SHOPRITE HOLDINGS LTD

Unaudited results for the
26 weeks ended 2 January 2022

SHOPRITE HOLDINGS LTD

(Reg. No. 1936/007721/06)
(ISIN: ZAE000012084)
(JSE Share code: SHP)
(NSX Share code: SRH)
(LuSE Share code: SHOPRITE)
("the Group")

UNAUDITED RESULTS FOR THE 26 WEEKS ENDED 2 JANUARY 2022

Key information – continuing operations

- Sale of merchandise increased by 10.0% to R91.1 billion
- Diluted headline earnings per share (DHEPS) increased by 25.2% to 519.3 cents (restated* H1 2021: 414.8 cents)
- Adjusted DHEPS** increased by 32.5% to 536.3 cents (restated* H1 2021: 404.8 cents)
- The interim dividend per share declared increased by 22.0% to 233 cents (H1 2021: 191 cents)
- Excluding the impact of civil unrest closures and reopenings, our core Supermarkets RSA operating segment opened a net of 62 stores during the six months creating 1 949 new jobs

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

** The adjusted DHEPS constitutes pro forma financial information in terms of JSE Limited Listings Requirements, is the responsibility of the Board of Directors of the Company, has been prepared for illustrative purposes only and may not fairly present the Group's financial position.

Overview from Pieter Engelbrecht, Chief Executive Officer

The extraordinary growth in sales and profits reported by the Group for the first half of our 2022 year is testament to the capable people of Shoprite, united in their commitment to the Group's millions of customers throughout South Africa and Africa. The execution strength demonstrated throughout our supermarket, furniture and franchise businesses during what can only be described as some of the most difficult times South Africa has seen for many years was unsurpassed. Similarly, our supermarket business outside South Africa has sustained its profitability. All credit to our teams who operate in these regions which, in their own right, can be extremely challenging.

The Group's core South African supermarket business, representing 79.5% of Group sales, increased sales by 11.3%. Despite having two of our large format Checkers Hypers still closed due to the July 2021 civil unrest, all of our supermarket brands grew sales ahead of the market. Shoprite and Usave, which together make up 52.5% of our Supermarkets RSA operating segment increased sales by 7.3%. Checkers and Checkers Hyper, which make up 40.0% of Supermarkets RSA sale of merchandise, increased sales by 11.4%. After being closed for much of last year due to lockdown regulations our Shoprite and Checkers LiquorShop business, which constitutes 7.4% of the segment's sales, increased by 49.8%.

The continued momentum and customer support demonstrated by all our supermarket brands is particularly gratifying given our relentless focus on affordability. Our low-price promise continues to guide our daily decision making, evidenced by our 2.6% selling price inflation for the Supermarkets RSA segment for the six months. In addition to this, our 23.1 million customers who have joined the Shoprite and Checkers Xtra Savings Rewards Programme have saved R4.5 billion during this six-month period alone.

In terms of accessibility, our continual drive to alleviate the time and cost pressures for our customers remains a top priority and continues to guide our various businesses in different ways whether it be growing our reach of community based Usave stores or building on our very successful on-demand grocery delivery solution Checkers Sixty60. It is very pleasing to see the meaningful difference our initiatives have made to our customers during these particularly challenging times, as reflected in the 12.1% sales growth reported by our Usave stores.

We've continued to strengthen our core supermarket business by opening new stores, updating existing stores, introducing new products and bringing new trading formats to the market. We've also evolved our fintech business and Shoprite^{X}, the Group's tech and innovation hub, which has continued to raise the bar with numerous initiatives including, but not limited to, the agreement entered into with our partner RTT Group (Pty) Ltd to establish a new company for their on-demand business.

Delivering a 25.5% HEPS growth from continuing operations in such a difficult environment is a result of world-class execution of a clear plan, underscored by our daily obsession with affordability for our customers. It is a goal that keeps us grounded, aligned and motivated as we move forward to better the lives of customers and we look forward to building on this in the years to come.

RESULTS COMMENTARY FOR THE 26 WEEKS ENDED 2 JANUARY 2022

Introduction

The Group has delivered a strong financial result, generating an additional R8.3 billion in sales versus the corresponding period to increase sales by 10.0% to R91.1 billion for the 26 weeks ending 2 January 2022. We maintained our 24.1% gross margin and increased trading profit by 14.5%. This performance resulted in a trading profit margin of 6.0% compared to the 5.7% trading profit margin reported for the corresponding period. The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 12.9% and measured R7.9 billion.

This result was achieved in a period which included ongoing COVID-19 lockdown regulations and the impact of unprecedented political and civil unrest in KwaZulu-Natal and Gauteng provinces where 231 of the Group's stores were damaged and a considerable number of adjacent stores in the affected areas were also closed for a period. At the end of the reporting period, 45 stores remained closed, of which seven will not re-open.

The balance sheet remained strong and reflects the Group's continued focus on its capital allocation program which continues to deliver increased shareholder returns. During the period under review the Group opened 99 stores, expanding its continuing operations footprint to 2 933 stores. Our return on invested capital (ROIC) measured 13.3% (restated H1 2021: 11.3%), borrowings/equity ratio is 22.9% (H1 2021: 27.9%) and cash generated from operations in the amount of R6.7 billion reflects the Group's inherent cash generative capability.

With this in mind, the Board has declared an interim dividend of 233 cents per share. This represents year-on-year dividend per share growth of 22.0%. Furthermore, the Board has authorised a share buy-back programme which to date has resulted in the repurchase of 5.5 million shares in the amount of R854 million including related costs.

Our businesses in Kenya, Madagascar and Uganda have been classified as discontinued operations in the second half of the 2021 financial year and have been excluded from our headline earnings from continuing operations performance measure. It is for this reason that the comparative statement of comprehensive income has been restated for the discontinued operations of Kenya, Madagascar and Uganda. An agreement for selling the assets of the Uganda subsidiary was signed on 2 November 2021, but finalisation of the transaction will only be recorded after ownership of the properties is transferred. The effective date for the sale of equity in the Shoprite Madagascar S.A. subsidiary is 31 January 2022.

Headline earnings per share (HEPS)

DHEPS from continuing operations increased by 25.2%. For ease of comparison, we include an adjusted DHEPS which excludes the after-tax effect of exchange rate gains or losses, profit on lease modifications and terminations as well as the impact of hyperinflation.

	Change %	26 weeks 2 Jan '22 cents	Restated* 26 weeks 27 Dec '20 cents
Earnings from continuing operations:			
Basic HEPS	25.5	522.6	416.5
DHEPS	25.2	519.3	414.8
Adjusted DHEPS**	32.5	536.3	404.8
Earnings including discontinued operations:			
Basic HEPS	23.1	528.4	429.3
DHEPS	22.8	525.1	427.7
Adjusted DHEPS**	31.9	535.5	406.0

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

** The adjusted DHEPS constitutes pro forma financial information in terms of JSE Limited Listings Requirements, is the responsibility of the Board of Directors of the Company, has been prepared for illustrative purposes only and may not fairly present the Group's financial position.

Sale of merchandise

The Group's sale of merchandise from continuing operations for the 26 weeks increased by 10.0% to R91.1 billion. Like-for-like sales increased by 9.3%.

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

	Change %	26 weeks 2 Jan '22 Rm	Restated* 26 weeks 27 Dec '20 Rm
Supermarkets RSA	11.3	72 433	65 074
Supermarkets Non-RSA	8.4	8 607	7 941
Furniture	(6.5)	3 600	3 849
Other operating segments	8.9	6 485	5 956
Total continuing operating segments	**10.0**	**91 125**	**82 820**
Discontinued operations		322	2 034
Total operating segments including discontinued operations	**7.8**	**91 447**	**84 854**

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

Supermarkets RSA

The Group's core business, Supermarkets RSA, making up 79.5% of sales from continuing operations, is represented by 1 748 stores across our major trading banners, Shoprite, Usave, Checkers, Checkers Hyper and LiquorShop. As a segment, Supermarkets RSA achieved 11.3% sales growth (like-for-like: 10.7%). Customer visits for the period increased by 6.2% and average basket spend increased by 4.8%. Second quarter internal selling price inflation of 1.9% declined from the 3.3% reported for the first quarter, to average 2.6% for the period.

At the end of the reporting period the number of stores still closed due to extensive damage during the civil unrest totaled 35 (including two Checkers Hypers). It is envisaged that six of these will not reopen, seven will open before year-end and the remainder should open in the next financial year.

The Checkers supermarket chain contributes 40.0% of the Group's core Supermarkets RSA segment's sales. Inclusive of its 38 larger format Checkers Hypers (of which two remain closed due to the unrest), Checkers increased its sale of merchandise by 11.4%. The success of Checkers' value positioning and store upgrade strategy focusing on fresh and value-add categories has continued to drive market share gains in the mid-to-upper segment of the market. Checkers, inclusive of Checkers Hyper, ended the period with 271 stores. Checkers upgraded eight of its supermarkets during the six months and opened five new supermarkets, 12 PetShop Science stand-alone premium pet stores and one Little Me stand-alone baby store. Checkers plans to open an additional 11 supermarkets and nine PetShop Science stores by June 2022.

Checkers Sixty60, the Group's on-demand grocery delivery app has maintained its growth trajectory, expanding the store base from which it services Checkers customers to 266 stores (FY 2021: 233 stores). In line with the Group's number one strategic driver, "a truly customer-first culture" Checkers Sixty60 linked its Xtra Savings Rewards Programme with the Sixty60 app during the period under review. This customer centric decision affords Checkers Sixty60 customers the opportunity to have their Xtra Savings deals and personalised offers delivered to their door (in 60 minutes).

The Shoprite and Usave supermarket businesses together contribute 52.5% of Supermarkets RSA's sales. Despite bearing the brunt of the Group's impact of the civil unrest (126 Shoprite and Usave stores impacted), both chains restored operations with remarkable speed whilst remaining steadfast in the execution of their low-price promise, Black Friday and festive season plans. Collectively they increased sales by 7.3% for the period. Individually, Shoprite and Usave increased sales for the period by 6.8% and 12.1% respectively.

Shoprite, our price-fighting supermarket business ended the period with 527 stores. Shoprite opened ten new stores during the six-month period and is on track to open a further 18 by year-end. Usave, our low-cost, no frills, limited assortment discounter ended the period with 395 stores. For the six-month period, Usave opened 11 new stores and closed nine stores (of which five are permanent closures, due to the civil unrest). Usave plans to open a further 29 new stores by our June 2022 financial year-end.

The segment's LiquorShop business, representing 7.4% of Supermarkets RSA's sales, increased sales by 49.8%. COVID-19 lockdown regulations restricted LiquorShop trade to 134 days out of 182 days during the period (H1 2021: 103 of 182 days). During November 2021 the business launched LiquorShop Online (www.liquorshop.co.za), South Africa's largest drink selection including rare finds and high-end spirits not often found in our stores, for home delivery. In terms of its physical store base, LiquorShop added 28 new stores during the six months. After accounting for one store permanently closed due to unrest, LiquorShop ended the period with 555 stores. The business plans to open 27 additional LiquorShops by June 2022.

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 on track with its participation measuring 18.0% for the period.

Sale of merchandise | continued

Supermarkets Non-RSA

Supermarkets Non-RSA continuing operations contributed 9.4% to Group sales. The segment's continuing operations now operating from ten countries recorded a sales increase in constant currency of 11.4% and we estimate internal food inflation for the region averaged 7.6% for the period.

In rand terms sales for the period increased by 8.4% to R8.6 billion. The second quarter sales improvement in rand terms was underpinned by Angola and Zambia currency strength and the improvement in the oil price which bodes well for the longer-term economic performance of the commodity rich regions.

Our Zambian business performed well in a high inflation environment, reporting 34.8% sales growth in constant currency translating to a growth of 35.3% in rand terms.

In Angola, our supermarkets business' 2.1% sales decline in constant currency translated to a 9.4% decline in rands. The trading environment in Angola remained muted and the combined impact of rampant inflation and currency devaluations in recent years continues to weigh on spending power. Access to US dollar availability to secure merchandise of imported lines has improved, supporting the range of products we offer our customers which in turn we believe will improve gross margin in the long term. Our reliance on locally sourced products remains high which in turn resulted in an overall improved in-stock position during our Christmas promotional period.

For the most part, the remainder of our Supermarkets Non-RSA continuing operations traded well, in challenging circumstances.

Furniture

Sales in the Group's Furniture segment, representing 4.0% of sales from continuing operations, declined by 6.5% to R3.6 billion. Credit participation increased by one percentage point to 12.8% (H1 2021: 11.8%). Like-for-like sales declined by 3.9%.

The sales decline for the period was impacted by the high base created in the comparative period due to: pent up demand following lockdown closures; the positive influence of work from home on buying behaviour; and the impact of the civil unrest which directly impacted 35 stores and resulted in many adjacent stores being closed for precautionary reasons. Nine stores remained closed at the end of the reporting period.

Outside of the civil unrest closures and reopenings, the segment's store base on a net basis increased by five stores over the period to close with 428 stores (South Africa 342 stores, Non-RSA 86 stores).

Other operating segments

The Group's other operating segments, representing 7.1% of sales from continuing operations and comprising OK Franchise, Transpharm, MediRite Pharmacies, Checkers Food Services and Computicket, achieved sales growth of 8.9% for the period.

The OK Franchise business increased sales by 6.5%. During December 2021, the Group successfully completed the acquisition of the President Hyper brand which we foresee will create new opportunities in the hyper franchise environment. During the period the OK Franchise store base was reduced by a net two stores to end with 511 franchises. The Group's franchise division plans to open 31 new franchise stores during the second half.

Both MediRite and Transpharm's sales reported strong growth on the comparative period. In recognition of the long-term growth opportunities in health and beauty and the desire to expand our range of products and services in this area, the Group added to its base of 141 MediRite pharmacies within its supermarket operations by opening our first stand-alone MediRite Plus Pharmacy in Cape Town during the period. We expect to open a further one stand-alone pharmacy during the second half of our financial year.

Gross profit

The Group reported a 24.1% gross profit margin (restated H1 2021: 24.1%). In rand terms this equates to a 10.1% increase in gross profit to R22.0 billion. The gross profit margin in the Supermarkets RSA segment saw further expansion during the period with the gross margin in the Supermarkets Non-RSA segment contracting marginally as a result of the strengthening of the currencies in the regions the Group trade.

The key drivers realising the R2.0 billion increase in gross profit were:

- The increase in gross profit from our higher margin Checkers and Checkers Hyper RSA supermarket business to our core Supermarkets RSA segment.
- Collective impact of collaboration across our various corporate teams: resulting in improved buying and the expansion of our private label categories together with building new capabilities within the Xtra Savings Rewards Programme.
- Improvements in operational execution: resulting in a 9 basis point improvement in shrinkage as % of sales.
- Ongoing supply chain efficiencies: benefits realised to maintain and improve operations in an environment where we have seen an increase in the costs to import goods as well as an increase in logistic costs as a result of the higher fuel price.

Expenses

Total expense growth for the period of 9.1% was negatively impacted by additional costs incurred to protect our assets during the July 2021 civil unrest. Excluding the impact, expenses increased by 8.3%.

Expense growth is attributed to the following:

- COVID-19 related costs of R84 million (H1 2021: R82 million). Costs include health and safety, security, mobile clinics, store and distribution centre sanitation and cleaning costs.
- Depreciation and amortisation increased by 1.4%.
  - Depreciation on right-of-use assets increased by 8.3% to R1.6 billion as a result of new store openings, lease renewals and a full six months of depreciation on the three distribution centres residing within Retail Logistics Fund (RF) Pty Ltd (of which the Group holds a 49.9% share).
  - Depreciation on property, plant and equipment decreased by 2.5% to R1.1 billion.
- Employee benefits growth of 7.2% reflects the combined impact of general employee cost growth and two additional factors:
  - Relating to COVID-19 and the civil unrest a net benefit from Government incentives of R193 million (H1 2021: R98 million) received for the period; and
  - The R36 million expense (H1 2021: R27 million) relating to employee development costs and the Youth Employment Service (YES) program.
- Other operating expense growth of 12.3% includes increases of: 15.4% for advertising, 10.3% for security (higher than normal due to civil unrest), 8.9% for electricity and water, 4.2% for cleaning and 4.1% for repairs and maintenance.

Trading profit

Group trading profit increased by 14.5% to R5.4 billion, and as a result, the Group trading margin improved to 6.0% (restated H1 2021: 5.7%).

Supermarkets RSA's trading profit increased by 16.2% to report a 6.7% (H1 2021: 6.5%) trading margin. The continued improvement in the trading margin during a disruptive trading period, is testament to the inherent strength and execution of the Group's growth strategy.

Supermarkets Non-RSA continuing operations reported trading profit growth of 5.9% and a trading margin of 2.1% (restated H1 2021: 2.1%). The Group continues to execute on its reduced capital allocation approach for the segment. The Group sold the assets of the Ugandan operations on 2 November 2021, but finalisation of the transaction will only be recorded after ownership of the properties is transferred. The effective date for the sale of Madagscar operations was 31 January 2022. In terms of right sizing the region, it is nearing completion and any further changes, if they transpire, are not expected to be material.

The Furniture segment's trading profit decreased by R72 million to R193 million during the period, to report a trading margin of 5.4%. As mentioned, lower sales due to high base effects and the civil unrest, did not cover cost growth for the period. The second quarter delivered improved results, supported by a 1.8 percentage point improvement in the Furniture division's debtors book provision to 44.1% since June 2021.

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

	Change %	26 weeks 2 Jan '22 Rm	Trading margin 26 weeks 2 Jan '22 %	Restated* 26 weeks 27 Dec '20 Rm	Trading margin 26 weeks 27 Dec '20 %
Supermarkets RSA	16.2	4 887	6.7	4 206	6.5
Supermarkets Non-RSA	5.9	179	2.1	169	2.1
Furniture	(27.2)	193	5.4	265	6.9
Other operating segments	36.4	180	2.8	132	2.2
Total continuing operating segments	**14.0**	**5 439**	**6.0**	**4 772**	**5.8**
Hyperinflation effect	(51.4)	(17)	–	(35)	–
Consolidated continuing operations	**14.5**	**5 422**	**6.0**	**4 737**	**5.7**

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

Items of a capital nature

Items of a capital nature in the amount of a net R199 million expense included income of R262 million for insurance claims raised in respect of assets written down as a result of the July 2021 unrest. Sasria has to date settled various claims relating to the unrest and management are confident that the outstanding claims will be settled.

Net finance costs

Net finance costs reduced by 6.7% to R1.3 billion (restated H1 2021: R1.4 billion) mainly due to the inclusion of a once-off R178 million breakage cost on early settlement of a US$250 million fixed interest rate loan in the comparative period.

Interest on the Group's R30.3 billion lease liabilities was R1.3 billion (restated H1 2021: R1.1 billion).

	26 weeks 2 Jan '22 Rm	Restated* 26 weeks 27 Dec '20 Rm
Interest received from bank account balances	112	148
Finance cost: lease liabilities	(1 264)	(1 076)
Finance cost: borrowings	(158)	(476)
Net finance costs	**(1 310)**	**(1 404)**

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan 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 of 30.8% is 1.3 percentage points higher than the comparative period (restated H1 2021: 29.5%).

The effective tax rate is higher than the nominal income tax rate of South Africa (28%) mainly due to the write-back of deferred income tax assets for countries outside South Africa with accumulated income tax losses where there is uncertainty regarding the future profitability to absorb these losses. In some of the countries outside South Africa, minimum taxes or rental income taxes are applicable in addition to the statutory tax rates being higher than 28% in most cases, all contributing to the higher effective tax rate.

Capital expenditure

The Group's total capital spent amounted to R2.7 billion for the period (H1 2021: R1.6 billion). The spend represented 2.9% (restated H1 2021: 2.0%) of sales calculated on a 26-week basis. The increased spend is in line with our capital allocation model and supports the investment in expanding the store portfolio as well as the Group's commitment to digital acceleration and margin expansion. Included in the capital spend is maintenance capital of R199 million relating to the July 2021 unrest and R250 million relating to the President Hyper trademark purchased.

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 and AOA, Angola Government Bonds as well as Angola Treasury Bills.

The investment in government bonds and treasury bills reduced by a net R170 million as a result of investments maturing during the period as well as new investments in these instruments.

	2 Jan '22 Rm	27 Dec '20 Rm
AOA, USD Index Linked, Angola Government Bonds	718	529
AOA, Angola Government Bonds	648	267
Angola Treasury Bills	82	822
Total government bonds and bills	**1 448**	**1 618**

Inventories

Inventories increased by 10.0% to R21.5 billion. This represents an inventory to sales ratio (continuing operations) of 12.5% on a 52-week basis, compared to the 12.3% for the comparative period. The following factors are noteworthy:

- Supermarkets RSA's 52-week inventory to sales ratio improved to 11.9% (H1 2021: 12.0%) on the back of a 9.0% increase in inventory. The increase in inventory was a function of the 116 stores added during the 12-month period and higher safety stock levels due to supply chain constraints experienced world-wide.
- Supermarkets Non-RSA increased stock levels for total operations by R206 million mainly as a result of strengthening currencies in various of the regions where the Group trades.
- Furniture inventory increased by R229 million on the back of imported appliances, audio and visual product ranges to ensure in-stock levels with anticipated supply chain shortages in the coming months.

Inventories as % of sales over a 52-week period from continuing operating segments	2 Jan '22 %	Restated* 27 Dec '20 %
Supermarkets RSA	11.9	12.0
Supermarkets Non-RSA	14.7	12.8
Furniture	29.9	28.3
Other operating segments	6.5	5.8
Total continuing operating segments	**12.5**	**12.3**

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

Debt, net cash and capital structure

The table below summarises the Group's cash, borrowings and lease liabilities at period-end.

	2 Jan '22 Rm	27 Dec '20 Rm
Total cash position	5 437	12 076
Borrowings	(5 267)	(5 463)
Net cash position	**170**	**6 613**
Lease liabilities	(30 334)	(26 611)
Net debt	**(30 164)**	**(19 998)**

The net movement in total cash position was due to month-end cut-off of R10.6 billion relating to trade payables, income tax and VAT for Supermarkets RSA.

The Group has reduced its reliance on US dollar funding during the period by a further US$19 million to US$59 million (H1 2021: US$78 million). The Group's borrowings/equity ratio of 22.9% is below our 25%-30% target range.

The increase in lease liabilities is due to the combined impact of existing lease renewals and new lease agreements.

As part of an assessment of our capital allocation framework the Board has authorised a share buy-back program. Consequently to date, the Group repurchased 5.5 million shares to the value of R854 million of which R339 million was executed in the reporting period.

The Group's ROIC improved to 13.3% (restated H1 2021: 11.3%).

GROUP OUTLOOK

We are pleased with the on-going momentum in our core Supermarkets RSA business for the second half of the year thus far, supported by two factors:

- The return to normality in terms of back-to-school taking place in January this year (last year back-to-school was postponed to February due to COVID-19, which resulted in delayed and somewhat fragmented trade); and
- The ability for our LiquorShop business to trade unrestricted (compared to the same period last year when trade was restricted to one day in January and 11 days in February).

As a business we have worked hard to keep price increases contained, and in this regard Supermarkets RSA internal selling price inflation for January 2022 measured 2.5%. Inflation pressures are mounting and as such we expect selling price inflation to move higher during the second half of our financial year. In terms of the future, the Group continues to be guided by its low-price promise and our desire to improve the customer's experience across all of our brands. This is an all-encompassing pursuit which keeps us aligned and focused as we execute our predominantly organic, domestic growth strategy which is supported, where appropriate, by acquisition opportunities.

Increasingly we find opportunities in adjacent avenues and partnerships that leverage the Group's existing business and substantial customer base. Examples of such initiatives include our ongoing tech and digital innovation, retail media and financial services developments.

In terms of category growth, as mentioned, we are extending our reach in pet, baby and health as well as beauty/pharmacy. Notwithstanding these growth opportunities and the learnings that will come from them, the majority of future growth for the Group will continue to be achieved from the pursuit of growth in our core supermarket business, underscored by our low-price leadership promise, whilst focusing on growing Checkers' position in the mid-to-upper segment of the market.

8 March 2022

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

DIRECTORATE AND ADMINISTRATION

Executive Directors
PC Engelbrecht (CEO), A de Bruyn (CFO), B Harisunker

Independent Non-executive Directors
WE Lucas-Bull (Chairman), JF Basson, P Cooper, L de Beer, GW Dempster, NN Gobodo, MLD Marole, ATM Mokgokong, PD Norman, JA Rock, EA Wilton

Non-executive Director
CH Wiese

Alternate Non-executive Director
JD Wiese

Company Secretary
PG du Preez

Registered office
Cnr William Dabbs Street and Old Paarl Road, Brackenfell, 7560, South Africa
PO Box 215, Brackenfell, 7561, South Africa
Telephone: +27 (0)21 980 4000
Website: **www.shopriteholdings.co.za**

Transfer secretaries
South Africa: Computershare Investor Services (Pty) Ltd
Private Bag X9000, Saxonwold, 2132, South Africa
Telephone: +27 (0)11 370 5000, Facsimile: +27 (0)11 688 5238, E-mail: **web.queries@computershare.co.za**
Website: **www.computershare.com**

Namibia: Transfer Secretaries (Pty) Ltd
4 Robert Mugabe Avenue (Entrance from Dr. Theo-Ben Gurirab Street), Windhoek, Namibia
PO Box 2401, Windhoek, Namibia
Telephone: +264 (0)61 227 647, E-mail: **ts@nsx.com.na**

Zambia: ShareTrack Zambia
Spectrum House, Stand 10 Jesmondine, Great East Road, Lusaka, Zambia
PO Box 37283, Lusaka, Zambia
Telephone: +260 (0)211 374 791 / 374 794, Facsimile: +260 (0)211 374 781,
Mobile fixed lines: MTN +260 960 640 613, AIRTEL +260 777 774 775, E-mail: **sharetrack@scs.co.zm**
Website: **www.sharetrackzambia.com**

Sponsors
South Africa: Nedbank Corporate and Investment Banking, a division of Nedbank Limited
PO Box 1144, Johannesburg, 2000, South Africa
Telephone: +27 (0)10 234 8646, E-mail: **doristh@nedbank.co.za**
Website: **www.nedbank.co.za**

Namibia: Old Mutual Investment Services (Namibia) (Pty) Ltd
PO Box 25549, Windhoek, Namibia
Telephone: +264 (0)61 299 3347, Facsimile: +264 (0)61 299 3520, E-mail: **NAM-OMInvestmentServices@oldmutual.com**

Zambia: Pangaea Securities Ltd
1st Floor, Pangaea Office Park, Great East Road, Lusaka, Zambia
PO Box 30163, Lusaka 10101, Zambia
Telephone: +260 (0)211 220 707/238 709/10, Facsimile: +260 (0)211 220 925, E-mail: **info@pangaea.co.zm**
Website: **www.pangaea.co.zm**

Auditors
PricewaterhouseCoopers Incorporated
PO Box 2799, Cape Town, 8001, South Africa
Telephone: +27 (0)21 529 2000, Facsimile: +27 (0)21 814 2000
Website: **www.pwc.com/za**

PRO FORMA FINANCIAL INFORMATION

Certain financial information presented in these condensed consolidated interim results for the 26 weeks ended 2 January 2022 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 are extracted without adjustment, from the condensed consolidated interim financial statements for the periods ended 2 January 2022 and 27 December 2020, 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 effected by COVID-19 regulations and the civil 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 2 Jan '22 Rm	Like-for-like 26 weeks 2 Jan '22 Rm	As reported* unaudited 26 weeks 27 Dec '20 Rm	Like-for-like* 26 weeks 27 Dec '20 Rm
Total continuing operations	9.3	91 125	87 177	82 820	79 737
Supermarkets RSA	10.7	72 433	69 156	65 074	62 499
Supermarkets Non-RSA continuing operations	6.2	8 607	8 400	7 941	7 907
Furniture	(3.9)	3 600	3 563	3 849	3 706
Other operating segments	7.7	6 485	6 058	5 956	5 624

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan 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 unaudited 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 year's actual average exchange rates on a country-by-country basis.

The table below sets out the 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	Reported currency	Constant currency
Angola kwanza	(9.4)	(2.1)
Mozambique metical	(7.4)	(9.1)
Zambia kwacha	35.3	34.8
Supermarkets Non-RSA including discontinued operations	5.8	9.0
Supermarkets Non-RSA continuing operations	8.4	11.4

Impact of Angola hyperinflation adjustment

The Angolan economy had been considered to be hyperinflationary up to 30 June 2019. As a result, the Group accounted for the results of its Angola operations on a hyperinflationary basis in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies (IAS 29) up to 30 June 2019. The Angolan economy was assessed not to be hyperinflationary for the current and comparative reporting periods. Although no further hyperinflationary adjustments were required for the current and comparative reporting periods, the statement of financial position at the respective reporting dates still includes cumulative hyperinflation adjustments as a result of the application of IAS 29 up to 30 June 2019. These cumulative hyperinflation adjustments, included in property, plant and equipment and right-of-use assets, are written off to the statement of comprehensive income, together with the related deferred income tax effect, in accordance with the Group's accounting policies for the respective items.

It is therefore useful and good governance to report pro forma financial information for the current and previous period under review which excludes the impact of hyperinflation.

The pro forma financial information was calculated through applying all the accounting policies adopted by the Group in the latest audited annual financial statements, except for the hyperinflationary standard IAS 29. The adjustments made in respect of hyperinflation were extracted from the accounting records used in the preparation of the condensed consolidated interim financial statements. In calculating the pro forma basic HEPS, the impact of the pro forma adjustments to items of a capital nature, net of income tax, was excluded from the pro forma basic earnings per share. Deferred income tax assets were reversed during the previous financial year due to uncertainty regarding sufficient taxable income. This resulted in the current period having no adjustment for deferred income tax.

Earnings per share after removing the impact of Angola hyperinflation adjustment	Unaudited 26 weeks 2 Jan '22 Rm	Restated* unaudited 26 weeks 27 Dec '20 Rm
Net profit attributable to owners of the parent after removing the impact of Angola hyperinflation adjustment	2 749	2 482
Profit from discontinued operations	(32)	(90)
Earnings from continuing operations after removing the impact of Angola hyperinflation adjustment	2 717	2 392
Re-measurements after removing the impact of Angola hyperinflation adjustment	181	(57)
Loss on disposal and scrapping of property	101	48
Profit on disposal of assets classified as held for sale	(10)	(142)
Profit on sale and leaseback transaction	–	(160)
Loss/(profit) on disposal and scrapping of plant and equipment and intangible assets	181	(47)
Impairment of property, plant and equipment	60	270
Impairment of right-of-use assets	90	6
Impairment of intangible assets	–	6
Insurance claims receivable	(242)	(38)
Loss on other investing activities	1	–
Income tax effect on re-measurements	(28)	(60)
Headline earnings from continuing operations after removing the impact of Angola hyperinflation adjustment	2 870	2 275
Profit from discontinued operations	32	90
Income of a capital nature from discontinued operations	–	(19)
Headline earnings after removing the impact of Angola hyperinflation adjustment	2 902	2 346

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan 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 ordinary shares (net of treasury shares)	'000	'000
– In issue	545 117	551 432
– Weighted average	545 850	552 038
– Weighted average adjusted for dilution	549 253	554 237

The financial impact of hyperinflation on the current period's results is shown in the format of a pro forma statement of comprehensive income and a pro forma statement of financial position.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME

	As reported unaudited 26 weeks including hyperinflation 2 Jan '22 Rm	26 weeks hyperinflation adjustment 2 Jan '22 Rm	26 weeks excluding hyperinflation pro forma 2 Jan '22 Rm	Restated* 26 weeks excluding hyperinflation pro forma 27 Dec '20 Rm	Pro forma change %
Sale of merchandise	91 125	–	91 125	82 820	10.0
Cost of sales	(69 170)	–	(69 170)	(62 878)	10.0
GROSS PROFIT	21 955	–	21 955	19 942	10.1
Other operating income	1 461	–	1 461	1 264	15.6
Interest revenue	270	–	270	279	(3.2)
Depreciation and amortisation	(2 594)	(17)	(2 577)	(2 524)	2.1
Employee benefits	(7 207)	–	(7 207)	(6 720)	7.2
Credit impairment (losses)/reversals	(72)	–	(72)	2	
Other operating expenses	(8 391)	–	(8 391)	(7 471)	12.3
TRADING PROFIT	5 422	(17)	5 439	4 772	14.0
Exchange rate losses	(127)	–	(127)	(15)	
Profit on lease modifications and terminations	17	–	17	57	
Items of a capital nature	(199)	(18)	(181)	57	
OPERATING PROFIT	5 113	(35)	5 148	4 871	5.7
Interest received from bank account balances	112	–	112	148	(24.3)
Finance costs	(1 422)	–	(1 422)	(1 552)	(8.4)
Share of profit of equity accounted investments	98	–	98	11	
PROFIT BEFORE INCOME TAX	3 901	(35)	3 936	3 478	13.2
Income tax expense	(1 203)	–	(1 203)	(1 075)	11.9
PROFIT FROM CONTINUING OPERATIONS	2 698	(35)	2 733	2 403	13.7
Profit from discontinued operations (attributable to owners of the parent)	32	–	32	90	
PROFIT FOR THE PERIOD	2 730	(35)	2 765	2 493	10.9
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF INCOME TAX	1 490	202	1 288	(1 385)	
Items that may subsequently be reclassified to profit or loss					
Foreign currency translation differences from continuing operations	1 344	202	1 142	(1 389)	
Foreign currency translation differences from discontinued operations	(6)	–	(6)	130	
Profit/(loss) on effective net investment hedge, net of income tax	152	–	152	(126)	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4 220	167	4 053	1 108	
PROFIT ATTRIBUTABLE TO:	2 730	(35)	2 765	2 493	
Owners of the parent	2 714	(35)	2 749	2 482	
Non-controlling interest	16	–	16	11	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:	4 220	167	4 053	1 108	
Owners of the parent	4 204	167	4 037	1 097	
Non-controlling interest	16	–	16	11	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT ARISES FROM:	4 204	167	4 037	1 097	
Continuing operations	4 178	167	4 011	877	
Discontinued operations	26	–	26	220	
EARNINGS PER SHARE FOR PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT:					
Basic earnings per share from continuing operations (cents)	491.2	(6.3)	497.5	433.3	14.8
Diluted earnings per share from continuing operations (cents)	488.2	(6.3)	494.5	431.6	14.6
Basic headline earnings per share from continuing operations (cents)	522.6	(3.0)	525.6	411.8	27.6
Diluted headline earnings per share from continuing operations (cents)	519.3	(3.1)	522.4	410.2	27.4
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT:					
Basic earnings per share (cents)	497.0	(6.3)	503.3	449.5	12.0
Diluted earnings per share (cents)	494.0	(6.3)	500.3	447.8	11.7
Basic headline earnings per share (cents)	528.4	(3.0)	531.4	424.6	25.2
Diluted headline earnings per share (cents)	525.1	(3.1)	528.2	423.0	24.9

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan 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.

PRO FORMA STATEMENT OF FINANCIAL POSITION

	As reported unaudited including hyperinflation 2 Jan '22 Rm	Hyperinflation adjustment 2 Jan '22 Rm	Excluding hyperinflation pro forma 2 Jan '22 Rm	Excluding hyperinflation pro forma 27 Dec '20 Rm
ASSETS				
NON-CURRENT ASSETS	48 560	939	47 621	42 910
Property, plant and equipment	15 463	785	14 678	14 224
Right-of-use assets	22 329	154	22 175	19 313
Intangible assets	3 421	–	3 421	3 000
Equity accounted investments	2 055	–	2 055	1 908
Investment in insurance cell captive arrangements	86	–	86	124
Government bonds and bills	1 098	–	1 098	241
Loans receivable	1 521	–	1 521	1 774
Deferred income tax assets	2 302	–	2 302	2 178
Trade and other receivables	285	–	285	148
CURRENT ASSETS	37 189	–	37 189	40 510
Inventories	21 527	–	21 527	19 575
Trade and other receivables	5 061	–	5 061	4 281
Current income tax assets	354	–	354	91
Investment in insurance cell captive arrangements	114	–	114	–
Government bonds and bills	350	–	350	1 377
Loans receivable	420	–	420	206
Cash and cash equivalents	8 929	–	8 929	13 334
	36 755	–	36 755	38 864
Assets classified as held for sale	434	–	434	1 646
TOTAL ASSETS	85 749	939	84 810	83 420
EQUITY				
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT				
Stated capital	7 516	–	7 516	7 516
Treasury shares	(1 973)	–	(1 973)	(955)
Reserves	17 333	939	16 394	12 247
	22 876	939	21 937	18 808
NON-CONTROLLING INTEREST	130	–	130	147
TOTAL EQUITY	23 006	939	22 067	18 955
LIABILITIES				
NON-CURRENT LIABILITIES	30 492	–	30 492	27 654
Lease liabilities	26 981	–	26 981	24 002
Borrowings	3 000	–	3 000	3 287
Deferred income tax liabilities	12	–	12	–
Provisions	499	–	499	365
CURRENT LIABILITIES	32 251	–	32 251	36 811
Trade and other payables	21 769	–	21 769	27 592
Contract liabilities	792	–	792	731
Lease liabilities	3 353	–	3 353	2 609
Borrowings	2 267	–	2 267	2 176
Current income tax liabilities	414	–	414	776
Provisions	65	–	65	103
Bank overdrafts	3 492	–	3 492	1 258
	32 152	–	32 152	35 245
Liabilities directly associated with assets classified as held for sale	99	–	99	1 566
TOTAL LIABILITIES	62 743	–	62 743	64 465
TOTAL EQUITY AND LIABILITIES	85 749	939	84 810	83 420

PRO FORMA FINANCIAL INFORMATION | continued

Adjusted diluted headline earnings per share (DHEPS)

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 up to 30 June 2019. As already stated, 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 basic HEPS and DHEPS are calculated by adjusting HEPS with the impact of 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 basic HEPS and DHEPS are divided by the weighted average number of shares and the weighted average number of shares adjusted for dilution, respectively. The tax effect of exchange rate differences as well as lease modifications and terminations was calculated by applying the average effective tax rate from continuing operations to exchange rate differences. The tax effect of hyperinflation adjustments was based on the actual tax adjustments as disclosed in the pro forma information on page 12. 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 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 2 Jan '22 Rm	Restated* unaudited 26 weeks 27 Dec '20 Rm
Headline earnings including discontinued operations as reported	2 885	2 370
Impact of exchange rate differences**	138	37
Impact of Angola hyperinflation adjustment***	17	35
Impact of lease modifications and terminations	(69)	(151)
Related income tax effect	(30)	(41)
Adjusted headline earnings including discontinued operations	2 941	2 250
Headline earnings from continuing operations as reported	2 853	2 299
Impact of exchange rate differences as reported	127	15
Impact of Angola hyperinflation adjustment***	17	35
Impact of lease modifications and terminations	(17)	(57)
Related income tax effect	(34)	(49)
Adjusted headline earnings from continuing operations	2 946	2 243
Number of ordinary shares (net of treasury shares)	**'000**	**'000**
– In issue	545 117	551 432
– Weighted average	545 850	552 038
– Weighted average adjusted for dilution	549 253	554 237

	Change %	cents	cents
Diluted headline earnings per share including discontinued operations as reported	22.8	525.1	427.7
Adjusted basic headline earnings per share including discontinued operations	32.2	538.8	407.6
Adjusted diluted headline earnings per share including discontinued operations	31.9	535.5	406.0
Diluted headline earnings per share from continuing operations as reported	25.2	519.3	414.8
Adjusted basic headline earnings per share from continuing operations	32.8	539.6	406.4
Adjusted diluted headline earnings per share from continuing operations	32.5	536.3	404.8

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan 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 R127 million (27 Dec '20: R15 million) exchange rate losses as reported and R11 million (27 Dec '20: R22 million) exchange rate losses from discontinued operations (refer to note 6 of the condensed consolidated interim financial statements).

*** The impact of the Angola hyperinflation adjustment is based on the pro forma information provided on page 12. The increase of R17 million (27 Dec '20: R35 million) in headline earnings is calculated by excluding the items of a capital nature hyperinflation adjustment of R18 million (27 Dec '20: R404 million) from the profit before income tax hyperinflation adjustment of R35 million (27 Dec '20: R439 million).

NUMBER OF OUTLETS AT 2 JANUARY 2022

	12 Months					
			Closed			
	H1 2021	Opened	Normal closures	Civil unrest closures**	H1 2022	Confirmed new stores June 2022
Supermarkets RSA	**1 692**	**116**	**12**	**28**	**1 768**	**94**
Shoprite	518	18	2	7	527	18
Checkers	227	9	1	–	235	11
Checkers Hyper	38	–	–	2	36	–
Usave	384	29	9	9	395	29
LiquorShop	518	47	–	10	555	27
Other	7	13	–	–	20	9
Supermarkets Non-RSA	**263**	**4**	**32**	**–**	**235**	**9**
Shoprite	183	3	31	–	155	7
Checkers	9	–	–	–	9	–
Usave	48	1	1	–	48	–
LiquorShop	23	–	–	–	23	2
Furniture	**432**	**5**	**6**	**3**	**428**	**2**
OK Furniture	389	5	6	2	386	2
House & Home	43	–	–	1	42	–
Other operating segments*	**505**	**46**	**38**	**1**	**512**	**32**
OK Franchise	505	45	38	1	511	31
MediRite Plus	–	1	–	–	1	1
Total stores – including discontinued operations	**2 892**	**171**	**88**	**32**	**2 943**	**137**
Total stores – continuing operations	**2 851**	**171**	**57**	**32**	**2 933**	**137**
Total stores outside RSA – including discontinued operations	417	12	34	–	395	20
Total stores outside RSA – continuing operations	376	12	3	–	385	20
Countries outside RSA – including discontinued operations	14	–	1	–	13	–
Countries outside RSA – continuing operations	10	–	–	–	10	–

* 141 MediRite pharmacies form part of other operating segments but is excluded from these numbers as the MediRite pharmacies are located within supermarkets.

** Of these 32 stores closed due to civil unrest all except for seven stores (five Usave, one LiquorShop and one OK Franchise) are expected to re-open during our 2023 financial year.

DIVIDEND NO. 146

The Board has declared an interim dividend of 233 cents (H1 2021: 191 cents) per ordinary share, payable to shareholders on Monday, 11 April 2022. The dividend has been declared out of income reserves. The last day to trade cum dividend will be Tuesday, 5 April 2022. As from Wednesday, 6 April 2022, all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is Friday, 8 April 2022. Share certificates may not be dematerialised or rematerialised between Wednesday, 6 April 2022, and Friday, 8 April 2022, 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 233 cents per share for shareholders exempt from paying Dividends Tax and 186.4 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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Change %	Unaudited 26 weeks 2 Jan '22 Rm	Restated* unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
Revenue	4	10.1	92 856	84 363	171 188
Sale of merchandise	4	10.0	91 125	82 820	168 030
Cost of sales		10.0	(69 170)	(62 878)	(126 817)
GROSS PROFIT		10.1	21 955	19 942	41 213
Other operating income	4	15.6	1 461	1 264	2 616
Interest revenue	4	(3.2)	270	279	542
Depreciation and amortisation		1.4	(2 594)	(2 559)	(5 336)
Employee benefits		7.2	(7 207)	(6 720)	(13 553)
Credit impairment (losses)/reversals			(72)	2	(222)
Other operating expenses		12.3	(8 391)	(7 471)	(14 928)
TRADING PROFIT		14.5	5 422	4 737	10 332
Exchange rate losses			(127)	(15)	(27)
Profit on lease modifications and terminations			17	57	187
Items of a capital nature			(199)	(347)	(828)
OPERATING PROFIT		15.4	5 113	4 432	9 664
Interest received from bank account balances		(24.3)	112	148	268
Finance costs	5	(8.4)	(1 422)	(1 552)	(3 095)
Share of profit of equity accounted investments	11		98	11	120
PROFIT BEFORE INCOME TAX		28.4	3 901	3 039	6 957
Income tax expense		34.1	(1 203)	(897)	(2 241)
PROFIT FROM CONTINUING OPERATIONS		26.0	2 698	2 142	4 716
Profit from discontinued operations (attributable to owners of the parent)	6		32	90	143
PROFIT FOR THE PERIOD		22.3	2 730	2 232	4 859
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF INCOME TAX			1 490	(1 270)	(766)
Items that will not be reclassified to profit or loss					
Re-measurements of post-employment medical benefit obligations			–	–	6
Items that may subsequently be reclassified to profit or loss					
Foreign currency translation differences from continuing operations			1 344	(1 274)	(1 214)
Foreign currency translation differences from discontinued operations			(6)	130	154
Release of foreign currency translation reserve on disposal of discontinued operations			–	–	447
Profit/(loss) on effective net investment hedge, net of income tax			152	(126)	(159)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			4 220	962	4 093
PROFIT ATTRIBUTABLE TO:			2 730	2 232	4 859
Owners of the parent			2 714	2 221	4 841
Non-controlling interest			16	11	18
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			4 220	962	4 093
Owners of the parent			4 204	951	4 075
Non-controlling interest			16	11	18
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT ARISES FROM:			4 204	951	4 075
Continuing operations			4 178	731	3 331
Discontinued operations			26	220	744
EARNINGS PER SHARE FOR PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT:					
Basic earnings per share from continuing operations (cents)	7	27.2	491.2	386.1	851.6
Diluted earnings per share from continuing operations (cents)	7	27.0	488.2	384.5	848.2
Basic headline earnings per share from continuing operations (cents)	7	25.5	522.6	416.5	956.3
Diluted headline earnings per share from continuing operations (cents)	7	25.2	519.3	414.8	952.5
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT:					
Basic earnings per share (cents)	7	23.5	497.0	402.3	877.5
Diluted earnings per share (cents)	7	23.3	494.0	400.7	874.0
Basic headline earnings per share (cents)	7	23.1	528.4	429.3	977.1
Diluted headline earnings per share (cents)	7	22.8	525.1	427.7	973.2

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan 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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited 2 Jan '22 Rm	Unaudited 27 Dec '20 Rm	Audited 4 Jul '21 Rm
ASSETS				
NON-CURRENT ASSETS		48 560	43 571	45 009
Property, plant and equipment	8	15 463	14 918	14 374
Right-of-use assets	10	22 329	19 479	20 520
Intangible assets		3 421	3 000	3 010
Equity accounted investments	11	2 055	1 908	2 025
Investment in insurance cell captive arrangements		86	124	69
Government bonds and bills	12	1 098	241	972
Loans receivable		1 521	1 774	1 619
Deferred income tax assets		2 302	1 979	2 214
Trade and other receivables		285	148	206
CURRENT ASSETS		37 189	40 510	32 057
Inventories		21 527	19 575	18 396
Trade and other receivables		5 061	4 281	3 921
Current income tax assets		354	91	358
Investment in insurance cell captive arrangements		114	–	95
Government bonds and bills	12	350	1 377	522
Loans receivable		420	206	283
Cash and cash equivalents		8 929	13 334	7 950
		36 755	38 864	31 525
Assets classified as held for sale	9	434	1 646	532
TOTAL ASSETS		85 749	84 081	77 066
EQUITY				
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT				
Stated capital	13	7 516	7 516	7 516
Treasury shares	13	(1 973)	(955)	(1 455)
Reserves		17 333	12 847	15 016
		22 876	19 408	21 077
NON-CONTROLLING INTEREST		130	147	127
TOTAL EQUITY		23 006	19 555	21 204
LIABILITIES				
NON-CURRENT LIABILITIES		30 492	27 715	27 577
Lease liabilities	14	26 981	24 002	24 801
Borrowings	15	3 000	3 287	2 280
Deferred income tax liabilities		12	61	8
Provisions		499	365	488
CURRENT LIABILITIES		32 251	36 811	28 285
Trade and other payables		21 769	27 592	19 649
Contract liabilities		792	731	873
Lease liabilities	14	3 353	2 609	2 921
Borrowings	15	2 267	2 176	2 999
Current income tax liabilities		414	776	416
Provisions		65	103	78
Bank overdrafts		3 492	1 258	1 221
		32 152	35 245	28 157
Liabilities directly associated with assets classified as held for sale	6	99	1 566	128
TOTAL LIABILITIES		62 743	64 526	55 862
TOTAL EQUITY AND LIABILITIES		85 749	84 081	77 066

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

			Attributable to owners of the parent				
Rm	Total equity	Non-controlling interest	Total	Stated capital	Treasury shares	Other reserves	Retained earnings
Unaudited 26 weeks to 27 December 2020							
BALANCE AT 28 JUNE 2020	19 994	143	19 851	7 516	(806)	(7 907)	21 048
Total comprehensive income	962	11	951	–	–	(1 270)	2 221
Profit for the period	2 232	11	2 221				2 221
Recognised in other comprehensive loss							
Foreign currency translation differences	(1 144)		(1 144)			(1 144)	
Loss on effective net investment hedge	(172)		(172)			(172)	
Income tax effect of loss on effective net investment hedge	46		46			46	
Share-based payments – value of employee services	62		62			62	
Modification of cash bonus arrangement transferred from provisions	17		17			17	
Purchase of treasury shares	(218)		(218)		(218)		
Treasury shares disposed	4		4		5		(1)
Realisation of share-based payment reserve	–		–		64	(64)	
Non-controlling interest on acquisition of subsidiary	6	6	–				
Dividends distributed to shareholders	(1 272)	(13)	(1 259)				(1 259)
BALANCE AT 27 DECEMBER 2020	19 555	147	19 408	7 516	(955)	(9 162)	22 009
Audited 53 weeks to 4 July 2021							
BALANCE AT 28 JUNE 2020	19 994	143	19 851	7 516	(806)	(7 907)	21 048
Total comprehensive income	4 093	18	4 075	–	–	(772)	4 847
Profit for the year	4 859	18	4 841				4 841
Recognised in other comprehensive loss							
Re-measurements of post-employment medical benefit obligations	8		8				8
Income tax effect of re-measurements of post-employment medical benefit obligations	(2)		(2)				(2)
Foreign currency translation differences	(1 155)		(1 155)			(1 155)	
Income tax effect of foreign currency translation differences	95		95			95	
Release of foreign currency translation reserve on disposal of discontinued operations	447		447			447	
Loss on effective net investment hedge	(207)		(207)			(207)	
Income tax effect of loss on effective net investment hedge	48		48			48	
Share-based payments – value of employee services	153		153			153	
Modification of cash bonus arrangement transferred from provisions	17		17			17	
Purchase of treasury shares	(733)		(733)		(733)		
Treasury shares disposed	9		9		10		(1)
Realisation of share-based payment reserve	–		–		74	(74)	
Acquisition of non-controlling interest	4	(21)	25				25
Dividends distributed to shareholders	(2 333)	(13)	(2 320)				(2 320)
BALANCE AT 4 JULY 2021	21 204	127	21 077	7 516	(1 455)	(8 583)	23 599

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Unaudited 26 weeks 2 Jan '22 Rm	Unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
CASH FLOWS FROM OPERATING ACTIVITIES		2 400	10 003	7 983
Operating profit		5 149	4 581	9 886
Less: investment income and finance income earned		(373)	(279)	(543)
Non-cash items	17.1	3 562	3 153	7 018
Changes in working capital	17.2	(1 630)	6 354	(237)
Cash generated from operations		6 708	13 809	16 124
Settlement of cash-settled share-based payments	18	(196)	–	–
Interest received		374	445	800
Interest paid		(1 443)	(1 601)	(3 157)
Dividends received		171	–	61
Dividends paid		(1 945)	(1 272)	(2 330)
Income tax paid		(1 269)	(1 378)	(3 515)
CASH FLOWS (UTILISED BY)/FROM INVESTING ACTIVITIES		(2 244)	381	(653)
Investment in trademarks to expand operations		(250)	–	–
Investment in property, plant and equipment and other intangible assets to expand operations		(1 211)	(952)	(2 030)
Investment in property, plant and equipment and other intangible assets to maintain operations		(1 216)	(682)	(1 188)
Payment for investment in insurance cell captive arrangements		(41)	(73)	(86)
Investment in assets classified as held for sale		–	(6)	(1)
Proceeds on disposal of property, plant and equipment and intangible assets**		95	1 293	1 507
Proceeds on the disposal of discontinued operations		–	–	352
Proceeds on disposal of assets classified as held for sale		57	264	255
Payments for government bonds and bills		(22)	(1 790)	(2 779)
Proceeds from government bonds and bills		302	2 308	3 373
Loans receivable advanced		(98)	(60)	(245)
Loans receivable repaid		164	93	199
Acquisition of operations		(24)	(14)	(10)
CASH FLOWS UTILISED BY FINANCING ACTIVITIES		(1 804)	(7 732)	(9 743)
Repayment of lease liability obligations		(1 111)	(1 487)	(3 156)
Purchase of treasury shares		(594)	(218)	(733)
Proceeds from treasury shares disposed		9	4	9
Repayment of borrowings		(1 677)	(6 343)	(7 142)
Borrowings raised		1 569	312	1 279
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(1 648)	2 652	(2 413)
Cash and cash equivalents at the beginning of the period		6 729	10 019	10 019
Effect of exchange rate movements on cash and cash equivalents		356	(595)	(877)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		5 437	12 076	6 729
Consisting of:				
Cash and cash equivalents		8 929	13 334	7 950
Bank overdrafts		(3 492)	(1 258)	(1 221)
		5 437	12 076	6 729

** Proceeds on disposal of property, plant and equipment and intangible assets in the previous reporting periods includes R1.2 billion relating to a sale and leaseback arrangement of distribution centres. Refer to note 14.

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 Standards, 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 2021.

During the reporting period, the Group was impacted by political and social unrest in South Africa. Refer to note 1.1 regarding the significant judgement applied in respect of the recognition and classification of insurance claims receivable and note 20 for details regarding this event.

The Group entered into a finance subleasing agreement during the reporting period. Refer to note 10.

Various revised accounting standards became effective during the year, 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 2 January 2022 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.

1.1 Significant judgement

Insurance claims receivable: Significant judgement is required in assessing the virtual certainty of the recoverability of insurance claims receivable resulting from the civil unrest in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Although the Group is adequately insured for loss of assets and business interruption, this assessment was supported by the insurer's validation of the progress in the claims assessment process, the payments received to date, market confidence provided regarding their commitment and financial ability of the insurer to settle outstanding claims.

Inventory write-offs and related insurance claim: The inventory written off due to the civil unrest as well as the related insurance claims have been recorded within cost of sales. The Group has determined that this presentation in the statement of comprehensive income best reflects the substance of the transaction and is consistent with the guidance in IAS 1: Presentation of Financial Statements.

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS | continued

2 COMPARATIVE FIGURES

Discontinued operations

Following the classification of the Group's Kenyan, Ugandan and Madagascan operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (refer to note 6), 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 27 December 2020 are detailed below.

	Previously reported 26 weeks 27 Dec '20 Rm	Discontinued operations restatement 26 weeks 27 Dec '20 Rm	Restated unaudited 26 weeks 27 Dec '20 Rm
Sale of merchandise	83 430	(610)	82 820
Cost of sales	(63 389)	511	(62 878)
GROSS PROFIT	20 041	(99)	19 942
Other operating income	1 283	(19)	1 264
Interest revenue	279	–	279
Depreciation and amortisation	(2 580)	21	(2 559)
Employee benefits	(6 763)	43	(6 720)
Credit impairment reversals	2	–	2
Other operating expenses	(7 556)	85	(7 471)
TRADING PROFIT	4 706	31	4 737
Exchange rate losses	(20)	5	(15)
Profit on lease modifications and terminations	131	(74)	57
Items of a capital nature	(327)	(20)	(347)
OPERATING PROFIT	4 490	(58)	4 432
Interest received from bank account balances	148	–	148
Finance costs	(1 568)	16	(1 552)
Share of profit of equity accounted investments	11	–	11
PROFIT BEFORE INCOME TAX	3 081	(42)	3 039
Income tax expense	(901)	4	(897)
PROFIT FROM CONTINUING OPERATIONS	2 180	(38)	2 142
Profit from discontinued operations (attributable to owners of the parent)	52	38	90
PROFIT FOR THE PERIOD	2 232	–	2 232
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX	(1 270)	–	(1 270)
Items that may subsequently be reclassified to profit or loss			
Foreign currency translation differences from continuing operations	(1 184)	(90)	(1 274)
Foreign currency translation differences from discontinued operations	40	90	130
Loss on effective net investment hedge, net of income tax	(126)	–	(126)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	962	–	962
PROFIT ATTRIBUTABLE TO:	2 232	–	2 232
Owners of the parent	2 221	–	2 221
Non-controlling interest	11	–	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:	962	–	962
Owners of the parent	951	–	951
Non-controlling interest	11	–	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT ARISES FROM:	951	–	951
Continuing operations	859	(128)	731
Discontinued operations	92	128	220
EARNINGS PER SHARE FOR PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT:			
Basic earnings per share from continuing operations (cents)	392.9	(6.8)	386.1
Diluted earnings per share from continuing operations (cents)	391.3	(6.8)	384.5
Basic headline earnings per share from continuing operations (cents)	419.6	(3.1)	416.5
Diluted headline earnings per share from continuing operations (cents)	418.0	(3.2)	414.8
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT:			
Basic earnings per share (cents)	402.3	–	402.3
Diluted earnings per share (cents)	400.7	–	400.7
Basic headline earnings per share (cents)	429.3	–	429.3
Diluted headline earnings per share (cents)	427.7	–	427.7

3 CONDENSED OPERATING SEGMENT INFORMATION

3.1 Analysis per reportable segment

Continuing operations	Supermarkets RSA Rm	Supermarkets Non-RSA Rm	Furniture Rm	Other operating segments Rm	Total operating segments Rm	Hyper-inflation effect Rm	Consoli-dated Rm
Unaudited 2 January 2022							
Sale of merchandise	74 715	8 620	3 600	6 488	93 423	–	93 423
External	72 433	8 607	3 600	6 485	91 125	–	91 125
Inter-segment	2 282	13	–	3	2 298	–	2 298
Trading profit	4 887	179	193	180	5 439	(17)	5 422
Interest revenue included in trading profit	20	84	146	20	270	–	270
Depreciation and amortisation[1]	2 395	325	149	27	2 896	17	2 913
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[2]	62 084	12 725	5 016	4 636	84 461	939	85 400
Restated* unaudited 27 December 2020							
Sale of merchandise	67 970	7 941	3 849	5 956	85 716	–	85 716
External	65 074	7 941	3 849	5 956	82 820	–	82 820
Inter-segment	2 896	–	–	–	2 896	–	2 896
Trading profit	4 206	169	265	132	4 772	(35)	4 737
Interest revenue included in trading profit	27	94	135	23	279	–	279
Depreciation and amortisation[1]	2 263	331	143	23	2 760	35	2 795
Impairments/(impairment reversals)	8	305	(31)	–	282	404	686
Property, plant and equipment	2	266	2	–	270	337	607
Right-of-use assets	–	39	(33)	–	6	67	73
Intangible assets	6	–	–	–	6	–	6
Total assets[2]	61 420	11 592	4 118	4 214	81 344	661	82 005
Audited 4 July 2021							
Sale of merchandise	138 249	15 483	6 818	11 956	172 506	–	172 506
External	133 852	15 453	6 818	11 907	168 030	–	168 030
Inter-segment	4 397	30	–	49	4 476	–	4 476
Trading profit	9 401	307	382	291	10 381	(49)	10 332
Interest revenue included in trading profit	44	186	264	48	542	–	542
Depreciation and amortisation[1]	4 804	641	308	48	5 801	49	5 850
Impairments/(impairment reversals)	125	497	(38)	27	611	477	1 088
Property, plant and equipment	69	412	5	–	486	374	860
Right-of-use assets	53	85	(43)	–	95	103	198
Intangible assets	3	–	–	27	30	–	30
Total assets[2]	57 015	10 971	4 566	3 374	75 926	771	76 697

Refer to note 6 for operating segment disclosures of discontinued operations.

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan 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.

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

2 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' total assets amounted to R349 million at 2 January 2022 (27 Dec '20: R2.1 billion; 4 Jul '21: R369 million).

3 CONDENSED OPERATING SEGMENT INFORMATION | continued

3.2 Geographical analysis

Continuing operations	South Africa Rm	Outside South Africa Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
Unaudited 2 January 2022					
Sale of merchandise – external	80 864	10 261	91 125	–	91 125
Non-current assets[3 and 4]	35 638	4 921	40 559	939	41 498
Restated* unaudited 27 December 2020					
Sale of merchandise – external	73 208	9 612	82 820	–	82 820
Non-current assets[3 and 4]	32 164	4 279	36 443	860	37 303
Audited 4 July 2021					
Sale of merchandise – external	149 500	18 530	168 030	–	168 030
Non-current assets[3 and 4]	33 204	4 135	37 339	771	38 110

Refer to note 6 for operating segment disclosures of discontinued operations.

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan 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.

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

4 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 2 January 2022 (27 Dec '20: R242 million; 4 Jul '21: no non-current assets).

4 REVENUE

	Unaudited 26 weeks 2 Jan '22 Rm	Restated* unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
Revenue from contracts with customers	92 203	83 698	169 948
Sale of merchandise (note 4.1)	91 125	82 820	168 030
Commissions received	478	424	867
Franchise fees received	61	56	117
Marketing	87	115	189
Delivery recoveries	175	89	205
Other revenue	277	194	540
Operating lease income	208	249	423
Premiums and other insurance income earned	60	123	263
Other income[5]	12	14	11
Dividends received from unlisted share investments	103	–	1
Interest revenue	270	279	542
Instalment sale receivables	145	135	263
Government bonds and bills	74	84	162
Other loans receivable	51	60	117
	92 856	84 363	171 188
Consisting of:			
Sale of merchandise	91 125	82 820	168 030
Other operating income	1 461	1 264	2 616
Interest revenue	270	279	542
	92 856	84 363	171 188

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan operations as discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations as well as delivery recoveries and marketing revenue previously included in other operating income. Refer to note 2 for details of the adjustments recognised for each individual line item for the discontinued operations.

5 Includes insurance claims due to the civil unrest. Refer to note 20 for the impact on each individual line item.

4 REVENUE | continued

4.1 Sale of merchandise has been disaggregated as follows:

	Unaudited 26 weeks 2 Jan '22 Rm	Restated* unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
Supermarkets RSA	72 433	65 074	133 852
Shoprite and Usave	38 018	35 427	72 632
Checkers and Checkers Hyper[6]	28 997	26 034	53 811
LiquorShop and other[7]	5 418	3 613	7 409
Supermarkets Non-RSA	8 607	7 941	15 453
Shoprite and Usave	7 927	7 363	14 135
Checkers and Checkers Hyper	584	481	1 148
LiquorShop and other	96	97	170
Supermarkets RSA and Non-RSA	81 040	73 015	149 305
Furniture	3 600	3 849	6 818
RSA	2 843	3 033	5 385
Non-RSA	757	816	1 433
Other operating segments	6 485	5 956	11 907
Drop-shipment sales to franchisees	3 495	3 283	6 327
Other sales	2 990	2 673	5 580
Consolidated sale of merchandise	91 125	82 820	168 030

[6] 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.
[7] LiquorShop and other includes sale of merchandise through LiquorShop Online which is less than 5% of the Group's consolidated sale of merchandise.

5 FINANCE COSTS

	Unaudited 26 weeks 2 Jan '22 Rm	Restated* unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
Lease liability finance charges	1 264	1 076	2 471
Borrowings and other finance charges[8]	176	477	642
	1 440	1 553	3 113
Borrowing costs capitalised	(18)	(1)	(18)
	1 422	1 552	3 095

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan 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.
[8] Comparative figures include breakage cost of R178 million due to a loan being repaid before settlement was due.

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS | continued

6 DISCONTINUED OPERATIONS

6.1 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.

	Unaudited 26 weeks 2 Jan '22 Rm	Unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
6.1.1 Financial performance and cash flow information			
(Loss)/profit from discontinued operations			
Sale of merchandise	–	1 424	2 536
Gross profit	–	379	702
Employee benefits	–	(92)	(179)
Other operating expenses	–	(198)	(382)
Trading profit	–	89	141
Exchange rate losses[9]	(13)	(17)	(7)
Profit on lease modifications and terminations	–	20	34
Items of a capital nature	–	(1)	26
Operating (loss)/profit	(13)	91	194
Net finance income/(costs)[9]	3	(34)	(26)
(Loss)/profit before income tax	(10)	57	168
Income tax expense	–	(5)	(27)
(Loss)/profit after income tax	(10)	52	141
Profit on disposal of subsidiary after income tax (note 6.1.2)	–	–	21
(Loss)/profit from discontinued operations	(10)	52	162

[9] Exchange rate losses and net finance income for the current period relates to a bank account denominated in Nigeria naira which holds the proceeds from the sale of Retail Supermarkets Nigeria Ltd.

Other comprehensive income from discontinued operations			
Foreign currency translation differences from discontinued operations	–	40	42
Net cash (outflows)/inflows attributable to discontinued operations			
Operating activities	–	147	253
Investing activities	–	(30)	335
Financing activities	–	(126)	(205)
Net (decrease)/increase in cash generated by the subsidiary	–	(9)	383

6 DISCONTINUED OPERATIONS | continued
6.1 Retail Supermarkets Nigeria Ltd | continued

	Unaudited 26 weeks 2 Jan '22 Rm	Unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
6.1.2 Details of the disposal of the subsidiary			
Consideration received or receivable			
Cash received	–	–	441
Proceeds receivable in four equal instalments	–	–	90
Total disposal consideration	–	–	531
Carrying amount of net assets disposed	–	–	(63)
Profit on disposal before income tax and reclassification of foreign currency translation reserve	–	–	468
Reclassification of foreign currency translation reserve	–	–	(447)
Income tax expense on profit on disposal of subsidiary	–	–	–
Profit on disposal of subsidiary after income tax	–	–	21
The carrying amounts of assets and liabilities at the disposal date were as follows:			
Property, plant and equipment	–	–	281
Right-of-use assets	–	–	410
Inventories	–	–	382
Trade and other receivables	–	–	87
Cash and cash equivalents	–	–	89
Total assets	–	–	1 249
Lease liabilities	–	–	802
Provisions	–	–	9
Trade and other payables	–	–	353
Contract liabilities	–	–	12
Current income tax liabilities	–	–	10
Total liabilities	–	–	1 186
Net assets at disposal date	–	–	63
Net inflow of cash on disposal of investment in subsidiary comprise of the following:			
Cash proceeds on disposal	–	–	441
Cash and cash equivalents disposed	–	–	(89)
Cash inflow on disposal of investment in subsidiary	–	–	352
6.1.3 Assets and liabilities of disposal group classified as held for sale			
The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation:			
Property, plant and equipment	–	292	–
Right-of-use assets	–	629	–
Intangible assets	–	3	–
Inventories	–	377	–
Trade and other receivables	–	120	–
Current income tax assets	–	11	–
Total assets of disposal group classified as held for sale	–	1 432	–
Lease liabilities	–	1 109	–
Trade and other payables	–	434	–
Contract liabilities	–	20	–
Provisions	–	3	–
Total liabilities of disposal group directly associated with assets classified as held for sale	–	1 566	–

The cumulative foreign currency translation losses recognised in other comprehensive loss in relation to the discontinued operations at 27 December 2020 were R448 million.

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS | continued

6 DISCONTINUED OPERATIONS | continued

6.2 Shoprite Checkers Kenya Ltd

The Group decided to exit the Kenya market during the previous financial year. The last store was closed at the end of January 2021 and consequently the results of Shoprite Checkers Kenya Ltd have been classified as discontinued operations in the statement of comprehensive income.

	Unaudited 26 weeks 2 Jan '22 Rm	Unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
6.2.1 Financial performance and cash flow information			
(Loss)/profit from discontinued operations			
Sale of merchandise	–	113	113
Gross profit	–	–	5
Depreciation and amortisation	–	(3)	(2)
Employee benefits	–	(15)	(16)
Other operating expenses	(3)	(36)	(56)
Trading loss	(3)	(54)	(69)
Exchange rate losses	–	(4)	(4)
Profit on lease modifications and terminations	–	74	75
Items of a capital nature	–	21	20
Operating (loss)/profit	(3)	37	22
Net finance costs	–	(12)	(12)
(Loss)/profit before income tax	(3)	25	10
Income tax expense	–	–	–
(Loss)/profit after income tax	(3)	25	10
Other comprehensive (loss)/income from discontinued operations			
Foreign currency translation differences from discontinued operations[10]	(4)	87	103
Net cash (outflows)/inflows attributable to discontinued operations			
Operating activities	(2)	155	(42)
Investing activities	–	25	23
Financing activities	–	(280)	(263)
Net decrease in cash generated by the subsidiary	(2)	(100)	(282)

[10] The subsidiary is in the process of being deregistered and is exposed to exchange rate differences until deregistration.

The cumulative foreign currency translation gains recognised in other comprehensive loss in relation to the discontinued operations as at 2 January 2022 were R19 million (27 Dec '20: R7 million; 4 Jul '21: R23 million).

6 DISCONTINUED OPERATIONS | continued

6.3 Shoprite Checkers Uganda Ltd

The sale agreement to sell the properties, in-store assets and leases of Shoprite Checkers Uganda Ltd was signed and 70% of the proceeds was received during November 2021. The change in ownership documents have been lodged and on transfer of the property the sale will be recognised. The proceeds received is recorded as income received in advance and included in trade and other payables at the reporting date.

	Unaudited 26 weeks 2 Jan '22 Rm	Unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
6.3.1 Financial performance and cash flow information			
Profit/(loss) from discontinued operations			
Sale of merchandise	64	218	399
Gross profit	12	51	95
Other operating income	10	19	25
Depreciation and amortisation	–	(12)	(23)
Employee benefits	(6)	(15)	(31)
Other operating expenses	(25)	(28)	(51)
Trading (loss)/profit	(9)	15	15
Exchange rate gains	1	1	1
Profit on lease modifications and terminations	52	–	–
Items of a capital nature	–	–	(28)
Operating profit/(loss)	44	16	(12)
Net finance costs	(2)	(3)	(4)
Profit/(loss) before income tax	42	13	(16)
Income tax expense	(3)	(3)	(5)
Profit/(loss) after income tax	39	10	(21)
Other comprehensive (loss)/income from discontinued operations			
Foreign currency translation differences from discontinued operations	(4)	7	10
Net cash inflows/(outflows) attributable to discontinued operations			
Operating activities	50	35	52
Investing activities	–	(17)	(17)
Financing activities	(4)	(6)	(12)
Net increase in cash generated by the subsidiary	46	12	23
6.3.2 Assets and liabilities of disposal group classified as held for sale			
The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation:			
Property, plant and equipment	110	–	99
Right-of-use assets	10	–	54
Inventories	23	–	45
Total assets of disposal group classified as held for sale	143	–	198
Lease liabilities	–	–	100
Total liabilities of disposal group directly associated with assets classified as held for sale	–	–	100

The cumulative foreign currency translation losses recognised in other comprehensive loss in relation to the discontinued operations as at 2 January 2022 were R54 million (27 Dec '20: R47 million; 4 Jul '21: R50 million).

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS | continued

6 DISCONTINUED OPERATIONS | continued

6.4 Shoprite Madagascar S.A.

At the end of the previous financial year the Group received a non-binding offer for the in-store assets and leases of the Group's Madagascar subsidiary. Subsequently the terms of the sale transaction was amended to sell the entire shareholding and the agreement was concluded on 31 January 2022 with conditions precedent already being met.

	Unaudited 26 weeks 2 Jan '22 Rm	Unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
6.4.1 Financial performance and cash flow information			
Profit/(loss) from discontinued operations			
Sale of merchandise	258	279	543
Gross profit	39	48	88
Depreciation and amortisation	–	(6)	(16)
Employee benefits	(12)	(13)	(28)
Other operating expenses	(20)	(21)	(36)
Trading profit	7	8	8
Exchange rate gains/(losses)	1	(2)	–
Items of a capital nature	–	(1)	(11)
Operating profit/(loss)	8	5	(3)
Net finance costs	(1)	(1)	(2)
Profit/(loss) before income tax	7	4	(5)
Income tax expense	(1)	(1)	(3)
Profit/(loss) after income tax	6	3	(8)
Other comprehensive income/(loss) from discontinued operations			
Foreign currency translation differences from discontinued operations	2	(4)	(1)
Net cash inflows/(outflows) attributable to discontinued operations			
Operating activities	28	57	37
Investing activities	–	(2)	(2)
Financing activities	(6)	(4)	(9)
Net increase in cash generated by the subsidiary	22	51	26
6.4.2 Assets and liabilities of disposal group classified as held for sale			
The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation:			
Property, plant and equipment	38	–	34
Right-of-use assets	24	–	22
Inventories	58	–	60
Trade and other receivables	8	–	–
Current income tax assets	1	–	–
Total assets of disposal group classified as held for sale	129	–	116
Lease liabilities	24	–	28
Trade and other payables	69	–	–
Contract liabilities	3	–	–
Provisions	3	–	–
Total liabilities of disposal group directly associated with assets classified as held for sale	99	–	28

The cumulative foreign currency translation losses recognised in other comprehensive loss in relation to the discontinued operations as at 2 January 2022 were R17 million (27 Dec '20: R22 million; 4 Jul '21: R19 million).

	Unaudited 26 weeks 2 Jan '22 Rm	Restated* unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
7 EARNINGS PER SHARE			
Net profit attributable to owners of the parent	2 714	2 221	4 841
Profit from discontinued operations	(32)	(90)	(143)
Earnings from continuing operations	2 682	2 131	4 698
Re-measurements	199	347	828
Loss/(profit) on disposal and scrapping of property[11]	101	48	(3)
Profit on disposal of assets classified as held for sale	(10)	(142)	(131)
Profit on sale and leaseback transaction (note 14)	–	(160)	(160)
Loss/(profit) on disposal and scrapping of plant and equipment and intangible assets[11]	184	(47)	133
Impairment of property, plant and equipment	74	607	860
Impairment of right-of-use assets	91	73	198
Impairment of intangible assets	–	6	30
Insurance claims receivable[11]	(242)	(38)	(102)
Loss on other investing activities	1	–	3
Income tax effect on re-measurements	(28)	(179)	(250)
Headline earnings from continuing operations	2 853	2 299	5 276
Profit from discontinued operations	32	90	143
Income of a capital nature from discontinued operations	–	(19)	(28)
Headline earnings	2 885	2 370	5 391

[11] Includes amounts relating to the civil unrest. Refer to note 20 for the impact on each individual line item.

	'000	'000	'000
Number of ordinary shares (net of treasury shares)			
– In issue	545 117	551 432	548 174
– Weighted average	545 850	552 038	551 672
– Weighted average adjusted for dilution	549 253	554 237	553 856
Reconciliation of weighted average number of ordinary shares in issue during the period:			
Weighted average number of ordinary shares	545 850	552 038	551 672
Adjustments for dilutive potential of full share grants	3 403	2 199	2 184
Weighted average number of ordinary shares for diluted earnings per share	549 253	554 237	553 856

	cents	cents	cents
Earnings per share from continuing operations			
– Basic earnings	491.2	386.1	851.6
– Diluted earnings	488.2	384.5	848.2
– Basic headline earnings	522.6	416.5	956.3
– Diluted headline earnings	519.3	414.8	952.5
Earnings per share from discontinued operations			
– Basic earnings	5.8	16.2	25.9
– Diluted earnings	5.8	16.2	25.8
– Basic headline earnings	5.8	12.8	20.8
– Diluted headline earnings	5.8	12.9	20.7
Total earnings per share			
– Basic earnings	497.0	402.3	877.5
– Diluted earnings	494.0	400.7	874.0
– Basic headline earnings	528.4	429.3	977.1
– Diluted headline earnings	525.1	427.7	973.2

* Restated for the classification of the Group's Kenyan, Ugandan and Madagascan 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.

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS | continued

		Unaudited 2 Jan '22 Rm	Unaudited 27 Dec '20 Rm	Audited 4 Jul '21 Rm
8	**PROPERTY, PLANT AND EQUIPMENT**			
	Carrying amount at the beginning of the period	14 374	18 265	18 265
	Additions	2 107	1 386	2 708
	Borrowing costs capitalised	4	–	14
	Transfer to assets classified as held for sale (note 9)	–	–	(201)
	Transfer from assets classified as held for sale (note 9)	13	–	63
	Acquisition of operations	3	2	2
	Disposal	(375)	(2 077)	(2 422)
	Depreciation	(1 096)	(1 136)	(2 260)
	Impairment	(74)	(610)	(863)
	Foreign currency translation differences	507	(912)	(932)
	Carrying amount at the end of the period	15 463	14 918	14 374
9	**ASSETS CLASSIFIED AS HELD FOR SALE**			
	Carrying amount at the beginning of the period	532	2 056	2 056
	Transfer from property, plant and equipment (note 8)	–	–	201
	Transfer to property, plant and equipment (note 8)	(13)	–	(63)
	Transfer from right-of-use assets (note 10)	–	–	80
	Transfer (to)/from inventories	(26)	–	112
	Transfer from trade and other receivables	8	–	–
	Transfer from current income tax assets	1	–	–
	Transfer from cash and cash equivalents	–	–	89
	Disposal of discontinued operations	–	–	(1 249)
	Derecognition of right-of-use assets	(42)	–	(237)
	Disposal of land and buildings	(47)	(122)	(124)
	Additions	–	5	9
	Foreign currency translation differences	21	(293)	(342)
	Carrying amount at the end of the period	434	1 646	532
10	**RIGHT-OF-USE ASSETS**			
	Carrying amount at the beginning of the period	20 520	17 156	17 156
	Additions	3 532	4 313	7 616
	Transfer to net investment in lease receivables (included in trade and other receivables)[12]	(324)	–	–
	Transfer to assets classified as held for sale (note 9)	–	–	(80)
	Derecognition	(23)	(16)	(328)
	Depreciation	(1 614)	(1 499)	(3 249)
	Impairment	(91)	(71)	(197)
	Foreign currency translation differences	329	(404)	(398)
	Carrying amount at the end of the period	22 329	19 479	20 520

[12] The Group entered into a finance sublease agreement during the reporting period.

				Unaudited 2 Jan '22 Rm	Unaudited 27 Dec '20 Rm	Audited 4 Jul '21 Rm
11 EQUITY ACCOUNTED INVESTMENTS						
Associates						
Carrying amount at the beginning of the period				2 025	–	–
Investment in ordinary shares acquired				–	1 897	1 951
Share of post-acquisition profits				98	11	120
Dividends received from associates				(68)	–	(44)
Impairment				–	–	(2)
Carrying amount at the end of the period				2 055	1 908	2 025
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					
	2 Jan '22	27 Dec '20	4 Jul '21			
Retail Logistics Fund (RF) (Pty) Ltd	49.9%	49.9%	49.9%	2 009	1 908	1 980
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%	12	–	11
Red Baron Agri (Pty) Ltd	41.0%	–	41.0%	10	–	10
Zulzi On Demand (Pty) Ltd	26.0%	–	26.0%	24	–	24
				2 055	1 908	2 025
12 GOVERNMENT BONDS AND BILLS						
AOA, USD Index Linked, Angola Government Bonds (note 12.1)				718	529	876
AOA, Angola Government Bonds (note 12.2)				648	267	560
Angola Treasury Bills (note 12.3)				82	822	58
				1 448	1 618	1 494
Analysis of total government bonds and bills:						
Non-current				1 098	241	972
Current				350	1 377	522
				1 448	1 618	1 494

12.1 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 6.5% (27 Dec '20: 7.0%; 4 Jul '21: 6.9%) p.a. and mature after nine to 31 months from the reporting date. Accrued interest is payable bi-annually.

12.2 AOA, Angola Government Bonds

The AOA, Angola Government Bonds are denominated in Angola kwanza, earn interest at an average rate of 16.0% (27 Dec '20: 15.1%; 4 Jul '21: 15.6%) p.a. and mature after four to 31 months from the reporting date. Accrued interest is payable bi-annually.

12.3 Angola Treasury Bills

The Angola Treasury Bills are denominated in Angola kwanza, earn interest at an average rate of 16.1% (27 Dec '20: 16.5%; 4 Jul '21: 17.0%) p.a. and mature after five months from the reporting date. Accrued interest is payable at maturity.

	Number of shares		
	Unaudited 2 Jan '22	Unaudited 27 Dec '20	Audited 4 Jul '21
13 STATED CAPITAL AND TREASURY SHARES			
13.1 Stated capital			
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 13.2)	(46 221 302)	(39 906 382)	(43 164 607)
	545 117 200	551 432 120	548 173 895
13.2 Treasury shares			
Reconciliation of movement in number of treasury shares for the Group:			
Balance at the beginning of the period	43 164 607	38 632 000	38 632 000
Shares purchased during the period under the authorised share buy-back programme[13]	2 114 309	–	3 352 973
Shares purchased during the period for equity-settled share-based payments[14]	1 382 109	1 635 742	1 635 742
Shares disposed during the period	(48 683)	(31 605)	(66 235)
Shares utilised for settlement of equity-settled share-based payment arrangements	(391 040)	(329 755)	(389 873)
Balance at the end of the period	46 221 302	39 906 382	43 164 607
Consisting of:			
Shares owned by Shoprite Checkers (Pty) Ltd	40 903 854	35 436 572	38 789 545
Shares held by Shoprite Checkers (Pty) Ltd for the benefit of participants to equity-settled share-based payment arrangements	5 317 448	4 469 810	4 375 062
	46 221 302	39 906 382	43 164 607

[13] The average market price of the shares purchased under the authorised share buy-back programme was R159.78 (4 Jul '21: R153.05) per share.
[14] The average market price of the shares purchased for equity-settled share-based payments was R183.39 (27 Dec '20: R131.95; 4 Jul '21: R131.95) per share.

	Unaudited 2 Jan '22 Rm	Unaudited 27 Dec '20 Rm	Audited 4 Jul '21 Rm
14 LEASE LIABILITIES			
Reconciliation of carrying amounts:			
Carrying amount at the beginning of the period	27 722	23 271	23 271
New leases and remeasurements	3 525	5 245	8 534
Lease terminations	(40)	(147)	(590)
Lease payments	(2 365)	(2 443)	(5 432)
Principal lease liability payments	(1 101)	(1 363)	(2 951)
Interest paid	(1 264)	(1 080)	(2 481)
Interest accruals	1 264	1 082	2 481
Exchange rate differences	(238)	172	149
Transfer to liabilities directly associated with assets classified as held for sale (note 6)	–	–	(134)
Foreign currency translation differences	466	(569)	(557)
Carrying amount at the end of the period	30 334	26 611	27 722
Analysis of lease liabilities:			
Non-current	26 981	24 002	24 801
Current	3 353	2 609	2 921
	30 334	26 611	27 722

Sale and leaseback transactions

Sale and leaseback transactions relating to the Group's property, plant and equipment may become more prevalent as and when the opportunity arises. The Group secured long-term financing during the previous reporting period by entering into a sale and leaseback transaction on three of its distribution centres, namely the Brackenfell, Centurion and Whitey Basson distribution centres. The sale of the Whitey Basson distribution centre generated cash inflows of R1.2 billion and R12 million profit. The Brackenfell and Centurion distribution centres were exchanged for shares in a company called Retail Logistics Fund (RF) (Pty) Ltd (refer to note 11). Shoprite Checkers (Pty) Ltd has a 49.9% shareholding in Retail Logistics Fund (RF) (Pty) Ltd and the remainder of the shares is held by Equites Property Fund Ltd. The exchange resulted in a profit of R148 million.

The impact of the Group's sale and leaseback transactions as well as its key terms and conditions are disclosed below:

	Unaudited 2 Jan '22 Rm	Unaudited 27 Dec '20 Rm	Audited 4 Jul '21 Rm
Cash proceeds received	–	1 192	1 192
Shares in Retail Logistics Fund (RF) (Pty) Ltd	–	2 044	2 044
Market value at disposal date	–	3 236	3 236
Carrying amount at disposal date	–	(1 995)	(1 995)
Right-of-use asset recognised	–	1 469	1 469
Lease liability recognised	–	(2 403)	(2 403)
Elimination of 49.9% of gain on sale and leaseback transaction due to rights retained through Retail Logistics Fund (RF) (Pty) Ltd investment	–	(147)	(147)
Profit on sale and leaseback transactions	–	160	160
Interest rate implicit to the lease	–	12.6%	12.6%
Average lease term (years)	–	20	20

The age and the minimum estimated useful life of the distribution centres were used to determine a fair lease period and rental based on market values.

Payments not included in the measurement of the lease liability relating to the distribution centres include any operational costs, security and insurance costs, administration and maintenance costs, rates and taxes and any other municipal costs for water, electricity, sewerage and refuse. Only the rental portion, directly related to the market value of the properties, is included in the measurement of the lease liability. Normal maintenance charges are also not included to ensure that only the rental portion, directly related to the cost price, is included in the measurement of the lease liability.

	Unaudited 2 Jan '22 Rm	Unaudited 27 Dec '20 Rm	Audited 4 Jul '21 Rm
15 BORROWINGS			
Consisting of:			
ABSA Bank Ltd (note 15.1)	1 014	2 025	2 000
FirstRand Bank Ltd (note 15.2)	2 006	2 004	2 004
Standard Bank Ltd (note 15.3)	1 002	–	–
ABSA Bank (Mauritius) Ltd (note 15.4)	376	483	335
Standard Chartered Bank (Mauritius) Ltd (note 15.5)	560	661	656
Stanbic Bank Botswana Ltd (note 15.6)	309	290	284
	5 267	5 463	5 279
Analysis of total borrowings:			
Non-current	3 000	3 287	2 280
Current	2 267	2 176	2 999
	5 267	5 463	5 279

15.1 ABSA Bank Ltd

This loan is denominated in South Africa rand and unsecured. R1.0 billion of the amount outstanding at 4 July 2021 was repaid during the reporting period and carried interest at an average rate of 5.0% (27 Dec '20: 5.0%; 4 Jul '21: 5.0%) p.a. The remaining balance is payable after 21 months from the reporting date and bears interest at an average rate of 5.3% (27 Dec '20: 5.2%; 4 Jul '21: 5.3%) p.a.

15.2 FirstRand Bank Ltd

This loan is denominated in South Africa rand and unsecured. R1.0 billion is payable after six months from the reporting date and bears interest at an average rate of 5.1% (27 Dec '20: 5.0%; 4 Jul '21: 5.0%) p.a. The remaining balance is payable after 30 months from the reporting date and bears interest at an average rate of 5.1% (27 Dec '20: 5.0%; 4 Jul '21: 5.0%) p.a.

15.3 Standard Bank Ltd

This loan is denominated in South Africa rand, unsecured, payable after 36 months from the reporting date and bears interest at an average rate of 5.1% p.a.

15.4 ABSA Bank (Mauritius) Ltd

This loan is denominated in US dollar, unsecured, payable after one to six months from the reporting date and bears interest at an average rate of 2.2% (27 Dec '20: 1.7%; 4 Jul '21: 2.0%) p.a.

15.5 Standard Chartered Bank (Mauritius) Ltd

The amount outstanding at 27 December 2020 was repaid during the prior year, denominated in US dollar, unsecured and carried interest at an average rate of 2.8% p.a. The amount outstanding at 4 July 2021 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 Group entered into a new loan agreement during the period under review. This loan is denominated in US dollar, unsecured and payable after nine months from the reporting date and bears interest at an average rate of 2.7% p.a.

15.6 Stanbic Bank Botswana Ltd

This loan is denominated in Botswana pula, unsecured, payable after 10 months from the reporting date and bears interest at an average rate of 5.8% (27 Dec '20: 6.0%; 4 Jul '21: 6.0%) p.a.

16 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 2 Jan '22 Rm	Unaudited 27 Dec '20 Rm	Audited 4 Jul '21 Rm	Unaudited 2 Jan '22 Rm	Unaudited 27 Dec '20 Rm	Audited 4 Jul '21 Rm
Government bonds and bills	1 448	1 618	1 494	1 464	1 644	1 524
Loans receivable	1 941	1 980	1 902	1 899	2 048	1 891
Borrowings	5 267	5 463	5 279	5 796	5 919	5 712

17 CASH FLOW INFORMATION

17.1 Non-cash items

	Unaudited 26 weeks 2 Jan '22 Rm	Unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
Depreciation of property, plant and equipment	1 096	1 136	2 260
Depreciation of right-of-use assets	1 614	1 499	3 249
Amortisation of intangible assets	203	181	382
Credit impairment (reversals)/losses on loans receivable and government bonds and bills	(7)	–	191
Net fair value gains on financial instruments	(14)	(46)	(95)
Exchange rate losses	138	37	37
Profit on lease modifications and terminations	(69)	(151)	(296)
Loss/(profit) on disposal and scrapping of property	101	48	(3)
Profit on disposal of assets classified as held for sale	(10)	(142)	(131)
Profit on sale and leaseback transaction	–	(160)	(160)
Loss/(profit) on disposal and scrapping of plant and equipment and intangible assets	184	(68)	162
Impairment of property, plant and equipment	74	610	863
Impairment of right-of-use assets	91	71	209
Impairment of intangible assets	–	6	30
Profit on disposal of discontinued operations	–	–	(21)
Movement in provisions	–	40	134
Movement in cash-settled share-based payment accrual	47	27	48
Movement in share-based payment reserve	111	62	153
Movement in fixed escalation operating lease accruals	3	3	6
	3 562	3 153	7 018

17.2 Changes in working capital

	Unaudited 26 weeks 2 Jan '22 Rm	Unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
Inventories	(2 683)	(1 154)	(166)
Trade and other receivables	(823)	(302)	84
Trade and other payables	1 963	7 910	(182)
Contract liabilities	(87)	(100)	27
	(1 630)	6 354	(237)

18 RELATED PARTY INFORMATION

The Group acquired a new associate, Retail Logistics Fund (RF) (Pty) Ltd, in the comparative period through the sale and leaseback transaction of two distribution centres (refer to note 14). 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 reporting period Non-executive Director, Dr CH Wiese, exercised his rights to cash-settled share-based payments, based on a 1 000 000 shares granted 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.

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS | continued

	Unaudited 26 weeks 2 Jan '22 Rm	Unaudited 26 weeks 27 Dec '20 Rm	Audited 53 weeks 4 Jul '21 Rm
19 SUPPLEMENTARY INFORMATION			
Net asset value per share (cents)	4 197	3 520	3 845
Contracted capital commitments (note 19.1)	1 198	708	1 254
Contingent liabilities (note 19.2)	985	973	677
Contingent assets (note 19.3)	308	–	–

19.1 Contracted capital commitments

The Group estimates to spend an additional amount of up to R856 million on the replacement of assets lost during the civil unrest which is not included in the contracted capital commitments. Part of this cost will be covered by insurance providers. Refer to note 20.

19.2 Contingent liabilities

Contingent liabilities consist mainly of outstanding legal matters, including a judgement in Nigeria that has gone on appeal, as well as possible tax exposures that the Group has submitted objections to.

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.

19.3 Contingent assets

Contingent assets relate to insurance claims receivable resulting from the political and 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 20.

20 SOUTH AFRICA'S POLITICAL AND SOCIAL UNREST

At the beginning of July 2021, the South African provinces of KwaZulu-Natal and Gauteng experienced extreme social and political 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, 164 of the 177 looted stores and 22 of the 54 fire damaged stores, have since re-opened. The decision was made that seven stores will not be re-opened. The Group is insured for loss of assets and business interruption and as such, it is foreseen that the potential loss to the Group as a consequence of this incident should not be material. To date the Group has received R935 million from Sasria. Refer to note 19 relating to the contingent assets.

The analysis below details the loss of assets impact on the Group's financial position, results and cash flows for the period under review and excludes the impact of additional expenses incurred to safeguard our assets.

	Loss incurred Rm	Insurance claims Rm	Nett impact Rm
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	–

21 TRANSACTIONS ANNOUNCED

The Group announced various transactions during the reporting period. A summary of significant transactions which are still subject to fulfilment of regulatory and commercial suspensive conditions are presented below.

21.1 RTT Group (Pty) Ltd on-demand business agreement

The Group has entered into an agreement with RTT Group (Pty) Ltd (RTT Group), the current delivery partner for Checkers Sixty60. In terms of the agreement RTT Group's on-demand business will be transferred into a new company in which the Group will subscribe for 50% of the issued ordinary shares.

21.2 Acquisition of selected businesses from Massmart Holdings Ltd

During August 2021, the Group concluded an agreement to acquire the Cambridge Food, Massfresh as well as Masscash Cash and Carry businesses from Massmart Holdings Ltd.

22 GOING CONCERN

The Board of Directors evaluated the going concern assumption at 2 January 2022, taking into account the current financial position and their best estimate of the cash flow forecasts in terms of their current knowledge and expectations of ongoing developments of the COVID-19 pandemic, and considered it to be appropriate in the presentation of these 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.