THE LARGEST SUPERMARKET RETAILER ON THE AFRICAN CONTINENT

SHOPRITE HOLDINGS LTD

REVIEWED RESULTS

for the 53 weeks to
4 July 2021

2021

SHOPRITE HOLDINGS LTD

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

REVIEWED RESULTS FOR THE 53 WEEKS TO 4 JULY 2021

Key information – continuing operations for the 53-week period

- Sale of merchandise increased by 8.1% to R168.0 billion
- Trading profit increased by 24.9% to R10.3 billion
- Diluted headline earnings per share (DHEPS) increased by 20.1% to 952.5 cents (restated 2020*: 793.4 cents)
- Adjusted DHEPS** increased by 20.7% to 883.8 cents (restated 2020*: 732.5 cents)
- Full year dividend increased by 42.0% to 544 cents (2020: 383 cents)
- Opened a net of 112 stores comprising 76 corporate and 36 franchise stores

Pro forma information – continuing operations for the 52-week period***

- Sale of merchandise increased by 5.9% to R164.5 billion
- Trading profit increased by 20.9% to R10.0 billion

* Restated for newly classified 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 the JSE Listings Requirements.
*** The 52-week information provided constitutes pro forma financial information in terms of the JSE Listings Requirements.

Pieter Engelbrecht, Chief Executive Officer

2021 was a challenging year for the countries in which we operate but as a result of the Group's commitment and execution we increased sale of merchandise by 8.1%. In rand terms, this growth equates to an additional R12.6 billion in sales on last year's restated base to total a record R168.0 billion in sales for the year. Adjusting for the extra week included in this year's reporting period, on a 52-on-52-week basis our rand sale of merchandise growth on last year's base measured R9.1 billion.

Our core Supermarkets RSA segment reported strong sales growth of 9.3% (52 weeks: 6.9%) from a high base and after accounting for our LiquorShop business being closed for 144 days during the year. The segment's R133.9 billion in sales was a combined effort from our Shoprite and Usave businesses which increased sales by 8.8% and our Checkers and Checkers Hyper businesses, which increased sales by 10.9%. This growth is a testament to our loyal customers and the relentless commitment of our team who ensured we delivered unsurpassed value, either in-store or digitally, throughout the year.

It was a significant year for our Supermarkets Non-RSA segment given that we sold our Nigerian supermarket business, closed our operations in Kenya (three stores) and classified our operations in Uganda (five stores) and Madagascar (10 stores) as discontinued. The region remains challenging, but our capital allocation review coupled with various in-country initiatives have resulted in improved profitability.

The Group's Furniture segment increased sales by 24.6%. It continued to benefit from consumers spending in the categories of furniture and electronics. There is no doubt, however, that the growth reported by OK Furniture and House & Home is also a result of the proactive nature of its hands-on management team, its focused brand and customer strategy and the positive impact from its store base consolidation executed in recent years. Our Other operating segments' sales growth of 10.0% is commendable, especially considering that both Checkers Food Services and Computicket continue to be significantly impacted by COVID-19 and lockdown regulations. The OK Franchise brand goes from strength to strength, as evidenced by 8.2% sales growth this year.

Pieter Engelbrecht, Chief Executive Officer | continued

There is no doubt the digitally led future being ushered in for many as a result of the COVID-19 crisis is already a day-to-day reality for Shoprite. However, from an IT perspective, with the adoption of our single system of record a few years ago, the team has become increasingly collaborative and innovative. This way of working influences our daily decisions across the business and plays an increasing role in our ongoing success. This is evidenced by the growth in our supermarkets sales and gross margin and by our market share gains which have continued uninterrupted for 28 months.

In addition to transforming how we operate, our IT re-platforming has facilitated and fast-tracked our transformation as part of our digital and data-led future strategy. The Group has recently unveiled Shoprite^{X}, our digital tech hub which blends the best of data science, technology and digital talent to save customers time and money through innovation. After a year of incubation, Shoprite^{X} already boasts two industry leading innovations, namely the Xtra Savings Rewards Programme, South Africa's fastest growing rewards programme and Checkers Sixty60, Checkers' pioneering 60-minute grocery delivery service. Consumer response on both counts has been unrivalled, with the Xtra Savings Rewards Programme signing up over 20 million members and Checkers Sixty60 becoming the number one grocery app in the country with over 1.5 million app downloads. The on-demand grocery delivery app has scaled rapidly, operating nationwide from 233 stores which serve as micro-fulfilment centres.

Shoprite^{X} forms part of the Group's strategy to grow and monetize its ecosystem of value for consumers. We've spoken often about the next era of growth for Shoprite being about precision retailing and that future is now here. Shoprite^{X} will use our rich customer data to create a 'Smarter Shoprite' and ultimately fuse the best of digital with our physical and operational strength across the continent.

Reflecting on this year of significant achievement on so many fronts, my sincere thanks go to our Shoprite people for their continued commitment and efforts throughout 2021. Despite being South Africa's largest private sector employer, we still aspire to create employment as it is critical to improve the lives of our fellow citizens. On that front, we added 3 897 new jobs this year.

Specifically, to our employees in central Gauteng and KwaZulu-Natal, in relation to the tragic civil unrest that took place the week after our year-end close, there are no words that do justice to my appreciation for all you did to get us back into the business of serving our customers despite the circumstances. We have started the process of rebuilding our KwaZulu-Natal and central Gauteng operations. Similarly, we have used our Usave mobile truck and container stores to sustain our customers in communities where there was literally no semblance of infrastructure left to salvage. As a company Shoprite can proudly reflect on the pivotal role it played in putting South Africa back together and we look ahead to a 2022 that ends vastly different to how it began.

2021 RESULTS COMMENTARY

Introduction

The Group delivered an exceptional financial performance for the 53 weeks ending 4 July 2021 as evidenced by an 8.1% growth in sales, a 55 basis point improvement in gross margin to 24.5% and expense growth of 6.7%. As a result, the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) measured R15.1 billion (52 weeks: R14.7 billion).

The balance sheet remains strong with the capital allocation improvement programmes implemented over the past 24 months yielding the required results. We completed the sale and leaseback of our distribution centres and managed capital expenditure and inventory at 2.0% and 11.2% of sales respectively (calculated on a 52-week sales base). The borrowings/equity ratio of 24.9% is marginally below the Group's 25 – 30% target range, our return on invested capital (ROIC) measured 12.4% (restated 2020: 9.7%) and cash generated from operations in the amount of R16.1 billion reflects the Group's inherent cash generative capability.

With this in mind, the Board has declared a final dividend of 353 cents per share, resulting in a full year dividend of 544 cents per share. This is in line with the Group's 1.75 times dividend cover based on DHEPS from continuing operations and represents year-on-year dividend per share growth of 42.0%. Furthermore, the Board has authorised a share buy-back programme which to date has resulted in the repurchase of 3.4 million shares at a value of R515 million including related costs.

It is noteworthy that the performance of our business in Nigeria, Kenya, Madagascar and Uganda have been classified as discontinued operations and have been excluded from our headline earnings performance measure. It is for this reason that the comparative statement of comprehensive income has been restated for the newly classified discontinued operations of Kenya, Madagascar and Uganda.
In December 2020 the agreement to sell the entire shareholding in the Group's Nigeria subsidiary, Retail Supermarkets Nigeria Ltd was concluded with conditions precedent met in May 2021. The total disposal consideration to be settled in Naira, based on an enterprise value net of debt and cash, was R531 million. To date proceeds received amount to R441 million.

Headline earnings per share (HEPS)

DHEPS from continuing operations increased by 20.1%. 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 and the impact of hyperinflation.

	Change %	53 weeks 2021 cents	Restated* 52 weeks 2020 cents
Earnings from continuing operations:			
Basic HEPS	20.3	956.3	794.7
DHEPS	20.1	952.5	793.4
Adjusted DHEPS**	20.7	883.8	732.5
Earnings including discontinued operations:			
Basic HEPS	29.1	977.1	756.9
DHEPS	28.8	973.2	755.7
Adjusted DHEPS**	27.0	890.1	700.8

* Restated for newly classified 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 the JSE Listings Requirements.

Sale of merchandise

The Group's sale of merchandise from continuing operations for the 53 weeks increased by 8.1% to R168.0 billion (52 weeks: increased by 5.9%). Like-for-like sales increased by 5.9%.

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

	Change %	53 weeks 2021 Rm	Restated* 52 weeks 2020 Rm
Supermarkets RSA	9.3	133 852	122 412
Supermarkets Non-RSA	(7.5)	15 453	16 707
Furniture	24.6	6 818	5 470
Other operating segments	10.0	11 907	10 820
Total continuing operating segments	8.1	168 030	155 409
Discontinued operations		3 591	4 180
Total operating segments including discontinued operations	7.5	171 621	159 589

* Restated for newly classified discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

Sale of merchandise | continued

Supermarkets RSA

The Group's core business, Supermarkets RSA, making up 79.7% of sales from continuing operations, is represented by 1 726 stores across our major trading banners, Shoprite, Usave, Checkers, Checkers Hyper and LiquorShop. As a segment, Supermarkets RSA achieved 9.3% sales growth (52 weeks: sales growth of 6.9%) and on a like-for-like basis increased sales by 7.3%. As a result of changed behaviour during the lockdown, customer visits for the year declined by 3.8%, however, the average basket spend increased by 13.6%. Internal price inflation measured 3.8%, a result of second half inflation declining to 3.4% from the 4.3% reported for the first half.

The full-year performance should be viewed in the context of a strong performance in the second half of the year on the back of a high base in the 2020 financial year, due to pantry loading experienced during the March 2020 period amid the South African COVID-19 lockdown regulations implemented from 27 March 2020.

The Checkers supermarket chain, inclusive of 38 larger format Checkers Hypers, increased sale of merchandise by 10.9%. Its strategy in South Africa, of focusing on establishing a fresh food theatre for its customer base, continues to improve year on year. The success of the launch of the Xtra Savings Rewards Programme during the previous financial year in the Checkers (including Checkers Hyper) chain, has gained traction and the 7.6 million Xtra Savings Rewards Programme customers as at 4 July 2021 contributed to the achievement of the record market share for the brands. Checkers, inclusive of Checkers Hyper, now operates from 268 stores in South Africa. Of this, the number of stores in the Checkers FreshX format has increased to 41 from 28 stores in the prior year.

Checkers Sixty60, the Group's response to fulfil the need in the market for a fast and reliable on-demand grocery delivery service, has outperformed all initial estimates and has been rolled out to 233 stores, an increase of 146 stores since the previous financial year. The service has won numerous accolades, disrupting the online grocery sales market in South Africa.

The Shoprite and Usave brands collectively increased sales by 8.8%. Notably sales growth accelerated from 5.6% during the first half of the year to 12.0% during the second half of the year. Individually Shoprite and Usave reported sales growth for the year of 8.9% and 7.4% respectively. The accelerated growth experienced during the second half of the year of 12.0% was achieved on the back of the launch of the Shoprite rewards card with 12.7 million sign-ups since the launch. Our price-fighting Shoprite supermarket business ended the year with a base of 523 stores, up by a net 17 new stores. Our low-cost, no-frills, limited assortment discounter Usave opened a net 26 new stores and ended the year with 398 outlets (which include 37 Usave Ekasi box stores).

The segment's LiquorShop sales growth of 4.4% for the year was a result of the impact of COVID-19 lockdown regulations which impacted trade, both throughout the 2021 year and during the second half base in 2020. It required the complete closure of the liquor business for 144 days (2020: closed for 66 days) during the reporting period. The liquor business represents 5.5% of Supermarkets RSA's sales, opened a net 37 new stores and ended the year with 537 stores in South Africa.

Our private label brands participate in a significant number of categories across all of our supermarket chains, offering better value and choice to our customers. Their participation increased to 18.3%, up 120 basis points compared to the previous year.

Supermarkets Non-RSA

Given the classification of Nigeria, Kenya, Madagascar and Uganda as discontinued operations mentioned before, Supermarkets Non-RSA recorded a decline in sales in rand terms of 7.5% to R15.5 billion (52 weeks: decline by 9.5% to R15.1 billion) from continuing operations. As a segment, Supermarkets Non-RSA continuing operations contributed 9.2% to sales.

In constant currency, sale of merchandise from continuing operations for the year increased by 6.8%. We estimate internal food inflation for the region averaged 9.2% for the period.

Trading in the various regions was negatively impacted as COVID-19 restrictions were highly variable. The Group reacted to these challenges by making changes to its operating model and implementing various initiatives which included, range optimisation and source of supply adjustments.

Our Angolan and Zambian businesses were both impacted by currency devaluation, as demonstrated by our Zambian operations 25.2% sales growth in constant currency, translating to a decline of 11.8% in rand terms. In Angola, our supermarkets business' 12.6% decline in constant currency sales translated to a 37.2% decline in rand terms. The trading environment in Angola has not improved and the combined impact of rampant inflation and currency devaluations in recent years has significantly eroded customer spending power. Access to US dollar availability to secure in-stock levels of imported lines remained constrained, necessitating an increased reliance on locally sourced products which in turn resulted in an improved stock holding ratio at year-end, without sacrificing margin.

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

Furniture

The Group's Furniture segment, representing 4.0% of sales from continuing operations, benefited from a combination of ongoing work-from-home spending shifts and the lower base created in the fourth quarter of the prior year as a result of COVID-19 lockdown store closures.

Sales for the 53-week period increased by 24.6% to R6.8 billion (52 weeks: sales growth of 22.1% to R6.7 billion). Like-for-like sales for the year increased by 13.5%. Credit participation decreased to 12.6% (2020: 13.3%). We continued with the consolidation of our furniture business footprint throughout the year resulting in OK Furniture closing a net 13 stores in South Africa and one store in Non-RSA. House and Home closed a net two stores in South Africa. The division ended the year with 340 stores in RSA and 86 stores in Non-RSA.

Other operating segments

The Group's Other operating segments, representing 7.1% of sales from continuing operations and comprising of OK Franchise, Transpharm, MediRite Pharmacies, Checkers Food Services (CFS) and Computicket, achieved sales growth of 10.0% for the year.

This was an excellent achievement, notwithstanding the impact of lockdown limitations specifically on both CFS and Computicket. CFS's primary customer, the restaurant and hospitality industry, was severely impacted by the various phases of lockdown regulations implemented during the year. Computicket was impacted with lockdown disallowing events and travel and their related ticketing.

Notwithstanding these limitations, the businesses' ability to adapt and innovate resulted in second half sales increasing by 10.1%.

The OK Franchise business increased sales by 8.2%. Our franchisees are to be commended given the operating environment as a result of COVID-19 was exceptionally challenging. Over the year we added a net of 36 new stores to end the year with 513 franchises.

Gross profit

The Group gross profit margin increased by 55 basis points to 24.5% (restated 2020: 24.0%). In rand terms this equates to a 10.6% increase in gross profit for the Group to R41.2 billion. We attribute this growth to:

- Contribution mix: the increasing contribution from our higher margin Checkers and Checkers Hyper RSA supermarket business to our core Supermarkets RSA segment. Checkers and Checkers Hyper in RSA now represent 40.2% of Supermarkets RSA's sales.
- Collective impact of collaboration across our various corporate teams: resulting in improved buying and more effective promotions facilitated by the Xtra Savings Rewards Programme.
- Improved operational execution: resulting in improvements in the areas of waste and shrinkage.
- Ongoing supply chain efficiencies: resulting in increased recoveries of distribution centre allowances.
- Non-RSA gross margin improvement: due to an increased contribution to goods sold from local (versus imported) products.

In addition to the above, the benefits derived from the SAP ERP system implemented during 2019 cannot be underestimated. It continues to result in significantly improved maturity on utilisation of the level of data available for management decision making.

Expenses

Total expense growth for the year measured 6.7% (restated first half expense growth of 4.3%; second half expense growth of 9.2% inclusive of the extra week). Expenses are attributed to the following:

- COVID-19 related costs of R234 million, net of a R98 million employment tax incentive allowance from Government, spent on health and safety, security, mobile clinics, personal protective equipment, temperature scanners, store and distribution centre sanitation, staff meals, communication costs and remote network access for staff.
- Depreciation and amortisation increased by 7.3%. Depreciation on right-of-use assets increased by 24.6% to R3.2 billion, mainly driven by the sale and leaseback transaction of the three distribution centres to Retail Logistics Fund (RF) (Pty) Ltd of which the Group holds a 49.9% share. Depreciation on property, plant and equipment (PPE) decreased by 7.2% to R2.2 billion.
- Employee benefits expense growth of 8.5% reflects overall employee cost growth but was also impacted by two factors relating to COVID-19 in the prior year: Government incentives received and the impact of lower spending on employee development costs and the Youth Employment Service (YES) programme. During the year the Group created 3 897 new job opportunities.
- Other operating expense growth of 7.0% includes increases in the amount of: 4.2% for electricity and water; 4.8% for security; 8.0% for repairs and maintenance; 15.5% for cleaning and 23.5% for advertising. In line with Shoprite's environmental and long-term cost saving strategies the Group has introduced various energy saving initiatives.

Trading profit

Group trading profit increased by 24.9% to R10.3 billion (52 weeks: 20.9% to R10.0 billion) due to strong sales growth and gross margin expansion. As a result, the Group's trading margin improved from 5.3% to 6.1% (52 weeks: trading margin 6.1%).

Supermarkets RSA's trading profit increased by 17.2% to report a 7.0% trading margin. The continued improved performance during a disruptive trading period resulting in our LiquorShop business to close for 144 days throughout the year is a testament to the inherent strength of our core business's operations.

Supermarkets Non-RSA reported a R307 million trading profit (restated 2020: R73 million trading profit) which we see as a positive signal for the segment. The focus for the past 18 months was to rightsize the operations and in doing so identify those regions which should either be sold or discontinued. Simultaneously various changes have been made to the operating model to take into account the fact that the trading environment has changed substantially over time in the region. As stated, the Group closed its Kenyan operations, sold its Nigerian business and classified the regions of Madagascar and Uganda as discontinued during the period. We are confident that we will conclude transactions pertaining to the sale of assets for both Madagascar and Uganda during the 2022 financial year.

The Furniture segment's trading profit of R382 million has normalised to pre-2020 COVID-19 levels following last year's R324 million IFRS 9: Financial Instruments expected credit loss charge which resulted in the segment reporting a R15 million loss. Based on an IFRS 9 external assessment of expected credit losses for the 2021 year the furniture division's debtors book provision declined to 45.9% (2020: 50.5%).

Trading profit | continued

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

	Change %	53 weeks 2021 Rm	Trading margin 2021 %	Restated* 52 weeks 2020 Rm	Trading margin 2020 %
Supermarkets RSA	17.2	9 401	7.0	8 024	6.6
Supermarkets Non-RSA	>100	307	2.0	73	0.4
Furniture	>100	382	5.6	(15)	(0.3)
Other operating segments	(7.9)	291	2.4	316	2.9
Total operating segments	23.6	10 381	6.2	8 398	5.4
Hyperinflation effect	61.1	(49)		(126)	
Consolidated continuing operations	24.9	10 332	6.1	8 272	5.3

* Restated for newly classified discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

Items of a capital nature

The items of a captital nature as a net expense amounts to R828 million and includes R1.1 billion of impairments of which R477 million pertains to the hyperinflation adjustment.

Net finance costs

Net finance costs increased by 16.1% to R2.8 billion (restated 2020: R2.4 billion).

Interest on the Group's R27.7 billion lease liabilities was R2.5 billion (restated 2020: R1.9 billion).

Included in finance costs on borrowings is a once off R178 million breakage cost on early settlement of a US$250m fixed interest rate loan.

	2021 Rm	Restated* 2020 Rm
Interest received from bank account balances	268	443
Finance cost: borrowings	(624)	(966)
Finance cost: lease liabilities	(2 471)	(1 912)
Net finance costs	(2 827)	(2 435)

* Restated for newly classified discontinued operations in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

Equity accounted investments

Our share of post-acquisition profits from equity accounted investments is R120 million. This includes profits from Retail Logistics Fund (RF) (Pty) Ltd, in which the Group acquired a 49.9% shareholding through a sale and leaseback transaction during the financial year.

Taxation

The Group's effective income tax rate of 32.2% is 82 basis points higher than the prior year (restated 2020: 31.4%).

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 Non-RSA countries with accumulated income tax losses where there is uncertainty regarding the future profitability to absorb these losses. In some of the Non-RSA countries, 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 spend amounted to R3.2 billion for the period (2020: R3.2 billion). The capital expenditure represented 2.0% of sales calculated on a 52-week basis (restated 2020: 2.1% of sales) due to a prudent stance taken on spending given the pandemic and, the pandemic itself constraining our ability to execute certain projects.

	2021 Rm	2020 Rm
Store maintenance and refurbishments	1 217	1 321
New stores	761	403
Information technology	746	634
Land, buildings and leasehold improvements	299	604
Supply chain	196	268
Total capital expenditure	3 219	3 230

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 Treasury Bills. The AOA, USD Index Linked, Angola Government Bonds form part of the hedging strategy against future possible devaluation.

The investment in Government bonds and treasury bills reduced by a net R1.0 billion as a result of investments maturing during the year exceeding the amount of new investments in these instruments.

	2021 Rm	2020 Rm
AOA, USD Index Linked, Angola Government Bonds	876	2 238
AOA, Angola Government Bonds	560	264
Angola Treasury Bills	58	–
Total government bonds and bills	1 494	2 502

Inventories

Inventories declined by 2.4% to R18.4 billion. This represents an inventory to sales ratio of 11.2% on a 52-week basis, an improvement of 94 basis points compared to the 12.1% for the previous year. This marked improvement is primarily a result of the following factors:

- Supermarkets RSA 52-week inventory to sales ratio improving to 11.0% (2020: 11.4%).
- Supermarkets Non-RSA reducing stock levels by R990 million due to a combination of sourcing more local product rather than imported lines, the closure of Kenya during the reporting period as well as the classification of Madagascar and Uganda under assets held for sale in the current reporting period.
- Supermarkets Non-RSA inventories in the prior year included Madagascar and Uganda, classified as assets held for sale in the current year, as well as Kenya which closed in the current year.

	Change %	2021 Rm	2020 Rm
Supermarkets RSA	3.5	14 382	13 902
Supermarkets Non-RSA	(35.3)	1 818	2 808
Furniture	8.9	1 629	1 496
Other operating segments	(11.3)	567	639
Total inventories	(2.4)	18 396	18 845

Debt, net cash and capital structure

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

	2021 Rm	2020 Rm
Total cash position	6 729	10 019
Borrowings	(5 279)	(12 009)
Net cash position/(borrowings)	1 450	(1 990)
Lease liabilities	(27 722)	(23 271)
Net debt	(26 272)	(25 261)

As a result of the Group's US dollar debt reducing to US$68 million (2020: US$433 million) Group borrowings have declined by R6.7 billion to R5.3 billion (2020: R12.0 billion). The Group's year-end borrowings/equity ratio of 24.9% is marginally below our 25% – 30% target range.

The decline in the Group's cash balance to R6.7 billion (2020: R10.0 billion) reflects the impact of R5.9 billion paid before year-end relating to trade payables, income tax and VAT for Supermarkets RSA. For the prior year these payments occurred after year-end.

The increase in lease liabilities is due to the combined impact of existing lease renewals, new lease agreements and the three new leases arising from the distribution centre sale and leaseback transaction completed during the year.

As part of an assessment of our capital allocation framework the Board has authorised a share buy-back programme. Consequently, the Group repurchased 3 352 973 shares to the value of R515 million during the second half of the 2021 financial year.

The Group's 53-week return on average invested capital (ROIC) improved to 12.4% (restated 2020: 9.7%).

GROUP OUTLOOK

Whilst the outlook for the impact of the COVID-19 pandemic is impossible to predict, we can reiterate that the Group continues to monitor the situation closely and has embedded all necessary protocols in our daily operations. We shall continue to operate in accordance with the lockdown regulations as they adjust over time. For the 2022 financial year, our LiquorShop business remained closed until 26 July 2021 when it was able to commence trade four days a week (Monday – Thursday).

As is well understood, the start to our 2022 year was marred by the impact of unprecedented political and civil unrest in the two South African provinces of KwaZulu-Natal and Gauteng in the week commencing 12 July 2021. The unrest caused significant damage to 231 of the Group's stores and in addition, resulted in all our remaining stores in these regions being closed for precautionary reasons for a period ranging a few days to a week or more in certain instances, depending on specific circumstances.

The period following the unrest has been a busy one with the Group focused on recoveries and reopenings and up to 22 August 2021 the Group has only 83 stores closed as a result of the unrest. Of these, 47 stores have been significantly impacted by fire and the process of reopening for these stores will be mixed: some may open in the coming months, some may take a year, others will require new premises. Our corporate structure incorporates a capable properties team who are actively working with our brands to expedite the plan in these locations. Of the total stores impacted we have taken the decision to not re-open in six locations.

As a Group we are clear on our intent to be the most customer-centric retailer on the continent and accessibility for our customer is of paramount importance, as is our core customer in the Shoprite and Usave segment. For these reasons the Group is pleased with its proposed acquisition and integration of the Masscash Cash & Carry, Cambridge Food and Massfresh businesses into our operations. This acquisition will accelerate our plans to expand our physical reach in these businesses and in turn bolster our brand presence and low-price promise at a time when our customers need it most.

The Group is on an exciting growth path which we are executing with razor sharp focus. Despite the difficult start to 2022 we foresee a plethora of opportunities ahead for our businesses, both individually and collectively, as we build out and leverage the vast retail ecosystem that our brands and physical and digital presence combined represent.

Results presentation, timing and registration link

The Group's results presentation will be webcast today at 9am. Shoprite welcomes all who would like to register to do so by registering via www.corpcam.com/shoprite07092021 or via the company website www.shopriteholdings.co.za.

Next reporting date

The Group is scheduled to release its first quarter sales update for the three months to September 2021 on Monday, 15 November 2021, in conjunction with the Shoprite Holdings Limited AGM.

7 September 2021

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PRO FORMA FINANCIAL INFORMATION

Certain financial information presented in these annual financial results 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 reported amounts are extracted without adjustment, from the reviewed condensed consolidated financial statements for the years ended 4 July 2021 and 28 June 2020, respectively.

An assurance report (in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information) has been issued by the Group's auditors in respect of the pro forma financial information included in this announcement. The pro forma financial information, as set out below, should be read in conjunction with this assurance report.

Impact of week 53

The Group reports on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week. Accordingly, the results for the financial year under review are for a 53-week period, ended 4 July 2021, compared to 52 weeks in the previous financial year.

In order to provide a comparison between the current and previous year, the financial information has been presented for the 52 weeks ended 27 June 2021 which is based on the results for the 53-week period ended 4 July 2021. The impact of the additional trading week, as calculated, is deducted from the reported year's results to illustrate a comparable 52-week period. The 52-week financial information is based on the accounting policies of the annual financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Group calculated the impact of the additional trading week as follows:

- Sale of merchandise and cost of sales for week 53 is extracted from the Group's accounting records.
- Management's judgement is used for the calculation of other income and expenses based on extractions from the Group's accounting records.

Continuing operations	As reported reviewed 53 weeks 2021 Rm	Week 53 adjustment 2021 Rm	Pro forma 52 weeks 2021 Rm	As reported reviewed* 52 weeks 2020 Rm	Pro forma change %
Sale of merchandise	168 030	3 521	164 509	155 409	5.9
Supermarkets RSA	133 852	2 952	130 900	122 412	6.9
Supermarkets Non-RSA	15 453	338	15 115	16 707	(9.5)
Furniture	6 818	141	6 677	5 470	22.1
Other operating segments	11 907	90	11 817	10 820	9.2
Trading profit	10 332	331	10 001	8 272	20.9
Earnings before interest, income tax, depreciation and amortisation (EBITDA)	15 092	421	14 671	12 850	14.2
Performance measures					
Trading margin (percentage)	6.1	9.4	6.1	5.3	

* Restated for newly classified discontinued operations in accordance with IFRS 5. Refer to note 2 of the condensed consolidated financial statements for details of the adjustments recognised for each individual line item.

PRO FORMA FINANCIAL INFORMATION | continued

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) in the current or previous reporting periods. To facilitate comparison, the sale of merchandise for the current year has been presented on a 53-week and a 52-week basis for the periods ended 4 July 2021 and 27 June 2021 respectively.

References were made to the following subtotals of sale of merchandise	Like-for-like change 52 weeks %	Pro forma 52 weeks 2021 Rm	Like-for-like 52 weeks 2021 Rm	Like-for-like change 53 weeks %	As reported reviewed 53 weeks 2021 Rm	Like-for-like 53 weeks 2021 Rm	As reported reviewed* 52 weeks 2020 Rm	Like-for-like* 52 weeks 2020 Rm
Total continuing operations	3.7	164 509	155 475	5.9	168 030	158 875	155 409	149 957
Supermarkets RSA	4.9	130 900	123 957	7.3	133 852	126 806	122 412	118 125
Supermarkets Non-RSA continuing operations	(10.7)	15 115	14 653	(8.7)	15 453	14 981	16 707	16 405
Furniture	10.8	6 677	5 883	13.5	6 818	6 023	5 470	5 308

* Restated for newly classified discontinued operations in accordance with IFRS 5. Refer to note 2 of the condensed consolidated financial statements for details of the adjustments recognised for each individual line item.

Impact of the Group's pro forma constant currency disclosure

The Group discloses constant currency information to indicate the Supermarkets Non-RSA operating segment's performance in terms of sales growth, excluding the effect of foreign currency fluctuations. In order to assist with comparability, the sales for the current year have been presented on a 53-week and a 52-week basis for the periods ended 4 July 2021 and 27 June 2021, respectively. To present this information, the current period's 53-week and 52-week sales, for entities reporting in currencies other than ZAR, are converted from local currency actuals into ZAR 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 53 weeks and 52 weeks, 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 prior year 52 weeks	Reported currency 53 weeks 2021	Constant currency 53 weeks 2021	Reported currency 52 weeks 2021	Constant currency 52 weeks 2021
Angola kwanza	(37.2)	(12.6)	(38.4)	(14.3)
Zambia kwacha	(11.8)	25.2	(14.0)	22.0
Mozambique metical	(11.3)	(3.3)	(12.7)	(4.8)
Supermarkets Non-RSA including discontinued operations	(8.8)	3.7	(10.8)	1.5
Supermarkets Non-RSA continuing operations	(7.5)	6.8	(9.5)	4.4

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 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, right-of-use assets and inventories, 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 prior year 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 reviewed condensed consolidated 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 reviewed condensed consolidated 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. The tax adjustment relating to hyperinflation has been calculated using the Angola tax rate of 25%. Deferred income tax assets were reversed during the current financial year due to uncertainty regarding sufficient taxable income.

Earnings per share after removing the impact of Angola hyperinflation adjustment	2021 Rm	2020 Rm
Net profit attributable to owners of the parent after removing the impact of Angola hyperinflation adjustment	4 928	3 591
(Profit)/loss from discontinued operations	(143)	501
Earnings from continuing operations after removing the impact of Angola hyperinflation adjustment	4 785	4 092
Re-measurements after removing the impact of Angola hyperinflation adjustment	351	613
Profit on disposal and scrapping of property	(3)	–
Profit on disposal of assets classified as held for sale	(131)	(239)
Profit on sale and leaseback transaction	(160)	–
Loss on disposal and scrapping of plant and equipment and intangible assets	133	91
Impairment of property, plant and equipment	486	279
Impairment of right-of-use assets	95	448
Impairment of intangible assets	30	99
Insurance claims receivable	(102)	(11)
Profit on disposal of subsidiary	–	(51)
Loss/(profit) on other investing activities	3	(3)
Income tax effect on re-measurements	(132)	(203)
Headline earnings from continuing operations after removing the impact of Angola hyperinflation adjustment	5 004	4 502
Profit/(loss) from discontinued operations	143	(501)
(Income)/expenditure of a capital nature from discontinued operations	(28)	292
Headline earnings after removing the impact of Angola hyperinflation adjustment	5 119	4 293
Number of ordinary shares	**'000**	**'000**
– In issue	548 174	552 707
– Weighted average	551 672	553 046
– Weighted average adjusted for dilution	553 856	553 896

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 reviewed 53 weeks including hyperinflation 2021 Rm	53 weeks hyperinflation adjustment 2021 Rm	53 weeks excluding hyperinflation pro forma 2021 Rm	Restated* 52 weeks excluding hyperinflation pro forma 2020 Rm	Pro forma change %
Sale of merchandise	168 030	–	168 030	155 409	8.1
Cost of sales	(126 817)	–	(126 817)	(118 112)	7.4
GROSS PROFIT	41 213	–	41 213	37 297	10.5
Other operating income	2 616	–	2 616	2 303	13.6
Interest revenue	542	–	542	598	(9.4)
Depreciation and amortisation	(5 336)	(49)	(5 287)	(4 879)	8.4
Employee benefits	(13 553)	–	(13 553)	(12 492)	8.5
Credit impairment losses	(222)	–	(222)	(480)	(53.8)
Other operating expenses	(14 928)	–	(14 928)	(13 949)	7.0
TRADING PROFIT	10 332	(49)	10 381	8 398	23.6
Exchange rate (losses)/gains	(27)	–	(27)	577	
Profit on lease modifications and terminations	187	–	187	97	92.8
Items of a capital nature	(828)	(477)	(351)	(613)	(42.7)
OPERATING PROFIT	9 664	(526)	10 190	8 459	20.5
Interest received from bank account balances	268	–	268	443	(39.5)
Finance costs	(3 095)	–	(3 095)	(2 878)	7.5
Share of profit/(loss) of equity accounted investments	120	–	120	(38)	
PROFIT BEFORE INCOME TAX	6 957	(526)	7 483	5 986	25.0
Income tax expense	(2 241)	439	(2 680)	(1 874)	43.0
PROFIT FROM CONTINUING OPERATIONS	4 716	(87)	4 803	4 112	16.8
Profit/(loss) from discontinued operations (attributable to owners of the parent)	143	–	143	(501)	
PROFIT FOR THE YEAR	4 859	(87)	4 946	3 611	37.0
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX	(766)	113	(879)	(2 763)	
Items that will not be reclassified to profit or loss					
Re-measurements of post-employment medical benefit obligations	6	–	6	2	
Items that may subsequently be reclassified to profit or loss					
Foreign currency translation differences from continuing operations	(1 214)	113	(1 327)	(2 375)	
Foreign currency translation differences from discontinued operations	154	–	154	(118)	
Release of foreign currency translation reserve on disposal of discontinued operations	447	–	447	–	
Share of foreign currency translation differences of equity accounted investments	–	–	–	38	
Loss on effective net investment hedge, net of income tax	(159)	–	(159)	(310)	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4 093	26	4 067	848	
PROFIT ATTRIBUTABLE TO:	4 859	(87)	4 946	3 611	
Owners of the parent	4 841	(87)	4 928	3 591	
Non-controlling interest	18	–	18	20	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:	4 093	26	4 067	848	
Owners of the parent	4 075	26	4 049	828	
Non-controlling interest	18	–	18	20	
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT ARISES FROM:	4 075	26	4 049	828	
Continuing operations	3 331	26	3 305	1 447	
Discontinued operations	744	–	744	(619)	
EARNINGS PER SHARE FOR PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT:					
Basic earnings per share from continuing operations (cents)	851.6	(15.8)	867.4	740.0	17.2
Diluted earnings per share from continuing operations (cents)	848.2	(15.7)	863.9	738.9	16.9
Basic headline earnings per share from continuing operations (cents)	956.3	49.3	907.0	814.0	11.4
Diluted headline earnings per share from continuing operations (cents)	952.5	49.1	903.4	812.7	11.2
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT:					
Basic earnings per share (cents)	877.5	(15.8)	893.3	649.4	37.6
Diluted earnings per share (cents)	874.0	(15.7)	889.7	648.4	37.2
Basic headline earnings per share (cents)	977.1	49.3	927.8	776.2	19.5
Diluted headline earnings per share (cents)	973.2	49.1	924.1	775.0	19.2

* Restated for newly classified discontinued operations in accordance with IFRS 5. Refer to note 2 of the condensed consolidated financial statements for details of the adjustments recognised for each individual line item.

PRO FORMA STATEMENT OF FINANCIAL POSITION

	As reported reviewed including hyperinflation 2021 Rm	Hyperinflation adjustment 2021 Rm	Excluding hyperinflation pro forma 2021 Rm	Excluding hyperinflation pro forma 2020 Rm
ASSETS				
NON-CURRENT ASSETS	45 009	771	44 238	41 281
Property, plant and equipment	14 374	648	13 726	16 861
Right-of-use assets	20 520	123	20 397	16 844
Intangible assets	3 010	–	3 010	2 955
Equity accounted investments	2 025	–	2 025	–
Investment in insurance cell captive arrangements	69	–	69	–
Government bonds and bills	972	–	972	62
Loans receivable	1 619	–	1 619	1 953
Deferred income tax assets	2 214	–	2 214	2 391
Trade and other receivables	206	–	206	215
CURRENT ASSETS	32 057	–	32 057	39 937
Inventories	18 396	–	18 396	18 845
Trade and other receivables	3 921	–	3 921	4 106
Current income tax assets	358	–	358	147
Investment in insurance cell captive arrangements	95	–	95	–
Government bonds and bills	522	–	522	2 440
Loans receivable	283	–	283	229
Cash and cash equivalents	7 950	–	7 950	12 114
	31 525	–	31 525	37 881
Assets classified as held for sale	532	–	532	2 056
TOTAL ASSETS	77 066	771	76 295	81 218
EQUITY				
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT				
Stated capital	7 516	–	7 516	7 516
Treasury shares	(1 455)	–	(1 455)	(806)
Reserves	15 016	771	14 245	12 396
	21 077	771	20 306	19 106
NON-CONTROLLING INTEREST	127	–	127	143
TOTAL EQUITY	21 204	771	20 433	19 249
LIABILITIES				
NON-CURRENT LIABILITIES	27 577	–	27 577	29 396
Lease liabilities	24 801	–	24 801	20 168
Borrowings	2 280	–	2 280	8 826
Deferred income tax liabilities	8	–	8	61
Provisions	488	–	488	341
CURRENT LIABILITIES	28 285	–	28 285	32 573
Trade and other payables	19 649	–	19 649	20 157
Contract liabilities	873	–	873	864
Lease liabilities	2 921	–	2 921	3 103
Borrowings	2 999	–	2 999	3 183
Current income tax liabilities	416	–	416	1 148
Provisions	78	–	78	112
Bank overdrafts	1 221	–	1 221	2 095
	28 157	–	28 157	30 662
Liabilities directly associated with assets classified as held for sale	128	–	128	1 911
TOTAL LIABILITIES	55 862	–	55 862	61 969
TOTAL EQUITY AND LIABILITIES	77 066	771	76 295	81 218

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 DHEPS is calculated by adjusting HEPS with the impact of exchange rate differences, hyperinflation adjustments, lease modifications and terminations as well as the related tax effects. The tax effect of exchange rate differences, as well as lease modifications and terminations was calculated by applying the average effective tax rate. The tax effect of hyperinflation adjustments was based on the actual tax adjustments as disclosed in the pro forma information. 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 previous year 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 prior year's results.

The table below presents the adjustments to the items reported.

	Change %	53 weeks 2021 Rm	52 weeks 2020 Rm
Headline earnings including discontinued operations as reported		5 391	4 186
Impact of exchange rate differences*		37	(544)
Impact of Angola hyperinflation adjustment**		49	154
Impact of lease modifications and terminations		(296)	(69)
Related income tax effect		(251)	154
Adjusted headline earnings including discontinued operations		4 930	3 881
Headline earnings from continuing operations as reported		5 276	4 395
Impact of exchange rate differences as reported		27	(577)
Impact of Angola hyperinflation adjustment**		49	154
Impact of lease modifications and terminations		(187)	(69)
Related income tax effect		(270)	154
Adjusted headline earnings from continuing operations		4 895	4 057
Number of ordinary shares		**'000**	**'000**
– In issue		548 174	552 707
– Weighted average		551 672	553 046
– Weighted average adjusted for dilution		553 856	553 896
	Change %	**Cents**	**Cents**
Diluted headline earnings per share including discontinued operations as reported	28.8	973.2	755.7
Adjusted basic headline earnings per share including discontinued operations	27.3	893.7	701.8
Adjusted diluted headline earnings per share including discontinued operations	27.0	890.1	700.8
Diluted headline earnings per share from continuing operations as reported	20.1	952.5	793.4
Adjusted diluted headline earnings per share from continuing operations	20.7	883.8	732.5

* The impact of exchange rate differences, including discontinued operations, consists of R27 million exchange rate losses (2020: R577 million exchange rate gains) as reported and R10 million (2020: R33 million) exchange rate losses from discontinued operations (refer to note 6 of the condensed consolidated financial statements).

** The impact of the Angola hyperinflation adjustment is based on the pro forma information provided on page 12. The increase of R49 million (2020: R154 million) in headline earnings is calculated by excluding the items of a capital nature hyperinflation adjustment of R477 million (2020: R181 million) from the profit before income tax hyperinflation adjustment of R526 million (2020: R335 million).

NUMBER OF OUTLETS AS AT 4 JULY 2021

	12 Months				Confirmed new stores
	2020	Opened	Closed	2021	2022
Supermarkets RSA	**1 647**	**109**	**22**	**1 734**	**131**
Shoprite	506	20	3	523	33
Checkers	223	11	4	230	17
Checkers Hyper	37	1	–	38	–
Usave	372	38	12	398	30
LiquorShop	500	38	1	537	47
K'nect & other	9	1	2	8	4
Supermarkets Non-RSA	**263**	**8**	**31**	**240**	**8**
Shoprite	181	6	29	158	5
Checkers	9	–	–	9	–
Usave	50	2	2	50	1
LiquorShop	23	–	–	23	2
Furniture	**442**	**4**	**20**	**426**	**2**
OK Furniture	397	4	18	383	2
House & Home	45	–	2	43	–
Other operating segments*	**477**	**70**	**34**	**513**	**49**
OK Franchise	477	70	34	513	49
Total stores – including discontinued operations	**2 829**	**191**	**107**	**2 913**	**190**
Total stores – continuing operations	**2 786**	**191**	**79**	**2 898**	**190**
Total stores outside RSA – including discontinued operations	417	12	34	395	23
Total stores outside RSA – continuing operations	374	12	6	380	23
Countries outside RSA – including discontinued operations	14	–	1	13	–
Countries outside RSA – continuing operations	10	–	–	10	–

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

DIVIDEND NO 145

The Board has declared a final dividend of 353 cents (2020: 227 cents) per ordinary share, payable to shareholders on Monday, 4 October 2021. The dividend has been declared out of income reserves. This brings the total dividend for the year to 544 cents (2020: 383 cents) per ordinary share. The last day to trade cum dividend will be Tuesday, 28 September 2021. As from Wednesday, 29 September 2021, all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is Friday, 1 October 2021. Share certificates may not be dematerialised or rematerialised between Wednesday, 29 September 2021, and Friday, 1 October 2021, 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 282.4 cents per share for shareholders liable to pay Dividends Tax and 353 cents per share for shareholders exempt from paying 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.

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Shoprite Holdings Ltd

We have reviewed the condensed consolidated financial statements of Shoprite Holdings Ltd, set out on pages 20 to 39 of the provisional report, which comprise the condensed consolidated statement of financial position as at 4 July 2021 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Shoprite Holdings Ltd for the year ended 4 July 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

Pricewater-house Coopers Inc.

PricewaterhouseCoopers Inc.
Director: MC Hamman
Registered Auditor

Cape Town, South Africa

7 September 2021

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE REVIEWED SHOPRITE HOLDINGS LTD RESULTS FOR THE YEAR ENDED 4 JULY 2021

To the Directors of Shoprite Holdings Ltd

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Shoprite Holdings Ltd (the "Company") and its subsidiaries (together the "Group") by the directors. The pro forma financial information, as set out on pages 9 to 14 of the Reviewed Shoprite Holdings Ltd results for the year ended 4 July 2021, consists of the impact of week 53, like-for-like comparisons, the impact of the Group's pro forma constant currency disclosure, the impact of Angola hyperinflation adjustment on the Group's condensed consolidated statement of financial position and condensed consolidated statement of comprehensive income and the impact on adjusted diluted headline earnings per share for the year ended 4 July 2021. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited (JSE) Listings Requirements and described in the Pro Forma Financial Information section of the Reviewed Shoprite Holdings Ltd results for the year ended 4 July 2021.

The pro forma financial information has been compiled by the directors to illustrate the impact of removing the results of week 53 from the sale of merchandise, trading profit and EBITDA, the impact of revenue growth on a like-for-like basis as compared to the prior financial year (i.e. growth in stores that were trading in the prior year excluding new stores, stores closed and those impacted by COVID-19 regulations during the year), revenue growth in constant foreign exchange rates as compared to the prior financial year, the impact of hyperinflation on the condensed consolidated statement of financial position and condensed consolidated statement of comprehensive income and the impact on diluted headline earnings per share of certain non-headline earnings adjustments identified by management (adjusted diluted HEPS). As part of this process, information about the Group's consolidated financial position and consolidated financial performance has been extracted by the directors from the Group's condensed consolidated financial statements for the year ended 4 July 2021, on which a review report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the Pro Forma Financial Information section of the Reviewed Shoprite Holdings Ltd results for the year ended 4 July 2021.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the Pro Forma Financial Information section of the Reviewed Shoprite Holdings Ltd results for the year ended 4 July 2021 based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

Reporting accountant's responsibility | continued

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in the Pro Forma Financial Information section of the Reviewed Shoprite Holdings Ltd results for the year ended 4 July 2021.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: MC Hamman
Registered Auditor

Cape Town, South Africa

7 September 2021

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, NN Gobodo, AM le Roux, ATM Mokgokong, JA Rock, EA Wilton

Non-executive director
CH Wiese

Alternate non-executive director
JD Wiese

Company secretary
PG du Preez

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Change %	Reviewed 53 weeks 2021 Rm	Restated* reviewed 52 weeks 2020 Rm
Revenue	4	8.1	171 188	158 310
Sale of merchandise	4	8.1	168 030	155 409
Cost of sales		7.3	(126 817)	(118 145)
GROSS PROFIT		10.6	41 213	37 264
Other operating income	4	13.6	2 616	2 303
Interest revenue	4	(9.4)	542	598
Depreciation and amortisation		7.3	(5 336)	(4 972)
Employee benefits		8.5	(13 553)	(12 492)
Credit impairment losses		(53.8)	(222)	(480)
Other operating expenses		7.0	(14 928)	(13 949)
TRADING PROFIT		24.9	10 332	8 272
Exchange rate (losses)/gains			(27)	577
Profit on lease modifications and terminations			187	69
Items of a capital nature		4.3	(828)	(794)
OPERATING PROFIT		19.0	9 664	8 124
Interest received from bank account balances		(39.5)	268	443
Finance costs	5	7.5	(3 095)	(2 878)
Share of profit/(loss) of equity accounted investments			120	(38)
PROFIT BEFORE INCOME TAX		23.1	6 957	5 651
Income tax expense		26.3	(2 241)	(1 774)
PROFIT FROM CONTINUING OPERATIONS		21.6	4 716	3 877
Profit/(loss) from discontinued operations (attributable to owners of the parent)	6		143	(501)
PROFIT FOR THE YEAR		43.9	4 859	3 376
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX			(766)	(3 683)
Items that will not be reclassified to profit or loss				
Re-measurements of post-employment medical benefit obligations			6	2
Items that may subsequently be reclassified to profit or loss				
Foreign currency translation differences from continuing operations			(1 214)	(3 295)
Foreign currency translation differences from discontinued operations			154	(118)
Release of foreign currency translation reserve on disposal of discontinued operations			447	–
Share of foreign currency translation differences of equity accounted investments			–	38
Loss on effective net investment hedge, net of income tax			(159)	(310)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR			4 093	(307)
PROFIT ATTRIBUTABLE TO:			4 859	3 376
Owners of the parent			4 841	3 356
Non-controlling interest			18	20
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			4 093	(307)
Owners of the parent			4 075	(327)
Non-controlling interest			18	20
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT ARISES FROM:			4 075	(327)
Continuing operations			3 331	292
Discontinued operations			744	(619)
EARNINGS PER SHARE FOR PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT:				
Basic earnings per share from continuing operations (cents)	7	22.1	851.6	697.5
Diluted earnings per share from continuing operations (cents)	7	21.8	848.2	696.5
Basic headline earnings per share from continuing operations (cents)	7	20.3	956.3	794.7
Diluted headline earnings per share from continuing operations (cents)	7	20.1	952.5	793.4
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT:				
Basic earnings per share (cents)	7	44.6	877.5	606.9
Diluted earnings per share (cents)	7	44.2	874.0	606.0
Basic headline earnings per share (cents)	7	29.1	977.1	756.9
Diluted headline earnings per share (cents)	7	28.8	973.2	755.7

* Restated for newly classified discontinued operations in accordance with IFRS 5. Refer to note 2 for details of the adjustments recognised for each individual line item.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Reviewed 2021 Rm	Reviewed 2020 Rm
ASSETS			
NON-CURRENT ASSETS		45 009	42 789
Property, plant and equipment	8	14 374	18 265
Right-of-use assets	10	20 520	17 156
Intangible assets		3 010	2 955
Equity accounted investments	11	2 025	–
Investment in insurance cell captive arrangements		69	–
Government bonds and bills	12	972	62
Loans receivable		1 619	1 953
Deferred income tax assets		2 214	2 184
Trade and other receivables		206	214
CURRENT ASSETS		32 057	39 937
Inventories		18 396	18 845
Trade and other receivables		3 921	4 106
Current income tax assets		358	147
Investment in insurance cell captive arrangements		95	–
Government bonds and bills	12	522	2 440
Loans receivable		283	229
Cash and cash equivalents		7 950	12 114
		31 525	37 881
Assets classified as held for sale	9	532	2 056
TOTAL ASSETS		77 066	82 726
EQUITY			
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT			
Stated capital	13	7 516	7 516
Treasury shares	13	(1 455)	(806)
Reserves		15 016	13 141
		21 077	19 851
NON-CONTROLLING INTEREST		127	143
TOTAL EQUITY		21 204	19 994
LIABILITIES			
NON-CURRENT LIABILITIES		27 577	30 159
Lease liabilities	14	24 801	20 168
Borrowings	15	2 280	8 826
Deferred income tax liabilities		8	824
Provisions		488	341
CURRENT LIABILITIES		28 285	32 573
Trade and other payables		19 649	20 157
Contract liabilities		873	864
Lease liabilities	14	2 921	3 103
Borrowings	15	2 999	3 183
Current income tax liabilities		416	1 148
Provisions		78	112
Bank overdrafts		1 221	2 095
		28 157	30 662
Liabilities directly associated with assets classified as held for sale		128	1 911
TOTAL LIABILITIES		55 862	62 732
TOTAL EQUITY AND LIABILITIES		77 066	82 726

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Reviewed Rm	Total equity	Non-controlling interest	Attributable to owners of the parent Total	Stated capital	Treasury shares	Other reserves	Retained earnings
BALANCE AT 30 JUNE 2019	22 207	106	22 101	7 516	(605)	(4 276)	19 466
Total comprehensive loss	(307)	20	(327)	–	–	(3 685)	3 358
Profit for the year	3 376	20	3 356				3 356
Recognised in other comprehensive loss							
Re-measurements of post-employment medical benefit obligations	2		2				2
Foreign currency translation differences	(3 375)		(3 375)			(3 375)	
Loss on effective net investment hedge	(406)		(406)			(406)	
Income tax effect of loss on effective net investment hedge	96		96			96	
Share-based payments – value of employee services	101		101			101	
Modification of cash bonus arrangement transferred from provisions	16		16			16	
Purchase of treasury shares	(272)		(272)		(272)		
Treasury shares disposed	5		5		8		(3)
Realisation of share-based payment reserve	–		–		63	(63)	
Non-controlling interest on acquisition of subsidiary	28	28	–				
Dividends distributed to shareholders	(1 784)	(11)	(1 773)				(1 773)
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Reviewed 53 weeks 2021 Rm	Reviewed 52 weeks 2020 Rm
CASH FLOWS FROM OPERATING ACTIVITIES		7 983	10 989
Operating profit		9 886	7 728
Less: investment income and finance income earned		(543)	(599)
Non-cash items	17.1	7 018	6 161
Changes in working capital	17.2	(237)	2 565
Cash generated from operations		16 124	15 855
Interest received		800	1 073
Interest paid		(3 157)	(3 006)
Dividends received		61	1
Dividends paid		(2 330)	(1 786)
Income tax paid		(3 515)	(1 148)
CASH FLOWS UTILISED BY INVESTING ACTIVITIES		(653)	(389)
Investment in property, plant and equipment and intangible assets to expand operations		(2 030)	(2 140)
Investment in property, plant and equipment and intangible assets to maintain operations		(1 188)	(1 077)
Payment for investment in insurance cell captive arrangements		(86)	–
Investment in assets classified as held for sale		(1)	(13)
Prepayments for right-of-use assets		–	(14)
Proceeds on disposal of property, plant and equipment and intangible assets*		1 507	1 233
Proceeds on the disposal of discontinued operations		352	–
Proceeds on disposal of assets classified as held for sale		255	793
Payments for government bonds and bills		(2 779)	–
Proceeds from government bonds and bills		3 373	924
Loans advanced to Resilient Africa (Pty) Ltd		–	(165)
Other loans receivable advanced		(245)	(208)
Other loans receivable repaid		199	257
Cash inflow on disposal of investment in subsidiary		–	36
Acquisition of operations		(10)	(15)
CASH FLOWS UTILISED BY FINANCING ACTIVITIES		(9 743)	(3 992)
Repayment of lease liability obligations		(3 156)	(2 585)
Purchase of treasury shares		(733)	(272)
Proceeds from treasury shares disposed		9	6
Repayment of borrowings		(7 142)	(5 995)
Borrowings raised		1 279	4 854
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(2 413)	6 608
Cash and cash equivalents at the beginning of the year		10 019	3 583
Effect of exchange rate movements on cash and cash equivalents		(877)	(172)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		6 729	10 019
Consisting of:			
Cash and cash equivalents		7 950	12 114
Bank overdrafts		(1 221)	(2 095)
		6 729	10 019

* Proceeds on disposal of property, plant and equipment and intangible assets includes R1.2 billion (2020: R1.1 billion) relating to a sale and leaseback arrangement of distribution centres during the period under review (2020: commercial vehicle fleet). Refer to note 14.

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The Group reports on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week. Accordingly, the results for the financial year under review are for a 53-week period, ended 4 July 2021, compared to 52 weeks in the previous financial year.

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the South African Companies Act, 71 of 2008. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those accounting policies 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 2020.

Various new and 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 year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The preparation of the condensed consolidated financial statements for the year ended 4 July 2021 have been supervised by the Chief Financial Officer (CFO), Mr A de Bruyn, CA(SA), and have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion thereon. The review was performed in accordance with ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

2 COMPARATIVE FIGURES

Discontinued operations

Following the classification of the Group's Kenya, Uganda and Madagascar subsidiaries as discontinued operations in accordance with IFRS 5 (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 year ended 28 June 2020 are detailed below.

	Previously reported 52 weeks 2020 Rm	Discontinued operations 52 weeks 2020 Rm	Restated 52 weeks 2020 Rm
Sale of merchandise	156 855	(1 446)	155 409
Cost of sales	(119 323)	1 178	(118 145)
GROSS PROFIT	37 532	(268)	37 264
Other operating income	2 326	(23)	2 303
Interest revenue	598	–	598
Depreciation and amortisation	(5 031)	59	(4 972)
Employee benefits	(12 585)	93	(12 492)
Credit impairment losses	(480)	–	(480)
Other operating expenses	(14 189)	240	(13 949)
TRADING PROFIT	8 171	101	8 272
Exchange rate gains	566	11	577
Profit on lease modifications and terminations	69	–	69
Items of a capital nature	(1 055)	261	(794)
OPERATING PROFIT	7 751	373	8 124
Interest received from bank account balances	443	–	443
Finance costs	(2 910)	32	(2 878)
Share of loss of equity accounted investments	(38)	–	(38)
PROFIT BEFORE INCOME TAX	5 246	405	5 651
Income tax expense	(1 783)	9	(1 774)
PROFIT FROM CONTINUING OPERATIONS	3 463	414	3 877
Loss from discontinued operations (attributable to owners of the parent)	(87)	(414)	(501)
PROFIT FOR THE YEAR	3 376	–	3 376
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX	(3 683)	–	(3 683)
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment medical benefit obligations	2	–	2
Items that may subsequently be reclassified to profit or loss			
Foreign currency translation differences from continuing operations	(3 373)	78	(3 295)
Foreign currency translation differences from discontinued operations	(40)	(78)	(118)
Share of foreign currency translation differences of equity accounted investments	38	–	38
Loss on effective net investment hedge, net of income tax	(310)	–	(310)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(307)	–	(307)
PROFIT ATTRIBUTABLE TO:	3 376	–	3 376
Owners of the parent	3 356	–	3 356
Non-controlling interest	20	–	20
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:	(307)	–	(307)
Owners of the parent	(327)	–	(327)
Non-controlling interest	20	–	20
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT ARISES FROM:	(327)	–	(327)
Continuing operations	(200)	492	292
Discontinued operations	(127)	(492)	(619)
EARNINGS PER SHARE FOR PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT:			
Basic earnings per share from continuing operations (cents)	622.6	74.9	697.5
Diluted earnings per share from continuing operations (cents)	621.6	74.9	696.5
Basic headline earnings per share from continuing operations (cents)	767.0	27.7	794.7
Diluted headline earnings per share from continuing operations (cents)	765.8	27.6	793.4
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT:			
Basic earnings per share (cents)	606.9	–	606.9
Diluted earnings per share (cents)	606.0	–	606.0
Basic headline earnings per share (cents)	756.9	–	756.9
Diluted headline earnings per share (cents)	755.7	–	755.7

3 SUMMARISED 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	Hyperinflation effect Rm	Consolidated Rm
Reviewed 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
Restated* reviewed 2020							
Sale of merchandise	126 970	16 731	5 470	10 879	160 050	–	160 050
External	122 412	16 707	5 470	10 820	155 409	–	155 409
Inter-segment	4 558	24	–	59	4 641	–	4 641
Trading profit/(loss)	8 024	73	(15)	316	8 398	(126)	8 272
Interest revenue included in trading profit	54	238	255	51	598	–	598
Depreciation and amortisation[1]	4 189	680	342	58	5 269	93	5 362
Impairments	121	444	247	14	826	176	1 002
Property, plant and equipment	–	266	12	1	279	176	455
Right-of-use assets	35	178	235	–	448	–	448
Intangible assets	86	–	–	13	99	–	99
Total assets[2]	56 866	13 736	4 378	3 687	78 667	1 508	80 175

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

* Restated for newly classified discontinued operations in accordance with IFRS 5. 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 R369 million at 4 July 2021 (2020: R2.6 billion).

3.2 Geographical analysis

Continuing operations	South Africa Rm	Outside South Africa Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
Reviewed 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
Restated* reviewed 2020					
Sale of merchandise – external	135 882	19 527	155 409	–	155 409
Non-current assets[3 and 4]	31 367	5 211	36 578	1 715	38 293

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

* Restated for newly classified discontinued operations in accordance with IFRS 5. 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 4 July 2021 (2020: R297 million).

		Reviewed 2021 Rm	Restated* reviewed 2020 Rm
4	**REVENUE**		
	Revenue from contracts with customers	169 948	156 973
	Sale of merchandise (note 4.1)	168 030	155 409
	Commissions received	867	845
	Franchise fees received	117	108
	Marketing	189	55
	Delivery recoveries	205	87
	Other revenue	540	469
	Operating lease income	423	484
	Premiums and other insurance income earned	263	235
	Other income	11	19
	Dividends received from unlisted share investments	1	1
	Finance income	542	598
	Instalment sale receivables	263	255
	Government bonds and bills	162	210
	Other loans receivable	117	133
		171 188	158 310
	Consisting of:		
	Sale of merchandise	168 030	155 409
	Other operating income	2 616	2 303
	Interest revenue	542	598
		171 188	158 310

* Restated for newly classified discontinued operations in accordance with IFRS 5. Refer to note 2 for details of the adjustments recognised for each individual line item.

		Reviewed 2021 Rm	Restated* reviewed 2020 Rm
4.1	**Sale of merchandise has been disaggregated as follows:**		
	Supermarkets RSA	133 852	122 412
	Shoprite and Usave	72 632	66 783
	Checkers and Checkers Hyper**	53 811	48 520
	LiquorShop and other	7 409	7 109
	Supermarkets Non-RSA	15 453	16 707
	Shoprite and Usave	14 135	15 555
	Checkers and Checkers Hyper	1 148	947
	LiquorShop and other	170	205
	Supermarkets RSA and Non-RSA	149 305	139 119
	Furniture	6 818	5 470
	RSA	5 385	4 211
	Non-RSA	1 433	1 259
	Other operating segments	11 907	10 820
	Drop-shipment sales to franchisees	6 327	5 965
	Other sales	5 580	4 855
	Consolidated sale of merchandise	168 030	155 409

** 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.

		Reviewed 2021 Rm	Restated* reviewed 2020 Rm
5	**FINANCE COSTS**		
	Lease liability finance charges	2 471	1 912
	Borrowings and other finance charges***	642	977
		3 113	2 889
	Borrowing costs capitalised	(18)	(11)
		3 095	2 878

* Restated for newly classified discontinued operations in accordance with IFRS 5. Refer to note 2 for details of the adjustments recognised for each individual line item.

*** Includes breakage cost of R178 million. Refer to note 15.5.

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS | 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.

	Reviewed 2021 Rm	Reviewed 2020 Rm
6.1.1 Financial performance and cash flow information		
Profit/(loss) from discontinued operations		
Sale of merchandise	2 536	2 734
Gross profit	702	739
Depreciation and amortisation	–	(176)
Employee benefits	(179)	(175)
Other operating expenses	(382)	(358)
Trading profit	141	30
Exchange rate losses	(7)	(22)
Profit on lease modifications and terminations	34	–
Items of a capital nature	26	(31)
Operating profit/(loss)	194	(23)
Net finance costs	(26)	(64)
Profit/(loss) before income tax	168	(87)
Income tax expense	(27)	–
Profit/(loss) after income tax	141	(87)
Profit on disposal of subsidiary after income tax (note 6.1.2)	21	–
Profit/(loss) from discontinued operations	162	(87)
Other comprehensive income/(loss) from discontinued operations		
Foreign currency translation differences from discontinued operations	42	(40)
Net cash inflows/(outflows) attributable to discontinued operations		
Operating activities	253	154
Investing activities	335	(22)
Financing activities	(205)	(261)
Net increase/(decrease) in cash generated by the subsidiary	383	(129)
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 DISCONTINUED OPERATIONS | continued

6.1 Retail Supermarkets Nigeria Ltd | continued

6.1.3 Assets and liabilities of disposal group classified as held for sale

	Reviewed 2021 Rm	Reviewed 2020 Rm
The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation:		
Property, plant and equipment	–	337
Right-of-use assets	–	764
Inventories	–	549
Trade and other receivables	–	47
Current income tax assets	–	4
Total assets of disposal group classified as held for sale	–	1 701
Lease liabilities	–	1 481
Trade and other payables	–	423
Contract liabilities	–	4
Provisions	–	3
Total liabilities of disposal group directly associated with assets classified as held for sale	–	1 911

The cumulative foreign currency translation losses recognised in other comprehensive loss in relation to the discontinued operations at 28 June 2020 were R488 million.

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.

6.2.1 Financial performance and cash flow information

	Reviewed 2021 Rm	Reviewed 2020 Rm
Profit/(loss) from discontinued operations		
Sale of merchandise	113	442
Gross profit	5	71
Depreciation and amortisation	(2)	(29)
Employee benefits	(16)	(44)
Other operating expenses	(56)	(143)
Trading loss	(69)	(145)
Exchange rate losses	(4)	(9)
Profit on lease modifications and terminations	75	–
Items of a capital nature	20	(242)
Operating profit/(loss)	22	(396)
Net finance costs	(12)	(25)
Profit/(loss) before income tax	10	(421)
Income tax expense	–	–
Profit/(loss) after income tax	10	(421)
Other comprehensive income/(loss) from discontinued operations		
Foreign currency translation differences from discontinued operations	103	(69)
Net cash inflows/(outflows) attributable to discontinued operations		
Operating activities	(42)	(88)
Investing activities	23	(69)
Financing activities	(263)	112
Net decrease in cash generated by the subsidiary	(282)	(45)

The cumulative foreign currency translation gains recognised in other comprehensive loss in relation to the discontinued operations as at 4 July 2021 were R23 million.

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS | continued

6 DISCONTINUED OPERATIONS | continued

6.3 Shoprite Checkers Uganda Ltd

During June 2021, management had received a binding offer from a potential buyer for the properties, in-store assets and leases of Shoprite Checkers Uganda Ltd. The sale agreement has been signed after year-end, with suspensive conditions to be met before the end of October 2021. Management considers it highly probable that the operations will be sold after the reporting date. The associated assets and liabilities are consequently presented as held for sale in the 2021 statement of financial position.

	Reviewed 2021 Rm	Reviewed 2020 Rm
6.3.1 Financial performance and cash flow information		
(Loss)/profit from discontinued operations		
Sale of merchandise	399	433
Gross profit	95	105
Other operating income	25	23
Depreciation and amortisation	(23)	(13)
Employee benefits	(31)	(25)
Other operating expenses	(51)	(51)
Trading profit	15	39
Exchange rate gains	1	2
Items of a capital nature	(28)	–
Operating (loss)/profit	(12)	41
Net finance costs	(4)	(6)
(Loss)/profit before income tax	(16)	35
Income tax expense	(5)	(6)
(Loss)/profit after income tax	(21)	29
Other comprehensive income/(loss) from discontinued operations		
Foreign currency translation differences from discontinued operations	10	(8)
Net cash inflows/(outflows) attributable to discontinued operations		
Operating activities	52	27
Investing activities	(17)	(9)
Financing activities	(12)	(11)
Net increase in cash generated by the subsidiary	23	7
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	99	–
Right-of-use assets	54	–
Inventories	45	–
Total assets of disposal group classified as held for sale	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 4 July 2021 were R50 million.

6 DISCONTINUED OPERATIONS | continued

6.4 Shoprite Madagascar S.A.

The Group decided to dispose of its operations in Madagascar and embarked on a process to find a suitable buyer. At the reporting date, management had received a non-binding offer for the in-store assets and leases of Shoprite Madagascar S.A. The main terms of the sale agreement were summarised in a term sheet and management expects to finalise the transaction agreements during the first half of the 2022 financial year and expect the transaction to conclude during the third quarter of the year. The associated assets and liabilities are consequently presented as held for sale in the 2021 statement of financial position.

	Reviewed 2021 Rm	Reviewed 2020 Rm
6.4.1 Financial performance and cash flow information		
Loss from discontinued operations		
Sale of merchandise	543	571
Gross profit	88	92
Depreciation and amortisation	(16)	(17)
Employee benefits	(28)	(24)
Other operating expenses	(36)	(46)
Trading profit	8	5
Exchange rate losses	–	(4)
Items of a capital nature	(11)	(19)
Operating loss	(3)	(18)
Net finance costs	(2)	(1)
Loss before income tax	(5)	(19)
Income tax expense	(3)	(3)
Loss after income tax	(8)	(22)
Other comprehensive loss from discontinued operations		
Foreign currency translation differences from discontinued operations	(1)	(1)
Net cash inflows/(outflows) attributable to discontinued operations		
Operating activities	37	10
Investing activities	(2)	(21)
Financing activities	(9)	(8)
Net increase/(decrease) in cash generated by the subsidiary	26	(19)
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	34	–
Right-of-use assets	22	–
Inventories	60	–
Total assets of disposal group classified as held for sale	116	–
Lease liabilities	28	–
Total liabilities of disposal group directly associated with assets classified as held for sale	28	–

The cumulative foreign currency translation losses recognised in other comprehensive loss in relation to the discontinued operations as at 4 July 2021 were R19 million.

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS | continued

	Reviewed 2021 Rm	Restated* reviewed 2020 Rm
7 EARNINGS/(LOSS) PER SHARE		
Net profit attributable to owners of the parent	4 841	3 356
(Profit)/loss from discontinued operations	(143)	501
Earnings from continuing operations	4 698	3 857
Re-measurements	828	794
Profit on disposal and scrapping of property	(3)	–
Profit on disposal of assets classified as held for sale (note 9)	(131)	(239)
Profit on sale and leaseback transaction (note 14)	(160)	–
Loss on disposal and scrapping of plant and equipment and intangible assets	133	91
Impairment of property, plant and equipment	860	455
Impairment of right-of-use assets	198	448
Impairment of intangible assets	30	99
Insurance claims receivable	(102)	(11)
Profit on disposal of subsidiary	–	(46)
Loss/(profit) on other investing activities	3	(3)
Income tax effect on re-measurements	(250)	(256)
Headline earnings from continuing operations	5 276	4 395
Profit/(loss) from discontinued operations	143	(501)
(Income)/expenditure of a capital nature from discontinued operations	(28)	292
Headline earnings	5 391	4 186
Number of ordinary shares	**'000**	**'000**
– In issue	548 174	552 707
– Weighted average	551 672	553 046
– Weighted average adjusted for dilution	553 856	553 896
Reconciliation of weighted average number of ordinary shares in issue during the year:		
Weighted average number of ordinary shares	551 672	553 046
Adjustments for dilutive potential of full share grants	2 184	850
Weighted average number of ordinary shares for diluted earnings per share	553 856	553 896

	2021			2020		
Earnings/(loss) per share (cents)*	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
– Basic earnings/(loss)	851.6	25.9	877.5	697.5	(90.6)	606.9
– Diluted earnings/(loss)	848.2	25.8	874.0	696.5	(90.5)	606.0
– Basic headline earnings/(loss)	956.3	20.8	977.1	794.7	(37.8)	756.9
– Diluted headline earnings/(loss)	952.5	20.7	973.2	793.4	(37.7)	755.7

* Restated for newly classified discontinued operations in accordance with IFRS 5. Refer to note 2 for details of the adjustments recognised for each individual line item.

	Reviewed 2021 Rm	Reviewed 2020 Rm
8 PROPERTY, PLANT AND EQUIPMENT		
Carrying amount at the beginning of the year	18 265	21 444
Additions	2 708	2 877
Borrowing costs capitalised	14	–
Transfer to assets classified as held for sale	(201)	(678)
Transfer from assets classified as held for sale	63	261
Acquisition of operations	2	2
Disposal of investment in subsidiary	–	(15)
Disposal	(2 422)	(1 269)
Depreciation	(2 260)	(2 526)
Impairment	(863)	(732)
Foreign currency translation differences	(932)	(1 099)
Carrying amount at the end of the year	14 374	18 265

		Reviewed 2021 Rm	Reviewed 2020 Rm
9	**ASSETS CLASSIFIED AS HELD FOR SALE**		
	Carrying amount at the beginning of the year	2 056	814
	Transfer from property, plant and equipment	201	678
	Transfer to property, plant and equipment	(63)	(261)
	Transfer from right-of-use assets	80	764
	Transfer from inventories	112	549
	Transfer from trade and other receivables	–	47
	Transfer from current income tax assets	–	4
	Transfer from cash and cash equivalents	89	–
	Disposal of discontinued operations	(1 249)	–
	Derecognision of right-of-use assets	(237)	–
	Disposal of land and buildings	(124)	(554)
	Additions	9	13
	Foreign currency translation differences	(342)	2
	Carrying amount at the end of the year	532	2 056
10	**RIGHT-OF-USE ASSETS**		
	Carrying amount at the beginning of the year	17 156	15 741
	Additions	7 616	5 628
	Transfer to assets classified as held for sale	(80)	(764)
	Derecognition	(328)	(186)
	Depreciation	(3 249)	(2 713)
	Impairment	(197)	(468)
	Foreign currency translation differences	(398)	(82)
	Carrying amount at the end of the year	20 520	17 156
11	**EQUITY ACCOUNTED INVESTMENTS**		
	Associates		
	Carrying amount at the beginning of the year	–	–
	Investment in ordinary shares acquired	1 951	–
	Share of total comprehensive income	120	–
	Share of post-acquisition profits/(losses)	120	(38)
	Share of other comprehensive income	–	38
	Dividends received from associates	(44)	–
	Impairment	(2)	–
	Carrying amount at the end of the year	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			
	2021	2020		
Retail Logistics Fund (RF) (Pty) Ltd	49.9%	–	1 980	–
Resilient Africa (Pty) Ltd	39.1%	39.1%	–	–
Resilient Africa Managers (Pty) Ltd	39.1%	39.1%	–	–
LBB Foods (Pty) Ltd	41.0%	–	11	–
Red Baron Agri (Pty) Ltd	41.0%	–	10	–
Zulzi On Demand (Pty) Ltd	26.0%	–	24	–
			2 025	–

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS | continued

		Reviewed 2021 Rm	Reviewed 2020 Rm
12	**GOVERNMENT BONDS AND BILLS**		
	AOA, USD Index Linked, Angola Government Bonds (note 12.1)	876	2 238
	AOA, Angola Government Bonds (note 12.2)	560	264
	Angola Treasury Bills (note 12.3)	58	–
		1 494	2 502
	Analysis of total government bonds and bills:		
	Non-current	972	62
	Current	522	2 440
		1 494	2 502

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 6.9% (2020: 7.0%) p.a. and mature after two to 38 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 15.6% (2020: 14.0%) p.a. and mature after two to 38 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 17.0% (2020: 19.0%) p.a. and mature after 11 months from the reporting date. Accrued interest is payable at maturity.

		Number of shares	
		Reviewed 2021	Reviewed 2020
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
	Treasury shares (note 13.2)	(43 164 607)	(38 632 000)
		548 173 895	552 706 502
13.2	**Treasury shares**		
	Reconciliation of movement in number of treasury shares for the Group:		
	Balance at the beginning of the year	38 632 000	36 941 101
	Shares purchased during the year under the authorised share buy-back programme	3 352 973	–
	Shares purchased during the year for equity-settled share-based payments	1 635 742	2 076 613
	Shares disposed during the year	(66 235)	(49 023)
	Shares utilised for settlement of equity-settled share-based payment arrangements	(389 873)	(336 691)
	Balance at the end of the year	43 164 607	38 632 000
	Consisting of:		
	Shares owned by Shoprite Checkers (Pty) Ltd	38 789 545	35 436 572
	Shares held by Shoprite Checkers (Pty) Ltd for the benefit of participants to equity-settled share-based payment arrangements	4 375 062	3 195 428
		43 164 607	38 632 000

	Reviewed 2021 Rm	Reviewed 2020 Rm

14 LEASE LIABILITIES

	Reviewed 2021 Rm	Reviewed 2020 Rm
Reconciliation of carrying amounts:		
Balance at the beginning of the year	23 271	21 478
New leases and remeasurements	8 534	5 540
Lease terminations	(590)	(255)
Lease payments	(5 432)	(4 590)
Principal lease liability payments	(2 951)	(2 585)
Interest paid	(2 481)	(2 005)
Interest accruals	2 481	1 984
Exchange rate differences	149	404
Transfer to liabilities directly associated with assets classified as held for sale (note 6)	(134)	(1 481)
Foreign currency translation differences	(557)	191
Balance at the end of the year	27 722	23 271
Analysis of lease liabilities:		
Non-current	24 801	20 168
Current	2 921	3 103
	27 722	23 271

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 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 (2020: commercial vehicle fleet). 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 sale of the Group's commercial vehicle fleet during the previous year generated cash inflows of R1.1 billion and no profit or loss.

	Reviewed 2021 Rm	Reviewed 2020 Rm
The impact of the Group's sale and leaseback transactions as well as its key terms and conditions are disclosed below:		
Cash proceeds received	1 192	1 058
Shares in Retail Logistics Fund (RF) (Pty) Ltd	2 044	–
Market value at disposal date	3 236	1 058
Carrying amount at disposal date	(1 995)	(1 058)
Right-of-use asset recognised	1 469	815
Lease liability recognised	(2 403)	(815)
Elimination of 49.9% of gain on sale and leaseback transaction due to rights retained through Retail Logistics Fund (RF) (Pty) Ltd investment	(147)	–
Profit on sale and leaseback transactions	160	–
Interest rate implicit to the lease	12.6%	Prime minus 2%
Average lease term (years)	20	5

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 (2020: the age and mileage of the commercial vehicle fleet 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 (2020: monthly managed maintenance fees of R60 per vehicle and administration fees of R100 per vehicle). Only the rental portion, directly related to the market value of the properties (2020: commercial vehicle fleet), 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.

	Reviewed 2021 Rm	Reviewed 2020 Rm
15 BORROWINGS		
Consisting of:		
ABSA Bank Ltd (note 15.1)	2 000	2 035
FirstRand Bank Ltd (note 15.2)	2 004	2 004
ABSA Bank (Mauritius) Ltd (note 15.3)	335	469
Standard Chartered Bank (Mauritius) Ltd (note 15.4)	656	945
Standard Finance (Isle of Man) Ltd (note 15.5)	–	6 007
Stanbic Bank Kenya Ltd (note 15.6)	–	238
Stanbic Bank Botswana Ltd (note 15.7)	284	311
	5 279	12 009
Analysis of total borrowings:		
Non-current	2 280	8 826
Current	2 999	3 183
	5 279	12 009

15.1 ABSA Bank Ltd

This loan is denominated in South Africa rand and unsecured. R1.0 billion is payable after three months from the reporting date and bears interest at an average rate of 5.0% (2020: 7.9%) p.a. The remaining balance is payable after 27 months from the reporting date and bears interest at an average rate of 5.3% (2020: 8.2%) p.a.

15.2 FirstRand Bank Ltd

This loan is denominated in South Africa rand and unsecured. R1.0 billion is payable within 12 months from the reporting date and bears interest at an average rate of 5.0% (2020: 7.9%) p.a. The remaining balance is payable after 36 months from the reporting date and bears interest at an average rate of 5.0% (2020: 8.0%) p.a.

15.3 ABSA Bank (Mauritius) Ltd

This loan is denominated in US dollar, unsecured, payable after six months from the reporting date and bears interest at an average rate of 2.0% (2020: 3.2%) p.a.

15.4 Standard Chartered Bank (Mauritius) Ltd

The amount outstanding at 28 June 2020 was repaid during the current year, denominated in US dollar, unsecured and carried interest at an average rate of 2.8% p.a. The Group entered into a new loan agreement during the year. This loan is denominated in US dollar, unsecured, payable after two months from the reporting date and bears interest at an average rate of 3.0% p.a.

15.5 Standard Finance (Isle of Man) Ltd

This loan was denominated in US dollar and unsecured. R4.3 billion of the amount outstanding at 28 June 2020 carried interest at a fixed rate of 4.3% (2020: 4.3%) p.a. and was repaid during the year before settlement was due, resulting in a breakage cost of R178 million being payable. The remaining balance was repaid during the period and carried interest at a fixed rate of 3.5% (2020: 3.5%) p.a.

15.6 Stanbic Bank Kenya Ltd

The outstanding balance as at 28 June 2020 was repaid during the period, denominated in Kenya shilling, unsecured and carried interest at an average rate of 9.0% (2020: 9.7%) p.a.

15.7 Stanbic Bank Botswana Ltd

This loan is denominated in Botswana pula, unsecured, payable after 16 months from the reporting date and bears interest at an average rate of 6.0% (2020: 6.5%) 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	
	Reviewed 2021 Rm	Reviewed 2020 Rm	Reviewed 2021 Rm	Reviewed 2020 Rm
Government bonds and bills	1 494	2 502	1 524	2 739
Loans receivable	1 902	2 182	1 891	2 156
Borrowings	5 279	12 009	5 712	12 623

	Reviewed 2021 Rm	Reviewed 2020 Rm
17 CASH FLOW INFORMATION		
17.1 Non-cash items		
Depreciation of property, plant and equipment	2 260	2 526
Depreciation of right-of-use assets	3 249	2 713
Amortisation of intangible assets	382	360
Credit impairment losses on loans receivable and government bonds and bills	191	–
Net fair value (gains)/losses on financial instruments	(95)	2
Exchange rate losses/(gains)	37	(544)
Profit on lease terminations	(296)	(69)
Profit on disposal and scrapping of property	(3)	–
Profit on disposal of assets classified as held for sale	(131)	(239)
Profit on sale and leaseback transaction	(160)	–
Loss on disposal and scrapping of plant and equipment and intangible assets	162	91
Impairment of property, plant and equipment	863	732
Impairment of right-of-use assets	209	468
Impairment of intangible assets	30	99
Profit on disposal of discontinued operations	(21)	–
Profit on disposal of subsidiary	–	(46)
Movement in provisions	134	13
Movement in cash-settled share-based payment accrual	48	(50)
Movement in share-based payment reserve	153	101
Movement in fixed escalation operating lease accruals	6	4
	7 018	6 161
17.2 Changes in working capital		
Inventories	(166)	1 184
Trade and other receivables	84	(20)
Trade and other payables	(182)	1 322
Contract liabilities	27	79
	(237)	2 565

18 RELATED PARTY INFORMATION

The Group acquired a new associate, Retail Logistics Fund (RF) (Pty) Ltd through the sale and leaseback transaction of two distribution centres (refer to note 14). During the year under review, in the ordinary course of business, certain companies within the Group entered into transactions with each other. Besides rent paid to Retail Logistics Fund (RF) (Pty) Ltd, all intergroup transactions are similar to those in the prior year. The intergroup transactions with subsidiaries have been eliminated in the condensed financial statements on consolidation. Related party transactions also include deferred shares, key management personnel compensation and loans to associates.

	Reviewed 2021 Rm	Reviewed 2020 Rm
19 SUPPLEMENTARY INFORMATION		
Net asset value per share (cents)	3 845	3 592
Contracted capital commitments	1 254	1 063
Contingent liabilities	677	966

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.

20 EVENTS AFTER THE REPORTING DATE

20.1 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 burning of infrastructure including but not limited to stores, shopping centres, warehouses, distribution centres, schools, medical facilities, manufacturing facilities and banking outlets. This event resulted in 231 Group stores being severely impacted, ranging in severity from extreme vandalism and looting to complete destruction due to arson. Furthermore, the Group's Durban based KwaZulu-Natal fresh foods distribution centre was partially looted and the Pietermaritzburg Furniture distribution centre burned. 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. Our assessments with regards the stores directly impacted by the unrest is ongoing but at this stage of the 231 stores impacted we have classified 177 as looted and 54 as burnt. Of the 177 looted stores, 141 have since re-opened and of the 54 burnt stores, seven have since re-opened. The decision was made that six loss making stores will not be re-opened. It is too early to estimate the full financial impact of the event as it is in the process of being assessed. The Group, however, estimates its stock losses at this stage at R876 million. 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.

20.2 COVID-19 update

The Group's LiquorShop business operated under various levels of COVID-19 lockdown regulations throughout the current financial year. Aside from the cost of maintaining protocols, the main impact was the loss of sales due to the mandatory closure of its liquor business for significant periods as required by COVID-19 regulations.

At the end of the current financial year, South Africa was experiencing its third wave of COVID-19 and as such operating under level 4 modified COVID-19 lockdown regulations. Included in the lockdown regulations, was the requirement that all liquor business (both on- and off-site consumption) be completely closed. This mandated closure was enforced until 27 July 2021 at which point off-site consumption and retail liquor sales were again permitted but restricted to Monday to Thursday 10am – 6pm. Based on history, the Group's LiquorShop business is a high growth category for the Supermarkets RSA segment and its closure due to lockdown regulations negatively impacts the Group's sales growth. Trading for four days a week does not compensate for the trade lost over Friday's, weekends and public holidays.

20.3 Acquisition of selected businesses from Massmart Holdings Ltd

During August 2021 the Group acquired Cambridge Food, Massfresh as well as Masscash Cash and Carry from Massmart Holdings Ltd. The effective date is subject to the fulfilment of both regulatory and commercial suspensive conditions which includes Competition Commission approval.

21 GOING CONCERN

The Board of Directors evaluated the going concern assumption at 4 July 2021, 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 as well as the civil unrest, and considered it to be appropriate in the presentation of these condensed consolidated 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.

The Group's outlook regarding trading conditions that will persist into the foreseeable future

For the months of July and August, trade in South Africa has been in line with our projections, notably impacted by the lockdown restrictions pertaining to liquor, resulting from our substantial business in this category being closed up to 27 July 2021. South African lockdown restrictions relating to the sale and distribution of alcohol were eased after the reporting date.

Financial covenants

As at the reporting date the Group had unutilised banking facilities of R10.4 billion and is well within the financial covenants with its various financiers.