



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

Operational update for the quarter ended September 2022

This voluntary announcement is issued in conjunction with the Shoprite Holdings Annual General Meeting and serves to update shareholders on the Group's first quarter period ended September 2022 ("the first quarter", "the period").

The Group increased sales for the first quarter by 18.6%. Excluding RSA LiquorShop, the Group increased sales by 15.9%.

The table below outlines sales by operating segment:

Sales growth by operating segment from continuing operations for the three months ended September 2022 over the corresponding three months ended September 2021:	Change %
Supermarkets RSA (excluding LiquorShop)	16.6
Supermarkets RSA (including LiquorShop)	19.9
Supermarkets Non-RSA	18.8
Furniture	5.2
Other operating segments	10.8

It is worth noting the following factors relating to the prior quarter ended September 2021 ("first quarter 2022") for their impact on this year's first quarter sales growth:

- Social unrest in the first quarter 2022: South Africa's July 2021 social unrest resulted in 231 stores being severely impacted due to looting and/or fire damage. In addition, precautionary measures and logistical impediments kept adjacent stores in the impacted regions not directly affected, closed for a period of a few days up to a week in certain instances. At the end of the first quarter, 23 stores remain closed.
- Covid-19 lockdown closures in the first quarter 2022: As a result of South Africa's Covid-19 lockdown regulations last year, our Supermarkets RSA LiquorShop ("LiquorShop") business was not able to trade for 48 of the 91 days in the first quarter 2022.

Supermarkets RSA

The Group's core Supermarkets RSA segment represented by Shoprite, Usave, Checkers, Checkers Hyper and LiquorShop grew sales for the first quarter by 19.9%. This growth in sales was achieved by a healthy mix of increased customers, volume growth and higher average basket spend. Internal selling price inflation for the first quarter measured 8.2%.

Market share gains over the first quarter measured 1.4% versus the first quarter 2022, extending the period of uninterrupted market share gains in our core South African supermarket business to 43 months.

The Supermarkets RSA segment opened 46 stores during the first quarter: seven Checkers, one Checkers Hyper, two Shoprite, 10 Usave, 18 LiquorShop, four Petshop Science, three Checkers Little Me and one Checkers Outdoor. On a net basis, store growth for the segment over the first quarter measured 44 new stores. The Group's core Supermarkets RSA operating segment is on track to open its planned 220 new stores for our 2023 financial year.

Supermarkets Non-RSA

The Group's ten-country African supermarket operating segment, Supermarkets Non-RSA, increased sale of merchandise for the first quarter by 18.8% in Rand terms. While this reported growth was supported by local currency strength versus the Rand in key markets where we operate, the segment furthermore reported an increase in sales on a constant currency basis.

Supermarkets Non-RSA continuing operations' store growth was limited to a net of one new store (three new stores in Namibia and one store closed in Namibia and Malawi respectively).

Furniture

The Group's Furniture segment's sales increased by 5.2% during the first quarter. It remains mostly cash sales based, with credit sales participation measuring 14.9% of sales for the first quarter.

The segment's store base increased by a net two new stores during the first quarter to end the period with 428 stores.

Other operating segments

The Group's Other operating segments, made up of OK Franchise, Transpharm and Medirite Pharmacies, as well as Checkers Food Services, reported a 10.8% increase in sales.

Our sales to the OK Franchise division increased by 13.6%. OK Franchise opened a net 12 new stores during the period.

Additional comments

While it is pleasing to continue to report sales growth ahead of the market for our RSA Supermarkets segment, this first quarter has been accompanied by a number of increased costs, in particular, increased fuel and diesel spend versus the same period last year. The approximate 56% year-on-year increase in fuel price continues to impact our cost of supply chain and general operations but more so, as a result of unprecedented periods and stages of loadshedding in South Africa during the first quarter, our diesel expense has considerably increased as well. While, as a result of our solar and generator investment programme, our supermarket business has been fortunate to trade seamlessly and continue to meet the needs of our customers during loadshedding, at loadshedding stages 5 and 6, it comes at significant cost. We estimate in these scenarios, our additional monthly spend on diesel amounts to R100 million per month.

Looking forward, the Group is well positioned to meet our customer's needs over the festive season. From an inventory position we are well stocked and believe adequately positioned to fulfil our new store obligations and ensure product availability in the event of any global or local supply chain constraints. As a result, we are pleased to report the recent Transnet strike impacting South Africa's ports for 11 days did not unduly affect our operations.

As a Group we remain focused on providing our 25 million customers with the low prices and value they seek when shopping across our various formats and channels. In terms of our base of stores around which our strategy is built, the Group opened 70 stores during the first quarter and plans to open a further 107 stores during the second quarter. As a result, we are on track to meet our Group target of 275 new stores for our 2023 financial year.

Checkers Sixty60 has continued to experience notably strong growth in sales during the first quarter despite its incredible growth trajectory built up over the almost three years since its launch. The continued success of this one hour, on-demand, grocery delivery app has led Checkers to open its first dark store in Cape Town during the first quarter. This is one of many exciting initiatives undertaken by our Shoprite® tech hub team who continue to innovate and monetise our digital and alternate revenue stream opportunities that increasingly form part of our groupwide ecosystem strategy.

Next reporting date

The Group plans to issue its 2023 interim period sales update by the end of February 2023 and will report its 2023 interim results in March 2023. Further detail in terms of reporting dates, as they are finalised, will be available on the Group's [Shareholder diary](#) on the Company's corporate website.

The information contained in this announcement has not been reviewed or reported on by the Group's external auditors.

14 November 2022

Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited

ENQUIRIES

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