, exchange rate differences, hyperinflation adjustments, lease modifications and terminations as well as the related tax effects. In order to calculate the per share values, the adjusted headline earnings and diluted headline earnings are divided by the weighted average number of shares and the weighted average number of shares adjusted for dilution, respectively. Management believes adjusted DHEPS as noted below, are more useful measures of the Group's underlying performance. However, this is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies. The Group has therefore presented its DHEPS for the current and comparative period on a similar basis, excluding the impact of the Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa, foreign exchange rate differences, hyperinflation accounting and lease modifications and terminations as well as the related income tax, to facilitate comparisons against the comparative period's results.

The table below presents the adjustments to the items reported.

	Unaudited 26 weeks 1 Jan '23 Rm	Restated* unaudited 26 weeks 2 Jan '22 Rm
Headline earnings including discontinued operations as reported	3 052	2 885
Impact of Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa	121	—
Impact of exchange rate differences**	(22)	138
Impact of Angola hyperinflation adjustment***	26	17
Impact of lease modifications and terminations	20	(69)
Related income tax effect****	18	(13)
Adjusted headline earnings including discontinued operations	3 215	2 958
Headline earnings from continuing operations as reported	3 155	2 880
Impact of Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa	121	—
Impact of exchange rate differences as reported	(24)	125
Impact of Angola hyperinflation adjustment***	26	17
Impact of lease modifications and terminations	(45)	(17)
Related income tax effect****	20	(34)
Adjusted headline earnings from continuing operations	3 253	2 971
Number of ordinary shares (net of treasury shares)	'000	'000
— In issue	542 839	545 117
— Weighted average	542 806	545 850
— Weighted average adjusted for dilution	546 323	549 253

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Refer to note 2 of the condensed consolidated interim financial statements for details of the adjustments recognised for each individual line item.

\*\* The impact of exchange rate differences, including discontinued operations, consists of R22 million exchange rate gains (2 Jan '22: R138 million losses) as reported and R2 million (2 Jan '22: R13 million) exchange rate losses from discontinued operations (refer to note 7 of the condensed consolidated interim financial statements).

\*\*\* The impact of the Angola hyperinflation adjustment resulted in an increase of R26 million (2 Jan '22: R17 million) in headline earnings which is calculated by excluding the zero impact (2 Jan '22: R18 million) of the items of a capital nature hyperinflation adjustment from the profit before income tax hyperinflation adjustment of R26 million (2 Jan '22: R35 million).

\*\*\*\* The tax effect of exchange rate differences as well as lease modifications and terminations was calculated by applying the average effective tax rate of 31.1% (2 Jan '22: 30.6%). The tax effect of hyperinflation adjustments and the Shoprite Employee Trust distributions to eligible employees in South Africa and equivalent awards granted by subsidiaries in countries outside South Africa was based on the actual tax charges.

## Adjusted diluted headline earnings per share (adjusted DHEPS) continued

	Change %	Unaudited 26 weeks 1 Jan '23 cents	Restated* unaudited 26 weeks 2 Jan '22 cents
Diluted headline earnings per share including discontinued operations as reported	6.4	558.7	525.1
Adjusted headline earnings per share including discontinued operations	9.3	592.4	541.8
Adjusted diluted headline earnings per share including discontinued operations	9.3	588.5	538.6
Diluted headline earnings per share from continuing operations as reported	10.2	577.5	524.1
Adjusted headline earnings per share from continuing operations	10.1	599.3	544.2
Adjusted diluted headline earnings per share from continuing operations	10.1	595.4	540.9

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Refer to note 2 of the condensed consolidated interim financial statements for details of the adjustments recognised for each individual line item.



## Number of outlets as at 1 January 2023

	12 Months					
	H1 2022	Opened	Closed		H1 2023	Confirmed new stores Jun 2023*
			Normal closures	Social unrest closures		
<b>SUPERMARKETS RSA</b>	1 768	198	8	6	1 952	195
Shoprite	526	29	2	3	550	68
Checkers	236	21	2	—	255	10
Checkers Hyper	36	2	—	—	38	—
Usave	395	40	3	3	429	28
LiquorShop	555	65	—	—	620	72
Other	20	41	1	—	60	17
<b>SUPERMARKETS NON-RSA</b>	232	11	16	—	227	7
Shoprite	155	4	13	—	146	4
Checkers	9	—	—	—	9	—
Usave	45	3	3	—	45	2
LiquorShop	23	4	—	—	27	1
<b>FURNITURE</b>	428	10	4	2	432	5
OK Furniture	386	8	4	2	388	5
House & Home	42	2	—	—	44	—
<b>OTHER OPERATING SEGMENTS**</b>	512	55	26	—	541	31
OK Franchise	511	50	26	—	535	30
Medirite Plus	1	5	—	—	6	1
Total stores – including discontinued operations	2 940	274	54	8	3 152	238
Total stores – continuing operations	2 927	274	41	8	3 152	238
Total stores outside RSA – including discontinued operations	392	22	22	—	392	21
Total stores outside RSA – continuing operations	382	22	12	—	392	21
Countries outside RSA – including discontinued operations	13	—	—	—	13	—
Countries outside RSA – continuing operations	10	—	1	—	9	—

\* Includes 94 stores relating to the Massmart Holdings Ltd acquisition.

\*\* 139 Medirite pharmacies form part of Other operating segments but are excluded from these numbers, as these Medirite pharmacies are located within supermarkets.

## Dividend no. 148

The Board has declared an interim dividend of 248 cents (H1 2022: 233 cents) per ordinary share, payable to shareholders on Tuesday, 11 April 2023. The dividend has been declared out of income reserves. The last day to trade cum dividend will be Monday, 3 April 2023. As from Tuesday, 4 April 2023, all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is Thursday, 6 April 2023. Share certificates may not be dematerialised or rematerialised between Tuesday, 4 April 2023, and Thursday, 6 April 2023, both days inclusive.

In terms of the Dividends Tax, the following additional information is disclosed:

1. The local dividend tax rate is 20%.
2. The net local dividend amount is 248 cents per share for shareholders exempt from paying Dividends Tax and 198.4 cents per share for shareholders liable to pay Dividends Tax.
3. The issued ordinary share capital of Shoprite Holdings Ltd as at the date of this declaration is 591 338 502 ordinary shares.
4. Shoprite Holdings Ltd's tax reference number is 9775/112/71/8.

# Directorate and administration

## Executive Directors

PC Engelbrecht (CEO), A de Bruyn (CFO)

## Independent Non-executive Directors

WE Lucas-Bull (Chairman), NN Gobodo, P Cooper, L de Beer, GW Dempster, MLD Marole, PD Norman, EA Wilton

## Non-executive Director

CH Wiese

## Alternate Non-executive Director

JD Wiese

## Company Secretary

PG du Preez

## Registered office

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Telephone: +27 (0)21 980 4000  
Website: [www.shopriteholdings.co.za](http://www.shopriteholdings.co.za)

## Transfer secretaries

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Website: [www.computershare.com](http://www.computershare.com)

### NAMIBIA

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Website: [www.sharetrackzambia.com](http://www.sharetrackzambia.com)

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## Auditors

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# Condensed consolidated statement of comprehensive income

	Notes	Change %	Unaudited 26 weeks 1 Jan '23 Rm	Restated* unaudited 26 weeks 2 Jan '22 Rm	Restated* audited 52 weeks 3 Jul '22 Rm
Revenue	5	17.2	108 688	92 744	187 528
Sale of merchandise	5	16.8	106 276	91 015	183 868
Cost of sales		17.8	(81 343)	(69 079)	(138 846)
<b>GROSS PROFIT</b>		13.7	24 933	21 936	45 022
Other operating income	5	43.8	2 098	1 459	3 116
Interest revenue	5	16.3	314	270	544
Share of profit of equity accounted investments	12	30.6	128	98	208
Depreciation and amortisation		14.9	(2 968)	(2 583)	(5 384)
Employee benefits		15.1	(8 280)	(7 196)	(14 767)
Credit impairment losses		47.2	(106)	(72)	(173)
Other operating expenses		20.7	(10 105)	(8 372)	(17 288)
<b>TRADING PROFIT</b>		8.6	6 014	5 540	11 278
Exchange rate gains/(losses)			24	(125)	(260)
Profit on lease modifications and terminations			45	17	66
Items of a capital nature			129	(199)	(29)
<b>OPERATING PROFIT</b>		18.7	6 212	5 233	11 055
Interest received from bank account balances			222	112	270
Finance costs	6	19.2	(1 692)	(1 419)	(2 993)
<b>PROFIT BEFORE INCOME TAX</b>		20.8	4 742	3 926	8 332
Income tax expense		22.8	(1 475)	(1 201)	(2 553)
<b>PROFIT FROM CONTINUING OPERATIONS</b>		19.9	3 267	2 725	5 779
(Loss)/profit from discontinued operations (attributable to owners of the parent)	7		(137)	5	(39)
<b>PROFIT FOR THE PERIOD</b>		14.7	3 130	2 730	5 740
<b>OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF INCOME TAX</b>			(597)	1 490	2 879
Items that will not be reclassified to profit or loss					
Re-measurements of post-employment medical benefit obligations			—	—	2
Items that may subsequently be reclassified to profit or loss					
Foreign currency translation differences from continuing operations			(473)	1 373	2 845
Foreign currency translation differences from discontinued operations			(7)	(35)	(48)
Release of foreign currency translation reserve on disposal of discontinued operations			—	—	18
(Loss)/profit on effective net investment hedge, net of income tax			(117)	152	62
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			2 533	4 220	8 619
<b>PROFIT ATTRIBUTABLE TO:</b>			3 130	2 730	5 740
Owners of the parent			3 117	2 714	5 711
Non-controlling interest			13	16	29
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			2 533	4 220	8 619
Owners of the parent			2 520	4 204	8 590
Non-controlling interest			13	16	29
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			2 520	4 204	8 590
<b>ARISES FROM:</b>			2 520	4 204	8 590
Continuing operations			2 664	4 234	8 659
Discontinued operations			(144)	(30)	(69)
<b>EARNINGS PER SHARE FOR PROFIT FROM CONTINUING OPERATIONS</b>					
<b>ATTRIBUTABLE TO OWNERS OF THE PARENT:</b>					
Basic earnings per share from continuing operations (cents)	8	20.9	599.5	496.0	1 055.5
Diluted earnings per share from continuing operations (cents)	8	20.8	595.6	492.9	1 048.6
Headline earnings per share from continuing operations (cents)	8	10.2	581.3	527.4	1 063.9
Diluted headline earnings per share from continuing operations (cents)	8	10.2	577.5	524.1	1 056.9
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT:</b>					
Basic earnings per share (cents)	8	15.6	574.3	497.0	1 048.3
Diluted earnings per share (cents)	8	15.5	570.6	494.0	1 041.5
Headline earnings per share (cents)	8	6.4	562.3	528.4	1 056.3
Diluted headline earnings per share (cents)	8	6.4	558.7	525.1	1 049.4

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations and the reclassification of share of profit of equity accounted investments to trading profit which previously was included in profit before income tax. Refer to notes 2 and 3 for details of the adjustments recognised for each individual line item.

# Condensed consolidated statement of financial position

	Notes	Unaudited 1 Jan '23 Rm	Unaudited 2 Jan '22 Rm	Audited 3 Jul '22 Rm
<b>Assets</b>				
<b>NON-CURRENT ASSETS</b>		52 209	48 560	51 782
Property, plant and equipment	9	16 539	15 463	16 816
Right-of-use assets	11	24 353	22 329	23 725
Intangible assets		3 830	3 421	3 561
Equity accounted investments	12	2 305	2 055	2 240
Convertible loans	13	21	—	—
Investment in insurance cell captive arrangements		139	86	131
Government bonds and bills	14	828	1 098	1 051
Loans receivable		1 600	1 521	1 510
Deferred income tax assets		2 385	2 302	2 520
Trade and other receivables		209	285	228
<b>CURRENT ASSETS</b>		44 802	37 189	39 673
Inventories		25 368	21 527	21 879
Trade and other receivables		6 214	5 061	4 988
Current income tax assets		402	354	769
Investment in insurance cell captive arrangements		159	114	157
Government bonds and bills	14	979	350	286
Loans receivable		442	420	509
Restricted cash		393	—	300
Cash and cash equivalents		9 519	8 929	10 665
Assets classified as held for sale	10	43 476	36 755	39 553
		1 326	434	120
<b>Total assets</b>		97 011	85 749	91 455
<b>Equity</b>				
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Stated capital	15	7 516	7 516	7 516
Treasury shares	15	(2 661)	(1 973)	(2 583)
Reserves		20 972	17 333	20 551
		25 827	22 876	25 484
<b>NON-CONTROLLING INTEREST</b>		146	130	143
<b>Total equity</b>		25 973	23 006	25 627
<b>Liabilities</b>				
<b>NON-CURRENT LIABILITIES</b>		35 572	30 492	33 340
Lease liabilities	16	29 675	26 981	28 458
Borrowings	17	5 528	3 000	4 500
Deferred income tax liabilities		8	12	8
Provisions		361	499	374
<b>CURRENT LIABILITIES</b>		35 466	32 251	32 488
Trade and other payables		28 795	21 769	21 477
Contract liabilities		835	792	991
Lease liabilities	16	2 876	3 353	3 165
Borrowings	17	829	2 267	1 012
Current income tax liabilities		682	414	661
Provisions		188	65	184
Bank overdrafts		1 261	3 492	4 998
Liabilities directly associated with assets classified as held for sale	7	35 466	32 152	32 488
		—	99	—
<b>Total liabilities</b>		71 038	62 743	65 828
<b>Total equity and liabilities</b>		97 011	85 749	91 455



## Condensed consolidated statement of changes in equity

Rm	Total equity	Non-controlling interest	Attributable to owners of the parent				
			Total	Stated capital	Treasury shares	Other reserves	Retained earnings
Unaudited 26 weeks to 2 January 2022							
BALANCE AT 4 JULY 2021	21 204	127	21 077	7 516	(1 455)	(8 583)	23 599
Total comprehensive income	4 220	16	4 204	—	—	1 490	2 714
Profit for the period	2 730	16	2 714				2 714
Recognised in other comprehensive income							
Foreign currency translation differences	1 338		1 338			1 338	
Profit on effective net investment hedge	238		238			238	
Income tax effect of profit on effective net investment hedge	(86)		(86)			(86)	
Share-based payments – value of employee services	111		111			111	
Modification of cash bonus arrangement transferred from provisions	12		12			12	
Purchase of treasury shares	(594)		(594)		(594)		
Treasury shares disposed	7		7		5		2
Realisation of share-based payment reserve	—		—		71	(71)	
Dividends distributed to shareholders	(1 954)	(13)	(1 941)				(1 941)
BALANCE AT 2 JANUARY 2022	23 006	130	22 876	7 516	(1 973)	(7 041)	24 374
Audited 52 weeks to 3 July 2022							
BALANCE AT 4 JULY 2021	21 204	127	21 077	7 516	(1 455)	(8 583)	23 599
Total comprehensive income	8 619	29	8 590	—	—	2 877	5 713
Profit for the year	5 740	29	5 711				5 711
Recognised in other comprehensive income							
Re-measurements of post-employment medical benefit obligations	2		2				2
Foreign currency translation differences	2 797		2 797			2 797	
Release of foreign currency translation reserve on disposal of discontinued operations	18		18			18	
Profit on effective net investment hedge	137		137			137	
Income tax effect of profit on effective net investment hedge	(75)		(75)			(75)	
Share-based payments – value of employee services	213		213			213	
Modification of cash bonus arrangement transferred from provisions	12		12			12	
Purchase of treasury shares	(1 255)		(1 255)		(1 255)		
Treasury shares disposed	65		65		45		20
Realisation of share-based payment reserve	—		—		82	(82)	
Dividends distributed to shareholders	(3 231)	(13)	(3 218)				(3 218)
BALANCE AT 3 JULY 2022	25 627	143	25 484	7 516	(2 583)	(5 563)	26 114

Rm	Total equity	Non-controlling interest	Attributable to owners of the parent				
			Total	Stated capital	Treasury shares	Other reserves	Retained earnings
Unaudited 26 weeks to 1 January 2023							
BALANCE AT 3 JULY 2022	25 627	143	25 484	7 516	(2 583)	(5 563)	26 114
Total comprehensive income	2 533	13	2 520	—	—	(597)	3 117
Profit for the period	3 130	13	3 117				3 117
Recognised in other comprehensive loss							
Foreign currency translation differences	(480)		(480)			(480)	
Loss on effective net investment hedge	(159)		(159)			(159)	
Income tax effect of loss on effective net investment hedge	42		42			42	
Share-based payments – value of employee services	115		115			115	
Modification of cash bonus arrangement transferred from provisions	11		11			11	
Purchase of treasury shares	(318)		(318)		(318)		
Treasury shares disposed	21		21		15		6
Realisation of share-based payment reserve	—		—		225	(225)	
Dividends distributed to shareholders	(2 016)	(10)	(2 006)				(2 006)
BALANCE AT 1 JANUARY 2023	25 973	146	25 827	7 516	(2 661)	(6 259)	27 231



# Condensed consolidated statement of cash flows

	Notes	Unaudited 26 weeks 1 Jan '23 Rm	Restated* unaudited 26 weeks 2 Jan '22 Rm	Restated* audited 52 weeks 3 Jul '22 Rm
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		7 366	2 400	6 686
Operating profit <sup>1</sup>		6 068	5 247	11 029
Less: investment income and interest revenue earned		(392)	(373)	(688)
Non-cash items	19.1	3 314	3 464	6 425
Changes in working capital	19.2	2 339	(1 630)	(1 761)
Cash generated from operations		11 329	6 708	15 005
Settlement of cash-settled share-based payments	20	—	(196)	(196)
Interest received		506	374	794
Interest paid		(1 694)	(1 443)	(3 034)
Dividends received		163	171	313
Dividends paid		(2 009)	(1 945)	(3 228)
Income tax paid		(929)	(1 269)	(2 968)
<b>CASH FLOWS UTILISED BY INVESTING ACTIVITIES</b>		(3 481)	(2 244)	(4 061)
Investment in trademarks to expand operations		—	(250)	(250)
Investment in property, plant and equipment and other intangible assets to expand operations		(2 300)	(1 211)	(3 222)
Investment in property, plant and equipment and other intangible assets to maintain operations		(1 044)	(1 216)	(1 909)
Landlord contributions received		—	—	5
Payment for investment in insurance cell captive arrangements		—	(41)	(41)
Investment in assets classified as held for sale		(16)	—	—
Investment in convertible loans		(20)	—	—
Proceeds on disposal of property, plant and equipment		90	95	333
Cash inflows as a result of the disposal of discontinued operations		19	—	23
Proceeds on disposal of assets classified as held for sale		331	57	75
Proceeds from insurance recovery for property, plant and equipment relating to social unrest	22	7	—	564
Payments for government bonds and bills		(721)	(22)	(38)
Proceeds from government bonds and bills		154	302	639
Loans receivable advanced		(45)	(98)	(302)
Loans receivable repaid		84	164	261
Investment in associate	12	(13)	—	—
Investment in joint venture	12	—	—	(175)
Acquisition of operations		(7)	(24)	(24)
<b>CASH FLOWS UTILISED BY FINANCING ACTIVITIES</b>		(1 108)	(1 804)	(4 016)
Repayment of lease liability obligations		(1 601)	(1 111)	(2 961)
Purchase of treasury shares		(318)	(594)	(1 255)
Proceeds from treasury shares disposed		21	9	65
Repayment of borrowings		(883)	(1 677)	(3 421)
Borrowings raised		1 673	1 569	3 556
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		2 777	(1 648)	(1 391)
Cash and cash equivalents at the beginning of the period		5 967	6 729	6 729
Effect of exchange rate movements on cash and cash equivalents		(93)	356	629
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		8 651	5 437	5 967
Consisting of:				
Restricted cash		393	—	300
Cash and cash equivalents		9 519	8 929	10 665
Bank overdrafts		(1 261)	(3 492)	(4 998)
		8 651	5 437	5 967

\* Restated for the reclassification of share of profit of equity accounted investments to trading profit which previously was included in profit before income tax. Refer to note 3 for details of the adjustments recognised for each individual line item.

<sup>1</sup> Operating profit includes an insurance claim received for inventory of R2 million (2 Jan '22: R935 million; 3 Jul '22: R966 million) relating to the social unrest. Refer to note 22.

# Selected explanatory notes to the condensed consolidated interim results

## 1 Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the preparation of the previous consolidated annual financial statements, except where the Group has applied new accounting policies or adopted new standards effective for year-ends starting on or after 1 January 2022.

Various revised accounting standards became effective during the period, but their implementation had no significant impact on the results of either the current or the previous periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The preparation of these results has been supervised by the Chief Financial Officer, Mr A de Bruyn, CA(SA). There have been no material changes in the affairs or financial position of the Group and its subsidiaries from 1 January 2023 to the date of this report. The information contained in the interim report has neither been audited nor reviewed by the Group's external auditors.





## Selected explanatory notes to the condensed consolidated interim results continued

## 2 Comparative figures

### DISCONTINUED OPERATIONS

Following the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (refer to note 7), comparative statement of comprehensive income figures have been restated. The adjustments recognised for each individual line item affected in the Group's condensed consolidated statement of comprehensive income for the 26 weeks ended 2 January 2022 and 52 weeks ended 3 July 2022 are detailed below.

	Previously reported 26 weeks 2 Jan '22 Rm	Discontinued operations restatement 26 weeks 2 Jan '22 Rm	Restated unaudited 26 weeks 2 Jan '22 Rm	Previously reported 52 weeks 3 Jul '22 Rm	Discontinued operations restatement 52 weeks 3 Jul '22 Rm	Restated audited 52 weeks 3 Jul '22 Rm
Sale of merchandise	91 125	(110)	91 015	184 078	(210)	183 868
Cost of sales	(69 170)	91	(69 079)	(139 017)	171	(138 846)
<b>GROSS PROFIT</b>	21 955	(19)	21 936	45 061	(39)	45 022
Other operating income	1 461	(2)	1 459	3 118	(2)	3 116
Interest revenue	270	—	270	544	—	544
Share of profit of equity accounted investments	98	—	98	208	—	208
Depreciation and amortisation	(2 594)	11	(2 583)	(5 406)	22	(5 384)
Employee benefits	(7 207)	11	(7 196)	(14 788)	21	(14 767)
Credit impairment losses	(72)	—	(72)	(173)	—	(173)
Other operating expenses	(8 391)	19	(8 372)	(17 326)	38	(17 288)
<b>TRADING PROFIT</b>	5 520	20	5 540	11 238	40	11 278
Exchange rate losses	(127)	2	(125)	(260)	—	(260)
Profit on lease modifications and terminations	17	—	17	66	—	66
Items of a capital nature	(199)	—	(199)	(29)	—	(29)
<b>OPERATING PROFIT</b>	5 211	22	5 233	11 015	40	11 055
Interest received from bank account balances	112	—	112	270	—	270
Finance costs	(1 422)	3	(1 419)	(2 999)	6	(2 993)
<b>PROFIT BEFORE INCOME TAX</b>	3 901	25	3 926	8 286	46	8 332
Income tax expense	(1 203)	2	(1 201)	(2 556)	3	(2 553)
<b>PROFIT FROM CONTINUING OPERATIONS</b>	2 698	27	2 725	5 730	49	5 779
Profit from discontinued operations (attributable to owners of the parent)	32	(27)	5	10	(49)	(39)
<b>PROFIT FOR THE PERIOD</b>	2 730	—	2 730	5 740	—	5 740
<b>OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX</b>	1 490	—	1 490	2 879	—	2 879
Items that will not be reclassified to profit or loss						
Re-measurements of post-employment medical benefit obligations	—	—	—	2	—	2
Items that may subsequently be reclassified to profit or loss						
Foreign currency translation differences from continuing operations	1 344	29	1 373	2 805	40	2 845
Foreign currency translation differences from discontinued operations	(6)	(29)	(35)	(8)	(40)	(48)
Release of foreign currency translation reserve on disposal of discontinued operations	—	—	—	18	—	18
Profit on effective net investment hedge, net of income tax	152	—	152	62	—	62
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	4 220	—	4 220	8 619	—	8 619
<b>PROFIT ATTRIBUTABLE TO:</b>						
Owners of the parent	2 730	—	2 730	5 740	—	5 740
Non-controlling interest	2 714	—	2 714	5 711	—	5 711
	16	—	16	29	—	29
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>						
Owners of the parent	4 220	—	4 220	8 619	—	8 619
Non-controlling interest	4 204	—	4 204	8 590	—	8 590
	16	—	16	29	—	29
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT ARISES FROM:</b>						
Continuing operations	4 204	—	4 204	8 590	—	8 590
Discontinued operations	4 178	56	4 234	8 570	89	8 659
	26	(56)	(30)	20	(89)	(69)

## 2 Comparative figures continued

### DISCONTINUED OPERATIONS CONTINUED

	Previously reported 26 weeks 2 Jan '22 cents	Discontinued operations restatement 26 weeks 2 Jan '22 cents	Restated unaudited 26 weeks 2 Jan '22 cents	Previously reported 52 weeks 3 Jul '22 cents	Discontinued operations restatement 52 weeks 3 Jul '22 cents	Restated audited 52 weeks 3 Jul '22 cents
<b>EARNINGS PER SHARE FOR PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT:</b>						
Basic earnings per share from continuing operations	491.2	4.8	496.0	1 046.5	9.0	1 055.5
Diluted earnings per share from continuing operations	488.2	4.7	492.9	1 039.7	8.9	1 048.6
Headline earnings per share from continuing operations	522.6	4.8	527.4	1 055.0	8.9	1 063.9
Diluted headline earnings per share from continuing operations	519.3	4.8	524.1	1 048.1	8.8	1 056.9
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT:</b>						
Basic earnings per share	497.0	—	497.0	1 048.3	—	1 048.3
Diluted earnings per share	494.0	—	494.0	1 041.5	—	1 041.5
Headline earnings per share	528.4	—	528.4	1 056.3	—	1 056.3
Diluted headline earnings per share	525.1	—	525.1	1 049.4	—	1 049.4

## 3 Reclassification of disclosure items

Certain reclassifications of statement of comprehensive income items and statement of cash flows in the current period resulted in changes to the relevant comparative information to ensure accurate comparability with the current period information. The affected line items are detailed below.

Reclassification of the share of profit of equity accounted investments included in trading profit from share of profit of equity accounted investments included in profit before income tax. This reclassification ensures that the share of profit of equity accounted investments, forming an integral part of the Group's operations, is presented as part of trading profit on the statement of comprehensive income.

	Unaudited 26 weeks 2 Jan '22 Rm	Audited 52 weeks 3 Jul '22 Rm
<b>Statement of comprehensive income</b>		
Increase in trading profit	98	208
Decrease in profit before income tax	(98)	(208)
Profit for the period	—	—
<b>Statement of cash flows</b>		
Increase in operating profit	98	208
Decrease in non-cash items	(98)	(208)
Cash flows from operating activities	—	—



## Selected explanatory notes to the condensed consolidated interim results continued

## 4 Condensed operating segment information

### 4.1 ANALYSIS PER REPORTABLE SEGMENT

Continuing operations	Supermarkets RSA Rm	Supermarkets Non-RSA Rm	Furniture Rm	Other operating segments Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
<b>Unaudited 1 January 2023</b>							
Sale of merchandise	87 687	10 004	3 909	7 309	108 909	—	108 909
External	85 084	9 987	3 909	7 296	106 276	—	106 276
Inter-segment	2 603	17	—	13	2 633	—	2 633
Trading profit	5 370	316	127	227	6 040	(26)	6 014
Interest revenue included in trading profit	33	101	141	39	314	—	314
Depreciation and amortisation <sup>2</sup>	2 756	389	167	37	3 349	26	3 375
Impairments/(impairment reversals)	2	15	(1)	—	16	—	16
Property, plant and equipment	1	7	1	—	9	—	9
Right-of-use assets	1	8	(2)	—	7	—	7
Total assets <sup>3</sup>	71 346	13 941	5 325	5 301	95 913	1 098	97 011
<b>Restated* unaudited 2 January 2022</b>							
Sale of merchandise	74 715	8 510	3 600	6 488	93 313	—	93 313
External	72 433	8 497	3 600	6 485	91 015	—	91 015
Inter-segment	2 282	13	—	3	2 298	—	2 298
Trading profit	4 985	199	193	180	5 557	(17)	5 540
Interest revenue included in trading profit	20	84	146	20	270	—	270
Depreciation and amortisation <sup>2</sup>	2 395	314	149	27	2 885	17	2 902
Impairments	25	97	28	—	150	15	165
Property, plant and equipment	1	57	2	—	60	14	74
Right-of-use assets	24	40	26	—	90	1	91
Total assets <sup>3</sup>	62 084	12 451	5 016	4 636	84 187	939	85 126
<b>Restated* audited 3 July 2022</b>							
Sale of merchandise	151 911	16 886	6 723	12 928	188 448	—	188 448
External	147 368	16 857	6 723	12 920	183 868	—	183 868
Inter-segment	4 543	29	—	8	4 580	—	4 580
Trading profit	10 263	479	211	363	11 316	(38)	11 278
Interest revenue included in trading profit	43	186	260	55	544	—	544
Depreciation and amortisation <sup>2</sup>	5 040	677	307	68	6 092	38	6 130
Impairments	53	88	17	—	158	(12)	146
Property, plant and equipment	1	56	2	—	59	(13)	46
Right-of-use assets	40	32	15	—	87	1	88
Intangible assets	12	—	—	—	12	—	12
Total assets <sup>3</sup>	67 211	13 809	4 619	4 294	89 933	1 266	91 199

Refer to note 7 for operating segment disclosures of discontinued operations.

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations and the reclassification of share of profit of equity accounted investments to trading profit previously included in profit before income tax. Refer to notes 2 and 3 for details of the adjustments recognised for each individual line item.

2 Represent gross depreciation and amortisation before appropriate allocations of distribution cost.

3 Total assets of consolidated continuing operations, together with discontinued operations' total assets, equal total assets as presented in the statement of financial position. Discontinued operations had no total assets at 1 January 2023 (2 Jan '22: R623 million; 3 Jul '22: R256 million).

## 4 Condensed operating segment information continued

### 4.2 GEOGRAPHICAL ANALYSIS

Continuing operations	South Africa Rm	Outside South Africa Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
<b>Unaudited 1 January 2023</b>					
Sale of merchandise – external	94 337	11 939	106 276	—	106 276
Non-current assets <sup>4 and 5</sup>	39 139	4 694	43 833	1 098	44 931
<b>Restated* unaudited 2 January 2022</b>					
Sale of merchandise – external	80 864	10 151	91 015	—	91 015
Non-current assets <sup>4 and 5</sup>	35 638	4 723	40 361	939	41 300
<b>Restated* audited 3 July 2022</b>					
Sale of merchandise – external	163 810	20 058	183 868	—	183 868
Non-current assets <sup>4 and 5</sup>	37 764	5 108	42 872	1 267	44 139

Refer to note 7 for operating segment disclosures of discontinued operations.

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Refer to note 2 for details of the adjustments recognised for each individual line item.

4 Non-current assets consist of property, plant and equipment, right-of-use assets, intangible assets and non-financial trade and other receivables.

5 Non-current assets of consolidated continuing operations, together with discontinued operations' non-current assets, equal non-current assets as presented in the statement of financial position. Discontinued operations' had no non-current assets at 1 January 2023 (2 Jan '22: R198 million; 3 Jul '22: R191 million).

## 5

### Revenue

	Unaudited 26 weeks 1 Jan '23 Rm	Restated* unaudited 26 weeks 2 Jan '22 Rm	Restated* audited 52 weeks 3 Jul '22 Rm
Revenue from contracts with customers	107 746	92 093	186 186
Sale of merchandise (note 5.1)	106 276	91 015	183 868
Commissions received	567	478	987
Franchise fees received	84	61	146
Marketing and media	225	87	185
Delivery recoveries	286	175	421
Other revenue	308	277	579
Operating lease income	241	206	437
Premiums and other insurance income earned	25	60	160
Other income <sup>6</sup>	284	12	57
Dividends received from unlisted share investments	78	103	144
Interest revenue	314	270	544
Instalment sale receivables	151	145	264
Government bonds and bills	87	74	159
Other loans receivable	76	51	121
	108 688	92 744	187 528
Consisting of:			
Sale of merchandise	106 276	91 015	183 868
Other operating income	2 098	1 459	3 116
Interest revenue	314	270	544
	108 688	92 744	187 528

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Refer to note 2 for details of the adjustments recognised for each individual line item.

6 Includes insurance claims due to the social unrest. Refer to note 22 for the impact on each individual line item.



## Selected explanatory notes to the condensed consolidated interim results continued

## 5

### 5.1

#### Revenue continued

#### SALE OF MERCHANDISE HAS BEEN DISAGGREGATED AS FOLLOWS:

	Unaudited 26 weeks 1 Jan '23 Rm	Restated* unaudited 26 weeks 2 Jan '22 Rm	Restated* audited 52 weeks 3 Jul '22 Rm
Supermarkets RSA	85 084	72 433	147 368
Shoprite and Usave	43 775	38 018	77 874
Checkers and Checkers Hyper <sup>7</sup>	33 886	28 997	58 718
LiquorShop and other <sup>8</sup>	7 423	5 418	10 776
Supermarkets Non-RSA	9 987	8 497	16 857
Shoprite and Usave	9 233	7 817	15 512
Checkers and Checkers Hyper	639	584	1 172
LiquorShop and other	115	96	173
Supermarkets RSA and Non-RSA	95 071	80 930	164 225
Furniture	3 909	3 600	6 723
RSA	2 980	2 843	5 302
Non-RSA	929	757	1 421
Other operating segments	7 296	6 485	12 920
Drop-shipment sales to franchisees	3 943	3 495	6 771
Other sales	3 353	2 990	6 149
Consolidated sale of merchandise	106 276	91 015	183 868
7 Checkers and Checkers Hyper includes sale of merchandise through the Checkers Sixty60 application which is less than 5% of the Group's consolidated sale of merchandise.			
8 LiquorShop and other includes sale of merchandise through LiquorShop and Petshop Online which is less than 5% of the Group's consolidated sale of merchandise.			
Lease liability finance charges	1 432	1 261	2 640
Borrowings and other finance charges	283	176	387
Borrowing costs capitalised	1 715	1 437	3 027
	(23)	(18)	(34)
	1 692	1 419	2 993

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Refer to note 2 for details of the adjustments recognised for each individual line item.

## 7

### Discontinued operations

The Group's discontinued operations are detailed below.

#### Retail Supermarkets Nigeria Ltd

In December 2020 the sale agreement to sell the majority stake of the Group's Nigeria subsidiary, Retail Supermarkets Nigeria Ltd, was concluded with conditions precedent met in May 2021. After the finalisation of the closing date accounts in the prior year, an additional profit on disposal of subsidiary was recognised. Furthermore, included in the statement of comprehensive income is exchange rate losses and net finance income for the current and prior periods which relates to a bank account denominated in Nigeria naira which holds the proceeds from the sale of the subsidiary.

#### Shoprite Checkers Kenya Ltd

The Group decided to exit the Kenya market and the last store was closed at the end of January 2021. Consequently the results of Shoprite Checkers Kenya Ltd have been classified as discontinued operations in the statement of comprehensive income. The subsidiary is in the process of being deregistered and incurs expenses until deregistration.

## 7 Discontinued operations continued

### Shoprite Checkers Uganda Ltd

The agreement to sell the properties, in-store assets and leases of the Group's Uganda subsidiary, Shoprite Checkers Uganda Ltd was concluded with conditions precedent met during the prior year. The subsidiary is in the process of being deregistered and incurs expenses until deregistration.

### Shoprite Madagascar S.A.

The sale agreement to sell the entire shareholding of the Group's Madagascar subsidiary, Shoprite Madagascar S.A. was concluded on 31 January 2022 with conditions precedent met.

### Shoprite RDC SARL

The Group decided to exit the DRC market and the last store was closed at the end of December 2022. Consequently the results of Shoprite RDC SARL have been classified as discontinued operations in the statement of comprehensive income.

## 7.1 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

	Retail Supermarkets Nigeria Ltd Rm	Shoprite Checkers Kenya Ltd Rm	Shoprite Checkers Uganda Ltd Rm	Shoprite Madagascar S.A. Rm	Shoprite RDC SARL Rm	Total Rm
<b>Unaudited 26 weeks to 1 January 2023</b>						
<b>Profit/(loss) from discontinued operations</b>						
Sale of merchandise	—	—	—	—	94	94
Gross profit	—	—	—	—	6	6
Other operating income	6	—	—	—	—	6
Depreciation and amortisation	—	—	—	—	(11)	(11)
Employee benefits	—	—	—	—	(19)	(19)
Other operating expenses	—	—	—	—	(25)	(25)
Trading profit/(loss)	6	—	—	—	(49)	(43)
Exchange rate (losses)/gains	(3)	—	1	—	—	(2)
Loss on lease modifications and terminations	—	—	—	—	(65)	(65)
Items of a capital nature	—	—	—	—	(34)	(34)
Operating profit/(loss)	3	—	1	—	(148)	(144)
Net finance income/(costs)	6	—	—	—	(3)	3
Profit/(loss) before income tax	9	—	1	—	(151)	(141)
Income tax	—	—	6	—	(2)	4
Profit/(loss) after income tax	9	—	7	—	(153)	(137)
<b>Other comprehensive loss from discontinued operations</b>						
Foreign currency translation differences from discontinued operations	—	(1)	(1)	—	(5)	(7)
Cumulative foreign currency translation gains/(losses) recognised in other comprehensive income	—	19	(57)	—	(70)	(108)
<b>Net cash inflows/(outflows) attributable to discontinued operations</b>						
Operating activities	—	—	3	—	(7)	(4)
Investing activities	19	—	—	—	—	19
Financing activities	—	—	—	—	(5)	(5)
Net increase/(decrease) in cash generated by the subsidiary	19	—	3	—	(12)	10





## Selected explanatory notes to the condensed consolidated interim results continued

## 7 Discontinued operations continued

### 7.1 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION CONTINUED

	Retail Supermarkets Nigeria Ltd Rm	Shoprite Checkers Kenya Ltd Rm	Shoprite Checkers Uganda Ltd Rm	Shoprite Madagascar S.A. Rm	Shoprite RDC SARL Rm	Total Rm
<b>Unaudited 26 weeks to 2 January 2022</b>						
<b>(Loss)/profit from discontinued operations</b>						
Sale of merchandise	—	—	64	258	110	432
Gross profit	—	—	12	39	19	70
Other operating income	—	—	10	—	2	12
Depreciation and amortisation	—	—	—	—	(11)	(11)
Employee benefits	—	—	(6)	(12)	(11)	(29)
Other operating expenses	—	(3)	(25)	(20)	(19)	(67)
Trading (loss)/profit	—	(3)	(9)	7	(20)	(25)
Exchange rate (losses)/gains	(13)	—	1	1	(2)	(13)
Profit on lease modifications and terminations	—	—	52	—	—	52
Operating (loss)/profit	(13)	(3)	44	8	(22)	14
Net finance income/(costs)	3	—	(2)	(1)	(3)	(3)
(Loss)/profit before income tax	(10)	(3)	42	7	(25)	11
Income tax expense	—	—	(3)	(1)	(2)	(6)
(Loss)/profit after income tax	(10)	(3)	39	6	(27)	5
<b>Other comprehensive (loss)/income from discontinued operations</b>						
Foreign currency translation differences from discontinued operations	—	(4)	(4)	2	(29)	(35)
Cumulative foreign currency translation gains/(losses) recognised in other comprehensive income	—	19	(54)	(17)	(54)	(106)
<b>Net cash (outflows)/inflows attributable to discontinued operations</b>						
Operating activities	—	(2)	50	28	(12)	64
Investing activities	—	—	—	—	(1)	(1)
Financing activities	—	—	(4)	(6)	(13)	(23)
Net (decrease)/increase in cash generated by the subsidiary	—	(2)	46	22	(26)	40

## 7 Discontinued operations continued

### 7.1 FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION CONTINUED

	Retail Supermarkets Nigeria Ltd Rm	Shoprite Checkers Kenya Ltd Rm	Shoprite Checkers Uganda Ltd Rm	Shoprite Madagascar S.A. Rm	Shoprite RDC SARL Rm	Total Rm
<b>Audited 52 weeks to 3 July 2022</b>						
<b>Profit/(loss) from discontinued operations</b>						
Sale of merchandise	—	—	63	296	210	569
Gross (loss)/profit	—	—	(9)	56	39	86
Other operating income	5	10	8	1	2	26
Depreciation and amortisation	—	—	—	—	(22)	(22)
Employee benefits	—	—	(6)	(14)	(21)	(41)
Other operating expenses	(8)	(3)	(36)	(24)	(38)	(109)
Trading (loss)/profit	(3)	7	(43)	19	(40)	(60)
Exchange rate (losses)/gains	(14)	—	(1)	1	—	(14)
Profit/(loss) on lease modifications and terminations	—	—	46	(1)	—	45
Items of a capital nature	—	—	17	—	—	17
Operating (loss)/profit	(17)	7	19	19	(40)	(12)
Net finance income/(costs)	5	—	(2)	(2)	(6)	(5)
(Loss)/profit before income tax	(12)	7	17	17	(46)	(17)
Income tax expense	—	—	(4)	(1)	(3)	(8)
(Loss)/profit after income tax	(12)	7	13	16	(49)	(25)
Profit/(loss) on disposal of subsidiary after income tax (note 7.2)	33	—	—	(47)	—	(14)
Profit/(loss) from discontinued operations	21	7	13	(31)	(49)	(39)
<b>Other comprehensive (loss)/income from discontinued operations</b>						
Foreign currency translation differences from discontinued operations	—	(4)	(6)	2	(40)	(48)
Cumulative foreign currency translation gains/(losses) recognised in other comprehensive income	—	19	(56)	—	(65)	(102)
<b>Net cash inflows/(outflows) attributable to discontinued operations</b>						
Operating activities	—	12	3	(24)	(17)	(26)
Investing activities	44	—	90	31	(1)	164
Financing activities	—	—	(4)	(8)	(21)	(33)
Net increase/(decrease) in cash generated by the subsidiary	44	12	89	(1)	(39)	105

## 7.2 DETAILS OF THE DISPOSAL OF THE DISCONTINUED OPERATIONS

	Retail Supermarkets Nigeria Ltd Rm	Shoprite Checkers Kenya Ltd Rm	Shoprite Checkers Uganda Ltd Rm	Shoprite Madagascar S.A. Rm	Shoprite RDC SARL Rm	Total Rm
<b>Unaudited 26 weeks to 1 January 2023</b>						
Cash received from outstanding debtor from sale of discontinued operations in prior period	19	—	—	—	—	19
Cash inflow on disposal of investment in subsidiary	19	—	—	—	—	19



## Selected explanatory notes to the condensed consolidated interim results continued

## 7 Discontinued operations continued

### 7.2 DETAILS OF THE DISPOSAL OF THE DISCONTINUED OPERATIONS CONTINUED

	Retail Supermarkets Nigeria Ltd Rm	Shoprite Checkers Kenya Ltd Rm	Shoprite Checkers Uganda Ltd Rm	Shoprite Madagascar S.A. Rm	Shoprite RDC SARL Rm	Total Rm
<b>Audited 52 weeks to 3 July 2022</b>						
<b>Details of the disposal of the subsidiary</b>						
Consideration received or receivable						
Cash received	—	—	—	5	—	5
Proceeds receivable in four equal instalments	33	—	—	—	—	33
Total disposal consideration	33	—	—	5	—	38
Carrying amount of net assets disposed	—	—	—	(34)	—	(34)
Profit/(loss) on disposal before reclassification of foreign currency translation reserve and income tax	33	—	—	(29)	—	4
Reclassification of foreign currency translation reserve	—	—	—	(18)	—	(18)
Income tax expense on profit/(loss) on disposal of subsidiary	—	—	—	—	—	—
Profit/(loss) on disposal of subsidiary after income tax	33	—	—	(47)	—	(14)
<b>Details of the disposal of properties, in-store assets and inventory included in items of a capital nature</b>						
Consideration received or receivable						
Cash received	—	—	90	—	—	90
Proceeds receivable in one final payment	—	—	38	—	—	38
Total disposal consideration	—	—	128	—	—	128
Carrying amount of net assets disposed	—	—	(133)	—	—	(133)
Loss on disposal of properties, in-store assets and inventory	—	—	(5)	—	—	(5)
<b>The carrying amounts of assets and liabilities at the disposal date were as follows:</b>						
Property, plant and equipment	—	—	110	37	—	147
Right-of-use assets	—	—	—	28	—	28
Inventories	—	—	23	43	—	66
Trade and other receivables	—	—	—	5	—	5
Cash and cash equivalents	—	—	—	26	—	26
Total assets	—	—	133	139	—	272
Lease liabilities	—	—	—	26	—	26
Borrowings	—	—	—	31	—	31
Provisions	—	—	—	1	—	1
Trade and other payables	—	—	—	45	—	45
Contract liabilities	—	—	—	2	—	2
Total liabilities	—	—	—	105	—	105
Net assets at disposal date	—	—	133	34	—	167
<b>Net inflow of cash on disposal of investment in subsidiary comprise of the following:</b>						
Cash proceeds on disposal	—	—	—	5	—	5
Cash and cash equivalents disposed	—	—	—	(26)	—	(26)
Cash received from outstanding debtor from sale of discontinued operations in prior period	44	—	—	—	—	44
Cash inflow on disposal of investment in subsidiary	44	—	—	(21)	—	23

## 7 Discontinued operations continued

### 7.3 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Retail Supermarkets Nigeria Ltd Rm	Shoprite Checkers Kenya Ltd Rm	Shoprite Checkers Uganda Ltd Rm	Shoprite Madagascar S.A. Rm	Shoprite RDC SARL Rm	Total Rm
<b>Unaudited 26 weeks to 2 January 2022</b>						
<b>The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation:</b>						
Property, plant and equipment	—	—	110	38	—	148
Right-of-use assets	—	—	10	24	—	34
Inventories	—	—	23	58	—	81
Trade and other receivables	—	—	—	8	—	8
Current income tax assets	—	—	—	1	—	1
Total assets of disposal group classified as held for sale	—	—	143	129	—	272
Lease liabilities	—	—	—	24	—	24
Trade and other payables	—	—	—	69	—	69
Contract liabilities	—	—	—	3	—	3
Provisions	—	—	—	3	—	3
Total liabilities of disposal group directly associated with assets classified as held for sale	—	—	—	99	—	99



## Selected explanatory notes to the condensed consolidated interim results continued

## 8

**Earnings/(loss) per share**

	Unaudited 26 weeks 1 Jan '23 Rm	Restated* unaudited 26 weeks 2 Jan '22 Rm	Restated* audited 52 weeks 3 Jul '22 Rm
Net profit attributable to owners of the parent	3 117	2 714	5 711
Loss/(profit) from discontinued operations	137	(5)	39
Earnings from continuing operations	3 254	2 709	5 750
Re-measurements	(129)	199	29
Loss on disposal and scrapping of property <sup>9</sup>	—	101	94
Profit on disposal of assets classified as held for sale	(132)	(10)	(18)
Loss on disposal and scrapping of plant and equipment and intangible assets <sup>9</sup>	40	184	366
Impairment of property, plant and equipment	9	74	46
Impairment of right-of-use assets	7	91	88
Impairment of intangible assets	—	—	12
Impairment of investment in associate	—	—	23
Insurance claims receivable <sup>9</sup>	(50)	(242)	(582)
(Profit)/loss on other investing activities	(3)	1	—
Income tax effect on re-measurements	30	(28)	18
Headline earnings from continuing operations	3 155	2 880	5 797
(Loss)/profit from discontinued operations	(137)	5	(39)
Items of a capital nature from discontinued operations	34	—	(3)
Headline earnings	3 052	2 885	5 755
<i>9 Includes amounts relating to the social unrest. Refer to note 22 for the impact on each individual line item.</i>			
Number of ordinary shares (net of treasury shares)	'000	'000	'000
— In issue	542 839	545 117	542 513
— Weighted average	542 806	545 850	544 910
— Weighted average adjusted for dilution	546 323	549 253	548 503
Reconciliation of weighted average number of ordinary shares in issue during the period:			
Weighted average number of ordinary shares	542 806	545 850	544 910
Adjustments for dilutive potential of full share grants	3 517	3 403	3 593
Weighted average number of ordinary shares for diluted earnings per share	546 323	549 253	548 503
Earnings per share from continuing operations	cents	cents	cents
— Basic earnings	599.5	496.0	1 055.5
— Diluted earnings	595.6	492.9	1 048.6
— Headline earnings	581.3	527.4	1 063.9
— Diluted headline earnings	577.5	524.1	1 056.9
(Loss)/earnings per share from discontinued operations			
— Basic (loss)/earnings	(25.2)	1.0	(7.2)
— Diluted (loss)/earnings	(25.0)	1.1	(7.1)
— Headline (loss)/earnings	(19.0)	1.0	(7.6)
— Diluted headline (loss)/earnings	(18.8)	1.0	(7.5)
Total earnings per share			
— Basic earnings	574.3	497.0	1 048.3
— Diluted earnings	570.6	494.0	1 041.5
— Headline earnings	562.3	528.4	1 056.3
— Diluted headline earnings	558.7	525.1	1 049.4

\* Restated for the classification of the Group's DRC operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Refer to note 2 for details of the adjustments recognised for each individual line item.

	Unaudited 1 Jan '23 Rm	Unaudited 2 Jan '22 Rm	Audited 3 Jul '22 Rm
<b>9 Property, plant and equipment</b>			
Carrying amount at the beginning of the period	16 816	14 374	14 374
Additions	2 850	2 107	4 326
Borrowing costs capitalised	—	4	4
Transfer to assets classified as held for sale (note 10)	(1 388)	—	(7)
Transfer from assets classified as held for sale (note 10)	—	13	50
Acquisition of operations	2	3	3
Disposal	(162)	(375)	(603)
Depreciation	(1 305)	(1 096)	(2 329)
Impairment	(9)	(74)	(122)
Reversal of impairment	—	—	76
Foreign currency translation differences	(265)	507	1 044
Carrying amount at the end of the period	16 539	15 463	16 816
<b>10 Assets classified as held for sale</b>			
Carrying amount at the beginning of the period	120	532	532
Transfer from property, plant and equipment (note 9)	1 388	—	7
Transfer to property, plant and equipment (note 9)	—	(13)	(50)
Transfer to inventories	—	(26)	(43)
Transfer from trade and other receivables	—	8	5
Transfer from current income tax assets	—	1	—
Transfer from cash and cash equivalents	—	—	26
Disposal of discontinued operations	—	—	(272)
Derecognition of right-of-use assets	—	(42)	(56)
Disposal of land and buildings	(199)	(47)	(57)
Additions	19	—	17
Foreign currency translation differences	(2)	21	11
Carrying amount at the end of the period	1 326	434	120
<b>11 Right-of-use assets</b>			
Carrying amount at the beginning of the period	23 725	20 520	20 520
Additions and lease liability remeasurements	2 755	3 532	6 675
Transfer to net investment in lease receivables (included in trade and other receivables) <sup>10</sup>	—	(324)	(324)
Derecognition	(185)	(23)	(135)
Depreciation	(1 831)	(1 614)	(3 367)
Impairment	(30)	(91)	(131)
Reversal of impairment	23	—	43
Landlord contributions	—	—	(5)
Foreign currency translation differences	(104)	329	449
Carrying amount at the end of the period	24 353	22 329	23 725

<sup>10</sup> The Group entered into finance sublease agreements during the comparative periods.





## Selected explanatory notes to the condensed consolidated interim results continued

				Unaudited 1 Jan '23 Rm	Unaudited 2 Jan '22 Rm	Audited 3 Jul '22 Rm	
12	Equity accounted investments						
	Associates (note 12.1)			2 102	2 055	2 059	
	Joint ventures (note 12.2)			203	—	181	
				2 305	2 055	2 240	
12.1	ASSOCIATES						
	Carrying amount at the beginning of the period			2 059	2 025	2 025	
	Investment in ordinary shares acquired			13	—	—	
	Share of post-acquisition profits			106	98	202	
	Dividends received from associates			(76)	(68)	(145)	
	Impairment			—	—	(23)	
	Carrying amount at the end of the period			2 102	2 055	2 059	
	The associates listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. These are private companies and no quoted market prices are available for their shares.						
	% Owned by the Group						
		1 Jan '23	2 Jan '22	3 Jul '22			
	Retail Logistics Fund (RF) (Pty) Ltd	49.9%	49.9%	49.9%	2 067	2 009	2 036
	Resilient Africa (Pty) Ltd	39.1%	39.1%	39.1%	—	—	—
	Resilient Africa Managers (Pty) Ltd	39.1%	39.1%	39.1%	—	—	—
	LBB Foods (Pty) Ltd	41.0%	41.0%	41.0%	13	12	12
	Red Baron Agri (Pty) Ltd	41.0%	41.0%	41.0%	9	10	11
	Trans Africa IT Solutions (Pty) Ltd	49.0%	—	—	13	—	—
	Zulzi On Demand (Pty) Ltd	26.0%	26.0%	26.0%	—	24	—
					2 102	2 055	2 059
12.2	JOINT VENTURES						
	Carrying amount at the beginning of the period			181	—	—	
	Investment in ordinary shares acquired			—	—	175	
	Share of post-acquisition profits			22	—	6	
	Carrying amount at the end of the period			203	—	181	
	The Group acquired a 50% interest in Pingo Delivery (Pty) Ltd during the prior financial year. The share capital of Pingo Delivery (Pty) Ltd consist solely of ordinary shares, which are held directly by the Group. There are no quoted market prices available for the private company's shares.						
13	Convertible loans						
	Omnisient (RF) (Pty) Ltd						
	Recognised at fair value through profit or loss at initial recognition			21	—	—	
	Reconciliation of carrying amount:						
	Carrying amount at the beginning of the period			—	—	—	
	Investment in convertible loan acquired			20	—	—	
	Interest accrual			1	—	—	
	Carrying amount at the end of the period			21	—	—	

The amount is denominated in South Africa rand, earns interest at a weighted average variable interest rate (linked to the South African prime rate) of 12.9% p.a. and is convertible into shares within 20 months from the reporting date. The Group has the choice to demand repayment of the outstanding capital amount along with accrued interest after the maturity date.

	Unaudited 1 Jan '23 Rm	Unaudited 2 Jan '22 Rm	Audited 3 Jul '22 Rm
<b>14 Government bonds and bills</b>			
AOA, USD Index Linked, Angola Government Bonds (note 14.1)	721	718	739
AOA, Angola Government Bonds (note 14.2)	494	648	598
Angola Treasury Bills (note 14.3)	592	82	—
	1 807	1 448	1 337
Analysis of total government bonds and bills:			
Non-current	828	1 098	1 051
Current	979	350	286
	1 807	1 448	1 337

#### 14.1 AOA, USD INDEX LINKED, ANGOLA GOVERNMENT BONDS

The AOA, USD Index Linked, Angola Government Bonds are to be settled in Angola kwanza, earn interest at an average rate of 6.4% (2 Jan '22: 6.5%; 3 Jul '22: 6.5%) p.a. and mature after one to 27 months from the reporting date. Accrued interest is payable bi-annually.

#### 14.2 AOA, ANGOLA GOVERNMENT BONDS

The AOA, Angola Government Bonds are denominated in Angola kwanza, earn interest at an average rate of 16.5% (2 Jan '22: 16.0%; 3 Jul '22: 16.4%) p.a. and mature after 14 to 19 months from the reporting date. Accrued interest is payable bi-annually.

#### 14.3 ANGOLA TREASURY BILLS

The Angola Treasury Bills are denominated in Angola kwanza, earn interest at an average rate of 6.6% (2 Jan '22: 16.1%; 3 Jul '22: 16.1%) p.a. and mature after one to nine months from the reporting period. Accrued interest is payable at maturity.

	Number of shares		
	Unaudited 1 Jan '23	Unaudited 2 Jan '22	Audited 3 Jul '22
<b>15 Stated capital and treasury shares</b>			
<b>15.1 STATED CAPITAL</b>			
Treasury shares held by Shoprite Checkers (Pty) Ltd are netted off against share capital on consolidation. The net number of ordinary shares in issue for the Group are:			
Issued ordinary share capital	591 338 502	591 338 502	591 338 502
Treasury shares (note 15.2)	(48 499 435)	(46 221 302)	(48 825 455)
	542 839 067	545 117 200	542 513 047
<b>15.2 TREASURY SHARES</b>			
Reconciliation of movement in number of treasury shares for the Group:			
Balance at the beginning of the period	48 825 455	43 164 607	43 164 607
Shares purchased during the period under the authorised share buy-back programme <sup>11</sup>	—	2 114 309	5 068 456
Shares purchased during the period for equity-settled share-based payments <sup>12</sup>	1 394 275	1 382 109	1 382 109
Shares disposed during the period	(90 903)	(48 683)	(319 794)
Shares utilised for settlement of equity-settled share-based payment arrangements	(1 629 392)	(391 040)	(469 923)
Balance at the end of the period	48 499 435	46 221 302	48 825 455
Consisting of:			
Shares owned by Shoprite Checkers (Pty) Ltd	43 858 001	40 903 854	43 858 001
Shares held by Shoprite Checkers (Pty) Ltd for the benefit of participants to equity-settled share-based payment arrangements	4 641 434	5 317 448	4 967 454
	48 499 435	46 221 302	48 825 455

<sup>11</sup> There were no shares purchased under the authorised share buy-back programme during the period (average market price per share 2 Jan '22: R159.78; 3 Jul '22: R196.69).

<sup>12</sup> The average market price of the shares purchased for equity-settled share-based payments was R226.23 (2 Jan '22: R183.39; 3 Jul '22: R183.39) per share.



## Selected explanatory notes to the condensed consolidated interim results continued

	Unaudited 1 Jan '23 Rm	Unaudited 2 Jan '22 Rm	Audited 3 Jul '22 Rm
<b>16 Lease liabilities</b>			
Reconciliation of carrying amounts:			
Carrying amount at the beginning of the period	31 623	27 722	27 722
New leases and remeasurements	2 750	3 525	6 662
Lease terminations	(165)	(40)	(201)
Transfer to other financial payables	(84)	—	—
Lease payments	(3 036)	(2 365)	(5 592)
Principal lease liability payments	(1 601)	(1 101)	(2 949)
Interest paid	(1 435)	(1 264)	(2 643)
Interest accruals	1 435	1 264	2 646
Exchange rate differences	159	(238)	(137)
Foreign currency translation differences	(131)	466	523
Carrying amount at the end of the period	32 551	30 334	31 623
Analysis of total lease liabilities:			
Non-current	29 675	26 981	28 458
Current	2 876	3 353	3 165
	32 551	30 334	31 623
<b>17 Borrowings</b>			
Consisting of:			
ABSA Bank Ltd (note 17.1)	2 021	1 014	1 001
FirstRand Bank Ltd (note 17.2)	1 501	2 006	1 501
Standard Bank Ltd (note 17.3)	2 006	1 002	2 004
ABSA Bank Ltd (note 17.4)	507	376	539
Standard Chartered Bank (Mauritius) Ltd (note 17.5)	87	560	165
Stanbic Bank Botswana Ltd (note 17.6)	235	309	302
	6 357	5 267	5 512
Analysis of total borrowings:			
Non-current	5 528	3 000	4 500
Current	829	2 267	1 012
	6 357	5 267	5 512
<b>17.1 ABSA BANK LTD</b>			
This loan is denominated in South Africa rand and unsecured, payable after 30 months from the reporting date and bears interest at an average rate of 7.0% (2 Jan '22: 5.3%; 3 Jul '22: 5.6%) p.a.			
<b>17.2 FIRSTRAND BANK LTD</b>			
This loan is denominated in South Africa rand and unsecured, payable after 27 months from the reporting date and bears interest at an average rate of 7.0% (2 Jan '22: 5.1%; 3 Jul '22: 5.6%) p.a.			
<b>17.3 STANDARD BANK LTD</b>			
This loan is denominated in South Africa rand, unsecured, payable after 24 months from the reporting date and bears interest at an average rate of 6.8% (2 Jan '22: 5.1%; 3 Jul '22: 5.3%) p.a.			
<b>17.4 ABSA BANK LTD</b>			
This loan is denominated in US dollar, unsecured, payable after one to three months from the reporting date and bears interest at an average rate of 4.9% (2 Jan '22: 2.2%; 3 Jul '22: 1.9%) p.a.			
<b>17.5 STANDARD CHARTERED BANK (MAURITIUS) LTD</b>			
The amount outstanding at 2 January 2022 was repaid during the prior year, denominated in US dollar, unsecured and carried interest at an average rate of 2.7% p.a. R87 million of the amount outstanding at 3 July 2022 was repaid during the period under review, denominated in US dollar, unsecured and carried interest at an average rate of 3.0% p.a. The remaining balance of the loan's repayment terms was renegotiated, payable after seven months from the reporting date and bears interest at an average rate of 5.6% p.a.			
<b>17.6 STANBIC BANK BOTSWANA LTD</b>			
This loan is denominated in Botswana pula, unsecured, payable after one month from the reporting date and bears interest at an average rate of 7.1% (2 Jan '22: 5.8%; 3 Jul '22: 5.9%) p.a.			

## 18 Fair value disclosures

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Significant differences were identified for the following instruments at the end of the reporting period:

	Carrying amount			Fair value		
	Unaudited 1 Jan '23 Rm	Unaudited 2 Jan '22 Rm	Audited 3 Jul '22 Rm	Unaudited 1 Jan '23 Rm	Unaudited 2 Jan '22 Rm	Audited 3 Jul '22 Rm
Government bonds and bills	1 807	1 448	1 337	1 888	1 464	1 254
Loans receivable	2 042	1 941	2 019	2 032	1 899	2 009
Borrowings	6 357	5 267	5 512	7 549	5 796	6 164

## 19 Cash flow information

### 19.1 NON-CASH ITEMS

	Unaudited 26 weeks 1 Jan '23 Rm	Restated* unaudited 26 weeks 2 Jan '22 Rm	Restated* audited 52 weeks 3 Jul '22 Rm
Depreciation of property, plant and equipment	1 305	1 096	2 329
Depreciation of right-of-use assets	1 831	1 614	3 367
Amortisation of intangible assets	250	203	456
Share of profit of equity accounted investments	(128)	(98)	(208)
Credit impairment losses/(reversals) on loans receivable and government bonds and bills	1	(7)	85
Net fair value gains on financial instruments	(19)	(14)	(107)
Exchange rate (gains)/losses	(22)	138	274
Loss/(profit) on lease modifications and terminations	20	(69)	(111)
Loss on disposal and scrapping of property	—	101	94
Profit on disposal of assets classified as held for sale	(132)	(10)	(18)
Loss on disposal and scrapping of plant and equipment and intangible assets	74	184	366
Insurance recovery for property, plant and equipment relating to social unrest	—	—	(571)
Impairment of property, plant and equipment	9	74	46
Impairment of right-of-use assets	7	91	88
Impairment of intangible assets	—	—	12
Impairment of investment in associate	—	—	23
Loss on disposal of discontinued operations	—	—	47
Movement in provisions	(1)	—	(12)
Movement in cash-settled share-based payment accrual	—	47	47
Movement in share-based payment reserve	115	111	213
Movement in fixed escalation operating lease accruals	4	3	5
	3 314	3 464	6 425

\* Restated for the reclassification of share of profit of equity accounted investments to trading profit which previously was included in profit before income tax. Refer to note 3 for details of the adjustments recognised for each individual line item.

### 19.2 CHANGES IN WORKING CAPITAL

Inventories	(3 591)	(2 683)	(2 827)
Trade and other receivables	(1 231)	(823)	(665)
Trade and other payables	7 310	1 963	1 615
Contract liabilities	(149)	(87)	116
	2 339	(1 630)	(1 761)



## Selected explanatory notes to the condensed consolidated interim results continued

## 20 Related party information

The Group acquired a new associate, Trans Africa IT Solutions (Pty) Ltd during the period (refer to note 12). During the period under review, in the ordinary course of business, certain companies within the Group entered into transactions with each other. All intergroup transactions are similar to those in the prior year. The intergroup transactions with subsidiaries have been eliminated in the condensed interim financial statements on consolidation. Related party transactions also include deferred shares, key management personnel compensation and loans to associates.

During the prior year Non-executive Director, Dr CH Wiese, exercised his rights to cash-settled share-based payments, based on 1 000 000 shares, which were granted during 2004 at a strike price of R6.50 per share. This resulted in a cash outflow of R196 million as presented in the condensed consolidated statement of cash flows.

	Unaudited 26 weeks 1 Jan '23 Rm	Unaudited 26 weeks 2 Jan '22 Rm	Audited 52 weeks 3 Jul '22 Rm
<b>21 Supplementary information</b>			
Net asset value per share (cents)	4 758	4 197	4 697
Contracted capital commitments (note 21.1)	1 840	1 198	1 855
Contingent assets (note 21.2)	—	308	367
Contingent liabilities (note 21.3)	4 155	985	1 008

### 21.1 CONTRACTED CAPITAL COMMITMENTS

As at 2 January 2022 the Group estimated to spend an additional amount of up to R856 million on the replacement of assets lost during the social unrest which was not included in the contracted capital commitments. Part of these costs were covered by insurance providers. Refer to note 22.

### 21.2 CONTINGENT ASSETS

Contingent assets in the prior financial periods relate to insurance claims receivable resulting from the social unrest which have not been recorded due to its recoverability having been assessed not to be virtually certain at the reporting date. Refer to note 22.

### 21.3 CONTINGENT LIABILITIES

Contingent liabilities consist of outstanding legal matters, including a judgement in Nigeria that has gone on appeal, as well as possible tax exposures which includes VAT assessments of R2 billion relating to an entity outside of South Africa. The Group has submitted objections to the possible tax exposures.

Management has assessed the merits of each of these cases in close collaboration with the Group's external advisors and remain confident that these exposures leading to additional payments are not probable. Accordingly, these are disclosed as contingent liabilities.

## 22 South Africa's social unrest

At the beginning of July 2021, the South African provinces of KwaZulu-Natal and Gauteng experienced extreme social unrest, manifesting in wide scale looting and destruction of infrastructure. The Group's Durban based KwaZulu-Natal fresh foods distribution centre was partially looted and the Pietermaritzburg Furniture distribution centre incurred fire damage. As a result of this direct impact, the Group took precautionary measures which included the closing of a considerable number of stores operating in the KwaZulu-Natal province and in its central Gauteng region during that same week. All of these stores that were closed on a precautionary basis have since re-opened, as has the Durban based distribution centre. This event resulted in 231 stores being impacted of which 177 have been classified as looted and 54 as having fire damage. At the reporting date, 170 of the 177 looted stores and 36 of the 54 fire damaged stores, have since re-opened. The decision was made that 10 stores will not be re-opened. The final settlement was received during the period, which resulted in the Group having received a total amount of R1.8 billion (2 Jan '22: R935 million; 3 Jul '22: R1.6 billion) from Sasria and the Group riot wrap insurance policy. Refer to note 21 relating to the contingent assets in the prior periods.

The analysis below details the loss of assets impact on the carrying amounts in the Group's statement of financial position and results of cash flows for the current and previous reporting periods. This excludes the impact of additional expenses incurred to become operational in the stores and to safeguard our assets.

	Loss incurred Rm	Insurance claims Rm	Nett impact Rm
<b>Unaudited 26 weeks ended 2 January 2022</b>			
Inventory write-downs (included in cost of sales)	(968)	968	—
Property write-downs (included in items of a capital nature)	(100)	100	—
Equipment, fixtures and fittings written off (included in items of a capital nature)	(162)	162	—
Insurance claim relating to loss of profits (included in other operating income)	—	12	12
Total impact on statement of comprehensive income (operating profit)	(1 230)	1 242	12
Proceeds received from insurance claims for inventory		(935)	
Outstanding insurance claims included in trade and other receivables		307	
<b>Audited 52 weeks ended 3 July 2022</b>			
Inventory write-downs (included in cost of sales)	(968)	968	—
Cash on hand write-offs (included in cost of sales)	(19)	12	(7)
Property write-downs (included in items of a capital nature)	(100)	100	—
Equipment, fixtures and fittings written off (included in items of a capital nature)	(162)	471	309
Insurance claim relating to loss of profits (included in other operating income)	—	22	22
Insurance claim relating to loss of rental (included in other operating income)	—	23	23
Total impact on statement of comprehensive income (operating profit)	(1 249)	1 596	347
Proceeds received from insurance claims		(1 584)	
Property, plant and equipment		(564)	
Inventory		(966)	
Cash on hand		(12)	
Loss of profits		(21)	
Loss of rental		(21)	
Outstanding insurance claims included in trade and other receivables		12	
<b>Unaudited 26 weeks ended 1 January 2023</b>			
Insurance claim relating to loss of profits (included in other operating income)	—	244	244
Total impact on statement of comprehensive income (operating profit)	—	244	244
Proceeds received from insurance claims		(256)	
Property, plant and equipment		(7)	
Inventory		(2)	
Loss of profits		(245)	
Loss of rental		(2)	
Outstanding insurance claims included in trade and other receivables		—	



## Selected explanatory notes to the condensed consolidated interim results continued

**23 Events after the reporting date****23.1 ACQUISITION OF SELECT BUSINESSES FROM MASSMART HOLDINGS LTD**

The Group acquired select businesses from Massmart Holdings Ltd with an effective date of 9 January 2023. As a result of this acquisition, the Group is expected to expand its retail business operations in South Africa. The transaction led to the Group acquiring 94 stores which have been rebranded as 51 Shoprite, 42 Shoprite LiquorShop and one Usave. Furthermore, the acquisition included 4 480 staff members joining the Group. At the date of publishing the financial statements the Group was in the process of verifying the fair values of the assets and liabilities.

All other acquisitions of operations are not material to the Group's consolidated financial statements and therefore no summary financial information is presented for these.

**23.2 SALE AND LEASEBACK OF DISTRIBUTION CENTRES**

The Group signed an agreement during August 2022 with Retail Logistics Fund (RF) (Pty) Ltd to sell and lease back two of its distribution centres, namely the Canelands and Wells Estate distribution centres. Competition Commission approval was received during November 2022 for both distribution centres. The suspensive conditions for the Wells Estate distribution centre were met and the transfer was registered at the deeds office on the effective date of 12 January 2023. All the suspensive conditions have not been met for the Canelands distribution centre.

**24 Going concern**

The Board of Directors evaluated the going concern assumption as at 1 January 2023, taking into account the current financial position and their best estimate of the cash flow forecasts and considered it to be appropriate in the presentation of the condensed consolidated interim financial statements.

The Board has reviewed the cash flow forecast for the next 12 months and is of the opinion that the Group has more than sufficient liquidity to adequately support its working capital requirements and consequently, is satisfied with the Group's ability to continue as a going concern for the foreseeable future.